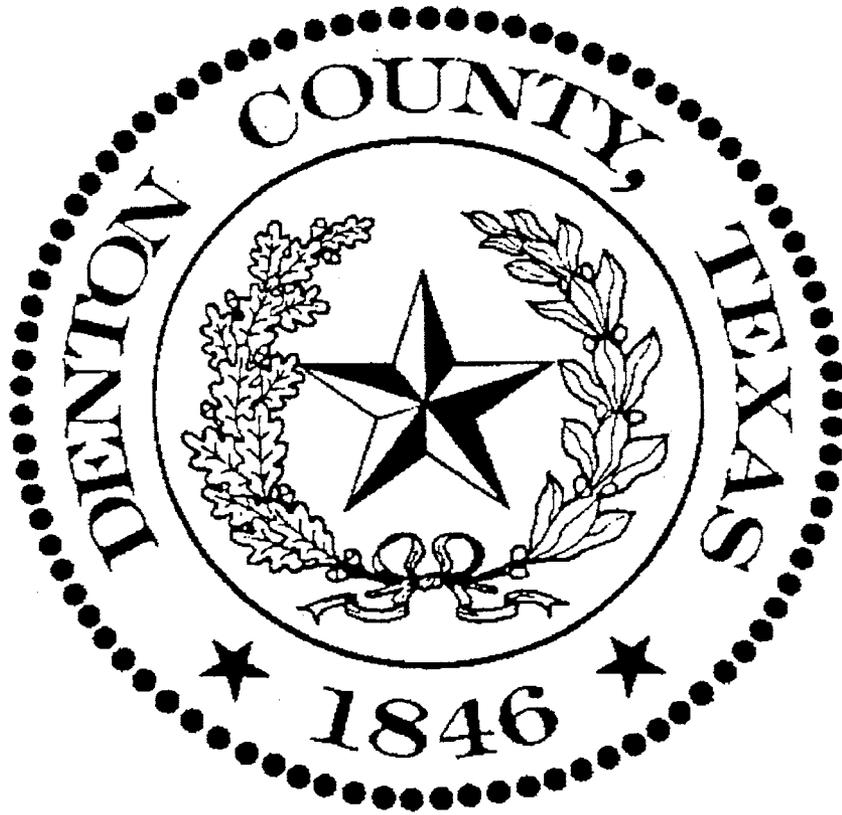


DENTON COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2005

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, 2006

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, 2005.

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, 2005 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 auditors 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, 2005 are fairly presented in conformity with GAAP. The independent auditors' 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 auditors 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. 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 552,600. The County of Denton is empowered to levy a property tax on both real and personal property 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 for 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. All transfers of appropriations, either between departments or within an individual department's budget, require the 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 over 552,000 citizens, it is the eighth most populous county in the state. Major cities in the County include Denton, the county seat, Lewisville, Flower Mound 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 nearly 28% since the 2000 census and by over 100% since the 1990 census. During the same period, the County's tax base increased from \$10.3 billion in 1990 to over \$35 billion in 2005.

Job additions have continued in the last year in both manufacturing and service industries. Our September 2005, unemployment rate of 4.2% compared favorably with the 5.1% statewide rate, and with the 5.1% national rate. During the 2005 year, the County had over \$1.88 billion in new property added to the tax rolls. This ranks with the highest amount of new construction in the County ever in one year. In 2005, nearly 6,000 new housing starts were recorded in the County. This represents a 4.4% 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 Savannah, Providence, Lantana and Rayzor Ranch. Denton Regional Medical Center and Presbyterian Hospital of Denton completed 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 various local government investment pools. 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 \$2,746,876 for fiscal 2005.

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 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 100 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

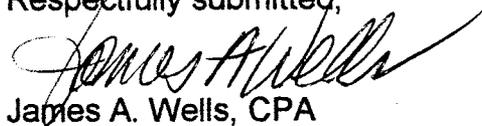
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Denton County for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2004. This was the seventeenth consecutive year that the government 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, 2004. 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, 2004

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.



Carla E. Perry

President

Jeffrey R. Emer

Executive Director

DENTON COUNTY, TEXAS

PRINCIPAL OFFICIALS

September 30, 2005

Commissioners Court

Mary Horn	County Judge
Cynthia White	Commissioner, Pct. 1
Sandy Jacobs	Commissioner, Pct. 2
Bobbie J. Mitchell	Commissioner, Pct. 3
Jim Carter	Commissioner, Pct. 4

Judicial

Carmen Rivera-Worley	Judge, 16th District Court
Jake Collier	Judge, 158th District Court
L. Dee Shipman	Judge, 211th District Court
Bruce McFarling	Judge, 362nd District Court
Lee Gabriel	Judge, 367th District Court
Vicki Isaacks	Judge, 393rd District Court
Darlene Whitten	Judge, County Court-at-Law 1
Margaret Barnes	Judge, County Court-at-Law 2
Jim Crouch	Judge, County Criminal Court 1
Virgil Vahlenkamp	Judge, County Criminal Court 2
David Garcia	Judge, County Criminal Court 3
Joe Bridges	Judge, County Criminal Court 4
Richard Podgorski	Judge, County Criminal Court 5
Don Windle	Judge, Probate Court

Law Enforcement

Benny Parkey	County Sheriff
Bruce Isaacks	Criminal District Attorney
Mitch Liles *	Community Supervision Director
Peggy Fox *	Juvenile Probation Director

Financial Administration

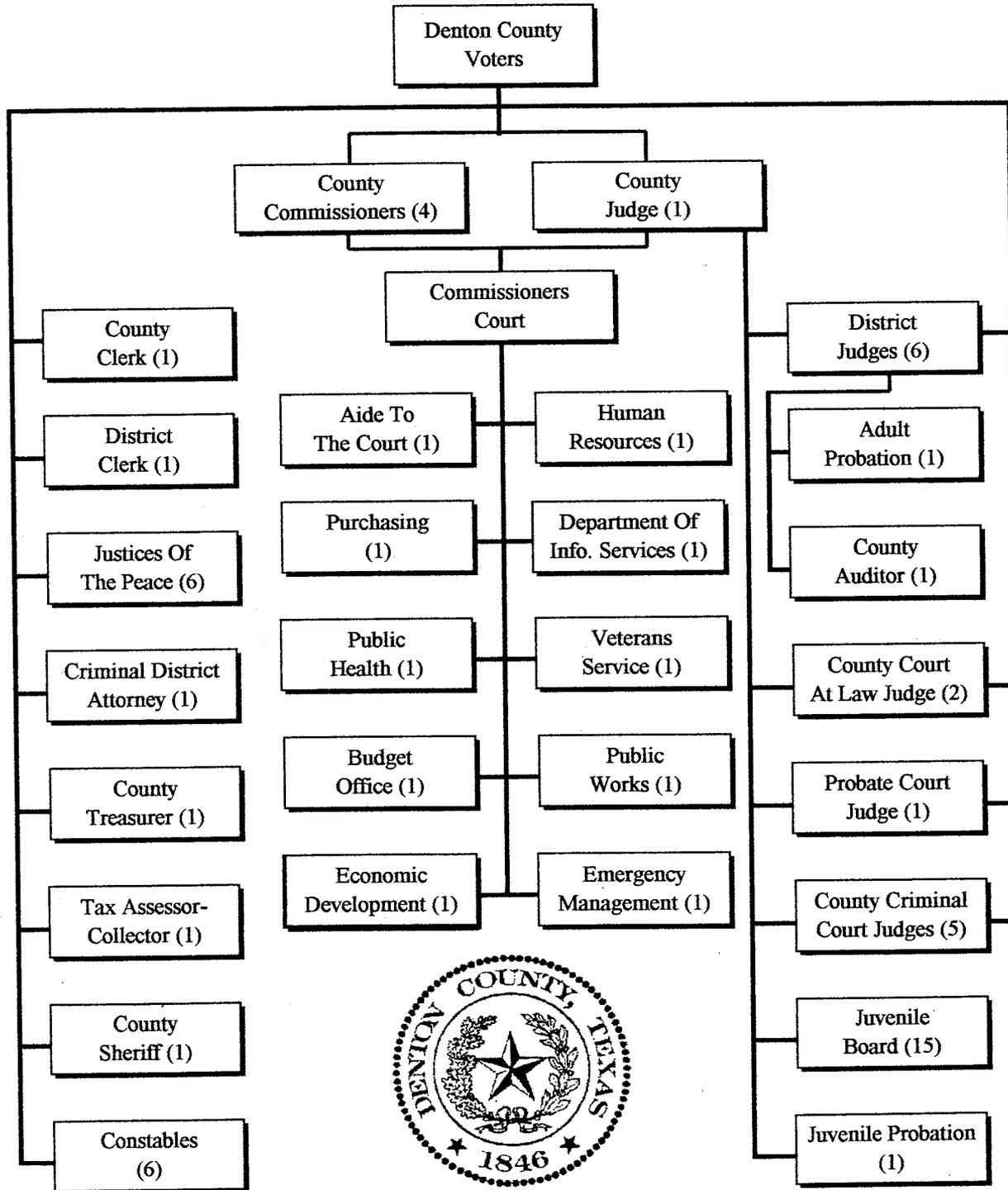
James Wells *	County Auditor
Cindy Brown	County Treasurer
Steve Mossman	Tax Assessor-Collector
Beth Fleming *	Director of Purchasing
Donna Stewart *	Budget Officer

Recording Officials

Sherri Adelstein	District Clerk
Cynthia Mitchell	County Clerk

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

DENTON COUNTY ORGANIZATIONAL CHART



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, 2005, 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 the 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 Denton County, Texas, as of September 30, 2005, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2005, on our consideration of Denton County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 13 is 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Denton County, Texas' 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 accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is also not a required part of the basic financial statements of Denton County, Texas. The combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards 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 22, 2005

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, 2005. 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.

FINANCIAL HIGHLIGHTS

- The assets of Denton County exceeded its liabilities, at the close of the most recent fiscal year by \$26,440,092 (*net assets*). Of this amount \$52,791,479 is restricted for specific purposes. Unrestricted net assets are negative \$29,457,518.
- As of the close of the current fiscal year, Denton County's governmental funds reported combined ending fund balances of \$76,787,415, an increase of \$41,090,959 in comparison with the prior year. Of this total amount, \$23,995,936 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 \$14,086,405 or 16.6 percent of the total general fund expenditures.
- Denton County's total bonded debt increased by \$40,630,000 (31.1 percent) during the current fiscal year. Key factors in this decrease included the issuance of \$50,000,000 in general obligation bonds for road construction and rehabilitation. Over \$9.1 million in previously issued debt was retired during the year. The County also completed two separate bond refundings in 2005 with an end result of lowering our total debt obligations (principal and interest) by nearly \$2,400,000.

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.

The government-wide financial statements can be found on pages 14-15 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. 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 38 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 36 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.

The basic governmental fund financial statements can be found on pages 16-22 of this report.

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.

The basic proprietary fund financial statements can be found on pages 23-25 of this report.

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.

The basic fiduciary fund statement can be found on page 26 of this report.

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

The notes to the financial statement can be found on pages 27-51 of this report.

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 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 \$26,440,092 at the close of the most recent fiscal year.

By far the largest portion of Denton County's total assets (54.8 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 years ended September 30, 2005 and 2004 are summarized as follows:

	<u>2005</u>	<u>2004</u>
Current and other assets	\$ 103,210,581	\$ 46,900,251
Capital assets (net of depreciation)	<u>124,919,208</u>	<u>134,901,615</u>
Total assets	<u>228,129,789</u>	<u>181,801,866</u>
Current and other liabilities	23,584,592	9,577,311
Long-term liabilities	<u>178,105,105</u>	<u>136,442,398</u>
Total Liabilities	<u>201,689,697</u>	<u>146,019,709</u>
Net assets:		
Invested in capital assets, net of related debt	3,106,131	47,175
Restricted	52,791,479	18,969,657
Unrestricted	<u>(29,457,518)</u>	<u>16,765,325</u>
Total net assets	<u>\$ 26,440,092</u>	<u>\$ 35,782,157</u>

About 23.1% 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 \$9,342,065 during the current fiscal year. Key components of this decrease include the following:

- An increase in governmental fund balances of \$41,090,959 resulting mainly from the receipt of \$50,000,00 in general obligation bond proceeds; expenditures totally substantially less than budgeted and; to tax and interest revenues being received at levels substantially in excess of budgeted amounts.
- An increase in net assets in the internal service fund \$913,717 due to increased plan premiums and an additional transfer of \$750,000 received by the fund.
- A reporting requirement for debt in government-wide statements. The principal debt payments of \$9,445,000 are expenditures in the traditional

fund statements but a reduction of debt (which increases net assets) in the government-wide financial statements.

- The expenditure of \$15.8 million in debt proceeds on road projects in partnership with other governmental entities. These expenses on roads owned by other entities do not result in an increase in the County's infrastructure assets as do most expenditures of debt proceeds.
- The correction of certain accounting errors from the previous year resulted in a restatement of beginning net assets for 2005 resulting in a decrease of \$7,756,904.

Governmental activities. Governmental activities, which are the County's only activities, decreased Denton County's net assets by \$9,342,065. Key elements of this increase are as follows:

	2005	2004
Revenues:		
Net Program Revenues:		
Charges for services	\$ 23,267,620	\$ 21,796,273
Operating grants and contributions	23,304,951	25,537,006
Capital grants and contributions	25,037	1,756,443
General Revenues:	-	
Property taxes	92,736,399	83,435,160
Grants and contributions not restricted	-	-
Unrestricted investment earnings	2,746,876	641,891
Total revenues	<u>142,080,883</u>	<u>133,166,773</u>
Expenses:		
General government	18,070,687	18,927,727
Judicial	13,575,518	13,224,021
Legal	9,369,366	8,701,903
Financial management	4,601,210	4,257,381
Public Facilities	7,790,801	7,109,603
Public Safety	43,683,226	42,228,993
Health and welfare	8,356,444	7,761,268
Conservation	331,562	328,000
Contractual	1,931,240	1,656,576
Roads	13,973,220	13,168,371
Intergovernmental	14,561,953	5,930,076
Interest on long-term debt	7,420,818	5,828,359
Total expenses	<u>143,666,044</u>	<u>129,122,278</u>

Changes in net assets	(1,585,161)	4,044,495
Net assets - beginning	<u>35,782,157</u>	<u>30,439,491</u>
Prior period adjustment	<u>(7,756,904)</u>	<u>1,298,171</u>
Net assets - ending	<u>\$ 26,440,092</u>	<u>\$ 35,782,157</u>

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

- Property tax revenues increased by \$9,301,239 (10 percent) during the year. Most of this increase is the result of increases to the tax base that totaled \$2.86 billion and a tax rate increase of 4.56%.
- Operating grants and capital grants decreased by a combined \$3.96 million mostly as a result completion of several grant programs, particularly the Historic Courthouse Preservation Grant, and by completion of some intergovernmental cooperation contracts with area local governments.
- Total expenses increased by \$14.5 million during the year. This increase reflects a government-wide 2% increase in salary expense, additional spending of over \$1.5 million (15%) for employee medical benefits, increased operating expenses due to opening the new Pre-trial Center, and a increase of over \$8.5 million in capital project spending on intergovernmental projects.

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 \$76,787,415, an increase of \$41,090,959 in comparison with the prior year. Approximately 31.2 percent of this total amount (\$24 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 (\$2,711,013), 2) to reflect inventories (\$37,046), and 3) to fund capital projects (\$50,043,420).

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 \$14,086,405, while total fund balance reached \$14,123,451. 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 16.5 percent of total general fund expenditures, and total fund balance also represents 16.6 percent of that same amount.

The fund balance of Denton County's general fund increased by \$4,974,636 during the current fiscal year. Key factors in this growth are as follows:

- An increase in the property tax base of \$ 2.86 billion and a 4.56% increase over the effective tax rate increased tax revenues by \$6.18 million.
- Total revenues for taxes, fines, interest income, and miscellaneous revenue exceeded budgeted amounts by \$3.5 million. Intergovernmental revenue was \$3.9 million less than budgeted. But, this shortage in grant revenue was totally offset by a similar amount of grant-funded expenditures being less than budgeted.
- Major expenditure increases included a 35% increase for vehicle fuels and a 23% increase for building utilities. These increases were partially offset by a 32% decrease in workers compensation insurance expenses.

The debt service fund has a total fund balance of \$2,711,013, all of which is reserved for the payment of debt service. The net increase in fund balance during the current year in the debt service fund more than double (\$1,501,042). Fund balance increased in order to be able to service the additional debt that was issued in 2005.

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 substantial (\$5.7 million increase in appropriations), and were primarily for the following:

- The re-appropriation of funds for prior year-end encumbrances (\$428,000),
- Appropriation of grant and contractual funds (\$5.2 million) received during the fiscal year, and,
- Additional appropriations for the receipt and expenditure of the newly implemented optional child safety fee (\$333,000).

During the year, however, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates. Major variances include:

- Property tax revenue exceeded budget by 4.7% (\$3.3 million).
- Court fines, investment income and miscellaneous revenue all exceeded budget by amounts ranging from 7% to 50%.
- Total general fund expenditures were 92% of the amended budget, and no functional areas of expenditures varied over 5% from the amended budget. Salary and insurance savings offset increased expenditures for fuel and building utilities.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Denton County's investment in capital assets for its governmental activities as of September 30, 2005 amounts to \$124,919,208 (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:

- The County issued \$50 million in general obligation bonds for road construction and rehabilitation. These bonds represent a portion of the amount approved by the voters in a 2004 bond election.
- A variety of transportation construction projects were initiated or continued at a cost of \$16.58 million, financed by road bonds.
- The renovation of two buildings were acquired in 2004 at a cost of \$1.51 million was begun. These buildings will be used for offices and for storage of county assets. An additional \$1,100,000 from Tax Notes will be spent on this renovation.
- The renovation of facility that was begun in 2004 continued. The project will provide additional office space for various departments, including the Tax Assessor-Collector's office. This project is funded with over \$2.7 million from Tax Notes.
- Funds from federal Homeland Security grants enabled the County to acquire various types of specialized security equipment (mobile command centers, emergency response vehicles, communications equipment) at a cost of over \$2 million.

Denton County's Capital Assets

Governmental Activities:	<u>Cost</u>	Accumulated <u>Depreciation</u>	<u>Net Capital Assets</u>
Land	\$ 4,622,587	\$ -	\$ 4,622,587
Buildings and Improvements	88,225,666	(17,515,876)	70,709,790
Machinery & Equipment	29,124,395	(19,872,500)	9,251,895
Infrastructure	128,929,164	(92,119,619)	36,810,545
Construction in Progress	<u>3,525,391</u>	<u>-</u>	<u>3,525,391</u>
Total	<u>\$ 254,427,203</u>	<u>\$ (129,507,995)</u>	<u>\$124,919,208</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 \$171,407,570. 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 increased by \$40,630,000 (31.1 percent) during the current fiscal year. The key factor in this increase was the issuance of \$50 million in general obligation bonds for road construction and improvements. This issuance offset the decrease in debt due to principal payments on existing debt of \$9,445,000 during the fiscal year and the savings from two separate refinancings of existing debt issues.

During the 2005 fiscal year, Denton County refinanced a portion of its existing debt to take advantage of favorable interest rates and reduce future debt service payments.

The County issued \$18.595 million of general obligation bonds in April 2005 to refinance previously outstanding general obligation bonds and tax notes. The result was to decrease future debt service payments by \$711,000.

The County also issued \$33.16 million of general obligation bonds in June 2005 to refinance previously outstanding general obligation bonds and tax notes. The result was to decrease future debt service payments by \$1.68 million. The savings on future debt service from these refinancings is reflected in the County's lower interest payment obligation in the future rather than in decreased principal payments.

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 4.2 percent, which is a decrease from a rate of 5.6 percent a year ago. This compares favorably to the state's average unemployment rate of 5.3 percent and the national average rate of 5.1 percent.
- Legislative changes to increase certain fees for services resulted in revenue increases of over \$2,000,000 in the 2006 budget.
- Salary increases averaging 2% for county employees were approved for the 2006 fiscal year.
- Continuing increased costs for health and dental care resulted in a \$100 per employee monthly increase in the County's funding to the employee benefit plan. The total additional funding for the benefit plan is approximately \$1.5 million.
- Significant expenditure increases for additional debt service, increased fuel costs and increased utility costs were included in the 2006 budget.
- The County's tax base increased by \$4.5 billion for 2006. This increase was due to nearly \$2 billion in new property being added to the tax roll and to increases in the valuations of existing property.

All of these factors were considered in preparing Denton County's budget for the 2006 fiscal year.

During the current fiscal year, unreserved fund balance in the governmental funds increased to \$76,787,415. Denton County has appropriated \$5.6 million of this amount for spending in the 2006 fiscal year budget. It is intended that this appropriation of available fund balance will lessen the need to raise taxes or charges during the 2006 fiscal year. It is also expected that conservative revenue budgets and the historical spending of less than 100% of budgeted expenditures will serve to make the actual decrease in fund balance far less than budgeted.

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, 2005

Governmental
Activities

ASSETS

Cash	\$	14,561,139
Investments		79,678,078
Receivables:		
Taxes		2,330,396
Accrued Interest		17,736
Other Receivables		46,732
Fines Receivable		8,379,490
Less Allowance for Uncollectables		(3,533,968)
Due from Other Governments		1,190,218
Inventories		37,046
Deferred Charges		503,714
Capital Assets:		
Land		4,622,587
Buildings		88,225,666
Depreciation on Buildings		(17,515,876)
Equipment		29,124,395
Depreciation on Equipment		(19,872,500)
Infrastructure		128,929,164
Depreciation on Infrastructure		(92,119,619)
Construction in Progress		3,525,391
TOTAL ASSETS		<u>228,129,789</u>

LIABILITIES

Accounts Payable		7,676,627
Wages Payable		2,470,168
Interest Payable		3,133,597
Due to Other Governments		817,073
Unearned Revenue		9,487,127
Non Current Liabilities:		
Due within One Year		9,967,509
Due in More than One Year		168,137,596
TOTAL LIABILITIES		<u>201,689,697</u>

NET ASSETS

Investments In Capital Assets, Net of		
Related Debt		3,106,131
Restricted for Debt Service		2,711,013
Restricted for Capital Projects		50,043,420
Restricted for Other Purposes		37,046
Unrestricted		(29,457,518)
Total Net Assets	\$	<u>26,440,092</u>

See the notes to the financial statement.

Denton County, Texas
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2005

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ 18,070,687	\$ 9,340,831	\$ 4,393,546	\$ (4,336,310)
Judicial	13,575,518	8,288,906	657,250	(4,629,362)
Legal	9,369,366	273,141	633,351	(8,462,874)
Financial	4,601,210	2,139,101	-	(2,462,109)
Public Facilities	7,790,801	-	-	(7,790,801)
Public Safety	43,683,226	2,185,140	4,251,401	(37,221,648)
Health & Welfare	8,356,444	535,586	3,595,295	(4,225,563)
Conservation	331,562	-	-	(331,562)
Contractual	1,931,240	-	20,000	(1,911,240)
Roads	13,973,220	45,461	9,256,280	(4,671,479)
Intergovernmental	14,561,953	459,454	497,828	(13,604,671)
Interest on Long-Term Debt	7,420,818	-	-	(7,420,818)
Total	<u>\$ 143,666,044</u>	<u>\$ 23,267,620</u>	<u>\$ 23,304,951</u>	<u>\$ (97,068,436)</u>

General Revenues:	92,736,399
Property Taxes	-
Grants and Contributions not restricted to Specific Programs	2,746,876
Investment Earnings	95,483,275
Total General Revenues	(1,585,161)
Change in Net Assets	35,782,157
Net Assets - Beginning	(7,756,904)
Prior Period Adjustment	
Net Assets - Ending	<u>\$ 26,440,092</u>

See the notes to the financial statements.

Denton County, Texas
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2005

	<u>General Fund</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
<u>ASSETS</u>				
Cash	\$ 10,090,923	\$ 1,379,531	\$ 2,603,324	\$ 14,073,778
Investments	14,685,481	1,518,413	63,474,184	79,678,078
Receivables:				
Taxes	1,769,237	326,722	234,437	2,330,396
Accrued Interest	16,728	-	1,008	17,736
Other Receivables	-	-	46,732	46,732
Due from Other Funds	2,209,546	-	71,518	2,281,064
Due from Other Governments	666,887	-	523,331	1,190,218
Inventories	37,046	-	-	37,046
TOTAL ASSETS	\$ 29,475,848	\$ 3,224,666	\$ 66,954,534	\$ 99,655,048
<u>LIABILITIES AND FUND EQUITY</u>				
LIABILITIES				
Accounts Payable	\$ 1,500,132	1,500	\$ 5,523,535	\$ 7,025,167
Wages Payable	1,985,965	-	484,203	2,470,168
Interest Payable	-	185,431	-	185,431
Due to Other Funds	18,773	-	533,497	552,270
Due to Other Governments	792,661	-	24,412	817,073
Other Payables	-	-	-	-
Unearned Revenues	11,054,866	326,722	435,936	11,817,524
TOTAL LIABILITIES	15,352,397	513,653	7,001,583	22,867,633
EQUITY AND OTHER CREDITS				
Fund Balances:				
Reserved for Inventories	37,046	-	-	37,046
Reserved for Debt Service	-	2,711,013	-	2,711,013
Reserved for Capital Expenditures	-	-	50,043,420	50,043,420
Unreserved, Reported In:				
General Fund	14,086,405	-	-	14,086,405
Special Revenue Funds	-	-	9,909,531	9,909,531
Capital Projects Funds	-	-	-	-
TOTAL FUND EQUITY AND OTHER CREDITS	14,123,451	2,711,013	59,952,951	76,787,415
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 29,475,848	\$ 3,224,666	\$ 66,954,534	

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.	124,919,208
Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds.	7,679,633
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.	(1,892,893)
Long-term liabilities, including bond payable, are not due and payable in the current period and therefore are not reported in the funds.	(181,053,271)
Net assets of governmental activities	\$ 26,440,092

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, 2005

	<u>General Fund</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 70,610,958	\$ 13,081,905	\$ 9,389,350	\$ 93,082,213
Licenses and Permits	-	-	7,194,834	7,194,834
Intergovernmental	4,433,186	2,849,332	7,006,834	14,289,352
Fees of Office	8,711,757	-	3,312,138	12,023,895
Fines	3,990,834	-	-	3,990,834
Interest	837,732	178,797	1,730,347	2,746,876
Miscellaneous	2,308,826	-	123,594	2,432,420
TOTAL REVENUES	<u>90,893,293</u>	<u>16,110,034</u>	<u>28,757,097</u>	<u>135,760,424</u>
EXPENDITURES				
Current:				
General Government	13,776,931	-	1,130,455	14,907,386
Judicial	12,755,349	-	807,759	13,563,108
Legal	9,140,333	-	283,669	9,424,002
Financial	4,589,744	-	2,915	4,592,659
Public Facilities	6,064,423	-	168,733	6,233,156
Public Safety	36,179,192	-	7,839,917	44,019,109
Health & Welfare	157,399	-	8,138,346	8,295,745
Conservation	331,543	-	-	331,543
Contract Services	1,940,935	-	-	1,940,935
Roads	-	-	8,438,164	8,438,164
Intergovernmental	-	-	14,561,953	14,561,953
Capital Outlay	-	-	4,158,823	4,158,823
Debt Service:				
Principal Retirement	-	9,445,000	-	9,445,000
Interest & Service Charges	-	6,060,580	-	6,060,580
TOTAL EXPENDITURES	<u>84,935,848</u>	<u>15,505,580</u>	<u>45,530,734</u>	<u>145,972,162</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>5,957,445</u>	<u>604,454</u>	<u>(16,773,637)</u>	<u>(10,211,738)</u>
Other Financing Sources (Uses):				
Bond Proceeds	-	-	50,000,000	50,000,000
Bond Premium	-	2,309,952	556,267	2,866,219
Capital Lease Financing	-	-	599,842	599,842
Transfers In	40,316	-	1,121,141	1,161,457
Transfers Out	(1,023,125)	-	(888,332)	(1,911,457)
Proceeds of Refunding Bonds	-	51,830,000	-	51,830,000
Payments to Escrow Agent	-	(53,243,364)	-	(53,243,364)
Total Other Financing Sources (Uses)	<u>(982,809)</u>	<u>896,588</u>	<u>51,388,918</u>	<u>51,302,697</u>
Excess of Revenues and Other Sources				
Over Expenditures and Other Uses	<u>4,974,636</u>	<u>1,501,042</u>	<u>34,615,281</u>	<u>41,090,959</u>
FUND BALANCE - BEGINNING	<u>9,148,815</u>	<u>1,209,971</u>	<u>25,337,670</u>	<u>35,696,456</u>
FUND BALANCE - ENDING	<u>\$ 14,123,451</u>	<u>\$ 2,711,013</u>	<u>\$ 59,952,951</u>	<u>\$ 76,787,415</u>

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, 2005

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

Net changes in fund balances -- total governmental funds (p. 16)	\$ 41,090,959
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.	(3,827,222)
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.	2,580,538
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).	(147,871)
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.	(42,195,282)
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.	<u>913,717</u>
Change in net assets of governmental activities (p. 15)	<u>\$ (1,585,161)</u>

See the notes to the financial statements.

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended September 30, 2005**

	Budget Amounts		Actual	Variance
	Original	Revised		Positive(Negative) with Final Budget
REVENUES				
Taxes	\$68,308,845	\$ 68,308,845	\$ 70,610,958	\$ 2,302,113
Licenses and Permits		-	-	-
Intergovernmental	2,958,640	8,421,857	4,433,186	(3,988,671)
Fees of Office	8,823,500	8,823,500	8,711,757	(111,743)
Fines	3,705,000	3,705,000	3,990,834	285,834
Interest	500,000	500,000	837,732	337,732
Miscellaneous	1,732,070	1,747,862	2,308,826	560,964
TOTAL REVENUES	86,028,055	91,507,064	90,893,293	(613,771)
EXPENDITURES				
Current:				
General Government::				
Commissioners Court	165,266	173,535	170,939	2,596
Commissioner #1	180,010	180,194	179,406	788
Commissioner #2	234,237	234,237	230,319	3,918
Commissioner #3	183,450	182,634	180,507	2,127
Commissioner #4	179,321	181,606	180,743	863
County Judge	266,423	269,570	267,832	1,738
Bail Bond Board	1,611	1,611	1,429	182
Economic Development	136,779	124,068	50,421	73,647
County Clerk	2,986,099	2,993,969	2,910,465	83,504
Human Resources	631,643	638,497	639,711	(1,214)
Purchasing Department	694,445	695,969	685,744	10,225
Vehicle Maintenance	355,856	355,856	340,174	15,682
Nondepartmental	4,024,303	2,597,346	1,941,199	656,147
Financial Information Systems	136,153	141,806	93,955	47,851
Information Services	1,407,156	1,450,567	1,458,914	(8,347)
Printing & Postage	344,093	377,517	379,797	(2,280)
Planning	955,969	964,041	902,700	61,341
Bayless-Selby House Museum	92,998	92,998	65,125	27,873
Courthouse Museum	234,439	244,013	252,848	(8,835)
Historical Commission	63,959	70,928	64,957	5,971
Records Management	337,897	342,439	307,733	34,706
CHOS Museum/Tourism Grant 2003	23,258	26,991	27,338	(347)
Veterans' Service Officer	246,657	265,843	263,981	1,862
Elections Administration	916,717	1,008,383	905,187	103,196
HAVA Grant	-	1,839,158	2,401	1,836,757
Civil Service Board	6,075	6,075	-	6,075
Historical Park Museum	-	-	-	-
County-wide Technology	1,301,877	1,358,261	1,273,106	85,155
Historical Park Museum 2002	-	-	-	-
Total General Government	<u>16,106,691</u>	<u>16,818,112</u>	<u>13,776,931</u>	<u>3,041,181</u>
Judicial:				
Judicial & Court Support	278,948	284,060	344,130	(60,070)

See the notes to the financial statements.

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - (Continued)
For the Year Ended September 30, 2005**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance Positive(Negative) with Final Budget</u>
	<u>Original</u>	<u>Revised</u>		
16th District Court	424,534	424,534	441,386	(16,852)
158th District Court	424,412	574,412	604,243	(29,831)
211th District Court	424,521	621,788	632,513	(10,725)
362nd District Court	424,748	494,248	510,562	(16,314)
367th District Court	426,201	524,201	531,888	(7,687)
393rd District Court	235,205	320,759	330,369	(9,610)
County Court at Law #1	531,884	531,884	564,493	(32,609)
County Criminal Court #2	497,019	522,019	535,119	(13,100)
County Court at Law #2	323,909	325,328	323,913	1,415
Probate Court	996,841	1,066,960	1,037,189	29,771
County Criminal Court #1	508,092	544,092	547,336	(3,244)
County Criminal Court #3	493,622	493,622	502,201	(8,579)
County Criminal Court #4	578,129	633,129	654,271	(21,142)
County Criminal Court #5	480,852	481,145	490,196	(9,051)
District Clerk	1,171,528	1,172,758	1,141,784	30,974
County Court Administrator	73,236	73,236	72,096	1,140
Justice of the Peace #1	421,974	421,974	415,406	6,568
Justice of the Peace #2	329,041	329,761	287,545	42,216
Justice of the Peace #3	304,560	312,518	309,593	2,925
Justice of the Peace #4	321,938	322,906	319,977	2,929
Justice of the Peace #5	369,096	369,433	364,944	4,489
Justice of the Peace #6	240,533	241,213	239,338	1,875
District Court Administrator	161,725	161,749	161,429	320
Juries & Grand Jury	136,968	141,110	132,017	9,093
Justice Information System	619,141	684,772	647,507	37,265
Medical Investigators	609,734	610,285	613,904	(3,619)
Total Judicial	11,808,391	12,683,896	12,755,349	(71,453)
Legal:				
Criminal District Attorney	7,222,112	7,292,502	7,187,829	104,673
CPS Division	325,447	306,634	295,319	11,315
Civil Domestic Violence Grant	132,647	132,647	129,742	2,905
Prosecution Enhancement Grant	161,387	160,637	149,374	11,263
District Attorney - Civil Division	1,069,649	1,055,514	1,012,109	43,405
Juvenile Child Abuse Prosecution Grant	96,634	-	-	-
Family Violence Expansion Grant	180,226	180,226	175,646	4,580
DA-Civil Child Abuse Pros. Expansion	126,114	126,114	102,297	23,817
Civil Child Abuse Prosecution Grant	87,828	87,828	88,017	(189)
Total Legal	9,402,044	9,342,102	9,140,333	201,769
Financial:				
County Auditor	954,796	954,796	943,712	11,084
County Treasurer	420,972	429,413	428,636	777
Tax Assessor-Collector	2,885,372	2,879,325	2,767,872	111,453
Budget Officer	463,220	463,220	449,523	13,697
Total Financial	4,724,360	4,726,754	4,589,744	137,010
Public Facilities:				

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - (Continued)
For the Year Ended September 30, 2005**

	Budget Amounts		Actual	Variance
	Original	Revised		Positive(Negative) with Final Budget
Carroll Building	170,298	209,408	206,286	3,122
Denton County Courts Building	404,553	499,259	488,445	10,814
Print and Mail Facility	8,750	7,860	2,148	5,712
Courthouse on the Square	135,480	137,611	152,911	(15,300)
Emergency Management Facility	17,915	1,200	1,462	(262)
Denton County Storage Facility	17,915	2,440	2,029	411
Historical Park Facility	11,160	12,360	12,157	203
Courthouse Annex	68,180	53,005	52,774	231
Food Lion Building	14,900	9,142	9,252	(110)
Lee Walker Government Center	62,600	53,311	54,618	(1,307)
Jones Street Facility - Lewisville	9,850	1,604	1,443	162
Precinct 4 Government Center	10,100	-	-	-
Child Protective Services - Lewisville	18,470	17,452	17,124	328
Tax Office	20,800	20,200	20,943	(743)
Sandy Jacobs Government Center	40,520	37,349	38,775	(1,426)
The Colony Annex	43,920	28,450	29,330	(880)
Sanger Annex	34,098	31,498	30,638	860
Government Center - Denton	114,210	117,246	117,191	55
Charlie Cole Building	225,427	258,584	254,261	4,323
Law Enforcement Facility	1,845,614	1,925,881	1,892,197	33,684
Oak Street Facilities	14,050	9,530	9,671	(141)
Operations	1,868,046	1,902,531	1,775,525	127,006
Leased Buildings	95,120	106,784	107,078	(294)
Vehicle Maintenance Facility	16,900	17,270	17,636	(366)
Recycling Department	55,680	55,878	54,084	1,794
Pretrial Facility	-	10,214	10,334	(120)
Telephone Department	745,958	738,617	706,112	32,505
Total Public Facilities	6,070,514	6,264,684	6,064,423	200,261
Public Safety:				
County Jail	16,845,117	16,793,801	16,130,449	663,352
Jail Health	2,396,014	2,403,670	2,131,908	271,762
Sheriff's Communications	1,431,917	1,431,768	1,370,598	61,170
County Sheriff	9,483,437	9,585,724	9,178,228	407,496
Sheriff's Mental Health Unit	512,958	518,023	480,601	37,422
Sheriff's Reserves	19,420	20,279	15,156	5,123
Greenbelt Public Safety Grant	-	-	33	(33)
Bartonville Patrol Service	46,226	47,263	43,552	3,711
School Resource Officer	72,333	72,333	72,041	292
Adult Probation - General Fund	168,300	168,300	163,644	4,656
Pretrial Release - General Fund	3,062	3,062	-	3,062
Juvenile Accountability Block Grant	67,758	67,758	61,213	6,545
Shady Shores Law Enforcement	73,908	-	-	-
Denton County Freshwater Dist. Patrol	30,082	162,823	141,880	20,943
Constable 1	579,805	595,334	584,386	10,948
Constable 2	467,413	522,962	540,552	(17,590)
Constable 3	523,820	531,615	514,624	16,991

See the notes to the financial statements.

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - (Continued)
For the Year Ended September 30, 2005**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance Positive(Negative) with Final Budget</u>
	<u>Original</u>	<u>Revised</u>		
Constable 4	526,929	535,668	525,531	10,137
Constable 5	463,525	468,876	452,610	16,266
Constable 6	436,400	440,131	425,050	15,081
Northwest ISD ASAP Officer	35,494	35,568	34,905	663
License and Weights	118,948	139,456	141,467	(2,011)
Emergency Services Department	1,552,856	1,592,856	1,573,749	19,107
Department of Public Safety	159,360	160,005	158,221	1,784
Alcoholic Beverage Commission	3,350	3,350	2,655	695
Game Wardens	10,997	10,997	9,221	1,776
2004 UASI Grant	-	1,265,679	39,216	1,226,463
2004 State Homeland Security Grant	-	450,800	-	450,800
2004 LETTP Grant	-	59,900	28,628	31,272
Disaster Recovery	-	-	29,337	(29,337)
Emergency Management	485,210	492,708	465,238	27,470
2003 UASI Grant	-	942,006	257,125	684,881
2003 Homeland Security Grant	-	613,854	607,373	6,481
Total Public Safety	36,514,639	40,136,569	36,179,192	3,957,377
Health & Welfare:				
Child Protective Services	139,620	149,907	157,399	(7,492)
Total Health & Welfare	139,620	149,907	157,399	(7,492)
Conservation:				
County Extension Agents	387,124	387,289	331,543	55,746
Total Conservation	387,124	387,289	331,543	55,746
Intergovernmental:				
Contract Services	1,609,049	1,942,549	1,940,935	1,614
Total Intergovernmental	1,609,049	1,942,549	1,940,935	1,614
TOTAL EXPEDITURES	86,762,432	92,451,862	84,935,848	7,516,014
Excess of Revenues over Expenditures	(734,377)	(944,798)	5,957,445	6,902,243
Other Financing Sources and Uses:				
Transfers In	-	22,056	40,316	18,260
Transfers Out	(275,277)	(1,173,457)	(1,023,125)	150,332
Total Other Financing Sources and Uses	(275,277)	(1,151,401)	(982,809)	168,592
Net Change in Fund Balances	(1,009,654)	(2,096,199)	4,974,636	7,070,835
Fund Balances - Beginning	9,148,815	9,148,815	9,148,815	-
Fund Balances - Ending	\$ 8,139,161	\$ 7,052,616	\$ 14,123,451	\$ 7,070,835

Denton County, Texas
STATEMENT OF NET ASSETS
PROPRIETARY FUND
September 30, 2005

Governmental
Activities Internal
Service Fund

ASSETS

Current Assets:

Cash	\$ 487,361
Investments	-
Accrued Interest	-
Other Assets	-
Due from Other Funds	-
Due from Other Governments	-

TOTAL ASSETS

\$ 487,361

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 651,460
Due to Other Funds	1,728,794
Due to Other Governments	-

TOTAL LIABILITIES

2,380,254

NET ASSETS

Unrestricted (1,892,893)

TOTAL NET ASSETS

(1,892,893)

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, 2005

Governmental
Activities Internal
Service Fund

OPERATING REVENUES

Charges for Services	\$ 11,849,120
Other Revenue	<u>734,144</u>

TOTAL OPERATING REVENUES	<u>12,583,264</u>
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OPERATING EXPENSES

Incurred Claims	7,062,394
Estimated Claims	651,460
Administrative Expenses	4,362,865
Reinsurance Premiums	<u>345,459</u>

TOTAL OPERATING EXPENSES	<u>12,422,178</u>
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OPERATING INCOME (LOSS)	<u>161,086</u>
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NONOPERATING REVENUES(EXPENSES)

Interest Revenue	<u>2,631</u>
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INCOME BEFORE TRANSFERS	<u>163,717</u>
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Transfers From Other Funds	<u>750,000</u>
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CHANGES IN NET ASSETS	<u>913,717</u>
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TOTAL NET ASSETS - BEGINNING	<u>(2,806,610)</u>
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TOTAL NET ASSETS - ENDING	<u><u>\$ (1,892,893)</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, 2005

**Governmental
Activities Internal
Service Fund**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts for Services	\$ 11,849,120
Receipts from Reinsurance and Refunds	739,675
Payments for Claims	(7,585,588)
Payments for Administrative Services	(4,362,866)
Payments for Reinsurance	<u>(345,459)</u>
Net Cash Provided by Operating Activities	<u>294,882</u>

**CASH FLOWS FROM NONCAPITAL
FINANCING ACTIVITIES**

Transfer of Funds	750,000
Repayment of Interfund Loans	<u>(568,901)</u>
Net Cash Provided by Noncapital Financing Activities	<u>181,099</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Revenue	<u>2,631</u>
Net Cash Provided by Investing Activities	<u>2,631</u>

Net Increase (Decrease) in Cash 478,612

Cash, Beginning of Year 8,749
Cash, End of Year \$ 487,361

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

Operating Income	<u>\$ 161,086</u>
(Increase) Decrease in Other Assets	5,530
Increase (Decrease) in Accounts Payable	<u>128,266</u>
Total Adjustments	<u>133,796</u>
Net Cash Provided (Used) by Operations	<u>\$ 294,882</u>

See the notes to the financial statements.

Denton County, Texas
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
September 30, 2005

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 9,413,195
Investments	7,935,694
Accrued Interest	533
Other Assets	-
Due from Other Funds	888
Due from Other Govts	-
	<hr/>
TOTAL ASSETS	<u>\$ 17,350,310</u>
 <u>LIABILITIES</u>	
Accounts Payable	\$ 26,903
Wages Payable	125,438
Due to Other Funds	888
Due to Other Governments	10,303,740
Due to Beneficiaries	6,893,341
	<hr/>
TOTAL LIABILITIES	<u>17,350,310</u>
 NET ASSETS	 <u>\$ -</u>

See the notes to the financial statements.

Denton County, Texas

Notes to the Financial Statements September 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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 non-fiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. Denton County reports only *governmental activities* which 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, the proprietary fund, 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 types:

The proprietary fund 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.

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Denton County's own programs. All of the County's fiduciary funds are agency funds. Agency funds are 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.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. 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.

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. Prior period adjustment

Following the close of the previous fiscal year, errors were discovered regarding the calculation of depreciation expense and the totals for accumulated

depreciation. Accordingly, the beginning total for net assets in the county-wide statement of activities was restated. The effect of the adjustment was to decrease the beginning net assets by \$7,756,904 from \$35,782,157 to \$28,025,253.

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 \$181,053,271 difference are as follows:

Bonds payable	(\$ 171,407,570)
Capital leases payable	(448,927)
Unamortized bond premium	(2,942,998)
Interest payable accrued	(2,948,166)
Compensated absences	<u>(3,755,610)</u>
Net adjustment to reduce fund balance to arrive at net assets	<u>(\$181,053,271)</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 \$3,827,222 difference are as follows:

Capital outlay	\$ 6,683,839
Depreciation expense	<u>(10,511,061)</u>

Net adjustment to decrease *net changes in fund balances – total governmental funds* to arrive at *changes in net assets of governmental activities* \$(3,827,222)

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 \$42,195,282 difference are as follows:

Debt issued or incurred:

Capital lease financing	(\$ 599,842)
Issuance of general obligation bonds	(50,000,000)
Proceeds of refunding bonds	(51,830,000)
Bond premium received	(2,866,219)
Bond interest accrued	(1,360,238)

Debt repayments:

General obligation debt	9,445,000
Capital lease payments	1,506,846
Bond premium amortization	265,807
Payments to Escrow Agent	<u>53,243,364</u>

Net adjustment to increase *net changes in fund balances – total governmental funds* to arrive at *changes in net assets of governmental activities* \$42,195,282

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 \$147,871 difference are as follows:

Compensated absences	<u>\$ 147,871</u>
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Net adjustment to decrease net changes in *fund balances-total governmental funds* to arrive at changes in *net assets of governmental activities* \$ 147,871

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, 2005, encumbrances of approximately \$1,800,000 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 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. All amendments to the budget 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.

The County budget is adopted on a basis that is different from GAAP in one respect. To provide a more meaningful budgetary comparison, the County's budget accounting recognizes on the actual lease payments made on new capital leases rather than recognizing the full acquisition price of the capital lease both as an expenditure and as an other source of financing.

The following summary reconciles operations for the year in the Road and Bridge Fund from the GAAP basis to the budgetary basis of reporting:

Road & Bridge expenditures, GAAP basis	\$7,610,868
Capital lease acquisitions	<u>(599,842)</u>
Road & Bridge expenditures, budgetary basis	<u>\$7,011,026</u>

B. Excess of expenditures over appropriations

For the year ended September 30, 2005, expenditures exceeded appropriations in the Jury Fund special revenue fund by \$8,693, in the Public Health special revenue fund by \$8,599, in the Health Care Relief Fund by \$24,774, and in the Federal Health Care Facility Grant special revenue fund by \$19,378. These over-expenditures were funded by available reserve funds or future grant revenues in each of the respective funds.

C. Deficit fund equity

The District Attorney Check Fee Fund special revenue fund had a deficit fund balance of \$21,929, the Bioterrorism Grant special revenue fund had a deficit fund balance of \$17,130, and the 2005 Certificates of Obligation Fund had a \$5,000 deficit as of September 30, 2005. The Check Fee fund experience an unexpected revenue decline which caused its deficit. The Bioterrorism Grant fund had some expenditures that were not claimed for reimbursement from the grant funding source, and the 2005 CO Fund had expenditures prior to receiving funding. The deficit fund balance for these funds will be made up through fee revenue, future state funding and receipt of debt sale proceeds.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits include amounts in demand accounts and bank certificates of deposit. The state Public Funds Investment Act requires Denton County to contract with a financial institution to serve as the County's cash depository after seeking formal bids for these services. The same act requires that County funds be either fully insured or collateralized. Wells Fargo Bank currently serves as the County's depository bank.

As of September 30, 2005 Denton County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Treasuries	\$ 5,478,800	1.62
Local Government Investment Pools	<u>\$ 39,734,940</u>	0.16
Total fair value	<u>\$ 45,213,740</u>	
Portfolio weighted average maturity		<u>0.33</u>

Investments are stated at fair value including the investments in the Texas Local Government Investment Pool, the MBIA Local Government Investment Pool, and the Tex Star Investment Pool. The fair value of the County's investments in these pools is the same as the value of pool shares.

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.

Interest rate risk. In accordance with our investment policy, Denton County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to two years for individual securities and 90 days for investment pools.

Credit risk. The County limits its exposure to credit risk by limiting its investments to obligations of the U.S. government, the State of Texas, other state and local governments with at least an "A" credit rating, fully collateralized bank certificates of deposit and repurchase agreements, SEC-regulated mutual funds, and individually approved local government investment pools.

Concentration of credit risk. Denton County further limits its credit risk by requiring a diversified investment portfolio in its investment policy. No more than

75% of the County's investments may be in one type of security or in one individual investment pool.

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. At year end the carrying amount of the County's deposits was \$66,374,366 and the bank balance was \$66,374,366. Of the bank balance, \$225,000 was covered by federal depository insurance, and the entire remainder, as is required both by state law and by County policy, 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. As such, the County has no exposure to custodial risk with regards to its deposits.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. For our investment in U.S. Government securities, the county has no custodial credit risk as the securities are held in safekeeping in the County's name in our depository bank which is not a counterparty for the securities.

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 2005, the County's tax rate for general governmental services was 21.908 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	\$ 1,769,237
Debt Service Fund	326,722
Other Nonmajor Governmental Funds	234,437
Unearned:	
Grants Payable and	
Other Deferred Revenues	9,487,128
Total Deferred	<u>\$11,817,524</u>

C. Capital Assets

Capital Asset activity for the year ended September 30, 2005 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 4,622,587	\$ -	\$ -	\$ 4,622,587
Construction in Progress	4,447,564	3,539,805	(4,461,978)	3,525,391
Total Capital Assets, Not Being Depreciated	<u>9,070,151</u>	<u>3,539,805</u>	<u>(4,461,978)</u>	<u>8,147,978</u>
Capital Assets, Being Depreciated:				
Buildings	84,302,056	3,923,610		88,225,666
Machinery and Equipment	28,043,140	2,839,893	(1,758,638)	29,124,395
Infrastructure	125,874,838	3,421,186	(366,860)	128,929,164
Total Capital Assets Being Depreciated	<u>238,220,034</u>	<u>10,184,689</u>	<u>(2,125,498)</u>	<u>246,279,225</u>
Less Accumulated Depreciation For:				
Buildings	(15,833,786)	(1,682,090)	-	(17,515,876)
Machinery and Equipment	(17,245,641)	(2,626,859)	-	(19,872,500)
Infrastructure	(86,284,367)	(6,202,112)	366,860	(92,119,619)
Total Accumulated Depreciation	<u>(113,244,217)</u>	<u>(10,511,061)</u>	<u>366,860</u>	<u>(129,507,995)</u>
Total Capital Assets Being Depreciated, Net	<u>124,975,817</u>	<u>(326,372)</u>	<u>(1,758,638)</u>	<u>116,771,230</u>
Total Capital Assets, Net	<u>\$ 134,045,968</u>	<u>\$ 3,213,433</u>	<u>\$(6,220,616)</u>	<u>\$ 124,919,208</u>

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

Governmental Activities:	
General Government	\$ 491,974
Judicial	71,413
Legal	23,452

Financial	33,250
Public Facilities	1,756,863
Public Safety	1,159,760
Health & Welfare	67,497
Conservation	914
Roads	<u>6,905,938</u>

Total Depreciation Expense \$10,511,061

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>
1999 Road Projects	\$ 27,790,201	\$ 27,790,201	\$	- None
1999 Tax Note Fund	\$ 2,141,294	\$ 1,835,373	\$	- None
2000 Road Projects	\$ 24,000,000	\$ 22,075,165	\$	- None
2002 Tax Note Fund	\$ 4,146,000	\$ 4,146,000	\$	- None
2003 Tax Note Fund	\$ 5,839,500	\$ 2,231,659	\$	- None
2004 Tax Note Fund	\$ 4,125,000	\$ 1,531,825	\$	- None
2005 Road Projects	\$ 50,556,267	\$ 10,196,640	\$	- None

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of September 30, 2005, is as follows:

	<u>Due From:</u>					
<u>Due To:</u>	<u>General Fund</u>	<u>Debt Service</u>	<u>Non Major Governmental Funds</u>	<u>Agency Funds</u>	<u>Internal Service Fund</u>	<u>Total</u>
General Fund			\$ 480,752		\$ 1,728,794	\$ 2,209,546
Debt Service						-
Nonmajor Governmental Funds	18,773		52,745			71,518
Agency Funds				888		888
Internal Service Fund	-	-	-	-	-	-
Total	\$ 18,773	\$ -	\$ 533,497	\$ 888	\$ 1,728,794	\$ 2,281,952

Interfund Transfers:

	<u>Transfer In:</u>				
	<u>General Fund</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Internal Service Fund</u>	<u>Total</u>
Transfer Out:					
General Fund	\$ -	\$ -	\$ 273,125	\$ 750,000	\$ 1,023,125
Debt Service	-	-	-	-	-
Nonmajor Governmental Funds	40,316	-	848,016	-	888,332
Internal Service Fund	-	-	-	-	-
Total	<u>\$ 40,316</u>	<u>\$ -</u>	<u>\$ 1,121,141</u>	<u>\$ 750,000</u>	<u>\$ 1,911,457</u>

In the fund financial statements, total transfers out of \$1,911,457 are greater than total transfers in of \$1,161,457 because of the treatment of transfers of assets to the internal service fund.

Interfund balances primarily represent short term lending between funds to cover cash shortages and accrued amounts due from inventories. Amounts have been loaned from the General Fund to the Internal Service Fund to cover operating shortfalls. This amount is expected to be repaid within the next year.

Interfund transfers are approved both in the original budget and by budget amendments during the fiscal year. Transfers are made to provide additional resources for specific programs as the need arises.

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 \$719,800 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 reported as other payables in the government-wide financial statements.

The present value of future minimum capital lease payments at September 30, 2005 is as follows:

<u>Year</u>	<u>Amount</u>
2006	\$ 265,844
2007	207,141
2008 & thereafter	-
Total minimum lease payments	\$ 472,985
Less: Amount representing interest	<u>(24,057)</u>
Present value of net future minimum lease payments	<u>\$ 448,928</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. Denton County's outstanding bonded debt is limited, per Article 3, Section 52 of the Texas Constitution, to an amount not exceeding 25% of the assessed taxable value of real property in the County. At year end, the County's debt was significantly below this limit.

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 10/01/04</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at 09/30/05</u>
\$22,800,000 1996 Permanent Improvement Bonds, due in varying amounts through 2016 at an average interest rate of 5.33%	16,900,000	-	15,810,000	1,090,000
\$1,480,000 1997 Permanent Improvement Bonds, due in varying amounts through 2017 at an average interest rate of 5.336%	1,170,000	-	1,035,000	135,000
\$3,800,000 1999 Certificates of Obligation, due in varying amounts through 2014 at an average interest rate of 4.37%	2,930,000	-	2,680,000	250,000
\$8,020,000 1999 Permanent Improvement Bonds, due in varying amounts through 2019 at an average interest rate of 4.68%	6,835,000	-	5,365,000	1,470,000
\$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%	12,235,000	-	9,515,000	2,720,000
\$2,040,000 1999 Tax Notes due in varying amounts through 2007 at an average interest rate of 4.70%	1,290,000	-	410,000	880,000

\$24,000,000 2000 Permanent Improvement Bonds due in varying amounts through 2026 at an average interest rate of 5.45%	23,435,000	-	19,980,000	3,455,000
\$1,850,000 2000 Tax Notes due in varying amounts through 2007 at an average interest rate of 4.65%	1,515,000	-	355,000	1,160,000
\$3,680,000 2002 Tax Notes due in varying amounts through 2008 at an average interest rate of 3.449%	3,115,000	-	585,000	2,530,000
\$5,740,000 2003 Tax Notes due in varying amounts through 2010 at an average interest rate of 2.479%	5,540,000	-	855,000	4,685,000
\$25,375,000 2004 General Obligation Refunding Bonds due in varying amounts through 2012 at an average interest rate of 2.877%	25,120,000	-	3,795,000	21,325,000
\$4,125,000 2004 Tax Notes due in varying amounts through 2011 at an average interest rate of 2.972%	4,125,000	-	515,000	3,610,000
\$50,000,000 2005 Permanent Improvement Bonds due in varying amounts through 2030 at an average interest rate of 4.5044%	-	50,000,000	-	50,000,000
\$19,545,000 2005 General Obligation Refunding Bonds due in varying amounts through 2022 at an average interest rate of 4.53%	-	19,545,000	300,000	19,245,000

\$32,285,000 2005A General Obligation
 Refunding Bonds due in varying
 amounts through 2026 at an average
 interest rate of 4.02%

- 32,285,000 - 32,285,000

Total General Obligation

Bonds Payable	130,777,570	101,830,000	61,200,000	171,407,570
Unrealized Loss/Bond Premium	1,301,000	334,628	184,857	1,450,771
Compensated Absences	3,607,739	689,399	541,528	3,755,610
Capital Leases	<u>756,089</u>	<u>599,842</u>	<u>907,003</u>	<u>448,928</u>
TOTAL	<u>\$ 136,442,398</u>	<u>\$ 103,453,869</u>	<u>\$ 62,833,388</u>	<u>\$ 177,062,879</u>

Of the above debt, \$9,145,000 of the bonded debt, \$195,965 of the unrealized loss/bond premium, \$360,700 of the compensated absences, and \$265,844 of the capital leases are due within one year of the date of this financial statement.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
2006	\$ 9,565,000	\$ 9,296,681	\$ 18,861,681
2007	9,647,831	7,647,793	17,295,624
2008	10,383,736	7,507,142	17,890,878
2009	10,400,270	7,190,097	17,590,367
2010	10,710,733	6,466,719	17,177,452
2011-2015	37,740,000	25,483,944	63,223,944
2016-2020	29,515,000	17,257,635	46,772,635
2021-2025	32,680,000	10,269,266	42,949,266
2026-2030	<u>20,765,000</u>	<u>2,483,190</u>	<u>23,248,190</u>
Total	<u>\$ 171,407,570</u>	<u>\$ 93,602,467</u>	<u>\$ 265,010,037</u>

With the exception of the 1993 Certificates of Obligation, the 1997 Permanent Improvement Bonds, the 2001 Tax Notes, the 2002 Tax Notes, and the 2003 Tax Notes, all of the County's long-term debt issues are subject to the arbitrage regulations of the Federal government. Per these regulations, portions of the County's investment earnings on debt proceeds may be subject to rebate to the Federal government.

The County issued \$50,000,000 in permanent improvement bonds in 2005 to provide funds for construction of and improvements to various county, city, state and federal roads in the County. Funding for these bonds was approved by voters in the County in elections in 1991, 1999 and 2004.

In April, 2005, Denton County issued \$19,545,000 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 for the purpose of generating resources for all future debt service payments of \$18,595,000 of general obligation bonds and tax notes. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$1,472,319. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. The refunding was undertaken to reduce future debt service payments. The transaction resulted in a reduction of \$717,697 in the County's aggregate future debt service payments, and an economic gain to the County of \$690,331.

In June, 2005, Denton County issued \$32,285,000 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 for the purpose of generating resources for all future debt service payments of \$33,160,000 of general obligation bonds and tax notes. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$2,036,284. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. The refunding was undertaken to reduce future debt service payments. The transaction resulted in a reduction of \$1,680,667 in the County's aggregate future debt service payments, and an economic gain to the County of \$1,561,217.

In March, 2004, Denton County issued \$25,375,000 of general obligation refunding bonds for a current refunding of \$26,380,000 of general obligation bonds and tax notes. The refunding was undertaken to reduce future debt service payments. The transaction resulted in a reduction of \$2,116,274 in the County's aggregate future debt service payments, and a net present value savings to the County of \$1,963,202.

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 governmental activities column of the statement of net assets. 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, no defeased bonds remained outstanding.

As of September 30, 2005 the County had a total of \$22,839,373 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. \$13,425,000 of these bonds was issued as part of the \$50,000,000 issue in 2005. Also, due to U.S. Treasury regulations, \$455,627 of underwriter's premium in that sale was added to proceeds with a corresponding reduction in the amount of unissued bonds. The County plans to issue the remaining bonds in equal amounts over the next four years.

Due to voter approval of a County bond election in May, 2004, the County had a total of \$175,420,000 in authorized but unissued permanent improvement bonds as of September 30, 2005. Of the total available, \$155,520,000 was approved for road improvements, \$17.9 million was approved for facility acquisition and improvements and \$2 million was approved for voting equipment. The County issued \$31,450,000 of the road bonds in fiscal 2005 bond sale discussed above.

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. There have been no claims in excess of the County's insurance coverage 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 2005 a total of \$12,293,912 was paid in benefits, excess coverage premiums and administrative costs. The excess coverage insurance covers the plan against individual claims in excess of \$175,000 per covered person per year. Estimated claims payable, based upon claims filed and estimated unfiled claims at year end, were \$651,460 of September 30, 2005. Changes in the balances of claims liabilities during the past year are as follows:

Unpaid Claims, beginning of fiscal year	\$	523,194	\$	1,466,806
Incurred Claims (including incurred but not reported)		7,713,854		7,085,424
Claim payments		(7,585,588)		(8,029,036)
Unpaid Claims, end of fiscal year	\$	<u>651,460</u>	\$	<u>523,194</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.

C. Other post-employment benefits

The County provides post-retirement health and dental care benefits, as provided in the medical benefit plan document, for certain retirees and their dependents. Retirees who have met the service requirements to receive an annuity from the County's retirement system and who are participating in the plan at the time of their retirement are eligible to receive health and dental benefits after their employment with the County ceases. The County charges a reduced premium to these qualifying retirees.

As of year end, there were 100 former County employees receiving benefits from the plan. The County finances the plan on a pay-as-you-go basis. For the year ended September 30, 2005, retiree premiums paid to the plan totaled \$272,694 which represents approximately 50% of the cost of the benefits received.

D. Subsequent events

On October 4, 2005, Denton County issued \$11,865,000 of Certificates of Obligation to finance various land acquisition and building remodeling projects in the County. The interest rates on the certificates range from 3.25% to 4.5% and average 4.1712%. The final maturity date of the notes is January 15, 2020.

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 559 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 8.48% for the months of the accounting year in 2004, and 8.21% for the months of the accounting year in 2005.

The deposit rate payable by the employee members of the plan for calendar year 2005 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, 2005, the annual pension cost for the TCDRS plan for its employees was \$4,884,249 and the actual contributions were \$4,884,249.

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, 2003 and December 31, 2004, the basis for determining the contribution rates for calendar years 2004 and 2005. The December 31, 2004 actuarial valuation is the most recent valuation.

D. Actuarial Valuation Information

Actuarial valuation date	12/31/2002	12/31/2003	12/31/2004
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)	5.50%	5.50%	5.50%
Inflation	3.50%	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, 2003	\$4,522,511	100%	\$ 0
September 30, 2004	\$4,715,981	100%	\$ 0
September 30, 2005	\$4,884,249	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)
12/31/2002	\$67,136,414	\$81,005,832	\$13,869,418	82.88%	\$52,929,740	26.20%
12/31/2003	\$79,860,933	\$92,525,268	\$12,664,335	86.31%	\$54,657,482	23.17%
12/31/2004	\$89,433,012	\$103,966,463	\$14,533,451	86.02%	\$58,886,863	24.68%

(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.

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 Management 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.

County Clerk Records Archive Fund:

To account for the receipt and expenditure of records archive fees assessed by the county clerk. Expenditure of funds received is restricted by law to archiving and preserving county records that originated prior to 1990.

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.

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.

Federal Health Care Facility Grant Fund:

To account for the receipt and expenditure of state grant funds to be used to develop a federally qualified health care facility for low income citizens.

District Clerk Records Management Fund:

To account for the receipt and expenditure of fees assessed on civil filings in the district courts as allowed by state law. Such fees may only be spent on records management or preservation projects as requested by the District Clerk.

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.

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.

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.

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.

2004 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.

2005 Road Bond Project Fund:

To account for the costs of road and bridge construction projects funded by bond proceeds from a 2005 issuance of bonds approved by the voters in 2004.

2005 Certificates of Obligation Fund:

To account for the receipt and expenditure of Certificate of Obligation 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, 2005

SPECIAL REVENUE	Road & Bridge Fund	Jury Fund	Juvenile Probation Fund	Voter Registration Fund
<u>ASSETS</u>				
Cash	\$ 494,928	\$ 6,826	\$ 174,617	\$ 7,754
Investments	2,963,739	69,048	939,163	65,455
Receivables:				
Taxes	26,333	4,428	129,570	-
Accrued Interest	-	-	1	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Governments	-	-	14,854	-
TOTAL ASSETS	\$ 3,485,000	\$ 80,302	\$ 1,258,205	\$ 73,209
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts Payable	\$ 416,899	\$ -	\$ 120,371	\$ -
Wages Payable	109,743	-	211,141	-
Due to Other Funds	11	-	-	-
Due to Other Governments	-	-	23,572	-
Deferred Revenues	26,333	4,428	129,570	-
TOTAL LIABILITIES	552,986	4,428	484,654	-
FUND BALANCES				
Reserved for Capital Expenditures	-	-	-	-
Unreserved, Undesignated	2,932,014	75,874	773,551	73,209
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,485,000	\$ 80,302	\$ 1,258,205	\$ 73,209

Indigent Care Fund	Public Health Fund	Law Library Fund	County Clerk Records Mgmt. Fund	County Clerk Records Archive Fund	Courthouse Security Fund
\$ 34,178	\$216,347	\$ 51,083	\$ 117,753	\$ 159,368	\$ 29,512
429,692	344,092	206,019	22	1,563,955	67,045
47,773	26,333	-	-	-	-
-	2	-	-	-	-
46,732	-	-	-	-	-
-	52,745	-	-	-	-
-	106,096	-	-	-	-
<u>\$558,375</u>	<u>\$745,615</u>	<u>\$ 257,102</u>	<u>\$ 117,775</u>	<u>\$ 1,723,323</u>	<u>\$ 96,557</u>
\$268,463	\$ 75,741	\$ 19,636	\$ 74,939	\$ -	\$ 21,314
5,556	82,639	2,083	-	-	-
-	-	-	-	-	-
-	840	-	-	-	-
47,773	26,333	-	-	-	-
<u>321,792</u>	<u>185,553</u>	<u>21,719</u>	<u>74,939</u>	<u>-</u>	<u>21,314</u>
-	-	-	-	-	-
236,583	560,062	235,383	42,836	1,723,323	75,243
<u>\$558,375</u>	<u>\$745,615</u>	<u>\$ 257,102</u>	<u>\$ 117,775</u>	<u>\$ 1,723,323</u>	<u>\$ 96,557</u>

Denton County, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2005

SPECIAL REVENUE	<u>Sheriff's Training Fund</u>	<u>Sheriff's Forfeiture Fund</u>	<u>Vehicle Inventory Tax Interest Fund</u>	<u>Records Management Fund</u>
<u>ASSETS</u>				
Cash	\$ 36,588	\$ 62,203	\$ 41,830	\$ 82,505
Investments	-	201,354	-	-
Receivables:				
Taxes	-	-	-	-
Accrued Interest	-	-	673	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Governments	-	-	-	-
TOTAL ASSETS	<u>\$ 36,588</u>	<u>\$263,557</u>	<u>\$ 42,503</u>	<u>\$ 82,505</u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts Payable	\$ -	\$ 88	\$ -	\$ 5,485
Wages Payable	-	-	-	4,028
Due to Other Funds	-	-	-	-
Due to Other Governments	-	-	-	-
Deferred Revenues	-	178,377	-	-
TOTAL LIABILITIES	<u>-</u>	<u>178,465</u>	<u>-</u>	<u>9,513</u>
FUND BALANCES				
Reserved for Capital Expenditures	-	-	-	-
Unreserved, Undesignated	36,588	85,092	42,503	72,992
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 36,588</u>	<u>\$263,557</u>	<u>\$ 42,503</u>	<u>\$ 82,505</u>

District Attorney Check Fee Fund	District Attorney Forfeiture Fund	TNCP Grant Fund	Women, Infants, and Children Fund	Health Care Relief Fund	Probate Court Contribution Fund
\$ - 634	\$ 33,245 186,357	\$ - -	\$ - -	\$ - 2,477,927	\$ - -
- 48	- -	- -	- -	- -	- -
- -	- -	- -	- -	- -	18,773
- -	- -	- -	259,178	- -	- -
<u>\$ 682</u>	<u>\$ 219,602</u>	<u>\$ -</u>	<u>\$ 259,178</u>	<u>\$ 2,477,927</u>	<u>\$ 18,773</u>
\$ 165 6,319 16,127	\$ 368 - -	\$ - - -	\$ 7,424 40,736 183,778	\$ 100,620 - -	\$ - 1,744 17,029
- -	- 23,122	- -	- -	- -	- -
22,611	23,490	-	231,938	100,620	18,773
- (21,929)	- 196,112	- -	- 27,240	- 2,377,307	- -
<u>\$ 682</u>	<u>\$ 219,602</u>	<u>\$ -</u>	<u>\$ 259,178</u>	<u>\$ 2,477,927</u>	<u>\$ 18,773</u>

**Denton County, Texas
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2005**

SPECIAL REVENUE	JP Court Technology Fund	Bioterrorism Grant Fund	Federal Health Care Facility Grant Fund
<u>ASSETS</u>			
Cash	\$ 62,536	\$ -	\$ 32
Investments	293,628	-	-
Receivables:			
Taxes	-	-	-
Accrued Interest	284	-	-
Other Receivables	-	-	-
Due from Other Funds	-	-	-
Due from Other Governments	-	143,203	-
TOTAL ASSETS	\$ 356,448	\$ 143,203	\$ 32

LIABILITIES AND FUND BALANCES

LIABILITIES			
Accounts Payable	\$ -	\$ 12,309	\$ -
Wages Payable	-	20,214	-
Due to Other Funds	-	127,810	-
Due to Other Governments	-	-	-
Deferred Revenues	-	-	-
TOTAL LIABILITIES	-	160,333	-
FUND BALANCES			
Reserved for Capital Expenditures	-	-	-
Unreserved, Undesignated	356,448	(17,130)	32
TOTAL LIABILITIES AND FUND BALANCES	\$ 356,448	\$ 143,203	\$ 32

District Clerk Records Mgmt. Fund	TOTAL Special Revenue Funds
\$ 26,198	\$ 1,637,503
-	9,808,130
-	234,437
-	1,008
-	46,732
-	71,518
-	523,331
<u>\$ 26,198</u>	<u>\$ 12,322,659</u>

\$ -	\$ 1,123,822
-	484,203
-	344,755
-	24,412
-	435,936
<u>-</u>	<u>2,413,128</u>
-	-
26,198	9,909,531
<u>\$ 26,198</u>	<u>\$ 12,322,659</u>

Denton County, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2005

CAPITAL PROJECTS	Road and Bridge Construction Fund	1994 Road Project Construction Fund	1996 Road Project Construction Fund
<u>ASSETS</u>			
Cash	\$ -	\$ -	\$ -
Investments	726,608	-	-
Receivables:			
Taxes	-	-	-
Accrued Interest	-	-	-
Other Receivables	-	-	-
Due from Other Funds	-	-	-
Due from Other Governments	-	-	-
TOTAL ASSETS	\$ 726,608	\$ -	\$ -

LIABILITIES AND FUND BALANCES

LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
Wages Payable	-	-	-
Due to Other Funds	183,742	-	-
Due to Other Governments	-	-	-
Deferred Revenues	-	-	-
TOTAL LIABILITIES	183,742	-	-
FUND BALANCES			
Reserved for Capital Expenditures	542,866	-	-
Unreserved, Undesignated	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 726,608	\$ -	\$ -

1999 Road Project Construction Fund	1999 Tax Note Project Fund	1999 Certificate of Obligation Fund	2000 Road Project Construction Fund	2002 Tax Note Project Fund
\$ 779,483	\$ -	\$ -	\$ 186,033	\$ -
191,320	269,079	16,902	3,068,470	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 970,803</u>	<u>\$ 269,079</u>	<u>\$ 16,902</u>	<u>\$ 3,254,503</u>	<u>\$ -</u>
\$ 70,195	\$ -	\$ 5,171	\$ 200,165	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>70,195</u>	<u>-</u>	<u>5,171</u>	<u>200,165</u>	<u>-</u>
900,608	269,079	11,731	3,054,338	-
-	-	-	-	-
<u>\$ 970,803</u>	<u>\$ 269,079</u>	<u>\$ 16,902</u>	<u>\$ 3,254,503</u>	<u>\$ -</u>

Denton County, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2005

CAPITAL PROJECTS	2003 Tax Note Project Fund	2004 Tax Note Project Fund	2005 Road Bond Project Fund
<u>ASSETS</u>			
Cash	\$ 163	\$ 18	\$ 124
Investments	1,022,480	2,645,960	45,725,235
Receivables:			
Taxes	-	-	-
Accrued Interest	-	-	-
Other Receivables	-	-	-
Due from Other Funds	-	-	-
Due from Other Governments	-	-	-
TOTAL ASSETS	<u>\$ 1,022,643</u>	<u>\$ 2,645,978</u>	<u>\$ 45,725,359</u>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts Payable	\$ 295,933	\$ 54	\$ 3,828,195
Wages Payable	-	-	-
Due to Other Funds	-	-	-
Due to Other Governments	-	-	-
Deferred Revenues	-	-	-
TOTAL LIABILITIES	<u>295,933</u>	<u>54</u>	<u>3,828,195</u>
FUND BALANCES			
Reserved for Capital Expenditures	726,710	2,645,924	41,897,164
Unreserved, Undesignated	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,022,643</u>	<u>\$ 2,645,978</u>	<u>\$ 45,725,359</u>

2005 Certificates of Obligation Fund	TOTAL Capital Projects Funds	TOTAL Nonmajor Governmental Funds
\$ -	\$ 965,821	\$ 2,603,324
-	53,666,054	63,474,184
-	-	234,437
-	-	1,008
-	-	46,732
-	-	71,518
-	-	523,331
<u>\$ -</u>	<u>\$ 54,631,875</u>	<u>\$ 66,954,534</u>
\$ -	\$ 4,399,713	\$ 5,523,535
-	-	484,203
5,000	188,742	533,497
-	-	24,412
-	-	435,936
<u>5,000</u>	<u>4,588,455</u>	<u>7,001,583</u>
(5,000)	50,043,420	50,043,420
-	-	9,909,531
<u>\$ -</u>	<u>\$ 54,631,875</u>	<u>\$ 66,954,534</u>

Denton County, Texas
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2005

SPECIAL REVENUE	Road & Bridge Fund	Jury Fund	Juvenile Probation Fund	Voter Registration Fund
REVENUES				
Taxes	\$ 1,050,708	\$179,142	\$5,189,281	\$ -
Licenses and Permits	7,194,834	-	-	-
Intergovernmental	82,611	-	2,780,239	3,992
Fees of Office	8,370	30,264	44,822	70,323
Fines	-	-	-	-
Interest	73,556	2,968	58,032	2,279
Miscellaneous	37,091	-	7,230	-
TOTAL REVENUES	8,447,170	212,374	8,079,604	76,594
EXPENDITURES				
General Government	-	-	-	19,364
Judicial	-	234,695	-	-
Legal	-	-	-	-
Financial	-	-	-	-
Public Facilities	-	-	-	-
Public Safety	-	-	7,795,870	-
Health and Welfare	-	-	-	-
Roads	7,610,868	-	-	-
Intergovernmental	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	7,610,868	234,695	7,795,870	19,364
Excess (Deficiency) of Revenues Over Expenditures	836,302	(22,321)	283,734	57,230
Other Financing Sources (Uses):				
Bond Proceeds	-	-	-	-
Bond Premium	-	-	-	-
Capital Lease Financing	599,842	-	-	-
Operating Transfers In	-	-	40,000	-
Operating Transfers Out	-	-	-	(12,865)
Total Other Financing Sources (Uses)	599,842	-	40,000	(12,865)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	1,436,144	(22,321)	323,734	44,365
FUND BALANCES AT BEGINNING OF YEAR	1,495,870	98,195	449,817	28,844
FUND BALANCES AT END OF YEAR	\$ 2,932,014	\$ 75,874	\$ 773,551	\$ 73,209

Indigent Care Fund	Public Health Fund	Law Library Fund	County Clerk Records Mgmt. Fund	County Clerk Records Archive Fund	Courthouse Security Fund
\$ 1,915,759	\$ 1,054,460	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	1,393,000	-	-	-	-
-	515,054	238,385	817,292	809,785	306,493
-	-	-	-	-	-
20,156	24,914	6,351	1,801	35,845	4,124
-	-	15,171	-	-	-
<u>1,935,915</u>	<u>2,987,428</u>	<u>259,907</u>	<u>819,093</u>	<u>845,630</u>	<u>310,617</u>
-	-	197,552	913,539	-	-
-	-	-	-	-	367,098
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,868,184	3,208,622	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,868,184</u>	<u>3,208,622</u>	<u>197,552</u>	<u>913,539</u>	<u>-</u>	<u>367,098</u>
<u>67,731</u>	<u>(221,194)</u>	<u>62,355</u>	<u>(94,446)</u>	<u>845,630</u>	<u>(56,481)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	7,074	-	100,000	-	-
-	-	-	-	-	-
<u>-</u>	<u>7,074</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
<u>67,731</u>	<u>(214,120)</u>	<u>62,355</u>	<u>5,554</u>	<u>845,630</u>	<u>(56,481)</u>
<u>168,852</u>	<u>774,182</u>	<u>173,028</u>	<u>37,282</u>	<u>877,693</u>	<u>131,724</u>
<u>\$ 236,583</u>	<u>\$ 560,062</u>	<u>\$ 235,383</u>	<u>\$ 42,836</u>	<u>\$ 1,723,323</u>	<u>\$ 75,243</u>

Denton County, Texas
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2005

SPECIAL REVENUE	Sheriff's Training Fund	Sheriff's Forfeiture Fund	Vehicle Inventory Tax Interest Fund	Records Management Fund
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	30,151	-	-	-
Fees of Office	-	-	-	154,447
Fines	-	-	-	-
Interest	1,313	3,052	18,195	2,507
Miscellaneous	-	11,721	4,400	-
TOTAL REVENUES	31,464	14,773	22,595	156,954
<u>EXPENDITURES</u>				
General Government	-	-	-	-
Judicial	-	-	-	146,757
Legal	-	-	-	-
Financial	-	-	2,915	-
Public Facilities	-	-	-	-
Public Safety	15,851	28,053	-	-
Health and Welfare	-	-	-	-
Roads	-	-	-	-
Intergovernmental	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	15,851	28,053	2,915	146,757
Excess (Deficiency) of Revenues Over Expenditures	15,613	(13,280)	19,680	10,197
Other Financing Sources (Uses):				
Bond Proceeds	-	-	-	-
Bond Premium	-	-	-	-
Capital Lease Financing	-	-	-	-
Operating Transfers In	-	24,226	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	24,226	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	15,613	10,946	19,680	10,197
FUND BALANCES AT BEGINNING OF YEAR	20,975	74,146	22,823	62,795
FUND BALANCES AT END OF YEAR	\$ 36,588	\$ 85,092	\$ 42,503	\$ 72,992

District Attorney Check Fee Fund	District Attorney Forfeiture Fund	TNCP Grant Fund	Women, Infants, and Children Fund	Health Care Relief Fund	Probate Court Contribution Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
33,630	-	202	1,229,262	233,402	2,744
164,224	-	-	-	-	-
-	-	-	-	-	-
660	5,051	-	-	69,448	231
-	42,247	-	-	-	-
<u>198,514</u>	<u>47,298</u>	<u>202</u>	<u>1,229,262</u>	<u>302,850</u>	<u>2,975</u>
-	-	-	-	-	-
-	-	-	-	-	35,939
279,107	4,562	-	-	-	-
-	-	-	-	-	-
-	-	143	-	-	-
-	-	-	1,243,536	947,913	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>279,107</u>	<u>4,562</u>	<u>143</u>	<u>1,243,536</u>	<u>947,913</u>	<u>35,939</u>
<u>(80,593)</u>	<u>42,736</u>	<u>59</u>	<u>(14,274)</u>	<u>(645,063)</u>	<u>(32,964)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,451	-	-	-	107,235	25,000
-	(2,789)	(42,486)	-	(143,836)	-
<u>2,451</u>	<u>(2,789)</u>	<u>(42,486)</u>	<u>-</u>	<u>(36,601)</u>	<u>25,000</u>
<u>(78,142)</u>	<u>39,947</u>	<u>(42,427)</u>	<u>(14,274)</u>	<u>(681,664)</u>	<u>(7,964)</u>
<u>56,213</u>	<u>156,165</u>	<u>42,427</u>	<u>41,514</u>	<u>3,058,971</u>	<u>7,964</u>
<u>\$ (21,929)</u>	<u>\$ 196,112</u>	<u>\$ -</u>	<u>\$ 27,240</u>	<u>\$ 2,377,307</u>	<u>\$ -</u>

Denton County, Texas
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2005

SPECIAL REVENUE	JP Court Technology Fund	Bioterrorism Grant Fund	Federal Health Care Facility Grant Fund
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-
Intergovernmental	-	715,320	(13,971)
Fees of Office	98,413	-	15,499
Fines	-	-	-
Interest	8,365	-	298
Miscellaneous	-	36	4,996
TOTAL REVENUES	106,778	715,356	6,822
EXPENDITURES			
General Government	-	-	-
Judicial	11,429	-	-
Legal	-	-	-
Financial	-	-	-
Public Facilities	-	-	-
Public Safety	-	-	-
Health and Welfare	-	720,189	149,902
Roads	-	-	-
Intergovernmental	-	-	-
Capital Outlay	-	-	-
TOTAL EXPENDITURES	11,429	720,189	149,902
Excess (Deficiency) of Revenues Over Expenditures	95,349	(4,833)	(143,080)
Other Financing Sources (Uses):			
Bond Proceeds	-	-	-
Bond Premium	-	-	-
Capital Lease Financing	-	-	-
Operating Transfers In	-	-	143,836
Operating Transfers Out	-	-	(7,074)
Total Other Financing Sources (Uses)	-	-	136,762
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	95,349	(4,833)	(6,318)
FUND BALANCES AT BEGINNING OF YEAR	261,099	(12,297)	6,350
FUND BALANCES AT END OF YEAR	\$ 356,448	\$ (17,130)	\$ 32

District Clerk Records Mgmt. Fund	TOTAL SPECIAL REV September 30, 2005
\$ -	\$ 9,389,350
-	7,194,834
-	6,490,582
38,767	3,312,138
-	-
455	339,601
-	122,892
<u>39,222</u>	<u>26,849,397</u>
-	1,130,455
11,841	807,759
-	283,669
-	2,915
-	-
-	7,839,917
-	8,138,346
-	7,610,868
-	-
-	-
<u>11,841</u>	<u>25,813,929</u>
<u>27,381</u>	<u>1,035,468</u>
-	-
-	-
-	599,842
-	449,822
(7,963)	(217,013)
<u>(7,963)</u>	<u>832,651</u>
<u>19,418</u>	<u>1,868,119</u>
<u>6,780</u>	<u>8,041,412</u>
<u>\$ 26,198</u>	<u>\$ 9,909,531</u>

Denton County, Texas
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2005

CAPITAL PROJECTS	Road & Bridge Construction Fund	1994 Road Project Construction Fund	1996 Road Project Constructon Fund
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-
Intergovernmental	-	-	-
Fees of Office	-	-	-
Fines	-	-	-
Interest	21,244	-	-
Miscellaneous	-	-	-
TOTAL REVENUES	21,244	-	-
EXPENDITURES			
General Government	-	-	-
Judicial	-	-	-
Legal	-	-	-
Financial	-	-	-
Public Facilities	-	-	-
Public Safety	-	-	-
Health and Welfare	-	-	-
Roads	-	-	-
Intergovernmental	90,125	-	-
Capital Outlay	-	-	-
TOTAL EXPENDITURES	90,125	-	-
Excess (Deficiency) of Revenues Over Expenditures	(68,881)	-	-
Other Financing Sources (Uses):			
Bond Proceeds	-	-	-
Bond Premium	-	-	-
Capital Lease Financing	-	-	-
Operating Transfers In	469,469	-	-
Operating Transfers Out	(201,850)	(439,941)	(29,528)
Total Other Financing Sources (Uses)	267,619	(439,941)	(29,528)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	198,738	(439,941)	(29,528)
FUND BALANCES AT BEGINNING OF YEAR	344,128	439,941	29,528
FUND BALANCES AT END OF YEAR	\$ 542,866	\$ -	\$ -

1999 Road Project Construction Fund	1999 Tax Note Project Fund	1999 Certificates of Obligation Fund	2000 Road Project Construction Fund	2002 Tax Note Project Fund
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
20,000	-	-	-	(1,576)
-	-	-	-	-
-	-	-	-	-
36,182	7,310	2,707	137,815	-
-	-	-	-	702
56,182	7,310	2,707	137,815	(874)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	9,756	-	-	-
-	-	-	-	-
-	-	-	-	-
320,396	-	-	370,139	-
1,334,772	-	-	3,566,368	-
-	-	95,130	657,222	52,749
1,655,168	9,756	95,130	4,593,729	52,749
(1,598,986)	(2,446)	(92,423)	(4,455,914)	(53,623)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	201,850	-
-	-	-	-	-
-	-	-	201,850	-
(1,598,986)	(2,446)	(92,423)	(4,254,064)	(53,623)
2,499,594	271,525	104,154	7,308,402	53,623
\$ 900,608	\$ 269,079	\$ 11,731	\$ 3,054,338	\$ -

Denton County, Texas
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2005

CAPITAL PROJECTS	2003 Tax Note Project Fund	2004 Tax Note Project Fund	2005 Road Bond Project Fund
<u>REVENUES</u>			
Taxes	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-
Intergovernmental	-	-	497,828
Fees of Office	-	-	-
Fines	-	-	-
Interest	72,875	72,904	1,039,709
Miscellaneous	-	-	-
TOTAL REVENUES	72,875	72,904	1,537,537
<u>EXPENDITURES</u>			
General Government	-	-	-
Judicial	-	-	-
Legal	-	-	-
Financial	-	-	-
Public Facilities	7,790	146,187	-
Public Safety	-	-	-
Health and Welfare	-	-	-
Roads	-	-	136,761
Intergovernmental	-	-	9,570,688
Capital Outlay	2,707,379	157,152	489,191
TOTAL EXPENDITURES	2,715,169	303,339	10,196,640
Excess (Deficiency) of Revenues Over Expenditures	(2,642,294)	(230,435)	(8,659,103)
Other Financing Sources (Uses):			
Bond Proceeds	-	-	50,000,000
Bond Premium	-	-	556,267
Capital Lease Financing	-	-	-
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	50,556,267
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(2,642,294)	(230,435)	41,897,164
FUND BALANCES AT BEGINNING OF YEAR	3,369,004	2,876,359	-
FUND BALANCES AT END OF YEAR	\$ 726,710	\$ 2,645,924	\$ 41,897,164

2005 Certificates of Obligation Fund	TOTAL Capital Projects September 30, 2005	TOTAL Special Revenue & Capital Projects September 30, 2005
\$ -	\$ -	\$ 9,389,350
-	-	7,194,834
-	516,252	7,006,834
-	-	3,312,138
-	-	-
-	1,390,746	1,730,347
-	702	123,594
-	1,907,700	28,757,097
-	-	1,130,455
-	-	807,759
-	-	283,669
-	-	2,915
5,000	168,733	168,733
-	-	7,839,917
-	-	8,138,346
-	827,296	8,438,164
-	14,561,953	14,561,953
-	4,158,823	4,158,823
5,000	19,716,805	45,530,734
(5,000)	(17,809,105)	(16,773,637)
-	50,000,000	50,000,000
-	556,267	556,267
-	-	599,842
-	671,319	1,121,141
-	(671,319)	(888,332)
-	50,556,267	51,388,918
(5,000)	32,747,162	34,615,281
-	17,296,258	25,337,670
\$ (5,000)	\$ 50,043,420	\$ 59,952,951

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, 2005

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ 1,004,637	\$ 1,004,637	\$ 1,050,708	\$ 46,071
Licenses and Permits	6,840,000	6,840,000	7,194,834	354,834
Intergovernmental	82,000	82,000	82,611	611
Fees of Office	40,000	40,000	8,370	(31,630)
Fines	-	-	-	-
Interest	30,000	30,000	73,556	43,556
Miscellaneous	-	-	37,091	37,091
TOTAL REVENUES	<u>7,996,637</u>	<u>7,996,637</u>	<u>8,447,170</u>	<u>450,533</u>
<u>EXPENDITURES</u>				
Current:				
Roads:	<u>8,818,343</u>	<u>8,953,013</u>	<u>7,011,026</u>	<u>1,941,987</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(821,706)</u>	<u>(956,376)</u>	<u>1,436,144</u>	<u>2,392,520</u>
Other Financing Sources (Uses):				
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>
Total Other Financing Sources	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>
Net Change in Fund Balances	<u>(821,706)</u>	<u>(1,006,376)</u>	<u>1,436,144</u>	<u>2,442,520</u>
FUND BALANCES - BEGINNING	<u>1,495,870</u>	<u>1,495,870</u>	<u>1,495,870</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 674,164</u>	<u>\$ 489,494</u>	<u>\$ 2,932,014</u>	<u>\$ 2,442,520</u>

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, 2005

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ 169,621	\$ 169,621	\$ 179,142	\$ 9,521
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	28,000	28,000	30,264	2,264
Fines	-	-	-	-
Interest	2,000	2,000	2,968	968
Miscellaneous	-	-	-	-
TOTAL REVENUES	199,621	199,621	212,374	12,753
<u>EXPENDITURES</u>				
Current:				
Judicial	226,002	226,002	234,695	(8,693)
Excess (Deficiency) of Revenues Over Expenditures	(26,381)	(26,381)	(22,321)	4,060
Other Financing Sources (Uses):				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	(26,381)	(26,381)	(22,321)	4,060
FUND BALANCES - BEGINNING	98,195	98,195	98,195	-
FUND BALANCES - ENDING	\$ 71,814	\$ 71,814	\$ 75,874	\$ 4,060

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, 2005

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ 4,953,327	\$ 4,953,327	\$ 5,189,281	\$ 235,954
Licenses and Permits	-	-	-	-
Intergovernmental	2,927,983	2,927,983	2,780,239	(147,744)
Fees of Office	50,000	50,000	44,822	(5,178)
Fines	-	-	-	-
Interest	20,000	20,000	58,032	38,032
Miscellaneous	-	-	7,230	7,230
TOTAL REVENUES	7,951,310	7,951,310	8,079,604	128,294
<u>EXPENDITURES</u>				
Current:				
Public Safety	8,126,628	8,169,588	7,795,870	373,718
Excess (Deficiency) of Revenues Over Expenditures	(175,318)	(218,278)	283,734	502,012
Other Financing Sources (Uses):				
Operating Transfers In	-	40,000	40,000	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources	-	40,000	40,000	-
Net Change in Fund Balances	(175,318)	(178,278)	323,734	502,012
FUND BALANCES - BEGINNING	449,817	449,817	449,817	-
FUND BALANCES - ENDING	\$ 274,499	\$ 271,539	\$ 773,551	\$ 502,012

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, 2005

	<u>Budget (Original)</u>	<u>Budget (Revised)</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>REVENUES</u>				
Taxes	\$ 1,827,485	\$ 1,827,485	\$ 1,915,759	\$ 88,274
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	6,000	6,000	20,156	14,156
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>1,833,485</u>	<u>1,833,485</u>	<u>1,935,915</u>	<u>102,430</u>
<u>EXPENDITURES</u>				
Current:				
Health & Welfare	<u>1,836,388</u>	<u>1,936,388</u>	<u>1,868,184</u>	<u>68,204</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,903)</u>	<u>(102,903)</u>	<u>67,731</u>	<u>170,634</u>
Other Financing Sources (Uses):				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(2,903)</u>	<u>(102,903)</u>	<u>67,731</u>	<u>170,634</u>
FUND BALANCES - BEGINNING	<u>168,852</u>	<u>168,852</u>	<u>168,852</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 165,949</u>	<u>\$ 65,949</u>	<u>\$ 236,583</u>	<u>\$ 170,634</u>

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, 2005

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ 1,005,044	\$ 1,005,044	\$ 1,054,460	\$ 49,416
Licenses and Permits	-	-	-	-
Intergovernmental	1,222,000	1,301,469	1,393,000	91,531
Fees of Office	530,000	530,000	515,054	(14,946)
Fines	-	-	-	-
Interest	10,000	10,000	24,914	14,914
Miscellaneous	-	-	-	-
TOTAL REVENUES	2,767,044	2,846,513	2,987,428	140,915
<u>EXPENDITURES</u>				
Current:				
Health & Welfare	3,120,349	3,200,023	3,208,622	(8,599)
Excess (Deficiency) of Revenues Over Expenditures	(353,305)	(353,510)	(221,194)	132,316
Other Financing Sources (Uses):				
Operating Transfers In	-	55	7,074	7,019
Operating Transfers Out	-	-	-	-
Total Other Financing Sources	-	55	7,074	7,019
Net Change in Fund Balances	(353,305)	(353,455)	(214,120)	139,335
FUND BALANCES - BEGINNING	774,182	774,182	774,182	-
FUND BALANCES - ENDING	\$ 420,877	\$ 420,727	\$ 560,062	\$ 139,335

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, 2005

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	192,000	192,000	238,385	46,385
Fines	-	-	-	-
Interest	2,000	2,000	6,351	4,351
Miscellaneous	7,500	7,500	15,171	7,671
TOTAL REVENUES	201,500	201,500	259,907	58,407
<u>EXPENDITURES</u>				
Current:				
General Government	255,926	255,926	197,552	58,374
Excess (Deficiency) of Revenues Over Expenditures	(54,426)	(54,426)	62,355	116,781
Other Financing Sources (Uses):				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	(54,426)	(54,426)	62,355	116,781
FUND BALANCES - BEGINNING	173,028	173,028	173,028	-
FUND BALANCES - ENDING	\$ 118,602	\$ 118,602	\$ 235,383	\$ 116,781

Denton County, Texas
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
COUNTY CLERK RECORDS MANAGEMENT SPECIAL REVENUE FUND
For the Fiscal Year Ended September 30, 2005

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	925,000	925,000	817,292	(107,708)
Fines	-	-	-	-
Interest	1,000	1,000	1,801	801
Miscellaneous	-	-	-	-
TOTAL REVENUES	926,000	926,000	819,093	(106,907)
<u>EXPENDITURES</u>				
Current:				
General Government	1,168,536	1,168,536	913,539	254,997
Excess (Deficiency) of Revenues Over Expenditures	(242,536)	(242,536)	(94,446)	148,090
Other Financing Sources (Uses):				
Operating Transfers In	250,277	250,277	100,000	(150,277)
Operating Transfers Out	-	-	-	-
Total Other Financing Sources	250,277	250,277	100,000	(150,277)
Net Change in Fund Balances	7,741	7,741	5,554	(2,187)
FUND BALANCES - BEGINNING	37,282	37,282	37,282	-
FUND BALANCES - ENDING	\$ 45,023	\$ 45,023	\$ 42,836	\$ (2,187)

Denton County, Texas
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
COUNTY CLERK RECORDS ARCHIVE SPECIAL REVENUE FUND
For the Fiscal Year Ended September 30, 2005

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	925,000	925,000	809,785	(115,215)
Fines	-	-	-	-
Interest	20,000	20,000	35,845	15,845
Miscellaneous	-	-	-	-
TOTAL REVENUES	945,000	945,000	845,630	(99,370)
<u>EXPENDITURES</u>				
Current:				
General Government	1,000,000	1,000,000	-	1,000,000
Excess (Deficiency) of Revenues Over Expenditures	(55,000)	(55,000)	845,630	900,630
Other Financing Sources (Uses):				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	(55,000)	(55,000)	845,630	900,630
FUND BALANCES - BEGINNING	877,693	877,693	877,693	-
FUND BALANCES - ENDING	\$ 822,693	\$ 822,693	\$ 1,723,323	\$ 900,630

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, 2005

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	325,000	325,000	306,493	(18,507)
Fines	-	-	-	-
Interest	3,000	3,000	4,124	1,124
Miscellaneous	-	-	-	-
TOTAL REVENUES	328,000	328,000	310,617	(17,383)
<u>EXPENDITURES</u>				
Current:				
Judicial	426,000	435,336	367,098	68,238
Excess (Deficiency) of Revenues Over Expenditures	(98,000)	(107,336)	(56,481)	50,855
Other Financing Sources (Uses):				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	(98,000)	(107,336)	(56,481)	50,855
FUND BALANCES - BEGINNING	131,724	131,724	131,724	-
FUND BALANCES - ENDING	\$ 33,724	\$ 24,388	\$ 75,243	\$ 50,855

Denton County, Texas
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
SHERIFF'S FORFEITURE FUND
For the Fiscal Year Ended September 30, 2005

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	1,200	1,200	3,052	1,852
Miscellaneous	-	-	11,721	11,721
TOTAL REVENUES	1,200	1,200	14,773	13,573
<u>EXPENDITURES</u>				
Current:				
Public Safety	73,058	73,058	28,053	45,005
Excess (Deficiency) of Revenues Over Expenditures	(71,858)	(71,858)	(13,280)	58,578
Other Financing Sources (Uses):				
Operating Transfers In	-	-	24,226	24,226
Operating Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	24,226	24,226
Net Change in Fund Balances	(71,858)	(71,858)	10,946	82,804
FUND BALANCES - BEGINNING	74,146	74,146	74,146	-
FUND BALANCES - ENDING	\$ 2,288	\$ 2,288	\$ 85,092	\$ 82,804

Denton County, Texas
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
VEHICLE INVENTORY TAX INTEREST FUND
For the Fiscal Year Ended September 30, 2005

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	15,000	15,000	18,195	3,195
Miscellaneous	-	-	4,400	4,400
TOTAL REVENUES	15,000	15,000	22,595	7,595
<u>EXPENDITURES</u>				
Current:				
Financial	20,426	20,426	2,915	17,511
Excess (Deficiency) of Revenues Over Expenditures	(5,426)	(5,426)	19,680	25,106
Other Financing Sources (Uses):				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	(5,426)	(5,426)	19,680	25,106
FUND BALANCES - BEGINNING	22,823	22,823	22,823	-
FUND BALANCES - ENDING	\$ 17,397	\$ 17,397	\$ 42,503	\$ 25,106

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, 2005

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	140,000	140,000	154,447	14,447
Fines	-	-	-	-
Interest	1,000	1,000	2,507	1,507
Miscellaneous	-	-	-	-
TOTAL REVENUES	141,000	141,000	156,954	15,954
<u>EXPENDITURES</u>				
Current:				
Judicial	152,908	155,464	146,757	8,707
Excess (Deficiency) of Revenues Over Expenditures	(11,908)	(14,464)	10,197	24,661
Other Financing Sources (Uses):				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	(11,908)	(14,464)	10,197	24,661
FUND BALANCES - BEGINNING	62,795	62,795	62,795	-
FUND BALANCES - ENDING	\$ 50,887	\$ 48,331	\$ 72,992	\$ 24,661

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
DISTRICT ATTORNEY CHECK FEE FUND
For the Fiscal Year Ended September 30, 2005**

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	40,000	40,000	33,630	(6,370)
Fees of Office	235,000	235,000	164,224	(70,776)
Fines	-	-	-	-
Interest	2,500	2,500	660	(1,840)
Miscellaneous	-	-	-	-
TOTAL REVENUES	277,500	277,500	198,514	(78,986)
<u>EXPENDITURES</u>				
Current:				
Legal	371,833	375,994	279,107	96,887
Excess (Deficiency) of Revenues Over Expenditures	(94,333)	(98,494)	(80,593)	17,901
Other Financing Sources (Uses):				
Operating Transfers In	-	2,451	2,451	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources	-	2,451	2,451	-
Net Change in Fund Balances	(94,333)	(96,043)	(78,142)	17,901
FUND BALANCES - BEGINNING	56,213	56,213	56,213	-
FUND BALANCES - ENDING	\$ (38,120)	\$ (39,830)	\$ (21,929)	\$ 17,901

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
DISTRICT ATTORNEY FORFEITURE FUND
For the Fiscal Year Ended September 30, 2005**

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	2,000	2,000	5,051	3,051
Miscellaneous	25,000	25,000	42,247	17,247
TOTAL REVENUES	27,000	27,000	47,298	20,298
<u>EXPENDITURES</u>				
Current:				
Legal	46,102	43,313	4,562	38,751
Excess (Deficiency) of Revenues Over Expenditures	(19,102)	(16,313)	42,736	59,049
Other Financing Sources (Uses):				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	(2,789)	(2,789)	-
Total Other Financing Sources	-	(2,789)	(2,789)	-
Net Change in Fund Balances	(19,102)	(19,102)	39,947	59,049
FUND BALANCES - BEGINNING	156,165	156,165	156,165	-
FUND BALANCES - ENDING	\$ 137,063	\$ 137,063	\$ 196,112	\$ 59,049

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, 2005**

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	200,000	200,000	233,402	33,402
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	40,000	40,000	69,448	29,448
Miscellaneous	-	-	-	-
TOTAL REVENUES	240,000	240,000	302,850	62,850
<u>EXPENDITURES</u>				
Current:				
Health and Welfare	814,241	923,139	947,913	(24,774)
Excess (Deficiency) of Revenues Over Expenditures	(574,241)	(683,139)	(645,063)	38,076
Other Financing Sources (Uses):				
Operating Transfers In	-	107,235	107,235	-
Operating Transfers Out	-	(143,836)	(143,836)	-
Total Other Financing Sources	-	(36,601)	(36,601)	-
Net Change in Fund Balances	(574,241)	(719,740)	(681,664)	38,076
FUND BALANCES - BEGINNING	3,058,971	3,058,971	3,058,971	-
FUND BALANCES - ENDING	\$ 2,484,730	\$ 2,339,231	\$ 2,377,307	\$ 38,076

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, 2005

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	20,000	20,000	2,744	(17,256)
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	300	300	231	(69)
Miscellaneous	-	-	-	-
TOTAL REVENUES	20,300	20,300	2,975	(17,325)
<u>EXPENDITURES</u>				
Current:				
Judicial	55,849	55,849	35,939	19,910
Excess (Deficiency) of Revenues Over Expenditures	(35,549)	(35,549)	(32,964)	2,585
Other Financing Sources (Uses):				
Operating Transfers In	25,000	25,000	25,000	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources	25,000	25,000	25,000	-
Net Change in Fund Balances	(10,549)	(10,549)	(7,964)	2,585
FUND BALANCES - BEGINNING	7,964	7,964	7,964	-
FUND BALANCES - ENDING	\$ (2,585)	\$ (2,585)	\$ -	\$ 2,585

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, 2005

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	85,000	85,000	98,413	13,413
Fines	-	-	-	-
Interest	2,500	2,500	8,365	5,865
Miscellaneous	-	-	-	-
TOTAL REVENUES	87,500	87,500	106,778	19,278
<u>EXPENDITURES</u>				
Current:				
Judicial	104,476	104,476	11,429	93,047
Excess (Deficiency) of Revenues Over Expenditures	(16,976)	(16,976)	95,349	112,325
Other Financing Sources (Uses):				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	(16,976)	(16,976)	95,349	112,325
FUND BALANCES - BEGINNING	261,099	261,099	261,099	-
FUND BALANCES - ENDING	\$ 244,123	\$ 244,123	\$ 356,448	\$ 112,325

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, 2005

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	716,994	741,654	715,320	(26,334)
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	36	36
TOTAL REVENUES	716,994	741,654	715,356	(26,298)
<u>EXPENDITURES</u>				
Current:				
Health and Welfare	716,994	741,654	720,189	21,465
Excess (Deficiency) of Revenues Over Expenditures	-	-	(4,833)	(4,833)
Other Financing Sources (Uses):				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	-	-	(4,833)	(4,833)
FUND BALANCES - BEGINNING	(12,297)	(12,297)	(12,297)	-
FUND BALANCES - ENDING	\$ (12,297)	\$ (12,297)	\$ (17,130)	\$ (4,833)

Denton County, Texas
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
FEDERAL HEALTH CARE FACILITY GRANT FUND
For the Fiscal Year Ended September 30, 2005

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	-	-	1,528	1,528
Fines	-	-	-	-
Interest	-	-	298	298
Miscellaneous	-	-	4,996	4,996
TOTAL REVENUES	-	-	6,822	6,822
<u>EXPENDITURES</u>				
Current:				
Health	-	130,524	149,902	(19,378)
Excess (Deficiency) of Revenues Over Expenditures	-	(130,524)	(143,080)	(12,556)
Other Financing Sources (Uses):				
Operating Transfers In	-	129,865	143,836	13,971
Operating Transfers Out	-	(7,074)	(7,074)	-
Total Other Financing Sources	-	122,791	136,762	13,971
Net Change in Fund Balances	-	(7,733)	(6,318)	1,415
FUND BALANCES - BEGINNING	6,350	6,350	6,350	-
FUND BALANCES - ENDING	\$ 6,350	\$ (1,383)	\$ 32	\$ 1,415

Denton County, Texas
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
DISTRICT CLERK RECORDS MANAGEMENT FUND
For the Fiscal Year Ended September 30, 2005

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	35,000	35,000	38,767	3,767
Fines	-	-	-	-
Interest	500	500	455	(45)
Miscellaneous	-	-	-	-
TOTAL REVENUES	35,500	35,500	39,222	3,722
<u>EXPENDITURES</u>				
Current:				
Judicial	28,000	20,037	11,841	8,196
Excess (Deficiency) of Revenues Over Expenditures	7,500	15,463	27,381	11,918
Other Financing Sources (Uses):				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	(7,963)	(7,963)	-
Total Other Financing Sources	-	(7,963)	(7,963)	-
Net Change in Fund Balances	7,500	7,500	19,418	11,918
FUND BALANCES - BEGINNING	6,780	6,780	6,780	-
FUND BALANCES - ENDING	\$ 14,280	\$ 14,280	\$ 26,198	\$ 11,918

DEBT SERVICE FUND

The purpose of this fund is to accumulate monies for payment of debt service on general obligation bonds, certificates of deposit and tax notes which are due in annual installments.

The primary source of funding is property taxes.

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, 2005

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 12,484,106	\$ 12,484,106	\$ 13,081,905	\$ 597,799
Intergovernmental	1,926,665	1,926,665	2,849,332	922,667
Interest	120,000	120,000	178,797	58,797
TOTAL REVENUES	14,530,771	14,530,771	16,110,034	1,579,263
EXPENDITURES				
Debt Service:				
Principal Retirement	9,145,000	9,445,000	9,445,000	-
Interest	6,162,382	5,843,428	5,843,424	4
Bank Charges	13,000	256,704	217,156	39,548
TOTAL EXPENDITURES	15,320,382	15,545,132	15,505,580	39,552
Excess (Deficiency) of Revenues Over Expenditures	(789,611)	(1,014,361)	604,454	1,618,815
Other Financing Sources (Uses):				
Bond Proceeds	-	-	-	-
Bond Premium	-	224,750	2,309,952	2,085,202
Operating Transfers In	20,894	20,894	-	(20,894)
Operating Transfers Out	-	-	-	-
Proceeds of Refunding Bonds	-	-	51,830,000	51,830,000
Payments to Escrow Agent	-	-	(53,243,364)	(53,243,364)
Total Other Financing Sources (Uses)	20,894	245,644	896,588	650,944
Net Change in Fund Balances	(768,717)	(768,717)	1,501,042	2,269,759
FUND BALANCE - BEGINNING	1,209,971	1,209,971	1,209,971	-
FUND BALANCE - ENDING	\$ 441,254	\$ 441,254	\$ 2,711,013	\$ 2,269,759



FIDUCIARY FUNDS

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

Pretrial Services; Texas Adult Probation; County Clerk; District Clerk; Tax Collector; Justices of the Peace; Sheriff; Treatment Alternatives to Incarceration; Other Agency; Community Corrections Grant; Electronic Supervision, and Denton County Housing Authority Agency Funds.

Denton County, Texas
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
September 30, 2005

	Texas Adult Probation Fund	County Clerk Agency Fund	District Clerk Agency Fund	Tax Collector Agency Fund
<u>ASSETS</u>				
Cash	\$ 694,323	\$ 407,450	\$1,763,442	\$5,285,405
Investments	2,221,998	3,908,296	-	1,504,447
Accrued Interest	533	-	-	-
Other Assets	-	-	-	-
Due from Other Funds	888	-	-	-
Due from Other Govts	-	-	-	-
TOTAL ASSETS	<u>\$2,917,742</u>	<u>\$4,315,746</u>	<u>\$1,763,442</u>	<u>\$6,789,852</u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts Payable	\$ 5,562	\$ -	\$ -	\$ -
Wages Payable	125,438	-	-	-
Due to Other Funds	-	-	-	-
Due to Other Governments	2,556,790	-	-	6,789,852
Due to Beneficiaries	229,952	4,315,746	1,763,442	-
TOTAL LIABILITIES	<u>2,917,742</u>	<u>4,315,746</u>	<u>1,763,442</u>	<u>6,789,852</u>
TOTAL LIABILITIES	<u>\$2,917,742</u>	<u>\$4,315,746</u>	<u>\$1,763,442</u>	<u>\$6,789,852</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>	<u>Community Corrections Grant Fund</u>
\$ 163,980	\$402,890	\$ 36,287	\$ 17,331	\$ 153,248
-	-	-	-	300,953
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 163,980</u>	<u>\$402,890</u>	<u>\$ 36,287</u>	<u>\$ 17,331</u>	<u>\$ 454,201</u>
\$ -	\$ -	\$ 2,535	\$ -	\$ 18,806
-	-	-	-	-
-	-	2	-	886
-	-	33,750	-	434,509
<u>163,980</u>	<u>402,890</u>	<u>-</u>	<u>17,331</u>	<u>-</u>
<u>163,980</u>	<u>402,890</u>	<u>36,287</u>	<u>17,331</u>	<u>454,201</u>
<u>\$ 163,980</u>	<u>\$402,890</u>	<u>\$ 36,287</u>	<u>\$ 17,331</u>	<u>\$ 454,201</u>

Denton County, Texas
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS - (Continued)
September 30, 2005

	Housing Finance Authority	TOTAL September 30, 2005
<u>ASSETS</u>		
Cash	\$ 488,839	\$ 9,413,195
Investments	-	\$ 7,935,694
Accrued Interest	-	\$ 533
Other Assets	-	\$ -
Due from Other Funds	-	\$ 888
Due from Other Govts	-	\$ -
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 488,839</u>	<u>\$ 17,350,310</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
LIABILITIES		
Accounts Payable	\$ -	\$ 26,903
Wages Payable	-	\$ 125,438
Due to Other Funds	-	\$ 888
Due to Other Governments	488,839	\$ 10,303,740
Due to Beneficiaries	-	\$ 6,893,341
	<hr/>	<hr/>
TOTAL LIABILITIES	<u>488,839</u>	<u>17,350,310</u>
	<hr/>	<hr/>
TOTAL LIABILITIES	<u>\$ 488,839</u>	<u>\$ 17,350,310</u>

Denton County, Texas
STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES
For the Year Ended September 30, 2005

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>TEXAS ADULT PROBATION FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 2,382,866	\$ 4,072,071	\$ 3,538,616	\$ 2,916,321
Accrued Interest	555	533	555	533
Other Receivables	-			-
Due from Other Funds	1,760	888	1,760	888
Due from Other Govts	-			-
Total Assets	<u>\$ 2,385,181</u>	<u>\$ 4,073,492</u>	<u>\$ 3,540,931</u>	<u>\$ 2,917,742</u>

Liabilities

Accounts Payable	\$ 143,294	\$ 131,000	\$ 143,294	\$ 131,000
Due to Other Funds	15,119		15,119	-
Due to Other Govts	2,012,608	2,556,790	2,012,608	2,556,790
Due to Beneficiaries	214,160	229,952	214,160	229,952
Total Liabilities	<u>\$ 2,385,181</u>	<u>\$ 2,917,742</u>	<u>\$ 2,385,181</u>	<u>\$ 2,917,742</u>

COUNTY CLERK AGENCY FUND

Assets

Cash and Investments	\$ 4,593,658	\$ 1,583,596	\$ 1,861,508	\$ 4,315,746
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 4,593,658</u>	<u>\$ 1,583,596</u>	<u>\$ 1,861,508</u>	<u>\$ 4,315,746</u>

Liabilities

Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	-	-	-	-
Due to Beneficiaries	4,593,658	4,315,746	4,593,658	4,315,746
Total Liabilities	<u>\$ 4,593,658</u>	<u>\$ 4,315,746</u>	<u>\$ 4,593,658</u>	<u>\$ 4,315,746</u>

Denton County, Texas
STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES - (Continued)
For the Year Ended September 30, 2005

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<u>DISTRICT CLERK AGENCY FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 1,704,830	\$ 17,506,479	\$ 17,447,867	\$ 1,763,442
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 1,704,830</u>	<u>\$ 17,506,479</u>	<u>\$ 17,447,867</u>	<u>\$ 1,763,442</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	-	-	-	-
Due to Beneficiaries	1,704,830	1,763,442	1,704,830	1,763,442
Total Liabilities	<u>\$ 1,704,830</u>	<u>\$ 1,763,442</u>	<u>\$ 1,704,830</u>	<u>\$ 1,763,442</u>
<u>TAX COLLECTOR AGENCY FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 6,413,409	\$ 606,322	\$ 229,879	\$ 6,789,852
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 6,413,409</u>	<u>\$ 606,322</u>	<u>\$ 229,879</u>	<u>\$ 6,789,852</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	6,413,409	6,789,852	6,413,409	6,789,852
Due to Beneficiaries	-	-	-	-
Total Liabilities	<u>\$ 6,413,409</u>	<u>\$ 6,789,852</u>	<u>\$ 6,413,409</u>	<u>\$ 6,789,852</u>

Denton County, Texas
STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES - (Continued)
For the Year Ended September 30, 2005

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<u>JUSTICES OF THE PEACE AGENCY FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 297,105	\$ 715,649	\$ 848,774	\$ 163,980
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 297,105</u>	<u>\$ 715,649</u>	<u>\$ 848,774</u>	<u>\$ 163,980</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	-	-	-	-
Due to Beneficiaries	297,105	163,980	297,105	163,980
Total Liabilities	<u>\$ 297,105</u>	<u>\$ 163,980</u>	<u>\$ 297,105</u>	<u>\$ 163,980</u>
<u>SHERIFF AGENCY FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 200,774	\$ 3,042,204	\$ 2,840,088	\$ 402,890
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 200,774</u>	<u>\$ 3,042,204</u>	<u>\$ 2,840,088</u>	<u>\$ 402,890</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	-	-	-	-
Due to Beneficiaries	200,774	402,890	200,774	402,890
Total Liabilities	<u>\$ 200,774</u>	<u>\$ 402,890</u>	<u>\$ 200,774</u>	<u>\$ 402,890</u>

Denton County, Texas
STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES - (Continued)
For the Year Ended September 30, 2005

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<u>TREATMENT ALTERNATIVES TO INCARCERATION FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 55,776	\$ 146,250	\$ 165,739	\$ 36,287
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 55,776</u>	<u>\$ 146,250</u>	<u>\$ 165,739</u>	<u>\$ 36,287</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	2	-	2
Due to Other Govts	55,776	36,285	55,776	36,285
Due to Beneficiaries	-	-	-	-
Total Liabilities	<u>\$ 55,776</u>	<u>\$ 36,287</u>	<u>\$ 55,776</u>	<u>\$ 36,287</u>
<u>OTHER AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and Investments	\$ 8,357	\$ 11,628	\$ 2,654	\$ 17,331
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 8,357</u>	<u>\$ 11,628</u>	<u>\$ 2,654</u>	<u>\$ 17,331</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	-	-	-	-
Due to Beneficiaries	8,357	17,331	8,357	17,331
Total Liabilities	<u>\$ 8,357</u>	<u>\$ 17,331</u>	<u>\$ 8,357</u>	<u>\$ 17,331</u>

Denton County, Texas
STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES - (Continued)
For the Year Ended September 30, 2005

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<u>COMMUNITY CORRECTIONS GRANT FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 252,424	\$ 675,458	\$ 473,681	\$ 454,201
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	15,120	-	15,120	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 267,544</u>	<u>\$ 675,458</u>	<u>\$ 488,801</u>	<u>\$ 454,201</u>

Liabilities

Accounts Payable	\$ 10,506	\$ 18,806	\$ 10,506	\$ 18,806
Due to Other Funds	-	886	-	886
Due to Other Govts	257,038	434,509	257,038	434,509
Due to Beneficiaries	-	-	-	-
Total Liabilities	<u>\$ 267,544</u>	<u>\$ 454,201</u>	<u>\$ 267,544</u>	<u>\$ 454,201</u>

DENTON CO. HOUSING FINANCE AUTHORITY

Assets

Cash and Investments	\$ 475,423	\$ 13,416	-	\$ 488,839
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 475,423</u>	<u>\$ 13,416</u>	<u>\$ -</u>	<u>\$ 488,839</u>

Liabilities

Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	475,423	13,416	-	488,839
Due to Beneficiaries	-	-	-	-
Total Liabilities	<u>\$ 475,423</u>	<u>\$ 13,416</u>	<u>\$ -</u>	<u>\$ 488,839</u>

Denton County, Texas
STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES - (Continued)
For the Year Ended September 30, 2005

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and Investments	\$ 16,384,622	\$ 28,373,073	\$ 27,408,806	\$ 17,348,889
Accrued Interest	555	533	555	533
Other Receivables	-	-	-	-
Due from Other Funds	16,880	888	16,880	888
Due from Other Govts	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 16,402,057</u>	<u>\$ 28,374,494</u>	<u>\$ 27,426,241</u>	<u>\$ 17,350,310</u>
<u>Liabilities</u>				
Accounts Payable	\$ 153,800	\$ 149,806	\$ 153,800	\$ 149,806
Due from Other Funds	15,119	888	15,119	888
Due to Other Govts	9,214,254	9,830,852	8,738,831	10,306,275
Due to Beneficiaries	7,018,884	6,893,341	7,018,884	6,893,341
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 16,402,057</u>	<u>\$ 16,874,887</u>	<u>\$ 15,926,634</u>	<u>\$ 17,350,310</u>

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, 2005**

	<u>2005</u>	<u>2004</u>
Governmental Funds Capital Assets:		
Land	\$ 4,622,587	\$ 4,622,587
Buildings	\$88,225,666	84,302,056
Machinery & Equipment	29,124,395	28,043,140
Infrastructure	128,929,164	125,874,838
Construction in Progress	3,525,391	4,447,564
Total Governmental Funds Capital Assets	<u>\$ 254,427,203</u>	<u>\$ 247,290,185</u>
Investments in Governmental Funds Capital Assets by Source:		
Balance, October 1, 1984	\$ 9,672,545	\$ 9,672,545
General Fund	29,462,824	27,520,728
Special Revenue Funds	127,395,134	126,359,035
Capital Projects Funds	87,896,700	83,737,877
Total Governmental Funds Capital Assets	<u>\$ 254,427,203</u>	<u>\$ 247,290,185</u>

DENTON COUNTY, TEXAS
SCHEDULE OF GENERAL FIXED ASSETS-
BY FUNCTION AND ACTIVITY
Year Ended September 30, 2005

Function and Activity	Total	Land and Buildings	Machinery and Equipment	Infrastructure
General Government	\$4,174,543		\$4,174,543	
Judicial	1,009,448		1,009,448	
Legal	259,548		259,548	
Financial	221,735		221,735	
General Public Facilities	50,371,844	49,242,868	1,128,976	
Public Safety	55,004,850	43,569,888	11,434,962	
Health and Welfare	505,057		505,057	
Conservation	7,343		7,343	
Roads	139,347,444	35,497	10,382,783	128,929,164
Total General Fixed Assets Allocated to Functions	\$250,901,812	\$92,848,253	\$29,124,395	\$128,929,164
Construction in Progress	3,525,391			
Total General Fixed Assets	\$254,427,203			

DENTON COUNTY, TEXAS
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS-
BY FUNCTION AND ACTIVITY
Year Ended September 30, 2005

Function and Activity	General Fixed Assets 10/1/2004	Additions	Deductions	General Fixed Assets 9/30/2005
General Government	\$ 4,356,931	\$ 209,079	\$ 391,467	\$ 4,174,543
Judicial	997,670	60,236.00	48,458.00	1,009,448
Legal	266,601	14,364.00	21,417.00	259,548
Financial	204,007	25,082.00	7,354.00	221,735
General Public Facilities	46,630,356	4,065,727.00	324,239.00	50,371,844
Public Safety	54,395,207	1,561,960.00	952,317.00	55,004,850
Health and Welfare	481,202	23,855.00		505,057
Conservation	9,743	800.00	3,200.00	7,343
Roads	135,500,904	4,223,586.00	377,046.00	139,347,444
Construction in Progress	4,447,564	3,539,805.00	4,461,978.00	3,525,391
Total General Fixed Assets	\$ 247,290,185	\$ 13,724,494	\$ 6,587,476	\$ 254,427,203



DENTON COUNTY, TEXAS

GOVERNMENT-WIDE EXPENSES BY FUNCTION ¹

Last Ten Fiscal Years

Fiscal Year	General Government	Legal and Judicial	Financial	Public Facilities	Public Safety	Health and Welfare
2003	\$ 17,934,501	\$ 19,984,273	\$ 4,269,539	\$ 5,958,066	\$ 41,332,498	\$ 7,270,714
2004	18,927,727	21,925,924	4,257,381	7,109,603	42,228,993	7,761,268
2005	18,070,687	22,944,883	4,601,210	7,790,801	43,683,226	8,356,444

Notes:

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

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
328,000	1,656,576	13,168,371	5,930,076	5,828,359	129,122,278
331,562	1,931,240	13,973,220	14,561,953	7,420,818	143,666,044

DENTON COUNTY
GOVERNMENT-WIDE REVENUES

Last Ten Fiscal Years

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
2004	21,796,273	25,537,006	1,756,443	83,435,160	-	641,891	133,166,773
2005	23,267,620	23,304,951	25,037	92,736,399	-	2,746,876	142,080,883

Notes: ¹ 2003 was the first year to report county-wide data.

DENTON COUNTY
GENERAL REVENUES BY SOURCE ¹

Last Ten Fiscal Years

Fiscal Year	Taxes	Fees and Licenses	Fines	Inter-governmental	Interest Earnings	Misc.	Total
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
2004	83,298,140	18,391,317	3,595,541	12,905,722	422,254	5,582,936	124,195,910
2005	93,082,213	19,218,729	3,990,834	13,773,100	1,356,130	2,431,718	133,852,724

Notes: ¹ Includes General, Special Revenue, and Debt Service Funds

DENTON COUNTY, TEXAS

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION ¹

Last Ten Fiscal Years

Fiscal Year	General Government	Legal and Judicial	Financial	Public Facilities	Public Safety	Health and Welfare
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
2004	15,733,351	21,761,087	4,173,579	5,621,445	40,877,926	7,669,045
2005	14,907,386	22,987,110	4,592,659	6,064,422	44,019,109	8,295,745

Notes:

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

Conservation	Contract Services	Roads	Debt Service	Total
\$ 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
324,708	1,656,576	7,196,127	14,450,424	119,464,268
331,543	1,940,935	7,610,868	15,505,580	126,255,357

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 ¹	Total Current and Delinquent Collections	Percent of Total Tax Collections To Tax Levy
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
2004	82,072,675	81,000,786	98.7	1,206,930	82,207,716	100.2
2005	91,909,495	90,828,110	98.8	1,208,405	92,036,515	100.1

Notes ¹ 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
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	0.26690
1999	0.18982	0.02158	0.03735	0.25590
2000	0.17883	0.01906	0.03715	0.24875
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
2004	0.19117	0.02226	0.03374	0.24717
2005	0.19344	0.02564	0.03572	0.25480

DENTON COUNTY, TEXAS

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year	<u>Real Property</u>		<u>Personal Property</u>	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
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
2004	30,626,556,198	30,626,556,198	2,578,393,917	2,578,393,917
2005	33,107,809,738	33,107,809,738	2,963,420,639	2,963,420,639

<u>Total</u>			Ratio of Total Assessed to Total Estimated Actual Value
Assessed Value	Estimated Actual Value		
\$ 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%
33,204,950,115	33,204,950,115		100%
36,071,230,377	36,071,230,377		100%

Denton County, Texas

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

September 30, 2005

	Net Bonded Debt at September 30, 2005	Percentage Applicable to Denton County (1)	Amount Applicable to Denton County
<u>DIRECT DEBT</u>			
Denton County	\$ 168,696,557	100.00%	\$ <u>168,696,557</u>
<u>OVERLAPPING DEBT</u>			
<u>Cities:</u>			
Argyle	1,890,000	100.00	1,890,000
Aubrey	449,812	100.00	449,812
Bartonville	1,250,000	100.00	1,250,000
Carrollton	188,247,840	35.62	67,053,881
The Colony	70,079,569	100.00	70,079,569
Corinth	19,540,000	100.00	19,540,000
Dallas	1,352,470,790	0.83	11,225,508
Denton	117,304,634	100.00	117,304,634
Flower Mound	75,220,000	100.00	75,220,000
Frisco	205,515,000	11.64	23,921,946
Hackberry	280,000	100.00	280,000
Hickory Creek	3,050,000	100.00	3,050,000
Highland Village	17,701,964	100.00	17,701,964
Justin	1,306,485	100.00	1,306,485
Krugerville	-	100.00	-
Krum	11,371,921	100.00	11,371,921
Lake Dallas	2,340,000	100.00	2,340,000
Lewisville	48,092,595	99.92	48,054,121
Little Elm	14,306,000	100.00	14,306,000
Marshall Creek	-	100.00	-
Northlake	-	100.00	-
Oak Point	970,000	100.00	970,000
Pilot Point	405,910	100.00	405,910
Ponder	3,043,597	100.00	3,043,597
Roanoke	9,730,658	100.00	9,730,658
Sanger	4,071,930	100.00	4,071,930
Trophy Club	5,470,000	100.00	5,470,000

Notes:

(1) Source: Municipal Advisory Council of Texas

	Net Bonded Debt at September 30, 2005	Percentage Applicable to Denton County (1)	Amount Applicable to Denton County
School Districts:			
Argyle	37,605,435	100.00	37,605,435
Aubrey	55,519,711	100.00	55,519,711
Carrollton-			
Farmers Branch	362,337,020	20.48	74,206,622
Celina	17,978,373	4.67	839,590
Denton	422,747,579	100.00	422,747,579
Frisco	587,779,135	14.02	82,406,635
Krum	21,410,000	99.16	21,230,156
Lake Dallas	91,541,238	100.00	91,541,238
Lewisville	594,075,364	100.00	594,075,364
Little Elm	120,000,000	100.00	120,000,000
Northwest	246,459,176	71.46	176,119,727
Pilot Point	20,759,575	88.41	18,353,540
Ponder	1,333,910	100.00	1,333,910
Prosper	49,091,425	1.03	505,642
Sanger	63,310,886	100.00	63,310,886
Slidell	2,885,000	26.90	776,065
Special Districts:			
Lake Cities M.U.A.	-	100.00	-
Trophy Club M.U.D.#1	4,053,564	46.68	1,892,204
Trophy Club M.U.D.#2	8,005,000	100.00	8,005,000
Denton Co. RUD #1	21,660,000	97.94	21,213,804
Freshwater Districts, # 1-6	101,679,214		101,679,214
Corinth M.U.D. #1	925,000	100.00	<u>925,000</u>
TOTAL OVERLAPPING DEBT			<u>\$2,404,325,256</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u><u>\$2,573,021,813</u></u>

DENTON COUNTY

TAX VALUATION AND PERCENTAGE OF CHANGE

Last Ten Fiscal Years

Fiscal Year	Valuation	Percentage of Change In Valuation	Tax Rate	Tax Levy	Percentage of Change In Levy
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
2004	33,204,950,115	10.8	0.24717	82,072,675	10.0
2005	36,071,230,377	8.6	0.25480	91,909,495	12.0

DENTON COUNTY
COMPUTATION OF LEGAL DEBT MARGIN
September 30, 2005

Assessed Value of Real Property		\$33,107,809,738
Debt Limit		8,276,952,435
Amount of Debt Applicable to Debt Limit:		
Total Bonded Debt	171,407,570	
Less Net Assets in Debt Service Fund	<u>2,711,013</u>	
Total Amount of Debt Applicable to Debt Limit		<u>168,696,557</u>
Legal Debt Margin		<u><u>\$8,108,255,878</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 ¹	Ratio of Debt Svc To Total General Expenditures
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
2004	7,910,000	6,540,424	14,450,424	119,464,268	12.1
2005	9,445,000	5,843,423	15,288,423	126,250,357	12.1

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 (¹)	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
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
2004	528,950	33,204,950,115	130,777,570	1,209,971	129,567,599	0.39	244.95
2005	552,600	36,071,230,377	171,407,570	2,711,013	168,696,557	0.47	305.28

Notes:

¹ 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)	1998	1999	2000	2001	2002	2003	2004	2005
GOVERNMENTAL ENTITY									
Denton County	100.00 %	0.2559	0.2488	0.23504	0.23193	0.25193	0.24897	0.24717	0.25480
<u>Cities</u>									
Argyle	100.00	0.3636	0.3612	0.3991	0.3950	0.38000	0.3925	0.39250	0.40324
Aubrey	100.00	0.5785	0.5785	0.6304	0.5089	0.56220	0.5500	0.55545	0.52624
Bartonville	100.00	0.0000	0.0000	0.1859	0.1847	0.18471	0.1847	0.17806	0.17944
Carrollton	35.62	0.6043	0.6043	0.6043	0.5993	0.59930	0.5993	0.59930	0.59930
The Colony	100.00	0.795	0.7850	0.7650	0.7350	0.72500	0.7250	0.72000	0.72000
Copper Canyon	100.00					0.14383			0.17027
Corinth	100.00	0.526	0.5260	0.5260	0.5260	0.52600	0.5260	0.54975	0.56060
Dallas	0.83	0.6516	0.6491	0.6675	0.6675	0.66750	0.6998	0.69980	0.71970
Denton	100.00	0.5082	0.5082	0.5282	0.5282	0.54820	0.5482	0.59815	0.59815
Double Oak	100.00				0.2200	0.22000	0.2200	0.22000	0.22000
Flower Mound	100.00	0.4500	0.4500	0.4500	0.4500	0.44970	0.4497	0.44970	0.44970
Frisco	11.64	0.4120	0.3727	0.3727	0.3700	0.36700	0.3370	0.43200	0.42296
Hackberry	100.00			0.2387	0.6818	0.68178	0.6030	0.57996	0.51392
Hickory Creek	100.00			0.4137	0.3700	0.34977	0.2993	0.31939	0.34020
Highland Village	100.00	0.5938	0.5938	0.5696	0.5696	0.56963	0.5696		0.56963
Justin	100.00	0.4297	0.4297	0.4297	0.4297	0.42989	0.4297	0.42969	0.42969
Krugerville	100.00	0.1609	0.1609	0.2300	0.2378	0.23780	0.2378	0.23780	0.23780
Krum	100.00	0.2429	0.2525	0.2425	0.2534	0.25331	0.2550	0.23217	0.35137
Lake Dallas	100.00	0.5617	0.5617	0.5617	0.5617	0.56171	0.5617	0.57980	0.63185
Lakewood Village	100.00			0.2500	0.2500	0.25000	0.2500	0.25000	0.25000
Lewisville	99.92	0.4678	0.4678	0.4518	0.4511	0.45050	0.4505	0.45050	0.45050
Little Elm	100.00	0.5482	0.5051	0.5051	0.4330	0.44453	0.3998	0.35750	0.39902
Marshall Creek	100.00	0.3018	0.2795	0.3024	0.3024	0.34536	0.5000	0.60212	0.60212
Northlake	100.00			0.2950	0.2950	0.29500	0.2950	0.29500	0.29500
Oak Point	100.00	0.3160	0.3116	0.4386	0.4386	0.65402	0.6390	0.59900	0.58900
Pilot Point	100.00	0.5497	0.5479	0.4929	0.4927	0.46200	0.4999	0.46331	0.50000
Ponder	100.00	0.1661	0.1617	0.1962	0.1838	0.18379	0.2295	0.22949	0.22949
Roanoke	100.00	0.3751	0.3751	0.3751	0.3751	0.37512	0.3751	0.37512	0.37512
Sanger	100.00	0.5028	0.5228	0.5228	0.5888	0.58879	0.5655	0.59260	0.57083
Shady Shores	100.00				0.3400	0.34000	0.3400	0.34000	0.33210
Trophy Club	100.00	0.4658	0.4658	0.4605	0.4505	0.44051	0.4405	0.37751	0.43051
<u>School Districts:</u>									
Argyle	100.00	1.5500	1.7700	1.7700	1.7760	1.75447	1.7552	1.82220	1.91950

	Percent Applicable to Denton County	1998	1999	2000	2001	2002	2003	2004
GOVERNMENTAL ENTITY								
School Districts								
<u>(Continued)</u>								
Aubrey	100.00	1.4800	1.4800	1.5800	1.5600	1.6129	1.7330	1.8081
Carrollton-F. Branch	20.48	1.4319	1.4619	1.5377	1.6700	1.7242	1.7224	1.7358
Celina	4.67	1.5300	1.6300	1.6300	1.5900	1.7000	1.7500	1.7500
Denton	100.00	1.7750	1.8500	1.7000	1.8440	1.8540	1.8640	1.8640
Frisco	14.02	1.5286	1.5136	1.4200	1.4200	1.4400	1.5175	1.5575
Krum	99.16	1.5400	1.6400	1.4478	1.8600	1.7080	1.6660	1.6660
Lake Dallas	100.00	1.5700	1.4620	1.4620	1.6600	1.6900	1.7400	1.7400
Lewisville	100.00	1.6100	1.6100	1.5671	1.6100	1.6700	1.6700	1.7700
Little Elm	100.00	1.6990	1.6990	1.5845	1.5300	1.5990	1.7112	1.7300
Northwest	71.46	1.6758	1.6625	1.7047	1.6914	1.8348	1.8348	1.8193
Pilot Point	88.41	1.5799	1.4779	1.4779	1.5079	1.5656	1.5811	1.7755
Ponder	100.00	1.4200	1.5045	1.5045	1.5645	1.6324	1.7680	1.7930
Prosper	1.03	1.5237	1.5237	1.5222	1.7202	1.7202	1.7610	1.9515
Sanger	100.00	1.5000	1.4400	1.6000	1.6000	1.6700	1.5330	1.6900
Slidell	26.90	1.4900	1.6600	1.6600	1.5610	1.5600	1.6700	1.4821
<u>Special Districts</u>								
Lake Cities MUA	100.00			0.0000	0.0000	0.0000	0.0000	0.0000
Trophy Club MUD 1	46.68	0.0000	0.0000	0.0000	0.0000	0.2400	0.3000	0.2800
Trophy Club MUD 2	100.00	0.2900	0.2800	0.4605	0.0000	0.3654	0.3400	0.3390
Denton Co. Fire								
Dist. #1	100.00	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	0.0118	0.0118	0.0118
Corinth MUD #1	100.00	0.0000	0.0000	0.3800	0.3300	0.3100	0.3106	0.3100
Denton Co. Fresh Water								
Water Supp. Dist. #	100.00	0.4100	0.4000	0.0000	0.0000	0.5400		1.0000
DC Fresh Water Supp.#1-B						1.0000	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 ¹
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
2004	33,204,950,115	1,832,769,597
2005	36,071,230,377	1,882,699,053

Notes: ¹ Source: Denton Central Appraisal District

DENTON COUNTY, TEXAS

PRINCIPAL TAXPAYERS

September 30, 2005

Taxpayer	Type of Business	Assessed Value	Percentage of Total Assessed Valuation
Devon Energy Op. Co.	Oil and Gas	\$654,733,990	1.82 %
Wal-Mart Real Estate Trust	Real Estate	220,366,413	0.61
Verizon Southwest	Telephone Utility	152,811,488	0.42
Burlington Resource Oil & Gas	Oil and Gas	149,423,550	0.41
TXU Electric Delivery Co.	Electric Utility	137,933,610	0.38
JC Penney Co.	Retailer	103,830,244	0.29
Cardinal Health 301, Inc.	Health Care	91,513,885	0.25
TTHR Limited Partnership	Health Care	76,690,706	0.21
Southwest Property LP	Real Estate	74,612,289	0.21
Albertson's Inc.	Retailer	74,140,974	0.21
		<u>\$1,736,057,149</u>	4.81 %

Note: Total Assessed valuation of \$36,071,230,377
per Denton Central Appraisal District

DENTON COUNTY, TEXAS
DEMOGRAPHIC STATISTICS
Last Ten Fiscal Years

Fiscal Year	(1) Population	(2) Per Capita Income	(3) Median Age	(4) Unemployment Rate
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	507,400	-	-	5.0
2004	528,950	-	-	3.6
2005	552,600	-	-	4.2

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, 2005

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.

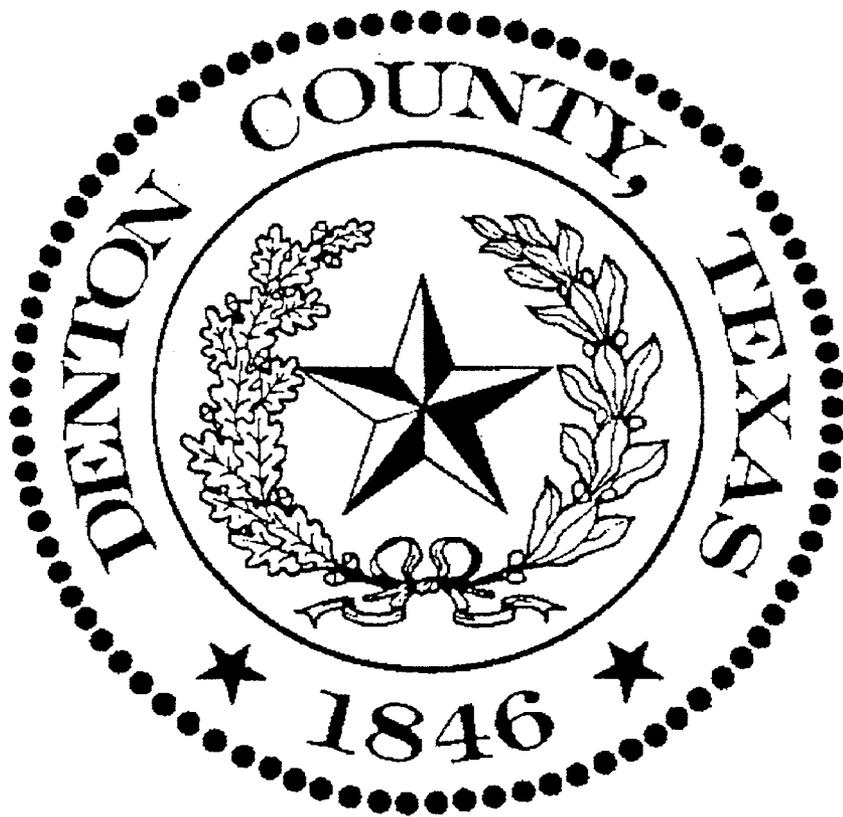
Officials Elected by Vote of the People:	37
County Employees Including Those on Grant Programs:	1,466
Organized School Districts in County:	17
Incorporated Municipalities in County:	40
Area in Square Miles:	911
1990 Census:	273,525
2000 Census:	432,976
2005 Population Estimate:	552,600

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.



PREFACE

Overview of the County's Fiscal Year 2005 Annual Audit -

Denton County's combined financial statements for 2005, 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 2005 annual audit.

Overview of Grant Audit Requirements -

The scope of the County's fiscal year 2005 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 affected 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. Statements of federal financial assistance and state financial assistance are provided. The statements of financial assistance detail the grant awards, beginning balances, revenues recognized, expenditures of grant funds and year-end balances by federal grantor or state pass-through grantor agencies.

Prior year revenue and expenditures amounts are not covered by the fiscal year 2005 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, 2005**

(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 2005 totaled approximately \$1,959,984.

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, 2005

<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:			
2006 Bioterrorism Preparedness Grant	93.283	C9000524-3	\$ 719,544
2005 Bioterrorism Preparedness Grant	93.283	C9000524-3	741,684
2004 Bioterrorism Preparedness Grant	93.283	C9000524-3	750,115
2005 HIV/AIDS Education Grant	93.940	C9000524-3	100,000
2004 HIV/AIDS Education Grant	93.940	C9000524-3	100,000
2005 Childrens Health Ins Grant	93.778	529-00-099F	23,684
U. S. Department of Agriculture Passed through the Texas Department of Health:			
2005 Special Supplement Food Program for Women, Infants and Children	10.557	C9000524-4	1,211,333
2004 Special Supplement Food Program for Women, Infants and Children	10.557	C9000524-4	<u>993,149</u>
Total State of Texas Dept. of Health			<u>4,639,509</u>
U.S. Dept. of Health and Human Services Passed through Texas Dept. of Protective and Regulatory Services:			
2005 CPS IV-E Legal Services Grant	93.658	2003-033424	45,816
2004 CPS IV-E Legal Services Grant	93.658	2003-033424	15,351
2005 Child Welfare Title IV-E Grant	93.658	-	24,840
2004 Child Welfare Title IV-E Grant	93.658	-	43,174

Balance * October 1, <u>2004</u>	Receipts or Revenue <u>Recognized</u>	Disbursements/ <u>Expenditures</u>	Balance * September 30, <u>2005</u>
\$ -	\$ -	\$ 25,485	\$ 25,485
30,448	602,564	689,834	117,718
154,676	154,676	-	-
-	46,862	58,216	11,354
32,349	58,077	25,728	-
-	18,947	18,947	-
-	952,155	1,211,333	259,178
<u>222,962</u>	<u>240,891</u>	<u>17,929</u>	<u>-</u>
<u>440,435</u>	<u>2,074,172</u>	<u>2,047,472</u>	<u>413,735</u>
-	45,816	92,247	46,431
15,351	15,351	-	-
-	24,840	38,282	13,442
10,659	10,659	-	-

Denton County, Texas

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2005**

<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 Agriculture Passed through the Texas Dept. of Protective and Regulatory Services:			
2005 National School Lunch Program Grant	10.555	-	<u>85,306</u>
Total Texas Dept. of Protective and Regulatory Services:			<u>214,487</u>
U. S. Dept. of Health and Human Services Passed through the Office of the Attorney General - Child Support Office:			
2004 Title IV-D Filing Fees and Court Costs Grant	93.783	-	<u>87,717</u>
U.S. Department of Justice Passed through the Office of the Governor - Criminal Justice Division:			
Texas Narcotics Control Program Grant-2004 Grant	16.579	DB-04-A10-1190-06	418,738
Texas Narcotics Control Program Grant-2003 Grant	16.579	DB-03-A10-1190-05	598,779
Juvenile Intensive Home-Based Services-5	16.541	JA-03-J20-14166-05	16,352
Civil-Domestic Violence Prosecution - 4	16.588	WF-04-V30-16180-04	79,996
Civil-Domestic Violence Prosecution - 3	16.588	WF-03-V30-16180-03	79,997
Prosecution Enhancement Grant-10	16.588	WF-05-V30-13432-07	40,000
Prosecution Enhancement Grant-9	16.588	WF-04-V30-13432-07	75,366
Prosecution Enhancement Grant-8	16.588	WF-03-V30-13432-06	75,366
Victim Notification Grant-7	16.576	VA-02-13611-04	25,580
Family Violence Expansion Grant-9	16.588	WF-05-V30-13433-08	80,000
Family Violence Expansion Grant-8	16.588	WF-04-V30-13433-07	78,132
Family Violence Expansion Grant-7	16.588	WF-03-V30-13433-06	78,132

<u>Balance *</u> <u>October 1,</u> <u>2004</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>2005</u>
-	85,306	85,306	-
26,010	181,972	215,835	59,873
-	87,717	87,717	-
38,975	38,975	-	-
(122)	-	122	-
9,512	9,512	-	-
10,121	66,575	69,875	13,421
16,893	16,893	-	-
-	-	-	-
7,016	75,366	68,350	-
15,214	15,214	-	-
-	25,880	25,880	-
-	-	-	-
12,928	78,132	65,204	-
51,812	51,812	-	-

Denton County, Texas

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2005

<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 Education Passed through the Office of the Governor - Criminal Justice Division:			
At-Risk Assessment Project -3	84.186	ED-03-J20-15988-03	<u>48,929</u>
Total Office of the Governor - Criminal Justice Division			<u>1,695,367</u>
Federal Emergency Management Admin. Passed Through the Texas Department of Public Safety:			
2004 Hazardous Materials Trans Study Grant	83.552	04-DEM-LEPC-8	6,613
2005 Emergency Management Grant	83.552	05TX-EMPG-038	33,061
2004 Emergency Management Grant	83.552	04TX-EMPG-038	<u>36,132</u>
Total Federal Emergency Mgmt. Admin.			<u>75,806</u>
U.S. Dept. of Health and Human Services Passed through the Texas Juvenile Probation Commission			
2005 Title IV-E Foster Care Grant	93.658	TJPC-E-05-061	-
2005 Title IV-E Administrative Costs Grant	93.658	TJPC-E-05-220	496,773
2004 Title IV-E Administrative Costs Grant	93.658	TJPC-E-04-220	<u>431,128</u>
Total Texas Juvenile Probation Commission			<u>927,901</u>

Balance * October 1, <u>2004</u>	Receipts or Revenue <u>Recognized</u>	Disbursements/ <u>Expenditures</u>	Balance * September 30, <u>2005</u>
<u>37,962</u>	<u>37,952</u>	<u>(10)</u>	<u>-</u>
<u>200,311</u>	<u>416,311</u>	<u>229,421</u>	<u>13,421</u>
1,324	1,324	-	-
-	23,766	33,061	9,295
<u>9,033</u>	<u>9,033</u>	<u>-</u>	<u>-</u>
<u>10,357</u>	<u>34,123</u>	<u>33,061</u>	<u>9,295</u>
-	-	-	-
-	496,773	496,773	-
<u>107,803</u>	<u>107,803</u>	<u>-</u>	<u>-</u>
<u>107,803</u>	<u>604,576</u>	<u>496,773</u>	<u>-</u>

Denton County, Texas

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2005

<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. Department of Justice:			
Passed through the Texas Engineering Extension Service:			
State Homeland Security Grant 2004	97.004	2004-GE-T4-0015	450,800
State Homeland Security Grant 2003	97.004	2003-GE-T4-0015	613,854
State Homeland Security LETPP Grant 2004	97.004	2004-GE-T4-0015	60,267
Urban Areas Security Initiative Grant 2004	97.008	2004-TU-T4-0013	1,172,679
Urban Areas Security Initiative Grant 2003	97.008	2003-TU-T3-0043	942,006
State Criminal Alien Assistance Grant 2005	16.606	04-AP-VX-212	-
Juvenile Accountability Incentive Block Grt-7	16.523	JB-04-J20-13373-07	24,464
Juvenile Accountability Incentive Block Grt-6	16.523	JB-03-J20-13373-06	35,511
Juvenile Accountability Incentive Block Grt-5	16.523	JB-02-J20-13373-05	45,843
Risk Assessment Instrument Pilot Project	16.523	JB-02-J20-16911-01	51,513
2005 Edward Byrne Justice Assistance Grant	16.580	2005-DJ-BX-0605	72,127
2005 Local Law Enforcement Block Grant	16.592	2005-LBBX-1376	11,135
2004 Local Law Enforcement Block Grant	16.592	2004-LBBX-1376	32,375
Total Department of Justice			<u>3,512,574</u>
U.S. Elections Assistance Commission:			
Passed Through the Texas Secretary of State:			
2003 Help America Vote Act Grant	TBD		<u>2,391,613</u>
Total Federal Assistance			<u>\$ 13,544,974</u>

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

<u>Balance *</u> <u>October 1,</u> <u>2004</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>2005</u>
-	-	-	-
-	607,373	607,373	-
-	28,628	28,628	-
-	-	39,216	39,216
-	37,188	257,125	219,937
-	-	-	-
-	-	1,255	1,255
5,804	31,620	29,707	3,891
5,941	5,941	-	-
11,738	1,435	(10,303)	-
-	-	-	-
-	11,135	11,135	-
(4,002)	-	4,002	-
<u>19,481</u>	<u>723,320</u>	<u>968,138</u>	<u>264,299</u>
-	2,095	2,401	306
<u>\$ 804,397</u>	<u>\$ 4,124,286</u>	<u>\$ 4,080,818</u>	<u>\$ 760,929</u>

Denton County, Texas

SCHEDULE OF STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2005

<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:			
2005 TJPC State Aid Grant		TJPC A-2005-061	\$ 242,957
2005 TJPC Progressive Sanctions JPO Grant		TJPC F-2005-061	193,596
2005 TJPC Progressive Sanctions Level 1-2-3 Program Grant		TJPC G-2005-061	69,339
2005 TJPC Progressive Sanctions ISJPO Grant		TJPC O-2005-061	53,742
2005 Juvenile Community Corrections Grant		TJPC Y-2005-061	541,727
2005 JJAEP Grant		TJPC P-05-061	145,839
2005 Post Adjudication Facility Grant		TJPC V-05-061	178,687
2004 Post Adjudication Facility Grant		TJPC V-04-061	178,687
2005 Salary Adjustment Grant		TJPC Z-05-061	228,000
2004 Salary Adjustment Grant		TJPC Z-04-061	<u>228,000</u>
Total Texas Juvenile Probation Commission:			<u>\$ 2,060,574</u>
Texas Department of Health:			
2004 Federally Qualified Health Center Incubator Grant		75-60009205B-2004-01	252,410
2006 Service Delivery Integration Fees for Services Grant		75-60009205A-2006	284,392
2005 Service Delivery Integration Fees for Services Grant		75-60009205A-2005	369,469
2006 Immunization Program Grant		75-60009205-2006-03	128,527
2004 Immunization Program Grant		75-60009205-2003-045	214,212
2006 OPHP Local Public Health System Grant		75-60009205-2005-3	33,002
2005 OPHP Local Public Health System Grant		75-60009205-2005-3	<u>66,004</u>
Total Texas Department of Health			<u>\$ 1,348,016</u>

Balance * October 1, <u>2004</u>	Receipts or Revenue <u>Recognized</u>	Disbursements/ <u>Expenditures</u>	Balance * September 30, <u>2005</u>
\$ -	\$ 242,957	\$ 242,957	\$ -
-	193,596	193,596	-
-	69,339	69,339	-
-	53,742	53,742	-
-	541,727	541,727	-
-	145,839	145,839	-
-	144,410	159,264	14,854
11,475	11,475	-	-
	228,000	204,428	(23,572)
<u>(8,432)</u>	<u>(8,432)</u>	<u>-</u>	<u>-</u>
<u>\$ 3,043</u>	<u>\$ 1,622,653</u>	<u>\$ 1,610,892</u>	<u>\$ (8,718)</u>
82,935	68,964	(13,971)	-
-	-	61,491	61,491
46,409	355,313	308,904	-
-	-	26,931	26,931
39,900	128,527	88,627	-
-	-	6,320	6,320
<u>9,857</u>	<u>66,004</u>	<u>56,147</u>	<u>-</u>
<u>\$ 179,101</u>	<u>\$ 618,808</u>	<u>\$ 534,449</u>	<u>\$ 94,742</u>

Denton County, Texas

SCHEDULE OF STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2005

<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>
Office of the Governor, Criminal Justice Division:			
Child Abuse Prosecution Expansion Grant-3		SF-04-A10-15861-03	57,967
Civil - Child Abuse Prosecution Grant - 4		SF-06-A10-16321-04	96,916
Civil - Child Abuse Prosecution Grant - 3		SF-05-A10-16321-03	189,376
Civil - Child Abuse Prosecution Grant - 2		SF-04-A10-16321-02	62,857
Juvenile Child Abuse Prosecution Grant - 1		SF-06-A10-17661-01	<u>55,272</u>
Total Office of the Governor, Criminal Justice Division:			<u>462,388</u>
Office of the Attorney General:			
2005 Child Victim Intervention Intern Grant		O4G02028	12,216
2004 Child Victim Intervention Intern Grant		O4G02028	<u>12,216</u>
Total Office of the Attorney General			<u>24,432</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>9,026</u>
Comptroller of Public Accounts:			
Tobacco Compliance Grant 2006		-	12,000
Tobacco Compliance Grant 2005		-	10,000
Tobacco Compliance Grant		-	<u>10,000</u>
Total Comptroller of Public Accounts:			<u>32,000</u>

<u>Balance *</u> <u>October 1,</u> <u>2004</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>2005</u>
37,585	37,585	-	-
-	-	-	-
-	67,180	84,415	17,235
41,616	41,616	-	-
-	-	-	-
<u>79,201</u>	<u>146,381</u>	<u>84,415</u>	<u>17,235</u>
-	12,058	12,216	158
1,224	1,224	-	-
<u>1,224</u>	<u>13,282</u>	<u>12,216</u>	<u>158</u>
<u>238,728</u>	<u>237,152</u>	<u>(1,576)</u>	<u>-</u>
-	9,026	9,026	-
-	-	-	-
-	10,000	6,770	(3,230)
(315)	(315)	-	-
<u>(315)</u>	<u>9,685</u>	<u>6,770</u>	<u>(3,230)</u>

Denton County, Texas

SCHEDULE OF STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2005

<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 Automobile Theft Prevention Authority - Passed through Dallas County:			
2006 North Texas Auto Theft Task Force		SA-T01-10047-06	74,381
2005 North Texas Auto Theft Task Force		SA-T01-10047-05	<u>71,473</u>
Total Texas Auto Theft Prevention Authority			<u>145,854</u>
Total State Assistance			<u>\$ 6,782,290</u>

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

<u>Balance *</u> <u>October 1,</u> <u>2004</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>2005</u>
-	-	5,987	5,987
-	62,181	67,629	5,448
-	62,181	73,616	11,435
<u>\$ 500,982</u>	<u>\$ 2,719,168</u>	<u>\$ 2,329,808</u>	<u>\$ 111,622</u>



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

**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, 2005. 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 OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or 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, 2005.

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 or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on the 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 reportable 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 caused by error or fraud 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, Commissioners' Court, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

December 22, 2005



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

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

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

We have audited the 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, 2005, which collectively comprise Denton County, Texas' basic financial statements and have issued our report thereon dated December 22, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Denton County, Texas' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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 22, 2005.

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

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

December 22, 2005

DENTON COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2005

Summary of Auditors' Results

Type of report on financial statements	Unqualified
Internal control over financial reporting: Material weakness(es) identified?	No
Reportable condition(s) identified that are not considered to be material weakness(es)?	None reported
Internal control over major programs: Material weakness(es) identified?	No
Reportable condition(s) identified that are not considered to be material weakness(es)?	None reported
Noncompliance which is material to the basic financial statements	None
Type of report on compliance with major programs	Unqualified
Findings and questioned costs for federal awards as defined in Section 501(a), OMB Circular A-133 and state awards as defined by the State of Texas Single Audit Circular	None
Dollar threshold considered between Type A and Type B federal and state programs	\$300,000
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
Major federal program	Homeland Security Grant, CFDA #97.004 Title IV-E Administrative Cost, CFDA #93.658
Major state programs	Service Delivery Integration (SDI) Fee for Services Grant; AirCheck Texas Repair and Replacement Assistance Program

**Findings Relating to the Financial Statements Which are
Required to be Reported in Accordance With Generally
Accepted 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, 2005

None