

**DENTON COUNTY, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2003**

**Prepared By the**  
**DENTON COUNTY AUDITOR'S OFFICE**  
**James A. Wells, CPA, County Auditor**



**DENTON COUNTY, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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## DENTON COUNTY AUDITOR

**JAMES A. WELLS, C.P.A.**

January 15, 2004

The Honorable District Judges of Denton County and  
The Honorable Members of the Denton County Commissioners Court:

Chapter 114.025 and chapter 115.045 of the Local Government Code of the State of Texas require that Denton County publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Denton County for the fiscal year ended September 30, 2003.

This report consists of management's representations concerning the finances of Denton County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, Denton County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Denton County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Denton County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We believe that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Denton County's financial statements have been audited by Pattillo, Brown and Hill, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Denton County for the fiscal year ended September 30, 2003 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that

there was a reasonable basis for rendering an unqualified opinion that Denton County's financial statements for the fiscal year ended September 30, 2003 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Denton County was part of the broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal awards. These reports are included in the Single Audit section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Denton County's MD&A can be found immediately following the report of the independent auditors. The financial section also includes government-wide financial statements, fund financial statements, notes, required supplementary information and the combining and individual fund financial statements and schedules. The statistical section of this report includes selected financial and demographic information on a multi-year basis.

## **PROFILE OF DENTON COUNTY**

The County of Denton, established in 1846, is located in the north central part of the state, which is considered to be a top growth area in the state, and one of the top growth areas in the country. The County of Denton currently occupies a land area of 911 square miles and serves a population of 504,650. The County of Denton is empowered to levy a property tax on both real and personal properties located within its boundaries.

Policy-making authority is vested in the Commissioners Court, consisting of the County Judge and four County Commissioners. The Commissioners Court is responsible, among other things, for adopting the budget, and setting county policies.

The County provides a full range of services authorized by statute. Such services include general governmental functions such as recording and licensing, maintaining the county and district court systems, maintaining public facilities, ensuring public safety, maintaining public health and welfare, aiding conservation, and maintaining county roads and bridges.

The annual budget serves as the foundation for Denton County's financial planning and control. All departments of the County are required to submit

budget requests to the budget officer during May each year. The budget officer uses these requests as the starting point for developing a proposed budget. The proposed budget is then presented to the Commissioners Court for review. The Commissioners Court is required to hold public hearings on the proposed budget. The County is required to adopt a final budget by first day of the new fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department. Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the Commissioners Court. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

## **FACTORS AFFECTING FINANCIAL CONDITION**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Denton County operates.

**Local economy.** Denton County is located in the north central part of Texas. With nearly 505,000 citizens, it is the eighth most populous county in the state. Major cities in the County include Denton, the county seat, Lewisville and Carrollton. Denton County's many advantages include climate; access to transportation centers; a young, skilled workforce and its educational facilities.

While population growth has slowed somewhat from the extreme levels of the late 1980's, Denton County continues to experience strong growth in population and in its economic base. The population has grown by almost 10% since the 2000 census and by almost 75% since the 1990 census. During the same period, the County's tax base increased from \$10.3 billion in 1990 to nearly \$30 billion in 2003.

Job additions have continued in the last year in both manufacturing and service industries. Our September 2003, unemployment rate of 5.0% compared favorably with the 6.6% statewide rate, and with the 5.9% national rate. During the 2003 year, the County had over \$1.93 billion in new property added to the tax rolls. This is the highest amount of new construction in the County ever in one year. In 2003, nearly 5,000 new housing starts were recorded in the County. This represents a 5.2% growth in single family residences in one year.

The economic outlook for Denton County continues to remain very positive for the near future. Alliance Airport, which is the largest industrial airport in the world, continues to attract new transportation, distribution, and manufacturing tenants. A major Wal-Mart distribution center in Sanger is now in operation and adding to the growth of the northern portion of the County. Texas World Speedway, located near the airport, was opened during 1997. Its major events continue to attract large crowds from all parts of the state and the nation.

Robson Development is constructing one of the nation's largest new communities for retired citizens in the southern portion of the County. Other large housing developments in the county include Lantana and Rayzor Ranch. Firestone and Columbia Medical Center announced major expansion projects in the County during the last year. Denton's two universities continue to turn out a large number of skilled graduates each year, and enrollment at both universities increased significantly this year. This labor supply, combined with air, rail and highway transportation centers, adds assurance to the County's continued economic growth.

**Cash Management.** Cash temporarily idle in the various funds of the County is invested in bank certificates of deposit or is invested in a money market account operated by the State Treasurer. Interest rates on bank deposits are governed by the County's depository contract, which is awarded for four-year periods to the best bidder. The interest rate on the current contract is equal to the yield of Treasury Bills of comparable maturity. Total interest earned on deposits and investments of County funds was \$974,017 for fiscal 2003.

The primary objectives of the County's investment policy are the safety of principal followed by liquidity and yield. Accordingly, deposits were either insured by federal depository insurance or collateralized with securities pledged to the County and held by an independent third-party financial institution.

**Risk Management.** Denton County provides for the management of risks through a combination of self-insurance and traditional insurance. In addition, the County has instituted a number of risk and loss control techniques such as the hiring of a risk manager, safety training, accident investigation and mandatory defensive training for employees who operate County vehicles. The County currently has traditional insurance for property damage, automobile liability, some professional liability and general liability. Other risks are either self-insured or uncovered.

**Pension and Other Post Employment Benefits.** Denton County provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (the TCDRS). Specific plan provisions are adopted by the County within the options available in the state statutes governing the TCDRS. Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed.

The County of Denton also provides postretirement health and dental care benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 71 retired employees receiving these benefits, which are

financed on a pay-as-you-go basis. GAAP do not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

Additional information on the County of Denton's pension arrangements can be found in Note VI in the notes to the financial statements.

## **AWARDS AND ACKNOWLEDGEMENTS**

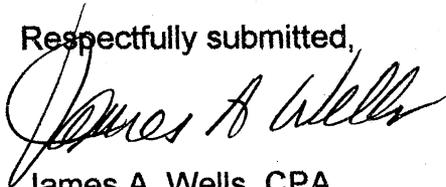
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Denton County for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2002. This was the fifteenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published as easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated October 1, 2002. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the County Auditor's office. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the County Treasurer, Budget Office, Purchasing Department and Human Resources Department for their support for maintaining the highest standards of professionalism in the management of the County's finances.

Respectfully submitted,



James A. Wells, CPA  
Denton County Auditor

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Denton County,  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2002

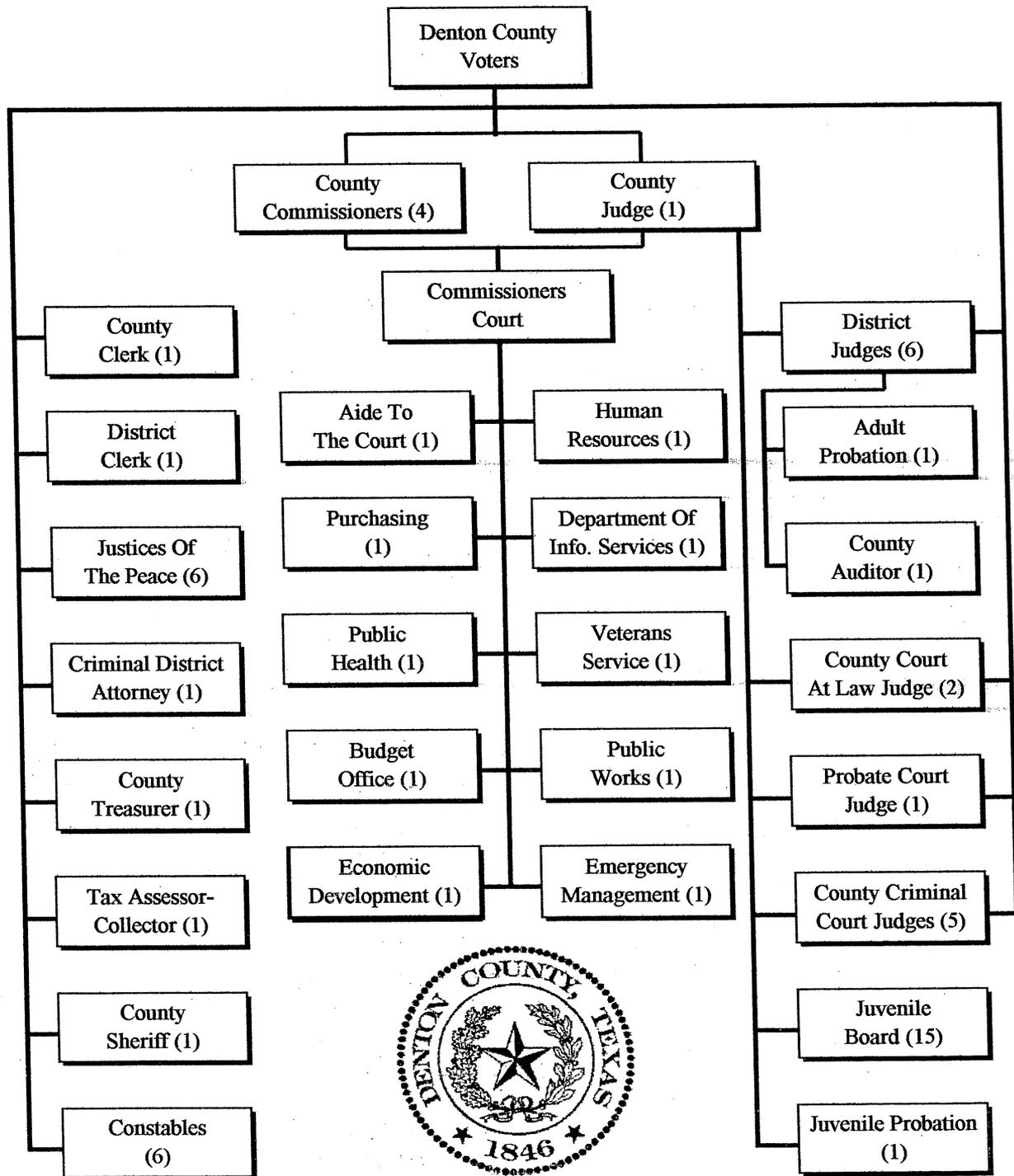
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

# DENTON COUNTY ORGANIZATIONAL CHART



DENTON COUNTY, TEXAS

PRINCIPAL OFFICIALS

September 30, 2003

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Commissioners Court

Mary Horn  
Cynthia White  
Sandy Jacobs  
Bobbie J. Mitchell  
Jim Carter

County Judge  
Commissioner, Pct. 1  
Commissioner, Pct. 2  
Commissioner, Pct. 3  
Commissioner, Pct. 4

Judicial

Carmen Rivera-Worley  
Jake Collier  
L. Dee Shipman  
Bruce McFarling  
Lee Gabriel  
Vicki Isaacks  
Darlene Whitten  
Margaret Barnes  
Jim Crouch  
Virgil Vahlenkamp  
David Garcia  
Joe Bridges  
Richard Podgorski  
Don Windle

Judge, 16th District Court  
Judge, 158th District Court  
Judge, 211th District Court  
Judge, 362nd District Court  
Judge, 367th District Court  
Judge, 393rd District Court  
Judge, County Court-at-Law 1  
Judge, County Court-at-Law 2  
Judge, County Criminal Court 1  
Judge, County Criminal Court 2  
Judge, County Criminal Court 3  
Judge, County Criminal Court 4  
Judge, County Criminal Court 5  
Judge, Probate Court

Law Enforcement

Weldon Lucas  
Bruce Isaacks  
Mitch Liles \*  
Peggy Fox \*

County Sheriff  
Criminal District Attorney  
Community Supervision Director  
Juvenile Probation Director

Financial Administration

James Wells \*  
Cindy Brown  
Steve Mossman  
Beth Fleming \*  
Donna Stewart \*

County Auditor  
County Treasurer  
Tax Assessor-Collector  
Director of Purchasing  
Budget Officer

Recording Officials

Sherri Adelstein  
Cynthia Mitchell

District Clerk  
County Clerk

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

**INDEPENDENT AUDITOR'S REPORT**

To the Honorable County Judge and Commissioners' Court  
Denton County, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Denton County, Texas as of and for the year ended September 30, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Denton County, Texas' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Denton County, Texas, as of September 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 the County has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as of September 30, 2003.

The management's discussion and analysis on pages 3 through 11 are not a required part of the basic financial statements but is supplementary information required by 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 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 Denton County, Texas's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables 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.

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

December 19, 2003

## Denton County, Texas

### MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Denton County's financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2003. The MD&A should be read in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements. The discussion and analysis does not include comparative data for prior years as this information is not available for the first year of implementation of Governmental Accounting Standards Board (GASB) Statement Number 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.*" Future years will include, when available, comparative analysis of government-wide data.

### FINANCIAL HIGHLIGHTS

- The assets of Denton County exceeded its liabilities, at the close of the most recent fiscal year by \$30,439,491 (*net assets*). Of this amount \$22,655,179 is restricted for specific purposes. Unrestricted net assets are a negative \$63,755,236 due to a large portion of the County's debt being incurred for construction and maintenance of roads not owned by the County.
- As of the close of the current fiscal year, Denton County's governmental funds reported combined ending fund balances of \$35,434,045, a decrease of \$8,543,711 in comparison with the prior year. Of this total amount, \$12,778,866 is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$5,221,220, or 7.1 percent of the total general fund expenditures.
- Denton County's total debt decreased by \$1,502,234 (1 percent) during the current fiscal year. A key factor in this decrease was the issuance of only \$ 5,740,000 in tax notes for property acquisition and for renovation of existing county buildings while retiring over \$7.5 million in previously issued debt.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Denton County's basic financial statements. Denton County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of Denton County's finances, in a manner similar to a private-sector business. They present the financial picture of the County from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the County (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activity, payables and receivables.

The *statement of net assets* presents information on all of Denton County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Denton County is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of Denton County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Denton County include general government, public safety, roads and bridges, public health and judicial.

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

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

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

Denton County maintains thirty-eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the debt service fund, both of which are considered to be major funds. Data from the other thirty-two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Denton County adopts an annual appropriated budget for the General Fund, the Debt Service Fund and for certain of the Special Revenue Funds. Budgetary comparison schedules have been provided for all budgeted funds to demonstrate compliance with this budget.

**Proprietary fund.** Denton County maintains one type of proprietary fund. The *Internal service fund* is an accounting device used to accumulate and allocate costs internally among Denton County's various functions. Denton County uses an internal service fund to account for its self-insurance program for employee health and dental benefits. Because this program predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are not available to support Denton County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* such as the Debt Service Fund and the Special Revenue Fund budgetary schedules.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As a part of the tier two group, Denton County initially applied GASB 34 to reports for the current fiscal period. The County has not restated prior period governmental activity expenses for purposes of providing comparative data, due to the pervasive changes required to implement GASB 34. In future years, however, a comparative analysis of government-wide data will be presented.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Denton County, assets exceeded liabilities by \$30,439,491 at the close of the most recent fiscal year.

By far the largest portion of Denton County's total assets (39.4 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. Denton County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Denton County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### Denton County Net Assets

The County's net assets for the fiscal year ended September 30, 2003 are summarized as follows:

Current and other assets	\$ 44,986,993
Capital assets (net of depreciation)	<u>136,606,878</u>
Total assets	<u>181,593,871</u>
Current and other liabilities	9,775,270
Long-term liabilities	<u>141,379,110</u>
Total liabilities	<u>151,154,380</u>
Net assets:	
Invested in capital assets, net of related debt	71,539,548
Restricted	22,655,179
Unrestricted	<u>(63,755,236)</u>
Total net assets	<u>\$ 30,439,491</u>

About 12.5% of Denton County's total assets represent resources that are subject to external restrictions on how they may be used. Restrictions include statutory requirements, bond covenants and granting conditions. Although unrestricted net assets are negative for government-wide net assets, it should be noted that the County's fund financial statements continue to reflect positive unreserved fund balances. In many instances, liabilities that have affected the County's net assets in a negative manner have financed non-County road projects and therefore have not resulted in a corresponding increase in County assets.

The County's net assets decreased by \$12,893,073 during the current fiscal year. Key components of this decrease include the following:

- A decrease in governmental fund balances of \$8,543,711 resulting mainly from expenditures of bond funds without a similar amount of new bond sales proceeds, or for the above stated reason, a corresponding increase in County assets.
- A decrease in net assets in the internal service fund \$1,309,703 due to benefits paid in excess of plan premiums received.
- A reporting requirement for debt in government-wide statements. The principal debt payments of \$7,095,000 are expenditures on the traditional fund statements but a reduction of debt (which increases net assets) on the government-wide financial statements.

**Governmental activities.** Governmental activities, which are the County's only activities, decreased Denton County's net assets by \$12,893,073. Key elements of this decrease are as follows:

### Denton County's Changes in Net Assets

Revenues:

Net program revenues:

Charges for services	\$ 19,881,161
Operating grants and contributions	18,715,701
Capital grants and contributions	1,513,176

General revenues:

Property taxes	75,787,467
Grants and contributions not restricted	1,179,946

Unrestricted investment earnings	982,048
Total revenues	<u>118,059,499</u>

Expenses:

General government	17,934,501
Judicial	11,228,446
Legal	8,755,827
Financial management	4,269,539
Public facilities	5,958,066
Public safety	41,332,498
Health and welfare	7,270,714
Conservation	340,075
Contractual	1,663,675
Roads	13,848,255
Intergovernmental	11,692,324
Interest on long-term debt	<u>6,658,652</u>
Total expenses	<u>130,952,572</u>

Changes in net assets	(12,893,073)
Net assets – beginning	<u>43,332,564</u>
Net assets – ending	<u>\$30,439,491</u>

Key elements of the analysis of government-wide revenues and expenses reflect the following:

- Property taxes increased by \$9,646,085 (14.4 percent) during the year. Most of this increase is the result of increases to the tax base that totaled \$3.3 billion.
- Fees of office, which are charges for services, increased by \$1,864,000, mostly as a result of an increase in demand for services by citizens, particularly in the County Clerk's office.

## FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

As noted earlier, Denton County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The general governmental functions are reported in the General, Special Revenue, Debt Service and Capital Projects funds. The focus of Denton County's governmental funds is to provide information on a near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Denton County's annual financing and budgeting requirements. In particular, *unreserved fund balance* may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

As the end of the current fiscal year, Denton County's governmental funds reported combined ending fund balances of \$35,434,045, a decrease of \$8,543,711 in comparison with the prior year. Approximately thirty-six percent of this total amount (\$12.8 million) constitutes *unreserved fund balance*, which is available for spending at the County's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay debt service (\$1,751,705), 2) to reflect inventories (\$39,804), and 3) to fund capital projects (\$20,863,670).

The general fund is the chief operating fund of Denton County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$5,221,220, while total fund balance reached \$5,261,024. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 7.1 percent of total general fund expenditures, and total fund balance also represents 7.1 percent of that same amount.

The fund balance of Denton County's general fund increased by \$223,552 during the current fiscal year. Key factors in this growth are as follows:

- An increase in the property tax base of \$ 3.365 billion and a 2% increase over the effective tax rate increased tax revenues by \$9.65 million.
- Intergovernmental revenues of the general fund decreased significantly, by \$1.75 million as a result of a decrease in the number of prisoners housed by the County for other jurisdictions for a per-day charge.

The debt service fund has a total fund balance of \$ 1,751,705, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was minimal (\$192,050).

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The County budget is prepared in accordance with financial policies approved by the Commissioners Court, and in accordance with accounting principals generally accepted in the United States. The budget is prepared by the Budget Officer and approved by the Commissioners Court. The approved budget is used as a management control device during the year, and appropriations are set at the expenditure line item level. Budgetary transfers between departments must be approved by the Commissioners Court.

Differences between the original budget and the final amended budget were relatively minor (\$1,500,000 increase in appropriations), and were primarily for the re-appropriation of funds for prior year-end encumbrances (\$728,000), and appropriation of grant and contractual funds received during the fiscal year.

During the year, however, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital assets.** Denton County's investment in capital assets for its governmental activities as of September 30, 2003 amounts to \$136,606,878 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, roads, and bridges.

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

- A major renovation of the historic Courthouse on the Square was begun. This \$3.7 project was 78% complete at year end.
- A variety of transportation construction projects were initiated or continued at a cost of \$11.67 million, financed by road bonds.
- Two real estate parcels for future expansion of County facilities were acquired through Tax Notes at a cost of \$1.37 million.

### Denton County's Capital Assets

Governmental Activities:	<u>Cost</u>	Accumulated <u>Depreciation</u>	Net <u>Capital Assets</u>
Land	\$ 4,320,256	\$ -	\$ 4,320,256
Buildings and Improvements	82,806,763	(14,007,333)	68,799,430
Machinery & Equipment	27,022,005	(10,558,133)	16,463,872
Infrastructure	125,144,001	(80,277,665)	44,866,336
Construction in Progress	<u>2,156,984</u>	<u>-</u>	<u>2,156,984</u>
Total	<u>\$ 241,450,009</u>	<u>\$ (104,843,131)</u>	<u>\$136,606,878</u>

Additional information of Denton County's capital assets can be found in note IV.C of this report.

**Long-term debt.** At the end of the current fiscal year, Denton County had total bonded debt outstanding of \$135,567,570. Article 3, Section 52e of the Texas Constitution establishes the County's outstanding debt limit at an amount no greater than 25% of its real property valuation.

Denton County's total bonded debt decreased by \$1,355,000, (1 percent) during the current fiscal year. The key factor in this decrease was that a \$5.74 million tax note issuance for property acquisition and for renovation and repair to existing County facilities was more than offset by principal payments on existing debt of \$7,095,000 during the fiscal year.

Denton County maintains a "AA" rating from Standard & Poor's and a "Aa2" rating from Moody's for general obligation debt.

Additional information on Denton County's long-term debt can be found in note IV-F of this report.

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

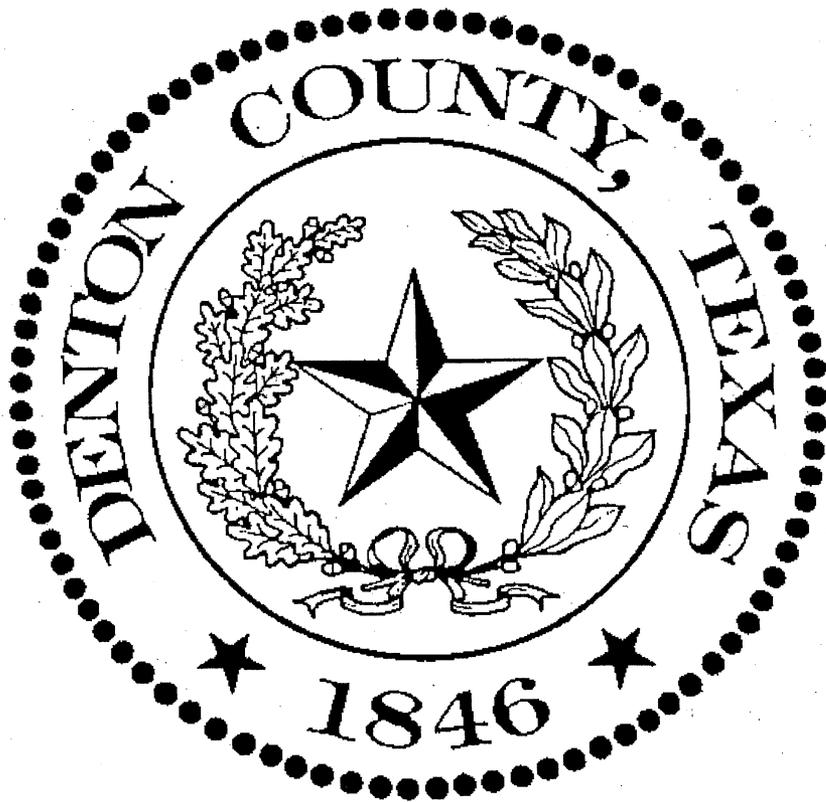
- The unemployment rate for Denton County is currently 5.0 percent, which is an increase from a rate of 4.9 percent a year ago. This compares favorably to the state's average unemployment rate of 6.0 percent and the national average rate of 5.9 percent.
- Salary increases averaging 2% for county employees were approved for the 2004 fiscal year.
- Continuing increased costs for health and dental care resulted in a \$60 per employee monthly increase in the County's funding to the employee benefit plan.

All of these factors were considered in preparing Denton County's budget for the 2004 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased to \$5,221,220. Denton County has appropriated \$441,000 of this amount for spending in the 2004 fiscal year budget. It is intended that this use of available fund balance will lessen the need to raise taxes or charges during the 2004 fiscal year.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Denton County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Auditor's Office, 401 W. Hickory, Suite 423, Denton, Texas, 76201.



**BASIC FINANCIAL STATEMENTS**

**Denton County, Texas**  
**STATEMENT OF NET ASSETS**

**September 30, 2003**

**Governmental**  
**Activities**

**ASSETS**

Cash	\$	6,273,841
Investments		25,655,046
Receivables:		-
Taxes		2,417,880
Accrued Interest		21,373
Other Receivables		6,004,295
Fines Receivable		3,485,615
Less Allowance for Uncollectables		(815,103)
Due from Other Governments		1,904,242
Inventories		39,804
Capital Assets:		
Land		4,320,256
Buildings		82,806,763
Depreciation on Buildings		(14,007,333)
Equipment		27,022,005
Depreciation on Equipment		(10,558,133)
Infrastructure		125,144,001
Depreciation on Infrastructure		(80,277,665)
Construction in Progress		2,156,984
<b>TOTAL ASSETS</b>		<b>181,593,871</b>

**LIABILITIES**

Accounts Payable	\$	5,526,815
Wages Payable		1,543,448
Interest Payable		1,876,229
Due to Other Governments		519,610
Deferred Revenues		309,168
Non Current Liabilities:		
Due within One Year		8,761,921
Due in More than One Year		132,617,189
<b>TOTAL LIABILITIES</b>		<b>151,154,380</b>

**NET ASSETS**

Investments In Capital Assets, Net of		
Related Debt		71,539,548
Restricted for Debt Service		1,751,705
Restricted for Capital Projects		20,863,670
Restricted for Other Purposes		39,804
Unrestricted		(63,755,236)
<b>Total Net Assets</b>		<b>30,439,491</b>

See the notes to the financial statement.

Denton County, Texas  
**STATEMENT OF ACTIVITIES**  
For the Year Ended September 30, 2003

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ 17,934,501	\$ 8,157,736	\$ 118,302	\$ -
Judicial	11,228,446	6,819,691	469,187	(9,658,463)
Legal	8,755,827	289,158	678,694	(3,939,568)
Financial	4,269,539	1,980,484	-	(7,787,975)
Public Facilities	5,958,066	-	-	(2,289,055)
Public Safety	41,332,498	2,106,390	5,418,168	(4,444,890)
Health & Welfare	7,270,714	434,294	3,137,546	(33,807,940)
Conservation	340,075	-	-	(3,698,874)
Contractual	1,663,675	-	-	(340,075)
Roads	13,848,255	93,408	6,648,048	(1,663,675)
Intergovernmental	11,692,324	-	319,089	(7,106,799)
Interest on Long-Term Debt	6,658,652	-	1,926,667	(11,373,235)
Total	<u>\$ 130,952,572</u>	<u>\$ 19,881,161</u>	<u>\$ 18,715,701</u>	<u>\$ 1,513,176</u>
				<u>\$ (90,842,534)</u>
General Revenues:				
Property Taxes				75,787,467
Grants and Contributions not restricted to Specific Programs				1,179,946
Investment Earnings				982,048
Total General Revenues				<u>77,949,461</u>
Change in Net Assets				<u>(12,893,073)</u>
Net Assets - Beginning				<u>43,332,564</u>
Net Assets - Ending				<u>\$ 30,439,491</u>

See the notes to the financial statements.

Denton County, Texas  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2003**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
<b><u>ASSETS</u></b>				
Cash	\$ 227,529	\$ 7,874	\$ 4,445,368	\$ 4,680,771
Investments	1,856,068	1,743,831	22,055,147	25,655,046
Receivables:				
Taxes	1,822,840	373,079	221,961	2,417,880
Accrued Interest	2,721	-	18,652	21,373
Other Receivables	63,867	-	5,740,000	5,803,867
Due from Other Funds	5,485,398	-	30,700	5,516,098
Due from Other Governments	637,227	-	1,267,015	1,904,242
Inventories	39,804	-	-	39,804
 TOTAL ASSETS	 <u>\$ 10,135,454</u>	 <u>\$ 2,124,784</u>	 <u>\$ 33,778,843</u>	 <u>\$ 46,039,081</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 1,183,821	\$ -	\$ 2,876,188	\$ 4,060,009
Wages Payable	1,230,624	-	312,824	1,543,448
Interest Payable	-	-	-	-
Due to Other Funds	-	-	1,754,921	1,754,921
Due to Other Governments	503,573	-	16,037	519,610
Other Payables	-	-	-	-
Deferred Revenues	1,956,412	373,079	397,557	2,727,048
 TOTAL LIABILITIES	 <u>4,874,430</u>	 <u>373,079</u>	 <u>5,357,527</u>	 <u>10,605,036</u>
<b>EQUITY AND OTHER CREDITS</b>				
<b>Fund Balances:</b>				
Reserved for Inventories	39,804	-	-	39,804
Reserved for Debt Service	-	1,751,705	-	1,751,705
Reserved for Capital	-	-	-	-
Expenditures	-	-	20,863,670	20,863,670
Unreserved, Undesignated	5,221,220	-	7,557,646	12,778,866
 TOTAL FUND EQUITY AND OTHER CREDITS	 <u>5,261,024</u>	 <u>1,751,705</u>	 <u>28,421,316</u>	 <u>35,434,045</u>
 TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	 <u>\$ 10,135,454</u>	 <u>\$ 2,124,784</u>	 <u>\$ 33,778,843</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	136,606,878
Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds.	5,088,392
Internal service funds are used by management to charge costs related to the trust. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net activities.	(3,434,485)
Long-term liabilities, including bond payable, are not due and payable in the current period and therefore are not reported in the funds.	(143,255,339)

Net assets of governmental activities

15

\$ 30,439,491

See the notes to the financial statements.

**Denton County, Texas**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended September 30, 2003**

	General Fund	Debt Service	Nonmajor Governmental	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 57,217,334	\$ 11,714,362	\$ 6,965,602	\$ 75,897,298
Licenses and Permits	-	-	6,513,711	6,513,711
Intergovernmental	4,153,821	1,926,667	8,136,523	14,217,011
Fees of Office	8,926,092	-	3,296,125	12,222,217
Fines	3,378,782	-	-	3,378,782
Interest	309,519	72,674	599,670	981,863
Miscellaneous	1,682,041	-	161,258	1,843,299
<b>TOTAL REVENUES</b>	<b>75,667,589</b>	<b>13,713,703</b>	<b>25,672,889</b>	<b>115,054,181</b>
<b>EXPENDITURES</b>				
Current:				
General Government	13,610,769	-	1,529,423	15,140,192
Judicial	11,033,301	-	568,448	11,601,749
Legal	8,324,998	-	332,423	8,657,421
Financial	4,073,730	-	35,524	4,109,254
Public Facilities	5,052,708	-	-	5,052,708
Public Safety	29,783,468	-	8,048,233	37,831,701
Health & Welfare	175,641	-	6,977,621	7,153,262
Conservation	334,882	-	-	334,882
Contract Services	1,663,675	-	-	1,663,675
Roads	-	-	7,222,595	7,222,595
Intergovernmental	-	-	11,717,001	11,717,001
Capital Outlay	-	-	4,159,894	4,159,894
Debt Service:				
Principal Retirement	-	7,095,000	-	7,095,000
Interest & Service Charges	-	6,810,753	-	6,810,753
<b>TOTAL EXPENDITURES</b>	<b>74,053,172</b>	<b>13,905,753</b>	<b>40,591,162</b>	<b>128,550,087</b>
Excess (Deficiency) of Revenues				
Over Expenditures	1,614,417	(192,050)	(14,918,273)	(13,495,906)
Other Financing Sources (Uses):				
Bond Proceeds	-	-	5,740,000	5,740,000
Capital Lease Financing	670,677	-	-	670,677
Operating Transfers In	27,648	-	985,708	1,013,356
Operating Transfers Out	(2,089,190)	-	(382,636)	(2,471,826)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,390,865)</b>	<b>-</b>	<b>6,343,061</b>	<b>4,952,207</b>
Excess of Revenues and Other Sources				
Over Expenditures and Other Uses	223,552	(192,050)	(8,575,212)	(8,543,699)
<b>FUND BALANCE - BEGINNING</b>	<b>5,037,472</b>	<b>1,943,755</b>	<b>36,996,529</b>	<b>43,977,756</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 5,261,024</b>	<b>\$ 1,751,705</b>	<b>\$ 28,421,317</b>	<b>\$ 35,434,057</b>

See the notes to the financial statements.

**Denton County, Texas**  
**RECONCILIATION OF THE STATEMENT OF REVENUES**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended September 30, 2003**

Amounts reported for governmental activities in the statement of activities (p. 14) are different be

Net changes in fund balances -- total governmental funds (p. 16)	\$ (8,543,711)
Governmental funds report all capital outlays as expenditures. However, in the statement of activities the cost of some of the assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays for County owned assets were less than depreciation in the current period.	(7,343,826)
The net effect of various miscellaneous transactions (deletions) involving capital assets.	-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	512,349
Some expenses reported in statement of activities are not fund expenditures (e.g. compensated absences which are liabilities not normally liquidated with current financial resources).	(340,335)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of of long-term debt and related items.	2,665,347
Internal service funds are used by management to charge the costs to account for group medical self-insurance and flexible spending accounts of employees. The net revenue/(loss) is reported with governmental activities.	157,103
Change in net assets of governmental activities (p. 14)	<u>\$ (12,893,073)</u>

See the notes to the financial statements.

**Denton County, Texas**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2003**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Revised</u>		<u>Positive(Negative)</u> <u>with Final</u> <u>Budget</u>
<b>REVENUES</b>				
Taxes	\$54,913,225	\$ 54,913,225	\$ 57,217,334	\$ 2,304,109
Licenses and Permits		-	-	-
Intergovernmental	5,342,569	6,025,130	4,153,821	(1,871,309)
Fees of Office	7,593,500	7,793,270	8,926,092	1,132,822
Fines	3,645,000	3,645,000	3,378,782	(266,218)
Interest	1,025,000	1,025,000	309,519	(715,481)
Miscellaneous	1,717,000	1,749,961	1,682,041	(67,920)
<b>TOTAL REVENUES</b>	<b>74,236,294</b>	<b>75,151,586</b>	<b>75,667,589</b>	<b>516,003</b>
<b>EXPENDITURES</b>				
Current:				
General Government::				
Commissioners Court	156,268	162,598	154,249	8,349
Commissioner #1	163,185	163,185	162,645	540
Commissioner #2	214,327	214,779	209,867	4,912
Commissioner #3	166,929	167,240	165,937	1,303
Commissioner #4	162,837	166,392	157,853	8,539
County Judge	257,373	257,784	251,703	6,081
Bail Bond Board	1,361	2,711	2,088	623
Economic Development	133,262	141,673	136,820	4,853
County Clerk	2,642,436	2,620,634	2,586,816	33,818
Human Resources	562,533	564,844	562,237	2,607
Purchasing Department	630,821	637,032	633,457	3,575
Vehicle Maintenance	330,841	331,005	304,477	26,528
Nondepartmental	4,181,218	2,627,554	2,474,446	153,108
Financial Information Systems	110,414	139,810	108,296	31,514
Information Services	1,288,030	1,278,184	1,272,800	5,384
Printing & Postage	274,951	295,296	283,118	12,178
Planning	633,277	651,648	642,605	9,043
Bayless-Selby House Museum	97,104	96,797	65,810	30,987
Courthouse Museum	222,971	229,701	203,970	25,731
Historical Commission	58,179	56,377	45,881	10,496
Records Management	363,793	394,160	362,224	31,936
CHOS Museum/Tourism Grant 2003	17,945	29,929	33,415	(3,486)
Veterans' Service Officer	224,316	224,256	218,861	5,395
Elections Administration	824,088	824,906	787,848	37,058
Civil Service Board	2,325	7,325	1,951	5,374
Historical Park Museum	-	-	-	-
County-wide Technology	1,106,264	1,215,326	1,127,136	88,190
Historical Park Museum 2002	6,330	7,783	5,799	1,984
<b>Total General Government</b>	<b>14,833,378</b>	<b>13,508,929</b>	<b>12,962,309</b>	<b>546,620</b>

**Denton County, Texas**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - (Continued)**  
**For the Year Ended September 30, 2003**

	<u>Budget Amounts</u>		Actual	Variance
	Original	Revised		Positive(Negative) with Final Budget
<b>Judicial:</b>				
Judicial & Court Support	207,407	281,272	248,452	32,820
16th District Court	328,263	362,882	337,466	25,416
158th District Court	335,622	419,167	449,053	(29,886)
211th District Court	336,227	372,912	378,992	(6,080)
362nd District Court	335,858	364,378	360,985	3,393
367th District Court	337,405	437,080	426,422	10,658
393rd District Court	209,107	219,067	244,487	(25,420)
County Court at Law #1	461,971	505,080	505,922	(842)
County Criminal Court #2	447,296	456,890	466,155	(9,265)
County Court at Law #2	310,830	314,475	306,840	7,635
Probate Court	804,246	829,894	834,399	(4,505)
County Criminal Court #1	441,016	496,016	519,236	(23,220)
County Criminal Court #3	433,817	434,618	430,443	4,175
County Criminal Court #4	423,073	603,073	598,439	4,634
County Criminal Court #5	420,079	450,079	458,005	(7,926)
District Clerk	1,067,536	1,078,922	1,025,427	53,495
County Court Administrator	70,108	70,098	69,472	626
Justice of the Peace #1	379,851	382,958	377,709	5,249
Justice of the Peace #2	306,088	306,028	297,068	8,960
Justice of the Peace #3	282,179	282,908	279,174	3,734
Justice of the Peace #4	323,112	333,466	310,388	23,078
Justice of the Peace #5	304,088	304,547	295,534	9,013
Justice of the Peace #6	219,968	219,968	215,599	4,369
Justice of the Peace #7	9,914	9,914	9,588	326
District Court Administrator	151,919	152,105	151,823	282
Juries & Grand Jury	129,490	174,384	172,507	1,877
Justice Information System	706,928	730,590	691,172	39,418
Medical Investigators	558,943	576,393	572,544	3,849
<b>Total Judicial</b>	<b>10,342,341</b>	<b>11,169,164</b>	<b>11,033,301</b>	<b>135,863</b>
<b>Legal:</b>				
Criminal District Attorney	6,503,448	6,455,649	6,412,266	43,383
Metro Alien Task Force	-	-	-	-
Civil Domestic Violence Grant	119,999	119,999	112,276	7,723
Child Abuse Prosecution Grant	102,314	102,314	93,040	9,274
Prosecution Enhancement Grant	154,993	154,993	141,951	13,042
District Attorney - Civil Division	969,424	1,070,974	998,594	72,380
Family Violence Intervention Grant	70,403	70,403	70,183	220
Family Violence Expansion Grant	169,803	169,803	157,659	12,144
Child Victim Intervention Specialist Grant	76,199	76,562	72,443	4,119
DWI Prosecution Grant	198,826	198,826	198,462	364
Civil Child Abuse Prosecution Grant	-	76,162	68,124	8,038
<b>Total Legal</b>	<b>8,365,409</b>	<b>8,495,685</b>	<b>8,324,998</b>	<b>170,687</b>

**Denton County, Texas**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - (Continued)**  
**For the Year Ended September 30, 2003**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance Positive(Negative) with Final Budget</u>
	<u>Original</u>	<u>Revised</u>		
<b>Financial:</b>				
County Auditor	861,335	861,892	838,103	23,789
County Treasurer	376,826	385,213	379,870	5,343
Tax Assessor-Collector	2,508,787	2,544,256	2,453,891	90,365
Budget Officer	409,568	409,710	401,866	7,844
<b>Total Financial</b>	<b>4,156,516</b>	<b>4,201,071</b>	<b>4,073,730</b>	<b>127,341</b>
<b>Public Facilities:</b>				
Carroll Building	187,290	201,125	181,074	20,051
Denton County Courts Building	375,245	528,928	443,706	85,222
Courthouse on the Square	135,540	141,433	125,464	15,969
Historical Park Facility	17,660	17,660	7,432	10,228
Courthouse Annex	51,550	51,550	37,549	14,001
Food Lion Building	23,600	12,200	10,980	1,220
Lee Walker Government Center	67,300	65,100	51,510	13,590
Jones Street Facility - Lewisville	2,850	2,850	1,339	1,511
Child Protective Services - Lewisville	18,670	18,670	17,369	1,301
Tax Office	22,485	22,485	18,581	3,904
SandyJacobs Government Center	37,920	51,670	44,083	7,587
The Colony Annex	51,570	35,120	28,815	6,305
Sanger Annex	31,025	31,025	27,781	3,244
Government Center - Denton	107,670	109,259	89,670	19,589
Charlie Cole Building	572,875	614,275	277,092	337,183
Law Enforcement Facility	1,262,092	1,288,941	1,277,176	11,765
Oak Street Facilities	9,750	9,750	7,261	2,489
Operations	1,658,808	1,800,207	1,631,710	168,497
Leased Buildings	54,250	56,977	53,845	3,132
Vehicle Maintenance Facility	20,300	20,600	15,548	5,052
Recycling Department	51,360	51,946	46,317	5,629
Pretrial Facility	196,900	196,900	128,004	68,896
Telephone Department	690,248	559,346	530,402	28,944
<b>Total Public Facilities</b>	<b>5,646,958</b>	<b>5,888,017</b>	<b>5,052,708</b>	<b>835,309</b>
<b>Public Safety:</b>				
County Jail	13,177,737	12,901,323	12,726,838	174,485
Jail Health	1,754,931	1,755,931	1,615,026	140,905
Sheriff's Communications	1,345,814	1,384,292	1,327,777	56,515
County Sheriff	7,597,716	7,731,382	7,725,738	5,644
Child Abuse Investgators	-	-	-	-
Sheriff's Mental Health Unit	500,024	506,921	509,919	(2,998)
Warrant Research Support Grant	83,470	84,420	84,612	(192)
Sheriff's Reserves	16,632	17,962	12,533	5,429
Greenbelt/Public Safety Grant	158,177	161,473	162,149	(676)
Bartonville Patrol Service	-	31,000	22,656	8,344
School Resource Officer	63,022	63,022	57,366	5,656

**Denton County, Texas**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - (Continued)**  
**For the Year Ended September 30, 2003**

	Budget Amounts		Actual	Variance Positive(Negative) with Final Budget
	Original	Revised		
Underage Drinking Grant	90,232	90,582	86,746	3,836
Adult Probation - General Fund	181,200	181,200	163,238	17,962
Pretrial Release - General Fund	6,490	6,490	-	6,490
Juvenile Accountability Block Grant	61,883	61,883	60,146	1,737
Disabled Parking Enforcement	54,315	54,515	54,302	213
Shady Shores Law Enforcement	68,056	72,358	66,457	5,901
Denton County Freshwater Dist. Patrol	-	60,410	53,610	6,800
Constable 1	485,644	498,571	486,601	11,970
Constable 2	390,451	392,821	378,979	13,842
Constable 3	469,105	493,656	477,173	16,483
Constable 4	417,220	449,178	443,160	6,018
Constable 5	411,454	419,040	412,737	6,303
Constable 6	362,100	372,307	355,499	16,808
Constable 7	-	-	58	(58)
License and Weights	501,393	528,095	523,542	4,553
Emergency Services Department	1,519,032	1,520,882	1,376,599	144,283
Department of Public Safety	139,884	143,604	142,640	964
Alcoholic Beverage Commission	3,210	3,210	2,869	341
Game Wardens	11,370	11,725	11,127	598
Emergency Management	403,824	487,968	421,154	66,814
Total Public Safety	<u>30,274,386</u>	<u>30,486,221</u>	<u>29,761,251</u>	<u>724,970</u>
Health & Welfare:				
Child Protective Services	170,957	179,484	175,641	3,843
Total Health & Welfare	<u>170,957</u>	<u>179,484</u>	<u>175,641</u>	<u>3,843</u>
Conservation:				
County Extension Agents	361,469	364,034	334,882	29,152
Total Conservation	<u>361,469</u>	<u>364,034</u>	<u>334,882</u>	<u>29,152</u>
Intergovernmental:				
Contract Services	1,619,464	1,667,852	1,663,675	4,177
Total Intergovernmental	<u>1,619,464</u>	<u>1,667,852</u>	<u>1,663,675</u>	<u>4,177</u>
<b>TOTAL EXPEDITURES</b>	<u>75,770,878</u>	<u>75,960,457</u>	<u>73,382,495</u>	<u>2,577,962</u>
Excess of Revenues over Expenditures	<u>(1,534,584)</u>	<u>(808,871)</u>	<u>2,285,094</u>	<u>3,093,965</u>
Other Financing Sources and Uses:				
Transfers In	-	27,648	27,648	-
Transfers Out	<u>(774,503)</u>	<u>(2,089,190)</u>	<u>(2,089,190)</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>(774,503)</u>	<u>(2,061,542)</u>	<u>(2,061,542)</u>	<u>-</u>
Net Change in Fund Balances	<u>(2,309,087)</u>	<u>(2,870,413)</u>	<u>223,552</u>	<u>3,093,965</u>
Fund Balances - Beginning	<u>5,037,472</u>	<u>5,037,472</u>	<u>5,037,472</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 2,728,385</u>	<u>\$ 2,167,059</u>	<u>\$ 5,261,024</u>	<u>\$ 3,093,965</u>

**Denton County, Texas**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUND**  
**September 30, 2003**

**Governmental**  
**Activities Internal**  
**Service Fund**

**ASSETS**

Cash	\$ 1,593,070
Investments	-
Accrued Interest	-
Other Assets	200,428
Due from Other Funds	-
Due from Other Governments	-
<b>TOTAL ASSETS</b>	<b>\$ 1,793,498</b>

**LIABILITIES**

Accounts Payable	\$ 1,466,806
Due to Other Funds	3,761,177
Due to Other Governments	-
<b>TOTAL LIABILITIES</b>	<b>5,227,983</b>

**NET ASSETS**

Unrestricted	<u>(3,434,485)</u>
<b>TOTAL NET ASSETS</b>	<b><u>(3,434,485)</u></b>

See the notes to the financial statements.

**Denton County, Texas**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES FUND NET ASSETS**  
**PROPRIETARY FUND**  
**For the Fiscal Year Ended September 30, 2003**

**Governmental**  
**Activities Internal**  
**Service Fund**

**OPERATING REVENUES**

Charges for Services	\$ 7,957,642
Other Revenue	<u>391,485</u>

TOTAL OPERATING REVENUES	<u>8,349,127</u>
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**OPERATING EXPENSES**

Incurred Claims	8,251,224
Estimated Claims	1,466,806
Administrative Expenses	925,376
Reinsurance Premiums	<u>474,091</u>

TOTAL OPERATING EXPENSES	<u>11,117,497</u>
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OPERATING INCOME (LOSS)	<u>(2,768,370)</u>
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**NONOPERATING REVENUES(EXPENSES)**

Interest Revenue	<u>185</u>
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INCOME BEFORE OPERATING TRANSFERS	<u>(2,768,185)</u>
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Transfers From Other Funds	<u>1,458,482</u>
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CHANGES IN NET ASSETS	<u>(1,309,703)</u>
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TOTAL NET ASSETS - BEGINNING	<u>(2,124,782)</u>
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TOTAL NET ASSETS - ENDING	<u><u>\$ (3,434,485)</u></u>
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See the notes to the financial statements.

**Denton County, Texas**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**For the Fiscal Year Ended September 30, 2003**

**Governmental**  
**Activities Internal**  
**Service Fund**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net Operating Income \$ (2,768,370)

Reconciliation of Net Operating  
Income (Loss) to Cash Provided  
(Used) by Operations

(Increase) Decrease in Investments	-
(Increase) Decrease in Other Assets	(96,420)
(Increase) Decrease in Due from Other Funds	-
Increase (Decrease) in Accounts Payable	296,989
Increase (Decrease) in Due to Other Funds	<u>2,290,000</u>

Total Adjustments 2,490,569

Net Cash Provided (Used) by Operations (277,801)

**CASH FLOWS FROM NONCAPITAL  
FINANCING ACTIVITIES**

Transfer from Other Funds 1,458,482

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest Revenue 185

Net Cash Provided by Investing Activities 185

Net Increase (Decrease) in Cash 1,180,866

Cash at Beginning of the Year 412,204

Cash at End of the Year \$ 1,593,070

**Denton County, Texas**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**September 30, 2003**

	<u>Pretrial Services Fund</u>	<u>Texas Adult Probation Fund</u>	<u>County Clerk Agency Fund</u>
<b><u>ASSETS</u></b>			
Cash	\$ 40	\$ 410,903	\$ 281,474
Investments	-	1,765,658	5,827,978
Accrued Interest	-	190	-
Other Assets	-	-	-
Due from Other Funds	-	-	-
Due from Other Govts	-	-	-
	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 40</b>	<b>\$2,176,751</b>	<b>\$6,109,452</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$ 986	\$ -
Wages Payable	-	88,983	-
Due to Other Funds	-	2,085,479	-
Due to Other Governments	40	1,303	-
Due to Beneficiaries	-	-	6,109,452
	<hr/>	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	<b>40</b>	<b>2,176,751</b>	<b>6,109,452</b>
	<hr/>	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	<b>\$ 40</b>	<b>\$2,176,751</b>	<b>\$6,109,452</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<u>District Clerk Agency Fund</u>	<u>Tax Collector Agency Fund</u>	<u>Justices of the Peace Agency Fund</u>	<u>Sheriff Agency Fund</u>	<u>Treatment Alternatives to Incarc. Fund</u>	<u>Other Agency Funds</u>
\$1,442,373	\$2,346,321	\$ 203,388	\$118,408	\$ 101,002	\$ 9,261
9,500	3,110,941	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$1,451,873</u>	<u>\$5,457,262</u>	<u>\$ 203,388</u>	<u>\$118,408</u>	<u>\$ 101,002</u>	<u>\$ 9,261</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	5,457,262	-	-	101,002	-
1,451,873	-	203,388	118,408	-	9,261
<u>1,451,873</u>	<u>5,457,262</u>	<u>203,388</u>	<u>118,408</u>	<u>101,002</u>	<u>9,261</u>
<u>\$1,451,873</u>	<u>\$5,457,262</u>	<u>\$ 203,388</u>	<u>\$118,408</u>	<u>\$ 101,002</u>	<u>\$ 9,261</u>

Denton County, Texas  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS - (Continued)**  
**September 30, 2003**

	<u>Community Corrections Grant Fund</u>	<u>Electronic Supervision Fund</u>	<u>Housing Finance Authority</u>	<u>TOTAL September 30, 2003</u>
<b><u>ASSETS</u></b>				
Cash	\$ 540,407	\$ 8,613	\$ 470,675	\$ 5,932,865
Investments	-	-	-	10,714,077
Accrued Interest	-	-	-	190
Other Assets	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
	<u>\$ 540,407</u>	<u>\$ 8,613</u>	<u>\$ 470,675</u>	<u>\$ 16,647,132</u>
<b>TOTAL ASSETS</b>	<u>\$ 540,407</u>	<u>\$ 8,613</u>	<u>\$ 470,675</u>	<u>\$ 16,647,132</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 2,405	\$ -	\$ -	\$ 3,391
Wages Payable	-	-	-	88,983
Due to Other Funds	-	-	-	2,085,479
Due to Other Governments	538,002	8,613	470,675	6,576,897
Due to Beneficiaries	-	-	-	7,892,382
	<u>540,407</u>	<u>8,613</u>	<u>470,675</u>	<u>16,647,132</u>
<b>TOTAL LIABILITIES</b>	<u>540,407</u>	<u>8,613</u>	<u>470,675</u>	<u>16,647,132</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 540,407</u>	<u>\$ 8,613</u>	<u>\$ 470,675</u>	<u>\$ 16,647,132</u>

## Denton County, Texas

### Notes to the Financial Statement September 30, 2003

#### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Denton County reflected in the accompanying financial statements conform to accounting principals generally acceptable in the United States of American applicable to state and local governments. Accounting principals generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards*. This year's financial report has been prepared in accordance with GASB Statement No. 34 issued in June 1999. Under GASB Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*" infrastructure is reported and other capital assets are depreciated. The adoption of GASB 34 required the following changes:

- Reporting for the first time \$125 million in infrastructure and \$105 million in accumulated depreciation on capital assets.
- Conversion from the modified accrual to the full accrual basis of accounting for revenues and expenses.
- Reporting \$141.4 million in bonds payable and other liabilities associated with accrued benefits.
- Reporting revenues by functions and classifying revenues as program revenues (e.g. charges for services) or general revenues (e.g. taxes and investment earnings).
- Presenting "Management's Discussion and Analysis" which summarizes the financial data for the County.
- Classification of net assets into three categories: invested in fixed assets net of related debt; restricted net assets; and unrestricted net assets.

#### A. Reporting Entity

Denton County is a political subdivision of the State of Texas. The Commissioners Court, which is made up of four commissioners and the County Judge, is the general governing body of the County in accordance with Article 5,

Paragraph 18 of the Texas Constitution. The accompanying financial statements present the County and all activities for which the County is considered to be financially accountable. Generally accepted accounting principles require all funds and account groups that are controlled by or are dependent on the Commissioners' Court to be included in the County's Comprehensive Annual Financial Report. Control or dependence was determined on the basis of selection of governing authority, ability to influence operations and accountability over fiscal matters. This financial report includes only Denton County as no other governmental entities meet the criteria for inclusion.

## **B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are primarily supported by taxes, charges for services, and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statement. The General Fund and the Debt Service Fund are the County's major individual governmental funds, and they are reported in separate columns in the fund financial statements.

## **C. Measurement Focus, Basis of Accounting, And Financial Statement Presentation**

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Governmental fund financial statements** are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the end of the fiscal yearend. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

Denton County reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Major revenue sources include property taxes, fees for services, intergovernmental revenues and interest earnings. Primary expenditures are for general administration, judicial, legal, public facilities, public safety, and public health.

The *debt service* fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Nonmajor funds include Special Revenue funds and Capital Project funds.

Additionally, the government reports the following fund type:

The proprietary funds is an *internal service fund* that is used to account for the County's group medical self-insurance program. The measurement focus of the internal service fund is upon the determination of net income, financial position and cash flows. Revenues are derived from County contributions, employee and retiree/cobra premiums, investment of idle funds and stop-loss reinsurance collections. Expenses are for claims and plan administration.

The proprietary fund is accounted for using the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and

proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grant and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and investment earnings.

The proprietary fund distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

## **D. Assets, Liabilities, and Net Assets or Equity**

### **1. Deposits and Investments**

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

State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, repurchase agreements, and the money market mutual funds, direct obligations of the State of Texas and local government investment pools.

Investments for the County are reported at fair value in accordance with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. All investment income is recognized as revenue in the appropriate fund's statement of activity or statement of revenues, expenditures and changes in fund balance.

### **2. Receivables and payables**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other

outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property taxes are levied based on taxable value at the prior January 1 and become due on October 1 and past due after January 31. Accordingly, receivables and revenues for property taxes are reflected in the government-wide statements based on the full accrual method of accounting.

Receivables from other governments include amounts due from grantor agencies and other statutorily required payments. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

### **3. Inventories and prepaid items.**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

### **4. Capital assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads and bridges), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Infrastructure	20
Vehicles	7
General Equipment	7
Cars	5
Computer hardware	5

#### **5. Compensated absences**

County employees earn vacation leave in varying amounts and earn sick leave at the rate of one day per month. Unused vacation leave may be accumulated up to 20 days and is paid upon termination of employment. Sick leave accrued prior to October 1987, is also paid upon termination. Accruals of sick leave subsequent to that date are not paid according to a policy of the Commissioners' Court. Also, in accordance with the Fair Labor Standards Act as it applies to local governments, non-exempt county employees are granted compensatory time for hours worked beyond their regular working hours. Accumulated compensatory time is also paid upon termination of employment.

The County has recognized a liability for accumulated vacation leave where the employees' rights to receive benefits are attributable to services already rendered, and it is probable that the County will compensate the employees through either paid time off or cash payments at termination. The County has recognized a liability for that portion of accumulated sick leave that will be compensated with cash payments at termination. The amount expected to be paid from current resources is not significant.

All vacation pay and compensatory time is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

## **6. Long-term obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## **7. Fund equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Fund reservations include encumbrances, capital projects, debt service and inventories.

## **8. Comparative data/reclassifications**

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

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

### **A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of the \$143,255,339 difference are as follows:

Bonds payable	\$ 135,567,570
Accrued Interest Payable	1,876,229
Capital leases payable	<u>2,037,330</u>
Compensated absences	<u>3,774,210</u>
Net adjustment to reduce fund balance to arrive at net assets	<u>\$143,255,339</u>

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of the \$7,343,826 difference are as follows:

Capital outlay	\$ 5,884,308
Depreciation expense	<u>(13,228,134)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 7,343,826</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$2,665,347 difference are as follows:

Debt issued or incurred:

Capital lease financing	\$ 670,677
Issuance of general obligation bonds	5,740,000

Debt repayments:	
General obligation debt	( 7,095,000)
Capital lease payments	( 1,828,923)
Difference in interest accrual	( 152,101)

Net adjustment to increase *net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities* (\$ 2,665,347)

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$340,355 difference are as follows:

Compensated absences \$ 340,335

Net adjustment to decrease net changes in *fund balances-total governmental funds to arrive at changes in net assets of governmental activities* \$ 340,335

### III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### A. Budgetary information

With the exception of the accounting treatment for capital leases, budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General, Special Revenue and Debt Service funds. All annual appropriations lapse at fiscal yearend. Project-length financial plans are adopted for all capital projects funds.

Encumbrance accounting, under which funds are reserved for purchase orders, contracts, and other commitments, is employed in the General, Special Revenue and Capital Projects funds. As of September 30, 2003, encumbrances of approximately \$1,260,000 lapsed and were subject to re-appropriation in the budget of the subsequent year.

Denton County adheres to the following schedule and procedures in the preparation and adoption of its annual budget:

\* Department heads submit departmental annual budget requests to the County Budget Officer by the first week in May.

- \* The County Auditor prepares an estimate of available resources for the upcoming fiscal year by the first week in May.
- \* The County Budget Officer then compiles the initial budget requests, holds preliminary hearings with elected officials and department heads concerning their requests and prepares a proposed budget within the financial parameters established by the Commissioners' Court.
- \* The proposed budget is presented to the Commissioners' Court for their review in an open meeting.
- \* The Commissioners' Court then conducts work sessions to finalize the budget.
- \* Public hearings are conducted as required when the proposed budget is finalized.
- \* The Commissioners' Court must adopt the annual budget by a majority vote by October 1. The budget must contain adequate available resources to support annual appropriations.
- \* During the fiscal year, the Commissioners Court may adopt a supplemental budget for the purposes of appropriating and expending grant money, intergovernmental revenues and debt proceeds for their intended purposes.

Governmental funds for which annual operating budgets are legally adopted are the General Fund, the Debt Service Fund and Special Revenue Funds, except the Voter Registration Fund, the Sheriff's Training Fund, the Sheriff's Forfeiture Fund, the Vehicle Inventory Tax Interest Fund, the District Attorney Check Fee Fund, the District Attorney Forfeiture Fund, the Texas Narcotics Control Program Grant Fund, the Women's, Infants and Children's Fund. For each budgeted fund, budgetary control is maintained at the expenditure object level. This is the level at which expenditures may not legally exceed appropriations. The County Auditor is required to monitor the expenditures of the various funds. County management may approve budget transfers between line items within a department's budget provided that the aggregate impact on any line item is \$2,000 or less. All amendments which alter the total budgeted amounts of a fund or which affect more than one department must be approved by the Commissioners Court. Both the original budget and the amended budget are presented in the budget versus actual financial statement disclosure. All annual appropriations lapse at yearend.

## **B. Excess of expenditures over appropriations**

For the year ended September 30, 2003, expenditures exceeded appropriations in the Jury Fund special revenue fund by \$2,578; in the Indigent Care special revenue fund by \$41,326; in the County Clerk's Records Fund special revenue fund by \$81,616; and in the Bioterrorism Grant Fund special revenue fund by \$9,312. These over-expenditures were funded available fund balance in the Jury Fund; by future interfund loans in the Indigent Care and County Clerk's Records Fund, and by available grant revenue in the Bioterrorism Grant Fund.

## **C. Deficit fund equity**

The Indigent Care Fund, the County Clerk's Records Fund, the Sheriff's Training Fund and the TNCP Grant Fund special revenue funds had deficit fund balances of \$51,700; \$37,141; \$5,513; and \$81,076, respectively, as of September 30, 2003. The Indigent Care Fund had accrued state mandated expenditures in excess of available resources. The County Clerk's Records Fund incurred contractual expenses in excess of revenue and available fund balances. The Sheriff's Training Fund was inadvertently allowed to overspend available funds and the TNCP Grant Fund realized program income from asset forfeitures at a slower pace than expected. The deficit fund balances for these funds will be made up through future state funding, program income and through budgeted operating transfers from the General Fund.

# **IV. DETAILED NOTES ON ALL FUNDS**

## **A. Deposits and investments**

Deposits include amounts in demand accounts and bank certificates of deposit. At year end the carrying amount of the County's deposits was \$6,412,759 and the bank balance was \$6,276,015. Of the bank balance, \$225,500 was covered by federal depository insurance and the entire remainder was covered by collateral pledged to the County by the County's depository bank and held by an independent third party bank as the County's agent in the County's name.

State statutes authorize the County to invest in bank certificates of deposit, obligations of the United States or its agencies, obligations of the State of Texas, obligations of other political subdivisions having at least an "A" credit rating, commercial paper, repurchase agreements, and local government investment pools.

Investments are stated at fair value including the investments in the Texas Local Government Investment Pool, the MBIA Local Government Investment Pool, and the Lone Star Investment Pool.

Investments are categorized into these three categories of credit risk:

- (1) Insured or registered, or securities held by the government or its agent in the government's name.
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name.
- (3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the government's name.

At yearend, the County's investments consisted of funds totaling \$12,998,105 invested in repurchase agreements with a fair value of \$12,998,105. These are all category 1 investments.

Additional investments at yearend not subject to categorization were amounts invested in the Texas Local Government Investment Pool, the Lone Star Investment Pool or the MBIA Investment Pool. At yearend the value of pool shares and the fair value of the investments in the Texas Local Government Investment Pool was \$27,885,071. At yearend the value of pool shares and the fair value of the investments in the Lone Star Investment Pool was \$3,106,260, and the value of pool shares and the fair value of County investments in the MBI Investment Pool was \$3,113,504. Regulatory oversight for the operations of these external investment pools is found in the Public Funds Investment Act of the State of Texas. Required oversight for pools includes compliance with investment guidelines, annual independent audits and the establishment of oversight boards.

It is the policy of the County to report all investments with a maturity at time of purchase of less than one year at amortized cost.

## **B. Property Taxes and Other Receivables**

Property taxes attach as liens on property as of January 1. Taxes are levied on October 1 and become delinquent on February 1. County property tax revenues are recognized when levied to the extent that they result in available spendable resources. Property taxes for the County are limited by statute to 80 cents per \$100 of assessed value for general government services. An unlimited amount may be levied for payment of interest and principal on long-term debt; however, the County's indebtedness is limited by statute to 25% of assessed value of real property. For 2003, the County's tax rate for general governmental services was 21.054 cents per \$100 of assessed value.

Delinquent taxes receivable as disclosed in the financial statement represent all uncollected property taxes for the last twenty years. Property taxes that are more than 20 years delinquent and are not subject to an existing lawsuit for

collection must be removed from the delinquent tax roll. Based on the County's collection history, no allowance for uncollectables has been included in the financial statements.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

Unavailable:	
Property taxes receivable:	
General Fund	\$1,822,840
Debt Service Fund	373,079
Other Nonmajor Governmental Funds	221,961
Unearned:	
Grants Payable and	
Other Deferred Revenues	<u>309,168</u>
Total Deferred	<u>\$ 2,727,048</u>

### C. Capital Assets

Capital Asset activity for the year ended September 30, 2003 was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
Land and Buildings	\$85,268,518	1, 858,501	-	\$ 87,127,019
Infrastructure	125,144,001	-	-	125,144,001
Equipment	30,023,230	2,369,500	5,370,725	27,022,005
Construction in Progress	<u>-</u>	<u>2,156,984</u>	<u>-</u>	<u>2,156,984</u>
	<u>\$240,435,749</u>	<u>6,384,985</u>	<u>5,370,725</u>	<u>\$241,450,009</u>

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

Governmental Activities:

General Government	\$1,126,585
Judicial	478,368
Legal	49,437
Financial	83,054
Public Facilities	1,015,545
Public Safety	3,025,891
Health & Welfare	144,544
Conservation	3,502
Roads	<u>7,301,208</u>
<b>Total Depreciation Expense</b>	<b><u>\$13,228,134</u></b>

The County has entered into contracts for the construction of facilities and infrastructure as follows:

	<u>Project Authorization</u>	<u>Expended To Date</u>	<u>Commitment</u>	<u>Further Financing Required</u>
1992 Road Projects	\$ 20,375,000	\$ 20,034,569	\$	- None
1994 Road Projects	\$ 4,700,000	\$ 4,200,674	\$	- None
1996 Road Projects	\$ 4,200,000	\$ 4,166,178	\$	- None
1999 Road Projects	\$ 27,790,201	\$ 26,193,133	\$	- None
Jail Expansion	\$ 19,023,941	\$ 19,023,941	\$	- None
1999 Tax Note Fund	\$ 2,141,294	\$ 1,825,617	\$	- None
2000 Road Projects	\$ 24,000,000	\$ 13,106,673	\$	- None
2000 Tax Note Fund	\$ 1,850,000	\$ 1,590,120	\$	- None
2001 Tax Note Fund	\$ 10,000,000	\$ 10,000,000	\$	- None

**D. Interfund receivables, payables, and transfers**

The composition of interfund balances as of September 30, 2003, is as follows:

Due To/Due From Other Funds:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$5,485,398	
Special Revenue Funds:		
TNCP Grant Fund		83,610
Women, Infants and Children Fund		173,764
Bioterrorism Grant Fund		169,984
Internal Service Fund:		
Medical Insurance Fund		3,761,177
Capital Project Funds:		
1999 Road Projects Fund	30,700	61,887
2000 Road Projects Fund		30,700
2003 Tax Note Fund		1,234,976
<b>TOTAL</b>	<b>\$5,516,098</b>	<b>\$5,516,098</b>

Interfund Transfers:

	General Fund	Nonmajor Governmental Funds	Internal Service Fund	Total
<b>Transfer Out:</b>				
General Fund		\$ 940,708	\$1,148,482	\$ 2,089,190
Nonmajor Governmental Funds	26,998	39,150	316,500	382,648
Internal Service Fund	-	-	-	-
<b>Total</b>	<b>\$ 26,998</b>	<b>\$ 979,858</b>	<b>\$1,464,982</b>	<b>\$ 2,471,838</b>

In the fund financial statements, total transfers out of \$2,471,838 are greater than total transfers in of \$1,012,706 because of the treatment of transfers of assets to the internal service fund. No amounts were reported in the governmental funds as the amount did not involve the transfer of financial resources. However, the internal service funds did report a transfer in for the resources received.

## E. Leases

### Capital Leases

The County has entered into capital lease agreements for certain computer and road construction equipment. These assets, with a recorded value of approximately \$3,815,000 are included as equipment in the equipment inventory of the County. The lease agreements are classified as capital leases because title passes to the County at the end of the lease terms, and they are included as other payables in the General Long Term Liabilities account group.

The present value of future minimum capital lease payments at September 30, 2003 is as follows:

<u>Year</u>	<u>Amount</u>
2004	\$ 1,181,912
2005	831,257
2006 & thereafter	<u>162,185</u>
Total minimum lease payments	\$ 2,175,354
Less: Amount representing interest	<u>(138,024)</u>
Present value of net future minimum lease payments	<u>\$ 2,037,330</u>

## F. Long-term debt

General Long-Term Debt consists of various issues of General Obligation Bonds, certificates of Obligation and Tax Notes; the County's accrued liability for compensated absences; and other payables such as capital leases and judgments payable. General Obligation Bonds, Certificates of Obligation and Tax Notes are direct obligations of the County with the County's full faith and credit pledged towards payment of those obligations. General Obligation Bonds are issued after approval by the public at open elections. Certificates of Obligation and Tax Notes are issued by the vote of the Commissioners' Court as allowed under the state laws governing debt issuance. Principal and interest payments on the County's bonded debt are secured solely by ad valorem taxes levied on all taxable property within the County.

General Obligation Bond and Certificate of Obligation indentures require the County to compute, at the time taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity or at least 2% of the principal as a sinking fund, whichever is greater.

A summary of long-term debt of the County is as follows:

<u>Description</u>	<u>Balance at 10/01/02</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at 09/30/03</u>
\$1,500,000 1993 Certificates of Obligation due in varying amounts through 2003 at an average interest rate of 3.96%.	200,000	-	200,000	-
\$28,260,000 1994 General Obligation and Refunding Bonds due in varying amounts through 2014 at an average interest rate of 5.11%	25,085,000	-	1,965,000	23,120,000
\$22,800,000 1996 Permanent Improvement Bonds, due in varying amounts through 2016 at an average interest rate of 5.33%	18,800,000	-	925,000	17,875,000
\$1,480,000 1997 Permanent Improvement Bonds, due in varying amounts through 2017 at an average interest rate of 5.336%	1,285,000	-	55,000	1,230,000
\$6,260,000 1997 Tax Notes, due in varying amounts through 2003 at an average interest rate of 4.47%	1,165,000	-	1,165,000	-
\$3,800,000 1999 Certificates of Obligation, due in varying amounts through 2014 at an average interest rate of 4.37%	3,390,000	-	225,000	3,165,000

\$8,020,000 1999 Permanent Improvement Bonds, due in varying amounts through 2019				
at an average interest rate of 4.68%	7,460,000	-	305,000	7,155,000
\$26,567,570 1999 Permanent Improvement & Refunding Bonds, due in varying amounts through 2019				
at an average interest rate of 5.12%	26,567,570	-	-	26,567,570
\$13,255,000 1999A Certificates of Obligation, due in varying amounts through 2020				
at an average interest rate of 5.60%	12,930,000	-	340,000	12,590,000
\$2,040,000 1999 Tax Notes due in varying amounts through 2007 at an average interest rate of 4.70%	2,040,000	-	365,000	1,675,000
\$24,000,000 2000 Permanent Improvement Bonds due in varying amounts through 2026 at an average interest rate of 5.45%	24,000,000	-	-	24,000,000
\$1,850,000 2000 Tax Notes due in varying amounts through 2007 at an average interest rate of 4.65%	1,850,000	-	-	1,850,000
\$10,000,000 2001 Tax Notes due in varying amounts through 2007 at an interest rate of 4.50%	8,470,000	-	1,550,000	6,920,000
\$3,680,000 2002 Tax Notes due in varying amounts through 2008 at an average interest				

rate of 3.449%	3,680,000	-	-	3,680,000
\$5,740,000 2003 Tax Notes due in varying amounts through 2010 at an average interest				
rate of 2.479%	-	5,740,000	-	5,740,000
Total General Obligation				
Bonds Payable	136,922,570	5,740,000	7,095,000	135,567,570
Compensated Absences	3,433,875	707,415	367,080	3,774,210
Other Payables	<u>2,524,899</u>	<u>670,677</u>	<u>1,158,246</u>	<u>2,037,330</u>
TOTAL	<u>142,881,344</u>	<u>7,118,092</u>	<u>8,620,326</u>	<u>141,379,110</u>

The debt service requirements on the aforementioned bonded debt are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2004	7,655,000	6,575,718	14,230,718
2005	8,660,000	6,214,313	14,874,313
2006	9,050,000	5,812,094	14,862,094
2007	9,762,831	5,548,465	15,311,296
2008	8,418,736	5,385,854	13,804,590
Thereafter	<u>92,021,003</u>	<u>41,300,531</u>	<u>133,321,534</u>
Total	<u>\$ 135,567,570</u>	<u>\$ 70,836,975</u>	<u>\$ 206,404,545</u>

In March 1999, Denton County advance refunded a portion of its 1996 permanent improvement bonds as part of a \$26,567,571 permanent improvement and refunding bond issue. The County issued \$1,967,571 of general obligation refunding bonds to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in

an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the general long-term debt account group. This advance refunding was undertaken to extend the maturity dates on the bonds in order to provide cash flow savings of \$1,757,625 over the next three years. The refunding caused a net increase in the County's total cash flow requirements for debt service of \$1,244,437, and an economic loss (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$350,151. At the end of the current fiscal year, \$1,575,000 in defeased bonds remained outstanding.

At September 30, 2003 the County also had \$5,125,000 in permanent improvement bonds that were authorized but unissued. The bonds are part of a total of \$34 million of bonds that were approved in November, 1991, to be used for Road & Bridge improvements. At year-end there was no definite timetable for issuance of the remainder of these authorized but unissued bonds.

Also, as of September 30, 2003 the County had a total of \$36,720,000 in unissued permanent improvement bonds that were authorized in a January 1999 bond election. The total amount authorized in the election was \$85,320,000 for road improvements. \$24,600,000 in bonds were issued in March, 1999 in connection with the partial refunding discussed above. An additional \$24,000,000 of the bonds were issued in December 2000. The County plans to issue the remaining bonds in equal amounts over the next four years.

## **V. OTHER INFORMATION**

### **A. Risk management**

Denton County is exposed to various risks of loss relating to general liability, the accidental loss of real and personal property, damage to County assets, errors and omissions and personnel risks which relate to workers compensation. The county carries commercial insurance in order to manage the above listed risks. Amounts of coverage for the above types of risk have not been subject to a significant reduction in the past year.

The County has established a limited risk management program for employees' and their dependents' medical and dental insurance coverage. Employees' premiums are paid by the General, Special Revenue and some Agency funds into the Insurance Internal Service fund. These premiums are recorded as expenditures in the paying funds and are available to pay claims, excess coverage insurance and administrative costs of the program. During fiscal 2003 a total of \$9,650,691 was paid in benefits, excess coverage premiums and administrative costs. The excess coverage insurance covers the plan against

individual claims in excess of \$100,000 per employee per year. Estimated claims payable, based upon claims filed and estimated unfiled claims at year end, were \$1,466,806 of September 30, 2003. Changes in the balances of claims liabilities during the past year are as follows:

	<u>2003</u>	<u>2002</u>
Unpaid Claims, beginning of fiscal year	\$ 1,169,817	\$ 611,155
Incurred Claims (including incurred but not reported)	\$ 9,718,030	\$ 7,673,666
Claim payments	\$ (9,421,041)	\$ (7,115,004)
Unpaid Claims, end of fiscal year	<u>\$ 1,466,806</u>	<u>\$ 1,169,817</u>

For the past three fiscal years, no settlements have exceeded insurance coverage.

## **B. Contingent liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

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

## **VI. EMPLOYEE RETIREMENT SYSTEM**

### **A. Plan Description**

Denton County provides pension, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 517 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the County, within the options available in the state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the County within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

#### **B. Funding Policy**

Denton County has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TDCRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The County contributed using the actuarially determined rate of 8.53% for the months of the accounting year in 2002, and 8.28% for the months of the accounting year in 2003.

The deposit rate payable by the employee members of the plan for calendar year 2003 is the rate of 7% as adopted by the governing body of the County. For years prior to 2002, the employee deposit rate was 6%. The employee deposit rate and the employer contribution rate may be changed by the Commissioners Court of the County within the options available in the TCDRS Act.

#### **C. Annual Pension Cost**

For Denton County's accounting year ending September 30, 2003, the annual pension cost for the TCDRS plan for its employees was \$4,522,511 and the actual contributions were \$4,522,511.

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2000 and December 31, 2001, the basis for determining the

contribution rates for calendar years 2002 and 2003. The December 31, 2002 actuarial valuation is the most recent valuation.

**D. Actuarial Valuation Information**

Actuarial valuation date	12/31/2000	12/31/2001	12/31/2002
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percent- age of payroll, Open	Level percent- age of payroll, Open	Level percent- age of payroll, Open
Amortization period in years	20	20	20
Asset valuation method	Long-term appreciation with adjustment	Long-term appreciation with adjustment	Long-term appreciation with adjustment
Actuarial Assumptions:			
Investment return (1)	8.00%	8.00%	8.00%
Projected salary increases(1)	5.90%	5.50%	5.50%
Inflation	4.00%	3.50%	3.50%
Cost of living adjustments	0.00%	0.00%	0.00%

(1) includes inflation at the stated rate

**E. Trend Information**

Accounting Year Ending	Annual Pension Cost (APC)	Percentage Of ABC Contributed	Net Pension Obligation
September 30, 2001	\$3,108,124	100%	\$ 0
September 30, 2002	\$4,295,597	100%	\$ 0
September 30, 2003	\$4,522,511	100%	\$ 0

**F. Transition Disclosure**

It was determined in accordance with GASB Statement No. 27 that the pension liability was zero at the transition to that statement effective at the beginning of this accounting year, because all actuarially required contributions for the accounting years beginning in 1987 up to the beginning of this accounting year have been paid. There was no previously reported pension liability before the transition. Therefore, the difference between the pension liability at transition and the previously reported pension liability is zero.

## G. Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (1) (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2000	\$49,494,392	\$58,668,007	\$9,173,615	84.36%	\$38,733,225	23.68%
12/31/2001	\$57,869,790	\$69,130,954	\$11,261,164	83.71%	\$45,447,931	24.78%
12/31/2002	\$67,136,414	\$81,005,832	\$13,869,418	82.88%	\$52,929,740	26.20%

(1) The annual covered payroll is based on the employee contributions received by TDCRS for the year ending with the valuation date.



## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for special revenues that are restricted to expenditure for particular purposes.

#### **Road and Bridge Fund:**

To account for the operation, repair and maintenance of roads and bridges. Financing is provided by vehicle registration fees, court fines and other similar revenues.

#### **Jury Fund:**

To account for the costs of providing jury services for the county's court system. Funding is primarily from the annual property tax levy.

#### **Juvenile Probation Fund:**

To account for the costs of administering the county's juvenile probation and detention departments. Funding is from tax revenues, intergovernmental revenues and fees.

#### **Voter Registration Fund:**

To account for funds received from the state as reimbursements for the costs of adding to and updating the roll of registered voters.

#### **Right of Way Fund:**

To account for the county's costs for right of way acquisition for highway improvements in the county. Funding is primarily from property tax revenues.

#### **Indigent Care Fund:**

To account for the county's costs for providing medical care to indigent county residents. Funding is primarily from property taxes levied for this purpose.

#### **Public Health Fund:**

To account for the county's costs of administering the county health department to provide medical services to the citizens of the county. Funding is provided from tax revenues, intergovernmental grants, and fees for services.

#### **Law Library Fund:**

To account for the receipt of library fees of office collected by the County and District Clerks. Receipts are restricted to payment of the cost of maintaining the law library.

#### **County Clerk Records Fund:**

To account for the receipt and expenditure of records preservation fees assessed by the county clerk. Expenditure of funds received is restricted by law to records preservation, records management and records automation projects.

#### **Courthouse Security Fund:**

To account for the receipt and expenditure of courthouse security fees as required by state law. Such fees are assessed upon conviction in justice, county or district court and may be spent only for security services or devices for courthouses.

#### **Sheriff's Training Fund:**

To account for the receipt and expenditure of state funding for the professional training of sheriff's officers. All funding is from state payments.

#### **Sheriff's Forfeiture Fund:**

To account for the use in criminal investigations of seized funds awarded by court order to the County Sheriff's office.

**Vehicle Inventory Tax Interest Fund:**

To account for the receipt and expenditure of interest revenues earned by the tax assessor-collector on vehicle inventory tax receipts collected throughout the fiscal year. By state law, such interest revenues may only be spent to defray the costs of the collection program.

**Records Management Fund:**

To account for the receipt and expenditure of fees assessed on civil filings in the county, district and probate courts as required by state law. Such fees may only be spent on records management or preservation projects.

**District Attorney Check Fee Fund:**

To account for fees collected by the District Attorney under the "Hot Check" statute. Expenditures from this fund shall be at the sole discretion of the District Attorney and may be used only to defray the salaries and expenses of his office.

**District Attorney's Forfeiture Fund:**

To account for the use in criminal investigations of seized funds awarded by court order to the Criminal District Attorney's office.

**Health Grants Fund:**

To account for the receipt and expenditure of federal, state and local health grant funds awarded to the County by other governments.

**Texas Juvenile Probation Commission Fund:**

To account for the receipt and expenditure of grant funds awarded to the County for juvenile justice initiatives by the TJPC.

**Juvenile Community Corrections Fund:**

To account for the receipt and expenditure of grant funds awarded to the County for juvenile community corrections initiatives by the TJPC.

**Texas Narcotics Control Program Grant Fund:**

To account for the receipt and expenditure of grant funds awarded to the County for narcotics crimes task force by the Governors Office of the State of Texas.

**Women, Infants and Children Fund:**

To account for the receipt and expenditure of grant funds awarded to the County for women and children's health care initiatives by the Tex. Dept. of Health.

**Health Care Relief Fund:**

To account for the receipt and expenditure of funds paid to the County from the State of Texas tobacco lawsuit settlement.

**Probate Court Contribution Fund:**

To account for the receipt and expenditure of funds paid by the State that are limited by statute to use for court-related purposes for the support of the statutory probate court.

**JP Court Technology Fund:**

To account for the receipt and expenditure of JP Court Technology fees that are that have the limited use of financing technological improvements in the justice of the peace courts.

**Bioterrorism Grant Fund:**

To account for the receipt and expenditure of state grant funds to be used specifically for the County's anti-bioterrorism initiatives.

**CAPITAL PROJECTS FUNDS**

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds

**Road and Bridge Construction Fund:**

To account for the costs of road and bridge construction and rehabilitation projects funded by bond proceeds arising from the 1991 bond election.

**1994 Road Project Construction Fund:**

To account for the costs of road and bridge construction projects funded by bond proceeds from a 1994 issuance of bonds approved by the voters in 1991.

**Juvenile Detention Construction Fund:**

To account for the costs of a detention center expansion project funded by the proceeds of a 1996 bond issue.

**1996 Road Project Construction Fund:**

To account for the costs of road and bridge construction projects funded by bond proceeds from a 1996 issuance of bonds approved by the voters in 1991.

**1999 Road Project Construction Fund:**

To account for the costs of road and bridge construction projects funded by bond proceeds from a 1999 issuance of bonds approved by the voters in 1999.

**Carroll Building Renovation Fund:**

To account for the costs of renovating and converting an existing county building into offices for several county departments. Funding is provided by the issuance of certificates of obligation.

**1999 Tax Note Project Fund:**

To account for the costs of improving the County's radio system and for the purchase of road construction Equipment. Funded by the issuance of tax notes.

**1999 Certificates of Obligation Fund:**

To account for the costs of construction of further expansion of the County's law enforcement center and of improvements to the Courts Building. Funding is provided by the issuance of certificates of obligation.

**2000 Road Project Construction Fund:**

To account for the costs of road and bridge construction projects funded by bond proceeds from a 2000 issuance of bonds approved by the voters in 1999.

**2000 Tax Note Project Fund:**

To account for the receipt and expenditure of Tax Note funds issued for to fund the acquisition of additional County buildings and other capital improvements.

**2002 Tax Note Project Fund:**

To account for the receipt and expenditure of Tax Note funds issued for to fund the acquisition of additional County buildings and other capital improvements.

**2003 Tax Note Project Fund:**

To account for the receipt and expenditure of Tax Note funds issued for to fund the acquisition of additional County buildings and other capital improvements.

Denton County, Texas  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2003**

<b>SPECIAL REVENUE</b>	<u>Road &amp; Bridge Fund</u>	<u>Jury Fund</u>	<u>Juvenile Probation Fund</u>	<u>Voter Registration Fund</u>
<b><u>ASSETS</u></b>				
Cash	\$ 141,693	\$ 15,584	\$ 42,896	\$ 28,528
Investments	2,207,253	36,797	811,896	-
Receivables:				
Taxes	-	5,078	134,917	-
Accrued Interest	648	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Governments	-	-	52,331	-
<b>TOTAL ASSETS</b>	<b><u>\$ 2,349,594</u></b>	<b><u>\$ 57,459</u></b>	<b><u>\$ 1,042,040</u></b>	<b><u>\$ 28,528</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 575,701	\$ -	\$ 86,186	\$ 13,643
Wages Payable	78,033	-	126,837	-
Due to Other Funds	-	-	-	-
Due to Other Governments	-	-	15,107	-
Deferred Revenues	-	5,078	134,917	-
<b>TOTAL LIABILITIES</b>	<b><u>653,734</u></b>	<b><u>5,078</u></b>	<b><u>363,047</u></b>	<b><u>13,643</u></b>
<b>FUND BALANCES</b>				
Reserved for Capital Expenditures	-	-	-	-
Unreserved, Undesignated	1,695,860	52,381	678,993	14,885
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 2,349,594</u></b>	<b><u>\$ 57,459</u></b>	<b><u>\$ 1,042,040</u></b>	<b><u>\$ 28,528</u></b>

<u>Indigent Care Fund</u>	<u>Public Health Fund</u>	<u>Law Library Fund</u>	<u>County Clerk Records Fund</u>	<u>Courthouse Security Fund</u>	<u>Sheriff's Training Fund</u>
\$110,564	\$383,179	\$ 159,167	\$ 80,564	\$ 220,513	\$ 317
114,347	150,000	-	-	-	-
46,181	35,785	-	-	-	-
-	486	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	221,986	-	-	-	-
<u>\$271,092</u>	<u>\$791,436</u>	<u>\$ 159,167</u>	<u>\$ 80,564</u>	<u>\$ 220,513</u>	<u>\$ 317</u>
\$272,941	\$ 73,186	\$ 12,889	\$ 117,705	\$ 9,955	\$ 5,830
3,670	52,861	1,852	-	-	-
-	-	-	-	-	-
-	930	-	-	-	-
46,181	35,785	-	-	-	-
<u>322,792</u>	<u>162,762</u>	<u>14,741</u>	<u>117,705</u>	<u>9,955</u>	<u>5,830</u>
-	-	-	-	-	-
<u>(51,700)</u>	<u>628,674</u>	<u>144,426</u>	<u>(37,141)</u>	<u>210,558</u>	<u>(5,513)</u>
<u>\$271,092</u>	<u>\$791,436</u>	<u>\$ 159,167</u>	<u>\$ 80,564</u>	<u>\$ 220,513</u>	<u>\$ 317</u>

Denton County, Texas  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2003**

<b>SPECIAL REVENUE</b>	<u>Sheriff's Forfeiture Fund</u>	<u>Vehicle Inventory Tax Interest Fund</u>	<u>Records Management Fund</u>	<u>District Attorney Check Fee Fund</u>
<b><u>ASSETS</u></b>				
Cash	\$156,238	\$ 21,553	\$ 52,827	\$ 128,403
Investments	-	-	-	-
Receivables:				
Taxes	-	-	-	-
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Governments	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$156,238</u>	<u>\$ 21,553</u>	<u>\$ 52,827</u>	<u>\$ 128,403</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 1,930	\$ -	\$ 3,064	\$ 1,411
Wages Payable	-	-	2,701	6,955
Due to Other Funds	-	-	-	-
Due to Other Governments	-	-	-	-
Deferred Revenues	69,406	-	-	-
<b>TOTAL LIABILITIES</b>	<u>71,336</u>	<u>-</u>	<u>5,765</u>	<u>8,366</u>
<b>FUND BALANCES</b>				
Reserved for Capital Expenditures	-	-	-	-
Unreserved, Undesignated	84,902	21,553	47,062	120,037
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$156,238</u>	<u>\$ 21,553</u>	<u>\$ 52,827</u>	<u>\$ 128,403</u>

<u>District Attorney Forfeiture Fund</u>	<u>TNCP Grant Fund</u>	<u>Women, Infants, and Children Fund</u>	<u>Health Care Relief Fund</u>	<u>Probate Court Contribution Fund</u>	<u>JP Court Technology Fund</u>
\$ 174,100	\$ -	\$ -	\$ 368,762	\$ 24,278	\$ 134,866
-	-	-	3,289,091	-	37,500
-	-	-	-	-	-
-	-	-	17,178	-	340
-	-	-	-	-	-
-	-	-	-	-	-
-	74,069	230,199	-	20,320	-
<u>\$ 174,100</u>	<u>\$ 74,069</u>	<u>\$ 230,199</u>	<u>\$ 3,675,031</u>	<u>\$ 44,598</u>	<u>\$ 172,706</u>
\$ -	\$ 8,481	\$ 7,011	\$ 9,632	\$ 25	\$ 5,540
-	9,796	19,057	-	1,144	-
-	83,610	173,764	-	-	-
-	-	-	-	-	-
52,932	53,258	-	-	-	-
<u>52,932</u>	<u>155,145</u>	<u>199,832</u>	<u>9,632</u>	<u>1,169</u>	<u>5,540</u>
-	-	-	-	-	-
121,168	(81,076)	30,367	3,665,399	43,429	167,166
<u>\$ 174,100</u>	<u>\$ 74,069</u>	<u>\$ 230,199</u>	<u>\$ 3,675,031</u>	<u>\$ 44,598</u>	<u>\$ 172,706</u>

Denton County, Texas  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2003**

<b>SPECIAL REVENUE</b>	Bioterrorism Grant Fund	<u>TOTAL Special Revenue September 30, 2003</u>
<b><u>ASSETS</u></b>		
Cash	\$ -	\$ 2,244,032
Investments	-	6,646,884
Receivables:		
Taxes	-	221,961
Accrued Interest	-	18,652
Other Receivables	-	-
Due from Other Funds	-	-
Due from Other Governments	<u>221,761</u>	<u>820,666</u>
 TOTAL ASSETS	 <u>\$ 221,761</u>	 <u>\$ 9,952,195</u>

**LIABILITIES AND FUND BALANCES**

<b>LIABILITIES</b>		
Accounts Payable	\$ 35,643	\$ 1,240,773
Wages Payable	9,918	312,824
Due to Other Funds	169,984	427,358
Due to Other Governments	-	16,037
Deferred Revenues	<u>-</u>	<u>397,557</u>
 TOTAL LIABILITIES	 <u>215,545</u>	 <u>2,394,549</u>
 <b>FUND BALANCES</b>		
Reserved for Capital Expenditures	-	-
Unreserved, Undesignated	<u>6,216</u>	<u>7,557,646</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 221,761</u>	 <u>\$ 9,952,195</u>

Denton County, Texas  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2003**

<b>CAPITAL PROJECTS</b>	1999 Road Project Construction <u>Fund</u>	1999 Tax Note Project <u>Fund</u>	1999 Certificate of Obligation <u>Fund</u>	2000 Road Project Construction <u>Fund</u>
<b><u>ASSETS</u></b>				
Cash	\$ -	\$ 268,484	\$ 5,303	\$ 211,677
Investments	1,741,708	-	424,733	13,241,822
Receivables:				
Taxes	-	-	-	-
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	30,700	-	-	-
Due from Other Governments	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 1,772,408</u></b>	<b><u>\$ 268,484</u></b>	<b><u>\$ 430,036</u></b>	<b><u>\$ 13,453,499</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 133,757	\$ -	\$ 42,750	\$ 1,069,855
Wages Payable	-	-	-	-
Due to Other Funds	61,887	-	-	30,700
Due to Other Governments	-	-	-	-
Deferred Revenues	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b><u>195,644</u></b>	<b><u>-</u></b>	<b><u>42,750</u></b>	<b><u>1,100,555</u></b>
<b>FUND BALANCES</b>				
Reserved for Capital Expenditures	1,576,764	268,484	387,286	12,352,944
Unreserved, Undesignated	-	-	-	-
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 1,772,408</u></b>	<b><u>\$ 268,484</u></b>	<b><u>\$ 430,036</u></b>	<b><u>\$ 13,453,499</u></b>

Denton County, Texas  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2003**

<b>CAPITAL PROJECTS</b>	Road and Bridge Construction Fund	1994 Road Project Construction Fund	Juvenile Detention Construction Fund	1996 Road Project Construction Fund
<b><u>ASSETS</u></b>				
Cash	\$ 340,431	\$ 499,326	\$ 2,698	\$ 56,614
Investments	-	-	-	-
Receivables:				
Taxes	-	-	-	-
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Governments	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 340,431</b>	<b>\$ 499,326</b>	<b>\$ 2,698</b>	<b>\$ 56,614</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ 22,792
Wages Payable	-	-	-	-
Due to Other Funds	-	-	-	-
Due to Other Governments	-	-	-	-
Deferred Revenues	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,792</b>
<b>FUND BALANCES</b>				
Reserved for Capital Expenditures	340,431	499,326	2,698	33,822
Unreserved, Undesignated	-	-	-	-
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 340,431</b>	<b>\$ 499,326</b>	<b>\$ 2,698</b>	<b>\$ 56,614</b>

Continued

2000 Tax Note Project Fund	2002 Tax Note Project Fund	2003 Tax Note Project Fund	TOTAL Capital Projects Funds	TOTAL Nonmajor Governmental Funds
\$ 262,369	\$ 554,434	\$ -	\$ 2,201,336	\$ 4,445,368
-	-	-	15,408,263	22,055,147
-	-	-	-	221,961
-	-	-	-	18,652
-	-	5,740,000	5,740,000	5,740,000
-	-	-	30,700	30,700
-	446,349	-	446,349	1,267,015
<u>\$ 262,369</u>	<u>\$ 1,000,783</u>	<u>\$ 5,740,000</u>	<u>\$ 23,826,648</u>	<u>\$ 33,778,843</u>
\$ -	\$ 333,041	\$ 33,220	\$ 1,635,415	\$ 2,876,188
-	-	-	-	312,824
-	-	1,234,976	1,327,563	1,754,921
-	-	-	-	16,037
-	-	-	-	397,557
-	333,041	1,268,196	2,962,978	5,357,527
262,369	667,742	4,471,804	20,863,670	20,863,670
-	-	-	-	7,557,646
<u>\$ 262,369</u>	<u>\$ 1,000,783</u>	<u>\$ 5,740,000</u>	<u>\$ 23,826,648</u>	<u>\$ 33,778,843</u>

Denton County, Texas  
**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS**  
For the Fiscal Year Ended September 30, 2003

<b>SPECIAL REVENUE</b>	<b>Road &amp; Bridge Fund</b>	<b>Jury Fund</b>	<b>Juvenile Probation Fund</b>	<b>Voter Registration Fund</b>
<b>REVENUES</b>				
Taxes	\$ -	\$158,599	\$4,237,208	\$ -
Licenses and Permits	6,513,711	-	-	-
Intergovernmental	134,336	-	3,036,741	3,404
Fees of Office	17,996	27,764	35,184	-
Fines	-	-	-	-
Interest	29,034	881	21,825	492
Miscellaneous	75,412	-	7,651	-
<b>TOTAL REVENUES</b>	<b>6,770,489</b>	<b>187,244</b>	<b>7,338,609</b>	<b>3,896</b>
<b>EXPENDITURES</b>				
General Government	-	-	-	26,481
Judicial	-	227,928	-	-
Legal	-	-	-	-
Financial	-	-	-	-
Public Safety	-	-	7,038,199	-
Health and Welfare	-	-	-	-
Roads	7,222,595	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>7,222,595</b>	<b>227,928</b>	<b>7,038,199</b>	<b>26,481</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(452,106)</b>	<b>(40,684)</b>	<b>300,410</b>	<b>(22,585)</b>
<b>Other Financing Sources (Uses):</b>				
Bond Proceeds	-	-	-	-
Capital Lease Financing	-	-	-	-
Operating Transfers In	192,152	-	-	-
Operating Transfers Out	(233,493)	(650)	(86,500)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(41,341)</b>	<b>(650)</b>	<b>(86,500)</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>(493,447)</b>	<b>(41,334)</b>	<b>213,910</b>	<b>(22,585)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>2,189,307</b>	<b>93,715</b>	<b>465,083</b>	<b>37,470</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 1,695,860</b>	<b>\$ 52,381</b>	<b>\$ 678,993</b>	<b>\$ 14,885</b>

See the notes to the financial statements.

Indigent Care Fund	Public Health Fund	Law Library Fund	County Clerk Records Fund	Courthouse Security Fund	Sheriff's Training Fund
\$1,448,074	\$1,121,721	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	1,444,948	-	-	-	30,533
-	434,295	195,165	1,073,206	340,905	-
-	-	-	-	-	-
7,846	8,360	1,828	205	2,743	559
-	-	12,207	-	-	-
<u>1,455,920</u>	<u>3,009,324</u>	<u>209,200</u>	<u>1,073,411</u>	<u>343,648</u>	<u>31,092</u>
-	-	196,326	1,306,616	-	-
-	-	-	-	281,253	-
-	-	-	-	-	-
-	-	-	-	-	74,230
1,863,942	2,792,492	-	-	-	-
-	-	-	-	-	-
<u>1,863,942</u>	<u>2,792,492</u>	<u>196,326</u>	<u>1,306,616</u>	<u>281,253</u>	<u>74,230</u>
<u>(408,022)</u>	<u>216,832</u>	<u>12,874</u>	<u>(233,205)</u>	<u>62,395</u>	<u>(43,138)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	11,066	-	198,524	-	-
(30)	-	-	-	(45,000)	-
<u>(30)</u>	<u>11,066</u>	<u>-</u>	<u>198,524</u>	<u>(45,000)</u>	<u>-</u>
<u>(408,052)</u>	<u>227,898</u>	<u>12,874</u>	<u>(34,681)</u>	<u>17,395</u>	<u>(43,138)</u>
<u>356,352</u>	<u>400,776</u>	<u>131,552</u>	<u>(2,460)</u>	<u>193,163</u>	<u>37,625</u>
<u>\$ (51,700)</u>	<u>\$ 628,674</u>	<u>\$ 144,426</u>	<u>\$ (37,141)</u>	<u>\$ 210,558</u>	<u>\$ (5,513)</u>

Denton County, Texas  
**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS**  
For the Fiscal Year Ended September 30, 2003

<b>SPECIAL REVENUE</b>	Sheriff's Forfeiture Fund	Vehicle Inventory Tax Interest Fund	Records Management Fund	District Attorney Check Fee Fund
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	-	-	132,186	224,697
Fines	-	-	-	-
Interest	931	11,398	753	464
Miscellaneous	24,764	-	-	-
<b>TOTAL REVENUES</b>	<b>25,695</b>	<b>11,398</b>	<b>132,939</b>	<b>225,161</b>
<b>EXPENDITURES</b>				
General Government	-	-	-	-
Judicial	-	-	-	-
Legal	-	-	-	323,761
Financial	-	35,524	-	-
Public Safety	23,276	-	130,343	-
Health and Welfare	-	-	-	-
Roads	-	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>23,276</b>	<b>35,524</b>	<b>130,343</b>	<b>323,761</b>
Excess (Deficiency) of Revenues Over Expenditures	<b>2,419</b>	<b>(24,126)</b>	<b>2,596</b>	<b>(98,600)</b>
Other Financing Sources (Uses):				
Bond Proceeds	-	-	-	-
Capital Lease Financing	-	-	-	-
Operating Transfers In	-	-	650	-
Operating Transfers Out	-	-	(9,875)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(9,225)</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>2,419</b>	<b>(24,126)</b>	<b>(6,629)</b>	<b>(98,600)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>82,483</b>	<b>45,679</b>	<b>53,691</b>	<b>218,637</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 84,902</b>	<b>\$ 21,553</b>	<b>\$ 47,062</b>	<b>\$ 120,037</b>

District Attorney Forfeiture Fund	TNCP Grant Fund	Women, Infants, and Children Fund	Health Care Relief Fund	Probate Court Contribution Fund	JP Court Technology Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	905,040	108,250	20,320	-
-	731,791	-	-	-	82,936
-	-	-	-	-	-
1,549	-	-	97,867	599	1,645
41,169	55	-	-	-	-
<u>42,718</u>	<u>731,846</u>	<u>905,040</u>	<u>206,117</u>	<u>20,919</u>	<u>84,581</u>
-	-	-	-	-	-
-	-	-	-	49,514	9,753
8,662	-	-	-	-	-
-	781,271	-	-	-	-
-	-	875,710	831,007	-	-
-	-	-	-	-	-
<u>8,662</u>	<u>781,271</u>	<u>875,710</u>	<u>831,007</u>	<u>49,514</u>	<u>9,753</u>
<u>34,056</u>	<u>(49,425)</u>	<u>29,330</u>	<u>(624,890)</u>	<u>(28,595)</u>	<u>74,828</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	471,007	12,820	-
(6,060)	-	-	-	-	(1,040)
<u>(6,060)</u>	<u>-</u>	<u>-</u>	<u>471,007</u>	<u>12,820</u>	<u>(1,040)</u>
<u>27,996</u>	<u>(49,425)</u>	<u>29,330</u>	<u>(153,883)</u>	<u>(15,775)</u>	<u>73,788</u>
<u>93,172</u>	<u>(31,651)</u>	<u>1,037</u>	<u>3,819,282</u>	<u>59,204</u>	<u>93,378</u>
<u>\$ 121,168</u>	<u>\$(81,076)</u>	<u>\$ 30,367</u>	<u>\$ 3,665,399</u>	<u>\$ 43,429</u>	<u>\$ 167,166</u>

Denton County, Texas  
**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS**  
For the Fiscal Year Ended September 30, 2003

<b>SPECIAL REVENUE</b>	<b>Bioterrorism Grant Fund</b>	<b>TOTAL SPECIAL REV September 30, 2003</b>
<b><u>REVENUES</u></b>		
Taxes	\$ -	\$ 6,965,602
Licenses and Permits	-	6,513,711
Intergovernmental	620,686	6,304,258
Fees of Office	-	3,296,125
Fines	-	-
Interest	-	188,979
Miscellaneous	-	161,258
<b>TOTAL REVENUES</b>	<b>620,686</b>	<b>23,429,933</b>
<b><u>EXPENDITURES</u></b>		
General Government	-	1,529,423
Judicial	-	568,448
Legal	-	332,423
Financial	-	35,524
Public Safety	-	8,047,319
Health and Welfare	614,470	6,977,621
Roads	-	7,222,595
Capital Outlay	-	-
<b>TOTAL EXPENDITURES</b>	<b>614,470</b>	<b>24,713,353</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>6,216</b>	<b>(1,283,420)</b>
<b>Other Financing Sources (Uses):</b>		
Bond Proceeds	-	-
Capital Lease Financing	-	-
Operating Transfers In	-	886,219
Operating Transfers Out	-	(382,648)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>503,571</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>6,216</b>	<b>(779,849)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>-</b>	<b>8,337,495</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 6,216</b>	<b>\$ 7,557,646</b>

See the notes to the financial statement.

**Denton County, Texas**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Fiscal Year Ended September 30, 2003

<b>CAPITAL PROJECTS</b>	<b>Road &amp; Bridge Construction Fund</b>	<b>1994 Road Project Construction Fund</b>	<b>Juvenile Detention Construction Fund</b>	<b>1996 Road Project Constructon Fund</b>
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	7,517	5,344	41	67
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<b>7,517</b>	<b>5,344</b>	<b>41</b>	<b>67</b>
<b>EXPENDITURES</b>				
General Government	-	-	-	-
Judicial	-	-	-	-
Legal	-	-	-	-
Financial	-	-	-	-
Public Safety	-	-	914	-
Health and Welfare	-	-	-	-
Roads	-	-	-	-
Intergovernmental	543,566	506,594	-	25,042
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>543,566</b>	<b>506,594</b>	<b>914</b>	<b>25,042</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(536,049)</b>	<b>(501,250)</b>	<b>(873)</b>	<b>(24,975)</b>
<b>Other Financing Sources (Uses):</b>				
Bond Proceeds	-	-	-	-
Capital Lease Financing	-	-	-	-
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>(536,049)</b>	<b>(501,250)</b>	<b>(873)</b>	<b>(24,975)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>876,480</b>	<b>1,000,576</b>	<b>3,571</b>	<b>58,797</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 340,431</b>	<b>\$ 499,326</b>	<b>\$ 2,698</b>	<b>\$ 33,822</b>

Denton County, Texas  
**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS**  
For the Fiscal Year Ended September 30, 2003

<b>CAPITAL PROJECTS</b>	1999 Road Project Construction Fund	1999 Tax Note Project Fund	1999 Certificates of Obligation Fund	2000 Road Project Construction Fund
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	7,089	-	-	312,000
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	135,152	3,505	7,546	231,596
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<b>142,241</b>	<b>3,505</b>	<b>7,546</b>	<b>543,596</b>
<b>EXPENDITURES</b>				
General Government	-	-	-	-
Judicial	-	-	-	-
Legal	-	-	-	-
Financial	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Roads	-	-	-	-
Intergovernmental	2,299,241	-	-	8,342,558
Capital Outlay	-	-	359,889	-
<b>TOTAL EXPENDITURES</b>	<b>2,299,241</b>	<b>-</b>	<b>359,889</b>	<b>8,342,558</b>
Excess (Deficiency) of Revenues Over Expenditures	<b>(2,157,000)</b>	<b>3,505</b>	<b>(352,343)</b>	<b>(7,798,962)</b>
Other Financing Sources (Uses):				
Bond Proceeds	-	-	-	-
Capital Lease Financing	-	-	-	-
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>(2,157,000)</b>	<b>3,505</b>	<b>(352,343)</b>	<b>(7,798,962)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>3,733,764</b>	<b>264,979</b>	<b>739,629</b>	<b>20,151,906</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 1,576,764</b>	<b>\$ 268,484</b>	<b>\$ 387,286</b>	<b>\$ 12,352,944</b>

2000 Tax Note Project Fund	2002 Tax Note Project Fund	2003 Tax Note Project Fund	TOTAL Capital Projects September 30, 2003	TOTAL Special Revenue & Capital Projects September 30, 2003
\$ -	\$ -	\$ -	\$ -	\$ 6,965,602
-	-	-	-	6,513,711
-	1,513,176	-	1,832,265	8,136,523
-	-	-	-	3,296,125
-	-	-	-	-
3,988	15,935	-	410,691	599,670
-	-	-	-	161,258
<u>3,988</u>	<u>1,529,111</u>	<u>-</u>	<u>2,242,956</u>	<u>25,672,889</u>
-	-	-	-	1,529,423
-	-	-	-	568,448
-	-	-	-	332,423
-	-	-	-	35,524
-	-	-	914	8,048,233
-	-	-	-	6,977,621
-	-	-	-	7,222,595
-	-	-	11,717,001	11,717,001
<u>45,206</u>	<u>2,387,114</u>	<u>1,367,685</u>	<u>4,159,894</u>	<u>4,159,894</u>
<u>45,206</u>	<u>2,387,114</u>	<u>1,367,685</u>	<u>15,877,809</u>	<u>40,591,162</u>
<u>(41,218)</u>	<u>(858,003)</u>	<u>(1,367,685)</u>	<u>(13,634,853)</u>	<u>(14,918,273)</u>
-	-	5,740,000	5,740,000	5,740,000
-	-	-	-	-
-	-	99,489	99,489	985,708
-	-	-	-	(382,648)
-	-	5,839,489	5,839,489	6,343,060
<u>(41,218)</u>	<u>(858,003)</u>	<u>4,471,804</u>	<u>(7,795,364)</u>	<u>(8,575,213)</u>
<u>303,587</u>	<u>1,525,745</u>	<u>-</u>	<u>28,659,034</u>	<u>36,996,529</u>
<u>\$ 262,369</u>	<u>\$ 667,742</u>	<u>\$ 4,471,804</u>	<u>\$ 20,863,670</u>	<u>\$ 28,421,316</u>



**Denton County, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**ROAD AND BRIDGE SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended September 30, 2003**

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<b><u>REVENUES</u></b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	6,585,000	6,585,000	6,513,711	(71,289)
Intergovernmental	115,000	115,000	134,336	19,336
Fees of Office	35,000	35,000	17,996	(17,004)
Fines	-	-	-	-
Interest	40,000	40,000	29,034	(10,966)
Miscellaneous	-	-	75,412	75,412
<b>TOTAL REVENUES</b>	<b>6,775,000</b>	<b>6,775,000</b>	<b>6,770,489</b>	<b>(4,511)</b>
<b><u>EXPENDITURES</u></b>				
Current:				
Roads:	7,950,572	7,890,221	7,222,595	667,626
Excess (Deficiency) of Revenues Over Expenditures	(1,175,572)	(1,115,221)	(452,106)	663,115
Other Financing Sources (Uses):				
Operating Transfers In	192,152	192,152	192,152	-
Operating Transfers Out	-	(233,493)	(233,493)	-
Total Other Financing Sources	192,152	(41,341)	(41,341)	-
Net Change in Fund Balances	(983,420)	(1,156,562)	(493,447)	663,115
<b>FUND BALANCE - BEGINNING</b>	<b>2,189,307</b>	<b>2,189,307</b>	<b>2,189,307</b>	<b>-</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 1,205,887</b>	<b>\$ 1,032,745</b>	<b>\$ 1,695,860</b>	<b>\$ 663,115</b>

**Denton County, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**JURY SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended September 30, 2003**

	<u>Budget (Original)</u>	<u>Budget (Revised)</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b><u>REVENUES</u></b>				
Taxes	\$ 150,327	\$ 150,327	\$ 158,599	\$ 8,272
Licenses and Permits		-	-	-
Intergovernmental		-	-	-
Fees of Office	27,000	27,000	27,764	764
Fines	-	-	-	-
Interest	4,500	4,500	881	(3,619)
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<u>181,827</u>	<u>181,827</u>	<u>187,244</u>	<u>5,417</u>
<b><u>EXPENDITURES</u></b>				
<b>Current:</b>				
Legal	<u>226,000</u>	<u>225,350</u>	<u>227,928</u>	<u>(2,578)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(44,173)</u>	<u>(43,523)</u>	<u>(40,684)</u>	<u>2,839</u>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	(650)	(650)	-
<b>Total Other Financing Sources</b>	<u>-</u>	<u>(650)</u>	<u>(650)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>(44,173)</u>	<u>(44,173)</u>	<u>(41,334)</u>	<u>2,839</u>
<b>FUND BALANCE - BEGINNING</b>	<u>93,715</u>	<u>93,715</u>	<u>93,715</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 49,542</u>	<u>\$ 49,542</u>	<u>\$ 52,381</u>	<u>\$ 2,839</u>

**Denton County, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**JUVENILE PROBATION SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended September 30, 2003**

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<b><u>REVENUES</u></b>				
Taxes	\$ 4,015,620	\$ 4,015,620	\$ 4,237,208	\$ 221,588
Licenses and Permits	-	-	-	-
Intergovernmental	3,040,898	3,040,898	3,036,741	(4,157)
Fees of Office	60,000	60,000	35,184	(24,816)
Fines	-	-	-	-
Interest	30,000	30,000	21,825	(8,175)
Miscellaneous	-	-	7,651	7,651
<b>TOTAL REVENUES</b>	<b>7,146,518</b>	<b>7,146,518</b>	<b>7,338,609</b>	<b>192,091</b>
<b><u>EXPENDITURES</u></b>				
<b>Current:</b>				
Public Safety	7,379,231	7,487,720	7,038,199	449,521
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(232,713)</b>	<b>(341,202)</b>	<b>300,410</b>	<b>641,612</b>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	(86,500)	(86,500)	-
<b>Total Other Financing Sources</b>	<b>-</b>	<b>(86,500)</b>	<b>(86,500)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(232,713)</b>	<b>(427,702)</b>	<b>213,910</b>	<b>641,612</b>
<b>FUND BALANCE - BEGINNING</b>	<b>465,083</b>	<b>465,083</b>	<b>465,083</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 232,370</b>	<b>\$ 37,381</b>	<b>\$ 678,993</b>	<b>\$ 641,612</b>

Denton County, Texas  
**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
INDIGENT CARE SPECIAL REVENUE FUND  
For the Fiscal Year Ended September 30, 2003**

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<b><u>REVENUES</u></b>				
Taxes	\$ 1,370,704	\$ 1,370,704	\$ 1,448,074	\$ 77,370
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	30,000	30,000	7,846	(22,154)
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<b>1,400,704</b>	<b>1,400,704</b>	<b>1,455,920</b>	<b>55,216</b>
<b><u>EXPENDITURES</u></b>				
<b>Current:</b>				
Health & Welfare	1,822,646	1,822,616	1,863,942	(41,326)
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(421,942)</b>	<b>(421,912)</b>	<b>(408,022)</b>	<b>13,890</b>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	(30)	(30)	-
<b>Total Other Financing Sources</b>	<b>-</b>	<b>(30)</b>	<b>(30)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(421,942)</b>	<b>(421,942)</b>	<b>(408,052)</b>	<b>13,890</b>
<b>FUND BALANCE - BEGINNING</b>	<b>465,083</b>	<b>356,352</b>	<b>356,352</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 43,141</b>	<b>\$ (65,590)</b>	<b>\$ (51,700)</b>	<b>\$ 13,890</b>

**Denton County, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**PUBLIC HEALTH SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended September 30, 2003**

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<b><u>REVENUES</u></b>				
Taxes	\$ 1,062,976	\$ 1,062,976	\$ 1,121,721	\$ 58,745
Licenses and Permits	-	-	-	-
Intergovernmental	1,122,988	1,164,030	1,444,948	280,918
Fees of Office	490,000	490,000	434,295	(55,705)
Fines	-	-	-	-
Interest	30,000	30,000	8,360	(21,640)
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<b>2,705,964</b>	<b>2,747,006</b>	<b>3,009,324</b>	<b>262,318</b>
<b><u>EXPENDITURES</u></b>				
<b>Current:</b>				
Health & Welfare	2,893,898	2,948,339	2,792,492	155,847
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(187,934)</b>	<b>(201,333)</b>	<b>216,832</b>	<b>418,165</b>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	-	11,066	11,066	-
Operating Transfers Out	-	-	-	-
<b>Total Other Financing Sources</b>	<b>-</b>	<b>11,066</b>	<b>11,066</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(187,934)</b>	<b>(190,267)</b>	<b>227,898</b>	<b>418,165</b>
<b>FUND BALANCE - BEGINNING</b>	<b>400,776</b>	<b>400,776</b>	<b>400,776</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 212,842</b>	<b>\$ 210,509</b>	<b>\$ 628,674</b>	<b>\$ 418,165</b>

Denton County, Texas  
**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
LAW LIBRARY SPECIAL REVENUE FUND  
For the Fiscal Year Ended September 30, 2003**

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<b><u>REVENUES</u></b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	170,000	170,000	195,165	25,165
Fines	-	-	-	-
Interest	4,500	4,500	1,828	(2,672)
Miscellaneous	7,500	7,500	12,207	4,707
<b>TOTAL REVENUES</b>	<b>182,000</b>	<b>182,000</b>	<b>209,200</b>	<b>27,200</b>
<b><u>EXPENDITURES</u></b>				
Current:				
General Government	199,427	199,427	196,326	3,101
Excess (Deficiency) of Revenues Over Expenditures	(17,427)	(17,427)	12,874	30,301
Other Financing Sources (Uses):				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>(17,427)</b>	<b>(17,427)</b>	<b>12,874</b>	<b>30,301</b>
<b>FUND BALANCE - BEGINNING</b>	<b>131,552</b>	<b>131,552</b>	<b>131,552</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 114,125</b>	<b>\$ 114,125</b>	<b>\$ 144,426</b>	<b>\$ 30,301</b>

**Denton County, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**COUNTY CLERK RECORDS SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended September 30, 2003**

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<b><u>REVENUES</u></b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	815,000	1,015,000	1,073,206	58,206
Fines	-	-	-	-
Interest	6,000	6,000	205	(5,795)
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<b>821,000</b>	<b>1,021,000</b>	<b>1,073,411</b>	<b>52,411</b>
<b><u>EXPENDITURES</u></b>				
Current:				
General Government	925,000	1,225,000	1,306,616	(81,616)
Excess (Deficiency) of Revenues Over Expenditures	(104,000)	(204,000)	(233,205)	(29,205)
Other Financing Sources (Uses):				
Operating Transfers In	98,524	198,524	198,524	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources	98,524	198,524	198,524	-
Net Change in Fund Balances	(5,476)	(5,476)	(34,681)	(29,205)
<b>FUND BALANCE - BEGINNING</b>	<b>(2,460)</b>	<b>(2,460)</b>	<b>(2,460)</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ (7,936)</b>	<b>\$ (7,936)</b>	<b>\$ (37,141)</b>	<b>\$ (29,205)</b>

Denton County, Texas  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**COURTHOUSE SECURITY SPECIAL REVENUE FUND**  
For the Fiscal Year Ended September 30, 2003

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<b><u>REVENUES</u></b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	275,000	275,000	340,905	65,905
Fines	-	-	-	-
Interest	6,000	6,000	2,743	(3,257)
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<b>281,000</b>	<b>281,000</b>	<b>343,648</b>	<b>62,648</b>
<b><u>EXPENDITURES</u></b>				
Current:				
Judicial	381,000	336,000	281,253	54,747
Excess (Deficiency) of Revenues Over Expenditures	(100,000)	(55,000)	62,395	117,395
Other Financing Sources (Uses):				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	(45,000)	(45,000)	-
Total Other Financing Sources	-	(45,000)	(45,000)	-
Net Change in Fund Balances	(100,000)	(100,000)	17,395	117,395
<b>FUND BALANCE - BEGINNING</b>	<b>193,163</b>	<b>193,163</b>	<b>193,163</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 93,163</b>	<b>\$ 93,163</b>	<b>\$ 210,558</b>	<b>\$ 117,395</b>

Denton County, Texas  
**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
RECORDS MANAGEMENT SPECIAL REVENUE FUND  
For the Fiscal Year Ended September 30, 2003**

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<b><u>REVENUES</u></b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	140,000	140,000	132,186	(7,814)
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	2,500	2,500	753	(1,747)
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<b>142,500</b>	<b>142,500</b>	<b>132,939</b>	<b>(9,561)</b>
<b><u>EXPENDITURES</u></b>				
Current:				
Judicial	140,967	131,742	130,343	1,399
Excess (Deficiency) of Revenues Over Expenditures	1,533	10,758	2,596	(8,162)
Other Financing Sources (Uses):				
Operating Transfers In	-	650	650	-
Operating Transfers Out	-	(9,875)	(9,875)	-
Total Other Financing Sources	-	(9,225)	(9,225)	-
Net Change in Fund Balances	1,533	1,533	(6,629)	(8,162)
<b>FUND BALANCE - BEGINNING</b>	<b>53,691</b>	<b>53,691</b>	<b>53,691</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 55,224</b>	<b>\$ 55,224</b>	<b>\$ 47,062</b>	<b>\$ (8,162)</b>

**Denton County, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**HEALTH CARE RELIEF SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended September 30, 2003**

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<b><u>REVENUES</u></b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	200,000	200,000	108,250	(91,750)
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	160,000	160,000	97,867	(62,133)
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<b>360,000</b>	<b>360,000</b>	<b>206,117</b>	<b>(153,883)</b>
<b><u>EXPENDITURES</u></b>				
Current:				
Health and Welfare	831,007	831,007	831,007	-
Excess (Deficiency) of Revenues Over Expenditures	(471,007)	(471,007)	(624,890)	(153,883)
Other Financing Sources (Uses):				
Operating Transfers In	471,007	471,007	471,007	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources	471,007	471,007	471,007	-
Net Change in Fund Balances	-	-	(153,883)	(153,883)
<b>FUND BALANCES - BEGINNING</b>	<b>3,819,282</b>	<b>3,819,282</b>	<b>3,819,282</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 3,819,282</b>	<b>\$ 3,819,282</b>	<b>\$ 3,665,399</b>	<b>\$ (153,883)</b>

**Denton County, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**PROBATE COURT CONTRIBUTION SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended September 30, 2003**

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<b><u>REVENUES</u></b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	32,000	32,000	20,320	(11,680)
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	1,000	1,000	599	(401)
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<b>33,000</b>	<b>33,000</b>	<b>20,919</b>	<b>(12,081)</b>
<b><u>EXPENDITURES</u></b>				
<b>Current:</b>				
Judicial	51,081	51,081	49,514	1,567
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(18,081)</b>	<b>(18,081)</b>	<b>(28,595)</b>	<b>(13,648)</b>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	12,820	12,820	12,820	-
Operating Transfers Out	-	-	-	-
<b>Total Other Financing Sources</b>	<b>12,820</b>	<b>12,820</b>	<b>12,820</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(5,261)</b>	<b>(5,261)</b>	<b>(15,775)</b>	<b>(13,648)</b>
<b>FUND BALANCE - BEGINNING</b>	<b>59,204</b>	<b>59,204</b>	<b>59,204</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 53,943</b>	<b>\$ 53,943</b>	<b>\$ 43,429</b>	<b>\$ (10,514)</b>

Denton County, Texas  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**JP COURT TECHNOLOGY SPECIAL REVENUE FUND**  
For the Fiscal Year Ended September 30, 2003

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<b><u>REVENUES</u></b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	80,000	80,000	82,936	2,936
Fines	-	-	-	-
Interest	2,500	2,500	1,645	(855)
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<b>82,500</b>	<b>82,500</b>	<b>84,581</b>	<b>2,081</b>
<b><u>EXPENDITURES</u></b>				
Current:				
Judicial	100,000	98,960	9,753	89,207
Excess (Deficiency) of Revenues Over Expenditures	(17,500)	(16,460)	74,828	91,288
Other Financing Sources (Uses):				
Operating Transfers In	12,820	-	-	-
Operating Transfers Out	-	(1,040)	(1,040)	-
Total Other Financing Sources	12,820	(1,040)	(1,040)	-
Net Change in Fund Balances	(4,680)	(17,500)	73,788	91,288
<b>FUND BALANCE - BEGINNING</b>	<b>93,378</b>	<b>93,378</b>	<b>93,378</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 88,698</b>	<b>\$ 75,878</b>	<b>\$ 167,166</b>	<b>\$ 91,288</b>

Denton County, Texas  
**SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
 BIOTERRORISM GRANT SPECIAL REVENUE FUND  
 For the Fiscal Year Ended September 30, 2003**

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<b><u>REVENUES</u></b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	589,171	601,633	620,686	19,053
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<b>589,171</b>	<b>601,633</b>	<b>620,686</b>	<b>19,053</b>
<b><u>EXPENDITURES</u></b>				
Current:				
Health and Welfare	589,171	605,158	614,470	(9,312)
Excess (Deficiency) of Revenues Over Expenditures	-	(3,525)	6,216	9,741
Other Financing Sources (Uses):				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	-	(3,525)	6,216	9,741
<b>FUND BALANCES - BEGINNING</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ -</b>	<b>\$ (3,525)</b>	<b>\$ 6,216</b>	<b>\$ 9,741</b>

**Denton County, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**For the Fiscal Year Ended September 30, 2003**

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 11,099,600	\$ 11,099,600	\$ 11,714,362	\$ 614,762
Intergovernmental	1,926,665	1,926,665	1,926,667	2
Interest	200,000	200,000	72,674	(127,326)
<b>TOTAL REVENUES</b>	<b>13,226,265</b>	<b>13,226,265</b>	<b>13,713,703</b>	<b>487,438</b>
<b>EXPENDITURES</b>				
<b>Debt Service:</b>				
Principal Retirement	7,430,000	7,430,000	7,095,000	335,000
Interest	6,805,644	6,805,644	6,805,641	3
Bank Charges	8,000	8,000	5,112	2,888
<b>TOTAL EXPENDITURES</b>	<b>14,243,644</b>	<b>14,243,644</b>	<b>13,905,753</b>	<b>337,891</b>
Excess (Deficiency) of Revenues Over Expenditures	(1,017,379)	(1,017,379)	(192,050)	825,329
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Proceeds of Refunding Bonds	-	-	-	-
Payments to Escrow Agent	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(1,017,379)</b>	<b>(1,017,379)</b>	<b>(192,050)</b>	<b>825,329</b>
<b>FUND BALANCE - BEGINNING</b>	<b>1,943,755</b>	<b>1,943,755</b>	<b>1,943,755</b>	<b>-</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 926,376</b>	<b>\$ 926,376</b>	<b>\$ 1,751,705</b>	<b>\$ 825,329</b>

**CAPITAL ASSETS  
USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS**

**DENTON COUNTY, TEXAS  
 CAPITAL ASSETS USED IN THE OPERATION  
 OF GOVERNMENTAL FUNDS  
 COMPARATIVE SCHEDULES BY SOURCE  
 September 30, 2003**

2003

**Governmental Funds Capital Assets:**

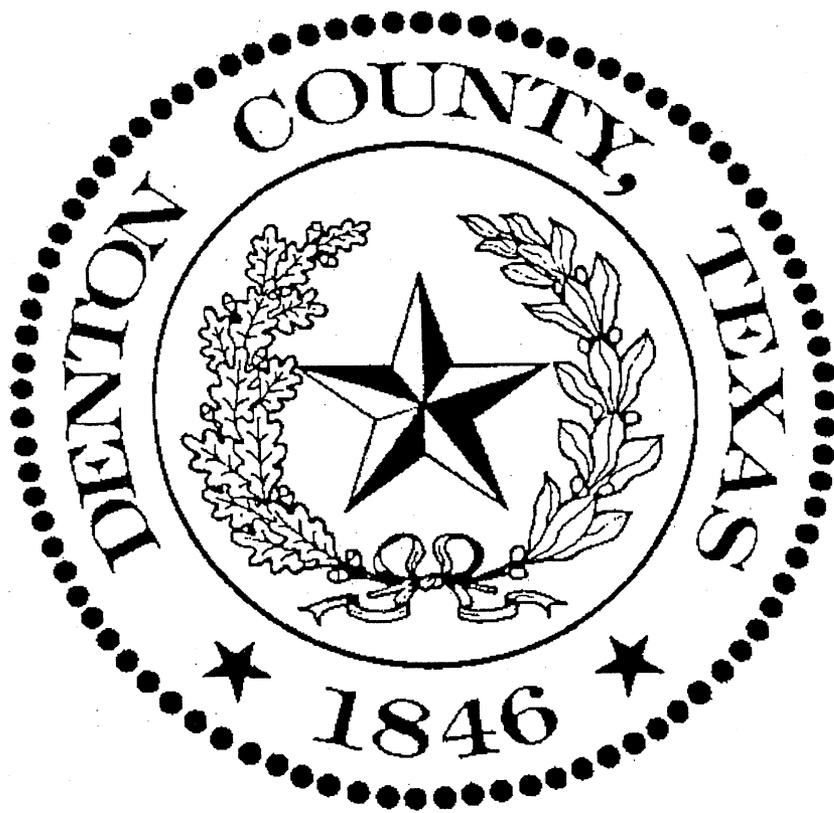
Land	\$4,320,256
Buildings	\$82,806,763
Machinery & Equipment	27,022,005
Infrastructure	125,144,001
Construction in Progress	<u>2,156,984</u>
Total Governmental Funds Capital Assets	<u>241,450,009</u>

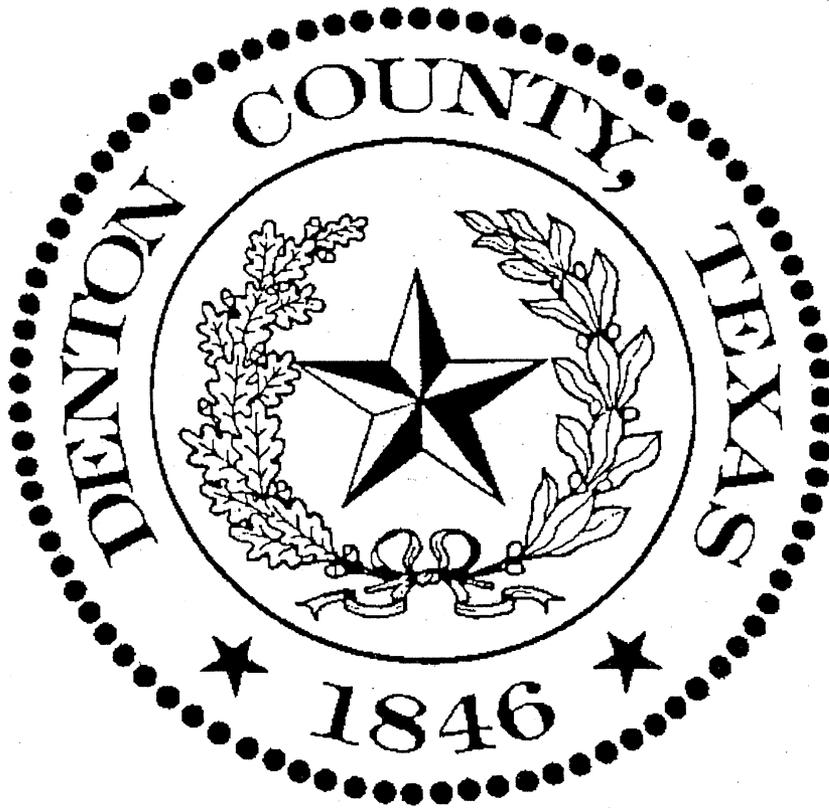
**Investments in Governmental Funds Capital Assets  
 By Source:**

Balance October 1, 1984	9,672,545
General Fund	27,081,688
Special Revenue Funds	125,144,001
Capital Projects Funds	<u>79,551,775</u>
Total Governmental Funds Capital Assets	<u>241,450,009</u>

**DENTON COUNTY, TEXAS  
 CAPITAL ASSETS USED IN THE OPERATION  
 OF GOVERNMENTAL FUNDS -  
 SCHEDULE BY FUNCTION AND ACTIVITY  
 Year Ended September 30, 2003**

<b>Function and Activity</b>	<b>Total</b>	<b>Land and Buildings</b>	<b>Machinery and Equipment</b>	<b>Infrastructure</b>
General Government	\$4,027,536		\$4,027,536	
Judicial	\$1,481,103		1,481,103	
Legal	\$282,071		282,071	
Financial	\$234,272		234,272	
General Public Facilities	\$44,705,383	43,807,600	897,783	
Public Safety	\$54,157,032	43,283,922	10,873,110	
Health and Welfare	\$449,788		449,788	
Conservation	\$12,988		12,988	
Roads	\$133,942,852	35,497	8,763,354	125,144,001
<b>Total General Fixed Assets Allocated to Functions</b>	<b>\$239,293,025</b>	<b>\$87,127,019</b>	<b>\$27,022,005</b>	<b>\$125,144,001</b>
Construction in Progress	2,156,984			
<b>Total General Fixed Assets</b>	<b>\$241,450,009</b>			





**DENTON COUNTY, TEXAS**

**GOVERNMENT-WIDE EXPENSES BY FUNCTION <sup>1</sup>**

**Last Ten Fiscal Years**

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<b>Fiscal Year</b>	<b>General Government</b>	<b>Legal and Judicial</b>	<b>Financial</b>	<b>Public Facilities</b>	<b>Public Safety</b>	<b>Health and Welfare</b>
2003	\$ 17,934,501	\$ 19,984,273	\$ 4,269,539	\$ 5,958,066	\$ 41,332,498	\$ 7,270,714

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**Notes:**

(1) 2003 is the first year to report county-wide data.

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Conservation	Contract Services	Roads	Inter-governmental	Interest on Long Term Debt	Total
\$ 340,075	\$ 1,663,675	\$ 13,848,255	\$ 11,692,324	\$ 6,658,652	\$ 130,952,572

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**DENTON COUNTY**  
**GOVERNMENT-WIDE REVENUES**

**Last Ten Fiscal Years**

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Fiscal Year	<u>PROGRAM REVENUES</u>			<u>GENERAL REVENUES</u>			Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Unrestricted Grants and Contributions	Interest Earnings	
2003	\$ 19,881,161	\$ 18,715,701	\$ 1,513,176	\$ 75,787,467	\$ 1,179,946	\$ 982,048	\$ 118,059,499

Notes: \* 2003 is the first year to report county-wide data.

**DENTON COUNTY**  
**GENERAL REVENUES BY SOURCE <sup>1</sup>**

**Last Ten Fiscal Years**

Fiscal Year	Taxes	Fees and Licenses	Fines	Inter-governmental	Interest Earnings	Misc.	Total
1994	\$ 31,296,897	\$ 8,333,006	\$ 1,587,297	\$ 5,576,065	\$ 860,257	\$ 610,307	\$48,263,829
1995	33,130,482	8,493,965	1,819,713	5,056,541	1,591,085	874,819	50,966,605
1996	34,606,170	9,527,238	2,038,956	4,824,458	1,331,053	986,454	53,314,329
1997	36,450,218	10,522,088	2,282,344	5,448,895	1,391,398	1,315,791	57,410,734
1998	38,940,270	11,701,389	2,298,599	8,198,900	1,680,693	1,400,218	64,220,069
1999	42,536,317	12,650,759	2,743,386	13,107,806	1,611,129	1,757,300	74,406,697
2000	46,001,318	13,598,730	3,223,175	8,946,504	1,931,191	1,768,829	75,469,747
2001	54,150,614	14,863,967	3,248,336	13,818,195	1,720,095	1,776,170	89,577,377
2002	66,983,004	16,149,221	3,204,592	13,916,492	893,843	1,936,672	103,083,824
2003	75,897,298	18,735,928	3,378,782	12,384,746	571,172	1,843,299	112,811,225

Notes: <sup>1</sup> Includes General, Special Revenue, and Debt Service Funds

DENTON COUNTY, TEXAS

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION <sup>1</sup>

Last Ten Fiscal Years

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Fiscal Year	General Government	Legal and Judicial	Financial	Public Facilities	Public Safety	Health and Welfare
1994	\$ 5,620,878	\$9,687,176	\$2,164,189	\$2,700,432	\$15,689,422	\$2,489,784
1995	5,444,619	8,407,116	2,037,512	4,655,537	16,268,829	2,572,381
1996	8,448,499	9,333,748	2,181,693	4,524,056	17,825,255	2,645,216
1997	7,726,964	10,723,810	2,352,460	3,756,999	22,308,217	2,858,397
1998	7,372,985	10,948,754	2,348,836	3,676,150	21,049,935	3,781,609
1999	8,818,502	13,402,017	2,601,432	4,227,886	23,428,937	3,867,828
2000	8,825,012	14,699,567	2,900,942	4,657,275	25,992,842	4,426,416
2001	10,756,812	16,513,724	3,262,723	5,493,845	30,207,445	4,627,493
2002	13,017,619	19,215,164	3,793,665	4,593,304	36,959,688	6,062,458
2003	15,140,192	20,259,170	4,109,254	5,052,708	37,830,787	7,153,262

Notes:

(1) Includes General, Special Revenue and Debt Service Funds

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Conservation	Contract Services	Roads	Debt Service	Total
\$ 215,573	\$2,175,967	\$4,885,993	\$2,864,067	\$48,493,481
160,602	2,160,568	4,453,007	3,459,693	49,619,864
166,270	2,244,707	5,439,122	3,457,647	56,266,213
181,222	2,310,795	6,178,196	5,339,821	63,736,881
216,770	2,539,069	5,435,705	6,586,082	63,955,895
214,321	2,710,715	5,768,125	6,805,925	71,845,688
255,954	2,381,277	5,829,255	8,514,550	78,483,090
308,440	2,457,578	6,190,111	9,351,347	89,169,518
343,215	1,505,530	7,140,327	13,922,587	106,553,557
334,882	1,663,675	7,222,595	13,905,753	112,672,278

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**DENTON COUNTY**  
**PROPERTY TAX LEVIES AND COLLECTIONS**

**Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent Of Levy Collected	Delinquent Tax Collections <sup>1</sup>	Total Current and Delinquent Collections	Percent of Total Tax Collections To Tax Levy
1994	\$30,616,146	\$30,128,868	98.4 %	\$ 945,083	\$31,073,951	101.5 %
1995	32,159,460	31,790,219	98.8	1,190,751	32,980,970	102.6
1996	34,007,094	33,630,219	98.9	784,167	34,414,386	101.2
1997	36,028,617	35,632,272	98.9	534,234	36,166,506	100.4
1998	38,540,045	38,105,446	98.9	568,657	38,674,103	100.3
1999	41,874,015	41,410,656	98.9	605,651	42,016,307	100.3
2000	45,654,039	45,064,783	98.9	515,265	45,580,048	99.8
2001	53,675,987	52,928,630	98.6	796,861	53,725,491	100.1
2002	67,007,264	65,833,992	98.2	815,609	66,649,601	99.5
2003	74,597,046	73,502,543	98.5	1,499,654	75,002,197	100.5

Notes <sup>1</sup> Includes penalties and interest collected.  
Does not include rollback taxes and current tax penalties.

**DENTON COUNTY**  
**PROPERTY TAX RATES**  
**(PER \$100 OF ASSESSED VALUE)**

**Last Ten Fiscal Years**

Fiscal Year	General Fund	Special Revenue Funds	Debt Service Fund	Total
1994	\$ 0.24383	\$ 0.02973	\$ 0.02584	\$ 0.29940
1995	0.23338	0.02658	0.03001	0.28997
1996	0.22797	0.02466	0.02575	0.27838
1997	0.21075	0.02229	0.03386	0.26690
1998	0.19349	0.02298	0.03943	0.25590
1999	0.18982	0.02158	0.03735	0.24875
2000	0.17883	0.01906	0.03715	0.23504
2001	0.17872	0.01677	0.03644	0.23193
2002	0.19531	0.02103	0.03559	0.25193
2003	0.18769	0.02285	0.03843	0.24897

DENTON COUNTY, TEXAS

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

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Fiscal Year	<u>Real Property</u>		<u>Personal Property</u>	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1994	\$ 9,000,696,053	\$9,000,696,053	\$1,225,137,584	\$1,225,137,584
1995	9,866,064,087	9,866,064,087	1,224,590,808	1,224,590,808
1996	10,958,016,971	10,958,016,971	1,258,052,790	1,258,052,790
1997	12,154,732,994	12,154,732,994	1,344,186,732	1,344,186,732
1998	13,243,361,228	13,243,361,228	1,817,226,892	1,817,226,892
1999	15,082,328,079	15,082,328,079	1,751,446,795	1,751,446,795
2000	17,574,144,925	17,574,144,925	1,849,799,510	1,849,799,510
2001	21,278,445,012	21,278,445,012	1,864,739,138	1,864,739,138
2002	24,283,771,582	24,283,771,582	2,313,801,037	2,313,801,037
2003	27,504,453,198	27,504,453,198	2,457,809,814	2,457,809,814

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<u>Total</u>			
Assessed Value	Estimated Actual Value		Ratio of Total Assessed to Total Estimated Actual Value
\$ 10,225,833,637	\$ 10,225,833,637		100%
11,090,654,895	11,090,654,895		100%
12,216,069,761	12,216,069,761		100%
13,498,919,726	13,498,919,726		100%
15,060,588,120	15,060,588,120		100%
16,833,774,874	16,833,774,874		100%
19,423,944,435	19,423,944,435		100%
23,143,184,150	23,143,184,150		100%
26,597,572,619	26,597,572,619		100%
29,962,263,012	29,962,263,012		100%

Denton County, Texas

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

September 30, 2003

	Net Bonded Debt at September 30, 2003	Percentage Applicable to Denton County (1)	Amount Applicable to Denton County
<b><u>DIRECT DEBT</u></b>			
Denton County	\$ 133,815,865	100.00%	\$ <u>133,815,865</u>
<b><u>OVERLAPPING DEBT</u></b>			
<b><u>Cities:</u></b>			
Argyle	1,200,070	100.00	1,200,070
Aubrey	3,028,642	100.00	3,028,642
Bartonville	1,045,000	100.00	1,045,000
Carrollton	124,207,926	35.62	44,242,863
The Colony	51,143,512	100.00	51,143,512
Corinth	15,831,754	100.00	15,831,754
Dallas	723,302,721	0.83	6,003,413
Denton	103,884,038	100.00	103,884,038
Flower Mound	59,170,000	100.00	59,170,000
Frisco	134,602,600	11.64	15,667,743
Hackberry	310,000	100.00	310,000
Hickory Creek	-	100.00	-
Highland Village	17,787,084	100.00	17,787,084
Justin	755,000	100.00	755,000
Krugerville	-	100.00	-
Krum	-	100.00	-
Lake Dallas	2,440,000	100.00	2,440,000
Lewisville	43,294,791	99.92	43,260,155
Little Elm	-	100.00	-
Marshall Creek	-	100.00	-
Northlake	192,980	100.00	192,980
Oak Point	1,070,000	100.00	1,070,000
Pilot Point	6,270,000	100.00	6,270,000
Ponder	386,140	100.00	386,140
Roanoke	13,565,000	100.00	13,565,000
Sanger	4,864,852	100.00	4,864,852
Trophy Club	6,265,000	100.00	6,265,000

Notes:

(1) Source: Municipal Advisory Council of Texas

	Net Bonded Debt at September 30, 2003	Percentage Applicable to Denton County (1)	Amount Applicable to Denton County
<b>School Districts:</b>			
Argyle	82,549,733	100.00	82,549,733
Aubrey	14,359,786	100.00	14,359,786
Carrollton-			
Farmers Branch	288,290,774	20.48	59,041,951
Celina	15,091,016	4.67	704,750
Denton	296,657,330	100.00	296,657,330
Frisco	373,567,233	14.02	52,374,126
Krum	13,060,000	99.16	12,950,296
Lake Dallas	55,876,423	100.00	55,876,423
Lewisville	517,484,276	100.00	517,484,276
Little Elm	216,893,922	100.00	216,893,922
Northwest	157,130,313	71.46	112,285,322
Pilot Point	20,934,575	88.41	18,508,258
Ponder	37,129,757	100.00	37,129,757
Prosper	23,800,000	1.03	245,140
Sanger	67,519,709	100.00	67,519,709
Slidell	2,955,000	26.90	794,895
<b>Special Districts:</b>			
Lake Cities M.U.A.	-	100.00	-
Trophy Club M.U.D.#1	11,115,000	100.00	11,115,000
Trophy Club M.U.D.#2	10,210,000	100.00	10,210,000
Denton Co. RUD #1	20,100,000	100.00	20,100,000
Freshwater Districts, # 1-6	76,150,000	100.00	76,150,000
Corinth M.U.D. #1	1,225,000	100.00	1,225,000
<b>TOTAL OVERLAPPING DEBT</b>			<u>\$2,062,558,919</u>
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>			<u><u>\$2,196,374,784</u></u>

DENTON COUNTY

TAX VALUATION AND PERCENTAGE OF CHANGE

Last Ten Fiscal Years

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Fiscal Year	Valuation	Percentage of Change In Valuation	Tax Rate	Tax Levy	Percentage of Change In Levy
1994	\$ 10,225,833,637	1.60 %	\$0.29940	30,616,146	4.1 %
1995	11,090,654,895	8.5	0.28997	32,159,572	5.0
1996	12,216,069,761	10.1	0.27838	34,007,094	5.7
1997	13,498,919,726	10.5	0.26690	36,028,617	5.9
1998	15,060,588,120	11.6	0.25590	38,540,045	6.8
1999	16,833,774,874	11.8	0.24875	41,874,015	8.7
2000	19,423,944,435	15.4	0.23504	45,654,039	9.0
2001	23,143,184,150	19.1	0.23193	53,675,987	17.6
2002	26,597,572,619	14.9	0.25193	67,007,265	24.8
2003	29,962,263,012	12.7	0.24897	74,597,046	11.3

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**DENTON COUNTY**  
**COMPUTATION OF LEGAL DEBT MARGIN**

**September 30, 2003**

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Assessed Value of Real Property	\$27,504,453,198
Debt Limit	6,876,113,300
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	135,567,570
Less Net Assets in Debt Service Fund	<u>1,751,705</u>
Total Amount of Debt Applicable to Debt Limit	<u>133,815,865</u>
Legal Debt Margin	<u><u>\$6,742,297,435</u></u>

Note: (1) Debt Limit 25% of assessed value of real property,  
Article 3, Section 52, of the Texas Constitution

**DENTON COUNTY, TEXAS**

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR  
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES**

**Last Ten Fiscal Years**

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures <sup>1</sup>	Ratio of Debt Svc To Total General Expenditures
1994	\$ 1,085,000	\$1,778,303	\$2,863,303	\$48,493,481	5.9 %
1995	1,380,000	2,078,529	3,458,529	49,619,864	7.0
1996	1,495,000	1,961,369	3,456,369	56,266,213	6.1
1997	1,820,000	3,518,248	5,338,248	63,736,881	8.4
1998	3,080,000	3,504,338	6,584,338	63,955,895	10.3
1999	3,500,000	3,303,877	6,803,877	71,845,688	9.5
2000	3,145,000	5,367,056	8,512,056	78,483,090	10.8
2001	3,615,000	5,731,161	9,346,161	89,169,518	10.5
2002	6,170,000	7,747,773	13,917,773	106,553,557	13.1
2003	7,095,000	6,805,641	13,900,641	112,672,278	12.3

Notes:

(1) Includes General, Special Revenue, and Debt Service Funds

**DENTON COUNTY**

**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE  
AND NET BONDED DEBT PER CAPITA**

**Last Ten Fiscal Years**

Fiscal Year	Population ( <sup>1</sup> )	Assessed Value	Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1994	304,300	\$10,225,833,637	\$38,920,000	\$699,664	\$ 38,220,336	0.37	\$125.60
1995	317,850	11,090,654,895	37,540,000	779,076	36,760,924	0.33	115.65
1996	335,650	12,216,069,761	58,845,000	615,227	58,229,773	0.48	173.48
1997	352,050	13,498,919,726	64,765,000	522,595	64,242,405	0.48	182.48
1998	373,850	15,060,588,120	61,685,000	569,329	61,115,671	0.41	163.48
1999	400,915	16,833,774,874	95,027,570	1,456,509	93,571,061	0.56	233.39
2000	432,976	19,423,944,435	107,177,570	1,077,645	106,099,925	0.55	245.05
2001	453,853	23,143,184,150	139,412,570	2,904,913	136,507,657	0.59	300.78
2002	475,600	26,597,572,619	136,922,570	1,943,755	134,978,815	0.51	283.81
2003	504,650	29,962,263,012	135,567,570	1,751,705	133,815,865	0.45	265.17

Notes:

<sup>1</sup> Source: North Central Texas Council of Governments

**Denton County, Texas**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**  
**(PER \$100 OF ASSESSED VALUE)**  
**Last Eight Fiscal Years (1)**

	Percent Applicable to Denton County (2)	1996	1997	1998	1999	2000	2001	2002	2003
		<b>GOVERNMENTAL ENTITY</b>							
Denton County	100.00 %	0.2784	0.2669	0.2559	0.2488	0.23504	0.23193	0.25193	0.24897
<u>Cities</u>									
Argyle	100.00	0.3617	0.0364	0.3636	0.3612	0.3991	0.3950	0.38000	0.3925
Aubrey	100.00	0.6000	0.6000	0.5785	0.5785	0.6304	0.5089	0.56220	0.5500
Bartonville	100.00	0.0000	0.0000	0.0000	0.0000	0.1859	0.1847	0.18471	0.1847
Carrollton	35.62	0.6043	0.6043	0.6043	0.6043	0.6043	0.5993	0.59930	0.5993
The Colony	100.00	0.795	0.7950	0.795	0.7850	0.7650	0.7350	0.72500	0.7250
Copper Canyon	100.00							0.14383	
Corinth	100.00	0.6722	0.4285	0.526	0.5260	0.5260	0.5260	0.52600	0.5260
Dallas	0.83	0.5572	0.6701	0.6516	0.6491	0.6675	0.6675	0.66750	0.6998
Denton	100.00	0.5572	0.5284	0.5082	0.5082	0.5282	0.5282	0.54820	0.5482
Double Oak	100.00						0.2200	0.22000	0.2200
Flower Mound	100.00	0.4500	0.4500	0.4500	0.4500	0.4500	0.4500	0.44970	0.4497
Frisco	11.64	0.4195	0.4195	0.4120	0.3727	0.3727	0.3700	0.36700	0.3370
Hackberry	100.00					0.2387	0.6818	0.68178	0.6030
Hickory Creek	100.00					0.4137	0.3700	0.34977	0.2993
Highland Village	100.00	0.5938	0.5938	0.5938	0.5938	0.5696	0.5696	0.56963	0.5696
Justin	100.00	0.3452	0.3452	0.4297	0.4297	0.4297	0.4297	0.42989	0.4297
Krugerville	100.00	0.155	0.1550	0.1609	0.1609	0.2300	0.2378	0.23780	0.2378
Krum	100.00	0.2453	0.2435	0.2429	0.2525	0.2425	0.2534	0.25331	0.2550
Lake Dallas	100.00	0.5663	0.5701	0.5617	0.5617	0.5617	0.5617	0.56171	0.5617
Lakewood Village	100.00					0.2500	0.2500	0.25000	0.2500
Lewisville	99.92	0.5381	0.5186	0.4678	0.4678	0.4518	0.4511	0.45050	0.4505
Little Elm	100.00	0.5287	0.5269	0.5482	0.5051	0.5051	0.4330	0.44453	0.3998
Marshall Creek	100.00	0.2982	0.3150	0.3018	0.2795	0.3024	0.3024	0.34536	0.5000
Northlake	100.00					0.2950	0.2950	0.29500	0.2950
Oak Point	100.00	0.316	0.3160	0.3160	0.3116	0.4386	0.4386	0.65402	0.6390
Pilot Point	100.00	0.65	0.5567	0.5497	0.5479	0.4929	0.4927	0.46200	0.4999
Ponder	100.00	0.1722	0.1722	0.1661	0.1617	0.1962	0.1838	0.18379	0.2295
Roanoke	100.00	0.3546	0.3751	0.3751	0.3751	0.3751	0.3751	0.37512	0.3751
Sanger	100.00	0.4813	0.4726	0.5028	0.5228	0.5228	0.5888	0.58879	0.5655
Shady Shores	100.00						0.3400	0.34000	0.3400
Trophy Club	100.00	0.4261	0.4658	0.4658	0.4658	0.4605	0.4505	0.44051	0.4405
<u>School Districts:</u>									
Argyle	100.00	1.5552	1.5500	1.5500	1.7700	1.7700	1.7760	1.75447	1.7552

	Percent								
	Applicable to								
	Denton County	1996	1997	1998	1999	2000	2001	2002	2003
<b>GOVERNMENTAL ENTITY</b>									
<b>School Districts</b>									
<u>(Continued)</u>									
Aubrey	100.00	1.2900	1.3600	1.4800	1.4800	1.5800	1.5600	1.6129	1.7330
Carrollton-F. Branch	20.48	1.4321	1.4319	1.4319	1.4619	1.5377	1.6700	1.7242	1.7224
Celina	4.67	1.3800	1.4300	1.5300	1.6300	1.6300	1.5900	1.7000	1.7500
Denton	100.00	1.6607	1.6607	1.7750	1.8500	1.7000	1.8440	1.8540	1.8640
Frisco	14.02	1.5914	1.5286	1.5286	1.5136	1.4200	1.4200	1.4400	1.5175
Krum	99.16	1.5800	1.5800	1.5400	1.6400	1.4478	1.8600	1.7080	1.6660
Lake Dallas	100.00	1.4700	1.4900	1.5700	1.4620	1.4620	1.6600	1.6900	1.7400
Lewisville	100.00	1.4370	1.5160	1.6100	1.6100	1.5671	1.6100	1.6700	1.6700
Little Elm	100.00	1.4990	1.5999	1.6990	1.6990	1.5845	1.5300	1.5990	1.7112
Northwest	71.46	1.5888	1.6293	1.6758	1.6625	1.7047	1.6914	1.8348	1.8348
Pilot Point	88.41	1.3487	1.3480	1.5799	1.4779	1.4779	1.5079	1.5656	1.5811
Ponder	100.00	1.4209	1.4500	1.4200	1.5045	1.5045	1.5645	1.6324	1.7680
Prosper	1.03	1.4822	1.4822	1.5237	1.5237	1.5222	1.7202	1.7202	1.7610
Sanger	100.00	1.5000	1.5000	1.5000	1.4400	1.6000	1.6000	1.6700	1.5330
Slidell	26.90	1.4100	1.6600	1.4900	1.6600	1.6600	1.5610	1.5600	1.6700
<u>Special Districts</u>									
Lake Cities MUA	100.00					0.0000	0.0000	0.0000	0.0000
Trophy Club MUD 1	46.68	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.2400	0.3000
Trophy Club MUD 2	100.00	0.3000	0.3000	0.2900	0.2800	0.4605	0.0000	0.3654	0.3400
Denton Co. Fire									
Dist. #1	100.00	0.0000	0.0000	0.0000	0.0000	0.0300	0.0300	0.0300	0.0277
Clear Creek Watershed									
Authority	100.00	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0118	0.0118
Corinth MUD #1	100.00	0.0125	0.0000	0.0000	0.0000	0.3800	0.3300	0.3100	0.3106
Denton Co. Fresh Water									
Water Supp. Dist. #	100.00	0.4400	0.4100	0.4100	0.4000	0.0000	0.0000	0.5400	
DC Fresh Water Supp.#1-B								1.0000	1.0000

Notes:

(1) Information has not been presented for ten years since its inclusion would make this schedule unduly complex and difficult to read. Also, certain of the above information is incomplete as information was not available for all years.

(2) Source: Municipal Advisory Council of Texas

**DENTON COUNTY, TEXAS**  
**PROPERTY VALUE AND CONSTRUCTION**  
**Last Ten Fiscal Years**

Fiscal Year	Property Value	Construction <sup>1</sup>
1994	\$ 10,225,833,637	\$ 380,608,000
1995	11,090,654,895	445,637,861
1996	12,216,069,761	602,004,646
1997	13,498,919,726	603,450,109
1998	15,060,588,120	831,484,687
1999	16,833,774,874	987,042,219
2000	19,423,944,435	1,356,042,306
2001	23,143,184,150	1,718,337,443
2002	26,597,572,619	1,818,973,918
2003	29,962,263,012	1,934,245,359

Notes: <sup>1</sup> Source: Denton Central Appraisal District

**DENTON COUNTY, TEXAS**

**PRINCIPAL TAXPAYERS**

**September 30, 2003**

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Taxpayer	Type of Business	Assessed Value	Percentage of Total Assessed Valuation
Devon Energy Op. Co.	Oil and Gas	\$305,688,020	1.02 %
Verizon Southwest	Telephone Utility	164,637,672	0.55
Oncor Electric Delivery Co.	Electric Utility	124,224,625	0.41
Albertsons, Inc.	Retailer	76,725,443	0.26
Southwest Property LP	Real Estate	73,638,871	0.25
Frito-Lay, Inc.	Food Manufacturer	63,713,074	0.21
Wal-Mart Stores, Texas	Retailer	58,888,657	0.20
J C Penney Company	Retailer	58,841,268	0.20
Edward B. Frankel Trust	Real Estate	57,637,327	0.19
Coserv Electric Co-op	Electric Utility	53,009,419	0.18
		<u>\$1,037,004,376</u>	3.46 %

Note: Total Assessed valuation of \$29,962,263,012  
per Denton Central Appraisal District

**DENTON COUNTY, TEXAS**

**DEMOGRAPHIC STATISTICS**

**Last Ten Fiscal Years**

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Fiscal Year	(1) Population	(2) Per Capita Income	(3) Median Age	(4) Unemployment Rate
1994	304,300	\$ 20,974	-	3.8 %
1995	317,850	22,562	-	3.9
1996	335,650	24,122	-	3.8
1997	352,250	26,199	-	3.2
1998	373,850	27,346	-	2.0
1999	400,915	27,872	-	1.9
2000	432,976	31,004	31.0	1.9
2001	453,853	-	-	3.2
2002	475,600	-	-	4.9
2003	504,650	-	-	5.0

**Notes:**

- (1) Source: North Central Texas Council of Governments
- (2) Source: US Census Bureau
- (3) Source: Texas State Data Center, Texas A&M University
- (4) Source: Texas Workforce Commission

Certain of the above data is incomplete as data was not available for all years

## DENTON COUNTY

### MISCELLANEOUS STATISTICS

September 30, 2003

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Created by Act of State Legislature in 1846.

**Form of Government:** Political Subdivision of the State of Texas, a Public Corporation, with a County Judge and four Commissioners as the governing body. The Commissioners Court has only the powers as authorized by the Constitution of Texas the State legislature or implied therefrom.

Officials Elected by Vote of the People:	38
County Employees Including Those on Grant Programs:	1,375
Organized School Districts in County:	17
Incorporated Municipalities in County:	40
Area in Square Miles:	911
1990 Census:	273,525
2000 Census:	432,976
2003 Population Estimate:	504,650

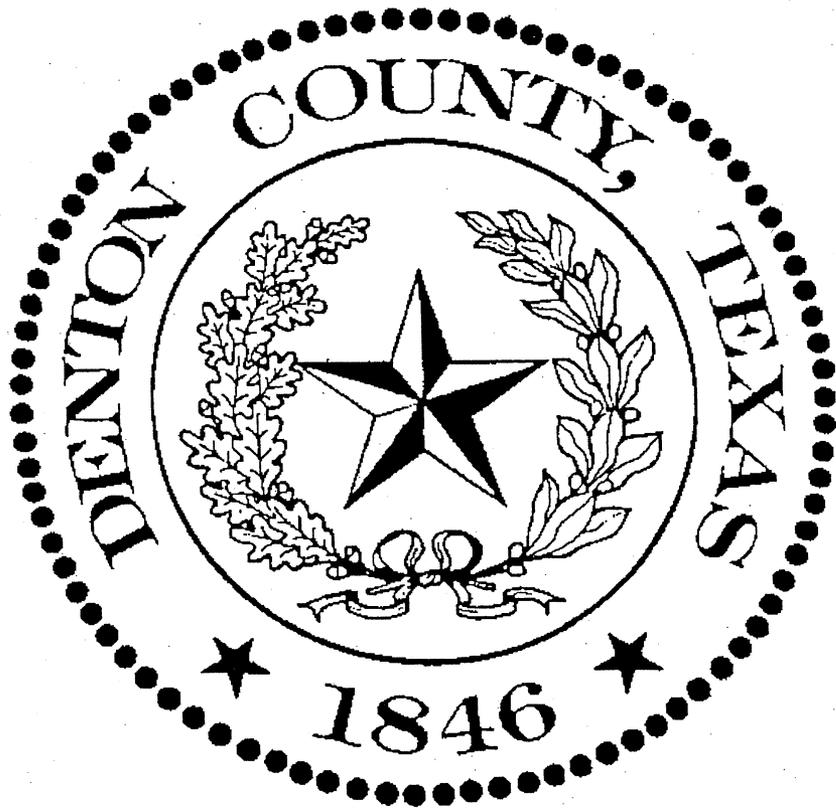
**Recreation:** Water activities at Lewisville, Ray Roberts and Grapevine lakes; seven U.S. Corp of Engineers' parks; universities' cultural and athletic events; and local activities.

**Minerals:** Limited output of oil, sand, gravel, gas, and clay.

**Agriculture:** About \$114 million average farm income, 75% from livestock, eggs and dairy products. Grains, nursery plants, hay and turf grass are the principal crops.

**Business:** Varied industries (food products, apparel, brick, trucks, oil tools, heating and cooling equipment, and many other products), colleges (University of North Texas and Texas Woman's University), Denton State School and tourism.

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## PREFACE

### **Overview of the County's Fiscal Year 2003 Annual Audit -**

Denton County's combined financial statements for 2003, which present the County's various fund types and account groups in conformity with generally accepted accounting principles (GAAP) for local governments, were subjected to an audit by independent certified public accountants. The primary purpose of that audit was for the auditors to form an opinion on the financial statements and their conformity with GAAP for local governments. This grant report has been prepared as an addition to the County's fiscal year 2003 annual audit.

### **Overview of Grant Audit Requirements -**

The scope of the County's fiscal year 2003 grant audit includes the requirements of the Office of Management and Budget's Circular A-133. This document establishes audit requirements for state and local governments and Indian tribe governments that receive federal assistance. It provides for independent audits of financial operations, including compliance with certain provisions of federal laws and regulations. The requirements are established to ensure that audits are made on an organization-wide basis, rather than on a grant-by-grant basis. Such audits are to determine whether:

- \* financial operations are conducted properly,
- \* the financial statements are presented fairly,
- \* the organization has complied with laws and regulations affecting the expenditure of federal funds,
- \* internal procedures have been established to meet the objectives of federally assisted programs, and
- \* financial reports to the federal government contain accurate and reliable information.

The grant audit requirements of Circular A-133 have also been adopted by the State of Texas for local governments that receive funds under state grants.

### **Purpose and Contents of This Report -**

This report was prepared to provide grantor agencies with certain financial information which they need to properly administer funds granted to the County. Financial schedules included herein present the County's grant revenues, expenditures and amounts due to/from funding

sources in accordance with generally accepted accounting principles for state and local government units. However, this report does not present the financial position of the County. Individual grants presented in this report are those which were considered by the auditors in performing their audit tests in conformity with OMB Circular A-133.

### **Relationship Between This Report and the County's Combined Financial Statements -**

The County's grant activity is disclosed in the combined financial statements in various funds. Therefore, this report cannot be related directly to the combined financial statements based upon the information presented herein.

### **Overview of Grant Financial Information -**

Financial information by individual grant is presented in this report. A statement of revenues, expenditures and changes in amounts due to/from funding sources is provided for each grant. Additionally, an inception-to-date statement of revenues, expenditures and budget is included for each grant, except various grants such as the Special Supplemental Food Program for Women, Infants and Children (W.I.C. Grant), Title IV-D and Title IV-E reimbursement program funds are received on a reimbursement per client served basis rather than on a fixed budgetary basis.

Prior year revenue and expenditures amounts are not covered by the fiscal year 2003 auditor's report. These amounts, along with cumulative totals, are presented to facilitate review by grantor agencies. These amounts are not a required part of the supplemental information.

**NOTES TO GRANT FINANCIAL STATEMENTS  
DENTON COUNTY, TEXAS  
SEPTEMBER 30, 2003**

**(1) ORGANIZATION AND ACCOUNTING POLICIES:**

Denton County, Texas, is the recipient of certain federal and state grant funds. The grant programs are administered by various departments within the County. The activities of these organizations are monitored by County staff to ensure compliance with the requirements of the underlying grants.

The accounting policies of the County conform to generally accepted accounting principles for local government units as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. The accompanying financial statements were prepared under the following accounting policies of the County:

**Basis of Presentation -**

The accompanying financial statements represent the County's grant activity reported in conformity with OMB Circular A-133. Denton County also acts as a fiscal agent for funds paid by the State to the local Community Supervision and Corrections Department. Since this agency issues its own, separate financial statement, the program has been omitted from this report. State funds provided to this agency in fiscal 2003 totaled approximately \$1,759,500.

**Basis of Accounting -**

Grant revenues and expenditures are recognized using the modified accrual basis. Expenditures are recognized in the accounting period in which the related liability is incurred. Revenues are recognized in the accounting period in which the related expenditures are incurred.

**County Contribution -**

Certain grants require that a percentage of the total funds for the program be provided by the County or other sources. Matching funds from the County are provided to cover any expenses in excess of funds received. Also, the County covers any expenses for costs incurred in excess of total funds budgeted for individual grants.

**(2) GRANT AUDITS:**

Grant costs are subject to audit by grantor agencies. Disallowed costs, if any, resulting from the audit of grant funds, will be absorbed by the County. Management does not believe that any significant costs will be incurred as a result of grant audits.

Denton County, Texas

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**  
**For the Fiscal Year Ended September 30, 2003**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>
U.S. Dept. of Health and Human Services Passed through State of Texas Dept. of Health:			
2003 Bioterrorism Preparedness Grant	93.283	C9000524-3	\$ 750,115
2002 Bioterrorism Preparedness Grant	93.283	C9000524-2	666,099
2003 HIV/AIDS Education Grant	93.940	C9000524-3	100,000
2002 HIV/AIDS Education Grant	93.940	C9000524-3	53,425
2003 Childrens Health Ins Grant	93.778	C9000524-3	42,105
U. S. Department of Agriculture Passed through the Texas Department of Health:			
2003 Special Supplement Food Program for Women, Infants and Children	10.557	C9000524-4	872,575
2002 Special Supplement Food Program for Women, Infants and Children	10.557	C9000524-4	778,341
Total State of Texas Dept. of Health			<u>3,262,660</u>
U.S. Dept. of Health and Human Services Passed through Tarrant County, Texas:			
2003 Ryan White Grant	93.918	-	52,319
2002 Ryan White Grant	93.918	-	<u>52,319</u>
Total Tarrant County			<u>104,638</u>

<u>Balance *</u> <u>October 1,</u> <u>2002</u>	<u>Receipts</u> <u>or Revenue</u> <u>Recognized</u>	<u>Disbursements/</u> <u>Expenditures</u>	<u>Balance *</u> <u>September 30,</u> <u>2003</u>
\$ -	\$ -	\$ 40,313	\$ 40,313
55,646	454,571	580,373	181,448
-	22,987	42,541	19,554
10,468	22,794	12,326	-
-	25,263	25,263	-
-	642,376	872,575	230,199
160,589	194,136	33,547	-
<u>226,703</u>	<u>1,362,127</u>	<u>1,606,938</u>	<u>471,514</u>
-	10,252	37,087	26,835
<u>10,129</u>	<u>19,722</u>	<u>9,593</u>	<u>-</u>
<u>10,129</u>	<u>29,974</u>	<u>46,680</u>	<u>26,835</u>

**Denton County, Texas**

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
For the Fiscal Year Ended September 30, 2003**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Program or Award Amount</b>
U.S. Dept. of Health and Human Services Passed through Texas Dept. of Protective and Regulatory Services:			
2003 Child Welfare Title IV-E Grant	93.658	-	<u>58,622</u>
U.S. Dept. of Agriculture Passed through the Texas Dept. of Protective and Regulatory Services:			
2003 National School Lunch Program Grant	10.555	-	<u>81,017</u>
Total Texas Dept. of Protective and Regulatory Services:			<u>139,639</u>
U. S. Dept. of Health and Human Services Passed through the Office of the Attorney General - Child Support Office:			
2002 Title IV-D Filing Fees and Court Costs Grant	93.783	-	<u>21,897</u>
U.S. Department of Justice Passed through the Office of the Governor - Criminal Justice Division:			
Texas Narcotics Control Program Grant-2003 Grant	16.579	DB-03-A10-1190-05	598,779
Texas Narcotics Control Program Grant-2002 Grant	16.579	DB-02-A10-1190-04	701,344
Juvenile Intensive Home-Based Services-5	16.541	JA-03-J20-14166-05	16,352
Juvenile Intensive Home-Based Services-4	16.541	JA-02-J20-14166-04	32,704
Juvenile Intensive Home-Based Services-3	16.541	JA-01-J20-14166-03	49,056

<u>Balance *</u> <u>October 1,</u> <u>2002</u>	<u>Receipts</u> <u>or Revenue</u> <u>Recognized</u>	<u>Disbursements/</u> <u>Expenditures</u>	<u>Balance *</u> <u>September 30,</u> <u>2003</u>
-	58,622	58,622	-
-	81,017	81,017	-
-	139,639	139,639	-
-	21,897	21,897	-
-	38,146	110,900	72,754
95,996	590,456	495,775	1,315
-	-	-	-
-	24,532	32,704	8,172
40,539	40,539	-	-

Denton County, Texas

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**  
**For the Fiscal Year Ended September 30, 2003**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Program or Award Amount</b>
Civil-Domestic Violence Prosecution - 3	16.588	WF-03-V30-16180-03	79,997
Civil-Domestic Violence Prosecution - 2	16.588	WF-01-V30-16180-02	61,329
Civil-Domestic Violence Prosecution - 1	16.588	WF-01-V30-16180-01	38,667
Family Violence Victim Intervention Grant-7	16.579	VA-03-13610-05	38,262
Family Violence Victim Intervention Grant-6	16.579	VA-02-V30-13610-04	51,705
Family Violence Victim Intervention Grant-5	16.579	VA-00-13610-03	51,705
Prosecution Enhancement Grant-8	16.588	WF-03-V30-13432-06	75,366
Prosecution Enhancement Grant-7	16.588	WF-01-V30-13432-05	56,525
Prosecution Enhancement Grant-6	16.588	WF-02-V30-13432-04	73,434
Victim Notification Grant-6	16.575	VA-02-13611-04	50,350
Victim Notification Grant-5	16.575	VA-02-13611-04	33,488
Family Violence Expansion Grant-7	16.588	WF-03-V30-13433-06	78,132
Family Violence Expansion Grant-6	16.588	WF-01-V30-13433-05	58,599
Family Violence Expansion Grant-5	16.588	WF-01-V30-13433-04	39,066
Underage Drinking "Combat" Team Grant-5	16.727	JB-01-J20-14924-04	79,420
Underage Drinking "Combat" Team Grant-4	16.727	AH-00-J20-14924-03	87,537
Child Victim Interv. Specialist Grant-5	16.575	VA-03-V30-13989-05	41,345
Child Victim Interv. Specialist Grant-4	16.575	VA-02-V30-13989-04	55,872
 U.S. Dept. of Education Passed through the Office of the Governor - Criminal Justice Division:			
At-Risk Assessment Project -3	84.186	ED-03-J20-15988-03	48,929
At-Risk Assessment Project -2	84.186	ED-02-J20-15988-02	65,239
At-Risk Assessment Project -1	84.186	ED-01-J20-15988-01	81,549
 Total Office of the Governor - Criminal Justice Division			 <u>2,644,751</u>

<u>Balance *</u> <u>October 1,</u> <u>2002</u>	<u>Receipts</u> <u>or Revenue</u> <u>Recognized</u>	<u>Disbursements/</u> <u>Expenditures</u>	<u>Balance *</u> <u>September 30,</u> <u>2003</u>
-	-	5,147	5,147
-	50,213	61,329	11,116
-	25,119	25,119	-
-	-	10,081	10,081
14,232	49,752	35,520	-
11,432	11,432	-	-
-	-	5,704	5,704
-	38,889	54,164	15,275
21,701	32,127	10,426	-
-	-	-	-
6,280	23,026	16,746	-
-	-	6,064	6,064
-	21,650	53,206	31,556
23,596	38,635	15,039	-
5,807	58,989	72,719	19,537
23,645	23,645	-	-
-	-	10,704	10,704
15,804	54,944	39,140	-
-	-	-	-
-	53,669	65,239	11,570
<u>72,522</u>	<u>72,522</u>	<u>-</u>	<u>-</u>
<u>331,554</u>	<u>1,248,285</u>	<u>1,125,726</u>	<u>208,995</u>

Denton County, Texas

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**  
**For the Fiscal Year Ended September 30, 2003**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Program or Award Amount</b>
Federal Emergency Management Admin. Passed Through the Texas Department of Public Safety:			
2003 Emergency Management Grant	83.552	02-PA-0298	<u>36,132</u>
Total Federal Emergency Mgmt. Admin.			<u>36,132</u>
U.S. Dept. of Health and Human Services Passed through the Texas Juvenile Probation Commission			
2003 Title IV-E Foster Care Grant	93.658	TJPC-E-02-061	14,956
2003 Title IV-E Administrative Costs Grant	93.658	TJPC-E-02-220	<u>495,420</u>
Total Texas Juvenile Probation Commission			<u>510,376</u>
U.S. Dept. of Transportation Passed through the Texas Dept. of Transportation:			
2003 DWI Prosecution Unit Grant	20.6	03-02-02-CI-AA	116,099
2002 DWI Prosecution Unit Grant	20.6	02-02-02-BI-DA	<u>111,912</u>
Total Texas Dept. of Transportation			<u>228,011</u>
U.S. Dept. of Housing and Urban Development: Passed through the City of Denton			
2002 Community Devlt. Block Grant	14.218	-	<u>30,000</u>

<u>Balance *</u> <u>October 1,</u> <u>2002</u>	<u>Receipts</u> <u>or Revenue</u> <u>Recognized</u>	<u>Disbursements/</u> <u>Expenditures</u>	<u>Balance *</u> <u>September 30,</u> <u>2003</u>
-	27,099	36,132	9,033
-	27,099	36,132	9,033
-	14,956	14,956	-
-	495,420	495,420	-
-	510,376	510,376	-
-	103,835	116,099	12,264
17,705	17,705	-	-
17,705	121,540	116,099	12,264
28,857	28,857	-	-

Denton County, Texas

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**  
**For the Fiscal Year Ended September 30, 2003**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Program or Award Amount</b>
Passed through the Texas Dept. of Housing and Community Affairs:			
Water System Grant	14.228		<u>258,900</u>
Total U.S. Dept. of Housing and Urban Dev.			<u>288,900</u>
U.S. Department of Justice:			
State Criminal Alien Assistance Grant 2003	16.606	01-AP-VX-212	134,172
Juvenile Accountability Incentive Block Grt-5	16.523	JB-02-J20-13373-05	45,843
Juvenile Accountability Incentive Block Grt-4	16.523	JB-01-J20-13373-04	53,574
Juvenile Accountability Incentive Block Grt-3	16.523	JB-00-J20-13373-03	49,735
2003 Local Law Enforcement Block Grant	16.592	-	38,942
2002 Local Law Enforcement Block Grant	16.592	-	39,755
Total Department of Justice			<u>362,021</u>
Total Federal Assistance			<u>\$7,599,025</u>

\* Credit balances represent deferred revenue - federal government.  
Debit balances represent intergovernmental receivables - federal  
government.

<u>Balance *</u> <u>October 1,</u> <u>2002</u>	<u>Receipts</u> <u>or Revenue</u> <u>Recognized</u>	<u>Disbursements/</u> <u>Expenditures</u>	<u>Balance *</u> <u>September 30,</u> <u>2003</u>
<u>3,850</u>	<u>24,490</u>	<u>20,640</u>	<u>-</u>
<u>32,707</u>	<u>53,347</u>	<u>20,640</u>	<u>-</u>
-	-	134,172	134,172
-	-	6,410	6,410
8,510	46,411	44,804	6,903
5,608	5,608	-	-
(38,942)	-	38,942	-
(9,340)	-	9,340	-
<u>(34,164)</u>	<u>52,019</u>	<u>233,668</u>	<u>147,485</u>
<u>\$584,634</u>	<u>\$3,566,303</u>	<u>\$3,857,795</u>	<u>\$876,126</u>

Denton County, Texas

**SCHEDULE OF STATE FINANCIAL ASSISTANCE**  
**For the Fiscal Year Ended September 30, 2003**

<u>State Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>
Texas Juvenile Probation Commission:			
2004 TJPC State Aid Grant		TJPC A-2004-061	\$ 242,957
2003 TJPC State Aid Grant		TJPC A-2003-061	\$ 724,172
2004 Juvenile Community Corrections Grant		TJPC Y-2004-061	541,727
2003 Juvenile Community Corrections Grant		TJPC Y-2003-061	571,525
2004 Family Preservation Grant		TJPC S-04-071	70,000
2003 Family Preservation Grant		TJPC S-03-071	70,000
2003 JJAEP Grant		TJPC P-03-061	73,915
2003 Post Adjudication Facility Grant		TJPC V-03-061	372,300
2002 Salary Adjustment Grant		TJPC Z-02-061	<u>228,000</u>
Total Texas Juvenile Probation Commission:			<u>\$ 2,894,596</u>
Texas Department of Health:			
2002 Service Delivery Integration Population Based Services Grant		75-60009205A-2002-05	41,588
2004 Service Delivery Integration Fees for Services Grant		75-60009205A-2003	200,880
2003 Service Delivery Integration Fees for Services Grant		75-60009205A-2003	344,207
2003 Immunization Program Grant		75-60009205-2003-045	135,071
2003 Local Public Health Support Grant		75-60009205-2003-4	66,004
2003 Bureau of Regional/Local Health Innovation Grant		-	158,228
2002 Bureau of Regional/Local Health Innovation Grant		-	<u>158,228</u>
Total Texas Department of Health			<u>\$ 1,104,206</u>

<u>Balance *</u> <u>October 1,</u> <u>2002</u>	<u>Receipts</u> <u>or Revenue</u> <u>Recognized</u>	<u>Disbursements/</u> <u>Expenditures</u>	<u>Balance *</u> <u>September 30,</u> <u>2003</u>
\$ -	\$ -	\$ -	\$ -
\$ 27,468	\$ 724,172	\$ 682,577	\$ (14,127)
-	-	-	-
54,118	571,525	517,407	-
-	-	-	-
-	70,000	69,020	(980)
-	73,915	73,915	-
-	326,788	326,788	-
<u>(29,029)</u>	<u>(29,029)</u>	<u>-</u>	<u>-</u>
<u>\$ 52,557</u>	<u>\$ 1,737,371</u>	<u>\$ 1,669,707</u>	<u>\$ (15,107)</u>
-	-	-	-
-	-	43,033	43,033
32,848	344,196	311,348	-
-	104,080	127,199	23,119
-	66,004	66,004	-
-	45,024	154,251	109,227
<u>6,320</u>	<u>6,196</u>	<u>(124)</u>	<u>-</u>
<u>\$ 39,168</u>	<u>\$ 565,500</u>	<u>\$ 701,711</u>	<u>\$ 175,379</u>

**Denton County, Texas**

**SCHEDULE OF STATE FINANCIAL ASSISTANCE  
For the Fiscal Year Ended September 30, 2003**

<b>State Grantor/Pass-Through Grantor/Program Title</b>	<b>CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Program or Award Amount</b>
Office of the Governor, Criminal Justice Division:			
Child Abuse Prosecution Expansion Grant-3		SF-04-A10-15861-03	57,967
Child Abuse Prosecution Expansion Grant-2		SF-03-A10-15861-02	77,290
Child Abuse Prosecution Expansion Grant-1		SF-02-A10-15861-01	96,913
Civil - Child Abuse Prosecution Grant - 2		SF-04-A10-16321-02	62,857
Civil - Child Abuse Prosecution Grant - 1		SF-03-A10-16321-01	78,571
Serious & Habitual Juvenile Prosecution - 5		SF-02-J20-14607-03	15,697
Warrant Research Support Team Grant - 5		SF-03-A10-14626-04	12,002
Warrant Research Support Team Grant - 4		SF-02-A10-14626-03	24,003
Greenbelt/Public Safety Unit Grant -3		SF-03-A10-15437-03	113,559
Greenbelt/Public Safety Unit Grant -2		SF-02-A10-15437-02	151,412
Total Office of the Governor, Criminal Justice Division:			<u>632,304</u>
Office of the Attorney General:			
2003Child Victim Intervention Intern Grant		O2G03094	14,452
2002Child Victim Intervention Intern Grant		O2G03094	<u>8,216</u>
Total Office of the Attorney General			<u>22,668</u>
Texas Historical Commission:			
Historic Courthouse Preservation Grant		Denton 2003	<u>2,700,000</u>
Texas Commission on Environmental Quality:			
Regional High Emitting Vehicle Asst. Grant		Denton 2003	<u>156,029</u>
Texas Automobile Theft Provention Authority - Passed through Dallas County:			
North Texas Auto Theft Task Force Grant		SA-T01-10047-04	<u>65,301</u>
Total State Assistance			<u>\$ 7,575,104</u>

\* Credit balances represent deferred revenue - state government.  
Debit balances represent intergovernmental receivables - state government.

<u>Balance *</u> <u>October 1,</u> <u>2002</u>	<u>Receipts</u> <u>or Revenue</u> <u>Recognized</u>	<u>Disbursements/</u> <u>Expenditures</u>	<u>Balance *</u> <u>September 30,</u> <u>2003</u>
-	-	-	-
-	44,519	75,749	31,230
39,310	39,310	-	-
-	-	-	-
-	27,727	60,760	33,033
7,822	7,822	-	-
-	8,626	12,002	3,376
5,828	5,828	-	-
9,052	88,871	103,074	23,255
33,423	33,423	-	-
<u>95,435</u>	<u>256,126</u>	<u>251,585</u>	<u>90,894</u>
-	-	991	991
<u>(3,836)</u>	<u>1,908</u>	<u>10,543</u>	<u>4,799</u>
<u>(3,836)</u>	<u>1,908</u>	<u>11,534</u>	<u>5,790</u>
<u>-</u>	<u>1,066,827</u>	<u>1,513,176</u>	<u>446,349</u>
<u>-</u>	<u>156,029</u>	<u>156,029</u>	<u>-</u>
<u>-</u>	<u>52,438</u>	<u>62,309</u>	<u>9,871</u>
<u>\$ 183,324</u>	<u>\$ 3,836,199</u>	<u>\$ 4,366,051</u>	<u>\$ 713,176</u>



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

**INDEPENDENT AUDITORS' 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**

To the Honorable County Judge and  
Commissioners' Court  
Denton County, Texas

**Compliance**

We have audited the compliance of Denton County, Texas, 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, issued by the Office of the Governor of the State that are applicable to each of its major federal and state programs for the year ended September 30, 2003. Denton County, Texas' major federal and state programs are identified in the summary of auditors' 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 federal and state programs is the responsibility of Denton County, Texas' management. Our responsibility is to express an opinion on Denton County, Texas' 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; and OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations* and the State of Texas Single Audit Circular, issued by the Office of the Governor of the State. Those standards and circulars 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 and state program occurred. An audit includes examining, on a test basis, evidence about Denton County, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Denton County, Texas' compliance with those requirements.

In our opinion Denton County, Texas, 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 September 30, 2003.

## Internal Control Over Compliance

The management of Denton County, Texas, 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 Denton County, Texas' internal control over compliance with requirements that could have a direct and material effect on a major federal and state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State of Texas Single Audit Circular.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal or state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, Commissioners' Court and the appropriate federal and state agencies, is not intended to be, and should not be used by anyone other than those specified parties.

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

December 19, 2003



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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Honorable County Judge and  
Commissioners' Court  
Denton County, Texas

We have audited the financial statements of Denton County, Texas, as of and for the year ended September 30, 2003, and have issued our report thereon dated December 19, 2003. 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.

**Compliance**

As part of obtaining reasonable assurance about whether Denton County, Texas' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered Denton County, Texas' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Denton County, Texas, in a separate letter dated December 19, 2003.

This report is intended solely for the information of management, others within the organization, Commissioners' Court and the 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.

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

December 19, 2003

**DENTON COUNTY, TEXAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2003**

**Summary of Auditors' Results**

Type of report on financial statements	Unqualified
Reportable conditions	None
Material weaknesses involving reportable conditions	None
Noncompliance material to the financial statements	The audit disclosed no instances of noncompliance that are material to the financial statements.
Type of report on compliance with major programs	Unqualified
Findings and questioned costs for federal and state awards as defined in section .510(a), OMB Circular A-133 and the State of Texas Single Audit Circular	None
Dollar threshold considered between Type A and Type B federal and state programs	\$300,000
Major federal programs	Bioterrorism Preparedness Grant, CFDA 93.283 Program for Women, Infants and Children; Special Supplement Food, CFDA 10.557 Texas Narcotics Control Program Grant, CFDA 16.579
Major state program	Historic Courthouse Preservation Grant
Low risk auditee statement	The County was classified as a low-risk auditee in the context of OMB Circular A-133 and the State of Texas Single Audit Circular.

**Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards**

None

**Findings and Questioned Costs for Federal and State Awards**

None

**DENTON COUNTY, TEXAS**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2003**

None

