

DENTON COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2007

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

February 5, 2008

JAMES A. WELLS, C.P.A.

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, 2007.

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, 2007 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, 2007 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 an estimated population of 599,350. 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 599,000 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.

Denton County continues to experience strong growth in population and in its economic base. The population has grown by almost 40% since the 2000 census and by nearly 120% since the 1990 census. During the same period, the County's tax base increased from \$10 billion in 1990 to nearly \$44 billion in 2007.

Job additions have continued in the last year in both manufacturing and service industries. Our September 2007, unemployment rate of 4.0% compared favorably with the 4.3% statewide rate, and with the 4.7% national rate. During the 2007 year, the County had over \$2.13 billion in new property added to the tax rolls. This ranks as the highest amount of new construction in the County ever in one year. In 2007, over 5,300 new housing starts were recorded in the County. This represents a 2.4% growth in 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 have been completed. These developments account for a major portion of the over 5,300 new housing starts in the County last year. New developments such as Rayzor Ranch, the Hills of Denton, Hunter Ranch and Cole Ranch are expected to add over 28,000 new housing units in the next 20

years. There also have been major investments in the County by the healthcare profession with several major hospitals undergoing significant expansions. These expansions have in turn spurred additional investment in office buildings and other medical services. Also, corporate expansions by Fidelity Investments, TIAA-CREF and 21st Century Insurance Group have been announced. 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 \$7,895,304 for fiscal 2007.

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 driving 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 172 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

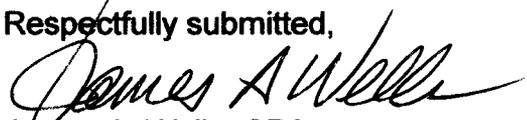
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Denton County for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2006. This was the eighteenth consecutive year that the government 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, 2006. 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, 2006

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.



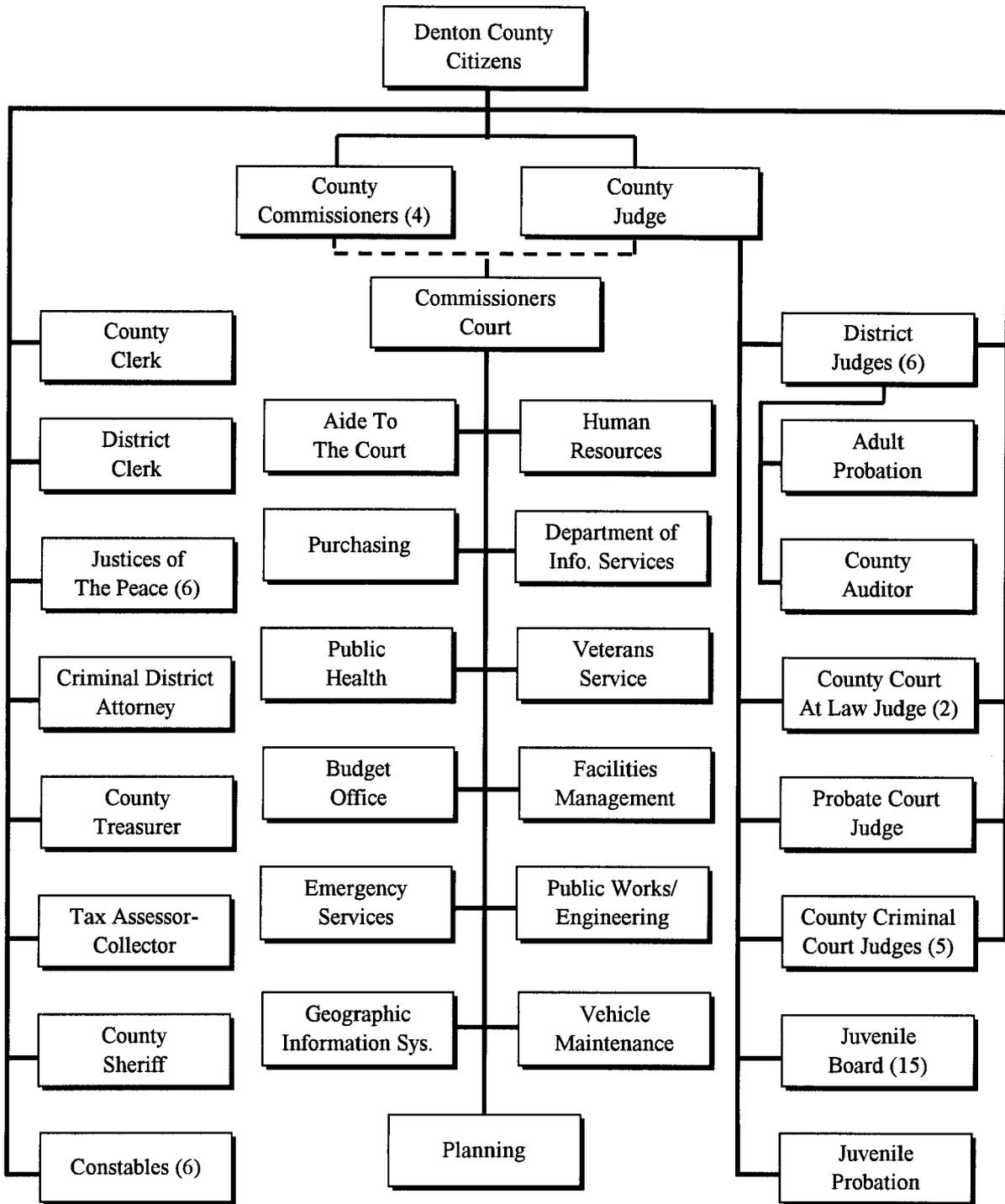
Oliver S. Cox

President

Jeffrey R. Ennis

Executive Director

DENTON COUNTY ORGANIZATIONAL CHART



DENTON COUNTY, TEXAS

PRINCIPAL OFFICIALS

September 30, 2007

Commissioners Court

Mary Horn	County Judge
Cynthia White	Commissioner, Pct. 1
Ron Marchant	Commissioner, Pct. 2
Bobbie J. Mitchell	Commissioner, Pct. 3
Andy Eads	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
Paul Johnson	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, 2007, 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 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, 2007, and the respective changes in financial position and, where applicable, cash flows, thereof 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 February 25, 2008, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 and State 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 the State of Texas Uniform Grant Management Standards, 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 and State Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated 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.

February 25, 2008

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, 2007. 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 \$(17,571,193) (*net assets*). Of this amount \$1,762,394 is restricted for specific purposes. Unrestricted net assets are \$(43,560,202).
- As of the close of the current fiscal year, Denton County's governmental funds reported combined ending fund balances of \$132,598,254, an increase of \$75,335,560 in comparison with the prior year. Of this total amount, \$44,186,877 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 \$28,405,455 or 29.6 percent of the total general fund expenditures.
- Denton County's total bonded debt increased by \$98,857,170 (56.58 percent) during the current fiscal year. Key factors in this increase included the issuance of \$102,515,000 in permanent improvement bonds for road and building projects and \$6,440,000 in tax notes for building construction and repair, and computer system enhancements. Over \$10 million in previously issued debt was retired during the year.

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 37 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, the 2005 Road Bond Fund and the 2007 Road Bond Fund, all of which are considered to be major funds. Data from the other 33 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 27-53 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 \$(17,571,193) 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, 2007 and 2006 are summarized as follows:

	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 173,951,521	\$ 79,541,600
Capital assets (net of depreciation)	<u>124,976,131</u>	<u>129,868,153</u>
Total assets	<u>298,927,652</u>	<u>209,409,753</u>

Current and other liabilities	36,418,585	14,917,683
Long-term liabilities	<u>280,080,260</u>	<u>181,192,910</u>
Total Liabilities	<u>316,498,845</u>	<u>196,110,593</u>

Net assets:

Invested in capital assets, net of related debt	24,226,615	(16,887,256)
Restricted	1,762,394	23,903,118
Unrestricted	<u>(43,560,202)</u>	<u>6,283,298</u>
Total net assets	<u>\$ (17,571,193)</u>	<u>\$ 13,299,160</u>

About 29.97% 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 \$27,752,875 during the current fiscal year. Key components of this decrease include the following:

- Unrestricted net assets decreased by nearly \$50 million as a result of expenses financed by long-term debt proceeds that for infrastructure improvements not owned by the County. Expenses from debt proceeds generally also increase county assets, but Denton County has voluntarily lent its support to improving state and city-owned roads and highways. Without these types of expenses, Denton County would have experienced an increase in net assets during 2007.
- An increase in net assets in the internal service fund \$48,705 due to increased plan premiums and a smaller than expected increase in fund expenses.
- A reporting requirement for debt in government-wide statements. The principal debt payments of \$10,097,831 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 \$42,887,800 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 \$27,752,875. Key elements of this decrease are as follows:

	<u>2007</u>	<u>2006</u>
Revenues:		
Net Program Revenues:		
Charges for services	\$ 26,038,080	\$ 26,614,743
Operating grants and contributions	23,006,262	22,121,655
Capital grants and contributions	1,699,313	7,278,309
General Revenues:		
Property taxes	102,971,687	98,184,935
Grants and contributions not restricted	458,864	304,543
Unrestricted investment earnings	7,895,304	5,377,631
Total revenues	<u>162,069,510</u>	<u>159,881,816</u>
Expenses:		
General government	20,239,625	20,550,672
Judicial	14,447,760	14,077,729
Legal	9,969,544	9,582,964
Financial management	5,057,253	4,793,627
Public Facilities	9,346,732	9,175,352
Public Safety	51,123,763	47,391,000
Health and welfare	8,188,748	7,710,692
Conservation	388,464	366,525
Contractual	2,742,028	2,613,005
Roads	14,699,394	12,936,128
Intergovernmental	42,887,800	35,764,228
Interest on long-term debt	10,731,274	8,060,826
Total expenses	<u>189,822,385</u>	<u>173,022,748</u>
Changes in net assets	(27,752,875)	(13,140,932)
Net assets - beginning	<u>13,299,160</u>	<u>26,440,092</u>
Prior period adjustment	<u>(3,117,478)</u>	<u>-</u>
Net assets - ending	<u>\$ (17,571,193)</u>	<u>\$ 13,299,160</u>

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

- Property tax revenues increased by \$4,786,752 (4.8 percent) during the year. This increase is the result of increases to the tax base that totaled \$4.45 billion rather than any tax rate increases.

- Operating grants and capital grants decreased by a combined \$4.694 million mostly as a result of the County having received major federal grants for homeland security, for disaster preparedness, and for implementation of the Help Americans Vote Act in 2006 that were not received in 2007.
- Total expenses increased by \$16.8 million during the year. This increase reflects a government-wide 4% increase in salary expenses, additional spending of over \$1.5 million (15%) for employee medical benefits, increased operating expenses for prisoner housing, and an increase of over \$7.12 million in capital project spending on intergovernmental projects that did not increase capital assets.

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 \$132,598,254, an increase of \$75,335,560 in comparison with the prior year. Approximately 33.3 percent of this total amount (\$44.18 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 (\$1,762,394), 2) to reflect inventories (\$92,943), and 3) to fund capital projects (\$86,556,040).

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 \$28,405,455, while total fund balance reached \$28,498,398. 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 29.7 percent of total general fund expenditures, and total fund balance also represents 29.7 percent of that same amount.

The fund balance of Denton County's general fund increased by \$8,635,922 during the current fiscal year. Key factors in this growth are as follows:

- Total revenues for taxes, fees, fines, and interest income exceeded budgeted amounts by \$1.97million; \$480,670; \$203,548; and \$1,146,633; respectively. Taxes exceeded budget due to high collection rates, and fees exceeded budget due to increased demands for county services.
- Expenditures in budgeted funds were 89.8% of the final budgeted totals. The primary areas for budgetary expenditure savings were in personnel related costs due to moderate employee turnover and attrition, building repairs due to a delay in a major project, building utilities due to decreased rates by providers, and workers compensation insurance.

The debt service fund has a total fund balance of \$1,762,394 which is all 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 2006 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 (a \$3.3 million increase in appropriations), and were primarily for the following:

- The re-appropriation of funds for prior year-end encumbrances (\$450,000), and,
- Appropriation of grant and contractual funds (\$2.1 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 2.6% (\$1.97 million).
- Fees, fines, and miscellaneous revenue all exceeded budget by amounts ranging from 4% to 15%.
- Due to rising interest rates and increased amounts invested, investment income exceeded budget by 82%.
- Total general fund expenditures were 89.8% of the amended budget, and most functional areas of expenditures varied less than 5% from the

amended budget. Major savings were realized in the General Governmental and Public Facilities areas of the budget. Salary, building utilities, and insurance savings offset increased expenditures for fuel road and bridge maintenance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Denton County's investment in capital assets for its governmental activities as of September 30, 2007 totals \$(62,329,425) (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 \$102.515 million in permanent improvement bonds and \$6,440,000 in tax notes for road construction, building construction and rehabilitation and computer system upgrades.
- A variety of transportation construction projects were initiated or continued at a cost of \$47.9 million, financed by road bonds.
- A major repair project for the lower level of the courts building was begun. The project will correct structural problems with the lower level floor, and it will be financed partially by funds received from a lawsuit settlement and also from proceeds of the 2007 Tax Notes.
- Construction of a new satellite government center in Commissioners Precinct 1 continued. This facility is being constructed on land purchased in late 2003 for \$594,000 and, and the \$3 million construction is being funded from the 2005 Certificates of Obligation.
- A master planning project was completed for approximately 40 acres of land in eastern Denton that was acquired for \$3.9 million in 2006. The master plan calls for a campus with four separate county facilities that will be constructed in phases. Architectural planning for the first phase of construction was also begun according to the master plan.
- A formal capital improvements plan for the County was developed by a county official committee chaired by the Budget Director. The five-year plan was adopted by the Commissioners Court in the summer of 2007, and implementation is to begin in fiscal 2008.

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	20,984,212	71,200,678
Machinery & Equipment	27,662,734	18,316,959	9,345,775
Infrastructure	135,526,570	104,389,792	31,136,778
Construction in Progress	4,764,572	-	4,764,572
Total	<u>\$ 268,667,094</u>	<u>\$ 143,690,963</u>	<u>\$ 124,976,131</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 \$273,559,740. 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 \$98,857,170 (56.6 percent) during the current fiscal year. The key factor in this increase was the issuance of \$108,955,000 in permanent improvement bonds and tax notes 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 \$10,097,831 during the fiscal year.

Denton County's bond ratings were upgraded in 2007 from "AA" to "AA+" by Standard & Poor's and from "Aa2" to "Aa1" by Moody's for general obligation debt. Both ratings agencies cited the County's growing tax base, growing population, and strong financial management policies as rationale for their ratings upgrades.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for Denton County is currently 4.0 percent, which is an increase from a rate of 3.8 percent a year ago. This compares favorably to the state's average unemployment rate of 4.3 percent and the national average rate of 4.7 percent.
- New construction and improvements to the County's tax rolls and a 7.99 per cent tax increase provided an additional \$14.2 million in property tax revenues for 2008.
- Salary increases averaging 4% for county employees were approved for the 2008 fiscal year.

- Increased costs for health and dental care abated somewhat in 2007. Because of this, the increase in the County's funding to the employee benefit plan for 2008 was only \$800,000 (\$50 per employee per month). This is the second lowest increase in budgeted health insurance in over 5 years.
- Significant expenditure increases for debt service, road and bridge maintenance, and capital equipment were included in the 2008 budget. Funding was also approved for 22 new employees.
- The County's tax base increased by \$5.39 billion for 2007. This increase was due to over \$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 \$132,598,254. Denton County has appropriated \$9.6 million of this amount for spending in the 2008 fiscal year budget. \$3.0 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, 2007

Governmental
Activities

ASSETS

Cash	\$	2,363,058
Investments		159,978,673
Receivables:		
Taxes		2,795,895
Accrued Interest		434,991
Other Receivables		39
Fines Receivable		8,901,102
Less Allowance for Uncollectables		(3,224,024)
Due from Other Governments		1,545,014
Inventories		92,943
Deferred Charges		560,140
Bond Discount		503,690
Capital Assets:		
Land		8,528,328
Buildings		92,184,890
Depreciation on Buildings		(20,984,212)
Equipment		27,662,734
Depreciation on Equipment		(18,316,959)
Infrastructure		135,526,570
Depreciation on Infrastructure		(104,389,792)
Construction in Progress		4,764,572
TOTAL ASSETS		<u>298,927,652</u>

LIABILITIES

Accounts Payable		26,634,917
Wages Payable		2,728,618
Interest Payable		3,981,304
Due to Other Governments		1,034,596
Unearned Revenue		2,039,150
Non Current Liabilities:		
Due within One Year		12,612,889
Due in More than One Year		267,467,371
TOTAL LIABILITIES		<u>316,498,845</u>

NET ASSETS

Investments In Capital Assets, Net of Related Debt		24,226,615
Restricted for Debt Service		1,762,394
Restricted for Capital Projects		-
Restricted for Other Purposes		-
Unrestricted		(43,560,202)
Total Net Assets	\$	<u>(17,571,193)</u>

See the notes to the financial statement.

Denton County, Texas
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2007

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental Activities:					
General Government	\$ 20,239,625	\$ 11,939,818	\$ 3,462,572	\$ -	\$ (4,837,235)
Judicial	14,447,760	7,437,513	843,267	-	(6,166,980)
Legal	9,969,544	272,495	577,198	-	(9,119,851)
Financial	5,057,253	2,250,727	-	-	(2,806,526)
Public Facilities	9,346,732	-	-	-	(9,346,732)
Public Safety	51,123,763	2,756,883	5,764,058	753,460	(41,849,362)
Health & Welfare	8,188,748	530,757	4,465,161	-	(3,192,830)
Conservation	388,464	-	-	-	(388,464)
Contractual	2,742,028	701,229	151,940	-	(1,888,859)
Roads - County	14,699,394	148,658	7,742,066	-	(6,808,670)
Roads - Other Entities	42,887,800	-	-	945,853	(41,941,947)
Interest on Long-Term Debt	10,731,274	-	-	-	(10,731,274)
Total	\$ 189,822,385	\$ 26,038,080	\$ 23,006,262	\$ 1,699,313	\$ (139,078,730)
General Revenues:					102,971,687
Property Taxes					458,864
Grants and Contributions not restricted to Specific Programs					7,895,304
Investment Earnings					111,325,855
Total General Revenues					(27,752,875)
Change in Net Assets					13,299,160
Net Assets - Beginning					(3,117,478)
Prior Period Adjustment					\$ (17,571,193)
Net Assets - Ending					

See the notes to the financial statements.

Denton County, Texas
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2007

	General Fund	Debt Service	2005 Road Bond Project Fund	2007 Road Bond Project Fund	Nonmajor Governmental	Total Governmental
ASSETS						
Cash	\$ 1,132,540	\$ 28,736	\$ -	\$ 43,647	\$ 1,158,135	\$ 2,363,058
Investments	33,416,332	1,877,226	5,686,863	87,687,221	31,311,031	159,978,673
Receivables:						
Taxes	2,062,924	471,729	-	-	261,242	2,795,895
Accrued Interest	55,422	-	-	344,738	34,831	434,991
Other Receivables	-	-	-	-	39	39
Due from Other Funds	412,189	28,831	-	-	3,043,299	3,484,319
Due from Other Governments	750,281	-	-	-	794,733	1,545,014
Inventories	92,943	-	-	-	-	92,943
TOTAL ASSETS	\$ 37,922,631	\$ 2,406,522	\$ 5,686,863	\$ 88,075,606	\$ 36,603,310	\$ 170,694,932
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Accounts Payable	\$ 2,191,659	-	287,787	20,511,942	\$ 2,917,331	\$ 25,908,719
Wages Payable	2,228,221	-	-	-	500,397	2,728,618
Interest Payable	-	172,399	-	-	-	172,399
Due to Other Funds	1,066	-	-	-	3,415,955	3,417,021
Due to Other Governments	1,033,956	-	-	-	920	1,034,876
Other Payables	-	-	-	-	-	-
Deferred Revenues	3,969,331	471,729	-	-	393,985	4,835,045
TOTAL LIABILITIES	9,424,233	644,128	287,787	20,511,942	7,228,588	38,096,678
EQUITY						
Fund Balances:						
Reserved for Inventories	92,943	-	-	-	-	92,943
Reserved for Debt Service	-	1,762,394	-	-	-	1,762,394
Reserved for Capital Expenditures	-	-	5,399,076	67,563,664	13,593,300	86,556,040
Unreserved, Reported In:						
General Fund	28,405,455	-	-	-	-	28,405,455
Special Revenue Funds	-	-	-	-	15,781,422	15,781,422
Capital Projects Funds	-	-	-	-	-	-
TOTAL FUND EQUITY	28,498,398	1,762,394	5,399,076	67,563,664	29,374,722	132,598,254
TOTAL LIABILITIES, EQUITY	\$ 37,922,631	\$ 2,406,522	\$ 5,686,863	\$ 88,075,606	\$ 36,603,310	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	124,976,131
Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds.	9,536,803
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.	(793,216)
Long-term liabilities, including bond payable, are not due and payable in the current period and therefore are not reported in the funds.	(283,889,165)
Net assets of governmental activities	\$ (17,571,193)

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, 2007

	General Fund	Debt Service	2005 Road Bond Project Fund	2007 Road Bond Project Fund	Nonmajor Governmental	Total Governmental Funds
REVENUES						
Taxes	\$ 75,756,324	\$ 17,416,707	\$ -	\$ -	\$ 9,644,008	\$ 102,817,039
Licenses and Permits	691,013	-	-	-	7,161,578	7,852,591
Intergovernmental	7,756,411	-	371,756	-	8,310,994	16,439,161
Fees of Office	11,757,170	-	-	-	3,559,617	15,316,787
Fines	4,248,548	-	-	-	-	4,248,548
Interest	2,541,633	390,977	222,756	2,955,125	1,784,813	7,895,304
Miscellaneous	1,846,827	-	-	-	446,350	2,293,177
TOTAL REVENUES	104,597,926	17,807,684	594,512	2,955,125	30,907,360	156,862,607
EXPENDITURES						
Current:						
General Government	15,476,979	-	-	-	847,059	16,324,038
Judicial	13,525,756	-	-	-	1,066,575	14,592,331
Legal	9,816,756	-	-	-	199,943	10,016,699
Financial	5,120,550	-	-	-	19,783	5,140,333
Public Facilities	6,568,295	-	-	-	981,739	7,550,034
Public Safety	41,940,870	-	-	-	8,427,936	50,368,806
Health & Welfare	200,559	-	-	-	8,045,967	8,246,526
Conservation	388,181	-	-	-	-	388,181
Contract Services	2,732,336	-	-	-	-	2,732,336
Roads	-	-	-	-	9,610,528	9,610,528
Intergovernmental	-	-	4,728,500	37,080,664	1,078,636	42,887,800
Capital Outlay	-	-	-	1,231,797	3,852,923	5,084,720
Debt Service:						
Principal Retirement	-	10,097,831	-	-	-	10,097,831
Interest & Service Charges	-	8,282,552	-	-	-	8,282,552
TOTAL EXPENDITURES	95,770,282	18,380,383	4,728,500	38,312,461	34,131,089	191,322,715
Excess (Deficiency) of Revenues						
Over Expenditures	8,827,644	(572,699)	(4,133,988)	(35,357,336)	(3,223,729)	(34,460,108)
Other Financing Sources (Uses):						
Issuance of Debt	-	-	-	102,515,000	6,440,000	108,955,000
Bond Premium	-	-	-	406,000	35,000	441,000
Capital Lease Financing	-	-	-	-	399,668	399,668
Transfers In	218,025	339,077	-	-	3,330,118	3,887,220
Transfers Out	(409,747)	-	-	-	(3,477,473)	(3,887,220)
Refunding Bonds Issued	-	-	-	-	-	-
Refunding Bond Discount	-	-	-	-	-	-
Payments to Escrow Agent	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(191,722)	339,077	-	102,921,000	6,727,313	109,795,668
Net Change in Fund Balances	8,635,922	(233,622)	(4,133,988)	67,563,664	3,503,584	75,335,560
FUND BALANCE - BEGINNING	19,862,476	1,996,016	9,533,064	-	25,871,138	57,262,694
FUND BALANCE - ENDING	\$ 28,498,398	\$ 1,762,394	\$ 5,399,076	\$ 67,563,664	\$ 29,374,722	\$ 132,598,254

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, 2007

Amounts reported for governmental activities in the statement of activities (p. 15) are different because:

Net changes in fund balances -- total governmental funds (p. 16)	\$ 75,335,560
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.	(2,152,148)
The net effect of various miscellaneous transactions (deletions) involving capital assets.	(21,865)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(267,634)
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).	(172,673)
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 long-term debt and related items.	(100,522,820)
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>48,705</u>
Change in net assets of governmental activities (p. 15)	<u>\$ (27,752,875)</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, 2007**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance Positive(Negative) with Final Budget</u>
	<u>Original</u>	<u>Revised</u>		
<u>REVENUES</u>				
Taxes	\$73,787,408	\$ 73,787,408	\$ 75,756,324	\$ 1,968,916
Licenses and Permits	650,000	650,000	691,013	41,013
Intergovernmental	4,987,228	8,001,928	7,756,411	(245,517)
Fees of Office	11,276,500	11,276,500	11,757,170	480,670
Fines	4,045,000	4,045,000	4,248,548	203,548
Interest	1,395,000	1,395,000	2,541,633	1,146,633
Miscellaneous	1,544,070	1,552,059	1,846,827	294,768
TOTAL REVENUES	97,685,206	100,707,895	104,597,926	3,890,031
<u>EXPENDITURES</u>				
Current:				
General Government:				
Commissioners Court	116,429	116,429	114,103	2,326
Commissioner #1	190,799	209,557	192,867	16,690
Commissioner #2	212,111	219,284	206,440	12,844
Commissioner #3	196,140	197,963	194,383	3,580
Commissioner #4	191,275	191,675	182,247	9,428
County Judge	284,632	284,632	283,742	890
Bail Bond Board	3,211	3,211	454	2,757
Economic Development	-	-	-	-
County Clerk	3,376,677	3,390,652	3,164,192	226,460
Human Resources	775,690	787,975	751,104	36,871
Purchasing Department	773,618	774,438	757,180	17,258
Vehicle Maintenance	393,192	393,192	367,082	26,110
Nondepartmental	4,841,323	4,763,123	2,429,479	2,333,644
Financial Information Systems	87,800	87,800	66,658	21,142
Information Services	1,587,212	1,611,057	1,561,589	49,468
Printing & Postage	407,580	441,963	387,662	54,301
Planning	292,335	292,335	290,367	1,968
Bayless-Selby House Museum	785,531	666,973	613,039	53,934
Courthouse Museum	86,820	86,820	60,918	25,902
Historical Commission	267,232	274,170	241,705	32,465
Records Management	67,206	71,519	65,212	6,307
CHOS Museum/Tourism Grant 2006	396,392	396,716	387,100	9,616
Veterans' Service Officer	23,727	34,251	35,533	(1,282)
Elections Administration	333,067	333,621	322,982	10,639
HAVA Grant	1,110,186	1,230,530	1,142,730	87,800
Civil Service Board	-	35,605	16,899	18,706
Historical Park Museum	6,075	6,075	2,419	3,656
County-wide Technology	-	-	-	-
Historical Park Museum 2002	1,703,995	1,774,636	1,638,893	135,743
Total General Government	18,510,255	18,676,202	15,476,979	3,199,223
Judicial:				
Judicial & Court Support	343,783	343,783	276,697	67,086

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, 2007**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance Positive(Negative) with Final Budget</u>
	<u>Original</u>	<u>Revised</u>		
16th District Court	549,494	549,791	567,724	(17,933)
158th District Court	556,028	581,260	573,566	7,694
211th District Court	558,513	601,275	638,947	(37,672)
362nd District Court	556,216	676,448	643,673	32,775
367th District Court	557,962	558,604	542,506	16,098
393rd District Court	265,271	265,271	241,596	23,675
County Court at Law #1	576,603	578,167	548,898	29,269
County Criminal Court #2	572,895	587,895	573,321	14,574
County Court at Law #2	372,024	372,024	346,103	25,921
Probate Court	1,256,935	1,357,535	1,340,867	16,668
County Criminal Court #1	589,847	604,847	568,314	36,533
County Criminal Court #3	569,417	584,417	526,036	58,381
County Criminal Court #4	663,701	603,701	619,766	(16,065)
County Criminal Court #5	570,066	585,066	519,918	65,148
District Clerk	1,279,596	1,290,026	1,244,560	45,466
County Court Administrator	78,946	78,946	77,690	1,256
Justice of the Peace #1	482,917	484,434	411,460	72,974
Justice of the Peace #2	275,473	275,473	263,335	12,138
Justice of the Peace #3	323,703	323,833	316,581	7,252
Justice of the Peace #4	282,136	282,136	273,489	8,647
Justice of the Peace #5	409,579	444,140	399,923	44,217
Justice of the Peace #6	276,693	278,976	260,661	18,315
District Court Administrator	173,894	173,894	152,299	21,595
Juries & Grand Jury	146,127	153,417	150,018	3,399
Justice Information System	725,435	735,285	723,658	11,627
Medical Investigators	708,451	725,803	724,150	1,653
Total Judicial	13,721,705	14,096,447	13,525,756	570,691
Legal:				
Criminal District Attorney	7,921,610	7,946,899	7,747,461	199,438
CPS Division	327,451	332,120	305,812	26,308
Civil Domestic Violence Grant	-	-	-	-
Prosecution Enhancement Grant	171,460	172,058	172,210	(152)
District Attorney - Civil Division	1,188,687	1,188,811	1,103,827	84,984
Juvenile Child Abuse Prosecution Grant	98,968	98,968	95,952	3,016
Family Violence Expansion Grant	194,756	194,756	177,021	17,735
Child Victim Intervention Specialist	-	-	-	-
Civil Child Abuse Prosecution Grant	230,751	231,153	214,473	16,680
Total Legal	10,133,683	10,164,765	9,816,756	348,009
Financial:				
County Auditor	1,013,553	1,013,553	981,936	31,617
County Treasurer	447,108	447,108	430,337	16,771
Tax Assessor-Collector	3,348,551	3,368,908	3,247,177	121,731
Budget Officer	497,861	497,861	461,100	36,761
Total Financial	5,307,073	5,327,430	5,120,550	206,880
Public Facilities:				
Carroll Building	300,170	239,399	221,321	18,078

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, 2007**

	Budget Amounts		Actual	Variance
	Original	Revised		Positive(Negative) with Final Budget
Denton County Courts Building	4,176,053	4,008,676	863,925	3,144,751
Print and Mail Facility	13,850	13,250	6,963	6,287
Courthouse on the Square	183,735	150,350	133,568	16,782
Emergency Management Facility	63,415	68,175	66,515	1,660
Denton County Storage Facility	11,615	11,615	7,907	3,708
Historical Park Facility	17,300	17,300	6,722	10,578
Courthouse Annex	53,320	47,320	42,700	4,620
Horn Government Center	130,350	432,224	104,108	328,116
Lee Walker Government Center	54,600	53,900	49,067	4,833
Jones Street Facility - Lewisville	5,350	5,350	3,060	2,290
Precinct 4 Government Center	2,500	2,500	-	2,500
Child Protective Services - Lewisville	20,838	20,838	19,150	1,688
Elections Storage Facility	15,000	15,474	9,981	5,493
Sandy Jacobs Government Center	50,281	58,835	56,142	2,693
Steven Copeland Government Center	2,500	75,302	42,900	32,402
The Colony Annex	46,860	68,351	41,820	26,531
Sanger Annex	31,095	58,092	18,168	39,924
Government Center - Denton	158,633	113,483	101,254	12,229
Charlie Cole Building	373,340	282,175	264,068	18,107
Law Enforcement Facility	2,491,783	2,512,079	1,975,057	537,022
Oak Street Facilities	8,450	8,450	6,209	2,241
Facilities Management	1,919,884	1,930,757	1,701,659	229,098
Leased Buildings	68,708	139,545	99,662	39,883
Vehicle Maintenance Facility	25,450	25,450	18,682	6,768
Recycling Department	60,993	60,993	57,521	3,472
Telephone Department		685,725	650,166	35,559
Total Public Facilities	10,286,073	11,105,608	6,568,295	4,537,313
Public Safety:				
County Jail	19,352,135	19,325,700	18,922,636	403,064
Jail Health	2,610,011	2,775,739	2,700,175	75,564
Sheriff's Communications	1,726,463	1,725,990	1,545,908	180,082
County Sheriff	10,596,528	10,715,890	10,528,562	187,328
Sheriff's Mental Health Unit	657,185	666,272	645,492	20,780
Sheriff's Reserves	36,390	36,630	36,855	(225)
Greenbelt Public Safety Grant	-	-	-	-
Bartonville Patrol Service	-	62,896	45,425	17,471
School Resource Officer	-	68,736	66,504	2,232
Copper Canyon Interlocal	-	66,342	49,538	16,804
Adult Probation - General Fund	189,292	193,206	173,897	19,309
Pretrial Release - General Fund	-	-	-	-
Juvenile Accountability Block Grant	61,140	61,140	60,736	404
Denton County Freshwater Dist. Patrol	-	142,658	142,584	74
Constable 1	650,926	661,735	629,142	32,593
Constable 2	514,930	516,733	504,833	11,900
Constable 3	565,930	571,726	531,003	40,723
Constable 4	547,058	551,239	531,707	19,532

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, 2007**

	Budget Amounts		Actual	Variance
	Original	Revised		Positive(Negative) with Final Budget
Constable 5	532,909	571,629	542,642	28,987
Constable 6	496,801	493,052	474,550	18,502
Northwest ISD ASAP Officer	-	42,376	32,779	9,597
License and Weights	-	-	112	(112)
Fire and Ambulance Services	1,841,560	1,841,615	1,752,666	88,949
Department of Public Safety	184,160	184,813	160,783	24,030
Alcoholic Beverage Commission	3,650	3,666	2,726	940
Game Wardens	7,410	7,410	6,121	1,289
2004 UASI Grant	-	-	272,072	(272,072)
2004 State Homeland Security Grant	-	272,072	-	272,072
2004 LETTP Grant	-	-	-	-
Disaster Recovery	-	-	-	-
Emergency Services Department	679,934	715,880	653,169	62,711
2003 UASI Grant	-	-	-	-
2006 Homeland Security Grant	-	754,286	57,781	696,505
2005 Homeland Security Grant	14,389	884,235	870,472	13,763
Total Public Safety	41,268,801	43,913,666	41,940,870	1,972,796
Health & Welfare:				
Child Protective Services	230,004	230,336	200,559	29,777
Total Health & Welfare	230,004	230,336	200,559	29,777
Conservation:				
County Extension Agents	411,266	410,746	388,181	22,565
Total Conservation	411,266	410,746	388,181	22,565
Intergovernmental:				
Contract Services	2,719,856	2,721,075	2,732,336	(11,261)
Total Intergovernmental	2,719,856	2,721,075	2,732,336	(11,261)
TOTAL EXPENDITURES	102,588,716	106,646,275	95,770,282	10,875,993
Excess of Revenues over Expenditures	(4,903,510)	(5,938,380)	8,827,644	14,766,024
Other Financing Sources and Uses:				
Transfers In	56,504	228,855	218,025	(10,830)
Transfers Out	(49,833)	(419,468)	(409,747)	9,721
Total Other Financing Sources and Uses	6,671	(190,613)	(191,722)	(1,109)
Net Change in Fund Balances	(4,896,839)	(6,128,993)	8,635,922	14,764,915
Fund Balances - Beginning	19,862,476	19,862,476	19,862,476	-
Fund Balances - Ending	\$ 14,965,637	\$ 13,733,483	\$ 28,498,398	\$ 14,764,915

Denton County, Texas
STATEMENT OF REVENUES, EXPENSES
AND CHANGES FUND NET ASSETS
PROPRIETARY FUND
For the Fiscal Year Ended September 30, 2007

Governmental
Activities Internal
Service Fund

OPERATING REVENUES

Charges for Services	\$ 14,021,986
Other Revenue	<u>577,963</u>

TOTAL OPERATING REVENUES	<u>14,599,949</u>
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OPERATING EXPENSES

Incurred Claims	7,184,565
Estimated Claims	726,198
Administrative Expenses	6,355,874
Reinsurance Premiums	<u>302,799</u>

TOTAL OPERATING EXPENSES	<u>14,569,436</u>
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OPERATING INCOME (LOSS)	<u>30,513</u>
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NONOPERATING REVENUES(EXPENSES)

Interest Revenue	<u>18,192</u>
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INCOME BEFORE TRANSFERS	<u>48,705</u>
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Transfers From Other Funds	<u>-</u>
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CHANGES IN NET ASSETS	<u>48,705</u>
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TOTAL NET ASSETS - BEGINNING	<u>(841,921)</u>
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TOTAL NET ASSETS - ENDING	<u><u>\$ (793,216)</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, 2007

**Governmental
Activities Internal
Service Fund**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts for Services	\$ 14,021,986
Receipts from Reinsurance and Refunds	577,963
Payments for Claims	(8,302,236)
Payments for Administrative Services	(6,355,874)
Payments for Reinsurance	<u>(302,799)</u>
Net Cash Provided by Operating Activities	<u>(360,960)</u>

**CASH FLOWS FROM NONCAPITAL
FINANCING ACTIVITIES**

Transfer of Funds	-
Repayment of Interfund Loans	<u>(6,457)</u>
Net Cash Provided by Noncapital Financing Activities	<u>(6,457)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Revenue	<u>18,192</u>
Net Cash Provided by Investing Activities	<u>18,192</u>

Net Increase (Decrease) in Cash (349,225)

Cash, Beginning of Year 349,225
Cash, End of Year \$ -

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

Operating Income	<u>\$ 30,513</u>
(Increase) Decrease in Other Assets	-
Increase (Decrease) in Accounts Payable	<u>(391,473)</u>
Total Adjustments	<u>(391,473)</u>
Net Cash Provided (Used) by Operations	<u>\$ (360,960)</u>

See the notes to the financial statements.

Denton County, Texas
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
September 30, 2007

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 15,263,881
Investments	13,044,522
Accrued Interest	12,657
Other Assets	-
Due from Other Funds	2,717
Due from Other Govts	-
	<hr/>
TOTAL ASSETS	<u>\$ 28,323,777</u>
 <u>LIABILITIES</u>	
Accounts Payable	\$ 80,261
Wages Payable	135,536
Due to Other Funds	2,996
Due to Other Governments	16,298,291
Due to Beneficiaries	11,806,693
	<hr/>
TOTAL LIABILITIES	<u>28,323,777</u>
 NET ASSETS	 <u>\$ -</u>

See the notes to the financial statements.

Denton County, Texas

Notes to the Financial Statements September 30, 2007

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, the Debt Service Fund, the 2005 Road Bond Fund, and the 2007 Road Bond 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.

The *2007 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 \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

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

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

5. Compensated absences

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

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

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

6. Long-term obligations

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

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

7. Fund equity

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

8. Prior Period Adjustment

At the close of the previous fiscal year, the Commissioners Court approved a change in the capitalization threshold for newly acquired or constructed assets. The minimum cost for capitalization of an asset was increased from \$1,000 to \$5,000. This change caused certain assets that were being depreciated to be considered fully expensed in the year of acquisition. Accordingly, the beginning total for net assets in the county-wide statement of activities was restated. The net effect of the adjustment was to decrease beginning net assets by \$3,117,478 from \$13,299,160 to \$10,181,682.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of the \$283,889,166 difference are as follows:

Bonds payable	(\$ 273,559,740)
Capital leases payable	(301,857)
Unamortized bond premium	(1,682,521)
Interest payable accrued	(3,808,905)
Compensated absences	<u>(4,536,143)</u>
Net adjustment to reduce fund balance to arrive at net assets	<u>(\$283,889,166)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances –*

total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of the \$3,098,001 difference are as follows:

Capital outlay	\$8,538,910
Depreciation expense	<u>(10,691,058)</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>\$(2,152,148)</u>
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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 (\$98,333,556) difference are as follows:

Debt issued or incurred:	
Capital lease financing	(\$ 399,668)
Issuance of general obligation bonds	(108,955,000)
Proceeds of refunding bonds	(0)
Debt repayments:	
General obligation debt	10,097,831
Capital lease payments	723,875
Bond premium amortization	458,864
Bond interest accrual	(2,448,722)
Payments to Escrow Agent	<u>0</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>(\$100,522,820)</u>

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 (\$172,673) difference are as follows:

Compensated absences (\$ 172,673)

Net adjustment to decrease net changes in *fund balances-total governmental funds* to arrive at changes in *net assets of governmental activities* (\$ 172,673)

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, 2007, encumbrances of approximately \$2.2 million 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 departmental level. Per the Texas Local Government Code 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 and District Clerk Records Management Funds from the GAAP basis to the budgetary basis of reporting:

Road&Bridge Fund expenditures, GAAP basis	\$9,610,528
Capital lease acquisitions	<u>(318,380)</u>
Road & Bridge expenditures, budgetary basis	<u>\$9,292,148</u>
DC Records Fund expenditures, GAAP basis	\$ 142,985
Capital lease acquisitions	<u>(81,288)</u>
DC Records expenditures, budgetary basis	<u>\$ 61,697</u>

B. Excess of expenditures over appropriations

For the year ended September 30, 2007, expenditures did not exceed appropriations in any budgeted fund of Denton County.

C. Deficit fund equity

The Internal Service Fund had a deficit fund equity of \$793,216 as of September 30, 2007. The Internal Service Fund had claims in excess of available resources. The deficit fund balance for this fund will be made up through increased county and employee premium 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, 2007 Denton County had the following investments:

U.S. Treasuries and Agencies	\$ 31,541,712	0.84
Local Government Investment Pools	\$ <u>128,436,961</u>	0.16
Total fair value	\$ <u>159,978,673</u>	
Portfolio weighted average maturity		<u>0.30</u>

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 \$17,216,695 and the bank balance was \$15,264,518. 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 2007, the County's tax rate for general governmental services was 19.279 cents per \$100 of assessed value, and the interest and sinking fund rate was 3.913 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	\$ 2,062,924
Debt Service Fund	471,729
Other Nonmajor Governmental Funds	261,242
Unearned:	
Grants Payable and	
Other Deferred Revenues	<u>2,039,150</u>
Total Deferred	\$ <u>4,835,045</u>

C. Capital Assets

Capital Asset activity for the year ended September 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	Adjustments	<u>Ending Balance</u>
Capital Assets, Not Being Depreciated:					
Land	\$ 8,528,328	\$ -	\$ -	\$ -	\$ 8,528,328
Construction in Progress	<u>1,597,950</u>	<u>4,296,575</u>	<u>(1,129,953)</u>	-	<u>4,764,572</u>
Total Capital Assets, Not Being Depreciated	<u>10,126,278</u>	<u>4,296,575</u>	<u>(1,129,953)</u>	-	<u>13,292,900</u>
Capital Assets, Being Depreciated:					
Buildings	92,184,890	-	-	-	92,184,890
Machinery and Equipment	32,743,170	2,859,685	(1,030,803)	(6,909,318)	27,662,734
Infrastructure	<u>132,614,299</u>	<u>2,912,271</u>	<u>-</u>	<u>-</u>	<u>135,526,570</u>
Total Capital Assets Being Depreciated	<u>257,542,359</u>	<u>5,771,956</u>	<u>(1,030,803)</u>	<u>(6,909,318)</u>	<u>255,374,194</u>
Less Accumulated Depreciation For:					
Buildings	(19,198,957)	(1,785,255)	-	-	(20,984,212)
Machinery and Equipment	(20,606,955)	(2,510,583)	1,008,739	3,791,840	(18,316,959)
Infrastructure	<u>(97,994,572)</u>	<u>(6,395,220)</u>	<u>-</u>	<u>-</u>	<u>(104,389,792)</u>
Total Accumulated Depreciation	<u>(137,800,484)</u>	<u>(10,691,058)</u>	<u>1,008,739</u>	<u>3,791,840</u>	<u>(143,690,963)</u>
Total Capital Assets Being Depreciated, Net	<u>119,741,875</u>	<u>(4,919,102)</u>	<u>(22,064)</u>	<u>(3,117,478)</u>	<u>111,683,231</u>
Total Capital Assets, Net	<u>\$ 129,868,153</u>	<u>\$ (622,527)</u>	<u>\$ (1,152,017)</u>	<u>\$ (3,117,478)</u>	<u>\$ 124,976,131</u>

The adjustments to capital assets are due to the change in accounting policy discussed in Note I-D-8.

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

Governmental Activities:

General Government	\$ 337,639
Judicial	28,908
Legal	5,360
Financial	20,149
Public Facilities	1,829,377
Public Safety	1,330,065
Health & Welfare	27,238
Conservation	475
Roads	7,111,847

Total Depreciation Expense \$10,691,058

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>
2000 Road Projects	\$ 26,169,943	\$ 26,169,943	\$	- None
2003 Tax Note Fund	\$ 5,839,500	\$ 5,839,500	\$	- None
2004 Tax Note Fund	\$ 4,125,000	\$ 2,664,323	\$	- None
2005 Road Projects	\$ 50,556,267	\$ 45,157,191	\$	- None
2005 CO's	\$ 11,865,000	8,080,649	\$ 1,029,867	- None
2007 Road Projects	\$ 100,000,000	\$ 38,312,461		None
2007 Tax Note Fund	\$ 6,475,000	\$ 892,332	\$ 2,407,668	- None

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of September 30, 2007, is as follows:

	<u>Due From:</u>					
<u>Due To:</u>	<u>General Fund</u>	<u>Debt Service</u>	<u>Non Major Governmental Funds</u>	<u>Agency Funds</u>	<u>Internal Service Fund</u>	<u>Total</u>
General Fund			\$ 344,891	\$ 280	\$ 67,018	\$ 412,189
Debt Service			28,831			28,831
2005 Road Bond Nonmajor Governmental Funds	-					-
Agency Funds	1,066		3,042,233	-		3,043,299
Internal Service Fund				2,717		2,717
Service Fund	-	-	-	-	-	-
Total	<u>\$ 1,066</u>	<u>\$ -</u>	<u>\$ 3,415,955</u>	<u>\$ 2,997</u>	<u>\$ 67,018</u>	<u>\$ 3,487,036</u>

Interfund Transfers:

	Transfer In:				<u>Total</u>
	<u>General Fund</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Internal Service Fund</u>	
Transfer Out:					
General Fund		\$ -	\$ 409,747	\$ -	\$ 409,747
Debt Service	-	-	-	-	-
2005 Road Bond	-	-	-	-	-
Nonmajor Governmental Funds	218,025	339,077	2,920,371	-	3,477,473
Internal Service Fund	-	-	-	-	-
Total	<u>\$ 218,025</u>	<u>\$ 339,077</u>	<u>\$ 3,330,118</u>	<u>\$ -</u>	<u>\$ 3,887,220</u>

Interfund balances primarily represent short term lending between funds to cover cash shortages and accrued amounts due from inventories. All amounts are 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 \$399,670 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, 2007 is as follows:

<u>Year</u>	<u>Amount</u>
2008	\$ 119,158
2009	119,158
2010 & thereafter	<u>91,031</u>
Total minimum lease payments	\$ 329,347
Less: Amount representing interest	<u>(27,490)</u>
Present value of net future minimum lease payments	<u>\$ 301,857</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 10/01/06</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at 09/30/07</u>
\$1,480,000 1997 Permanent Improvement Bonds, due in varying amounts through 2017 at an average interest rate of 5.336%	70,000	-	70,000	-

\$8,020,000 1999 Permanent Improvement Bonds, due in varying amounts through 2019 at an average interest rate of 4.68%	1,125,000	-	360,000	765,000
\$26,567,570 1999 Permanent Improvement & Refunding Bonds, due in varying amounts through 2019 at an average interest rate of 5.12%	8,247,570	-	297,831	7,949,739
\$13,255,000 1999A Certificates of Obligation, due in varying amounts through 2020 at an average interest rate of 5.60%	2,330,000	-	405,000	1,925,000
\$2,040,000 1999 Tax Notes due in varying amounts through 2007 at an average interest rate of 4.70%	450,000	-	450,000	-
\$24,000,000 2000 Permanent Improvement Bonds due in varying amounts through 2026 at an average interest rate of 5.45%	2,830,000	-	655,000	2,175,000
\$1,850,000 2000 Tax Notes due in varying amounts through 2007 at an average interest rate of 4.65%	790,000	-	385,000	405,000
\$3,680,000 2002 Tax Notes due in varying amounts through 2008 at an average interest rate of 3.449%	1,925,000	-	625,000	1,300,000
\$5,740,000 2003 Tax Notes due in varying amounts through 2010 at an average interest rate of 2.479%	3,805,000	-	910,000	2,895,000

\$25,375,000 2004 General Obligation Refunding Bonds due in varying amounts through 2012 at an average interest rate of 2.877%	17,370,000	-	3,660,000	13,710,000
\$4,125,000 2004 Tax Notes due in varying amounts through 2011 at an average interest rate of 2.972%	3,050,000	-	575,000	2,475,000
\$50,000,000 2005 Permanent Improvement Bonds due in varying amounts through 2030 at an average interest rate of 4.5044%	50,000,000	-	1,255,000	48,745,000
\$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		340,000	11,525,000
\$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		110,000	19,205,000
\$102,515,000 2007 Permanent Improvement Bonds for roads and buildings due in varying amounts through 2032 at an average interest rate of 4.3547%		102,515,000	-	102,515,000

\$6,440,000 2007 Tax Notes
for technology and building repairs
due in varying amounts through
2014 at an average interest rate of
3.8468% for computer and building
projects.

6,440,000 - 6,440,000

Total General Obligation

Bonds Payable	174,702,570	108,955,000	10,097,831	273,559,739
Unrealized Loss/Bond Premium	1,900,274	-	217,753	1,682,521
Compensated Absences	4,363,470	704,178	531,505	4,536,143
Capital Leases	<u>226,596</u>	<u>301,857</u>	<u>226,596</u>	<u>301,857</u>
TOTAL	<u>\$ 181,192,910</u>	<u>\$ 109,961,035</u>	<u>\$ 11,073,685</u>	<u>\$ 280,080,260</u>

Of the above debt, \$11,843,736 of the bonded debt, \$192,869 of the unrealized loss/bond premium, \$453,614 of the compensated absences, and \$97,785 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>
2008	11,843,736	14,018,180	25,861,916
2009	14,585,270	12,201,662	26,786,932
2010	15,070,734	11,313,622	26,384,356
2011	13,800,000	10,533,589	24,333,589
2012	13,445,000	9,927,384	23,372,384
2013-2017	55,560,000	41,607,652	97,167,652
2018-2022	51,375,000	29,578,126	80,953,126
2023-2027	57,570,000	16,725,139	74,295,139
2028-2032	<u>40,310,000</u>	<u>5,085,305</u>	<u>45,395,305</u>
Total	<u>\$ 273,559,740</u>	<u>\$ 150,990,659</u>	<u>\$ 424,550,399</u>

With the exception of the 1999 Permanent Improvement Bonds, the 2002 Tax Notes, and the 2005 General Obligation Bonds, 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.

In March, 2007 the County issued \$102,515,000 in permanent improvement bonds for road and building projects and \$6,440,000 in tax notes for building construction and repair, and computer system enhancements.

In August, 2006, 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 \$7,690,625 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, and \$15,000,000 was issued in 2007. Also, due to U.S. Treasury regulations, \$604,375 of underwriter's premium in the previous two sales was added to proceeds with a corresponding reduction in the amount of un-issued bonds. The County plans to issue the remaining bonds within the next two years.

Due to voter approval of a County bond election in May, 2004, the County had a total of \$87,515,000 in authorized but un-issued permanent improvement bonds as of September 30, 2007. Of the total available, \$70,505,000 was approved for road improvements, \$15.4 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, and \$87,515,000 of road and building bonds was issued in this year's sale.

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 2007 a total of \$14,960,909 was paid in benefits, excess coverage premiums and administrative costs. The excess coverage insurance covers the plan against individual claims in excess of \$225,000 per covered person per year. Estimated claims payable, based upon claims filed and estimated un-filed claims at year end, were \$726,198 of September 30, 2007. Changes in the balances of claims liabilities during the past year are as follows:

	<u>2007</u>	<u>2006</u>
Unpaid Claims, beginning of fiscal year	\$ 1,117,671	\$ 651,460
Incurred Claims (including incurred but not reported)	7,910,763	7,684,834
Claim payments	(8,302,236)	(7,218,623)
Unpaid Claims, end of fiscal year	<u>\$ 726,198</u>	<u>\$ 1,117,671</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 172 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, 2007, retiree premiums paid to the plan totaled \$297,103 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 575 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 2006, and 8.95% for the months of the accounting year in 2007.

The deposit rate payable by the employee members of the plan for calendar year 2007 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, 2007, the annual pension cost for the TCDRS plan for its employees was \$5,672,885 and the actual contributions were \$5,672,885.

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, 2005 and December 31, 2006, the basis for determining the contribution rates for calendar years 2006 and 2007. The December 31, 2006 actuarial valuation is the most recent valuation.

D. Actuarial Valuation Information

Actuarial valuation date	12/31/2004	12/31/2005	12/31/2006
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, Closed
Amortization period in years	20	20	15
Asset valuation method	Long-term appreciation with adjustment	Long-term appreciation with adjustment	SAF: 10-yr smooth value ESF: Fund Value
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, 2005	\$4,884,249	100%	\$ 0
September 30, 2006	\$5,057,204	100%	\$ 0
September 30, 2007	\$5,672,885	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)
12/31/2004	\$ 89,433,012	\$104,489,083	\$15,056,071	85.59%	\$58,886,863	25.57%
12/31/2005	\$102,382,719	\$118,073,928	\$15,691,209	86.71%	\$59,514,978	26.37%
12/31/2006	\$118,327,398	\$130,654,319	\$12,326,921	90.57%	\$62,472,169	19.73%

(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.

Fire Code Enforcement Fund:

To account for the receipt and expenditure of fees assessed for inspections of construction sites for enforcement of the County fire code. Such fees may only be spent for activities related to the enforcement of the code.

Museum Endowment Fund:

To account for the receipt and expenditure of donations received in support of the County's museums. By policy, such revenues will be retained and the investment earnings thereon will be spent in support of the museums.

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 Certificates of Obligation proceeds issued to fund the acquisition of additional County buildings and other capital improvements.

2007 Tax Note Fund:

To account for the receipt and expenditure of Tax Note proceeds issued for to fund the construction of an additional County building and an upgrade to the criminal justice computer system.



**Denton County, Texas
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2007**

SPECIAL REVENUE	Road & Bridge Fund	Jury Fund	Juvenile Juvenile Fund	Voter Registration Fund
<u>ASSETS</u>				
Cash	\$ 244,331	\$ 1,403	\$ 267,627	\$ -
Investments	4,440,147	118,733	1,699,407	145,257
Receivables:				
Taxes	26,292	3,916	148,242	-
Accrued Interest	26,784	4	6,001	-
Other Receivables	-	-	-	-
Due from Other Funds	25	49	-	-
Due from Other Governments	-	-	110,076	-
TOTAL ASSETS	\$ 4,737,579	\$ 124,105	\$ 2,231,353	\$ 145,257

LIABILITIES AND FUND BALANCES

LIABILITIES				
Accounts Payable	\$ 695,784		\$ 168,950	\$ 4,225
Wages Payable	109,286	-	216,877	-
Due to Other Funds	-	-	-	7,127
Due to Other Governments	-	-	-	-
Deferred Revenues	26,292	3,916	148,242	-
TOTAL LIABILITIES	831,362	3,916	534,069	11,352

FUND BALANCES

Reserved for Capital Expenditures	-	-	-	-
Unreserved, Undesignated	3,906,217	120,189	1,697,284	133,905
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,737,579	\$ 124,105	\$ 2,231,353	\$ 145,257

Indigent Care Fund	Public Health Fund	Law Library Fund	County Clerk Records Mgmt. Fund	County Clerk Records Archive Fund	Courthouse Security Fund
\$ - 1,521,248	\$ 48,647 368,139	\$ 49,190 385,171	\$ 74,229 353,099	\$ 41,549 2,874,063	\$ 41,055 85,806
40,557	42,235	-	-	-	-
-	170	-	-	-	-
-	-	-	-	-	-
-	126,618	-	2,915,612	-	-
-	94,655	-	-	-	-
<u>\$1,561,805</u>	<u>\$680,464</u>	<u>\$ 434,361</u>	<u>\$ 3,342,940</u>	<u>\$ 2,915,612</u>	<u>\$ 126,861</u>
\$ 55,729 4,604 139,678 - 40,557	\$ 77,364 94,470 3 920 42,235	\$ 22,695 2,760 - - -	\$ 3,833 1,752 - - -	\$ - - 2,915,612 - -	\$ 39,652 - - - -
<u>240,568</u>	<u>214,992</u>	<u>25,455</u>	<u>5,585</u>	<u>2,915,612</u>	<u>39,652</u>
- 1,321,237	- 465,472	- 408,906	- 3,337,355	- -	- 87,209
<u>\$1,561,805</u>	<u>\$680,464</u>	<u>\$ 434,361</u>	<u>\$ 3,342,940</u>	<u>\$ 2,915,612</u>	<u>\$ 126,861</u>

**Denton County, Texas
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2007**

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	\$ 53,525	\$ 23,856	\$ 13,964	\$ 79,564	\$ 14,197
Investments	198	462,101	140,629	96,569	20,130
Receivables:					
Taxes	-	-	-	-	-
Accrued Interest	-	-	-	-	23
Other Receivables	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
TOTAL ASSETS	\$ 53,723	\$485,957	\$ 154,593	\$ 176,133	\$ 34,350
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 245	\$ -	\$ -	\$ 1,210	\$ 4,081
Wages Payable	-	-	-	4,360	-
Due to Other Funds	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Deferred Revenues	-	113,475	-	-	-
TOTAL LIABILITIES	245	113,475	-	5,570	4,081
FUND BALANCES					
Reserved for Capital Expenditures	-	-	-	-	-
Unreserved, Undesignated	53,478	372,482	154,593	170,563	30,269
TOTAL LIABILITIES AND FUND BALANCES	\$ 53,723	\$485,957	\$ 154,593	\$ 176,133	\$ 34,350

<u>District Attorney Forfeiture Fund</u>	<u>Women, Infants, and Children Fund</u>	<u>Health Care Relief Fund</u>	<u>JP Court Technology Fund</u>	<u>Bioterrorism Grant Fund</u>	<u>Crisis Counseling Grant Fund</u>
\$ - 207,443	\$ - -	\$ 1,582 2,522,656	\$ 47,320 515,604	\$ - -	\$ - -
-	-	-	-	-	-
-	-	1,849	-	-	-
-	39	-	-	-	-
-	500	-	-	495	-
-	184,129	-	-	405,873	-
<u>\$ 207,443</u>	<u>\$ 184,668</u>	<u>\$2,526,087</u>	<u>\$ 562,924</u>	<u>\$ 406,368</u>	<u>\$ -</u>
\$ 2,624	\$ 6,086	\$ 15,605	\$ 291	\$ 148,570	\$ -
	46,338	-	-	15,616	-
2,166	105,004	-	-	216,382	-
-	-	-	-	-	-
19,268	-	-	-	-	-
<u>24,058</u>	<u>157,428</u>	<u>15,605</u>	<u>291</u>	<u>380,568</u>	<u>-</u>
-	-	-	-	-	-
183,385	27,240	2,510,482	562,633	25,800	-
<u>\$ 207,443</u>	<u>\$ 184,668</u>	<u>\$2,526,087</u>	<u>\$ 562,924</u>	<u>\$ 406,368</u>	<u>\$ -</u>

Denton County, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2007

SPECIAL REVENUE	District Clerk Records Mgmt. Fund	JP Court Security Fund	Fire Code Enforcement Fund	Museum Endowment Fund	TOTAL Special Revenue Funds
ASSETS					
Cash	\$ 13,750	\$ 32,850	\$ 31,591	\$ 15,344	\$ 1,095,574
Investments	22,383	-	106,082	-	16,084,865
Receivables:					
Taxes	-	-	-	-	261,242
Accrued Interest	-	-	-	-	34,831
Other Receivables	-	-	-	-	39
Due from Other Funds	-	-	-	-	3,043,299
Due from Other Governments	-	-	-	-	794,733
TOTAL ASSETS	\$ 36,133	\$ 32,850	\$ 137,673	\$ 15,344	\$ 21,314,583

LIABILITIES AND FUND BALANCES

LIABILITIES					
Accounts Payable	\$ 17	\$ -	\$ 4,926	\$ -	\$ 1,251,887
Wages Payable	-	-	4,334	-	500,397
Due to Other Funds	-	-	-	-	3,385,972
Due to Other Governments	-	-	-	-	920
Deferred Revenues	-	-	-	-	393,985
TOTAL LIABILITIES	17	-	9,260	-	5,533,161
FUND BALANCES					
Reserved for Capital Expenditures	-	-	-	-	-
Unreserved, Undesignated	36,116	32,850	128,413	15,344	15,781,422
TOTAL LIABILITIES AND FUND BALANCES	\$ 36,133	\$ 32,850	\$ 137,673	\$ 15,344	\$ 21,314,583

Denton County, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2007

CAPITAL PROJECTS	Road and Bridge Construction Fund	1999 Road Project Construction Fund	1999 Tax Note Project Fund
<u>ASSETS</u>			
Cash	\$ -	\$ -	\$ -
Investments	417,032	851,743	28,831
Receivables:			
Taxes	-	-	-
Accrued Interest	-	-	-
Other Receivables	-	-	-
Due from Other Funds	-	-	-
Due from Other Governments	-	-	-
TOTAL ASSETS	\$ 417,032	\$ 851,743	\$ 28,831

LIABILITIES AND FUND BALANCES

LIABILITIES			
Accounts Payable	\$ 9,000	\$ -	\$ -
Wages Payable	-	-	-
Due to Other Funds	-	-	28,831
Due to Other Governments	-	-	-
Deferred Revenues	-	-	-
TOTAL LIABILITIES	9,000	-	28,831

FUND BALANCES

Reserved for Capital Expenditures	408,032	851,743	-
Unreserved, Undesignated	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 417,032	\$ 851,743	\$ 28,831

Denton County, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2007

CAPITAL PROJECTS	1999 Certificates of Obligation Fund	2000 RoadProject Construction Fund	2003 Tax Note Project Fund
<u>ASSETS</u>			
Cash	\$ -	\$ -	\$ -
Investments	-	658,718	82,411
Receivables:			
Taxes	-	-	-
Accrued Interest	-	-	-
Other Receivables	-	-	-
Due from Other Funds	-	-	-
Due from Other Governments	-	-	-
TOTAL ASSETS	\$ -	\$ 658,718	\$ 82,411
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts Payable	\$ -	\$ 50,355	\$ -
Wages Payable	-	-	-
Due to Other Funds	-	-	-
Due to Other Governments	-	-	-
Deferred Revenues	-	-	-
TOTAL LIABILITIES	-	50,355	-
FUND BALANCES			
Reserved for Capital Expenditures	-	608,363	82,411
Unreserved, Undesignated	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 658,718	\$ 82,411

2004 Tax Note Project Fund	2005 Certificates of Obligation Fund	2007 Tax Note Project Fund	TOTAL Capital Projects Funds	TOTAL Nonmajor Governmental Funds
\$ - 1,716,100	\$ 62,561 4,866,960	\$ - 6,604,371	\$ 62,561 15,226,166	\$ 1,158,135 31,311,031
-	-	-	-	261,242
-	-	-	-	34,831
-	-	-	-	39
-	-	-	-	3,043,299
-	-	-	-	794,733
<u>\$1,716,100</u>	<u>\$ 4,929,521</u>	<u>\$ 6,604,371</u>	<u>\$ 15,288,727</u>	<u>\$ 36,603,310</u>
\$ 2,564 - 1,152 - -	\$ 759,093 - - - -	\$ 844,432 - - - -	\$ 1,665,444 - 29,983 - -	\$ 2,917,331 500,397 3,415,955 920 393,985
<u>3,716</u>	<u>759,093</u>	<u>844,432</u>	<u>1,695,427</u>	<u>7,228,588</u>
1,712,384 -	4,170,428 -	5,759,939 -	13,593,300 -	13,593,300 15,781,422
<u>\$1,716,100</u>	<u>\$ 4,929,521</u>	<u>\$ 6,604,371</u>	<u>\$ 15,288,727</u>	<u>\$ 36,603,310</u>



Denton County, Texas
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2007

SPECIAL REVENUE	Road & Bridge Fund	Jury Fund	Juvenile Probation Fund	Voter Registration Fund
<u>REVENUES</u>				
Taxes	\$ 970,325	\$146,535	\$5,465,423	\$ -
Licenses and Permits	7,161,578	-	-	-
Intergovernmental	208,732	234,566	3,032,591	178,787
Fees of Office	82,736	17,914	47,521	-
Fines	-	-	-	-
Interest	267,682	6,269	151,302	11,873
Miscellaneous	58,194	-	6,057	-
TOTAL REVENUES	8,749,247	405,284	8,702,894	190,660
<u>EXPENDITURES</u>				
General Government	-	-	-	215,423
Judicial	-	397,188	-	-
Legal	-	-	-	-
Financial	-	-	-	-
Public Facilities	-	-	-	-
Public Safety	-	-	8,107,942	-
Health and Welfare	-	-	-	-
Roads	9,610,528	-	-	-
Intergovernmental	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	9,610,528	397,188	8,107,942	215,423
Excess (Deficiency) of Revenues Over Expenditures	(861,281)	8,096	594,952	(24,763)
Other Financing Sources (Uses):				
Issuance of Debt	-	-	-	-
Bond Premium	-	-	-	-
Capital Lease Financing	318,380	-	-	-
Transfers In	129,000	-	-	-
Transfers Out	-	-	(1,040)	(37,011)
Total Other Financing Sources (Uses)	447,380	-	(1,040)	(37,011)
NET CHANGE IN FUND BALANCES	(413,901)	8,096	593,912	(61,774)
FUND BALANCES AT BEGINNING OF YEAR	4,320,118	112,093	1,103,372	195,679
FUND BALANCES AT END OF YEAR	\$ 3,906,217	\$120,189	\$1,697,284	\$ 133,905

Indigent Care Fund	Public Health Fund	Law Library Fund	County Clerk Records Mgmt. Fund	County Clerk Records Archive Fund	Courthouse Security Fund
\$ 1,499,888	\$1,561,837	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	1,426,375	-	-	-	-
-	475,475	281,766	806,052	742,275	300,453
-	-	-	-	-	-
92,061	50,030	20,500	12,780	135,797	5,755
-	-	15,166	-	-	-
<u>1,591,949</u>	<u>3,513,717</u>	<u>317,432</u>	<u>818,832</u>	<u>878,072</u>	<u>306,208</u>
-	-	208,554	423,082	-	-
-	-	-	-	-	352,905
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,298,754	3,651,780	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,298,754</u>	<u>3,651,780</u>	<u>208,554</u>	<u>423,082</u>	<u>-</u>	<u>352,905</u>
293,195	(138,063)	108,878	395,750	878,072	(46,697)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	4,759	-	2,915,612	-	45,000
(150,000)	-	-	-	(2,935,105)	-
<u>(150,000)</u>	<u>4,759</u>	<u>-</u>	<u>2,915,612</u>	<u>(2,935,105)</u>	<u>45,000</u>
143,195	(133,304)	108,878	3,311,362	(2,057,033)	(1,697)
1,178,042	598,776	300,028	25,993	2,057,033	88,906
<u>\$ 1,321,237</u>	<u>\$ 465,472</u>	<u>\$408,906</u>	<u>\$ 3,337,355</u>	<u>\$ -</u>	<u>\$ 87,209</u>

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Denton County, Texas
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2007

SPECIAL REVENUE	Sheriff's Training Fund	Sheriff's Forfeiture Fund	Inventory Tax Interest Fund	Records Management Fund
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	35,122	-	-	-
Fees of Office	3,867	-	-	222,363
Fines	-	-	-	-
Interest	4,317	15,792	95,606	7,812
Miscellaneous	-	248,181	-	-
TOTAL REVENUES	43,306	263,973	95,606	230,175
<u>EXPENDITURES</u>				
General Government	-	-	-	-
Judicial	-	-	-	167,774
Legal	-	-	-	-
Financial	-	-	19,783	-
Public Facilities	-	-	-	-
Public Safety	35,587	40,713	-	-
Health and Welfare	-	-	-	-
Roads	-	-	-	-
Intergovernmental	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	35,587	40,713	19,783	167,774
Excess (Deficiency) of Revenues Over Expenditures	<u>7,719</u>	<u>223,260</u>	<u>75,823</u>	<u>62,401</u>
Other Financing Sources (Uses):				
Issuance of Debt	-	-	-	-
Bond Premium	-	-	-	-
Capital Lease Financing	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	7,719	223,260	75,823	62,401
FUND BALANCES AT BEGINNING OF YEAR	45,759	149,222	78,770	108,162
FUND BALANCES AT END OF YEAR	\$ 53,478	\$ 372,482	\$ 154,593	\$ 170,563

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	-	1,429,919	376,819	-	1,033,330	180,393
128,117	-	-	42,782	77,038	-	71
-	-	-	-	-	-	-
2,863	10,067	-	128,888	27,954	-	81
-	60,365	-	-	-	-	-
<u>153,400</u>	<u>70,432</u>	<u>1,429,919</u>	<u>548,489</u>	<u>104,992</u>	<u>1,033,330</u>	<u>180,545</u>
-	-	-	-	-	-	-
-	-	-	-	5,723	-	-
153,264	46,679	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	1,429,919	475,445	-	1,008,940	181,129
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>153,264</u>	<u>46,679</u>	<u>1,429,919</u>	<u>475,445</u>	<u>5,723</u>	<u>1,008,940</u>	<u>181,129</u>
136	23,753	-	73,044	99,269	24,390	(584)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	4,833	-
-	(10,481)	-	-	-	-	(4,759)
-	(10,481)	-	-	-	4,833	(4,759)
136	13,272	-	73,044	99,269	29,223	(5,343)
30,133	170,113	27,240	2,437,438	463,364	(3,423)	5,343
<u>\$ 30,269</u>	<u>\$ 183,385</u>	<u>\$ 27,240</u>	<u>\$ 2,510,482</u>	<u>\$ 562,633</u>	<u>\$ 25,800</u>	<u>\$ -</u>

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

For the Fiscal Year Ended September 30, 2007

SPECIAL REVENUE	District Clerk Records Mgmt. Fund	JP Court Security Fund	Fire Code Enforcement Fund	Museum Endowment Fund	TOTAL SPECIAL REV September 30, 2007
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 9,644,008
Licenses and Permits	-	-	-	-	7,161,578
Intergovernmental	-	-	-	-	8,159,054
Fees of Office	42,107	17,896	271,184	-	3,559,617
Fines	-	-	-	-	-
Interest	2,071	2,010	3,595	344	1,055,449
Miscellaneous	-	-	-	15,000	402,963
TOTAL REVENUES	44,178	19,906	274,779	15,344	29,982,669
EXPENDITURES					
General Government	-	-	-	-	847,059
Judicial	142,985	-	-	-	1,066,575
Legal	-	-	-	-	199,943
Financial	-	-	-	-	19,783
Public Facilities	-	-	-	-	-
Public Safety	-	-	195,794	-	8,380,036
Health and Welfare	-	-	-	-	8,045,967
Roads	-	-	-	-	9,610,528
Intergovernmental	-	-	-	-	-
Capital Outlay	-	-	-	-	-
TOTAL EXPENDITURES	142,985	-	195,794	-	28,169,891
Excess (Deficiency) of Revenues Over Expenditures	(98,807)	19,906	78,985	15,344	1,812,778
Other Financing Sources (Uses):					
Issuance of Debt	-	-	-	-	-
Bond Premium	-	-	-	-	-
Capital Lease Financing	81,288	-	-	-	399,668
Transfers In	-	-	49,428	-	3,148,632
Transfers Out	-	-	-	-	(3,138,396)
Total Other Financing Sources (Uses)	81,288	-	49,428	-	409,904
NET CHANGE IN FUND BALANCES	(17,519)	19,906	128,413	15,344	2,222,682
FUND BALANCES AT BEGINNING OF YEAR	53,635	12,944	-	-	13,558,740
FUND BALANCES AT END OF YEAR	\$ 36,116	\$ 32,850	\$ 128,413	\$ 15,344	\$ 15,781,422

Denton County, Texas
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2007

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	-	75,695	-	-
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	23,441	43,134	1,475	484
Miscellaneous	-	43,387	-	-
TOTAL REVENUES	23,441	162,216	1,475	484
EXPENDITURES				
General Government	-	-	-	-
Judicial	-	-	-	-
Legal	-	-	-	-
Financial	-	-	-	-
Public Facilities	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Roads	-	-	-	-
Intergovernmental	127,850	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	127,850	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	(104,409)	162,216	1,475	484
Other Financing Sources (Uses):				
Issuance of Debt	-	-	-	-
Bond Premium	-	-	-	-
Capital Lease Financing	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	(28,831)	(10,246)
Total Other Financing Sources (Uses)	-	-	(28,831)	(10,246)
NET CHANGE IN FUND BALANCES	(104,409)	162,216	(27,356)	(9,762)
FUND BALANCES AT BEGINNING OF YEAR	512,441	689,527	27,356	9,762
FUND BALANCES AT END OF YEAR	\$ 408,032	\$ 851,743	\$ -	\$ -

Denton County, Texas
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2007

CAPITAL PROJECTS	2000 Road Project Construction Fund	2003 Tax Note Project Fund	2004 Tax Note Project Fund	2005 Certificates of Obligation Fund
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	76,245	-	-	-
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	32,463	4,469	93,225	353,402
Miscellaneous	-	-	-	-
TOTAL REVENUES	108,708	4,469	93,225	353,402
<u>EXPENDITURES</u>				
General Government	-	-	-	-
Judicial	-	-	-	-
Legal	-	-	-	-
Financial	-	-	-	-
Public Facilities	-	18,464	126,237	837,038
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Roads	-	-	-	-
Intergovernmental	950,786	-	-	-
Capital Outlay	-	-	37,007	2,971,484
TOTAL EXPENDITURES	950,786	18,464	163,244	3,808,522
Excess (Deficiency) of Revenues Over Expenditures	(842,078)	(13,995)	(70,019)	(3,455,120)
Other Financing Sources (Uses):				
Issuance of Debt	-	-	-	-
Bond Premium	-	-	-	-
Capital Lease Financing	-	-	-	-
Transfers In	-	-	-	181,486
Transfers Out	-	-	-	(300,000)
Total Other Financing Sources (Uses)	-	-	-	(118,514)
NET CHANGE IN FUND BALANCES	(842,078)	(13,995)	(70,019)	(3,573,634)
FUND BALANCES AT BEGINNING OF YEAR	1,450,441	96,406	1,782,403	7,744,062
FUND BALANCES AT END OF YEAR	\$ 608,363	\$ 82,411	\$ 1,712,384	\$ 4,170,428

2007 Tax Note Project Fund	TOTAL Capital Projects September 30, 2007	TOTAL Special Revenue & Capital Projects September 30, 2007
\$ -	\$ -	\$ 9,644,008
-	-	7,161,578
-	151,940	8,310,994
-	-	3,559,617
-	-	-
177,271	729,364	1,784,813
-	43,387	446,350
<u>177,271</u>	<u>924,691</u>	<u>30,907,360</u>
-	-	847,059
-	-	1,066,575
-	-	199,943
-	-	19,783
-	981,739	981,739
47,900	47,900	8,427,936
-	-	8,045,967
-	-	9,610,528
-	1,078,636	1,078,636
844,432	3,852,923	3,852,923
<u>892,332</u>	<u>5,961,198</u>	<u>34,131,089</u>
<u>(715,061)</u>	<u>(5,036,507)</u>	<u>(3,223,729)</u>
6,440,000	6,440,000	6,440,000
35,000	35,000	35,000
-	-	399,668
-	181,486	3,330,118
-	(339,077)	(3,477,473)
<u>6,475,000</u>	<u>6,317,409</u>	<u>6,727,313</u>
<u>5,759,939</u>	<u>1,280,902</u>	<u>3,503,584</u>
-	12,312,398	25,871,138
<u>\$ 5,759,939</u>	<u>\$ 13,593,300</u>	<u>\$ 29,374,722</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, 2007

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ 929,083	\$ 929,083	\$ 970,325	\$ 41,242
Licenses and Permits	7,255,000	7,255,000	7,161,578	(93,422)
Intergovernmental	107,000	107,000	208,732	101,732
Fees of Office	30,000	30,000	82,736	52,736
Fines	-	-	-	-
Interest	100,000	100,000	267,682	167,682
Miscellaneous	-	31,696	58,194	26,498
TOTAL REVENUES	8,421,083	8,452,779	8,749,247	296,468
<u>EXPENDITURES</u>				
Current:				
Roads:	9,730,036	11,071,227	9,292,148	1,779,079
Excess (Deficiency) of Revenues Over Expenditures	(1,308,953)	(2,618,448)	(542,901)	2,075,547
Other Financing Sources (Uses):				
Transfers In	-	129,000	129,000	-
Transfers Out	-	-	-	-
Total Other Financing Sources	-	129,000	129,000	-
Net Change in Fund Balances	(1,308,953)	(2,489,448)	(413,901)	2,075,547
FUND BALANCES - BEGINNING	4,320,118	4,320,118	4,320,118	-
FUND BALANCES - ENDING	\$ 3,011,165	\$ 1,830,670	\$ 3,906,217	\$ 2,075,547

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, 2007

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ 138,805	\$ 138,805	\$ 146,535	\$ 7,730
Licenses and Permits	-	-	-	-
Intergovernmental	260,000	260,000	234,566	(25,434)
Fees of Office	19,000	19,000	17,914	(1,086)
Fines	-	-	-	-
Interest	3,000	3,000	6,269	3,269
Miscellaneous	-	-	-	-
TOTAL REVENUES	420,805	420,805	405,284	(15,521)
<u>EXPENDITURES</u>				
Current:				
Judicial	420,500	420,500	397,188	23,312
Excess (Deficiency) of Revenues Over Expenditures	305	305	8,096	7,791
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	305	305	8,096	7,791
FUND BALANCES - BEGINNING	112,093	112,093	112,093	-
FUND BALANCES - ENDING	\$ 112,398	\$ 112,398	\$ 120,189	\$ 7,791

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, 2007

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ 5,243,239	\$ 5,243,239	\$ 5,465,423	\$ 222,184
Licenses and Permits	-	-	-	-
Intergovernmental	2,930,368	2,899,948	3,032,591	132,643
Fees of Office	45,000	45,000	47,521	2,521
Fines	-	-	-	-
Interest	65,000	65,000	151,302	86,302
Miscellaneous	-	-	6,057	6,057
TOTAL REVENUES	8,283,607	8,253,187	8,702,894	449,707
<u>EXPENDITURES</u>				
Current:				
Public Safety	8,657,465	8,632,519	8,107,942	524,577
Excess (Deficiency) of Revenues Over Expenditures	(373,858)	(379,332)	594,952	974,284
Other Financing Sources (Uses):				
Transfers In	-	9,721	-	(9,721)
Transfers Out	-	5,040	(1,040)	(6,080)
Total Other Financing Sources	-	14,761	(1,040)	(15,801)
Net Change in Fund Balances	(373,858)	(364,571)	593,912	958,483
FUND BALANCES - BEGINNING	1,103,372	1,103,372	1,103,372	-
FUND BALANCES - ENDING	\$ 729,514	\$ 738,801	\$ 1,697,284	\$ 958,483

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, 2007

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ 1,439,231	\$ 1,439,231	\$ 1,499,888	\$ 60,657
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	30,000	30,000	92,061	62,061
Miscellaneous	-	-	-	-
TOTAL REVENUES	1,469,231	1,469,231	1,591,949	122,718
<u>EXPENDITURES</u>				
Current:				
Health & Welfare	1,967,785	1,817,785	1,298,754	519,031
Excess (Deficiency) of Revenues Over Expenditures	(498,554)	1,817,785	293,195	641,749
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	(150,000)	(150,000)	-
Total Other Financing Sources	-	(150,000)	(150,000)	-
Net Change in Fund Balances	(498,554)	1,667,785	143,195	641,749
FUND BALANCES - BEGINNING	1,178,042	1,178,042	1,178,042	-
FUND BALANCES - ENDING	\$ 679,488	\$ 2,845,827	\$ 1,321,237	\$(1,524,590)

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, 2007

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ 1,499,051	\$ 1,499,051	\$ 1,561,837	\$ 62,786
Licenses and Permits	-	-	-	-
Intergovernmental	1,241,937	1,533,952	1,426,375	(107,577)
Fees of Office	530,000	530,000	475,475	(54,525)
Fines	-	-	-	-
Interest	35,000	35,000	50,030	15,030
Miscellaneous	-	-	-	-
TOTAL REVENUES	3,305,988	3,598,003	3,513,717	(84,286)
<u>EXPENDITURES</u>				
Current:				
Health & Welfare	3,639,193	3,832,290	3,651,780	180,510
Excess (Deficiency) of Revenues Over Expenditures	(333,205)	(234,287)	(138,063)	96,224
Other Financing Sources (Uses):				
Transfers In	-	-	4,759	4,759
Transfers Out	-	(6,830)	-	6,830
Total Other Financing Sources	-	(6,830)	4,759	11,589
Net Change in Fund Balances	(333,205)	(241,117)	(133,304)	107,813
FUND BALANCES - BEGINNING	598,776	598,776	598,776	-
FUND BALANCES - ENDING	\$ 265,571	\$ 357,659	\$ 465,472	\$ 107,813

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, 2007

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	230,000	230,000	281,766	51,766
Fines	-	-	-	-
Interest	10,000	10,000	20,500	10,500
Miscellaneous	10,000	10,000	15,166	5,166
TOTAL REVENUES	250,000	250,000	317,432	67,432
<u>EXPENDITURES</u>				
Current:				
General Government	276,280	276,935	208,554	68,381
Excess (Deficiency) of Revenues Over Expenditures	(26,280)	(26,935)	108,878	135,813
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	(26,280)	(26,935)	108,878	135,813
FUND BALANCES - BEGINNING	300,028	300,028	300,028	-
FUND BALANCES - ENDING	\$ 273,748	\$ 273,093	\$ 408,906	\$ 135,813

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, 2007

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	835,000	835,000	806,052	(28,948)
Fines	-	-	-	-
Interest	7,500	7,500	12,780	5,280
Miscellaneous	-	-	-	-
TOTAL REVENUES	842,500	842,500	818,832	(23,668)
<u>EXPENDITURES</u>				
Current:				
General Government	636,617	636,617	423,082	213,535
Excess (Deficiency) of Revenues Over Expenditures	205,883	205,883	395,750	189,867
Other Financing Sources (Uses):				
Transfers In	-	-	2,915,612	2,915,612
Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	2,915,612	2,915,612
Net Change in Fund Balances	205,883	205,883	3,311,362	3,105,479
FUND BALANCES - BEGINNING	25,993	25,993	25,993	-
FUND BALANCES - ENDING	\$ 231,876	\$ 231,876	\$ 3,337,355	\$ 3,105,479

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, 2007

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	835,000	835,000	742,275	(92,725)
Fines	-	-	-	-
Interest	50,000	50,000	135,797	85,797
Miscellaneous	-	-	-	-
TOTAL REVENUES	885,000	885,000	878,072	(6,928)
<u>EXPENDITURES</u>				
Current:				
General Government	1,001,987	1,051,948	-	1,051,948
Excess (Deficiency) of Revenues Over Expenditures	(116,987)	(166,948)	878,072	1,045,020
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	(19,493)	(2,935,105)	(2,915,612)
Total Other Financing Sources	-	(19,493)	(2,935,105)	(2,915,612)
Net Change in Fund Balances	(116,987)	(186,441)	(2,057,033)	(1,870,592)
FUND BALANCES - BEGINNING	2,057,033	2,057,033	2,057,033	-
FUND BALANCES - ENDING	\$ 1,940,046	\$ 1,870,592	\$ -	\$(1,870,592)

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, 2007

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	315,000	315,000	300,453	(14,547)
Fines	-	-	-	-
Interest	3,000	3,000	5,755	2,755
Miscellaneous	-	-	-	-
TOTAL REVENUES	318,000	318,000	306,208	(11,792)
<u>EXPENDITURES</u>				
Current:				
Judicial	395,750	399,133	352,905	46,228
Excess (Deficiency) of Revenues Over Expenditures	(77,750)	(81,133)	(46,697)	34,436
Other Financing Sources (Uses):				
Transfers In	45,000	45,000	45,000	-
Transfers Out	-	-	-	-
Total Other Financing Sources	45,000	45,000	45,000	-
Net Change in Fund Balances	(32,750)	(36,133)	(1,697)	34,436
FUND BALANCES - BEGINNING	88,906	88,906	88,906	-
FUND BALANCES - ENDING	\$ 56,156	\$ 52,773	\$ 87,209	\$ 34,436

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, 2007

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	15,000	15,000	15,792	792
Miscellaneous	-	-	248,181	248,181
TOTAL REVENUES	15,000	15,000	263,973	248,973
<u>EXPENDITURES</u>				
Current:				
Public Safety	95,000	95,000	40,713	54,287
Excess (Deficiency) of Revenues Over Expenditures	(80,000)	(80,000)	223,260	303,260
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	(80,000)	(80,000)	223,260	303,260
FUND BALANCES - BEGINNING	149,222	149,222	149,222	-
FUND BALANCES - ENDING	\$ 69,222	\$ 69,222	\$ 372,482	\$ 303,260

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, 2007

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	80,000	80,000	95,606	15,606
Miscellaneous	-	-	-	-
TOTAL REVENUES	80,000	80,000	95,606	15,606
<u>EXPENDITURES</u>				
Current:				
Financial	61,100	61,100	19,783	41,317
Excess (Deficiency) of Revenues Over Expenditures	18,900	18,900	75,823	56,923
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	18,900	14,598	75,823	61,225
FUND BALANCES - BEGINNING	78,770	78,770	78,770	-
FUND BALANCES - ENDING	\$ 97,670	\$ 93,368	\$ 154,593	\$ 61,225

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, 2007

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	165,000	165,000	222,363	57,363
Fines	-	-	-	-
Interest	5,000	5,000	7,812	2,812
Miscellaneous	-	-	-	-
TOTAL REVENUES	170,000	170,000	230,175	60,175
<u>EXPENDITURES</u>				
Current:				
Judicial	187,695	187,695	167,774	19,921
Excess (Deficiency) of Revenues Over Expenditures	(17,695)	(17,695)	62,401	80,096
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	(17,695)	(17,695)	62,401	80,096
FUND BALANCES - BEGINNING	108,162	108,162	108,162	-
FUND BALANCES - ENDING	\$ 90,467	\$ 90,467	\$ 170,563	\$ 80,096

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
DISTRICT ATTORNEY CHECK FEE FUND
For the Fiscal Year Ended September 30, 2007**

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	33,630	33,630	22,420	(11,210)
Fees of Office	147,000	147,000	128,117	(18,883)
Fines	-	-	-	-
Interest	1,000	1,000	2,863	1,863
Miscellaneous	-	-	-	-
TOTAL REVENUES	181,630	181,630	153,400	(28,230)
<u>EXPENDITURES</u>				
Current:				
Legal	183,494	183,494	153,264	30,230
Excess (Deficiency) of Revenues Over Expenditures	(1,864)	(1,864)	136	2,000
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	(1,864)	(1,864)	136	2,000
FUND BALANCES - BEGINNING	30,133	30,133	30,133	-
FUND BALANCES - ENDING	\$ 28,269	\$ 28,269	\$ 30,269	\$ 2,000

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
DISTRICT ATTORNEY FORFEITURE FUND
For the Fiscal Year Ended September 30, 2007**

	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	10,067	4,567
Miscellaneous	25,000	25,000	60,365	35,365
TOTAL REVENUES	30,500	30,500	70,432	39,932
<u>EXPENDITURES</u>				
Current:				
Legal	55,841	85,360	46,679	38,681
Excess (Deficiency) of Revenues Over Expenditures	(25,341)	(54,860)	23,753	78,613
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	(10,481)	(10,481)	-
Total Other Financing Sources	-	(10,481)	(10,481)	-
Net Change in Fund Balances	(25,341)	(65,341)	13,272	78,613
FUND BALANCES - BEGINNING	170,113	170,113	170,113	-
FUND BALANCES - ENDING	\$ 144,772	\$ 104,772	\$ 183,385	\$ 78,613

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, 2007

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	360,000	360,000	376,819	16,819
Fees of Office	40,000	40,000	42,782	2,782
Fines	-	-	-	-
Interest	90,000	90,000	128,888	38,888
Miscellaneous	-	-	-	-
TOTAL REVENUES	490,000	490,000	548,489	58,489
<u>EXPENDITURES</u>				
Current:				
Health and Welfare	478,566	482,945	475,445	7,500
Excess (Deficiency) of Revenues Over Expenditures	11,434	7,055	73,044	65,989
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	11,434	7,055	73,044	65,989
FUND BALANCES - BEGINNING	2,437,438	2,437,438	2,437,438	-
FUND BALANCES - ENDING	\$ 2,448,872	\$ 2,444,493	\$ 2,510,482	\$ 65,989

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, 2007

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	95,000	95,000	77,038	(17,962)
Fines	-	-	-	-
Interest	20,000	20,000	27,954	7,954
Miscellaneous	-	-	-	-
TOTAL REVENUES	115,000	115,000	104,992	(10,008)
<u>EXPENDITURES</u>				
Current:				
Judicial	100,772	100,772	5,723	95,049
Excess (Deficiency) of Revenues Over Expenditures	14,228	14,228	99,269	85,041
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	14,228	14,228	99,269	85,041
FUND BALANCES - BEGINNING	463,364	463,364	463,364	-
FUND BALANCES - ENDING	\$ 477,592	\$ 477,592	\$ 562,633	\$ 85,041

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, 2007

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	671,134	1,196,865	1,033,330	(163,535)
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	671,134	1,196,865	1,033,330	(163,535)
<u>EXPENDITURES</u>				
Current:				
Health and Welfare	671,425	1,197,156	1,008,940	188,216
Excess (Deficiency) of Revenues Over Expenditures	(291)	(291)	24,390	24,681
Other Financing Sources (Uses):				
Transfers In	4,833	4,833	4,833	-
Transfers Out	-	-	-	-
Total Other Financing Sources	4,833	4,833	4,833	-
Net Change in Fund Balances	4,542	4,542	29,223	24,681
FUND BALANCES - BEGINNING	(3,423)	(3,423)	(3,423)	-
FUND BALANCES - ENDING	\$ 1,119	\$ 1,119	\$ 25,800	\$ 24,681

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, 2007

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	596,194	180,393	(415,801)
Fees of Office	-	-	71	71
Fines	-	-	-	-
Interest	-	-	81	81
Miscellaneous	-	-	-	-
TOTAL REVENUES	-	596,194	180,545	(415,649)
<u>EXPENDITURES</u>				
Current:				
Health	-	596,194	181,129	415,065
Excess (Deficiency) of Revenues Over Expenditures	-	-	(584)	(584)
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	(4,759)	(4,759)
Total Other Financing Sources	-	-	(4,759)	(4,759)
Net Change in Fund Balances	-	-	(5,343)	(5,343)
FUND BALANCES - BEGINNING	5,343	5,343	5,343	-
FUND BALANCES - ENDING	\$ 5,343	\$ 5,343	\$ -	\$ (5,343)

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, 2007

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	42,000	42,000	42,107	107
Fines	-	-	-	-
Interest	3,000	3,000	2,071	(929)
Miscellaneous	-	-	-	-
TOTAL REVENUES	45,000	45,000	44,178	(822)
<u>EXPENDITURES</u>				
Current:				
Judicial	78,644	78,644	61,697	16,947
Excess (Deficiency) of Revenues Over Expenditures	(33,644)	(33,644)	(17,519)	16,125
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	(33,644)	(33,644)	(17,519)	16,125
FUND BALANCES - BEGINNIN	53,635	53,635	53,635	-
FUND BALANCES - ENDING	\$ 19,991	\$ 19,991	\$ 36,116	\$ 16,125

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, 2007

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	22,000	22,000	17,896	(4,104)
Fines	-	-	-	-
Interest	1,800	1,800	2,010	210
Miscellaneous	-	-	-	-
TOTAL REVENUES	23,800	23,800	19,906	(3,894)
<u>EXPENDITURES</u>				
Current:				
Health	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	23,800	23,800	19,906	(3,894)
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	23,800	23,800	19,906	(3,894)
FUND BALANCES - BEGINNING	12,944	12,944	12,944	-
FUND BALANCES - ENDING	\$ 36,744	\$ 36,744	\$ 32,850	\$ (3,894)

Denton County, Texas
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
FIRE CODE ENFORCEMENT FUND
For the Fiscal Year Ended September 30, 2007

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	-	159,500	271,184	111,684
Fines	-	-	-	-
Interest	-	-	3,595	3,595
Miscellaneous	-	-	-	-
TOTAL REVENUES	-	159,500	274,779	115,279
<u>EXPENDITURES</u>				
Current:				
Public Safety	-	208,928	195,794	13,134
Excess (Deficiency) of Revenues Over Expenditures	-	(49,428)	78,985	128,413
Other Financing Sources (Uses):				
Transfers In	-	49,428	49,428	-
Transfers Out	-	-	-	-
Total Other Financing Sources	-	49,428	49,428	-
Net Change in Fund Balances	-	-	128,413	128,413
FUND BALANCES - BEGINNING	-	-	-	-
FUND BALANCES - ENDING	\$ -	\$ -	\$ 128,413	\$ 128,413

Denton County, Texas
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
MUSEUM ENDOWMENT FUND
For the Fiscal Year Ended September 30, 2007

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	750	750	344	(406)
Miscellaneous	15,000	15,000	15,000	-
TOTAL REVENUES	15,750	15,750	15,344	(406)
<u>EXPENDITURES</u>				
Current:				
Public Safety	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	15,750	15,750	15,344	(406)
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	15,750	15,750	15,344	(406)
FUND BALANCES - BEGINNING	-	-	-	-
FUND BALANCES - ENDING	\$ 15,750	\$ 15,750	\$ 15,344	\$ (406)

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, 2007

	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ 16,714,396	\$16,714,396	\$ 17,416,707	\$ 702,311
Intergovernmental	-	-	-	-
Interest	250,000	250,000	390,977	140,977
Miscellaneous	-	-	-	-
TOTAL REVENUES	16,964,396	16,964,396	17,807,684	843,288
<u>EXPENDITURES</u>				
Debt Service:				
Principal Retirement	9,987,831	10,097,831	10,097,831	-
Interest	8,457,919	8,347,919	8,270,353	77,566
Bank Charges	13,000	13,000	12,199	801
TOTAL EXPENDITURES	18,458,750	18,458,750	18,380,383	78,367
Excess (Deficiency) of Revenues Over Expenditures	(1,494,354)	(1,494,354)	(572,699)	921,655
Other Financing Sources (Uses):				
Bond Proceeds	-	\$ -	-	-
Bond Premium	-	-	-	-
Transfers In	300,000	300,000	339,077	39,077
Transfers Out	-	-	-	-
Proceeds of Refunding Bonds	-	-	-	-
Refunding Bond Discount	-	-	-	-
Payments to Escrow Agent	-	-	-	-
Total Other Financing Sources (Uses)	300,000	300,000	339,077	39,077
Net Change in Fund Balances	(1,194,354)	(1,194,354)	(233,622)	960,732
FUND BALANCE - BEGINNING	1,996,016	1,996,016	1,996,016	-
FUND BALANCE - ENDING	\$ 801,662	\$ 801,662	\$ 1,762,394	\$ 960,732

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, 2007

	Texas Adult Probation	County Clerk Agency	District Clerk Agency	Tax Collector Agency
<u>ASSETS</u>				
Cash	\$ 321,484	\$ 2,926,855	\$2,389,125	\$ 8,341,039
Investments	3,241,197	5,607,237	-	3,496,710
Accrued Interest	12,657	-	-	-
Other Assets	-	-	-	-
Due from Other Funds	2,717	-	-	-
Due from Other Govts	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u><u>\$3,578,055</u></u>	<u><u>\$ 8,534,092</u></u>	<u><u>\$2,389,125</u></u>	<u><u>\$11,837,749</u></u>
 <u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts Payable	\$ 7,798	\$ -	\$ -	\$ -
Wages Payable	135,536	-	-	-
Due to Other Funds	280	-	-	-
Due to Other Governments	3,256,444	-	-	11,837,749
Due to Beneficiaries	177,997	8,534,092	2,389,125	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u><u>3,578,055</u></u>	<u><u>8,534,092</u></u>	<u><u>2,389,125</u></u>	<u><u>11,837,749</u></u>
	<hr/>	<hr/>	<hr/>	<hr/>

Denton County, Texas
STATEMENT OF FIDUCIARY ASSETS
AGENCY FUNDS
September 30, 2007

	Justices of the Peace Agency	Sheriff Agency	Treatment Alternatives to	Other Agency
<u>ASSETS</u>				
Cash	\$ 138,035	\$565,218	\$ 19,290	\$ 2,226
Investments	-	-	35,584	-
Accrued Interest	-	-	-	-
Other Assets	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 138,035</u>	<u>\$565,218</u>	<u>\$ 54,874</u>	<u>\$ 2,226</u>

LIABILITIES AND FUND BALANCES

LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 25,061	\$ -
Wages Payable	-	-	-	-
Due to Other Funds	-	-	159	-
Due to Other Governments	-	-	29,654	-
Due to Beneficiaries	138,035	565,218	-	2,226
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>138,035</u>	<u>565,218</u>	<u>54,874</u>	<u>2,226</u>
	<hr/>	<hr/>	<hr/>	<hr/>

<u>Community Corrections Grant</u>	<u>Housing Finance Authority</u>	<u>TOTAL September 30, 2007</u>
\$ 21,008	\$ 539,601	\$ 15,263,881
663,794	-	13,044,522
-	-	12,657
-	-	-
-	-	2,717
-	-	-
<u>\$ 684,802</u>	<u>\$ 539,601</u>	<u>\$ 28,323,777</u>
\$ 47,402	\$ -	\$ 80,261
-	-	135,536
2,557	-	2,996
634,843	539,601	16,298,291
-	-	11,806,693
<u>684,802</u>	<u>539,601</u>	<u>28,323,777</u>
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Denton County, Texas
STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES
For the Year Ended September 30, 2007

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>TEXAS ADULT PROBATION FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 3,132,391	\$ 4,256,649	\$ 3,826,359	\$ 3,562,681
Accrued Interest	2,293	12,657	2,293	12,657
Other Receivables	-	-	-	-
Due from Other Funds	-	2,717	-	2,717
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 3,134,684</u>	<u>\$ 4,272,023</u>	<u>\$ 3,828,652</u>	<u>\$ 3,578,055</u>
<u>Liabilities</u>				
Accounts Payable	\$ 142,638	\$ 143,334	\$ 142,638	\$ 143,334
Due to Other Funds	-	280	-	280
Due to Other Govts	2,807,827	3,256,444	2,807,827	3,256,444
Due to Beneficiaries	184,219	177,997	184,219	177,997
Total Liabilities	<u>\$ 3,134,684</u>	<u>\$ 3,578,055</u>	<u>\$ 3,134,684</u>	<u>\$ 3,578,055</u>
<u>COUNTY CLERK AGENCY FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 6,180,507	\$ 1,355,220,511	\$ 1,352,866,926	\$ 8,534,092
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 6,180,507</u>	<u>\$ 1,355,220,511</u>	<u>\$ 1,352,866,926</u>	<u>\$ 8,534,092</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	-	-	-	-
Due to Beneficiaries	6,180,507	8,534,092	6,180,507	8,534,092
Total Liabilities	<u>\$ 6,180,507</u>	<u>\$ 8,534,092</u>	<u>\$ 6,180,507</u>	<u>\$ 8,534,092</u>

Denton County, Texas
STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES - (Continued)
For the Year Ended September 30, 2007

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<u>DISTRICT CLERK AGENCY FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 1,514,129	\$ 9,394,553	\$ 8,519,557	\$ 2,389,125
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 1,514,129</u>	<u>\$ 9,394,553</u>	<u>\$ 8,519,557</u>	<u>\$ 2,389,125</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	-	-	-	-
Due to Beneficiaries	1,514,129	2,389,125	1,514,129	2,389,125
Total Liabilities	<u>\$ 1,514,129</u>	<u>\$ 2,389,125</u>	<u>\$ 1,514,129</u>	<u>\$ 2,389,125</u>
<u>TAX COLLECTOR AGENCY FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 8,840,411	\$ 19,821,871	\$ 16,824,533	\$ 11,837,749
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 8,840,411</u>	<u>\$ 19,821,871</u>	<u>\$ 16,824,533</u>	<u>\$ 11,837,749</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	8,840,411	11,837,749	8,840,411	11,837,749
Due to Beneficiaries	-	-	-	-
Total Liabilities	<u>\$ 8,840,411</u>	<u>\$ 11,837,749</u>	<u>\$ 8,840,411</u>	<u>\$ 11,837,749</u>

Denton County, Texas
**STATEMENT OF CHANGES IN
 FIDUCIARY ASSETS AND LIABILITIES - (Continued)**
 For the Year Ended September 30, 2007

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>JUSTICES OF THE PEACE AGENCY FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 152,142	\$ 506,117	\$ 520,224	\$ 138,035
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 152,142</u>	<u>\$ 506,117</u>	<u>\$ 520,224</u>	<u>\$ 138,035</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	-	-	-	-
Due to Beneficiaries	152,142	138,035	152,142	138,035
Total Liabilities	<u>\$ 152,142</u>	<u>\$ 138,035</u>	<u>\$ 152,142</u>	<u>\$ 138,035</u>
<u>SHERIFF AGENCY FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 770,987	\$ 3,575,001	\$ 3,780,770	\$ 565,218
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 770,987</u>	<u>\$ 3,575,001</u>	<u>\$ 3,780,770</u>	<u>\$ 565,218</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	-	-	-	-
Due to Beneficiaries	770,987	565,218	770,987	565,218
Total Liabilities	<u>\$ 770,987</u>	<u>\$ 565,218</u>	<u>\$ 770,987</u>	<u>\$ 565,218</u>

Denton County, Texas
**STATEMENT OF CHANGES IN
 FIDUCIARY ASSETS AND LIABILITIES - (Continued)**
 For the Year Ended September 30, 2007

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<u>TREATMENT ALTERNATIVES TO INCARCERATION FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 67,459	\$ 148,508	\$ 161,093	\$ 54,874
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
	<u>67,459</u>	<u>148,508</u>	<u>161,093</u>	<u>54,874</u>
Total Assets	<u>\$ 67,459</u>	<u>\$ 148,508</u>	<u>\$ 161,093</u>	<u>\$ 54,874</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ 25,061	\$ -	\$ 25,061
Due to Other Funds	-	159	-	159
Due to Other Govts	67,459	29,654	67,459	29,654
Due to Beneficiaries	-	-	-	-
	<u>67,459</u>	<u>54,874</u>	<u>67,459</u>	<u>54,874</u>
Total Liabilities	<u>\$ 67,459</u>	<u>\$ 54,874</u>	<u>\$ 67,459</u>	<u>\$ 54,874</u>
<u>OTHER AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and Investments	\$ 10,339	\$ 491	\$ 8,604	\$ 2,226
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
	<u>10,339</u>	<u>491</u>	<u>8,604</u>	<u>2,226</u>
Total Assets	<u>\$ 10,339</u>	<u>\$ 491</u>	<u>\$ 8,604</u>	<u>\$ 2,226</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	-	-	-	-
Due to Beneficiaries	10,339	2,226	10,339	2,226
	<u>10,339</u>	<u>2,226</u>	<u>10,339</u>	<u>2,226</u>
Total Liabilities	<u>\$ 10,339</u>	<u>\$ 2,226</u>	<u>\$ 10,339</u>	<u>\$ 2,226</u>

Denton County, Texas
STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES - (Continued)
For the Year Ended September 30, 2007

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<u>COMMUNITY CORRECTIONS GRANT FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 434,879	\$ 676,781	\$ 426,858	\$ 684,802
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 434,879</u>	<u>\$ 676,781</u>	<u>\$ 426,858</u>	<u>\$ 684,802</u>
<u>Liabilities</u>				
Accounts Payable	\$ 5,108	\$ 47,402	\$ 5,108	\$ 47,402
Due to Other Funds	-	2,557	-	2,557
Due to Other Govts	429,771	634,843	429,771	634,843
Due to Beneficiaries	-	-	-	-
Total Liabilities	<u>\$ 434,879</u>	<u>\$ 684,802</u>	<u>\$ 434,879</u>	<u>\$ 684,802</u>
<u>DENTON CO. HOUSING FINANCE AUTHORITY</u>				
<u>Assets</u>				
Cash and Investments	\$ 511,990	\$ 27,611	\$ -	\$ 539,601
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 511,990</u>	<u>\$ 27,611</u>	<u>\$ -</u>	<u>\$ 539,601</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	511,990	27,611	-	539,601
Due to Beneficiaries	-	-	-	-
Total Liabilities	<u>\$ 511,990</u>	<u>\$ 27,611</u>	<u>\$ -</u>	<u>\$ 539,601</u>

Denton County, Texas
STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES - (Continued)
For the Year Ended September 30, 2007

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>TOTALS - ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and Investments	\$ 21,615,234	\$ 1,393,628,093	\$ 1,386,934,924	\$ 28,308,403
Accrued Interest	2,293	12,657	2,293	12,657
Other Receivables	-	-	-	-
Due from Other Funds	-	2,717	-	2,717
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 21,617,527</u>	<u>\$ 1,393,643,467</u>	<u>\$ 1,386,937,217</u>	<u>\$ 28,323,777</u>
<u>Liabilities</u>				
Accounts Payable	\$ 147,746	\$ 215,797	\$ 147,746	\$ 215,797
Due from Other Funds	-	2,996	-	2,996
Due to Other Govts	12,657,458	15,786,301	12,145,468	16,298,291
Due to Beneficiaries	8,812,323	11,806,693	8,812,323	11,806,693
Total Liabilities	<u>\$ 21,617,527</u>	<u>\$ 27,811,787</u>	<u>\$ 21,105,537</u>	<u>\$ 28,323,777</u>

Denton County, Texas STATISTICAL SECTION

This part of Denton County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and supplementary information says about the County's overall financial health.

Contents	Page
Financial Trends	102
<p>These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.</p>	
Revenue Capacity	110
<p>These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.</p>	
Debt Capacity	115
<p>These schedules present information to help the reader assess the affordability of the County's current levies of outstanding debt and the County's ability to issue additional debt in the future</p>	
Demographic and Economic Information	120
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.</p>	
Operating Information	122
<p>These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.</p>	



Denton County, Texas

NET ASSETS BY COMPONENT

Last Ten Fiscal Years¹
(Accrual Basis of Accounting)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Governmental Activities:										
Invested in Capital Assets,										
Net of Related Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,175	\$ 3,106,131	\$(16,887,256)	\$ 24,226,615	
Restricted	-	-	-	-	-	22,655,179	18,969,657	52,791,479	23,903,118	1,762,394
Unrestricted	-	-	-	-	-	(63,755,236)	16,765,325	(29,457,518)	6,283,298	(43,560,202)
Total Governmental										
ActivitiesNet Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,439,491	\$ 35,782,157	\$ 26,440,092	\$ 13,299,160	\$(17,571,193)

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

Denton County, Texas

CHANGES IN NET ASSETS

Last Ten Fiscal Years¹

(Accrual Basis of Accounting)

Fiscal Year

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Expenses										
Governmental Activities:										
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,934,501	\$ 18,927,727	\$ 18,070,687	\$ 20,550,672	\$ 20,239,625
Judicial	-	-	-	-	-	11,228,446	13,224,021	13,575,518	14,077,729	14,447,760
Legal	-	-	-	-	-	8,755,827	8,701,903	9,369,366	9,582,964	9,969,544
Financial	-	-	-	-	-	4,269,539	4,257,381	4,601,210	4,793,627	5,057,253
Public Facilities	-	-	-	-	-	5,958,066	7,109,603	7,790,801	9,175,352	9,346,732
Public Safety	-	-	-	-	-	41,332,498	42,228,993	43,683,225	47,391,000	51,123,763
Health & Welfare	-	-	-	-	-	7,270,714	7,761,268	8,356,444	7,710,692	8,188,748
Conservation	-	-	-	-	-	340,075	328,000	331,562	366,525	388,464
Contractual	-	-	-	-	-	1,663,675	1,656,576	1,931,240	2,613,005	2,742,028
Roads-County	-	-	-	-	-	13,848,255	13,168,371	13,973,220	12,936,128	14,699,394
Roads-Other Entities	-	-	-	-	-	11,692,324	5,930,076	14,561,953	35,764,228	42,887,800
Interest on Long-Term Debt	-	-	-	-	-	-	-	-	-	-
Term Debt	-	-	-	-	-	6,658,652	5,828,359	7,420,818	8,060,826	10,731,274
Total Expenses	\$ -	\$ 130,952,572	\$ 129,122,278	\$ 143,666,044	\$ 173,022,748	\$ 189,822,385				

Program Revenues

Governmental Activities:

Charges For Services:

General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,157,736	\$ 8,915,157	\$ 9,340,831	\$ 11,981,245	\$ 11,939,818
Judicial	-	-	-	-	-	6,819,691	7,989,420	8,288,906	8,502,443	7,437,513
Legal	-	-	-	-	-	289,158	305,188	273,141	317,082	272,495
Financial	-	-	-	-	-	1,980,484	1,887,946	2,139,101	2,372,728	2,250,727
Public Facilities	-	-	-	-	-	-	-	-	-	-

Fiscal Year

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public Safety	-	-	-	-	-	2,106,390	1,997,676	2,185,140	2,174,767	2,756,883
Health & Welfare	-	-	-	-	-	434,294	529,622	535,586	521,971	530,757
Conservation	-	-	-	-	-	-	-	-	-	-
Contractual	-	-	-	-	-	-	-	-	-	701,229
Roads-County	-	-	-	-	-	93,408	171,264	45,461	285,643	148,658
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	23,006,262
Capital Grants and Contributions	-	-	-	-	-	1,513,176	1,756,443	25,037	7,278,309	1,699,313
Total Governmental Activities	-	-	-	-	-	40,110,038	49,089,722	46,597,608	56,014,707	50,743,655
Program Revenues	-	-	-	-	-	-	-	-	-	-
Net (Expense) Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (90,842,534)	\$ (80,032,556)	\$ (97,068,436)	\$ (117,008,041)	\$ (139,078,730)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,787,467	\$ 83,435,160	\$ 92,736,399	\$ 98,184,935	\$ 102,971,687
Grants and Contributions	-	-	-	-	-	1,179,946	-	-	304,543	458,864
Not Restricted to Specific Programs	-	-	-	-	-	982,048	641,891	2,746,876	5,377,631	7,895,304
Investment Earnings	-	-	-	-	-	-	-	-	-	-
Total General Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,949,461	\$ 84,077,051	\$ 95,483,275	\$ 103,867,109	\$ 111,325,855
Change in Net Assets										
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (12,893,073)	\$ 4,044,495	\$ (1,585,161)	\$ (13,140,932)	\$ (27,752,875)

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
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
2007	102,971,687	1,066,468	104,038,155

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, Texas

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	\$ 38,429	\$ 25,023	\$ 19,897	\$ 41,256	\$ 23,288	\$ 39,804	\$ 97,859	\$ 37,046	\$ 61,640	\$ 92,943
Unreserved	<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>	<u>28,405,455</u>
Total General Fund	<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>	<u>\$ 28,498,398</u>
All Other Governmental										
Reserved	\$ 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	\$ 88,318,434
Unreserved, reported in:										
Special Revenue Funds	<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>	<u>15,781,422</u>
Total Other Government	<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>	<u>\$104,099,856</u>

Denton County, Texas

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
REVENUES										
Taxes	\$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	\$102,817,039
Licenses and Permits	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	7,852,591
Intergovernmental	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	16,439,161
Fees of Office	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	15,316,787
Fines	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	4,248,548
Interest	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	7,895,304
Miscellaneous	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	2,293,177
TOTAL REVENUES	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	156,862,607
EXPENDITURES										
General Government	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	16,324,038
Judicial	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	14,592,331
Legal	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	10,016,699
Financial	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	5,140,333
Public Facilities	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	7,550,034
Public Safety	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	50,368,806
Health & Welfare	3,781,609	3,867,828	4,426,416	4,627,493	6,082,458	7,153,262	7,669,045	8,295,745	7,716,209	8,246,526
Conservation	216,770	214,321	255,954	308,440	343,215	334,882	324,708	331,543	370,952	388,181
Contract Services	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	2,732,336
Roads	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	9,610,528
Intergovernmental	-	-	-	-	-	11,717,001	5,930,076	14,561,953	35,764,228	42,887,800
Capital Outlay	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	5,084,720

Fiscal Year

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt Service:										
Principal Retirement	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	10,097,831
Interest & Service Charge	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	8,282,552
TOTAL EXPENDITURES	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	191,322,715

Excess of Revenues over (under) expenditures	(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)	(34,460,108)
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OTHER FUNDING SOURCES (USES)

Transfers In	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	3,887,220
Transfers Out	(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)	(3,887,220)
Refunding Bonds Issued	-	1,649,807	-	-	-	-	27,235,647	51,830,000	19,315,000	-
Issuance of Debt	-	36,742,064	15,295,000	35,850,000	3,680,000	5,740,000	4,125,000	50,000,000	11,865,000	108,955,000
Premium on Bonds Issued	-	-	-	-	-	-	-	2,866,219	-	441,000
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	237,143	446,184	663,224	967,937	1,458,048	670,677	119,956	599,842	62,879	399,668
Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-

TOTAL OTHER FINANCING SOURCES (USES)

	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	109,795,668
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NET CHANGE IN FUND BALANCES

	\$ (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)	\$ 75,335,560
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DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES

	11.5%	10.5%	12.2%	11.7%	15.0%	14.1%	13.6%	13.9%	10.3%	9.9%
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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
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
2007	102,817,039	1,066,468	103,883,507

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

Denton County, Texas

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year Ended September 30	Real Property			Other	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								
1998	\$ 10,441,117,369	\$ 1,547,965,164	\$ 1,939,555,794	\$ 1,805,428,700	\$ 673,478,907	\$ 15,060,588,120	0.25590	\$ 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	0.24875	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	0.23504	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	0.23193	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	0.25193	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	0.24897	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	0.24717	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	0.25480	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	0.24648	39,330,611,814	100.00%	
2007	29,740,164,928	5,207,650,890	8,148,783,424	3,983,340,835	3,203,434,282	43,876,505,795	0.23192	43,876,505,795	100.00%	

Denton County, Texas
PRINCIPAL PROPERTY TAXPAYERS
September 30, 2007

<u>Taxpayer</u>	<u>2007</u>			<u>1998</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Devon Energy Op. Co.	\$ 793,896,960	1	1.81%	\$ -		
Burlington Resources Oil & Gas	219,200,740	2	0.50%	-		
TXU Electric Delivery Co.	154,688,360	3	0.35%			0.94%
Verizon Southwest	146,199,750	4	0.33%	136,384,400	1	0.91%
Honeywell International Inc.	135,456,258	5	0.31%			
Encana Oil & Gas (USA)	114,920,210	6	0.26%	-		
TTHR Limited Partnership	100,780,067	7	0.23%	-		
Citicorp Technology Inc.	95,665,966	8	0.22%	-		
Vista Ridge J/V	89,154,843	9	0.20%	46,491,291	5	0.31%
Amerisource Bergen	84,575,741	10	0.19%	-		
Texas Utilities Electric				78,993,510	2	0.52%
Raytheon TI Systems, Inc.				71,147,758	3	0.47%
Frito Lay				49,374,959	4	0.33%
Texas New Mexico Power				42,438,534	6	0.28%
Jefferson at Round Grove LP				40,828,915	7	0.27%
Coserv Electric Co-op, Inc				39,767,291	8	0.26%
AMLI Southwest Residential LTD				39,263,252	9	0.26%
Vista Ridge OP & F, Inc.				38,062,622	10	0.28%
	<u>\$ 1,934,538,895</u>		<u>4.41%</u>	<u>\$582,752,532</u>		<u>2.68%</u>

Note: 2007 Total Assessed valuation of \$43,876,505,795 per Denton Central Appraisal District.
1998 Total Assessed valuation of \$15,060,588,120 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)	2000	2001	2002	2003	2004	2005	2006	2007
		GOVERNMENTAL ENTITY							
Denton County	100.00 %	0.23504	0.23193	0.25193	0.24897	0.24717	0.25480	0.24648	0.23192
<u>Cities</u>									
Argyle	100.00	0.3991	0.3950	0.38000	0.3925	0.39250	0.40324	0.40324	0.38592
Aubrey	100.00	0.6304	0.5089	0.56220	0.5500	0.55545	0.52624	0.52640	0.52624
Bartonville	100.00	0.1859	0.1847	0.18471	0.1847	0.17806	0.17944	0.19294	0.19294
Carrollton	35.62	0.6043	0.5993	0.59930	0.5993	0.59930	0.59930	0.63288	0.63290
The Colony	100.00	0.7650	0.7350	0.72500	0.7250	0.72000	0.72000	0.72000	0.71500
Copper Canyon	100.00			0.14383			0.17027		0.17027
Corinth	100.00	0.5260	0.5260	0.52600	0.5260	0.54975	0.56060	0.55698	0.55698
Dallas	0.83	0.6675	0.6675	0.66750	0.6998	0.69980	0.71970	0.74170	0.72920
Denton	100.00	0.5282	0.5282	0.54820	0.5482	0.59815	0.59815	0.60815	0.62652
Double Oak	100.00		0.2200	0.22000	0.2200	0.22000	0.22000	0.22000	0.22000
Flower Mound	100.00	0.4500	0.4500	0.44970	0.4497	0.44970	0.44970	0.44970	0.44970
Frisco	11.64	0.3727	0.3700	0.36700	0.3370	0.43200	0.42296	0.44489	
Hackberry	100.00	0.2387	0.6818	0.68178	0.6030	0.57996	0.51392	0.52298	0.52298
Hickory Creek	100.00	0.4137	0.3700	0.34977	0.2993	0.31939	0.34020	0.34020	0.34020
Highland Village	100.00	0.5696	0.5696	0.56963	0.5696		0.56963	0.56963	0.56963
Justin	100.00	0.4297	0.4297	0.42989	0.4297	0.42969	0.42969	0.42969	0.42969
Krugerville	100.00	0.2300	0.2378	0.23780	0.2378	0.23780	0.23780	0.23780	0.23780
Krum	100.00	0.2425	0.2534	0.25331	0.2550	0.23217	0.35137	0.49158	0.53983
Lake Dallas	100.00	0.5617	0.5617	0.56171	0.5617	0.57980	0.63185	0.64935	0.67000
Lakewood Village	100.00	0.2500	0.2500	0.25000	0.2500	0.25000	0.25000	0.25000	0.25000
Lewisville	99.92	0.4518	0.4511	0.45050	0.4505	0.45050	0.45050	0.45050	0.45679
Little Elm	100.00	0.5051	0.4330	0.44453	0.3998	0.35750	0.39902	0.39902	0.47000
Marshall Creek	100.00	0.3024	0.3024	0.34536	0.5000	0.60212	0.60212		0.68821
Northlake	100.00	0.2950	0.2950	0.29500	0.2950	0.29500	0.29500	0.29500	0.29500
Oak Point	100.00	0.4386	0.4386	0.65402	0.6390	0.59900	0.58900	0.58900	0.57900
Pilot Point	100.00	0.4929	0.4927	0.46200	0.4999	0.46331	0.50000	0.50000	0.59000
Ponder	100.00	0.1962	0.1838	0.18379	0.2295	0.22949	0.22949	0.27782	0.31652
Roanoke	100.00	0.3751	0.3751	0.37512	0.3751	0.37512	0.37512	0.37512	0.37512
Sanger	100.00	0.5228	0.5888	0.58879	0.5655	0.59260	0.57083		0.59046
Shady Shores	100.00		0.3400	0.34000	0.3400	0.34000	0.33210	0.33212	0.33212
Trophy Club	100.00	0.4605	0.4505	0.44051	0.4405	0.37751	0.43051	0.43051	0.43051
<u>School Districts:</u>									
Argyle	100.00	1.7700	1.7760	1.75447	1.7552	1.82220	1.91950	1.91950	1.76943

	Percent Applicable to Denton County	2000	2001	2002	2003	2004	2005	2006	2007
GOVERNMENTAL ENTITY									
School Districts									
<u>(Continued)</u>									
Aubrey	100.00	1.5800	1.5600	1.6129	1.7330	1.8081	1.8388	1.8380	1.6666
Carrollton-F. Branch	20.48	1.5377	1.6700	1.7242	1.7224	1.7358	1.7824	1.8259	1.6830
Celina	4.67	1.6300	1.5900	1.7000	1.7500	1.7500	1.7800	1.7800	1.5190
Denton	100.00	1.7000	1.8440	1.8540	1.8640	1.8640	1.8640	1.7640	1.7640
Frisco	14.02	1.4200	1.4200	1.4400	1.5175	1.5575	1.6300	1.5800	
Krum	99.16	1.4478	1.8600	1.7080	1.6660	1.6660	1.7250	1.7250	1.5955
Lake Dallas	100.00	1.4620	1.6600	1.6900	1.7400	1.7400	1.8600		1.7900
Lewisville	100.00	1.5671	1.6100	1.6700	1.6700	1.7700	1.7700	1.7700	1.6400
Little Elm	100.00	1.5845	1.5300	1.5990	1.7112	1.7300	1.8200	1.8400	1.7400
Northwest	71.46	1.7047	1.6914	1.8348	1.8348	1.8193	1.8193	1.6730	1.6650
Pilot Point	88.41	1.4779	1.5079	1.5656	1.5811	1.7755	1.7755	1.7442	1.6300
Ponder	100.00	1.5045	1.5645	1.6324	1.7680	1.7930	1.7600	1.5526	1.5526
Prosper	1.03	1.5222	1.7202	1.7202	1.7610	1.9515	1.9753		
Sanger	100.00	1.6000	1.6000	1.6700	1.5330	1.6900	1.8000	1.7800	1.6500
Slidell	26.90	1.6600	1.5610	1.5600	1.6700	1.4821	1.7000	1.5293	1.3706
<u>Special Districts</u>									
Lake Cities MUA	100.00	0.0000	0.0000	0.0000	0.0000	0.0000		0.0000	
Trophy Club MUD 1	46.68	0.0000	0.0000	0.2400	0.3000	0.2800	0.2800		
Trophy Club MUD 2	100.00	0.4605	0.0000	0.3654	0.3400	0.3390	0.3490	0.3100	0.2990
Denton Co. Fire									
Dist. #1	100.00	0.0300	0.0300	0.0300	0.0277				
Clear Creek Watershed									
Authority	100.00	0.0300	0.0300	0.0118	0.0118	0.0118	0.0350		
Corinth MUD #1	100.00	0.3800	0.3300	0.3100	0.3106	0.3100	0.3100	0.3100	
Denton Co. Fresh Water									
Water Supp. Dist. #	100.00	0.0000	0.0000	0.5400		1.0000	1.0000		
DC Fresh Water Supp.#1-B				1.0000	1.0000	1.0000	1.0000	1.0000	0.9500
DC Fresh Water Supp.#1-C								0.54	0.9500
DC Fresh Water Supp.#1-D								1.0000	0.9500
DC Fresh Water Supp.#1-E								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. 113

- (2) Source: Municipal Advisory Council of Texas

Denton County, Texas

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year Ended September 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years		Total Collections to Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy	Amount	Percentage of Levy
1998	\$ 38,540,045	\$ 38,105,446	98.9%	\$ 384,463		\$ 38,489,909	99.9%
1999	41,874,015	41,410,656	98.9%	418,447		41,829,103	99.9%
2000	45,654,039	45,064,783	98.7%	537,089		45,601,872	99.9%
2001	53,675,987	52,928,630	98.6%	670,150		53,598,780	99.9%
2002	67,007,264	65,833,992	98.2%	1,012,097		66,846,089	99.8%
2003	74,597,046	73,502,543	98.5%	898,527		74,401,070	99.7%
2004	82,072,675	81,000,786	98.7%	848,990		81,849,776	99.7%
2005	91,909,495	90,828,110	98.8%	799,548		91,627,658	99.7%
2006	96,942,092	95,770,632	98.8%	857,021		96,627,653	99.7%
2007	101,758,392	100,548,087	98.8%	-		100,548,087	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>Population</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>				
1998	\$ 61,685,000	\$ 237,143	\$ 61,922,143	0.65%	\$ 165.63	373,850
1999	95,027,570	567,335	95,594,905	0.89%	238.44	400,915
2000	107,177,570	948,142	108,125,712	0.90%	249.73	432,976
2001	139,412,570	1,500,518	140,913,088	1.09%	310.48	453,853
2002	136,922,570	2,524,899	139,447,469	1.03%	293.20	475,600
2003	135,567,570	2,037,330	137,604,900	0.93%	272.67	504,650
2004	130,777,570	756,089	131,533,659	0.82%	248.67	528,950
2005	171,407,570	448,928	171,856,498	0.96%	311.00	552,600
2006	174,702,570	226,595	174,929,165	1.19%	302.38	578,500
2007	273,559,740	301,857	273,861,597	1.80%	456.93	599,350

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

¹See the Schedule of Demographic and Economic Statistics on page 120 for personal income and population data .

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>	<u>Population (1)</u>
1998	\$ 61,685,000	\$ 569,329	\$ 61,115,671	0.41	\$ 163.48	373,850
1999	95,027,570	1,456,509	93,571,061	0.56	233.39	400,915
2000	107,177,570	1,077,645	106,099,925	0.55	245.05	432,976
2001	139,412,570	2,904,913	136,507,657	0.59	300.78	453,853
2002	136,922,570	1,943,755	134,978,815	0.51	283.81	475,600
2003	135,567,570	1,751,705	133,815,865	0.45	265.17	504,650
2004	130,777,570	1,209,971	129,567,599	0.39	244.95	528,950
2005	171,407,570	2,711,013	168,696,557	0.47	305.28	552,600
2006	174,702,570	1,903,455	172,799,115	0.44	298.70	578,500
2007	273,559,740	1,762,394	271,797,346	0.69	453.49	599,350

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 110 for property value data.

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



Denton County, Texas

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

September 30, 2007

	Net Bonded Debt at September 30, 2007	Percentage Applicable to Denton County (1)	Amount Applicable to Denton County
<u>DIRECT DEBT</u>			
Denton County	\$ 273,559,740	100.00%	\$ <u>273,559,740</u>
<u>OVERLAPPING DEBT</u>			
<u>Cities:</u>			
Argyle	1,565,000	100.00	1,565,000
Aubrey	4,362,208	100.00	4,362,208
Bartonville	1,130,000	100.00	1,130,000
Carrollton	168,605,303	35.62	60,057,209
The Colony	54,319,178	100.00	54,319,178
Corinth	14,194,992	100.00	14,194,992
Dallas	1,668,942,609	0.83	13,852,224
Denton	77,055,380	100.00	77,055,380
Flower Mound	75,147,120	100.00	75,147,120
Frisco	254,010,010	32.20	81,791,223
Hackberry	240,000	100.00	240,000
Hickory Creek	2,730,000	100.00	2,730,000
Highland Village	16,110,051	100.00	16,110,051
Justin	3,558,015	100.00	3,558,015
Krugerville	-	100.00	-
Krum	5,928,223	100.00	5,928,223
Lake Dallas	3,755,000	100.00	3,755,000
Lewisville	51,087,978	99.92	51,047,108
Little Elm	20,351,220	100.00	20,351,220
Marshall Creek	-	100.00	-
Northlake	1,925,000	100.00	1,925,000
Oak Point	898,157	100.00	898,157
Pilot Point	3,321,468	100.00	3,321,468
Ponder	2,896,923	100.00	2,896,923
Roanoke	20,026,030	100.00	20,026,030
Sanger	9,145,000	100.00	9,145,000
Trophy Club	9,030,000	100.00	9,030,000

Notes:

(1) Source: Municipal Advisory Council of Texas

	Net Bonded Debt at September 30, 2007	Percentage Applicable to Denton County (1)	Amount Applicable to Denton County
School Districts:			
Argyle	36,679,599	100.00	36,679,599
Aubrey	46,029,849	100.00	46,029,849
Carrollton- Farmers Branch	406,026,672	20.48	83,154,262
Celina	51,302,991	4.67	2,395,850
Denton	493,573,294	100.00	493,573,294
Frisco	813,022,697	14.02	113,985,782
Krum	40,822,802	99.16	40,479,890
Lake Dallas	102,271,896	100.00	102,271,896
Lewisville	684,994,576	100.00	684,994,576
Little Elm	131,585,120	100.00	131,585,120
Northwest	304,045,951	71.46	217,271,237
Pilot Point	19,743,310	97.25	19,200,369
Ponder	20,364,204	100.00	20,364,204
Prosper	85,555,264	1.03	881,219
Sanger	32,389,363	100.00	32,389,363
Slidell	2,655,000	26.90	714,195
Special Districts:			
Lake Cities M.U.A.	-	100.00	-
Trophy Club M.U.D.#1	3,063,750	46.68	1,430,159
Trophy Club M.U.D.#2	7,340,000	100.00	7,340,000
Denton Co. RUD #1	15,030,829	97.94	14,721,194
DC Fresh Water Supp #1-B	16,261,318	100.00	16,261,318
DC Fresh Water Supp #1-D	27,696,005	100.00	27,696,005
DC Fresh Water Supp #1-E	24,928,182	100.00	24,928,182
DC Fresh Water Supp #9	26,036,212	100.00	26,036,212
Corinth M.U.D. #1	775,000	100.00	<u>775,000</u>
TOTAL OVERLAPPING DEBT			<u>\$2,679,595,503</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u><u>\$2,953,155,243</u></u>

Denton County, Texas

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(Amounts Expressed in Thousands)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt Limit	\$ 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	\$ 9,973,291
Total Net Debt Applicable to Limit	61,116	93,571	106,100	136,508	134,979	133,816	129,568	168,697	172,799	271,797
Legal Debt Margin	\$ 3,266,169	\$ 3,652,423	\$ 4,283,701	\$ 5,070,838	\$ 5,935,964	\$ 6,742,297	\$ 7,527,071	\$ 8,108,255	\$ 8,698,586	\$ 9,701,494
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	1.84%	2.50%	2.42%	2.62%	2.22%	1.95%	1.69%	2.04%	1.95%	2.73%

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed Value of Real Property	\$ 39,893,164
Debt Limit (25% of Total Real Property Value)	9,973,291
Debt Applicable to Limit	273,559
Less: Amount Set Aside for Repayment of General Obligations Bonds	(1,762)
General Obligation Debt	271,797
Total Net Debt Application to Limit	9,701,494
Legal Debt Margin	

Denton County, Texas

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Population ¹	Personal Income (Amounts Expressed in Thousands)	Per Capita Personal Income ¹	Median Age ¹	Education		School Enrollment ¹	Unemployment Rate ²
					Level in Years of Formal Schooling ¹			
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	-	-	160,361	-	3.6%
2005	552,600	17,938,501	32,462	32.2	14.4	164,982	-	4.2%
2006	578,500	-	-	-	-	-	-	3.8%
2007	559,350	-	-	31.8	-	-	-	4.0%

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>2007</u>			<u>1998</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	7,719	1	2.66%	5,500	1	2.56%
Lewisville ISD	5,556	2	1.91%	3,600	2	
Frito Lay	2,436	3	0.84%			
American Airlines	2,350	4	0.81%			
Texas Women's University	2,200	5	0.76%	1,300	7	0.60%
Denton Independent School Distri	2,000	6	0.69%	1,648	4	
Horizon Health	1,500	7	0.52%			0.00%
Xerox Corporation	1,381	8	0.48%	1,100	9	0.51%
Denton County	1,379	9	0.47%	1,218	8	0.57%
Denton State School	1,350	10	0.46%	1497	5	0.70%
Boeing Electronics				2,024	3	0.94%
Peterbilt Motors				1,400	6	0.65%
City of Denton				1000	10	0.47%
	<u>27,871</u>		<u>9.60%</u>	<u>20,287</u>		<u>7.00%</u>

Source: Texas Workforce Commission

Denton County, Texas

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government	131.5	137.5	142.5	147.0	152.5	154.5	158.0	159.5	164.0	168.5
Judicial	96.5	104.5	114.0	114.5	121.5	122.5	122.5	124.0	123.0	126.5
Legal	86.0	102.0	100.5	107.0	115.5	117.0	116.0	118.0	118.0	117.0
Financial	69.5	71.5	73.0	74.0	74.5	76.5	80.0	80.5	80.5	81.5
Public Facilities	25.5	26.5	26.5	27.5	27.5	27.5	29.5	30.5	30.5	30.0
Public Safety	525.0	564.5	604.0	618.5	625.0	628.0	686.5	710.0	712.0	750.5
Health & Welfare	30.5	31.0	34.0	41.0	49.0	51.5	58.0	53.0	70.5	9.0
Conservation	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	81.0
Roads	88.0	88.0	88.0	88.0	82.0	82.0	80.5	80.5	81.0	55.0
Total	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	1,419.0

Source: Denton County Budget Office

Denton County, Texas

OPERATING INDICATORS BY FUNCTION

Function	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government										
County Clerk:										
Number of Criminal Cases Filed	9,938	8,944	8,957	9,331	10,135	11,260	11,200	11,185	9,650	10,420
Number of Civil Cases Filed	944	1,271	1,014	1,519	1,683	1,891	2,182	2,567	3,141	4,312
Human Resources										
Applications Accepted	4,700	5,270	5,862	6,750	11,090	14,397	15,237	12,233	10,830	16,245
Positions Filled	240	371	617	517	235	348	441	458	258	329
Purchasing										
Purchase Orders Issued	10,600	10,161	9,369	9,180	9,039	8,869	8,801	8,963	8,231	9,000
Competitive Bids/Contract Renewals	85	61	142	48	45	45	59	48	43	50
Information Services/County Technology										
Work Orders Completed	3,800	5,399	8,131	12,479	10,055	9,216	14,162	8,809	9,559	8,600
Elections Administration										
New Registrations	25,968	28,479	40,010	40,000	40,000	26,072	35,072	26,143	35,000	22,000
Elections Held	17	16	26	25	32	26	35	23	77	75
Judicial										
District Courts										
Criminal Cases Disposed	1,531	1,578	1,417	1,408	2,107	2,471	3,055	2,530	2,601	2,666
Divorce/Family Cases Disposed			3,375	4,436	4,816	4,514	4,782	4,157	5,702	5,782
County Courts										
Juvenile Cases Disposed				1,242	982	1,212	1,424	1,421	1,169	1,300
Criminal Cases Disposed	11,300	12,619	10,108	9,993	9,521	7,898	9,639	8,646	9,325	9,775
District Clerk										
Civil, Family and Tax Cases Filed	7,460	6,759	7,065	7,288	8,324	8,552	8,990	9,688	9,381	9,550
Child Support Garnishment Orders						4,188	5,162	7,323	17,612	17,650

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Justices of the Peace										
Civil Cases Filed	3,915	3,436	3,523	5,048	5,513	9,062	7,475	7,456	7,779	8,079
Criminal Cases Filed	27,760	24,761	28,748	31,157	31,242	30,967	37,193	36,097	34,510	37,826
Legal										
Criminal District Attorney										
Felony Cases Under Indictment	2,254	2,404	2,396	2,062	1,615	1,935				
Misdemeanor Cases Under Indictment	27,912	18,533	21,615	18,140	6,889	6,716				
Cases Filed						9,382		9,326	11,359	12,074
Total Jury Trials						227		224	200	206
Financial										
County Auditor										
Accounts Payable Checks Processed	20,000	19,500	19,062	20,235	19,654	20,118	18,134	17,000	17,000	18,000
County Treasurer										
Payroll Checks Processed	28,834	30,352	31,687	33,840	35,102	36,992	36,371	38,611	38,732	39,000
Tax Assessor/Collector										
County Tax Accounts	161,000	172,373	198,198	220,000	248,600	265,500	254,048	254,048	270,929	284,302
Automobile Registrations	316,325	331,873	346,000	374,522	385,962	400,781	416,726	448,147	474,564	500,000
Budget Department										
Budget Amendments Processed	234	333	300	283	253	257	248	234	251	240
Public Safety										
County Jail										
Average Daily Jail Population	650	664	680	680	725	770	897	897	1,019	1,088
Average Daily # of Contract Inmates	200	200	200	200	217	231	-	-	40	95
Sheriff										
E-911 Calls Received	24,496	26,455	38,500	38,500	60,865	64,291	54,517	73,696	62,100	65,826
Patrol Calls for Service	-	-	-	-	-	-	-	-	37,239	40,308
Health & Welfare										
Immunizations Administered	18,000	15,464	14,137	16,981	18,472	26,910	20,126	19,799	14,939	18,000
Primary Health Care Visits	3,500	3,731	3,920	4,744	5,370	7,574	8,226	8,883	7,714	8,000
Roads										
Work Orders Completed	325	400	460	663	1,017	-	730	472	332	455
Miles of Roads Overlaid					15	-	14	23	10	13

Source: Denton County Budget Office



PREFACE

Overview of the County's Fiscal Year 2007 Annual Audit -

Denton County's combined financial statements for 2007, 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 2007 annual audit.

Overview of Grant Audit Requirements -

The scope of the County's fiscal year 2007 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 2007 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, 2007**

(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 2007 totaled approximately \$1,603,100.

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, 2007

<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 Department of State Health Services:			
Center for Disease Control and Prevention- 2008 Investigations and Technical Asst.	93.283	2008-022946-001	\$ 488,587
Center for Disease Control and Prevention- 2006 Investigations and Technical Asst.	93.283	C9000524-3	1,243,525
2006 HIV/AIDS Education Grant	93.940	C9000524-3	100,000
2005 Childrens Health Ins Grant	93.778	529-00-099F	37,894
2006 Medical Assistance Program	93.283	200606D	238,565
U. S. Department of Agriculture Passed through the Texas Health and Human Services Commission:			
2007 Special Supplement Food Program for Women, Infants and Children	10.557	C9000524-4	1,429,919
2006 Special Supplement Food Program for Women, Infants and Children	10.557	C9000524-4	1,340,140
Total Texas Health and Human Services Commission			<u>4,878,630</u>
U.S. Dept. of Health and Human Services Passed through Texas Dept. of Family and Protective Services:			
2007 CPS IV-E Legal Services Grant	93.658	2003-033424	85,199
2007 Foster Care Title IV-E Grant	93.658	-	30,826
2006 Foster Care Title IV-E Grant	93.658	-	43,665

Balance * October 1, <u>2006</u>	Receipts or Revenue <u>Recognized</u>	Disbursements/ <u>Expenditures</u>	Balance * September 30, <u>2007</u>
\$ -	\$ -	\$ 37,400	\$ 37,400
87,853	715,310	995,930	368,473
13,673	20,135	6,462	-
3,158	9,474	6,316	-
-	108,963	170,382	61,419
-	1,245,790	1,429,919	184,129
292,592	292,592	-	-
<u>397,276</u>	<u>2,392,264</u>	<u>2,646,409</u>	<u>651,421</u>
-	68,802	85,199	16,397
-	21,722	30,826	9,104
18,125	18,125	-	-

Denton County, Texas

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2007**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Program or Award Amount
U.S. Dept. of Agriculture Passed through the Texas Dept. of Family and Protective Services:			
2007 National School Lunch Program Grant	10.555	-	<u>108,910</u>
Total Texas Dept. of Family and Protective Services:			<u>268,600</u>
U. S. Dept. of Health and Human Services Passed through the Office of the Attorney General - Child Support Office:			
2007 Title IV-D Filing Fees and Court Costs Grant	93.563	-	<u>91,822</u>
U.S. Department of Justice Passed through the Office of the Governor - Criminal Justice Division:			
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	30,108
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>270,108</u>
Federal Department of Homeland Security Passed Through the Texas Department of Public Safety:			
2007 Emergency Management Grant	83.552	76TX-EMPG-038	35,706
2006 Emergency Management Grant	83.552	06TX-EMPG-038	33,061
2007 Disaster Relief Grant	97.036	-	<u>87,247</u>

Balance * October 1, <u>2006</u>	Receipts or Revenue <u>Recognized</u>	Disbursements/ <u>Expenditures</u>	Balance * September 30, <u>2007</u>
<u>-</u>	<u>108,910</u>	<u>108,910</u>	<u>-</u>
<u>18,125</u>	<u>217,559</u>	<u>224,935</u>	<u>25,501</u>
<u>-</u>	<u>91,822</u>	<u>91,822</u>	<u>-</u>
-	26,773	38,135	11,362
13,867	13,867	-	-
-	30,108	30,108	-
-	64,712	78,205	13,493
<u>79,767</u>	<u>59,825</u>	<u>(19,942)</u>	<u>-</u>
<u>93,634</u>	<u>195,285</u>	<u>126,506</u>	<u>24,855</u>
-	-	35,706	35,706
16,530	16,530	-	-
<u>-</u>	<u>87,247</u>	<u>87,247</u>	<u>-</u>

Denton County, Texas

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2007**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Program or Award Amount
U.S. Department of Homeland Security			
Passed through the Office of the Governor:			
State Homeland Security Grant 2006	97.004	2006-GE-T5-4025	730,345
State Homeland Security Grant 2005	97.004	2005-GE-T5-4025	1,290,555
State Homeland Security Grant 2004	97.004	2004-GE-T4-0015	450,800
State Homeland Security LETTP Grant 2004	97.004	2004-GE-T4-0015	59,900
Urban Areas Security Initiative Grant 2004	97.008	2004-TU-T4-0013	1,172,679
Crisis Counseling Immediate Services Grant	97.032	03-1473-065 CRK	<u>1,036,642</u>
Total U.S. Department of Homeland Security:			<u>4,740,921</u>
U.S. Department of Justice			
Passed through the Office of the Governor:			
State Criminal Alien Assistance Grant 2006	16.606	06-AP-VX-212	220,913
Juvenile Accountability Incentive Block Grt-8	16.523	JB-05-J20-13373-08	25,896
Juvenile Accountability Incentive Block Grt-7	16.523	JB-04-J20-13373-07	24,464
2006 Edward Byrne Justice Assistance Grant	16.580	2006-DJ-BX-1089	37,074
2005 Edward Byrne Justice Assistance Grant	16.580	2005-DJ-BX-0605	<u>72,127</u>
Total Department of Justice			<u>380,474</u>

Balance * October 1, <u>2006</u>	Receipts or Revenue <u>Recognized</u>	Disbursements/ <u>Expenditures</u>	Balance * September 30, <u>2007</u>
-	-	57,781	57,781
304,347	1,121,614	870,472	53,205
41,201	41,201	-	-
2,963	2,963	-	-
449,544	449,544	-	-
<u>158,881</u>	<u>339,274</u>	<u>180,393</u>	<u>-</u>
<u>956,936</u>	<u>1,954,596</u>	<u>1,108,646</u>	<u>110,986</u>
-	220,913	246,403	25,490
-	22,954	25,891	2,937
2,212	2,212	-	-
-	37,074	36,869	(205)
<u>(3,242)</u>	<u>-</u>	<u>3,242</u>	<u>-</u>
<u>(1,030)</u>	<u>283,153</u>	<u>312,405</u>	<u>28,222</u>

Denton County, Texas

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2007**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Program or Award Amount
National Highway Traffic Safety Administration			
Passed through the Dept of Transportation:			
2007 STEP Wave Grant	20.600	587XXF5017	<u>15,000</u>
Total Natl Highway Traffic Safety Admin.			<u>15,000</u>
U.S. Elections Assistance Commission:			
Passed Through the Texas Secretary of State:			
2003 Help America Vote Act Grant	39.011		<u>2,415,463</u>
Total Federal Assistance			<u>\$ 13,985,580</u>

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

Balance * October 1, <u>2006</u>	Receipts or Revenue <u>Recognized</u>	Disbursements/ <u>Expenditures</u>	Balance * September 30, <u>2007</u>
-	8,934	8,934	-
-	8,934	8,934	-
589,294	587,738	16,899	18,455
<u>\$ 2,165,908</u>	<u>\$ 6,228,439</u>	<u>\$ 5,067,753</u>	<u>\$ 1,005,222</u>

Denton County, Texas

**SCHEDULE OF STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2007**

<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 Department of State Health Services:			
2008 Service Delivery Integration Fees for Services Grant		2008-024224-001	168,726
2007 Service Delivery Integration Fees for Services Grant		75-60009205A-2006	295,327
2008 Tuberculosis Services Grant		2008-024615	55,123
2007 Tuberculosis Services Grant		75-60009205A-2007	33,799
2008 Immunization Program Grant		75-60009205-2008-03	223,042
2007 Immunization Program Grant		75-60009205-2007-03	223,042
2008 Prenatal Services		2008-024108-001	70,000
2008 OPHP Local Public Health System Grant		2008-024479-001	60,244
2007 OPHP Local Public Health System Grant		75-60009205-2007-1	<u>60,244</u>
Total Texas Dept. of State Health Services			<u>1,189,547</u>
Office of the Governor, Criminal Justice Division:			
Civil - Child Abuse Prosecution Grant - 6		SF-07-A10-16321-06	-
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
Juvenile Child Abuse Prosecution Grant - 2		SF-07-A10-17661-02	44,218
Juvenile Child Abuse Prosecution Grant - 1		SF-06-A10-17661-01	<u>55,272</u>
Total Office of the Governor, Criminal Justice Division:			<u>364,617</u>
Texas Commission on Environmental Quality:			
Regional High Emitting Vehicle Asst. Grant		Denton 2006	<u>570,502</u>
Comptroller of Public Accounts:			

Balance * October 1, <u>2006</u>	Receipts or Revenue <u>Recognized</u>	Disbursements/ <u>Expenditures</u>	Balance * September 30, <u>2007</u>
-	1,411	1,411	-
-	315,934	315,934	-
-	-	-	-
-	33,799	33,799	-
-	-	32,781	32,781
-	223,042	223,042	-
-	-	-	-
-	-	-	-
-	60,244	60,244	-
-	<u>634,430</u>	<u>667,211</u>	<u>32,781</u>
-	-	-	-
-	113,626	113,626	-
76,388	76,388	-	-
-	32,569	41,404	8,835
10,435	10,435	-	-
<u>86,823</u>	<u>233,018</u>	<u>155,030</u>	<u>8,835</u>
-	570,502	570,502	-

Denton County, Texas

SCHEDULE OF STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2007

<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>
Tobacco Compliance Grant 2007		-	<u>12,000</u>
Total Comptroller of Public Accounts:			<u>12,000</u>
Texas Department of Transportation - Passed through Dallas County:			
2007 North Texas Auto Theft Task Force		SA-T01-10047-07	77,116
2006 North Texas Auto Theft Task Force		SA-T01-10047-06	<u>74,381</u>
Total Texas Auto Theft Prevention Authority			<u>151,497</u>
Total State Assistance			<u>\$ 2,288,163</u>

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

Balance * October 1, 2006	Receipts or Revenue Recognized	Disbursements/ Expenditures	Balance * September 30, 2007
-	7,202	7,202	-
-	7,202	7,202	-
-	38,917	38,917	-
7,954	7,954	-	-
7,954	46,871	38,917	-
\$ 94,777	\$ 1,492,023	\$ 1,438,862	\$ 41,616



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

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
THE STATE OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS**

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 Uniform Grant Management Standards that are applicable to each of its major federal and state programs for the year ended September 30, 2007. Denton County's 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 the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations* and the State of Texas Uniform Grant Management Standards. 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 the County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County 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, 2007.

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 the County's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

This report is intended solely for the information and use of the management, Commissioners' Court, others within the entity, and federal and state 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.

February 25, 2008



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, 2007, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County in a separate letter dated February 25, 2008.

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

Pattillo, Brown & Hill, L.L.P.

February 25, 2008

DENTON COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Summary of Auditors' Results

Type of report on financial statements	Unqualified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Internal control over major programs: Material weakness(es) identified?	No
Significant deficiencies 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 Uniform Grant Management Standards	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 Uniform Grant Management Standards.
Major federal program	Program for Women, Infants and Children, CFDA #10.557
Major state program	Regional High Emitting Vehicle Assistance 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, 2007

None