

DENTON COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2006

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, 2007

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, 2006.

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.

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, 2006 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, 2006 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 578,500. 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 578,000 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 over 33% since the 2000 census and by over 100% since the 1990 census. During the same period, the County's tax base increased from \$10 billion in 1990 to nearly \$39 billion in 2005.

Job additions have continued in the last year in both manufacturing and service industries. Our September 2006, unemployment rate of 3.8% compared favorably with the 4.8% statewide rate, and with the 4.6% national rate. During the 2006 year, the County had over \$1.99 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 2006, over 5,600 new housing starts were recorded in the County. This represents a 4% growth in single family residences in one year.

The economic outlook for Denton County remains very positive for the near future. Major industrial investments in the past, which include Alliance Airport, a Wal-Mart distribution center, and the Texas World Speedway, continue to attract additional development in the County. Large housing developments that were begun several years ago include Robson Ranch, Savannah, Providence and Lantana, are now nearing completion. These developments account for a major portion of the over 5,500 new housing starts in the County last year. There also

have been major investments in the County by the healthcare profession with both of Denton major hospitals undergoing significant expansions. These expansions have in turn spurred additional investment in office buildings and other medical services. The retail industry continues to expand throughout Denton County as the population of the County continues to grow steadily. Denton County's two universities, the University of North Texas and Texas Woman's University, and North Central Texas College continue to turn out a large number of skilled graduates each year, and enrollment at these schools continues to increase significantly each 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 \$5,377,631 for fiscal 2006.

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 157 retired employees or dependents 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

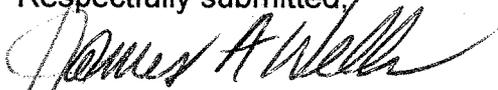
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Denton County for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2005. This was the seventeenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the must publish an 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, 2005. 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, 2005

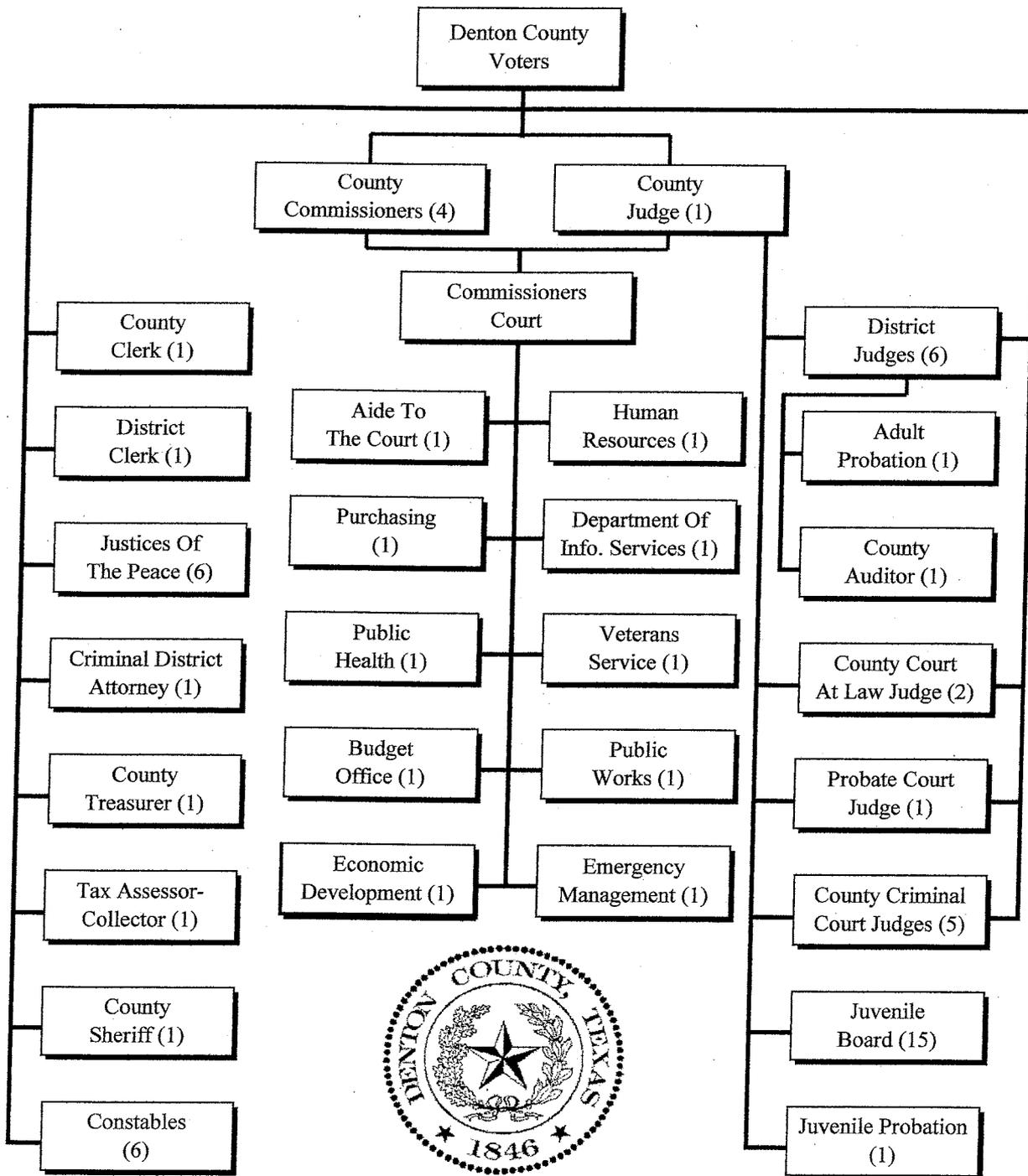
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

DENTON COUNTY ORGANIZATIONAL CHART



DENTON COUNTY, TEXAS

PRINCIPAL OFFICIALS

September 30, 2006

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.

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, 2006, 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, 2006, and the respective changes in financial position and, where applicable, cash flows, thereof 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, 2006, 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 assessing 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 schedules, and statistical section 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 schedules 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 and statistical sections 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, 2006

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, 2006. 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 \$13,299,160 (*net assets*). Of this amount \$7,015,862 is restricted for specific purposes. Unrestricted net assets are \$6,283,298.
- As of the close of the current fiscal year, Denton County's governmental funds reported combined ending fund balances of \$57,262,694, a decrease of \$19,524,721 in comparison with the prior year. Of this total amount, \$33,359,576 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 \$19,800,836 or 20.92 percent of the total general fund expenditures.
- Denton County's total bonded debt increased by \$3,295,000 (1.92 percent) during the current fiscal year. Key factors in this increase included the issuance of \$11,865,000 in tax notes for land acquisition, building construction and repair, and computer system enhancements. Over \$9.5 million in previously issued debt was retired during the year. The County also completed one refunding in 2006 with an end result of lowering our total debt obligations (principal and interest) by nearly \$865,000.

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 inter-fund 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 34 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, the Debt Service Fund and the 2005 Road Bond Fund, all of which are considered to be major funds. Data from the other 31 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 \$13,299,160 at the close of the most recent fiscal year.

The largest portion of Denton County's total assets represents cash and investments that are restricted to be use for capital improvements for the County. The County's investment in capital assets (e.g., land, buildings, machinery, and equipment) is more than offset by the related debt used to acquire those assets that is still outstanding. This results in a negative number for the County's net investment in capital assets. 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, 2006 and 2005 are summarized as follows:

Denton County's Net Assets

	<u>2006</u>	<u>2005</u>
Current and other assets	\$ 79,541,600	\$ 103,210,581
Capital assets (net of depreciation)	<u>129,868,153</u>	<u>124,919,208</u>
Total assets	<u>209,409,753</u>	<u>228,129,789</u>

Current and other liabilities	14,917,683	23,584,592
Long-term liabilities	181,192,910	178,105,105
Total Liabilities	<u>196,110,593</u>	<u>201,689,697</u>

Net assets:

Invested in capital assets, net of related debt	(16,887,256)	3,106,131
Restricted	23,903,118	52,791,479
Unrestricted	6,283,298	(29,457,518)
Total net assets	<u>\$ 13,299,160</u>	<u>\$ 26,440,092</u>

About 11.69% 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. Also, 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 \$13,140,932 during the current fiscal year. Key components of this decrease include the following:

- Unrestricted net assets increased by over \$35 million as a result of restrictions on assets used for capital projects being removed due to the completion of the projects. Expenses for many basic governmental activities were exceeded by the revenues supporting those activities. This also served to increase unrestricted net assets.
- An increase in net assets in the internal service fund \$1,050,972 due to increased plan premiums and an additional transfer of \$500,000 received by the fund.
- A reporting requirement for debt in government-wide statements. The principal debt payments of \$9,565,000 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 \$35.76 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 does most spending of debt proceeds.

Governmental activities. Governmental activities, which are the County's only activities, decreased Denton County's net assets by \$13,140,932. Key elements of this decrease are as follows:

	<u>2006</u>	<u>2005</u>
Revenues:		
Net Program Revenues:		
Charges for services	\$ 26,614,743	\$ 23,267,620
Operating grants and contributions	22,121,655	23,304,951
Capital grants and contributions	7,278,309	25,037
General Revenues:	-	-
Property taxes	98,184,935	92,736,399
Grants and contributions not restricted	304,543	-
Unrestricted investment earnings	5,377,631	2,746,876
Total revenues	<u>159,881,816</u>	<u>142,080,883</u>
Expenses:		
General government	20,550,672	18,070,687
Judicial	14,077,729	13,575,518
Legal	9,582,964	9,369,366
Financial management	4,793,627	4,601,210
Public Facilities	9,175,352	7,790,801
Public Safety	47,391,000	43,683,226
Health and welfare	7,710,692	8,356,444
Conservation	366,525	331,562
Contractual	2,613,005	1,931,240
Roads	12,936,128	13,973,220
Intergovernmental	35,764,228	14,561,953
Interest on long-term debt	8,060,826	7,420,818
Total expenses	<u>173,022,748</u>	<u>143,666,044</u>
Changes in net assets	(13,140,932)	(1,585,161)
Net assets - beginning	<u>26,440,092</u>	<u>35,782,157</u>
Prior period adjustment	-	(7,756,904)
Net assets - ending	<u>13,299,160</u>	<u>\$ 26,440,092</u>

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

- Property tax revenues increased by \$5,448,536 (5.9 percent) during the year. This increase is the result of increases to the tax base that totaled \$3.34 billion rather than any tax rate increases.
- Operating grants and capital grants increased by a combined \$6.37 million mostly as a result of the County receiving major new federal grants for

homeland security, for disaster preparedness, and for implementation of the Help Americans Vote Act.

- Total expenses increased by \$29.36 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 \$22.47 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.

At the end of the current fiscal year, Denton County's governmental funds reported combined ending fund balances of \$57,262,694, a decrease of \$19,524,721 in comparison with the prior year. Approximately 58.3 percent of this total amount (\$33.4 million) constitutes *unreserved fund balance*, which is available for spending at the County's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay debt service (\$1,996,016), 2) to reflect inventories (\$61,640), and 3) to fund capital projects (\$21,845,462).

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 \$19,800,536, while total fund balance reached \$19,862,476. 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 20.9 percent of total general fund expenditures, and total fund balance also represents 21.0 percent of that same amount.

The fund balance of Denton County's general fund increased by \$5,739,025 during the current fiscal year. Key factors in this growth are as follows:

- Total revenues for taxes, intergovernmental revenues, fees, and interest income exceeded budgeted amounts by \$1.7million, \$715,000, \$428,000 and \$770,000, respectively. Major expenditure increases included a 34%

increase for vehicle fuels and a 27.75% increase for building utilities. These increases were partially offset by a 40% decrease in workers compensation insurance expenses.

- Expenditures in budgeted funds were 94.0% of the final budgeted totals. The primary area for budgetary expenditure savings was in personnel related costs due to moderate employee turnover and attrition.

The debt service fund has a total fund balance of \$1,996,016, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was a planned drawn down of previous increases in order to be able to service the additional debt that was issued in 2005 without the necessity of a tax increase.

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 (\$7.3 million increase in appropriations), and were primarily for the following:

- The re-appropriation of funds for prior year-end encumbrances (\$1,850,000), and,
- Appropriation of grant and contractual funds (\$5.6 million) received during the fiscal year.

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

- Property tax revenue exceeded budget by 2.5% (\$1.7 million).
- Intergovernmental revenue, fees, fine and miscellaneous revenue all exceeded budget by amounts ranging from 6% to 12%.
- Due to rising interest rates and increased amounts invested, investment income exceeded budget by 64%.
- Total general fund expenditures were 95.8% 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, 2006 totals \$129,868,153 (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 \$11.865 million in tax notes for land acquisition, building construction and rehabilitation and computer system upgrades.
- A variety of transportation construction projects were initiated or continued at a cost of \$36.61 million, financed by road bonds.
- The renovation of two buildings that were acquired in 2004 at a cost of \$1.51 million was completed. These buildings will be used for offices and for storage of county assets.
- The renovation of a facility that was begun in 2004 completed. The project provided additional office space for various departments, including the Tax Assessor-Collector's office. This project was funded with over \$2.7 million from Tax Notes.
- Construction of a new satellite government center in Commissioners Precinct 1 was begun. This facility is being constructed on land purchased in late 2003 for \$594,000 and, and the \$3 million construction will be funded from the 2005 Certificates of Obligation.
- Approximately 40 acres of land in eastern Denton was acquired for \$3.9 million as the future site of a new county government center.
- 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>	<u>Accumulated Depreciation</u>	<u>Net Capital Assets</u>
Land	\$ 8,528,328	\$ -	\$ 8,528,328
Buildings and Improvements	92,184,890	19,198,957	72,985,933
Machinery & Equipment	32,743,170	20,606,955	12,136,215
Infrastructure	132,614,299	97,994,572	34,619,727
Construction in Progress	<u>1,597,950</u>	<u>-</u>	<u>1,597,950</u>
Total	<u>\$ 267,668,637</u>	<u>\$ 137,800,484</u>	<u>\$ 129,868,153</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 \$174,702,570. 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 \$3,295,000 (1.9 percent) during the current fiscal year. The key factor in this increase was the issuance of \$11.865 million in certificates of obligation for land acquisition, building maintenance and construction and computer system upgrades. This issuance offset the decrease in debt due to principal payments on existing debt of \$9,565,000 during the fiscal year and the savings from a partial refinancing of an existing debt issue.

During the 2006 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 \$19,315,000 of permanent improvement refunding bonds in August, 2006 to partially refinance previously outstanding general obligation bonds. The result was to decrease future debt service payments by \$864,447.

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 3.8 percent, which is a decrease from a rate of 4.2 percent a year ago. This compares favorably to the state's average unemployment rate of 4.8 percent and the national average rate of 4.6 percent.
- New construction and improvements to the County's tax rolls provided an additional \$5 million in property tax revenues without a tax rate increase for 2007.
- Salary increases averaging 4% for county employees were approved for the 2007 fiscal year.
- Increased costs for health and dental care were brought somewhat under control. This resulted in only a \$25 per employee monthly increase in the County's funding to the employee benefit plan. This is the lowest increase in budgeted health insurance in over 5 years.

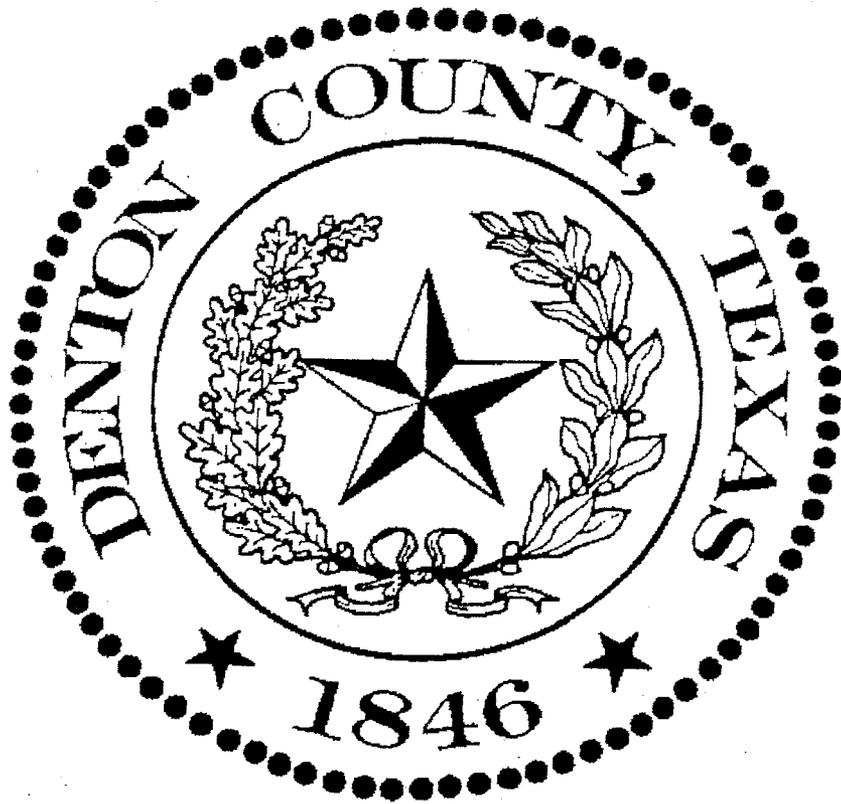
- Significant expenditure increases for opening a additional portion of the pretrial center, increased fuel costs and increased utility costs were included in the 2007 budget.
- The County's tax base increased by \$4.45 billion for 2007. This increase was due to nearly \$2 billion in new property being 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 2007 fiscal year.

At the end of the current fiscal year, fund balances in the governmental funds increased to \$57,262,694. Denton County has appropriated \$9.4 million of this amount for spending in the 2007 fiscal year budget. \$3.5 million of that total represents funds awarded to the County in 2004 from a lawsuit over construction problems in the Courts Building that will be used for the repair of the building. It is 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, 2006

	Governmental Activities
<u>ASSETS</u>	
Cash	\$ 6,136,294
Investments	60,544,228
Receivables:	
Taxes	2,641,247
Accrued Interest	171,387
Other Receivables	-
Fines Receivable	8,824,071
Less Allowance for Uncollectables	(2,724,711)
Due from Other Governments	2,734,766
Inventories	61,640
Deferred Charges	623,803
Bond Discount	528,875
Capital Assets:	
Land	8,528,328
Buildings	92,184,890
Depreciation on Buildings	(19,198,957)
Equipment	32,743,170
Depreciation on Equipment	(20,606,955)
Infrastructure	132,614,299
Depreciation on Infrastructure	(97,994,572)
Construction in Progress	1,597,950
TOTAL ASSETS	<u>209,409,753</u>
<u>LIABILITIES</u>	
Accounts Payable	7,693,538
Wages Payable	2,560,302
Interest Payable	1,741,582
Due to Other Governments	944,088
Unearned Revenue	1,978,173
Non Current Liabilities:	
Due within One Year	10,953,766
Due in More than One Year	170,239,144
TOTAL LIABILITIES	<u>196,110,593</u>
<u>NET ASSETS</u>	
Investments In Capital Assets, Net of Related Debt	(16,887,256)
Restricted for Debt Service	1,996,016
Restricted for Capital Projects	21,845,462
Restricted for Other Purposes	61,640
Unrestricted	6,283,298
Total Net Assets	<u>\$ 13,299,160</u>

See the notes to the financial statement.

Denton County, Texas
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2006

Functions/Programs Governmental Activities:	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
General Government	\$ 20,550,672	\$ 11,981,245	\$ 2,066,416	\$ 2,389,392	\$ (4,113,619)
Judicial	14,077,729	8,502,443	887,747	-	(4,687,539)
Legal	9,582,964	317,082	503,642	-	(8,762,240)
Financial	4,793,627	2,372,728	-	-	(2,420,899)
Public Facilities	9,175,352	-	-	-	(9,175,352)
Public Safety	47,391,000	2,174,767	4,730,339	2,774,651	(37,711,243)
Health & Welfare	7,710,692	521,971	4,199,495	-	(2,989,226)
Conservation	366,525	-	-	-	(366,525)
Contractual	2,613,005	-	1,500,000	-	(1,113,005)
Roads - County	12,936,128	285,643	7,567,151	-	(5,083,334)
Roads - Other Entities	35,764,228	-	666,865	2,114,266	(32,983,097)
Interest on Long-Term Debt	8,060,826	458,864	-	-	(7,601,962)
Total	\$ 173,022,748	\$ 26,614,743	\$ 22,121,655	\$ 7,278,309	\$ (117,008,041)
General Revenues:					
Property Taxes					98,184,935
Grants and Contributions not restricted to Specific Programs					304,543
Investment Earnings					5,377,631
Total General Revenues					103,867,109
Change in Net Assets					(13,140,932)
Net Assets - Beginning					26,440,092
Prior Period Adjustment					-
Net Assets - Ending					\$ 13,299,160

See the notes to the financial statements.

Denton County, Texas
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2006

	General Fund	Debt Service	2005 Road Bond Project Fund	Nonmajor Governmental	Total Governmental
ASSETS					
Cash	\$ 4,254,219	\$ 12,249	\$ 133,495	\$ 1,387,106	\$ 5,787,069
Investments	20,174,602	2,035,208	13,310,965	25,023,453	60,544,228
Receivables:					
Taxes	1,908,925	446,530	-	285,792	2,641,247
Accrued Interest	51,544	-	119,843	-	171,387
Other Receivables	-	-	-	-	-
Due from Other Funds	463,869	-	-	1,907,893	2,371,762
Due from Other Governments	2,049,126	-	-	685,640	2,734,766
Inventories	61,640	-	-	-	61,640
TOTAL ASSETS	\$ 28,963,925	\$ 2,493,987	\$ 13,564,303	\$ 29,289,884	\$ 74,312,099
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts Payable	\$ 2,511,452	-	2,185,323	\$ 1,879,092	\$ 6,575,867
Wages Payable	2,049,675	-	-	510,627	2,560,302
Interest Payable	-	51,441	-	-	51,441
Due to Other Funds	-	-	1,845,916	452,371	2,298,287
Due to Other Governments	881,473	-	-	62,615	944,088
Other Payables	-	-	-	-	-
Unearned Revenues	3,658,849	446,530	-	514,041	4,619,420
TOTAL LIABILITIES	9,101,449	497,971	4,031,239	3,418,746	17,049,405
EQUITY AND OTHER CREDITS					
Fund Balances:					
Reserved for Inventories	61,640	-	-	-	61,640
Reserved for Debt Service	-	1,996,016	-	-	1,996,016
Reserved for Capital Expenditures	-	-	9,533,064	12,312,398	21,845,462
Unreserved, Reported In:					
General Fund	19,800,836	-	-	-	19,800,836
Special Revenue Funds	-	-	-	13,558,740	13,558,740
Capital Projects Funds	-	-	-	-	-
TOTAL FUND EQUITY AND OTHER CREDITS	19,862,476	1,996,016	9,533,064	25,871,138	57,262,694
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 28,963,925	\$ 2,493,987	\$ 13,564,303	\$ 29,289,884	

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.	129,868,153
Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds.	9,893,285
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.	(841,921)
Long-term liabilities, including bond payable, are not due and payable in the current period and therefore are not reported in the funds.	(182,883,051)
Net assets of governmental activities	<u>\$ 13,299,160</u>

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, 2006

	General Fund	Debt Service	2005 Road Bond Project Fund	Nonmajor Governmental	Total Governmental Funds
REVENUES					
Taxes	\$ 70,682,533	\$ 16,580,176	\$ -	\$ 10,611,375	\$ 97,874,084
Licenses and Permits	304,543	-	-	7,453,791	7,758,334
Intergovernmental	10,813,444	-	106,250	9,354,448	20,274,142
Fees of Office	11,300,731	-	-	3,329,378	14,630,109
Fines	3,972,218	-	-	-	3,972,218
Interest	1,974,902	332,501	1,688,528	1,381,700	5,377,631
Miscellaneous	1,829,933	4,000	-	500,192	2,334,125
TOTAL REVENUES	100,878,304	16,916,677	1,794,778	32,630,884	152,220,643
EXPENDITURES					
Current:					
General Government	16,606,445	-	-	1,837,747	18,444,192
Judicial	13,249,764	-	-	851,804	14,101,568
Legal	9,317,792	-	-	249,754	9,567,546
Financial	4,779,115	-	-	21,345	4,800,460
Public Facilities	6,663,211	-	-	807,172	7,470,383
Public Safety	40,837,242	-	-	7,993,051	48,830,293
Health & Welfare	213,123	-	-	7,503,086	7,716,209
Conservation	370,952	-	-	-	370,952
Contract Services	2,613,005	-	-	-	2,613,005
Roads	-	-	-	8,395,599	8,395,599
Intergovernmental	-	-	32,120,345	3,643,883	35,764,228
Capital Outlay	-	-	1,037,678	5,389,456	6,427,134
Debt Service:					
Principal Retirement	-	9,565,000	-	-	9,565,000
Interest & Service Charges	-	9,214,874	-	-	9,214,874
TOTAL EXPENDITURES	94,650,649	18,779,874	33,158,023	36,692,897	183,281,443
Excess (Deficiency) of Revenues					
Over Expenditures	6,227,655	(1,863,197)	(31,363,245)	(4,062,013)	(31,060,800)
Other Financing Sources (Uses):					
Issuance of Debt	-	-	-	11,865,000	11,865,000
Bond Premium	-	-	-	-	-
Capital Lease Financing	-	-	-	62,879	62,879
Transfers In	39,409	1,040,000	155,580	382,333	1,617,322
Transfers Out	(528,039)	-	(1,156,435)	(432,848)	(2,117,322)
Proceeds of Refunding Bonds	-	19,315,000	-	-	19,315,000
Refunding Bond Discount	-	(528,875)	-	-	(528,875)
Payments to Escrow Agent	-	(18,677,925)	-	-	(18,677,925)
Total Other Financing Sources (Uses)	(488,630)	1,148,200	(1,000,855)	11,877,364	11,536,079
Net Change in Fund Balances	5,739,025	(714,997)	(32,364,100)	7,815,351	(19,524,721)
UND BALANCE - BEGINNING	14,123,451	2,711,013	41,897,164	18,055,787	76,787,415
UND BALANCE - ENDING	\$ 19,862,476	\$ 1,996,016	\$ 9,533,064	\$ 25,871,138	\$ 57,262,694

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, 2006

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)	\$ (19,524,721)
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 more than depreciation in the current period.	2,944,296
The net effect of various miscellaneous transactions (deletions) involving capital assets.	(172,496)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	3,678,955
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).	(607,860)
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.	(510,078)
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>1,050,972</u>
Change in net assets of governmental activities (p. 15)	<u><u>\$ (13,140,932)</u></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, 2006**

	<u>Budget Amounts</u>		Actual	Variance
	Original	Revised		Positive(Negative) with Final Budget
<u>REVENUES</u>				
Taxes	\$68,977,334	\$ 68,977,334	\$ 70,682,533	\$ 1,705,199
Licenses and Permits	300,000	300,000	304,543	4,543
Intergovernmental	3,032,687	10,078,945	10,813,444	734,499
Fees of Office	10,872,500	10,872,500	11,300,731	428,231
Fines	3,745,000	3,745,000	3,972,218	227,218
Interest	1,205,000	1,205,000	1,974,902	769,902
Miscellaneous	1,602,070	1,635,491	1,829,933	194,442
TOTAL REVENUES	89,734,591	96,814,270	100,878,304	4,064,034
<u>EXPENDITURES</u>				
Current:				
General Government:				
Commissioners Court	163,181	169,296	166,128	3,168
Commissioner #1	185,213	185,213	182,036	3,177
Commissioner #2	241,943	241,943	231,816	10,127
Commissioner #3	189,497	189,497	185,521	3,976
Commissioner #4	185,299	185,299	182,904	2,395
County Judge	273,714	304,498	297,321	7,177
Bail Bond Board	3,211	3,211	1,726	1,485
Economic Development	-	-	-	-
County Clerk	3,152,002	3,153,338	2,961,282	192,056
Human Resources	707,332	712,020	700,521	11,499
Purchasing Department	737,811	739,324	716,720	22,604
Vehicle Maintenance	367,878	369,194	345,023	24,171
Nondepartmental	4,471,592	2,253,811	1,726,492	527,319
Financial Information Systems	79,700	84,031	58,649	25,382
Information Services	1,478,497	1,530,851	1,485,822	45,029
Printing & Postage	386,273	400,643	366,398	34,245
Planning	1,022,355	1,027,761	930,663	97,098
Bayless-Selby House Museum	23,251	29,827	31,410	(1,583)
Courthouse Museum	260,254	261,354	258,937	2,417
Historical Commission	65,970	82,027	75,038	6,989
Records Management	382,203	386,182	350,671	35,511
CHOS Museum/Tourism Grant 2006	79,714	82,814	59,831	22,983
Veterans' Service Officer	319,413	321,060	319,723	1,337
Elections Administration	978,495	1,179,617	987,959	191,658
HAVA Grant	-	2,389,392	2,389,392	-
Civil Service Board	6,075	6,075	-	6,075
Historical Park Museum	-	-	-	-
County-wide Technology	1,458,525	1,615,883	1,594,462	21,421
Historical Park Museum 2002	-	-	-	-
Total General Government	<u>17,219,398</u>	<u>17,904,161</u>	<u>16,606,445</u>	<u>1,297,716</u>
Judicial:				
Judicial & Court Support	341,541	350,541	301,126	49,415

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, 2006

	Budget Amounts			Variance
	Original	Revised	Actual	Positive(Negative) with Final Budget
16th District Court	499,444	600,658	607,024	(6,366)
158th District Court	499,319	539,319	556,103	(16,784)
211th District Court	499,935	597,435	589,382	8,053
362nd District Court	499,508	609,954	603,198	6,756
367th District Court	501,176	641,176	632,237	8,939
393rd District Court	329,747	245,407	230,560	14,847
County Court at Law #1	537,922	559,307	564,355	(5,048)
County Criminal Court #2	534,471	555,856	533,679	22,177
County Court at Law #2	330,675	352,149	348,298	3,851
Probate Court	1,137,197	1,221,143	1,219,548	1,595
County Criminal Court #1	534,265	589,150	582,291	6,859
County Criminal Court #3	530,646	552,031	500,848	51,183
County Criminal Court #4	584,238	637,623	646,539	(8,916)
County Criminal Court #5	513,934	555,319	540,237	15,082
District Clerk	1,215,275	1,225,028	1,182,493	42,535
County Court Administrator	75,677	75,677	73,129	2,548
Justice of the Peace #1	479,997	480,952	456,477	24,475
Justice of the Peace #2	232,360	232,535	228,174	4,361
Justice of the Peace #3	317,131	317,131	310,313	6,818
Justice of the Peace #4	277,910	282,099	281,721	378
Justice of the Peace #5	382,279	382,279	371,217	11,062
Justice of the Peace #6	251,030	251,030	246,639	4,391
District Court Administrator	166,863	166,886	165,271	1,615
Juries & Grand Jury	141,962	146,062	143,140	2,922
Justice Information System	710,804	709,723	676,158	33,565
Medical Investigators	651,105	661,037	659,607	1,430
Total Judicial	12,776,411	13,537,507	13,249,764	287,743
Legal:				
Criminal District Attorney	7,522,919	7,631,570	7,433,822	197,748
CPS Division	316,459	316,630	297,490	19,140
Civil Domestic Violence Grant	135,958	-	-	-
Prosecution Enhancement Grant	166,841	166,898	154,514	12,384
District Attorney - Civil Division	1,100,719	1,045,848	1,013,582	32,266
Juvenile Child Abuse Prosecution Grant	-	55,157	33,853	21,304
Family Violence Expansion Grant	186,075	186,075	169,620	16,455
DA-Civil Child Abuse Pros. Expansion				
Civil Child Abuse Prosecution Grant	223,022	223,022	214,911	8,111
Total Legal	9,651,993	9,625,200	9,317,792	307,408
Financial:				
County Auditor	986,559	986,697	974,408	12,289
County Treasurer	429,640	429,640	424,363	5,277
Tax Assessor-Collector	3,002,392	3,011,761	2,921,753	90,008
Budget Officer	477,346	477,413	458,591	18,822
Total Financial	4,895,937	4,905,511	4,779,115	126,396
Public Facilities:				

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, 2006

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance Positive(Negative) with Final Budget</u>
	<u>Original</u>	<u>Revised</u>		
Carroll Building	223,170	304,630	251,086	53,544
Denton County Courts Building	471,100	707,210	646,257	60,953
Print and Mail Facility	11,050	10,820	6,905	3,915
Courthouse on the Square	162,480	212,246	213,108	(862)
Emergency Management Facility	12,915	39,415	35,698	3,717
Denton County Storage Facility	28,115	25,615	12,393	13,222
Historical Park Facility	11,400	15,250	11,512	3,738
Courthouse Annex	50,320	61,091	51,289	9,802
Food Lion Building	40,700	117,426	110,506	6,920
Lee Walker Government Center	90,000	88,301	49,680	38,621
Jones Street Facility - Lewisville	5,350	5,000	2,675	2,325
Precinct 4 Government Center	10,100	-	-	-
Child Protective Services - Lewisville	18,470	18,145	19,519	(1,374)
Tax Office	20,900	20,188	16,252	3,936
Sandy Jacobs Government Center	72,870	73,697	74,460	(763)
The Colony Annex	33,520	32,943	32,596	347
Sanger Annex	29,185	29,185	23,667	5,518
Government Center - Denton	113,350	146,850	144,193	2,657
Charlie Cole Building	250,107	364,517	305,625	58,892
Law Enforcement Facility	2,105,502	2,214,572	2,111,399	103,173
Oak Street Facilities	8,050	10,221	7,963	2,258
Operations	1,730,962	1,808,076	1,672,063	136,013
Leased Buildings	82,020	92,490	93,782	(1,292)
Vehicle Maintenance Facility	16,950	23,279	23,140	139
Recycling Department	96,021	96,021	92,342	3,679
Pretrial Facility	-	-	-	-
Telephone Department	795,874	692,977	655,101	37,876
Total Public Facilities	6,490,481	7,210,165	6,663,211	546,954
Public Safety:				
County Jail	17,267,759	17,285,903	17,002,333	283,570
Jail Health	2,445,226	2,474,073	2,361,495	112,578
Sheriff's Communications	1,517,068	1,522,656	1,461,898	60,758
County Sheriff	9,877,787	10,136,712	10,075,485	61,227
Sheriff's Mental Health Unit	631,636	632,086	614,489	17,597
Sheriff's Reserves	41,857	53,123	52,058	1,065
Greenbelt Public Safety Grant	-	-	-	-
Bartonville Patrol Service	47,924	61,667	57,654	4,013
School Resource Officer	74,797	75,164	61,944	13,220
Adult Probation - General Fund	166,500	179,579	178,994	585
Pretrial Release - General Fund	-	-	-	-
Juvenile Accountability Block Grant	69,935	69,935	56,264	13,671
Shady Shores Law Enforcement	-	-	-	-
Denton County Freshwater Dist. Patrol	120,149	122,101	126,267	(4,166)
Constable 1	624,115	635,639	612,614	23,025
Constable 2	480,288	500,809	499,070	1,739
Constable 3	537,781	552,225	539,886	12,339

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, 2006

	Budget Amounts		Actual	Variance
	Original	Revised		Positive(Negative) with Final Budget
Constable 4	478,974	487,789	469,818	17,971
Constable 5	512,681	515,494	503,001	12,493
Constable 6	415,551	429,085	424,767	4,318
Northwest ISD ASAP Officer	36,332	36,332	34,445	1,887
License and Weights	-	-	399	(399)
Fire and Ambulance Services	1,632,303	1,777,303	1,853,577	(76,274)
Department of Public Safety	171,430	176,802	164,994	11,808
Alcoholic Beverage Commission	3,650	3,650	3,208	442
Game Wardens	6,544	6,544	5,532	1,012
2004 UASI Grant	10,762	1,703,704	1,306,229	397,475
2004 State Homeland Security Grant	-	-	448,539	(448,539)
2004 LETTP Grant	-	-	25,719	(25,719)
Disaster Recovery	-	362,670	364,211	(1,541)
Emergency Services Department	527,775	567,314	538,187	29,127
2003 UASI Grant	-	698,142	689,818	8,324
2005 Homeland Security Grant	-	1,200,759	304,347	896,412
Total Public Safety	37,698,824	42,267,260	40,837,242	1,430,018
Health & Welfare:				
Child Protective Services	206,024	218,704	213,123	5,581
Total Health & Welfare	206,024	218,704	213,123	5,581
Conservation:				
County Extension Agents	402,548	400,658	370,952	29,706
Total Conservation	402,548	400,658	370,952	29,706
Intergovernmental:				
Contract Services	2,121,216	2,666,216	2,613,005	53,211
Total Intergovernmental	2,121,216	2,666,216	2,613,005	53,211
TOTAL EXPENDITURES	91,462,832	98,735,382	94,650,649	4,084,733
Excess of Revenues over Expenditures	(1,728,241)	(1,921,112)	6,227,655	8,148,767
Other Financing Sources and Uses:				
Transfers In	20,293	39,409	39,409	-
Transfers Out	(12,297)	(528,039)	(528,039)	-
Total Other Financing Sources and Uses	7,996	(488,630)	(488,630)	-
Net Change in Fund Balances	(1,720,245)	(2,409,742)	5,739,025	8,148,767
Fund Balances - Beginning	14,123,451	14,123,451	14,123,451	-
Fund Balances - Ending	\$ 12,403,206	\$ 11,713,709	\$ 19,862,476	\$ 8,148,767

Denton County, Texas
STATEMENT OF NET ASSETS
PROPRIETARY FUND
September 30, 2006

	<u>Governmental Activities Internal Service Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 349,225
Investments	-
Accrued Interest	-
Other Assets	-
Due from Other Funds	-
Due from Other Governments	-
TOTAL ASSETS	<u>\$ 349,225</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 1,117,671
Due to Other Funds	73,475
Due to Other Governments	-
TOTAL LIABILITIES	<u>1,191,146</u>
<u>NET ASSETS</u>	
Unrestricted	<u>(841,921)</u>
TOTAL NET ASSETS	<u>(841,921)</u>

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, 2006

Governmental
Activities Internal
Service Fund

OPERATING REVENUES

Charges for Services	\$ 13,696,867
Other Revenue	<u>621,449</u>

TOTAL OPERATING REVENUES	<u>14,318,316</u>
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OPERATING EXPENSES

Incurred Claims	6,567,163
Estimated Claims	1,117,671
Administrative Expenses	5,797,786
Reinsurance Premiums	<u>307,621</u>

TOTAL OPERATING EXPENSES	<u>13,790,241</u>
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OPERATING INCOME (LOSS)	<u>528,075</u>
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NONOPERATING REVENUES(EXPENSES)

Interest Revenue	<u>22,897</u>
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INCOME BEFORE TRANSFERS	<u>550,972</u>
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Transfers From Other Funds	<u>500,000</u>
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CHANGES IN NET ASSETS	<u>1,050,972</u>
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TOTAL NET ASSETS - BEGINNING	<u>(1,892,893)</u>
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TOTAL NET ASSETS - ENDING	<u><u>\$ (841,921)</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, 2006

**Governmental
Activities Internal
Service Fund**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts for Services	\$ 13,696,867
Receipts from Reinsurance and Refunds	621,449
Payments for Claims	(7,218,623)
Payments for Administrative Services	(5,797,786)
Payments for Reinsurance	<u>(307,621)</u>
Net Cash Provided by Operating Activities	<u>994,286</u>

**CASH FLOWS FROM NONCAPITAL
FINANCING ACTIVITIES**

Transfer of Funds	500,000
Repayment of Interfund Loans	<u>(1,655,319)</u>
Net Cash Provided by Noncapital Financing Activities	<u>(1,155,319)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Revenue	<u>22,897</u>
Net Cash Provided by Investing Activities	<u>22,897</u>

Net Increase (Decrease) in Cash	<u>(138,136)</u>
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Cash, Beginning of Year	<u>487,361</u>
Cash, End of Year	<u>\$ 349,225</u>

Reconciliation of Operating Income

Net Cash Provided (Used) by Operations

Operating Income	<u>\$ 528,075</u>
(Increase) Decrease in Other Assets	-
Increase (Decrease) in Accounts Payable	<u>466,211</u>
Total Adjustments	<u>466,211</u>
Net Cash Provided (Used) by Operations	<u>\$ 994,286</u>

See the notes to the financial statements.

Denton County, Texas
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
September 30, 2006

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 10,683,870
Investments	10,931,363
Accrued Interest	2,293
Other Assets	-
Due from Other Funds	-
Due from Other Govts	-
	<hr/>
TOTAL ASSETS	<u>\$ 21,617,526</u>
 <u>LIABILITIES</u>	
Accounts Payable	\$ 13,940
Wages Payable	133,806
Due to Other Funds	-
Due to Other Governments	12,657,457
Due to Beneficiaries	8,812,323
	<hr/>
TOTAL LIABILITIES	<u>21,617,526</u>
NET ASSETS	<u>\$ -</u>

See the notes to the financial statements.

Denton County, Texas

Notes to the Financial Statements September 30, 2006

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.

The *2005 road bond project fund* is used to account for the receipt and expenditure of voter approved debt proceeds for various transportation improvement projects throughout the County.

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.

Since Denton County reports neither enterprise funds nor business-type activities, there is no necessity for management to apply private-sector accounting standards in preparing the County's annual financial statements.

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 on February 1. 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

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 \$182,883,051 difference are as follows:

Bonds payable	(\$ 174,702,570)
Capital leases payable	(226,595)
Unamortized bond premium	(1,900,275)
Interest payable accrued	(1,690,141)
Compensated absences	<u>(4,363,470)</u>
Net adjustment to reduce fund balance to arrive at net assets	<u>(\$182,883,051)</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 \$2,944,296 difference are as follows:

Capital outlay	\$14,243,184
Depreciation expense	<u>(11,298,888)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 2,944,296</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has

any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this (\$510,077) difference are as follows:

Debt issued or incurred:

Capital lease financing	(\$ 62,879)
Issuance of general obligation bonds	(11,865,000)
Proceeds of refunding bonds	(18,786,125)

Debt repayments:

General obligation debt	10,719,048
Capital lease payments	348,090
Bond premium amortization	458,864
Payments to Escrow Agent	<u>18,677,125</u>

Net adjustment to increase *net changes in fund balances – total governmental funds* to arrive at *changes in net assets of governmental activities* (\$ 510,077)

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 (\$607,860) difference are as follows:

Compensated absences (\$ 607,860)

Net adjustment to decrease net changes in *fund balances-total governmental funds* to arrive at changes in *net assets of governmental activities* (\$ 607,860)

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, 2006, encumbrances of approximately \$1,822,000 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, and 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 budgetary accounting recognizes only 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	\$8,337,573
Capital lease acquisitions	<u>(62,879)</u>
Road & Bridge expenditures, budgetary basis	<u>\$8,274,694</u>

B. Excess of expenditures over appropriations

For the year ended September 30, 2006, expenditures did not exceed appropriations in any budgeted fund of Denton County.

C. Deficit fund equity

The Bioterrorism Grant special revenue fund and the Internal Service Fund had deficit fund balances of \$3,423 and \$841,921, as of September 30, 2006. The Bioterrorism Grant fund had some expenditures that were not claimed for reimbursement from the grant funding source, and the Internal Service Fund had claims in excess of available resources. The deficit fund balance for these funds will be made up through fee revenue or future state funding.

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, 2006 Denton County had the following investments:

		Weighted Average Maturity (Years)
	Fair Value	
Investment Type		
U.S. Treasuries and Agencies	\$ 8,256,960	0.34
Local Government Investment Pools	\$ 55,761,525	0.16
Total fair value	\$ 64,018,485	
Portfolio weighted average maturity		0.18

Investments are stated at fair value including the investments in the Texas Local Government Investment Pool, the MBIA Local Government Investment Pool, the ICT 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. All external investment pools in which the County participates have a credit quality rating of "AAA".

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 \$15,302,699 and the bank balance was \$9,084,002. 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 2006, the County's tax rate for general governmental services was 20.481 cents per \$100 of assessed value, and the interest and sinking fund rate was 4.167 cents.

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 unearned 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 unearned revenue reported in the governmental funds were as follows:

Unavailable:	
Property taxes receivable:	
General Fund	\$ 1,908,925
Debt Service Fund	446,530
Other Nonmajor Governmental Funds	285,792
Unearned:	
Grants Payable and	
Other Deferred Revenues	<u>1,978,173</u>
Total Deferred	<u>\$ 4,619,420</u>

C. Capital Assets

Capital Asset activity for the year ended September 30, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, Not Being Depreciated:				
Land	\$ 4,622,587	\$ 3,905,741	\$ -	\$ 8,528,328
Construction in Progress	<u>3,525,391</u>	<u>2,247,203</u>	<u>(4,174,644)</u>	<u>1,597,950</u>
Total Capital Assets, Not Being Depreciated	<u>8,147,978</u>	<u>6,152,944</u>	<u>(4,174,644)</u>	<u>10,126,278</u>
Capital Assets, Being Depreciated:				
Buildings	88,225,666	3,959,224	-	92,184,890
Machinery and Equipment	29,124,395	6,344,329	(2,725,554)	32,743,170
Infrastructure	<u>128,929,164</u>	<u>4,238,216</u>	<u>(553,081)</u>	<u>132,614,299</u>
Total Capital Assets Being Depreciated	<u>246,279,225</u>	<u>14,541,769</u>	<u>(3,278,635)</u>	<u>257,542,359</u>
Less Accumulated Depreciation For:				
Buildings	(17,515,876)	(1,683,081)	-	(19,198,957)
Machinery and Equipment	(19,872,500)	(3,287,513)	2,553,058	(20,606,955)
Infrastructure	<u>(92,119,619)</u>	<u>(6,328,294)</u>	<u>453,341</u>	<u>(97,994,572)</u>
Total Accumulated Depreciation	<u>(129,507,995)</u>	<u>(11,298,888)</u>	<u>3,006,399</u>	<u>(137,800,484)</u>
Total Capital Assets Being Depreciated, Net	<u>116,771,230</u>	<u>3,242,881</u>	<u>(272,236)</u>	<u>119,741,875</u>
Total Capital Assets, Net	<u>\$ 124,919,208</u>	<u>\$ 9,395,825</u>	<u>\$ (4,446,880)</u>	<u>\$ 129,868,153</u>

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

Governmental Activities:

General Government	\$ 709,410
Judicial	65,537
Legal	16,995
Financial	38,617
Public Facilities	1,773,745
Public Safety	1,557,498
Health & Welfare	43,413
Conservation	1,646
Roads	<u>7,092,027</u>

Total Depreciation Expense \$11,298,889

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	\$ 28,040,053	\$ 28,040,053	\$	- None
2000 Road Projects	\$ 25,218,644	\$ 25,218,644	\$	- None
2003 Tax Note Fund	\$ 5,839,500	\$ 2,927,152	\$	- None
2004 Tax Note Fund	\$ 4,125,000	\$ 2,501,079	\$	- None
2005 Road Projects	\$ 50,556,267	\$ 43,354,663	\$7,201,604	- None
2005 CO's	\$ 11,865,000	4,531,681	\$	- None

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of September 30, 2006, is as follows:

	<u>Due From:</u>						
<u>Due To:</u>	<u>General Fund</u>	<u>Debt Service</u>	<u>2005 Road Bond</u>	<u>Non Major Governmental Funds</u>	<u>Agency Funds</u>	<u>Internal Service Fund</u>	<u>Total</u>
General Fund				\$ 390,394		\$ 73,475	\$ 463,869
Debt Service							-
2005 Road Bond							-
Nonmajor Governmental Funds			1,845,916	61,977			1,907,893
Agency Funds							-
Internal Service Fund	-	-	-	-	-	-	-
Total	\$ -	\$ -	\$ 1,845,916	\$ 452,371	\$ -	\$ 73,475	\$ 2,371,762

Interfund Transfers:

	Transfer In:					<u>Total</u>
	<u>General Fund</u>	<u>Debt Service</u>	<u>2005 Road Bond Project Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Internal Service Fund</u>	
Transfer Out:						
General Fund	\$ -	\$ -	\$ -	\$ 28,039	\$ 500,000	\$ 528,039
Debt Service	-	-	-	-	-	-
2005 Road Bond Nonmajor	-	1,040,000	-	116,435	-	1,156,435
Governmental Funds	39,409	-	155,580	237,859	-	432,848
Internal Service Fund	-	-	-	-	-	-
Total	<u>\$ 39,409</u>	<u>\$ 1,040,000</u>	<u>\$ 155,580</u>	<u>\$ 382,333</u>	<u>\$ 500,000</u>	<u>\$ 2,117,322</u>

In the fund financial statements, total transfers out of \$2,117,322 are greater than total transfers in of \$1,617,322 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. The transfer to the Debt Service Fund was a planned transfer of first-year investment income on bond proceeds to partially offset the initial debt service payments on the bonds.

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 \$782,680 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, 2006 is as follows:

<u>Year</u>	<u>Amount</u>
2007	\$ 235,512
2008 & thereafter	\$ <u> -</u>
Total minimum lease payments	\$ 235,512
Less: Amount representing interest	\$ <u> (8,916)</u>
Present value of net future minimum lease payments	\$ <u> 226,596</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.

<u>Description</u>	<u>Balance at</u> <u>10/01/05</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at</u> <u>09/30/06</u>
\$22,800,000 1996 Permanent Improvement Bonds, due in varying amounts through 2016 at an average interest rate of 5.33%	\$ 1,090,000	\$ -	\$ 1,090,000	\$ -

\$1,480,000 1997 Permanent Improvement Bonds, due in varying amounts through 2017 at an average interest rate of 5.336%	135,000	-	65,000	70,000
\$3,800,000 1999 Certificates of Obligation, due in varying amounts through 2014 at an average interest rate of 4.37%	250,000	-	250,000	-
\$8,020,000 1999 Permanent Improvement Bonds, due in varying amounts through 2019 at an average interest rate of 4.68%	1,470,000	-	345,000	1,125,000
\$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	-	18,320,000	8,247,570
\$13,255,000 1999A Certificates of Obligation, due in varying amounts through 2020 at an average interest rate of 5.60%	2,720,000	-	390,000	2,330,000
\$2,040,000 1999 Tax Notes due in varying amounts through 2007 at an average interest rate of 4.70%	880,000	-	430,000	450,000
\$24,000,000 2000 Permanent Improvement Bonds due in varying amounts through 2026 at an average interest rate of 5.45%	3,455,000	-	625,000	2,830,000
\$1,850,000 2000 Tax Notes due in varying amounts through 2007 at an average interest rate of 4.65%	1,160,000	-	370,000	790,000

\$3,680,000 2002 Tax Notes due in varying amounts through 2008 at an average interest rate of 3.449%	2,530,000	-	605,000	1,925,000
\$5,740,000 2003 Tax Notes due in varying amounts through 2010 at an average interest rate of 2.479%	4,685,000	-	880,000	3,805,000
\$25,375,000 2004 General Obligation Refunding Bonds due in varying amounts through 2012 at an average interest rate of 2.877%	21,325,000	-	3,955,000	17,370,000
\$4,125,000 2004 Tax Notes due in varying amounts through 2011 at an average interest rate of 2.972%	3,610,000	-	560,000	3,050,000
\$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%	19,245,000	-	-	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
\$11,865,000 2005 Certificates of Obligation due in varying amounts through 2020 at an average interest rate of 4.17%	-	11,865,000	-	11,865,000

\$19,315,000 2006 Permanent Improvement Refunding Bonds due in varying amounts through 2026 at an average interest rate of 4.63%

	-	19,315,000	-	19,315,000
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Total General Obligation				
Bonds Payable	171,407,570	31,180,000	27,885,000	174,702,570
Unrealized Loss/Bond Premium	1,450,771	1,572,101	1,122,598	1,900,274
Compensated Absences	3,755,610	873,466	265,606	4,363,470
Capital Leases	<u>448,928</u>	<u>62,879</u>	<u>285,211</u>	<u>226,596</u>
TOTAL	<u>\$ 177,062,879</u>	<u>\$ 33,688,446</u>	<u>\$ 10,023,913</u>	<u>\$ 181,192,910</u>

Of the above debt, \$10,097,831 of the bonded debt, \$192,869 of the unrealized loss/bond premium, \$436,470 of the compensated absences, and \$226,596 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>Total Requirements</u>
2007	\$ 10,097,830	\$ 8,270,356	\$ 18,368,186
2008	11,133,736	7,881,630	19,015,366
2009	11,175,270	7,538,880	18,714,150
2010	11,515,734	6,788,040	18,303,774
2011	10,105,000	6,150,907	16,255,907
2012-2016	41,175,000	24,647,548	65,822,548
2017-2021	31,365,000	15,793,104	47,158,104
2022-2026	35,800,000	8,323,787	44,123,787
2027-2032	<u>12,335,000</u>	<u>1,478,727</u>	<u>13,813,727</u>
Total	<u>\$ 174,702,570</u>	<u>\$ 86,872,979</u>	<u>\$ 261,575,549</u>

With the exception of the 1997 Permanent Improvement Bonds, 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 \$11,865,000 in certificates of obligation in October, 2005, to provide funds for land acquisition, construction of and improvements to various buildings, and computer system upgrades.

In August, 2005, Denton County issued \$19,315,000 of permanent improvement 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 \$18,320,000 of previously issued permanent improvement bonds. 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 \$356,125. 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 \$864,447 in the County's aggregate future debt service payments, and an economic gain to the County of \$587,870.

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, 2006 the County had a total of \$22,839,373 in un-issued 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 was issued in March, 1999 in connection with the partial refunding discussed above. An additional \$24,000,000 of the bonds was issued in December 2000. \$13,425,000 of these bonds was issued as part of a \$50,000,000 bond 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 un-issued 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 un-issued permanent improvement bonds as of September 30, 2006. 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 2006 a total of \$13,324,030 was paid in benefits, excess coverage premiums and administrative costs. The excess coverage insurance covers the plan against individual claims in excess of \$200,000 per covered person per year. Estimated claims payable, based upon claims filed and estimated un-filed claims at year end, were \$1,117,671 of September 30, 2006. Changes in the balances of claims liabilities during the past year are as follows:

	<u>2006</u>	<u>2005</u>
Unpaid Claims, beginning of fiscal year	\$ 651,460	\$ 523,194
Incurred Claims (including incurred but not reported)	7,684,834	7,713,854
Claim payments	(7,218,623)	(7,585,588)
Unpaid Claims, end of fiscal year	<u>\$ 1,117,671</u>	<u>\$651,460</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 157 former County employees and their dependents receiving benefits from the plan. The County finances the plan on a pay-as-you-go basis. For the year ended September 30, 2006, retiree premiums paid to the plan totaled \$271,977 which represents approximately 50% of the cost of the benefits received.

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 TCDRS 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 8.21% for the months of the accounting year in 2005, and 8.21% for the months of the accounting year in 2006.

The deposit rate payable by the employee members of the plan for calendar year 2006 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, 2006, the annual pension cost for the TCDRS plan for its employees was \$5,057,204 and the actual contributions were \$5,057,204.

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, 2004 and December 31, 2005, the basis for determining the contribution rates for calendar years 2005 and 2006. The December 31, 2006 actuarial valuation is the most recent valuation.

D. Actuarial Valuation Information

Actuarial valuation date	12/31/2003	12/31/2004	12/31/2005
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%	5.30%
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 APC Contributed	Net Pension Obligation
September 30, 2004	\$4,715,981	100%	\$ 0
September 30, 2005	\$4,884,249	100%	\$ 0
September 30, 2006	\$5,057,204	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)
12/31/2003	\$ 79,860,933	\$ 92,746,239	\$12,885,306	86.11%	\$54,657,482	23.57%
12/31/2004	\$ 89,433,012	\$104,489,083	\$15,056,071	85.59%	\$58,886,863	25.57%
12/31/2005	\$102,382,719	\$117,465,955	\$15,083,236	87.16%	\$59,514,978	25.34%

(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.

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.

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.

Crisis Counseling Grant Fund:

To account for the receipt and expenditure of state grant funds to be used to develop and operate a crisis counseling program for disaster victims.

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.

Justice Court Security Fund:

To account for the receipt and expenditure of fees assessed on cases in the justice of the peace courts as allowed by state law. Such fees may only be spent on building security projects as requested by the Justices of the Peace.

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.

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.

2003 Tax Note Project Fund:

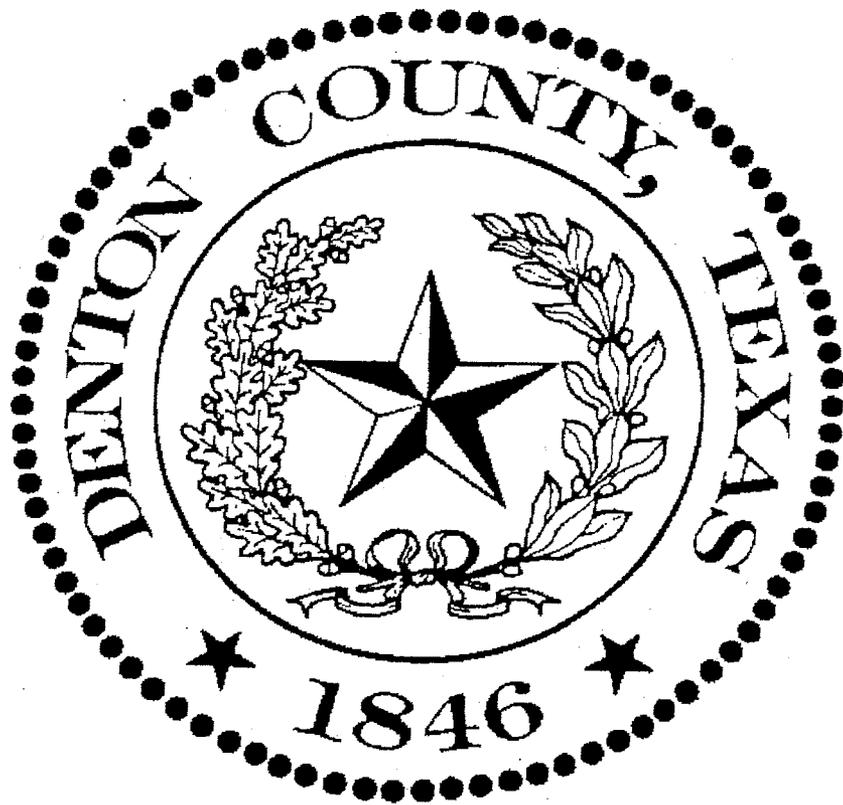
To account for the receipt and expenditure of Tax Note funds issued to fund the acquisition of additional County buildings and other capital improvements.

2004 Tax Note Project Fund:

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

2005 Certificates of Obligation Fund:

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



Denton County, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2006

SPECIAL REVENUE	Road & Bridge Fund	Jury Fund	Juvenile Juvenile Fund	Voter Registration Fund
<u>ASSETS</u>				
Cash	\$ 367,184	\$ -	\$ 135,852	\$ 42,707
Investments	4,587,222	130,618	1,241,220	169,451
Receivables:				
Taxes	45,959	6,603	134,444	-
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Governments	-	-	95,143	-
TOTAL ASSETS	\$ 5,000,365	\$ 137,221	\$ 1,606,659	\$ 212,158

LIABILITIES AND FUND BALANCES

LIABILITIES				
Accounts Payable	\$ 522,965	\$ 5,026	\$ 92,329	\$ 16,479
Wages Payable	111,323	-	214,599	-
Due to Other Funds	-	13,499	-	-
Due to Other Governments	-	-	61,915	-
Deferred Revenues	45,959	6,603	134,444	-
TOTAL LIABILITIES	680,247	25,128	503,287	16,479

FUND BALANCES

Reserved for Capital Expenditures	-	-	-	-
Unreserved, Undesignated	4,320,118	112,093	1,103,372	195,679
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,000,365	\$ 137,221	\$ 1,606,659	\$ 212,158

Indigent Care Fund	Public Health Fund	Law Library Fund	County Clerk Records Mgmt. Fund	County Clerk Records Archive Fund	Courthouse Security Fund
\$ 10,915 1,307,878	\$ 44,967 646,018	\$ 27,451 287,289	\$ 1,769 19	\$ 65,857 2,281,522	\$ 23,205 90,680
54,940	43,846	-	-	-	-
-	-	-	-	-	-
-	11,977	-	50,000	-	-
-	35,864	-	-	-	-
<u>\$1,373,733</u>	<u>\$782,672</u>	<u>\$ 314,740</u>	<u>\$ 51,788</u>	<u>\$ 2,347,379</u>	<u>\$ 113,885</u>
\$ 136,337 4,414	\$ 54,111 85,239	\$ 12,392 2,320	\$ 24,115 1,680	\$ 240,346 -	\$ 24,979 -
-	-	-	-	50,000	-
-	700	-	-	-	-
54,940	43,846	-	-	-	-
<u>195,691</u>	<u>183,896</u>	<u>14,712</u>	<u>25,795</u>	<u>290,346</u>	<u>24,979</u>
-	-	-	-	-	-
<u>1,178,042</u>	<u>598,776</u>	<u>300,028</u>	<u>25,993</u>	<u>2,057,033</u>	<u>88,906</u>
<u>\$1,373,733</u>	<u>\$782,672</u>	<u>\$ 314,740</u>	<u>\$ 51,788</u>	<u>\$ 2,347,379</u>	<u>\$ 113,885</u>

Denton County, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2006

SPECIAL REVENUE	Sheriff's Training Fund	Sheriff's Forfeiture Fund	Vehicle Inventory Tax Interest Fund	Records Management Fund	District Attorney Check Fee Fund
ASSETS					
Cash	\$ 10,729	\$ 25,506	\$ 7,467	\$ 21,632	\$ 6,854
Investments	35,030	309,059	71,303	91,627	30,459
Receivables:					
Taxes	-	-	-	-	-
Accrued Interest	-	-	-	-	-
Other Receivables	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due from Other Governments	-	15,306	-	-	-
TOTAL ASSETS	\$ 45,759	\$349,871	\$ 78,770	\$ 113,259	\$ 37,313

LIABILITIES AND FUND BALANCES

LIABILITIES					
Accounts Payable	\$ -	\$ 242	\$ -	\$ 988	\$ 1,631
Wages Payable	-	-	-	4,109	5,549
Due to Other Funds	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Deferred Revenues	-	200,407	-	-	-
TOTAL LIABILITIES	-	200,649	-	5,097	7,180

FUND BALANCES

**Reserved for Capital
Expenditures**

Unreserved, Undesignated	45,759	149,222	78,770	108,162	30,133
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**TOTAL LIABILITIES AND
FUND BALANCES**

\$ 45,759	\$349,871	\$ 78,770	\$ 113,259	\$ 37,313
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District Attorney Forfeiture Fund	Women, Infants, and Children Fund	Health Care Relief Fund	JP Court Technology Fund	Bioterrorism Grant Fund	Crisis Counseling Grant Fund
\$ 17,580	\$ -	\$ -	\$ 10,412	\$ -	\$ -
191,110	-	2,460,024	452,952	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	292,593	-	-	87,853	158,881
<u>\$ 208,690</u>	<u>\$ 292,593</u>	<u>\$ 2,460,024</u>	<u>\$ 463,364</u>	<u>\$ 87,853</u>	<u>\$ 158,881</u>
\$ 10,735	\$ 14,006	\$ 22,369	\$ -	\$ 20,750	\$ 5,362
-	45,113	-	-	19,182	17,099
-	206,234	217	-	51,344	131,077
-	-	-	-	-	-
27,842	-	-	-	-	-
<u>38,577</u>	<u>265,353</u>	<u>22,586</u>	<u>-</u>	<u>91,276</u>	<u>153,538</u>
-	-	-	-	-	-
170,113	27,240	2,437,438	463,364	(3,423)	5,343
<u>\$ 208,690</u>	<u>\$ 292,593</u>	<u>\$ 2,460,024</u>	<u>\$ 463,364</u>	<u>\$ 87,853</u>	<u>\$ 158,881</u>

Denton County, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2006

SPECIAL REVENUE	District Clerk Records Mgmt. Fund	JP Court Security Fund	TOTAL Special Revenue Funds
<u>ASSETS</u>			
Cash	\$ 4,505	\$ 12,944	\$ 837,536
Investments	50,657	-	14,434,138
Receivables:			
Taxes	-	-	285,792
Accrued Interest	-	-	-
Other Receivables	-	-	-
Due from Other Funds	-	-	61,977
Due from Other Governments	-	-	685,640
TOTAL ASSETS	<u>\$ 55,162</u>	<u>\$ 12,944</u>	<u>\$ 16,305,083</u>

LIABILITIES AND FUND BALANCES

LIABILITIES			
Accounts Payable	\$ 1,527	\$ -	\$ 1,206,689
Wages Payable	-	-	510,627
Due to Other Funds	-	-	452,371
Due to Other Governments	-	-	62,615
Deferred Revenues	-	-	514,041
TOTAL LIABILITIES	<u>1,527</u>	<u>-</u>	<u>2,746,343</u>

FUND BALANCES

Reserved for Capital Expenditures	-	-	-
Unreserved, Undesignated	53,635	12,944	13,558,740
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 55,162</u>	<u>\$ 12,944</u>	<u>\$ 16,305,083</u>

Denton County, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2006

CAPITAL PROJECTS	Road and Bridge Construction Fund	1999 Road Project Construction Fund	1999 Tax Note Project Fund
<u>ASSETS</u>			
Cash	\$ 512,441	\$ -	\$ 27,356
Investments	-	691,034	-
Receivables:			
Taxes	-	-	-
Accrued Interest	-	-	-
Other Receivables	-	-	-
Due from Other Funds	-	-	-
Due from Other Governments	-	-	-
TOTAL ASSETS	\$ 512,441	\$ 691,034	\$ 27,356
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts Payable	\$ -	\$ 1,507	\$ -
Wages Payable	-	-	-
Due to Other Funds	-	-	-
Due to Other Governments	-	-	-
Deferred Revenues	-	-	-
TOTAL LIABILITIES	-	1,507	-
FUND BALANCES			
Reserved for Capital Expenditures	512,441	689,527	27,356
Unreserved, Undesignated	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 512,441	\$ 691,034	\$ 27,356

Denton County, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2006

CAPITAL PROJECTS	1999 Certificates of Obligation Fund	2000 RoadProject Construction Fund	2003 Tax Note Project Fund
<u>ASSETS</u>			
Cash	\$ 9,762	\$ -	\$ -
Investments	-	-	114,527
Receivables:			
Taxes	-	-	-
Accrued Interest	-	-	-
Other Receivables	-	-	-
Due from Other Funds	-	1,845,916	-
Due from Other Governments	-	-	-
TOTAL ASSETS	\$ 9,762	\$ 1,845,916	\$ 114,527
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts Payable	\$ -	\$ 395,475	\$ 18,121
Wages Payable	-	-	-
Due to Other Funds	-	-	-
Due to Other Governments	-	-	-
Deferred Revenues	-	-	-
TOTAL LIABILITIES	-	395,475	18,121
FUND BALANCES			
Reserved for Capital Expenditures	9,762	1,450,441	96,406
Unreserved, Undesignated	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,762	\$ 1,845,916	\$ 114,527

2004 Tax Note Project Fund	2005 Certificates of Obligation Fund	TOTAL Capital Projects Funds	TOTAL Nonmajor Governmental Funds
\$ 11 1,784,506	\$ - 7,999,248	\$ 549,570 10,589,315	\$ 1,387,106 25,023,453
-	-	-	285,792
-	-	-	-
-	-	-	-
-	-	1,845,916	1,907,893
-	-	-	685,640
<u>\$1,784,517</u>	<u>\$ 7,999,248</u>	<u>\$ 12,984,801</u>	<u>\$ 29,289,884</u>

\$ 2,114	\$ 255,186	\$ 672,403	\$ 1,879,092
-	-	-	510,627
-	-	-	452,371
-	-	-	62,615
-	-	-	514,041
<u>2,114</u>	<u>255,186</u>	<u>672,403</u>	<u>3,418,746</u>

1,782,403	7,744,062	12,312,398	12,312,398
-	-	-	13,558,740
<u>\$1,784,517</u>	<u>\$ 7,999,248</u>	<u>\$ 12,984,801</u>	<u>\$ 29,289,884</u>

Denton County, Texas
**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**
For the Fiscal Year Ended September 30, 2006

SPECIAL REVENUE	Road & Bridge Fund	Jury Fund	Juvenile Probation Fund	Voter Registration Fund
REVENUES				
Taxes	\$ 1,707,425	\$238,282	\$4,993,863	\$ -
Licenses and Permits	7,453,791	-	-	-
Intergovernmental	113,360	133,314	3,113,733	300,461
Fees of Office	45,673	19,860	42,642	-
Fines	-	-	-	-
Interest	195,606	5,119	107,482	5,457
Miscellaneous	133,720	32,746	12,632	255
TOTAL REVENUES	9,649,575	429,321	8,270,352	306,173
EXPENDITURES				
General Government	-	-	-	183,703
Judicial	-	393,102	-	-
Legal	-	-	-	-
Financial	-	-	-	-
Public Facilities	-	-	-	-
Public Safety	-	-	7,929,281	-
Health and Welfare	-	-	-	-
Roads	8,337,573	-	-	-
Intergovernmental	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	8,337,573	393,102	7,929,281	183,703
Excess (Deficiency) of Revenues Over Expenditures	1,312,002	36,219	341,071	122,470
Other Financing Sources (Uses):				
Issuance of Debt	-	-	-	-
Bond Premium	-	-	-	-
Capital Lease Financing	62,879	-	-	-
Transfers In	13,223	-	-	-
Transfers Out	-	-	(11,250)	-
Total Other Financing Sources (Uses)	76,102	-	(11,250)	-
NET CHANGE IN FUND BALANCES	1,388,104	36,219	329,821	122,470
FUND BALANCES AT BEGINNING OF YEAR	2,932,014	75,874	773,551	73,209
FUND BALANCES AT END OF YEAR	\$ 4,320,118	\$ 112,093	\$ 1,103,372	\$ 195,679

Indigent Care Fund	Public Health Fund	Law Library Fund	County Clerk Records Mgmt. Fund	County Clerk Records Archive Fund	Courthouse Security Fund
\$2,040,882	\$1,630,923	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	1,273,919	-	-	-	-
-	482,927	254,215	838,872	830,448	306,770
-	-	-	-	-	-
58,498	48,672	14,353	5,320	97,161	6,146
-	-	12,161	-	-	-
<u>2,099,380</u>	<u>3,436,441</u>	<u>280,729</u>	<u>844,192</u>	<u>927,609</u>	<u>312,916</u>
-	-	216,084	913,554	524,406	-
-	-	-	-	-	299,253
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,157,921	3,397,727	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,157,921</u>	<u>3,397,727</u>	<u>216,084</u>	<u>913,554</u>	<u>524,406</u>	<u>299,253</u>
<u>941,459</u>	<u>38,714</u>	<u>64,645</u>	<u>(69,362)</u>	<u>403,203</u>	<u>13,663</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	52,519	-	-
-	-	-	-	(69,493)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>52,519</u>	<u>(69,493)</u>	<u>-</u>
<u>941,459</u>	<u>38,714</u>	<u>64,645</u>	<u>(16,843)</u>	<u>333,710</u>	<u>13,663</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>
<u>\$ 1,178,042</u>	<u>\$ 598,776</u>	<u>\$ 300,028</u>	<u>\$ 25,993</u>	<u>\$ 2,057,033</u>	<u>\$ 88,906</u>

Denton County, Texas
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2006

SPECIAL REVENUE	Sheriff's Training Fund	Sheriff's Forfeiture Fund	Vehicle Inventory Tax Interest Fund	Records Management Fund
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	33,455	-	-	-
Fees of Office	5,925	-	-	168,453
Fines	-	-	-	-
Interest	4,531	6,969	61,914	7,438
Miscellaneous	-	100,155	-	-
TOTAL REVENUES	43,911	107,124	61,914	175,891
EXPENDITURES				
General Government	-	-	-	-
Judicial	-	-	-	140,721
Legal	-	-	-	-
Financial	-	-	21,345	-
Public Facilities	-	-	-	-
Public Safety	34,740	29,030	-	-
Health and Welfare	-	-	-	-
Roads	-	-	-	-
Intergovernmental	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	34,740	29,030	21,345	140,721
Excess (Deficiency) of Revenues Over Expenditures	<u>9,171</u>	<u>78,094</u>	<u>40,569</u>	<u>35,170</u>
Other Financing Sources (Uses):				
Issuance of Debt	-	-	-	-
Bond Premium	-	-	-	-
Capital Lease Financing	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	(13,964)	(4,302)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(13,964)</u>	<u>(4,302)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	9,171	64,130	36,267	35,170
FUND BALANCES AT BEGINNING OF YEAR	<u>36,588</u>	<u>85,092</u>	<u>42,503</u>	<u>72,992</u>
FUND BALANCES AT END OF YEAR	<u>\$ 45,759</u>	<u>\$ 149,222</u>	<u>\$ 78,770</u>	<u>\$ 108,162</u>

District Attorney Check Fee Fund	District Attorney Forfeiture Fund	Women, Infants, and Children Fund	Health Care Relief Fund	JP Court Technology Fund	Bioterrorism Grant Fund	Crisis Counseling Grant Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
22,420	-	1,340,140	359,667	-	723,537	440,442
152,868	-	-	33,125	91,027	-	4,508
-	-	-	-	-	-	-
1,580	9,815	-	111,449	20,154	-	12
-	90,134	-	-	-	1,410	-
<u>176,868</u>	<u>99,949</u>	<u>1,340,140</u>	<u>504,241</u>	<u>111,181</u>	<u>724,947</u>	<u>444,962</u>
-	-	-	-	-	-	-
-	-	-	-	4,265	-	-
226,310	23,444	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	1,340,140	444,110	-	723,537	439,651
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>226,310</u>	<u>23,444</u>	<u>1,340,140</u>	<u>444,110</u>	<u>4,265</u>	<u>723,537</u>	<u>439,651</u>
<u>(49,442)</u>	<u>76,505</u>	<u>-</u>	<u>60,131</u>	<u>106,916</u>	<u>1,410</u>	<u>5,311</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
101,504	-	-	-	-	12,297	-
-	(102,504)	-	-	-	-	-
<u>101,504</u>	<u>(102,504)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,297</u>	<u>-</u>
<u>52,062</u>	<u>(25,999)</u>	<u>-</u>	<u>60,131</u>	<u>106,916</u>	<u>13,707</u>	<u>5,311</u>
<u>(21,929)</u>	<u>196,112</u>	<u>27,240</u>	<u>2,377,307</u>	<u>356,448</u>	<u>(17,130)</u>	<u>32</u>
<u>\$ 30,133</u>	<u>\$ 170,113</u>	<u>\$ 27,240</u>	<u>\$ 2,437,438</u>	<u>\$ 463,364</u>	<u>\$ (3,423)</u>	<u>\$ 5,343</u>

Denton County, Texas
**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**
For the Fiscal Year Ended September 30, 2006

SPECIAL REVENUE	District Clerk Records Mgmt. Fund	JP Court Security Fund	TOTAL SPECIAL REV September 30, 2006
REVENUES			
Taxes	\$ -	\$ -	\$ 10,611,375
Licenses and Permits	-	-	7,453,791
Intergovernmental	-	-	7,854,448
Fees of Office	39,477	12,588	3,329,378
Fines	-	-	-
Interest	3,073	356	771,105
Miscellaneous	-	-	383,213
TOTAL REVENUES	42,550	12,944	30,403,310
EXPENDITURES			
General Government	-	-	1,837,747
Judicial	14,463	-	851,804
Legal	-	-	249,754
Financial	-	-	21,345
Public Facilities	-	-	-
Public Safety	-	-	7,993,051
Health and Welfare	-	-	7,503,086
Roads	-	-	8,337,573
Intergovernmental	-	-	-
Capital Outlay	-	-	-
TOTAL EXPENDITURES	14,463	-	26,794,360
Excess (Deficiency) of Revenues Over Expenditures	28,087	12,944	3,608,950
Other Financing Sources (Uses):			
Issuance of Debt	-	-	-
Bond Premium	-	-	-
Capital Lease Financing	-	-	62,879
Transfers In	-	-	179,543
Transfers Out	(650)	-	(202,163)
Total Other Financing Sources (Uses)	(650)	-	40,259
NET CHANGE IN FUND BALANCES	27,437	12,944	3,649,209
FUND BALANCES AT BEGINNING OF YEAR	26,198	-	9,909,531
FUND BALANCES AT END OF YEAR	\$ 53,635	\$ 12,944	\$ 13,558,740

Denton County, Texas
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For the Fiscal Year Ended September 30, 2006

CAPITAL PROJECTS	Road & Bridge Construction Fund	1999 Road Project Construction Fund	1999 Tax Note Project Fund	1999 Certificates of Obligation Fund
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	25,148	38,771	8,829	484
Miscellaneous	-	-	-	-
TOTAL REVENUES	25,148	38,771	8,829	484
EXPENDITURES				
General Government	-	-	-	-
Judicial	-	-	-	-
Legal	-	-	-	-
Financial	-	-	-	-
Public Facilities	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Roads	55,573	-	-	2,453
Intergovernmental	-	249,852	250,552	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	55,573	249,852	250,552	2,453
Excess (Deficiency) of Revenues Over Expenditures	(30,425)	(211,081)	(241,723)	(1,969)
Other Financing Sources (Uses):				
Bond Proceeds	-	-	-	-
Bond Premium	-	-	-	-
Capital Lease Financing	-	-	-	-
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	(30,425)	(211,081)	(241,723)	(1,969)
FUND BALANCES AT BEGINNING OF YEAR	542,866	900,608	269,079	11,731
FUND BALANCES AT END OF YEAR	\$ 512,441	\$ 689,527	\$ 27,356	\$ 9,762

Denton County, Texas
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2006

CAPITAL PROJECTS	2000 Road Project Construction Fund	2003 Tax Note Project Fund	2004 Tax Note Project Fund	2005 Certificates of Obligation Fund
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	1,500,000	-	-	-
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	78,727	23,315	94,483	340,838
Miscellaneous	-	116,979	-	-
TOTAL REVENUES	1,578,727	140,294	94,483	340,838
EXPENDITURES				
General Government	-	-	-	-
Judicial	-	-	-	-
Legal	-	-	-	-
Financial	-	-	-	-
Public Facilities	-	228,345	73,037	505,790
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Roads	-	-	-	-
Intergovernmental	3,143,479	-	-	-
Capital Outlay	-	467,148	896,217	4,026,091
TOTAL EXPENDITURES	3,143,479	695,493	969,254	4,531,881
Excess (Deficiency) of Revenues Over Expenditures	(1,564,752)	(555,199)	(874,771)	(4,191,043)
Other Financing Sources (Uses):				
Bond Proceeds	-	-	-	11,865,000
Bond Premium	-	-	-	-
Capital Lease Financing	-	-	-	-
Operating Transfers In	116,435	-	11,250	75,105
Operating Transfers Out	(155,580)	(75,105)	-	-
Total Other Financing Sources (Uses)	(39,145)	(75,105)	11,250	11,940,105
NET CHANGE IN FUND BALANCES	(1,603,897)	(630,304)	(863,521)	7,749,062
FUND BALANCES AT BEGINNING OF YEAR	3,054,338	726,710	2,645,924	(5,000)
FUND BALANCES AT END OF YEAR	\$ 1,450,441	\$ 96,406	\$ 1,782,403	\$ 7,744,062

TOTAL Capital Projects September 30, 2006	TOTAL Special Revenue & Capital Projects September 30, 2006
\$ -	\$ 10,611,375
-	7,453,791
1,500,000	9,354,448
-	3,329,378
-	-
610,595	1,381,700
116,979	500,192
<u>2,227,574</u>	<u>32,630,884</u>
-	1,837,747
-	851,804
-	249,754
-	21,345
807,172	807,172
-	7,993,051
-	7,503,086
58,026	8,395,599
3,643,883	3,643,883
5,389,456	5,389,456
<u>9,898,537</u>	<u>36,692,897</u>
<u>(7,670,963)</u>	<u>(4,062,013)</u>
11,865,000	11,865,000
-	-
-	62,879
202,790	382,333
<u>(230,685)</u>	<u>(432,848)</u>
<u>11,837,105</u>	<u>11,877,364</u>
<u>4,166,142</u>	<u>7,815,351</u>
<u>8,146,256</u>	<u>18,055,787</u>
<u>\$ 12,312,398</u>	<u>\$ 25,871,138</u>

Denton County, Texas
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
ROAD AND BRIDGE SPECIAL REVENUE FUND
For the Fiscal Year Ended September 30, 2006

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ 1,645,865	\$ 1,645,865	\$ 1,707,425	\$ 61,560
Licenses and Permits	6,800,000	6,800,000	7,453,791	653,791
Intergovernmental	82,000	82,000	113,360	31,360
Fees of Office	30,000	30,000	45,673	15,673
Fines	-	-	-	-
Interest	40,000	40,000	195,606	155,606
Miscellaneous	-	123,722	133,720	9,998
TOTAL REVENUES	8,597,865	8,721,587	9,649,575	927,988
<u>EXPENDITURES</u>				
Current:				
Roads:	9,309,048	10,784,723	8,274,694	2,510,029
Excess (Deficiency) of Revenues Over Expenditures	(711,183)	(2,063,136)	1,374,881	3,438,017
Other Financing Sources (Uses):				
Transfers In	-	13,223	13,223	-
Transfers Out	-	-	-	-
Total Other Financing Sources	-	13,223	13,223	-
Net Change in Fund Balances	(711,183)	(2,049,913)	1,388,104	3,438,017
FUND BALANCES - BEGINNING	2,932,014	2,932,014	2,932,014	-
FUND BALANCES - ENDING	\$ 2,220,831	\$ 882,101	\$ 4,320,118	\$ 3,438,017

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, 2006

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ 231,302	\$ 231,302	\$ 238,282	\$ 6,980
Licenses and Permits	-	-	-	-
Intergovernmental	-	200,000	133,314	(66,686)
Fees of Office	28,000	28,000	19,860	(8,140)
Fines	-	-	-	-
Interest	3,000	3,000	5,119	2,119
Miscellaneous	-	-	32,746	32,746
TOTAL REVENUES	262,302	462,302	429,321	(32,981)
<u>EXPENDITURES</u>				
Current:				
Judicial	280,500	480,500	393,102	87,398
Excess (Deficiency) of Revenues Over Expenditures	(18,198)	(18,198)	36,219	54,417
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	(18,198)	(18,198)	36,219	54,417
FUND BALANCES - BEGINNING	75,874	75,874	75,874	-
FUND BALANCES - ENDING	\$ 57,676	\$ 57,676	\$ 112,093	\$ 54,417

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, 2006

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ 4,808,165	\$ 4,808,165	\$ 4,993,863	\$ 185,698
Licenses and Permits	-	-	-	-
Intergovernmental	2,877,361	2,912,007	3,113,733	201,726
Fees of Office	45,000	45,000	42,642	(2,358)
Fines	-	-	-	-
Interest	40,000	40,000	107,482	67,482
Miscellaneous	-	7,200	12,632	5,432
TOTAL REVENUES	7,770,526	7,812,372	8,270,352	457,980
<u>EXPENDITURES</u>				
Current:				
Public Safety	8,306,271	8,340,715	7,929,281	411,434
Excess (Deficiency) of Revenues Over Expenditures	(535,745)	(528,343)	341,071	869,414
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	(11,250)	(11,250)	-
Total Other Financing Sources	-	(11,250)	(11,250)	-
Net Change in Fund Balances	(535,745)	(539,593)	329,821	869,414
FUND BALANCES - BEGINNING	773,551	773,551	773,551	-
FUND BALANCES - ENDING	\$ 237,806	\$ 233,958	\$ 1,103,372	\$ 869,414

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, 2006

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ 1,964,531	\$ 1,964,531	\$ 2,040,882	\$ 76,351
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	20,000	20,000	58,498	38,498
Miscellaneous	-	-	-	-
TOTAL REVENUES	1,984,531	1,984,531	2,099,380	114,849
<u>EXPENDITURES</u>				
Current:				
Health & Welfare	1,993,274	1,993,274	1,157,921	835,353
Excess (Deficiency) of Revenues Over Expenditures	(8,743)	(8,743)	941,459	950,202
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	(8,743)	(8,743)	941,459	950,202
FUND BALANCES - BEGINNING	236,583	236,583	236,583	-
FUND BALANCES - ENDING	\$ 227,840	\$ 227,840	\$ 1,178,042	\$ 950,202

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, 2006

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ 1,570,020	\$ 1,570,020	\$ 1,630,923	\$ 60,903
Licenses and Permits	-	-	-	-
Intergovernmental	1,206,527	1,364,703	1,273,919	(90,784)
Fees of Office	530,000	530,000	482,927	(47,073)
Fines	-	-	-	-
Interest	30,000	30,000	48,672	18,672
Miscellaneous	-	-	-	-
TOTAL REVENUES	3,336,547	3,494,723	3,436,441	(58,282)
<u>EXPENDITURES</u>				
Current:				
Health & Welfare	3,428,020	3,591,549	3,397,727	193,822
Excess (Deficiency) of Revenues Over Expenditures	(91,473)	(96,826)	38,714	135,540
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	(91,473)	(96,826)	38,714	135,540
FUND BALANCES - BEGINNING	560,062	560,062	560,062	-
FUND BALANCES - ENDING	\$ 468,589	\$ 463,236	\$ 598,776	\$ 135,540

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, 2006

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	205,000	205,000	254,215	49,215
Fines	-	-	-	-
Interest	4,000	4,000	14,353	10,353
Miscellaneous	7,500	7,500	12,161	4,661
TOTAL REVENUES	216,500	216,500	280,729	64,229
<u>EXPENDITURES</u>				
Current:				
General Government	272,298	272,298	216,084	56,214
Excess (Deficiency) of Revenues Over Expenditures	(55,798)	(55,798)	64,645	120,443
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	(55,798)	(55,798)	64,645	120,443
FUND BALANCES - BEGINNING	235,383	235,383	235,383	-
FUND BALANCES - ENDING	\$ 179,585	\$ 179,585	\$ 300,028	\$ 120,443

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, 2006

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	820,000	820,000	838,872	18,872
Fines	-	-	-	-
Interest	2,000	2,000	5,320	3,320
Miscellaneous	-	-	-	-
TOTAL REVENUES	822,000	822,000	844,192	22,192
<u>EXPENDITURES</u>				
Current:				
General Government	1,197,252	1,199,771	913,554	286,217
Excess (Deficiency) of Revenues Over Expenditures	(375,252)	(377,771)	(69,362)	308,409
Other Financing Sources (Uses):				
Transfers In	379,437	381,956	52,519	(329,437)
Transfers Out	-	-	-	-
Total Other Financing Sources	379,437	381,956	52,519	(329,437)
Net Change in Fund Balances	4,185	4,185	(16,843)	(21,028)
FUND BALANCES - BEGINNING	42,836	42,836	42,836	-
FUND BALANCES - ENDING	\$ 47,021	\$ 47,021	\$ 25,993	\$ (21,028)

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, 2006

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	820,000	820,000	830,448	10,448
Fines	-	-	-	-
Interest	30,000	30,000	97,161	67,161
Miscellaneous	-	-	-	-
TOTAL REVENUES	850,000	850,000	927,609	77,609
<u>EXPENDITURES</u>				
Current:				
General Government	1,051,948	1,051,948	524,406	527,542
Excess (Deficiency) of Revenues Over Expenditures	(201,948)	(201,948)	403,203	605,151
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	(398,030)	(398,930)	(69,493)	329,437
Total Other Financing Sources	(398,030)	(398,930)	(69,493)	329,437
Net Change in Fund Balances	(599,978)	(600,878)	333,710	934,588
FUND BALANCES - BEGINNING	1,723,323	1,723,323	1,723,323	-
FUND BALANCES - ENDING	\$ 1,123,345	\$ 1,122,445	\$ 2,057,033	\$ 934,588

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, 2006

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	315,000	315,000	306,770	(8,230)
Fines	-	-	-	-
Interest	3,000	3,000	6,146	3,146
Miscellaneous	-	-	-	-
TOTAL REVENUES	318,000	318,000	312,916	(5,084)
<u>EXPENDITURES</u>				
Current:				
Judicial	351,000	367,246	299,253	67,993
Excess (Deficiency) of Revenues Over Expenditures	(33,000)	(49,246)	13,663	62,909
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	(33,000)	(49,246)	13,663	62,909
FUND BALANCES - BEGINNING	75,243	75,243	75,243	-
FUND BALANCES - ENDING	\$ 42,243	\$ 25,997	\$ 88,906	\$ 62,909

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, 2006

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	1,500	1,500	6,969	5,469
Miscellaneous	27,054	27,054	100,155	73,101
TOTAL REVENUES	28,554	28,554	107,124	78,570
<u>EXPENDITURES</u>				
Current:				
Public Safety	88,000	74,036	29,030	45,006
Excess (Deficiency) of Revenues Over Expenditures	(59,446)	(45,482)	78,094	123,576
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	(13,964)	(13,964)	-
Total Other Financing Sources	-	(13,964)	(13,964)	-
Net Change in Fund Balances	(59,446)	(59,446)	64,130	123,576
FUND BALANCES - BEGINNING	85,092	85,092	85,092	-
FUND BALANCES - ENDING	\$ 25,646	\$ 25,646	\$ 149,222	\$ 123,576

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, 2006

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	30,000	30,000	61,914	31,914
Miscellaneous	-	-	-	-
	<u>30,000</u>	<u>30,000</u>	<u>61,914</u>	<u>31,914</u>
TOTAL REVENUES	30,000	30,000	61,914	31,914
<u>EXPENDITURES</u>				
Current:				
Financial	33,742	29,440	21,345	8,095
Excess (Deficiency) of Revenues Over Expenditures	(3,742)	560	40,569	40,009
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	(4,302)	(4,302)	-
Total Other Financing Sources	-	(4,302)	(4,302)	-
Net Change in Fund Balances	(3,742)	(3,742)	36,267	40,009
FUND BALANCES - BEGINNING	42,503	42,503	42,503	-
FUND BALANCES - ENDING	\$ 38,761	\$ 38,761	\$ 78,770	\$ 40,009

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, 2006

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	145,000	145,000	168,453	23,453
Fines	-	-	-	-
Interest	2,000	2,000	7,438	5,438
Miscellaneous	-	-	-	-
TOTAL REVENUES	147,000	147,000	175,891	28,891
<u>EXPENDITURES</u>				
Current:				
Judicial	157,819	157,819	140,721	17,098
Excess (Deficiency) of Revenues Over Expenditures	(10,819)	(10,819)	35,170	45,989
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	(10,819)	(10,819)	35,170	45,989
FUND BALANCES - BEGINNING	72,992	72,992	72,992	-
FUND BALANCES - ENDING	\$ 62,173	\$ 62,173	\$ 108,162	\$ 45,989

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
DISTRICT ATTORNEY CHECK FEE FUND
For the Fiscal Year Ended September 30, 2006**

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	45,000	45,000	22,420	(22,580)
Fees of Office	220,000	220,000	152,868	(67,132)
Fines	-	-	-	-
Interest	2,500	2,500	1,580	(920)
Miscellaneous	-	-	-	-
TOTAL REVENUES	267,500	267,500	176,868	(90,632)
<u>EXPENDITURES</u>				
Current:				
Legal	265,885	267,389	226,310	41,079
Excess (Deficiency) of Revenues Over Expenditures	1,615	111	(49,442)	(49,553)
Other Financing Sources (Uses):				
Transfers In	-	101,504	101,504	-
Transfers Out	-	-	-	-
Total Other Financing Sources	-	101,504	101,504	-
Net Change in Fund Balances	1,615	101,615	52,062	(49,553)
FUND BALANCES - BEGINNING	(21,929)	(21,929)	(21,929)	-
FUND BALANCES - ENDING	\$ (20,314)	\$ 79,686	\$ 30,133	\$ (49,553)

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
DISTRICT ATTORNEY FORFEITURE FUND
For the Fiscal Year Ended September 30, 2006**

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	5,500	5,500	9,815	4,315
Miscellaneous	25,000	25,000	90,134	65,134
TOTAL REVENUES	30,500	30,500	99,949	69,449
<u>EXPENDITURES</u>				
Current:				
Legal	45,341	43,637	23,444	20,193
Excess (Deficiency) of Revenues Over Expenditures	(14,841)	(13,137)	76,505	89,642
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	(800)	(102,504)	(102,504)	-
Total Other Financing Sources	(800)	(102,504)	(102,504)	-
Net Change in Fund Balances	(15,641)	(115,641)	(25,999)	89,642
FUND BALANCES - BEGINNING	196,112	196,112	196,112	-
FUND BALANCES - ENDING	\$ 180,471	\$ 80,471	\$ 170,113	\$ 89,642

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, 2006

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	260,000	260,000	359,667	99,667
Fees of Office	-	-	33,125	33,125
Fines	-	-	-	-
Interest	75,000	75,000	111,449	36,449
Miscellaneous	-	-	-	-
TOTAL REVENUES	335,000	335,000	504,241	169,241
<u>EXPENDITURES</u>				
Current:				
Health and Welfare	475,492	475,492	444,110	31,382
Excess (Deficiency) of Revenues Over Expenditures	(140,492)	(140,492)	60,131	200,623
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	(140,492)	(140,492)	60,131	200,623
FUND BALANCES - BEGINNING	2,377,307	2,377,307	2,377,307	-
FUND BALANCES - ENDING	\$ 2,236,815	\$ 2,236,815	\$ 2,437,438	\$ 200,623

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, 2006

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	85,000	85,000	91,027	6,027
Fines	-	-	-	-
Interest	10,000	10,000	20,154	10,154
Miscellaneous	-	-	-	-
TOTAL REVENUES	95,000	95,000	111,181	16,181
<u>EXPENDITURES</u>				
Current:				
Judicial	95,030	95,030	4,265	90,765
Excess (Deficiency) of Revenues Over Expenditures	(30)	(30)	106,916	106,946
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	(30)	(30)	106,916	106,946
FUND BALANCES - BEGINNING	356,448	356,448	356,448	-
FUND BALANCES - ENDING	\$ 356,418	\$ 356,418	\$ 463,364	\$ 106,946

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, 2006

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	723,975	891,019	723,537	(167,482)
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	1,410	1,410
TOTAL REVENUES	723,975	891,019	724,947	(166,072)
<u>EXPENDITURES</u>				
Current:				
Health and Welfare	704,412	884,829	723,537	161,292
Excess (Deficiency) of Revenues Over Expenditures	19,563	6,190	1,410	(4,780)
Other Financing Sources (Uses):				
Transfers In	-	12,297	12,297	-
Transfers Out	-	-	-	-
Total Other Financing Sources	-	12,297	12,297	-
Net Change in Fund Balances	19,563	18,487	13,707	(4,780)
FUND BALANCES - BEGINNING	(17,130)	(17,130)	(17,130)	-
FUND BALANCES - ENDING	\$ 2,433	\$ 1,357	\$ (3,423)	\$ (4,780)

Denton County, Texas
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
 CRISIS COUNSELING GRANT FUND**
 For the Fiscal Year Ended September 30, 2006

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	1,036,642	440,442	(596,200)
Fees of Office	-	-	4,508	4,508
Fines	-	-	-	-
Interest	-	-	12	12
Miscellaneous	-	-	-	-
TOTAL REVENUES	-	1,036,642	444,962	(591,680)
<u>EXPENDITURES</u>				
Current:				
Health	-	1,036,642	439,651	596,991
Excess (Deficiency) of Revenues Over Expenditures	-	-	5,311	5,311
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	-	-	5,311	5,311
FUND BALANCES - BEGINNING	32	32	32	-
FUND BALANCES - ENDING	\$ 32	\$ 32	\$ 5,343	\$ 5,311

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, 2006

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	35,000	35,000	39,477	4,477
Fines	-	-	-	-
Interest	1,200	1,200	3,073	1,873
Miscellaneous	-	-	-	-
TOTAL REVENUES	36,200	36,200	42,550	6,350
<u>EXPENDITURES</u>				
Current:				
Judicial	29,560	28,910	14,463	14,447
Excess (Deficiency) of Revenues Over Expenditures	6,640	7,290	28,087	20,797
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	(650)	(650)	-
Total Other Financing Sources	-	(650)	(650)	-
Net Change in Fund Balances	6,640	6,640	27,437	20,797
FUND BALANCES - BEGINNING	26,198	26,198	26,198	-
FUND BALANCES - ENDING	\$ 32,838	\$ 32,838	\$ 53,635	\$ 20,797

Denton County, Texas
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
 JP COURT SECURITY FUND
 For the Fiscal Year Ended September 30, 2006**

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	-	-	12,588	12,588
Fines	-	-	-	-
Interest	-	-	356	356
Miscellaneous	-	-	-	-
TOTAL REVENUES	-	-	12,944	12,944
<u>EXPENDITURES</u>				
Current:				
Health	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	12,944	12,944
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	-	-	12,944	12,944
FUND BALANCES - BEGINNING	-	-	-	-
FUND BALANCES - ENDING	\$ -	\$ -	\$ 12,944	\$ 12,944



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, 2006

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ 15,970,789	\$ 15,970,789	\$ 16,580,176	\$ 609,387
Intergovernmental	892,667	892,667	-	(892,667)
Interest	225,000	225,000	332,501	107,501
Miscellaneous	-	-	4,000	4,000
TOTAL REVENUES	17,088,456	17,088,456	16,916,677	(171,779)
<u>EXPENDITURES</u>				
Debt Service:				
Principal Retirement	9,565,000	9,565,000	9,565,000	-
Interest	9,129,558	9,129,558	9,111,246	18,312
Bank Charges	13,000	121,200	103,628	17,572
TOTAL EXPENDITURES	18,707,558	18,815,758	18,779,874	35,884
Excess (Deficiency) of Revenues Over Expenditures	(1,619,102)	(1,727,302)	(1,863,197)	(135,895)
Other Financing Sources (Uses):				
Bond Proceeds	-	\$ 108,200	-	(108,200)
Bond Premium	-	-	-	-
Transfers In	-	1,040,000	1,040,000	-
Transfers Out	-	-	-	-
Proceeds of Refunding Bonds	-	-	19,315,000	19,315,000
Refunding Bond Discount	-	-	(528,875)	(528,875)
Payments to Escrow Agent	-	-	(18,677,925)	(18,677,925)
Total Other Financing Sources (Uses)	-	1,148,200	1,148,200	-
Net Change in Fund Balances	(1,619,102)	(579,102)	(714,997)	(135,895)
FUND BALANCE - BEGINNING	2,711,013	2,711,013	2,711,013	-
FUND BALANCE - ENDING	\$ 1,091,911	\$ 2,131,911	\$ 1,996,016	\$ (135,895)

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.

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

Denton County, Texas
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
September 30, 2006

	Texas Adult Probation	County Clerk Agency	District Clerk Agency	Tax Collector Agency
<u>ASSETS</u>				
Cash	\$ 318,989	\$ 1,070,938	\$1,514,129	\$6,301,839
Investments	2,813,402	5,109,569	-	2,538,572
Accrued Interest	2,293	-	-	-
Other Assets	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$3,134,684</u>	<u>\$6,180,507</u>	<u>\$1,514,129</u>	<u>\$8,840,411</u>

LIABILITIES AND FUND BALANCES

LIABILITIES				
Accounts Payable	\$ 8,832	\$ -	\$ -	\$ -
Wages Payable	133,806	-	-	-
Due to Other Funds	-	-	-	-
Due to Other Governments	2,807,827	-	-	8,840,411
Due to Beneficiaries	184,219	6,180,507	1,514,129	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>3,134,684</u>	<u>6,180,507</u>	<u>1,514,129</u>	<u>8,840,411</u>

Justices of the Peace Agency	Sheriff Agency	Treatment Alternatives to	Other Agency Funds
\$ 152,142	\$770,987	\$ 17,416	\$ 10,339
-	-	50,043	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>152,142</u>	<u>770,987</u>	<u>67,459</u>	<u>10,339</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	67,459	-
152,142	770,987	-	10,339
<u>152,142</u>	<u>770,987</u>	<u>67,459</u>	<u>10,339</u>

Denton County, Texas
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
September 30, 2006

	Community Corrections Grant	Housing Finance Authority	TOTAL September 30, 2006
<u>ASSETS</u>			
Cash	\$ 15,101	\$ 511,990	\$ 10,683,870
Investments	419,777	-	10,931,363
Accrued Interest	-	-	2,293
Other Assets	-	-	-
Due from Other Funds	-	-	-
Due from Other Govts	-	-	-
 	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 434,878</u>	<u>\$ 511,990</u>	<u>\$ 21,617,526</u>

LIABILITIES AND FUND BALANCES

LIABILITIES			
Accounts Payable	\$ 5,108	\$ -	\$ 13,940
Wages Payable	-	-	133,806
Due to Other Funds	-	-	-
Due to Other Governments	429,771	511,990	12,657,457
Due to Beneficiaries	-	-	8,812,323
 	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>434,878</u>	<u>511,990</u>	<u>21,617,526</u>

Denton County, Texas
**STATEMENT OF CHANGES IN
 FIDUCIARY ASSETS AND LIABILITIES**
 For the Year Ended September 30, 2006

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>TEXAS ADULT PROBATION FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 2,916,321	\$ 4,153,329	\$ 3,937,259	\$ 3,132,391
Accrued Interest	533	2,293	533	2,293
Other Receivables	-	-	-	-
Due from Other Funds	888	-	888	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 2,917,742</u>	<u>\$ 4,155,622</u>	<u>\$ 3,938,680</u>	<u>\$ 3,134,684</u>

<u>Liabilities</u>				
Accounts Payable	\$ 131,000	\$ 142,638	\$ 131,000	\$ 142,638
Due to Other Funds	-	-	-	-
Due to Other Govts	2,556,790	2,807,827	2,556,790	2,807,827
Due to Beneficiaries	229,952	184,219	229,952	184,219
Total Liabilities	<u>\$ 2,917,742</u>	<u>\$ 3,134,684</u>	<u>\$ 2,917,742</u>	<u>\$ 3,134,684</u>

COUNTY CLERK AGENCY FUND

<u>Assets</u>				
Cash and Investments	\$ 4,315,746	\$ 1,104,744,316	\$ 1,102,879,556	\$ 6,180,507
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 4,315,746</u>	<u>\$ 1,104,744,316</u>	<u>\$ 1,102,879,556</u>	<u>\$ 6,180,507</u>

<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	-	-	-	-
Due to Beneficiaries	4,315,746	6,180,507	4,315,746	6,180,507
Total Liabilities	<u>\$ 4,315,746</u>	<u>\$ 6,180,507</u>	<u>\$ 4,315,746</u>	<u>\$ 6,180,507</u>

Denton County, Texas
**STATEMENT OF CHANGES IN
 FIDUCIARY ASSETS AND LIABILITIES - (Continued)**
 For the Year Ended September 30, 2006

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>DISTRICT CLERK AGENCY FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 1,763,442	\$ 7,648,473	\$ 7,897,786	\$ 1,514,129
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 1,763,442</u>	<u>\$ 7,648,473</u>	<u>\$ 7,897,786</u>	<u>\$ 1,514,129</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	-	-	-	-
Due to Beneficiaries	1,763,442	1,514,129	1,763,442	1,514,129
Total Liabilities	<u>\$ 1,763,442</u>	<u>\$ 1,514,129</u>	<u>\$ 1,763,442</u>	<u>\$ 1,514,129</u>
<u>TAX COLLECTOR AGENCY FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 6,789,852	\$ 2,219,662	\$ 169,103	\$ 8,840,411
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 6,789,852</u>	<u>\$ 2,219,662</u>	<u>\$ 169,103</u>	<u>\$ 8,840,411</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	6,789,852	8,840,411	6,789,852	8,840,411
Due to Beneficiaries	-	-	-	-
Total Liabilities	<u>\$ 6,789,852</u>	<u>\$ 8,840,411</u>	<u>\$ 6,789,852</u>	<u>\$ 8,840,411</u>

Denton County, Texas
**STATEMENT OF CHANGES IN
 FIDUCIARY ASSETS AND LIABILITIES - (Continued)**
 For the Year Ended September 30, 2006

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>JUSTICES OF THE PEACE AGENCY FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 163,980	\$ 689,252	\$ 701,090	\$ 152,142
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
	<u>163,980</u>	<u>689,252</u>	<u>701,090</u>	<u>152,142</u>
Total Assets	<u>\$ 163,980</u>	<u>\$ 689,252</u>	<u>\$ 701,090</u>	<u>\$ 152,142</u>

Liabilities

Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	-	-	-	-
Due to Beneficiaries	163,980	152,142	163,980	152,142
	<u>163,980</u>	<u>152,142</u>	<u>163,980</u>	<u>152,142</u>
Total Liabilities	<u>\$ 163,980</u>	<u>\$ 152,142</u>	<u>\$ 163,980</u>	<u>\$ 152,142</u>

SHERIFF AGENCY FUND

Assets

Cash and Investments	\$ 402,890	\$ 3,628,002	\$ 3,259,905	\$ 770,987
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
	<u>402,890</u>	<u>3,628,002</u>	<u>3,259,905</u>	<u>770,987</u>
Total Assets	<u>\$ 402,890</u>	<u>\$ 3,628,002</u>	<u>\$ 3,259,905</u>	<u>\$ 770,987</u>

Liabilities

Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	-	-	-	-
Due to Beneficiaries	402,890	770,987	402,890	770,987
	<u>402,890</u>	<u>770,987</u>	<u>402,890</u>	<u>770,987</u>
Total Liabilities	<u>\$ 402,890</u>	<u>\$ 770,987</u>	<u>\$ 402,890</u>	<u>\$ 770,987</u>

Denton County, Texas
**STATEMENT OF CHANGES IN
 FIDUCIARY ASSETS AND LIABILITIES - (Continued)**
 For the Year Ended September 30, 2006

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>TREATMENT ALTERNATIVES TO INCARCERATION FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 36,287	\$ 168,992	\$ 137,820	\$ 67,459
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 36,287</u>	<u>\$ 168,992</u>	<u>\$ 137,820</u>	<u>\$ 67,459</u>

Liabilities

Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	2	-	2	-
Due to Other Govts	36,285	67,459	36,285	67,459
Due to Beneficiaries	-	-	-	-
Total Liabilities	<u>\$ 36,287</u>	<u>\$ 67,459</u>	<u>\$ 36,287</u>	<u>\$ 67,459</u>

OTHER AGENCY FUNDS

Assets

Cash and Investments	\$ 17,331	\$ 983	\$ 7,975	\$ 10,339
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 17,331</u>	<u>\$ 983</u>	<u>\$ 7,975</u>	<u>\$ 10,339</u>

Liabilities

Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	-	-	-	-
Due to Beneficiaries	17,331	10,339	17,331	10,339
Total Liabilities	<u>\$ 17,331</u>	<u>\$ 10,339</u>	<u>\$ 17,331</u>	<u>\$ 10,339</u>

Denton County, Texas
**STATEMENT OF CHANGES IN
 FIDUCIARY ASSETS AND LIABILITIES - (Continued)**
 For the Year Ended September 30, 2006

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>COMMUNITY CORRECTIONS GRANT FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 454,201	\$ 665,844	\$ 685,166	\$ 434,879
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 454,201</u>	<u>\$ 665,844</u>	<u>\$ 685,166</u>	<u>\$ 434,879</u>
<u>Liabilities</u>				
Accounts Payable	\$ 18,806	\$ 5,108	\$ 18,806	\$ 5,108
Due to Other Funds	886	-	886	-
Due to Other Govts	434,509	429,771	434,509	429,771
Due to Beneficiaries	-	-	-	-
Total Liabilities	<u>\$ 454,201</u>	<u>\$ 434,879</u>	<u>\$ 454,201</u>	<u>\$ 434,879</u>
<u>DENTON CO. HOUSING FINANCE AUTHORITY</u>				
<u>Assets</u>				
Cash and Investments	\$ 488,839	\$ 23,151	\$ -	\$ 511,990
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 488,839</u>	<u>\$ 23,151</u>	<u>\$ -</u>	<u>\$ 511,990</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	488,839	23,151	-	511,990
Due to Beneficiaries	-	-	-	-
Total Liabilities	<u>\$ 488,839</u>	<u>\$ 23,151</u>	<u>\$ -</u>	<u>\$ 511,990</u>

Denton County, Texas
**STATEMENT OF CHANGES IN
 FIDUCIARY ASSETS AND LIABILITIES - (Continued)**
 For the Year Ended September 30, 2006

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>TOTALS - ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and Investments	\$ 17,348,889	\$ 1,123,942,005	\$ 1,119,675,660	\$ 21,615,234
Accrued Interest	533	2,293	533	2,293
Other Receivables	-	-	-	-
Due from Other Funds	888	-	888	-
Due from Other Govts	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 17,350,310</u>	<u>\$ 1,123,944,298</u>	<u>\$ 1,119,677,081</u>	<u>\$ 21,617,527</u>
<u>Liabilities</u>				
Accounts Payable	\$ 149,806	\$ 147,746	\$ 149,806	\$ 147,746
Due from Other Funds	888	-	888	-
Due to Other Govts	10,306,275	12,168,619	9,817,436	12,657,458
Due to Beneficiaries	<u>6,893,341</u>	<u>8,812,323</u>	<u>6,893,341</u>	<u>8,812,323</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 17,350,310</u>	<u>\$ 21,128,687</u>	<u>\$ 16,861,471</u>	<u>\$ 21,617,526</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, 2006**

	<u>2006</u>	<u>2005</u>
Governmental Funds Capital Assets:		
Land	\$ 8,528,328	\$ 4,622,587
Buildings	\$92,184,890	\$88,225,666
Machinery & Equipment	32,743,170	29,124,395
Infrastructure	132,614,299	128,929,164
Construction in Progress	1,597,950	3,525,391
Total Governmental Funds Capital Assets	<u>\$ 267,668,637</u>	<u>\$ 254,427,203</u>

Investments in Governmental Funds Capital Assets by Source:

Balance, October 1, 1984	\$ 9,672,545	\$ 9,672,545
General Fund	32,338,593	29,462,824
Special Revenue Funds	129,609,400	127,395,134
Capital Projects Funds	96,048,099	87,896,700
Total Governmental Funds Capital Assets	<u>\$ 267,668,637</u>	<u>\$ 254,427,203</u>

DENTON COUNTY, TEXAS
SCHEDULE OF CAPITAL ASSETS-
BY FUNCTION AND ACTIVITY
Year Ended September 30, 2006

Function and Activity	Total	Land and Buildings	Machinery and Equipment	Infrastructure
General Government	\$5,329,003		\$5,329,003	
Judicial	940,213		940,213	
Legal	213,814		213,814	
Financial	214,953		214,953	
General Public Facilities	58,090,785	57,107,833	982,952	
Public Safety	57,586,109	43,569,888	14,016,221	
Health and Welfare	499,695		499,695	
Conservation	11,843		11,843	
Roads	143,184,272	35,497	10,534,476	132,614,299
Total General Fixed Assets Allocated to Functions	\$266,070,687	\$100,713,218	\$32,743,170	\$132,614,299
Construction in Progress	1,597,950			
Total General Fixed Assets	\$267,668,637			

DENTON COUNTY, TEXAS
SCHEDULE OF CHANGES IN CAPITAL ASSETS-
BY FUNCTION AND ACTIVITY
Year Ended September 30, 2006

Function and Activity	General Fixed Assets 10/1/2005	Additions	Deductions	General Fixed Assets 9/30/2006
General Government	\$ 4,174,543	\$ 2,592,488	\$ 1,438,028	\$ 5,329,003
Judicial	1,009,448	28,926	98,161	940,213
Legal	259,548	14,620	60,354	213,814
Financial	221,735	14,128	20,910	214,953
General Public Facilities	50,371,844	8,196,381	477,440	58,090,785
Public Safety	55,004,850	3,263,023	681,764	57,586,109
Health and Welfare	505,057	22,103	27,465	499,695
Conservation	7,343	4,500	-	11,843
Roads	139,347,444	4,879,780	1,042,952	143,184,272
Construction in Progress	3,525,391	2,247,203	4,174,644	1,597,950
Total General Fixed Assets	\$ 254,427,203	\$ 21,263,152	\$ 8,021,718	\$ 267,668,637



DENTON COUNTY
NET ASSETS BY COMPONENT

Last Ten Fiscal Years¹
(Accrual Basis of Accounting)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Governmental Activities:										
Invested in Capital Assets,										
Net of Related Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,539,548	\$ 47,175	\$ 3,106,131	\$ (16,887,256)
Restricted	-	-	-	-	-	-	22,655,179	18,969,657	52,791,479	23,903,118
Unrestricted	-	-	-	-	-	-	(63,755,236)	16,765,325	(29,457,518)	6,283,298
Total Governmental										
ActivitiesNet Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,439,491	\$ 35,782,157	\$ 26,440,092	\$ 13,299,160

¹Ten years of information is not available; the County did not implement GASB 34 until 2003

DENTON COUNTY
CHANGES IN NET ASSETS

Last Ten Fiscal Years¹
(Accrual Basis of Accounting)

Fiscal Year

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Expenses										
Governmental Activities:										
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,934,501	\$ 18,927,727	\$ 18,070,687	\$ 20,550,672
Judicial	-	-	-	-	-	-	11,228,446	13,224,021	13,575,518	14,077,729
Legal	-	-	-	-	-	-	8,755,827	8,701,903	9,369,366	9,582,964
Financial	-	-	-	-	-	-	4,269,539	4,257,381	4,601,210	4,793,627
Public Facilities	-	-	-	-	-	-	5,958,066	7,109,603	7,790,801	9,175,352
Public Safety	-	-	-	-	-	-	41,332,498	42,228,993	43,683,225	47,391,000
Health & Welfare	-	-	-	-	-	-	7,270,714	7,761,268	8,356,444	7,710,692
Conservation	-	-	-	-	-	-	340,075	328,000	331,562	366,525
Contractual	-	-	-	-	-	-	1,663,675	1,656,576	1,931,240	2,613,005
Roads-County	-	-	-	-	-	-	13,848,255	13,168,371	13,973,220	12,936,128
Roads-Other Entities	-	-	-	-	-	-	11,692,324	5,930,076	14,561,953	35,764,228
Interest on Long-Term Debt	-	-	-	-	-	-	-	-	-	-
Total Expenses	\$ -	\$ 130,952,572	\$ 129,122,278	\$ 143,666,044	\$ 173,022,748					
Program Revenues										
Governmental Activities:										
Charges For Services:										
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,157,736	\$ 8,915,157	\$ 9,340,831	\$ 11,981,245
Judicial	-	-	-	-	-	-	6,819,691	7,989,420	8,288,906	8,502,443
Legal	-	-	-	-	-	-	289,158	305,188	273,141	317,082
Financial	-	-	-	-	-	-	1,980,484	1,887,946	2,139,101	2,372,728
Public Facilities	-	-	-	-	-	-	-	-	-	-

Fiscal Year

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Public Safety	-	-	-	-	-	-	2,106,390	1,997,676	2,185,140	2,174,767
Health & Welfare	-	-	-	-	-	-	434,294	529,622	535,586	521,971
Conservation	-	-	-	-	-	-	-	-	-	-
Contractual	-	-	-	-	-	-	-	-	-	-
Roads-County	-	-	-	-	-	-	93,408	171,264	45,461	285,643
Roads-Other Entities	-	-	-	-	-	-	-	-	459,454	-
Interest on LT Debt	-	-	-	-	-	-	-	-	-	458,864
Operating Grants and Contributions	-	-	-	-	-	-	18,715,701	25,537,006	23,304,951	22,121,655
Capital Grants and Contributions	-	-	-	-	-	-	1,513,176	1,756,443	25,037	7,278,309
Total Governmental Activities										
Program Revenues	-	-	-	-	-	-	40,110,038	49,089,722	46,597,608	56,014,707
Net (Expense) Revenues	\$ -	\$ (90,842,534)	\$ (80,032,556)	\$ (97,068,436)	\$ (117,008,041)					
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,787,467	\$ 83,435,160	\$ 92,736,399	\$ 98,184,935
Grants and Contributions Not Restricted to Specific Programs	-	-	-	-	-	-	1,179,946	-	-	304,543
Investment Earnings	-	-	-	-	-	-	982,048	641,891	2,746,876	5,377,631
Total General Revenues	\$ -	\$ 77,949,461	\$ 84,077,051	\$ 95,483,275	\$ 103,867,109					
Change in Net Assets										
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (12,893,073)	\$ 4,044,495	\$ (1,585,161)	\$ (13,140,932)

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¹Ten years of information is not available; the County did not implement GASB 34 until 2003

DENTON COUNTY, TEXAS

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

**Last Ten Fiscal Years¹
(Accrual Basis of Accounting)**

Fiscal Year	Property Tax	Mixed Beverage Tax ²	Total
1997	\$ -	\$ -	\$ -
1998	-	-	-
1999	-	-	-
2000	-	-	-
2001	-	-	-
2002	-	-	-
2003	75,787,467	676,867	76,464,334
2004	83,435,160	733,915	84,169,075
2005	92,736,399	824,398	93,560,797
2006	98,184,935	936,699	99,121,634

¹Ten years of information is not available; the County did not implement GASB 34 until 2003

²Mixed Beverage Tax is included in Intergovernmental Revenue in the County's financial statements.

DENTON COUNTY

FUND BALANCES OF GOVERNMENTAL FUNDS

**Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)**

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	\$ 37,409	\$ 38,429	\$ 25,023	\$ 19,897	\$ 41,256	\$ 23,288	\$ 39,804	\$ 97,859	\$ 37,046	\$ 61,640
Unreserved	<u>10,072,228</u>	<u>10,021,733</u>	<u>7,974,742</u>	<u>5,306,859</u>	<u>5,052,393</u>	<u>5,014,184</u>	<u>5,221,220</u>	<u>9,050,956</u>	<u>14,086,405</u>	<u>19,800,836</u>
Total General Fund	<u>\$10,109,637</u>	<u>\$10,060,162</u>	<u>\$ 7,999,765</u>	<u>\$ 5,326,756</u>	<u>\$ 5,093,649</u>	<u>\$ 5,037,472</u>	<u>\$ 5,261,024</u>	<u>\$ 9,148,815</u>	<u>\$14,123,451</u>	<u>\$19,862,476</u>
All Other Governmental Funds										
Reserved	\$22,912,430	\$ 7,521,377	\$ 40,539,083	\$38,363,985	\$50,095,434	\$30,602,789	\$22,615,375	\$18,506,229	\$52,754,433	\$23,841,478
Unreserved, reported in:										
Special Revenue Funds	<u>5,453,523</u>	<u>5,071,981</u>	<u>9,616,591</u>	<u>9,806,357</u>	<u>9,191,380</u>	<u>8,337,495</u>	<u>7,557,646</u>	<u>8,041,412</u>	<u>9,909,531</u>	<u>13,558,740</u>
Total Other Government Funds	<u>\$28,365,953</u>	<u>\$12,593,358</u>	<u>\$ 50,155,674</u>	<u>\$48,170,342</u>	<u>\$59,286,814</u>	<u>\$38,940,284</u>	<u>\$30,173,021</u>	<u>\$26,547,641</u>	<u>\$62,663,964</u>	<u>\$37,400,218</u>

DENTON COUNTY

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

**Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)**

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
REVENUES										
Taxes	\$36,450,218	\$ 38,940,271	\$ 42,536,317	\$ 46,001,318	\$ 54,150,614	\$ 66,983,004	\$75,897,298	\$83,298,140	\$ 93,082,213	\$ 97,874,084
Licenses and Permits	4,506,002	4,900,172	5,192,131	5,669,189	6,137,941	6,522,983	6,513,711	6,752,493	7,194,834	7,758,334
Intergovernmental	6,978,895	8,394,290	13,107,806	7,676,747	15,080,457	14,441,015	14,217,011	16,372,322	14,289,352	20,274,142
Fees of Office	6,016,086	6,801,218	7,458,628	9,199,298	8,726,026	9,626,238	12,222,217	11,638,824	12,023,895	14,630,109
Fines	2,282,344	2,298,599	2,743,386	3,223,175	3,248,336	3,204,592	3,378,782	3,595,541	3,990,834	3,972,218
Interest	2,732,665	2,286,690	2,901,393	4,651,410	4,500,705	1,885,944	981,863	641,891	2,746,876	5,377,631
Miscellaneous	1,315,791	1,461,519	1,757,300	1,769,069	1,776,170	1,936,672	1,843,299	5,589,253	2,432,420	2,334,125
TOTAL REVENUES	60,282,001	65,082,759	75,696,961	78,190,206	93,620,249	104,600,448	115,054,181	127,888,464	135,760,424	152,220,643
EXPENDITURES										
General Government	7,726,964	7,372,985	8,818,502	8,825,012	10,756,812	13,017,619	15,140,192	15,733,351	14,907,386	18,444,192
Judicial	6,753,766	6,450,426	7,922,535	8,742,182	9,908,240	11,035,550	11,601,749	12,887,895	13,563,108	14,101,568
Legal	3,970,044	4,498,328	5,479,482	5,957,385	6,605,484	8,179,614	8,657,421	8,873,192	9,424,002	9,567,546
Financial	2,352,460	2,348,836	2,601,432	2,900,942	3,262,723	3,793,665	4,109,254	4,173,579	4,592,659	4,800,460
Public Facilities	3,756,999	3,676,150	4,227,886	4,657,275	5,493,845	4,593,304	5,052,708	6,308,020	6,233,156	7,470,383
Public Safety	22,308,217	21,049,935	23,428,937	25,992,842	30,207,445	36,959,688	37,831,701	40,877,926	44,019,109	48,830,293
Health & Welfare	2,858,397	3,781,609	3,867,828	4,426,416	4,627,493	6,062,458	7,153,262	7,669,045	8,295,745	7,716,209
Conservation	181,222	216,770	214,321	255,954	308,440	343,215	334,882	324,708	331,543	370,952
Contract Services	2,310,795	2,539,069	2,710,715	2,381,277	2,457,578	1,505,530	1,663,675	1,656,576	1,940,935	2,613,005
Roads	6,178,196	5,435,705	5,768,125	5,829,255	6,190,111	7,140,327	7,222,595	7,596,115	8,438,164	8,395,599
Intergovernmental	-	-	-	-	-	-	11,717,001	5,930,076	14,561,953	35,764,228
Capital Outlay	14,348,587	17,086,077	5,362,602	19,300,681	29,235,303	22,312,823	4,159,894	4,186,102	4,158,822	6,427,134

Fiscal Year

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt Service:										
Principal Retirement	1,820,000	3,080,000	3,500,000	3,145,000	3,615,000	6,170,000	7,095,000	7,910,000	9,445,000	9,565,000
Interest & Service Charge	3,519,821	3,506,082	3,305,925	5,369,550	5,736,347	7,752,587	6,810,753	6,540,424	6,060,580	9,214,874
TOTAL EXPENDITURES	78,085,468	81,041,972	77,208,290	97,783,771	118,404,821	128,866,380	128,550,087	130,667,009	145,972,162	183,281,443

Excess of Revenues over (under) expenditures	(17,803,467)	(15,959,213)	(1,511,329)	(19,593,565)	(24,784,572)	(24,265,932)	(13,495,906)	(2,778,545)	(10,211,738)	(31,060,800)
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OTHER FUNDING SOURCES (USES)

Transfers In	838,773	1,769,309	2,377,523	1,970,021	1,867,170	2,657,847	1,013,356	3,624,441	1,161,457	1,617,322
Transfers Out	(838,773)	(1,869,309)	(2,552,523)	(2,993,021)	(3,017,170)	(3,932,670)	(2,471,826)	(5,124,441)	(1,911,457)	(2,117,322)
Refunding Bonds Issued	-	-	1,649,807	-	-	-	-	27,235,647	51,830,000	19,315,000
Bonds Issued	7,740,000	-	36,742,064	15,295,000	35,850,000	3,680,000	5,740,000	4,125,000	50,000,000	11,865,000
Premium on Bonds Issued	-	-	-	-	-	-	-	-	2,866,219	-
Discount on Bonds Issued	-	-	-	-	-	-	-	-	-	-
Refunding Bond Discount	-	-	-	-	-	-	-	-	-	(528,875)
Payments to Escrow Agt	-	-	(1,649,807)	-	-	-	-	(26,939,647)	(53,243,364)	(18,677,925)
Capital Leases	5,138,115	237,143	446,184	663,224	967,937	1,458,048	670,677	119,956	599,842	62,879
Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	12,878,115	137,143	37,013,248	14,935,224	35,667,937	3,863,225	4,952,207	3,040,956	51,302,697	11,536,079

NET CHANGE IN FUND

BALANCES	\$ (4,925,352)	\$ (15,822,070)	\$ 35,501,919	\$ (4,658,341)	\$ 10,883,365	\$ (20,402,707)	\$ (8,543,699)	\$ 262,411	\$ 41,090,959	\$ (19,524,721)
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DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL

EXPENDITURES	9.1%	11.5%	10.5%	12.2%	11.7%	15.0%	14.1%	13.6%	13.9%	15.4%
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DENTON COUNTY, TEXAS

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax	Mixed Beverage Tax ¹	Total
1997	\$ 36,166,506	\$ 373,040	\$ 36,539,546
1998	38,674,103	438,376	39,112,479
1999	42,016,307	494,394	42,510,701
2000	45,580,048	551,597	46,131,645
2001	53,725,491	574,974	54,300,465
2002	66,649,601	637,167	67,286,768
2003	75,002,197	676,867	75,679,064
2004	82,207,716	733,915	82,941,631
2005	92,036,515	824,398	92,860,913
2006	97,874,084	936,804	98,810,888

¹Mixed Beverage Tax is included in Intergovernmental Revenue in the County's financial statements.

DENTON COUNTY

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year Ended September 30	Real Property			Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Other						
1997	\$ 9,360,620,209	\$ 1,410,489,443	\$ 1,458,191,491	\$ 1,755,641,874	\$ 486,023,291	\$ 13,498,919,726	0.2669	\$ 13,498,919,726	
1998	10,441,117,369	1,547,965,164	1,939,555,794	1,805,428,700	673,478,907	15,060,588,120	0.2669	15,060,588,120	100.00%
1999	11,744,749,148	1,864,367,963	2,277,934,432	1,649,146,602	702,423,271	16,833,774,874	0.2559	16,833,774,874	100.00%
2000	13,517,135,872	2,112,677,076	2,297,218,197	2,243,882,670	746,969,380	19,423,944,435	0.2488	19,423,944,435	100.00%
2001	15,898,412,040	2,744,120,681	2,811,553,114	2,568,404,812	879,306,497	23,143,184,150	0.2319	23,143,184,150	100.00%
2002	18,563,905,276	3,020,670,675	3,006,131,739	2,956,078,715	949,213,786	26,597,572,619	0.2519	26,597,572,619	100.00%
2003	20,770,358,117	3,449,717,874	3,134,101,277	3,662,504,462	1,054,418,718	29,962,263,012	0.2490	29,962,263,012	100.00%
2004	23,487,874,992	3,789,976,691	3,224,862,043	3,873,684,339	1,171,447,950	33,204,950,115	0.2472	33,204,950,115	100.00%
2005	25,153,598,645	4,105,080,500	3,873,892,077	4,229,771,539	1,291,112,384	36,071,230,377	0.2548	36,071,230,377	100.00%
2006	27,011,065,226	4,544,999,060	3,929,476,860	5,301,761,092	1,456,690,424	39,330,611,814	0.2465	39,330,611,814	100.00%

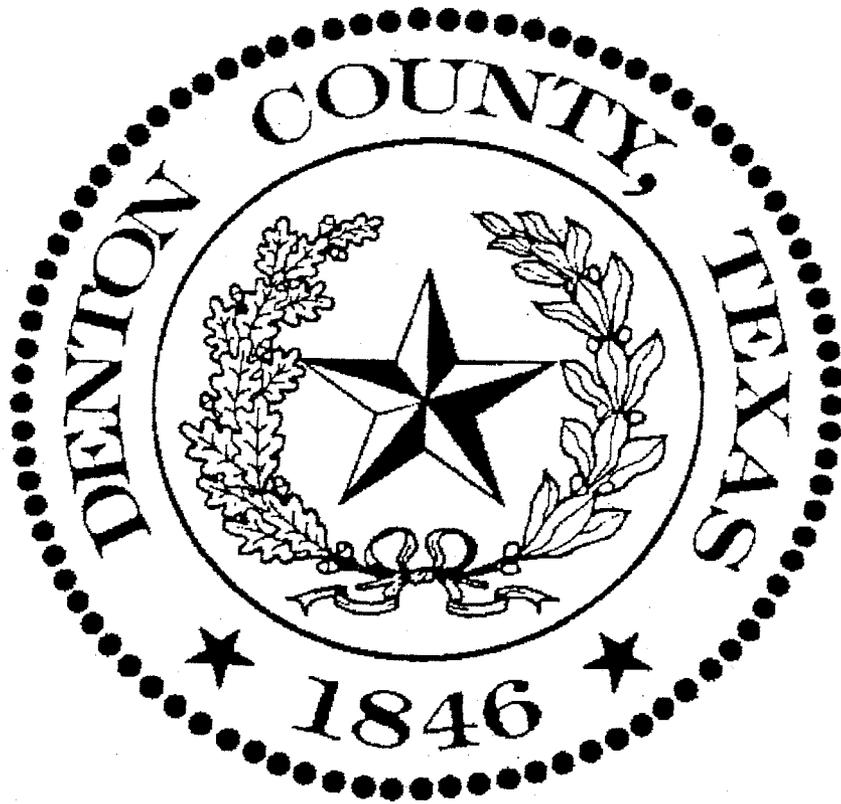
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DENTON COUNTY
PRINCIPAL PROPERTY TAXPAYERS

September 30, 2006

Taxpayer	2006			1997		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Devon Energy Op. Co.	\$ 939,455,470	1	2.39%	\$ -		
Burlington Resources Oil & Gas	226,677,380	2	0.58%	-		
Wal-Mart Real Estate Trust	222,709,010	3	0.57%	126,439,680	1	0.94%
TXU Electric Delivery Co.	147,837,620	4	0.38%	-		
Verizon Southwest	137,383,870	5	0.35%	71,351,610	3	0.53%
JC Penney Co.	101,176,069	6	0.26%	-		
Cardinal Health 301, Inc.	99,172,854	7	0.25%	-		
Pulte Homes of Texas LP	85,801,752	8	0.22%	-		
TTHR Limited Partnership	80,831,779	9	0.21%	-		
Encana (Winchester) Oil & Gas	75,398,090	10	0.19%	-		
Texas Instruments, Inc.				119,507,476	2	0.89%
Frito Lay				65,218,021	4	0.48%
Vista Ridge J/V				45,611,426	5	0.34%
Food Lion Distribution Center				41,989,522	6	0.31%
Texas New Mexico Power				39,688,492	7	0.29%
Jefferson at Round Grove LP				39,527,895	8	0.29%
Vista Ridge OP & F, Inc.				37,807,522	9	0.28%
AMLI Southwest Residential LTD				36,308,132	10	0.27%
	<u>\$ 2,116,443,894</u>		<u>5.38%</u>	<u>\$623,449,776</u>		<u>4.62%</u>

Note: 2006 Total Assessed valuation of \$39,330,611,814 per Denton Central Appraisal District.
1997 Total Assessed valuation of \$13,498,919,726 per Denton Central Appraisal District.



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)	1999	2000	2001	2002	2003	2004	2005	2006
GOVERNMENTAL ENTITY									
Denton County	100.00 %	0.2488	0.2350	0.23193	0.25193	0.24897	0.24717	0.25480	0.24648
<u>Cities</u>									
Argyle	100.00	0.3612	0.3991	0.3950	0.38000	0.3925	0.39250	0.40324	0.00000
Aubrey	100.00	0.5785	0.6304	0.5089	0.56220	0.5500	0.55545	0.52624	0.00000
Bartonville	100.00	0.0000	0.1859	0.1847	0.18471	0.1847	0.17806	0.17944	0.00000
Carrollton	35.62	0.6043	0.6043	0.5993	0.59930	0.5993	0.59930	0.59930	0.00000
The Colony	100.00	0.7850	0.7650	0.7350	0.72500	0.7250	0.72000	0.72000	0.00000
Copper Canyon	100.00				0.14383			0.17027	0.00000
Corinth	100.00	0.5260	0.5260	0.5260	0.52600	0.5260	0.54975	0.56060	0.00000
Dallas	0.83	0.6491	0.6675	0.6675	0.66750	0.6998	0.69980	0.71970	0.71970
Denton	100.00	0.5082	0.5282	0.5282	0.54820	0.5482	0.59815	0.59815	0.59815
Double Oak	100.00			0.2200	0.22000	0.2200	0.22000	0.22000	0.22000
Flower Mound	100.00	0.4500	0.4500	0.4500	0.44970	0.4497	0.44970	0.44970	0.44970
Frisco	11.64	0.3727	0.3727	0.3700	0.36700	0.3370	0.43200	0.42296	0.42296
Hackberry	100.00		0.2387	0.6818	0.68178	0.6030	0.57996	0.51392	0.51392
Hickory Creek	100.00		0.4137	0.3700	0.34977	0.2993	0.31939	0.34020	0.34020
Highland Village	100.00	0.5938	0.5696	0.5696	0.56963	0.5696		0.56963	0.56963
Justin	100.00	0.4297	0.4297	0.4297	0.42989	0.4297	0.42969	0.42969	0.42969
Krugerville	100.00	0.1609	0.2300	0.2378	0.23780	0.2378	0.23780	0.23780	0.23780
Krum	100.00	0.2525	0.2425	0.2534	0.25331	0.2550	0.23217	0.35137	0.35137
Lake Dallas	100.00	0.5617	0.5617	0.5617	0.56171	0.5617	0.57980	0.63185	0.63185
Lakewood Village	100.00		0.2500	0.2500	0.25000	0.2500	0.25000	0.25000	0.25000
Lewisville	99.92	0.4678	0.4518	0.4511	0.45050	0.4505	0.45050	0.45050	0.45050
Little Elm	100.00	0.5051	0.5051	0.4330	0.44453	0.3998	0.35750	0.39902	0.39902
Marshall Creek	100.00	0.2795	0.3024	0.3024	0.34536	0.5000	0.60212	0.60212	0.60212
Northlake	100.00		0.2950	0.2950	0.29500	0.2950	0.29500	0.29500	0.29500
Oak Point	100.00	0.3116	0.4386	0.4386	0.65402	0.6390	0.59900	0.58900	0.58900
Pilot Point	100.00	0.5479	0.4929	0.4927	0.46200	0.4999	0.46331	0.50000	0.50000
Ponder	100.00	0.1617	0.1962	0.1838	0.18379	0.2295	0.22949	0.22949	0.22949
Roanoke	100.00	0.3751	0.3751	0.3751	0.37512	0.3751	0.37512	0.37512	0.37512
Sanger	100.00	0.5228	0.5228	0.5888	0.58879	0.5655	0.59260	0.57083	0.57083
Shady Shores	100.00			0.3400	0.34000	0.3400	0.34000	0.33210	0.33210
Trophy Club	100.00	0.4658	0.4605	0.4505	0.44051	0.4405	0.37751	0.43051	0.43051
<u>School Districts:</u>									
Argyle	100.00	1.7700	1.7700	1.7760	1.75447	1.7552	1.82220	1.91950	1.91950

	Percent								
	Applicable to Denton County	1999	2000	2001	2002	2003	2004	2005	2006

GOVERNMENTAL ENTITY

School Districts

(Continued)

Aubrey	100.00	1.4800	1.4800	1.5800	1.5600	1.6129	1.7330	1.8081	1.8388
Carrollton-F. Branch	20.48	1.4319	1.4619	1.5377	1.6700	1.7242	1.7224	1.7358	1.7824
Celina	4.67	1.5300	1.6300	1.6300	1.5900	1.7000	1.7500	1.7500	1.7800
Denton	100.00	1.7750	1.8500	1.7000	1.8440	1.8540	1.8640	1.8640	1.8640
Frisco	14.02	1.5286	1.5136	1.4200	1.4200	1.4400	1.5175	1.5575	1.6300
Krum	99.16	1.5400	1.6400	1.4478	1.8600	1.7080	1.6660	1.6660	1.7250
Lake Dallas	100.00	1.5700	1.4620	1.4620	1.6600	1.6900	1.7400	1.7400	1.8600
Lewisville	100.00	1.6100	1.6100	1.5671	1.6100	1.6700	1.6700	1.7700	1.7700
Little Elm	100.00	1.6990	1.6990	1.5845	1.5300	1.5990	1.7112	1.7300	1.8200
Northwest	71.46	1.6758	1.6625	1.7047	1.6914	1.8348	1.8348	1.8193	1.8193
Pilot Point	88.41	1.5799	1.4779	1.4779	1.5079	1.5656	1.5811	1.7755	1.7755
Ponder	100.00	1.4200	1.5045	1.5045	1.5645	1.6324	1.7680	1.7930	1.7600
Prosper	1.03	1.5237	1.5237	1.5222	1.7202	1.7202	1.7610	1.9515	1.9753
Sanger	100.00	1.5000	1.4400	1.6000	1.6000	1.6700	1.5330	1.6900	1.8000
Slidell	26.90	1.4900	1.6600	1.6600	1.5610	1.5600	1.6700	1.4821	1.7000

Special Districts

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	0.2800
Trophy Club MUD 2	100.00	0.2900	0.2800	0.4605	0.0000	0.3654	0.3400	0.3390	0.3490
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	0.0350
Corinth MUD #1	100.00	0.0000	0.0000	0.3800	0.3300	0.3100	0.3106	0.3100	0.3100
Denton Co. Fresh Water									
Water Supp. Dist. #	100.00	0.4100	0.4000	0.0000	0.0000	0.5400		1.0000	1.0000
DC Fresh Water Supp.#1-B						1.0000	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
PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

<u>Fiscal Year Ended September 30</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
1997	\$ 36,028,617	\$ 35,632,272	98.9%	\$ 352,789	\$ 35,985,061	99.9%
1998	38,540,045	38,105,446	98.9%	383,463	38,488,909	99.9%
1999	41,874,015	41,410,656	98.9%	410,046	41,820,702	99.9%
2000	45,654,039	45,064,783	98.7%	519,952	45,584,735	99.8%
2001	53,675,987	52,928,630	98.6%	652,267	53,580,897	99.8%
2002	67,007,264	65,833,992	98.2%	1,040,014	66,874,006	99.8%
2003	74,597,046	73,502,543	98.5%	909,186	74,411,729	99.8%
2004	82,072,675	81,000,786	98.7%	820,377	81,821,163	99.7%
2005	91,909,495	90,828,110	98.8%	524,827	91,352,937	99.4%
2006	96,942,092	95,770,632	98.8%	-	95,770,632	98.8%

DENTON COUNTY, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Governmental Activities</u>		<u>Total Primary Government</u>	<u>Percentage of Personal Income¹</u>	<u>Per Capita²</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>			
1997	64,765,000	\$ 5,561,127	\$ 70,326,127	0.89%	\$ 199.76
1998	61,685,000	237,143	61,922,143	0.65%	165.63
1999	95,027,570	567,335	95,594,905	0.89%	238.44
2000	107,177,570	948,142	108,125,712	0.90%	249.73
2001	139,412,570	1,500,518	140,913,088	1.09%	310.48
2002	136,922,570	2,524,899	139,447,469	1.03%	293.20
2003	135,567,570	2,037,330	137,604,900	0.93%	272.67
2004	130,777,570	756,089	131,533,659	0.82%	248.67
2005	171,407,570	448,928	171,856,498	0.96%	311.00
2006	174,702,570	226,595	174,929,165	1.19%	302.38

Note: Details regarding the County's outstanding debt can be found in the notes to the financial state

¹See the Schedule of Demographic and Economic Statistics on page 120 for personal income and po

DENTON COUNTY, TEXAS

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value¹ of Property</u>	<u>Per Capita²</u>
1997	64,765,000	522,595	64,242,405	0.48	182.48
1998	61,685,000	569,329	61,115,671	0.41	163.48
1999	95,027,570	1,456,509	93,571,061	0.56	233.39
2000	107,177,570	1,077,645	106,099,925	0.55	245.05
2001	139,412,570	2,904,913	136,507,657	0.59	300.78
2002	136,922,570	1,943,755	134,978,815	0.51	283.81
2003	135,567,570	1,751,705	133,815,865	0.45	265.17
2004	130,777,570	1,209,971	129,567,599	0.39	244.95
2005	171,407,570	2,711,013	168,696,557	0.47	305.28
2006	174,702,570	1,903,455	172,799,115	0.44	298.70

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

¹See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 11 for property value data.

²Population data can be found in the Schedule of Demographic and Economic Statistics on page 120 .



Denton County, Texas
DIRECT AND OVERLAPPING GOVERNMENTAL
ACTIVITIES DEBT

September 30, 2006

	Net Bonded Debt at September 30, 2006	Percentage Applicable to Denton County (1)	Amount Applicable to Denton County
<u>DIRECT DEBT</u>			
Denton County	\$ 174,702,570	100.00%	\$ <u>174,702,570</u>
<u>OVERLAPPING DEBT</u>			
<u>Cities:</u>			
Argyle	2,169,550	100.00	2,169,550
Aubrey	492,817	100.00	492,817
Bartonville	1,130,000	100.00	1,130,000
Carrollton	149,540,000	35.62	53,266,148
The Colony	52,979,840	100.00	52,979,840
Corinth	16,175,000	100.00	16,175,000
Dallas	1,423,817,609	0.83	11,817,686
Denton	105,065,548	100.00	105,065,548
Flower Mound	87,600,000	100.00	87,600,000
Frisco	247,990,000	11.64	28,866,036
Hackberry	36,200	100.00	36,200
Hickory Creek	160,000	100.00	160,000
Highland Village	19,580,292	100.00	19,580,292
Justin	2,410,000	100.00	2,410,000
Krugerville	-	100.00	-
Krum	7,634,538	100.00	7,634,538
Lake Dallas	2,264,810	100.00	2,264,810
Lewisville	49,675,312	99.92	49,635,572
Little Elm	21,256,340	100.00	21,256,340
Marshall Creek	-	100.00	-
Northlake	1,900,000	100.00	1,900,000
Oak Point	915,000	100.00	915,000
Pilot Point	5,411,550	100.00	5,411,550
Ponder	204,250	100.00	204,250
Roanoke	12,301,409	100.00	12,301,409
Sanger	6,172,865	100.00	6,172,865
Trophy Club	7,182,686	100.00	7,182,686

Notes:

(1) Source: Municipal Advisory Council of Texas

	Net Bonded Debt at September 30, 2006	Percentage Applicable to Denton County (1)	Amount Applicable to Denton County
School Districts:			
Argyle	37,629,083	100.00	37,629,083
Aubrey	21,537,513	100.00	21,537,513
Carrollton-			
Farmers Branch	380,495,821	20.48	77,925,544
Celina	33,660,216	4.67	1,571,932
Denton	403,871,276	100.00	403,871,276
Frisco	702,308,913	14.02	98,463,710
Krum	21,070,303	99.16	20,893,312
Lake Dallas	90,456,680	100.00	90,456,680
Lewisville	627,575,915	100.00	627,575,915
Little Elm	133,265,719	100.00	133,265,719
Northwest	313,210,472	71.46	223,820,203
Pilot Point	20,094,575	88.41	17,765,614
Ponder	20,475,000	100.00	20,475,000
Prosper	47,792,982	1.03	492,268
Sanger	61,061,756	100.00	61,061,756
Slidell	2,735,000	26.90	735,715
Special Districts:			
Lake Cities M.U.A.	385,000	100.00	385,000
Trophy Club M.U.D.#1	206,812	46.68	96,540
Trophy Club M.U.D.#2	7,547,971	100.00	7,547,971
Denton Co. RUD #1	21,660,000	97.94	21,213,804
DC Fresh Water Supp #1-B	16,292,307	100.00	16,292,307
DC Fresh Water Supp #1-C	-	100.00	-
DC Fresh Water Supp #1-D	24,683,624	100.00	24,683,624
DC Fresh Water Supp #1-E	24,994,718	100.00	24,994,718
Corinth M.U.D. #1	206,812	100.00	<u>206,812</u>
TOTAL OVERLAPPING DEBT			<u>\$2,429,590,153</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u><u>\$2,604,292,723</u></u>

DENTON COUNTY, TEXAS

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years
 (Amounts Expressed in Thousands)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt Limit	\$ 2,920,423	\$ 3,327,285	\$ 3,745,994	\$ 4,389,801	\$ 5,207,346	\$ 6,070,943	\$ 6,876,113	\$ 7,656,639	\$ 8,276,952	\$ 8,871,385
Total Net Debt Applicable to Limit	<u>64,242</u>	<u>61,116</u>	<u>93,571</u>	<u>106,100</u>	<u>136,508</u>	<u>134,979</u>	<u>133,816</u>	<u>129,568</u>	<u>168,697</u>	<u>172,799</u>
Legal Debt Margin	<u>\$ 2,856,181</u>	<u>\$ 3,266,169</u>	<u>\$ 3,652,423</u>	<u>\$ 4,283,701</u>	<u>\$ 5,070,838</u>	<u>\$ 5,935,964</u>	<u>\$ 6,742,297</u>	<u>\$ 7,527,071</u>	<u>\$ 8,108,255</u>	<u>\$ 8,698,586</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	2.20%	1.84%	2.50%	2.42%	2.62%	2.22%	1.95%	1.69%	2.04%	1.95%

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed Value of Real Property	<u>\$ 35,485,541</u>
Debt Limit (25% of Total Real Property Value)	8,871,385
Debt Applicable to Limit	
General Obligations Bonds	174,702
Less: Amount Set Aside for Repayment of General Obligation Debt	<u>(1,903)</u>
Total Net Debt Application to Limit	<u>172,799</u>
Legal Debt Margin	<u>8,698,586</u>

DENTON COUNTY, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Population¹	Personal Income (Amounts Expressed in Thousands)	Per Capita Personal Income¹	Median Age¹	Education Level in Years of Formal Schooling¹	School Enrollment¹	Unemployment Rate²
1997	335,650	\$ 8,055,600	\$ 24,000	-	-	-	3.2%
1998	373,850	9,484,201	25,369	-	-	-	2.2%
1999	400,915	10,782,609	26,895	-	-	-	1.9%
2000	429,332	11,914,822	27,752	-	-	-	1.9%
2001	453,853	12,922,103	28,472	-	-	-	3.2%
2002	475,600	13,578,856	28,551	-	-	-	4.9%
2003	504,650	14,822,580	29,372	-	-	-	5.5%
2004	528,950	15,985,927	30,222	-	-	-	3.6%
2005	552,600	17,938,501	32,462	32.2	14.4	160,361	4.2%
2006	578,500	-	-	-	-	164,982	3.8%

Data Sources:

1 U.S. Census Bureau

2 Texas Workforce Commission

Certain of the above data have been left blank as the information is not available to Denton County at this time.

DENTON COUNTY, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

<u>Employer</u>	<u>2006</u>			<u>1997</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
University of North Texas	5,900	1	2.03%	5,500	1	2.56%
Lewisville ISD	4,500	2	1.55%			
Frito Lay	2,436	3	0.84%	1,500	4	0.70%
American Airlines	2,350	4	0.81%			
Denton ISD	2,000	5	0.69%	1,408	5	0.66%
Horizon Health	1,500	6	0.52%			
Denton County	1,379	7	0.47%	925	8	0.43%
Denton State School	1,350	8	0.46%	2,100	3	0.98%
Peterbilt Motors	1,200	9	0.41%	1,177	7	0.55%
City of Denton	1,200	10	0.41%	832	10	0.39%
Texas Instruments, Inc.				5,000	2	2.33%
Texas Women's University				1,300	6	0.60%
Boeing Electronics				840	9	0.39%
	<u>23,815</u>		<u>8.20%</u>	<u>20,582</u>		<u>9.57%</u>

DENTON COUNTY, TEXAS

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Full-Time Equivalent Employees as of Beginning of Fiscal Year

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government	124.5	131.5	137.5	142.5	147.0	152.5	154.5	158.0	159.5	164.0
Judicial	89.0	96.5	104.5	114.0	114.5	121.5	122.5	122.5	124.0	123.0
Legal	79.5	86.0	102.0	100.5	107.0	115.5	117.0	116.0	118.0	118.0
Financial	69.0	69.5	71.5	73.0	74.0	74.5	76.5	80.0	80.5	80.5
Public Facilities	26.5	25.5	26.5	26.5	27.5	27.5	27.5	29.5	30.5	30.5
Public Safety	492.0	525.0	564.5	604.0	618.5	625.0	628.0	686.5	710.0	712.0
Health & Welfare	34.0	30.5	31.0	34.0	41.0	49.0	51.5	58.0	53.0	70.5
Conservation	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Roads	<u>88.0</u>	<u>88.0</u>	<u>88.0</u>	<u>88.0</u>	<u>88.0</u>	<u>82.0</u>	<u>82.0</u>	<u>80.5</u>	<u>80.5</u>	<u>81.0</u>
Total	1,011.5	1,061.5	1,134.5	1,191.5	1,226.5	1,256.5	1,268.5	1,340.0	1,365.0	1,388.5

Source: Denton County Budget Office

DENTON COUNTY, TEXAS

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government										
County Clerk:										
Number of Criminal Cases Filed	10,835	9,938	8,944	8,957	9,331	10,135	11,260	11,200	11,185	11,435
Number of Civil Cases Filed	831	944	1,271	1,014	1,519	1,683	1,891	2,182	2,567	2,700
Human Resources										
Applications Accepted	4,162	4,700	5,270	5,862	6,750	11,090	14,397	15,237	12,233	13,000
Positions Filled	275	240	371	617	517	235	348	441	458	470
Purchasing										
Purchase Orders Issued	9,278	10,600	10,161	9,369	9,180	9,039	8,869	8,801	8,963	9,500
Competitive Bids/Contract Renewals	93	85	61	142	48	45	45	59	48	60
Information Services/County Technology										
Work Orders Completed	3,170	3,800	5,399	8,131	12,479	10,055	9,216	14,162	8,809	9,559
Elections Administration										
New Registrations	13,686	25,968	28,479	40,010	40,000	40,000	26,072	35,072	26,143	35,000
Elections Held	9	17	16	26	25	32	26	35	23	53
Judicial										
District Courts										
Criminal Cases Disposed	1,472	1,531	1,578	1,417	1,408	2,107	2,471	3,055	2,530	2,679
Divorce/Family Cases Disposed				3,375	4,436	4,816	4,514	4,782	4,157	4,324
County Courts										
Juvenile Cases Disposed					1,242	982	1,212	1,424	1,421	1,500
Criminal Cases Disposed	9,607	11,300	12,619	10,108	9,993	9,521	7,898	9,639	8,646	9,142
District Clerk										
Civil, Family and Tax Cases Filed	5,385	7,460	6,759	7,065	7,288	8,324	8,552	8,990	9,688	9,804
Child Support Garnishment Orders							4,188	5,162	7,323	7,500

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Justices of the Peace										
Civil Cases Filed	3,271	3,915	3,436	3,523	5,048	5,513	9,062	7,475	7,456	8,102
Criminal Cases Filed	26,579	27,760	24,761	28,748	31,157	31,242	30,967	37,193	36,097	40,062
Legal										
Criminal District Attorney										
Felony Cases Under Indictment	2,479	2,254	2,404	2,396	2,062	1,615	1,935			
Misdemeanor Cases Under Indictment	26,097	27,912	18,533	21,615	18,140	6,889	6,716			
Cases Filed								9,382	9,326	
Total Jury Trials							227	237	224	248
Financial										
County Auditor										
Accounts Payable Checks Processed	19,500	20,000	19,500	19,062	20,235	19,654	20,118	18,134	17,000	18,000
County Treasurer										
Payroll Checks Processed	25,320	28,834	30,352	31,687	33,840	35,102	36,992	36,371	38,611	39,500
Tax Assessor/Collector										
County Tax Accounts	158,789	161,000	172,373	198,198	220,000	248,600	265,500	254,048	254,048	270,929
Automobile Registrations	276,324	316,325	331,873	346,000	374,522	385,962	400,781	416,726	448,147	
Budget Department										
Budget Amendments Processed	234	234	333	300	283	253	257	248	234	250
Public Safety										
County Jail										
Average Daily Jail Population		650	664	680	680	725	770	897	897	
Average Daily # of Contract Inmates		200	200	200	200	217	231	-	-	-
Sheriff										
E-911 Calls Received	23,611	24,496	26,455	38,500	38,500	60,865	64,291	54,517	73,696	88,435
Warrants Received	5,677		13,338	14,259	14,259	10,332	11,336	10,674	10,104	11,114
Health & Welfare										
Immunizations Administered	17,066	18,000	15,464	14,137	16,981	18,472	26,910	20,126	19,799	21,000
Primary Health Care Visits	3,564	3,500	3,731	3,920	4,744	5,370	7,574	8,226	8,883	8,950
Roads										
Work Orders Completed	300	325	400	460	663	1,017	-	730	472	404
Miles of Roads Overlayed						15	-	14	23	26

Source: Denton County Budget Office



DENTON COUNTY, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

<u>Employer</u>	<u>2006</u>			<u>1997</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
University of North Texas	5,900	1	2.03%	5,500	1	2.56%
Lewisville ISD	4,500	2	1.55%			
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Denton ISD	2,000	5	0.69%	1,408	5	0.66%
Horizon Health	1,500	6	0.52%			
Denton County	1,379	7	0.47%	925	8	0.43%
Denton State School	1,350	8	0.46%	2,100	3	0.98%
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City of Denton	1,200	10	0.41%	832	10	0.39%
Texas Instruments, Inc.				5,000	2	2.33%
Texas Women's University				1,300	6	0.60%
Boeing Electronics				840	9	0.39%
	<u>23,815</u>		<u>8.20%</u>	<u>20,582</u>		<u>9.57%</u>

DENTON COUNTY, TEXAS

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Full-Time Equivalent Employees as of Beginning of Fiscal Year

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government	124.5	131.5	137.5	142.5	147.0	152.5	154.5	158.0	159.5	164.0
Judicial	89.0	96.5	104.5	114.0	114.5	121.5	122.5	122.5	124.0	123.0
Legal	79.5	86.0	102.0	100.5	107.0	115.5	117.0	116.0	118.0	118.0
Financial	69.0	69.5	71.5	73.0	74.0	74.5	76.5	80.0	80.5	80.5
Public Facilities	26.5	25.5	26.5	26.5	27.5	27.5	27.5	29.5	30.5	30.5
Public Safety	492.0	525.0	564.5	604.0	618.5	625.0	628.0	686.5	710.0	712.0
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Conservation	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Roads	<u>88.0</u>	<u>88.0</u>	<u>88.0</u>	<u>88.0</u>	<u>88.0</u>	<u>82.0</u>	<u>82.0</u>	<u>80.5</u>	<u>80.5</u>	<u>81.0</u>
Total	1,011.5	1,061.5	1,134.5	1,191.5	1,226.5	1,256.5	1,268.5	1,340.0	1,365.0	1,388.5

Source: Denton County Budget Office

DENTON COUNTY, TEXAS

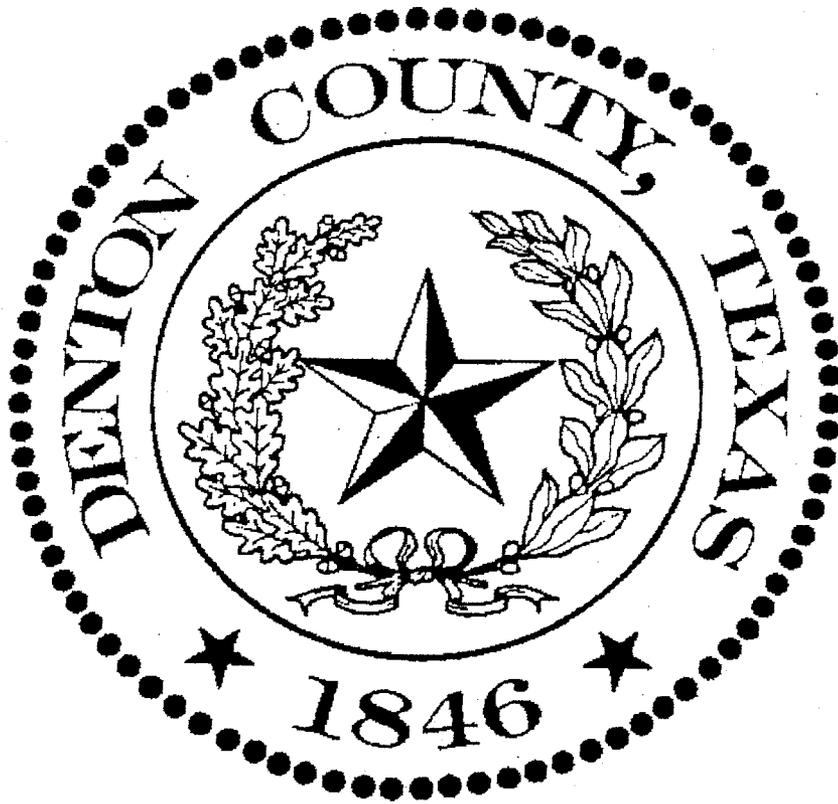
OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
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County Clerk:										
Number of Criminal Cases Filed	10,835	9,938	8,944	8,957	9,331	10,135	11,260	11,200	11,185	11,435
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Positions Filled	275	240	371	617	517	235	348	441	458	470
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Elections Administration										
New Registrations	13,686	25,968	28,479	40,010	40,000	40,000	26,072	35,072	26,143	35,000
Elections Held	9	17	16	26	25	32	26	35	23	53
Judicial										
District Courts										
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Child Support Garnishment Orders							4,188	5,162	7,323	7,500

	Fiscal Year									
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Legal										
Criminal District Attorney										
Felony Cases Under Indictment	2,479	2,254	2,404	2,396	2,062	1,615	1,935			
Misdemeanor Cases Under Indictment	26,097	27,912	18,533	21,615	18,140	6,889	6,716			
Cases Filed										
Total Jury Trials								9,382	9,326	
Financial							227	237	224	248
County Auditor										
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Sheriff										
E-911 Calls Received	23,611	24,496	26,455	38,500	38,500	60,865	64,291	54,517	73,696	88,435
Warrants Received	5,677		13,338	14,259	14,259	10,332	11,336	10,674	10,104	11,114
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Immunizations Administered	17,066	18,000	15,464	14,137	16,981	18,472	26,910	20,126	19,799	21,000
Primary Health Care Visits	3,564	3,500	3,731	3,920	4,744	5,370	7,574	8,226	8,883	8,950
Roads										
Work Orders Completed	300	325	400	460	663	1,017	-	730	472	404
Miles of Roads Overlayed						15	-	14	23	26

Source: Denton County Budget Office



PREFACE

Overview of the County's Fiscal Year 2006 Annual Audit -

Denton County's combined financial statements for 2006, 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 2006 annual audit.

Overview of Grant Audit Requirements -

The scope of the County's fiscal year 2006 grant audit includes the requirements of the Office of Management and Budget's Circular A-133. This document establishes audit requirements for state and local governments and Indian tribe governments that receive federal assistance. It provides for independent audits of financial operations, including compliance with certain provisions of federal laws and regulations. The requirements are established to ensure that audits are made on an organization-wide basis, rather than on a grant-by-grant basis. Such audits are to determine whether:

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

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

Purpose and Contents of This Report -

This report was prepared to provide grantor agencies with certain financial information which they need to properly administer funds granted to the County. Financial schedules included herein present the County's grant revenues, expenditures and amounts due to/from funding sources in accordance with generally accepted accounting principles for state and local government units. However, this report does not present the financial position of the County.

Individual grants presented in this report are those which were considered by the auditors in performing their audit tests in conformity with OMB Circular A-133.

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

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

Overview of Grant Financial Information -

Financial information by individual grant is presented in this report. 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 2006 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, 2006**

(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 2006 totaled approximately \$1,741,150.

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, 2006

<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, Center for Disease Control & Prevention Passed through the Texas Health and Human Services Commission:			
2006 Bioterrorism Preparedness Grant	93.283	C9000524-3	\$ 1,243,525
2005 Bioterrorism Preparedness Grant	93.283	C9000524-3	741,684
2006 HIV/AIDS Education Grant	93.940	C9000524-3	100,000
2005 HIV/AIDS Education Grant	93.940	C9000524-3	100,000
2005 Childrens Health Ins Grant	93.778	529-00-099F	37,894
2006 CPS Cities Readiness Initiative Grant	93.283	200606D	238,565
U. S. Department of Agriculture Passed through the Texas Health and Human Services Commission:			
2006 Special Supplement Food Program for Women, Infants and Children	10.557	C9000524-4	1,340,140
2005 Special Supplement Food Program for Women, Infants and Children	10.557	C9000524-4	<u>1,211,333</u>
Total Texas Health and Human Services Commission			<u>5,013,141</u>
U.S. Dept. of Health and Human Services Passed through Texas Dept. of Family and Protective Services:			
2006 CPS IV-E Legal Services Grant	93.658	2003-033424	65,626
2005 CPS IV-E Legal Services Grant	93.658	2003-033424	92,247
2006 Foster Care Title IV-E Grant	93.658	-	43,665
2005 Foster Care Title IV-E Grant	93.658	-	24,840

U.S. Dept. of Agriculture Passed
through the Texas Dept.
of Family and Protective Services:

<u>Balance *</u> <u>October 1,</u> <u>2005</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>2006</u>
\$ 25,485	\$ 661,169	\$ 723,537	\$ 87,853
117,718	117,718	-	-
-	52,441	66,114	13,673
11,354	40,621	29,267	-
-	17,368	20,526	3,158
-	41,063	41,063	-
-	1,047,548	1,340,140	292,592
<u>259,178</u>	<u>259,178</u>	<u>-</u>	<u>-</u>
<u>413,735</u>	<u>2,237,106</u>	<u>2,220,647</u>	<u>397,276</u>
-	65,626	65,626	-
46,431	46,431	-	-
-	43,665	61,790	18,125
13,442	13,442	-	-

Denton County, Texas

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2006**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Program or Award Amount
2006 National School Lunch Program Grant	10.555	-	<u>107,666</u>
Total Texas Dept. of Family and Protective Services:			<u>334,044</u>
U. S. Dept. of Health and Human Services Passed through the Office of the Attorney General - Child Support Office:			
2006 Title IV-D Filing Fees and Court Costs Grant	93.783	-	<u>91,853</u>
U.S. Department of Justice Passed through the Office of the Governor - Criminal Justice Division:			
Civil-Domestic Violence Prosecution - 4	16.588	WF-04-V30-16180-04	79,996
Prosecution Enhancement Grant-11	16.588	WF-06-V30-13432-09	40,000
Prosecution Enhancement Grant-10	16.588	WF-05-V30-13432-08	40,000
Victim Notification Grant-8	16.576	VA-02-13611-04	25,880
Family Violence Expansion Grant-10	16.588	WF-06-V30-13433-09	80,000
Family Violence Expansion Grant-9	16.588	WF-05-V30-13433-08	<u>80,000</u>
Total Office of the Governor - Criminal Justice Division			<u>345,876</u>
Federal Emergency Management Admin. Passed Through the Texas Department of Public Safety:			
2006 Emergency Management Grant	83.552	06TX-EMPG-038	33,061
2005 Emergency Management Grant	83.552	05TX-EMPG-038	<u>33,061</u>
Total Federal Emergency Mgmt. Admin.			<u>66,122</u>

<u>Balance *</u> <u>October 1,</u> <u>2005</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>2006</u>
-	107,666	107,666	-
59,873	276,830	235,082	18,125
-	91,853	91,853	-
13,421	13,421	-	-
-	-	-	-
-	26,133	40,000	13,867
-	25,880	25,880	-
-	-	-	-
-	-	79,767	79,767
13,421	65,434	145,647	93,634
-	16,531	33,061	16,530
9,295	9,295	-	-
9,295	25,826	33,061	16,530

<u>Balance *</u> <u>October 1,</u> <u>2005</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>2006</u>
-	-	-	-
-	360,304	455,447	95,143
-	360,304	455,447	95,143

-	-	304,347	304,347
-	407,338	448,539	41,201
-	22,756	25,719	2,963
39,216	895,901	1,306,229	449,544
219,937	909,755	689,818	-
-	281,561	440,442	158,881
<u>259,153</u>	<u>2,517,311</u>	<u>3,215,094</u>	<u>956,936</u>

-	-	-	-
-	163,183	163,183	-
-	-	-	-
1,255	15,956	16,913	2,212
3,891	3,891	-	-
-	11,250	11,250	-
-	-	-	-
-	72,127	68,885	(3,242)
<u>5,146</u>	<u>266,407</u>	<u>260,231</u>	<u>(1,030)</u>

Denton County, Texas

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Program or Award Amount
U.S. Elections Assistance Commission: Passed Through the Texas Secretary of State:			
2003 Help America Vote Act Grant	39.011		<u>2,391,613</u>
Total Federal Assistance			<u>\$ 13,965,303</u>

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

Balance * October 1, <u>2005</u>	Receipts or Revenue <u>Recognized</u>	Disbursements/ <u>Expenditures</u>	Balance * September 30, <u>2006</u>
<u>306</u>	<u>1,800,404</u>	<u>2,389,392</u>	<u>589,294</u>
<u>\$ 760,929</u>	<u>\$ 7,641,475</u>	<u>\$ 9,046,454</u>	<u>\$ 2,165,908</u>

Denton County, Texas

SCHEDULE OF STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2006

<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:			
2007 TJPC State Aid Grant		TJPC A-2007-061	\$ 280,277
2006 TJPC State Aid Grant		TJPC A-2006-061	\$ 280,277
2007 TJPC Progressive Sanctions JPO Grant		TJPC F-2007-061	193,596
2006 TJPC Progressive Sanctions JPO Grant		TJPC F-2006-061	193,596
2007 TJPC Progressive Sanctions Level 1-2-3 Program Grant		TJPC G-2007-061	69,339
2006 TJPC Progressive Sanctions Level 1-2-3 Program Grant		TJPC G-2006-061	69,339
2007 TJPC Progressive Sanctions ISJPO Grant		TJPC O-2007-061	53,742
2006 TJPC Progressive Sanctions ISJPO Grant		TJPC O-2006-061	53,742
2007 Juvenile Community Corrections Grant		TJPC Y-2007-061	541,727
2006 Juvenile Community Corrections Grant		TJPC Y-2006-061	541,727
2006 JJAEP Grant		TJPC P-06-061	116,053
2006 Post Adjudication Facility Grant		TJPC V-06-061	178,687
2005 Post Adjudication Facility Grant		TJPC V-05-061	178,687
2007 Salary Adjustment Grant		TJPC Z-07-061	228,000
2006 Salary Adjustment Grant		TJPC Z-06-061	228,000
2005 Salary Adjustment Grant		TJPC Z-05-061	228,000
Total Texas Juvenile Probation Commission:			<u>3,434,789</u>
Texas Department of State Health Services:			
2007 Service Delivery Integration Fees for Services Grant		75-60009205A-2006	284,392
2006 Service Delivery Integration Fees for Services Grant		75-60009205A-2006	336,604
2007 Tuberculosis Services Grant		75-60009205A-2007	33,799
2007 Immunization Program Grant		75-60009205-2006-03	128,527
2006 Immunization Program Grant		75-60009205-2006-03	128,527
2007 OPHP Local Public Health System Grant		75-60009205-2007-1	60,244
2006 OPHP Local Public Health System Grant		75-60009205-2005-3	60,244

<u>Balance *</u> <u>October 1,</u> <u>2005</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>2006</u>
\$ -	\$ 51,711	\$ 27,537	\$ (24,174)
\$ -	\$ 280,277	\$ 280,277	\$ -
-	32,266	32,266	-
-	193,596	193,596	-
-	11,557	-	(11,557)
-	69,339	69,338	(1)
-	8,957	8,957	-
-	53,742	53,742	-
-	90,288	68,409	(21,879)
-	541,727	541,727	-
-	116,053	116,053	-
-	178,687	178,687	-
14,854	14,854	-	-
-	38,000	38,000	-
-	228,000	223,696	(4,304)
<u>(23,572)</u>	<u>(25,670)</u>	<u>(2,098)</u>	<u>-</u>
<u>(8,718)</u>	<u>1,883,384</u>	<u>1,830,187</u>	<u>(61,915)</u>
-	6,283	6,283	-
61,491	336,596	275,105	-
-	-	-	-
-	-	-	-
26,931	128,527	101,596	-
-	-	-	-
6,320	60,244	53,924	-

Denton County, Texas

SCHEDULE OF STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2006

State Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Program or Award Amount
Total Texas Dept. of State Health Services			<u>1,032,337</u>
Office of the Governor, Criminal Justice Division:			
Civil - Child Abuse Prosecution Grant - 5		SF-07-A10-16321-05	113,626
Civil - Child Abuse Prosecution Grant - 4		SF-06-A10-16321-04	151,501
Civil - Child Abuse Prosecution Grant - 3		SF-05-A10-16321-03	189,376
Juvenile Child Abuse Prosecution Grant - 2		SF-07-A10-17661-02	42,218
Juvenile Child Abuse Prosecution Grant - 1		SF-06-A10-17661-01	<u>55,272</u>
Total Office of the Governor, Criminal Justice Division:			<u>551,993</u>
Office of the Attorney General:			
2005 Child Victim Intervention Intern Grant		O4G02028	<u>12,216</u>
Total Office of the Attorney General			<u>12,216</u>
Texas Commission on Environmental Quality: Regional High Emitting Vehicle Asst. Grant		Denton 2005	<u>172,054</u>
Comptroller of Public Accounts:			
Tobacco Compliance Grant 2007		-	12,000
Tobacco Compliance Grant 2006		-	12,000
Tobacco Compliance Grant 2005		-	<u>10,000</u>
Total Comptroller of Public Accounts:			<u>34,000</u>
Texas Department of Transportation - Passed through Dallas County:			
2007 North Texas Auto Theft Task Force		SA-T01-10047-07	77,116

Balance * October 1, 2005	Receipts or Revenue Recognized	Disbursements/ Expenditures	Balance * September 30, 2006
<u>94,742</u>	<u>531,650</u>	<u>436,908</u>	<u>-</u>
-	-	-	-
-	-	76,388	76,388
17,235	17,235	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>10,435</u>	<u>10,435</u>
<u>17,235</u>	<u>17,235</u>	<u>86,823</u>	<u>86,823</u>
<u>158</u>	<u>158</u>	<u>-</u>	<u>-</u>
<u>158</u>	<u>158</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>172,054</u>	<u>172,054</u>	<u>-</u>
-	-	-	-
-	10,390	10,390	-
<u>(3,230)</u>	<u>(3,230)</u>	<u>-</u>	<u>-</u>
<u>(3,230)</u>	<u>7,160</u>	<u>10,390</u>	<u>-</u>
-	-	-	-

Denton County, Texas

SCHEDULE OF STATE FINANCIAL ASSISTANCE

For the Fiscal Year Ended September 30, 2006

State Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Program or Award Amount
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>222,970</u>
Total State Assistance			<u>\$ 5,460,359</u>

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



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, 2006. 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, 2006.

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, 2006



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, 2006, which collectively comprise Denton County, Texas' basic financial statements and have issued our report thereon dated December 22, 2006. 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, 2006.

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, 2006

DENTON COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2006

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 programs	Urban Areas Security Grant, CFDA #97.008 Help America Vote Act Grant, CFDA #39.011 Bioterrorism Preparedness Grant, CFDA #93.283 Crisis Counseling Immediate Services Grant, CFDA #97.032
Major state program	Service Delivery Integration (SDI) Fee for Services Grant

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 AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

None

