

DENTON COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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

March 24, 2009

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, 2008.

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, 2008 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, 2008 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 614,650. 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 nearly 615,000 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 \$49 billion in 2008.

Job additions have continued in the last year in both manufacturing and service industries. Our September, 2008, unemployment rate of 4.4% compared favorably with the 5.1% statewide rate, and with the 6.1% national rate. During the 2008 year, the County had over \$2.1 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 2008, over 2,600 new housing completions were recorded in the County. This represents a 1.1% 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 including Robson Ranch, Savannah, Providence and Lantana, 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.

Long-term Financial Planning. Denton County has adopted several financial management policies to provide guidelines to insure its long-term financial health. The General Fund Balance policy sets a minimum level for reserve funds in the General Fund at 15% of current budgeted expenditures. It also establishes guidelines for appropriate uses of excess reserves, and it sets out strategies for the County when compliance is not available. The Debt Management Policy establishes guidelines for debt issuance, debt levels, appropriate types of debt to issue, and debt repayment schedules. These policies have been adopted in the last five years, and the County has remained in compliance with them. To further strengthen our long-term financial planning, Denton County adopted its first formal Capital Improvements Plan in 2008.

Cash Management. Cash temporarily idle in the various funds of the County is invested in bank certificates of deposit or is invested in various local government investment pools. Interest rates on bank deposits are governed by the County's depository contract, which is awarded for four-year periods to the best bidder. The interest rate on the current contract is equal to the yield of Treasury Bills of comparable maturity. Total interest earned on deposits and investments of County funds was \$5,629,066 for fiscal 2008.

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 160 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 Denton County for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2007. This was the eighteenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the County 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, 2007. 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,

A handwritten signature in black ink, appearing to read "James A. Wells". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

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, 2007

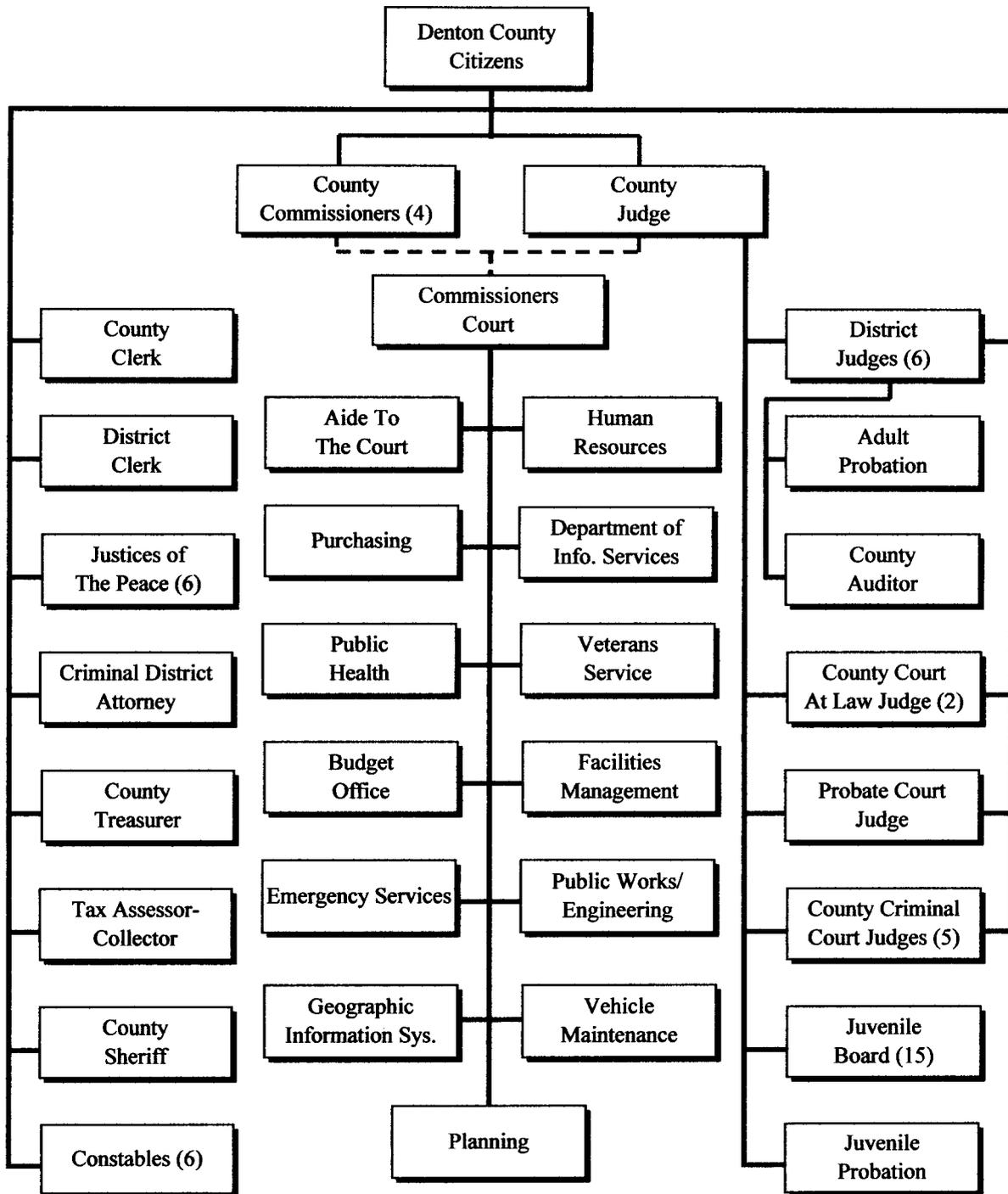
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

DENTON COUNTY ORGANIZATIONAL CHART



DENTON COUNTY, TEXAS

PRINCIPAL OFFICIALS

September 30, 2008

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.





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

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, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Denton County, Texas' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Denton County, Texas, as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2009, 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.

March 23, 2009

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, 2008. 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

- Denton County's liabilities exceeded its assets, at the close of the most recent fiscal year by \$(30,929,504) (*net assets*). Of this amount \$81,521,678 is restricted for specific purposes. Unrestricted net assets are \$(87,942,285).
- As of the close of the current fiscal year, Denton County's governmental funds reported combined ending fund balances of \$127,459,161, a decrease of \$5,139,095 in comparison with the prior year. Of this total amount, \$45,937,483 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 \$27,919,875 or 27.0 percent of the total general fund expenditures.
- Denton County's total bonded debt increased by \$12,056,264 (4.41 percent) during the current fiscal year. Key factors in this increase included the issuance of \$15,400,000 in permanent improvement bonds for a building project and \$8,500,000 in tax notes for building construction and repair. Nearly \$12 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 35 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 2008 Permanent Improvement Bond Fund and the 2007 Road Bond Fund, all of which are considered to be major funds. Data from the other 31 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

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

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

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

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

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

The notes to the financial statement can be found on pages 27-53 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 \$(30,929,504) 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, 2008 and 2007 are summarized as follows:

	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 151,672,810	\$ 173,951,521
Capital assets (net of depreciation)	<u>130,199,326</u>	<u>124,976,131</u>
Total assets	<u>281,872,136</u>	<u>298,927,652</u>

Current and other liabilities	17,458,876	36,418,585
Long-term liabilities	<u>295,342,764</u>	<u>280,080,260</u>
Total Liabilities	<u>312,801,640</u>	<u>316,498,845</u>

Net assets:

Invested in capital assets, net of related debt	(24,508,897)	24,226,615
Restricted	81,521,678	1,762,394
Unrestricted	<u>(87,942,285)</u>	<u>(43,560,202)</u>
Total net assets	<u>\$ (30,929,504)</u>	<u>\$ (17,571,193)</u>

About 28.92% of Denton County's total assets represent resources that are subject to external restrictions on how they may be used. Restrictions include statutory requirements, bond covenants and granting conditions. Also, in many instances, liabilities that have affected the County's net assets in a negative manner have financed non-County road projects and therefore have not resulted in a corresponding increase in County assets.

The County's net assets decreased by \$13,358,311 during the current fiscal year. Key components of this decrease include the following:

- Unrestricted net assets decreased by nearly \$47 million as a result of expenses financed by long-term debt proceeds 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 2008.
- An increase in net assets in the internal service fund \$660,048 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 \$11,843,736 are expenditures in the traditional fund statements but a reduction of debt (which increases net assets) in the government-wide financial statements.
- Investments decreased by \$30,280,998 primarily due to the above mentioned expenses paid from long-term debt proceeds. Since these expenses are in addition to the normal operating expenses of the County, no current revenue was increased to finance them.

Governmental activities. Governmental activities, which are the County's only activities, decreased Denton County's net assets by \$13,358,311. Key elements of this decrease are as follows:

	<u>2008</u>	<u>2007</u>
Revenues:		
Net Program Revenues:		
Charges for services	\$ 25,753,576	\$ 26,038,080
Operating grants and contributions	24,213,178	23,006,262
Capital grants and contributions	1,659,011	1,699,313
General Revenues:		
Property taxes	116,604,155	102,971,687
Grants and contributions not restricted	-	458,864
Unrestricted investment earnings	5,629,066	7,895,304
Total revenues	<u>173,858,986</u>	<u>162,069,510</u>
Expenses:		
General government	21,886,488	20,239,625
Judicial	15,761,539	14,447,760
Legal	10,374,151	9,969,544
Financial management	5,455,359	5,057,253
Public Facilities	11,173,330	9,346,732
Public Safety	55,289,950	51,123,763
Health and welfare	8,780,134	8,188,748
Conservation	382,928	388,464
Contractual	2,889,226	2,742,028
Roads Maintenance	42,482,251	57,587,194
Interest on long-term debt	12,741,940	10,731,274
Total expenses	<u>187,217,297</u>	<u>189,822,385</u>
Changes in net assets	(13,358,311)	(27,752,875)
Net assets - beginning	<u>(17,571,193)</u>	<u>13,299,160</u>
Prior period adjustment	-	(3,117,478)
Net assets - ending	<u>\$ (30,929,504)</u>	<u>\$ (17,571,193)</u>

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

- Property tax revenues increased by \$13,632,468 (13.24 %) during the year. This increase is the result of increases to the tax base that totaled

\$5.0 billion and a tax rate increase 7.99%. Taxes were increased to fund increased jail capacity, increased maintenance of roads, and a small number of new employees.

- Investment earnings decreased by \$2,266,238 as a result of the lower interest rates established by the Federal Reserve during the year and due to lower investable balances in the Capital Projects Funds.
- Total expenses, other than those funded by long-term debt, increased by \$12.1 million during the year. This increase reflects a government-wide 4% increase in salary expenses, additional spending of over \$1 million (7.5%) for employee medical benefits, increased operating expenses for prisoner housing, and increased interest expense on long-term debt of \$2.6 million.

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 \$127,459,161, a decrease of \$5,139,095 in comparison with the prior year. Approximately 36.0 percent of this total amount (\$45.94 million) constitutes *unreserved fund balance*, which is available for spending at the County's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay debt service (\$2,056,731), 2) to reflect inventories (\$114,819), and 3) to fund capital projects (\$79,350,128).

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 \$27,919,875, while total fund balance reached \$28,034,694. 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 26.95% of total general fund expenditures, and total fund balance also represents 27.07% of that same amount.

The fund balance of Denton County's general fund decreased by \$463,704 during the current fiscal year. Key factors in this reduction are as follows:

- Total revenues for taxes, fees, and licenses and permits increased over prior year amounts by \$13.93 million; \$775,000; and \$445,000, respectively. Taxes increased due to high collection rates and a tax rate increase, and fees increased due to increased demands for county services.
- Expenditures in governmental funds increased by \$9,762,317 (5.1%) over prior year totals. The primary areas expenditure savings were in personnel related costs due wage increases and increased employee benefits, and increased spending for the courts system and for prisoner housing.

The debt service fund has a total fund balance of \$2,056,731 which is all reserved for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was a planned addition in order to be able to service the additional debt that was issued in 2008.

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 \$6.5 million increase in appropriations), and were primarily for the following:

- The re-appropriation of funds for prior year-end encumbrances (\$2.6 million), and,
- Appropriation of grant and contractual funds (\$2.5 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 2.0% (\$1.5 million) due to higher than expected collection rates.
- Licenses, Intergovernmental and Fees revenue were all under budgeted amounts due to lower than expected growth in vehicle sales and document filings by the public.
- Due to interest rates that were lowered throughout the year by the Federal Reserve Bank, investment income was under budget by 20.0%.

- Total general fund expenditures were 94% 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 Safety areas of the budget. Salary, operational expenditure, and insurance savings offset increased expenditures for fuel, prisoner related, and workers compensation insurance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Denton County's investment in capital assets for its governmental activities as of September 30, 2008 totals over \$124,976,000 (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 \$15,400,000 in permanent improvement bonds and \$8,500,000 in tax notes for building construction and major repairs and expansion of existing buildings.
- A variety of transportation construction projects were initiated or continued at a cost of \$30.65 million, financed by road bonds.
- A major repair project for the lower level of the courts building that was begun in 2007 continued throughout the year. The project will correct structural problems with the lower level floor, and it was 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 that began in 2007 was completed in 2008. This facility was constructed on land purchased in late 2003 for \$594,000, and the \$3.15 million construction was funded from our 2005 Certificates of Obligation debt issuance.
- The County began the implementation of a master planning project 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 completed in 2008 and a request for construction proposals was issued in late 2008.
- A formal capital improvements planning process for the County was continued by a county official committee chaired by the Budget Director. The first five-year plan was adopted by the Commissioners Court in the summer of 2007, and implementation began 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	95,755,062	22,717,580	73,037,482
Machinery & Equipment	30,383,269	19,686,335	10,696,934
Infrastructure	138,139,530	109,755,783	28,383,747
Construction in Progress	9,552,835	-	9,552,835
Total	<u>\$ 282,359,024</u>	<u>\$ 152,159,698</u>	<u>\$ 130,199,326</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 \$285,616,004. 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 \$12,056,264 (4.4 percent) during the current fiscal year. The key factor in this increase was the issuance of \$23,900,000 in permanent improvement bonds and tax notes for building maintenance, expansion, and construction. This issuance offset the decrease in debt due to principal payments on existing debt of \$11,843,736 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 4.4 percent, which is an increase from a rate of 4.0 percent a year ago. This compares favorably to the state's average unemployment rate of 5.1 percent and the national average rate of 6.1 percent.
- New construction and improvements to the County's tax rolls and a 3.46 per cent tax increase provided an additional \$8.4 million in property tax revenues for 2009.

- Salary increases averaging 4% for county employees were approved in the budget for the 2009 fiscal year.
- Increased costs for health and dental care abated somewhat in 2008. Because of this, the increase in the County's funding to the employee benefit plan for 2009 was only \$780,000 (\$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 2009 budget. Funding was also approved for 35 new employees. The majority of the new hires were for increased capacity in the juvenile and adult detention centers.
- The County's tax base increased by \$3.65 billion for 2009. 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 2009 fiscal year.

At the end of the current fiscal year, fund balances in the governmental funds totaled \$127,459,161. Denton County has appropriated \$11 million of this amount for spending in the 2009 fiscal year budget. \$3.0 million of that total represents funds transferred from the General Fund to the Capital Replacement Fund for one-time major capital expenditures. This is a decision of County management to fund certain capital expenditures from reserve fund and to forego issuing debt for them. 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, 2008

Governmental
Activities

ASSETS

Cash	\$	2,426,224
Investments		138,103,299
Receivables:		
Taxes		2,660,298
Accrued Interest		64,931
Other Receivables		54,897
Fines Receivable		8,472,318
Less Allowance for Uncollectables		(3,022,654)
Due from Other Governments		1,823,696
Inventories		114,819
Deferred Charges		496,477
Bond Discount		478,505
Capital Assets:		
Land		8,528,328
Buildings		95,755,062
Depreciation on Buildings		(22,717,580)
Equipment		30,383,269
Depreciation on Equipment		(19,686,335)
Infrastructure		138,139,530
Depreciation on Infrastructure		(109,755,783)
Construction in Progress		9,552,835
TOTAL ASSETS		<u>281,872,136</u>

LIABILITIES

Accounts Payable		9,370,253
Wages Payable		3,762,348
Interest Payable		2,235,051
Due to Other Governments		1,154,604
Unearned Revenue		936,620
Non Current Liabilities:		
Due within One Year		16,708,407
Due in More than One Year		278,634,357
TOTAL LIABILITIES		<u>312,801,640</u>

NET ASSETS

Investments In Capital Assets, Net of		
Related Debt		(24,508,897)
Restricted for Debt Service		2,056,731
Restricted for Capital Projects		79,350,128
Restricted for Other Purposes		114,819
Unrestricted		(87,942,285)
Total Net Assets	\$	<u>(30,929,504)</u>

See the notes to the financial statement.

Denton County, Texas
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2008

Functions/Programs	Program Revenues			Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions		Operating Grants and Contributions	Governmental Activities	
Governmental Activities:							
General Government	\$ 21,886,488	\$ 11,351,076	\$ 4,576,937			\$ (5,958,475)	
Judicial	15,761,539	7,897,731	994,084			(6,869,724)	
Legal	10,374,151	249,847	548,358			(9,575,946)	
Financial	5,455,359	2,501,426				(2,953,933)	
Public Facilities	11,173,330		11,275		666,515	(11,162,055)	
Public Safety	55,289,950	3,069,553	5,268,993			(46,284,889)	
Health & Welfare	8,780,134	499,755	4,580,742			(3,699,637)	
Conservation	382,928					(382,928)	
Contractual	2,889,226		713,075			(2,176,151)	
Road Maintenance	42,482,251	184,188	7,519,714		992,496	(33,785,853)	
Interest on Long-Term Debt	12,741,940	-	-		-	(12,741,940)	
Total	<u>\$ 187,217,297</u>	<u>\$ 25,753,576</u>	<u>\$ 24,213,178</u>		<u>\$ 1,659,011</u>	<u>\$ (135,591,532)</u>	
General Revenues:							
Property Taxes						116,604,155	
Grants and Contributions not restricted to Specific Programs						-	
Investment Earnings						5,629,066	
Total General Revenues						122,233,221	
Change in Net Assets						(13,358,311)	
Net Assets - Beginning						(17,571,193)	
Prior Period Adjustment						-	
Net Assets - Ending						<u>\$ (30,929,504)</u>	

See the notes to the financial statements.

Denton County, Texas
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2008

<u>ASSETS</u>	General Fund	Debt Service	2008 PI Bond Project Fund	2007 Road Bond Project Fund	Nonmajor Governmental	Total Governmental
Cash	\$ 649,547	\$ 58,113	\$ -	\$ 2	\$ 1,163,586	\$ 1,871,248
Investments	32,809,616	2,036,667	16,013,593	46,797,427	40,445,995	138,103,299
Receivables:					-	-
Taxes	1,793,606	587,117	-	-	279,575	2,660,298
Accrued Interest	63,193	-	-	-	1,737	64,931
Other Receivables	48,124	-	-	-	6,773	54,897
Due from Other Funds	819,218	-	-	-	353,051	1,172,269
Due from Other Governments	762,355	-	-	-	1,061,341	1,823,696
Inventories	114,819	-	-	-	-	114,819
TOTAL ASSETS	\$ 37,060,479	\$ 2,681,897	\$ 16,013,593	\$ 46,797,429	\$ 43,312,059	\$ 145,865,457
 <u>LIABILITIES AND FUND EQUITY</u>						
Accounts Payable	2,204,345	-	-	4,545,344	1,932,420	8,682,109
Wages Payable	3,146,380	-	-	-	615,968	3,762,348
Interest Payable	-	38,049	-	-	-	38,049
Due to Other Funds	84,017	-	59,201	85,763	889,372	1,118,353
Due to Other Governments	1,053,086	-	-	-	155,434	1,208,520
Other Payables	-	-	-	-	-	-
Deferred Revenues	2,537,958	587,117	-	-	471,843	3,596,918
TOTAL LIABILITIES	9,025,785	625,166	59,201	4,631,107	4,065,037	18,406,296
 <u>EQUITY</u>						
Fund Balances:						
Reserved for Inventories	114,819	-	-	-	-	114,819
Reserved for Debt Service	-	2,056,731	-	-	-	2,056,731
Reserved for Capital Exp	-	-	15,954,392	42,166,322	21,229,414	79,350,128
Unreserved, Reported In:						
General Fund	27,919,875	-	-	-	-	27,919,875
Special Revenue Funds	-	-	-	-	18,017,608	18,017,608
TOTAL FUND EQUITY	28,034,694	2,056,731	15,954,392	42,166,322	39,247,022	127,459,161
TOTAL LIABILITIES, EQUITY	\$ 37,060,479	\$ 2,681,897	\$ 16,013,593	\$ 46,797,429	\$ 43,312,059	

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.	130,199,326
Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds	9,084,944
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.	(133,168)
Long-term liabilities, including bond payable, are not due and payable in the current period and therefore are not reported in the funds.	(297,539,767)
Net assets of governmental activities	\$ (30,929,504)

See the notes to the financial statements.

Denton County, Texas
**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**
For the Year Ended September 30, 2008

	General Fund	Debt Service	2008 PI Bond Project Fund	2007 Road Bond Project Fund	Nonmajor Governmental	Total Governmental Funds
REVENUES						
Taxes	\$ 78,517,934	\$ 25,891,901	\$ -	\$ -	\$ 12,329,917	\$ 116,739,752
Licenses and Permits	1,105,725	-	-	-	7,191,872	8,297,596
Intergovernmental	8,290,243	-	-	-	9,020,756	17,311,000
Fees of Office	11,570,348	-	-	-	2,971,643	14,541,990
Fines	4,146,764	-	-	-	-	4,146,764
Interest	1,797,701	270,057	171,168	2,003,699	1,386,441	5,629,066
Miscellaneous	1,813,101	-	-	-	455,841	2,268,943
TOTAL REVENUES	107,241,816	26,161,958	171,168	2,003,699	33,356,470	\$ 168,935,111
EXPENDITURES						
Current:						
General Government	16,970,621	-	-	-	1,104,719	18,075,340
Judicial	14,872,221	-	-	-	913,980	15,786,201
Legal	10,301,634	-	-	-	140,755	10,442,389
Financial	5,410,292	-	-	-	57,821	5,468,113
Public Facilities	7,645,966	-	-	-	1,823,938	9,469,904
Public Safety	44,854,914	-	-	-	9,096,914	53,951,828
Health and Welfare	245,384	-	-	-	8,554,672	8,800,056
Conservation	389,404	-	-	-	-	389,404
Contract Services	2,889,226	-	-	-	-	2,889,226
Roads	-	-	-	-	10,690,649	10,690,649
Intergovernmental:	-	-	-	-	855,974	855,974
Capital Outlay	-	-	250,807	27,401,040	10,746,478	38,398,326
Debt Service:						
Principal Retirement	-	11,843,736	-	-	-	11,843,736
Interest & Service Charges	-	14,023,885	-	-	-	14,023,885
TOTAL EXPENDITURES	103,579,663	25,867,622	250,807	27,401,040	43,985,900	201,085,032
Excess (Deficiency) of Revenues Over Expenditures	<u>3,662,153</u>	<u>294,336</u>	<u>(79,639)</u>	<u>(25,397,341)</u>	<u>(10,629,430)</u>	<u>(32,149,920)</u>
Other Financing Sources (Uses):						
Issuance of Debt	-	-	15,400,000	-	8,500,000	23,900,000
Bond Premium	-	-	173,611	-	94,051	267,662
Sale of Surplus Property	-	-	-	-	353,757	353,757
Capital Lease Financing	-	-	-	-	2,489,407	2,489,407
Transfers In	104,764	-	460,420	-	3,810,201	4,375,385
Transfers Out	(4,230,621)	-	-	-	(144,764)	(4,375,385)
Refunding Bonds Issued	-	-	-	-	-	-
Refunding Bond Discount	-	-	-	-	-	-
Payments to Escrow Agent	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(4,125,857)	-	16,034,031	-	15,102,652	27,010,826
NET CHANGE IN FUND BALANCES	(463,704)	294,336	15,954,392	(25,397,341)	4,473,222	(5,139,095)
FUND BALANCE - BEGINNING	28,498,398	1,762,395	-	67,563,663	34,773,800	132,598,256
FUND BALANCE - ENDING	\$ 28,034,694	\$ 2,056,731	\$ 15,954,392	\$ 42,166,322	\$ 39,247,022	\$ 127,459,161

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, 2008

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

Net changes in fund balances -- total governmental funds (p. 17)	\$ (5,139,095)
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.	2,566,778
The net effect of various miscellaneous transactions (deletions) involving capital assets.	(825,486)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	629,485
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).	(1,589,161)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of of long-term debt and related items.	(9,660,880)
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>660,048</u>
Change in net assets of governmental activities (p. 15)	<u>\$ (13,358,311)</u>

See the notes to the financial statements.

GENERAL FUND
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended September 30, 2008

	Budget Amounts		Actual	Variance Positive(Negative) With Final Budget
	Original	Revised		
REVENUES				
TAXES	\$ 77,062,366	\$ 77,062,366	\$ 78,517,934	\$ 1,455,568
LICENSES AND PERMITS	1,140,000	1,140,000	1,105,725	(34,275)
INTERGOVERNMENTAL	5,254,228	8,532,631	8,290,243	(242,388)
FEES OF OFFICE	11,656,504	11,663,384	11,570,348	(93,036)
FINES	4,035,000	4,035,000	4,146,764	111,764
INTEREST	2,195,000	2,195,266	1,797,701	(397,565)
MISCELLANEOUS	1,463,070	1,536,998	1,813,101	276,103
TOTAL REVENUES	102,806,168	106,165,645	107,241,816	1,076,171

EXPENDITURES

GENERAL GOVERNMENT

COMMISSIONERS COURT	114,991	117,486	113,872	3,614
COMMISSIONER, PRECINCT #1	198,315	213,587	209,941	3,646
COMMISSIONER, PRECINCT #2	195,861	195,954	194,188	1,766
COMMISSIONER, PRECINCT #3	203,655	204,179	201,960	2,219
COMMISSIONER, PRECINCT #4	194,024	195,938	194,790	1,148
COUNTY JUDGE	295,767	296,317	295,391	926
BAIL BOND BOARD	3,165	3,165	765	2,400
COUNTY CLERK	3,466,624	3,485,123	3,265,133	219,990
HUMAN RESOURCES	805,610	814,407	809,952	4,455
PURCHASING DEPARTMENT	802,988	804,489	799,545	4,944
VEHICLE MAINTENANCE DEPARTMENT	401,903	411,986	378,080	33,907
NON-DEPARTMENTAL	6,139,191	5,841,307	3,218,029	2,623,278
FINANCIAL INFORMATION SYSTEMS	77,100	86,166	82,953	3,213
INFORMATION SERVICES	1,649,938	1,651,255	1,647,744	3,511
PRINT/MAIL DEPARTMENT	427,400	463,400	440,359	23,041
PUBLIC WKS/GEOGRAPHIC INFO SYS	301,844	306,083	305,474	609
DEPT OF PUBLIC WORKS/PLANNING	530,768	488,039	473,732	14,307
CHOS/BAYLESS-SELBY MUSEUM 2009	24,815	34,656	38,246	(3,590)
COURTHOUSE MUSEUM	282,617	323,763	296,626	27,137
HISTORICAL COMMISSION	70,617	70,818	68,882	1,936
RECORDS MANAGEMENT DEPARTMENT	406,732	407,393	380,325	27,068
CHOS/BAYLESS SELBY GRANT 2008	94,298	94,298	76,552	17,746
VETERANS SERVICE OFFICE	351,299	351,505	341,481	10,024
ELECTIONS ADMINISTRATION DEPT	1,189,530	1,357,678	1,279,455	78,223
CIVIL SERVICE COMMISSION	6,075	6,075	-	6,075
COUNTY WIDE TECHNOLOGY	1,642,016	1,872,330	1,857,148	15,182
Total General Government	19,877,143	20,097,397	16,970,621	3,126,776

JUDICIAL

JUDICIARY AND COURT SUPPORT	344,620	344,620	274,929	69,691
16TH DISTRICT COURT	588,841	778,841	778,186	655
158TH DISTRICT COURT	594,737	618,637	613,258	5,379
211TH DISTRICT COURT	596,643	641,968	661,650	(19,682)

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - (CONTINUED)
For the Year Ended September 30, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Revised</u>		<u>Positive(Negative) With Final Budget</u>
362ND DISTRICT COURT	597,278	654,130	694,105	(39,975)
367TH DISTRICT COURT	597,851	672,436	686,661	(14,225)
393RD DISTRICT CT - FAMILY LAW	274,993	353,421	320,164	33,257
COUNTY COURT AT LAW NO. 1	589,694	590,981	568,290	22,691
COUNTY CRIMINAL COURT #2	599,934	601,698	597,918	3,780
COUNTY COURT AT LAW #2 / CIVIL	358,497	359,373	358,152	1,221
PROBATE COURT	1,485,102	1,485,102	1,490,709	(5,607)
COUNTY CRIMINAL COURT #1	594,032	594,998	584,233	10,765
COUNTY CRIMINAL COURT #3	594,278	596,389	547,910	48,479
COUNTY CRIMINAL COURT #4	585,507	586,809	585,924	885
COUNTY CRIMINAL COURT #5	583,448	584,706	548,051	36,655
DISTRICT CLERK	1,345,725	1,355,795	1,301,914	53,881
COUNTY COURT ADMINISTRATOR	82,341	82,497	80,661	1,836
JUSTICE OF THE PEACE, PCT 1	463,411	464,337	441,259	23,078
JUSTICE OF THE PEACE, PCT 2	299,782	300,162	294,952	5,210
JUSTICE OF THE PEACE, PCT 3	337,409	337,751	335,323	2,428
JUSTICE OF THE PEACE, PCT 4	293,794	293,794	291,124	2,670
JUSTICE OF THE PEACE, PCT 5	474,729	490,191	458,056	32,135
JUSTICE OF THE PEACE, PCT 6	300,394	301,879	300,966	913
JUVENILE CASE MANAGER	47,504	54,384	48,993	5,391
DISTRICT COURT ADMINISTRATOR	160,653	161,038	160,091	947
JURY AND GRAND JURY	166,136	168,211	162,892	5,319
JUSTICE INFORMATION SYSTEM	732,806	699,181	696,944	2,237
DEATH INVESTIGATIONS/MED EXMNR	742,461	747,427	739,257	8,170
COLLECTIONS DEPARTMENT	251,575	249,636	249,649	(13)
Total Judicial	14,684,175	15,170,392	14,872,221	298,171
LEGAL				
CRIMINAL DISTRICT ATTORNEY	8,070,265	8,120,984	8,034,091	86,893
CRIMINAL DA - CPS DIVISION	337,179	550,193	546,181	4,012
PROSECUTION ENHANCEMENT GRANT	-	180,640	186,590	(5,950)
CRIMINAL DA - CIVIL DIVISION	1,224,268	1,269,522	1,237,973	31,549
JUV CHILD ABUSE PROS GRANT	-	106,639	107,278	(639)
FAMILY VIOLENCE EXPANSION GRT	-	202,149	189,522	12,627
Total Legal	9,631,712	10,430,127	10,301,634	128,493
FINANCIAL				
COUNTY AUDITOR	1,044,921	1,045,486	1,038,112	7,374
COUNTY TREASURER	468,651	468,651	464,251	4,400
TAX ASSESSOR-COLLECTOR	3,483,318	3,495,462	3,392,134	103,328
BUDGET DIRECTOR	519,662	519,662	515,795	3,867
Total Financial	5,516,552	5,529,261	5,410,292	118,969

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - (CONTINUED)
For the Year Ended September 30, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance Positive(Negative) With Final Budget</u>
	<u>Original</u>	<u>Revised</u>		
PUBLIC FACILITIES				
CARROLL BLDG-CO ADMINISTRATION	246,465	242,002	201,207	40,795
DENTON COUNTY COURTS BUILDING	2,088,668	768,351	683,745	84,606
PRINT/MAIL FACILITY	9,411	9,566	8,524	1,042
COURTHOUSE ON THE SQUARE	178,314	181,915	163,777	18,138
EMERGENCY MANAGEMENT FACILITY	93,972	109,537	87,978	21,559
DENTON COUNTY STORAGE BUILDING	8,700	12,575	9,736	2,839
HISTORICAL PARK FACILITIES	45,600	40,673	13,216	27,457
COURTHOUSE ANNEX	49,238	49,473	46,419	3,055
MARY & JIM HORN GOVT CENTER	107,843	429,500	420,480	9,020
LEE WALKER GOVERNMENT CENTER	65,916	73,502	59,047	14,455
JONES STREET BLDG-LEWISVILLE	4,600	4,600	1,284	3,316
PCT. 4 GOVERNMENT CENTER	2,500	2,500	-	2,500
CPS-LEWISVILLE	20,032	24,918	20,640	4,278
ELECTIONS STORAGE BUILDING	13,000	31,400	26,143	5,257
SANDY JACOBS GOVERNMENT CENTER	50,621	74,416	55,332	19,084
STEVEN E COPELAND GOVT CENTER	72,300	179,381	157,834	21,547
THE COLONY ANNEX	32,914	60,253	61,190	(937)
SANGER ANNEX	35,504	71,242	69,927	1,315
DENTON CO GOVT CENTER - DENTON	142,982	143,452	125,721	17,731
CHARLIE COLE BUILDING	289,417	290,284	264,414	25,870
LAW ENFORCEMENT FACILITY	2,345,860	2,427,712	2,256,701	171,011
EAST OAK STREET FACILITIES	8,146	8,179	6,424	1,755
FACILITIES MANAGEMENT	2,021,795	2,015,233	1,820,337	194,896
COUNTY LEASED BUILDINGS	310,068	313,156	306,467	6,689
VEHICLE MAINTENANCE FACILITY	23,150	23,150	20,042	3,108
OPERATIONS-RECYCLING DEPT	63,137	64,837	60,940	3,897
TELEPHONE DEPARTMENT	731,224	689,313	698,442	(9,129)
Total Public Facilities	9,061,377	8,341,120	7,645,966	695,154
PUBLIC SAFETY				
COUNTY JAIL	20,593,111	20,628,550	20,251,861	376,689
JAIL HEALTH DEPARTMENT	2,796,736	2,814,251	2,585,612	228,639
SHERIFF'S COMMUNICATIONS DVSN	1,795,663	1,940,205	1,892,743	47,462
SHERIFF	11,582,090	11,909,921	11,675,206	234,715
CHILD ABUSE INVESTIGATION UNIT	-	6,689	-	6,689
SHERIFF'S MENTAL HEALTH UNIT	739,326	732,354	732,824	(470)
SHERIFF'S RESERVE UNIT	47,489	46,489	36,811	9,678
SCHOOL RESOURCE OFFICER	-	71,456	69,439	2,017
COPPER CANYON INTERLOCAL CNTRT	25,407	181,019	163,526	17,493
CSCD (GENERAL FUND)	192,291	195,567	188,407	7,160
JUVENILE ACCOUNTABILITY GRANT	66,991	67,321	66,121	1,200
DENTON CO FRESHWATER CONTRACT	-	155,962	159,519	(3,557)
CONSTABLE, PCT. 1	670,418	684,663	665,061	19,602
CONSTABLE, PCT. 2	530,060	538,999	528,641	10,358
CONSTABLE, PCT. 3	633,053	646,335	622,202	24,133
CONSTABLE, PCT. 4	597,175	613,159	605,371	7,788
CONSTABLE, PCT. 5	574,419	598,603	575,890	22,713

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - (CONTINUED)
For the Year Ended September 30, 2008

	Budget Amounts			Variance Positive(Negative) With Final Budget
	Original	Revised	Actual	
CONSTABLE, PCT. 6	485,738	519,524	506,610	12,914
NORTHWEST ISD ASAP OFFICER	-	43,330	35,483	7,847
LICENSE AND WEIGHT	-	-	78	(78)
FIRE AND AMBULANCE SERVICES	1,941,310	1,941,310	1,782,853	158,457
DEPARTMENT OF PUBLIC SAFETY	171,847	172,739	163,306	9,433
ALCOHOLIC BEVERAGE COMMISSION	3,650	3,650	3,269	381
2007 HOMELAND SECURITY GRANT	-	569,600	2,197	567,403
GAME WARDEN	11,900	11,900	11,004	896
DEPT OF EMERGENCY SERVICES	828,282	866,975	841,470	25,505
2006 HOMELAND SECURITY GRANT	-	762,869	689,410	73,459
Total Public Safety	44,286,956	46,723,440	44,854,914	1,868,526
HEALTH & WELFARE				
CHILD PROTECTIVE SERVICES	253,844	263,845	245,384	18,461
Total Health & Welfare	253,844	263,845	245,384	18,461
CONSERVATION				
COUNTY EXTENSION	430,387	430,387	389,404	40,983
Total Conservation	430,387	430,387	389,404	40,983
INTERGOVERNMENTAL				
CONTRACT SERVICES	2,885,657	2,901,307	2,889,226	12,081
Total Intergovernmental	2,885,657	2,901,307	2,889,226	12,081
TOTAL EXPENDITURES	106,627,803	109,887,276	103,579,663	6,307,613
Excess of Revenues over Expenditures	(3,821,635)	(3,721,631)	3,662,153	7,383,784
Other Financing Sources and Uses:				
Transfers In	56,500	102,831	104,764	1,933
Transfers Out	(2,295,000)	(4,230,621)	(4,230,621)	-
Total Other Financing Sources and Uses	(2,238,500)	(4,127,790)	(4,125,857)	1,933
Net Change in Fund Balances	(6,060,135)	(7,849,421)	(463,704)	7,385,717
Fund Balances - Beginning	28,498,398	28,498,398	28,498,398	-
Fund Balances - Ending	\$ 22,438,263	\$ 20,648,977	\$ 28,034,694	\$ 7,385,717

See the notes to the financial statements.

**Denton County, Texas
STATEMENT OF NET ASSETS
PROPRIETARY FUND
September 30, 2008**

**Governmental
Activities Internal
Service Fund**

ASSETS

Current Assets:

Cash

\$ 554,976

Investments

-

Accrued Interest

-

Other Assets

-

Due from Other Funds

-

Due from Other Governments

-

TOTAL ASSETS

\$ 554,976

LIABILITIES

Current Liabilities:

Accounts Payable

\$ 688,144

Due to Other Funds

-

Due to Other Governments

-

TOTAL LIABILITIES

688,144

NET ASSETS

Unrestricted

(133,168)

TOTAL NET ASSETS

(133,168)

See the notes to the financial statements.

Denton County, Texas
STATEMENT OF REVENUES, EXPENSES
AND CHANGES FUND NET ASSETS
PROPRIETARY FUND
For the Fiscal Year Ended September 30, 2008

Governmental
Activities Internal
Service Fund

OPERATING REVENUES

Charges for Services	\$ 15,993,010
Other Revenue	<u>162,787</u>

TOTAL OPERATING REVENUES	<u>16,155,797</u>
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OPERATING EXPENSES

Incurred Claims	7,015,616
Estimated Claims	688,144
Administrative Expenses	7,526,573
Reinsurance Premiums	<u>273,760</u>

TOTAL OPERATING EXPENSES	<u>15,504,093</u>
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OPERATING INCOME (LOSS)	<u>651,704</u>
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NONOPERATING REVENUES(EXPENSES)

Interest Revenue	<u>8,344</u>
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INCOME BEFORE TRANSFERS	<u>660,048</u>
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Transfers From Other Funds	<u>-</u>
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CHANGES IN NET ASSETS	<u>660,048</u>
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TOTAL NET ASSETS - BEGINNING	<u>(793,216)</u>
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TOTAL NET ASSETS - ENDING	<u>\$ (133,168)</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, 2008

**Governmental
Activities Internal
Service Fund**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts for Services	\$ 15,993,010
Receipts from Reinsurance and Refunds	162,787
Payments for Claims	(7,741,814)
Payments for Administrative Services	(7,526,573)
Payments for Reinsurance	(273,760)
Net Cash Provided by Operating Activities	<u>613,650</u>

**CASH FLOWS FROM NONCAPITAL
FINANCING ACTIVITIES**

Transfer of Funds	-
Repayment of Interfund Loans	(67,018)
Net Cash Provided by Noncapital Financing Activities	<u>(67,018)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Revenue	8,344
Net Cash Provided by Investing Activities	<u>8,344</u>

Net Increase (Decrease) in Cash 554,976

Cash, Beginning of Year -
Cash, End of Year \$ 554,976

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

Operating Income	<u>\$ 651,704</u>
(Increase) Decrease in Other Assets	-
Increase (Decrease) in Accounts Payable	(38,054)
Total Adjustments	<u>(38,054)</u>
Net Cash Provided (Used) by Operations	<u>\$ 613,650</u>

See the notes to the financial statements.

Denton County, Texas
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
September 30, 2008

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 8,379,458
Investments	15,129,699
Accrued Interest	12,657
Other Assets	-
Due from Other Funds	823
Due from Other Govts	-
	<hr/>
TOTAL ASSETS	<u>\$ 23,522,637</u>
 <u>LIABILITIES</u>	
Accounts Payable	\$ 61,138
Wages Payable	167,948
Due to Other Funds	54,739
Due to Other Governments	9,817,804
Due to Beneficiaries	13,421,008
	<hr/>
TOTAL LIABILITIES	<u>23,522,637</u>
 NET ASSETS	 <u>\$ -</u>

See the notes to the financial statements.

Denton County, Texas

Notes to the Financial Statements September 30, 2008

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, but interfund services provided and used are not eliminated in the process of consolidating the County's financial activities. 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 *2008 Permanent Improvement Bond Project Fund* is used to account for the receipt and expenditure of voter approved debt proceeds for construction of Phase I of an administrative complex located on land that the County owns on Loop 288 in the City of Denton.

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. Examples of these resources include fees of the State of Texas collected for and remitted to the State and funds paid into the courts and held pending final case disposition. 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
Heavy Trucks	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.

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 (\$297,989,767) difference are as follows:

Bonds payable	(\$ 285,616,004)
Capital leases payable	(2,136,690)
Unamortized bond premium	(1,914,767)
Interest payable accrued	(2,197,002)
Compensated absences	<u>(6,125,304)</u>
Net adjustment to reduce fund balance to arrive at net assets	<u>(\$297,989,767)</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 (\$2,566,778) difference are as follows:

Capital outlay	\$12,623,263
Depreciation expense	(10,056,485)

Net adjustment to increase *net changes in fund balances – total governmental funds* to arrive at *changes in net assets of governmental activities* (\$2,566,778)

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 (\$9,660,880) difference are as follows:

Debt issued or incurred:	
Capital lease financing	(\$ 2,489,407)
Issuance of general obligation bonds	(23,900,000)

Debt repayments:	
General obligation debt	11,843,736
Capital lease payments	3,143,982
Bond premium amortization	458,864
Bond interest accrual	1,281,945
Payments to Escrow Agent	<u>-</u>

Net adjustment to increase *net changes in fund balances – total governmental funds* to arrive at *changes in net assets of governmental activities* (\$9,660,880.)

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 (\$1,589,161) difference are as follows:

Compensated absences (\$1,589,161)

Net adjustment to decrease net changes in *fund balances-total governmental funds* to arrive at changes in *net assets of governmental activities* (\$1,589,161)

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, 2008, encumbrances of approximately \$2.4 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 Capital Replacement Fund from the GAAP basis to the budgetary basis of reporting:

Capital Repl Fund expenditures, GAAP basis	\$3,709,938
Capital lease acquisitions	<u>(2,489,407)</u>
Cap. Repl. Fund expenditures, budgetary basis	<u>\$1,220,531</u>

B. Excess of expenditures over appropriations

For the year ended September 30, 2008, 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 \$133,168 as of September 30, 2008. 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. Also, the Voter Registration

Special Revenue Fund had a deficit fund balance of \$10,169 that will be made up from fees charged to other government entities for conducting their elections.

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, 2008 Denton County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Treasuries and Agencies	\$ 2,000,000	0.25
Local Government Investment Pools	<u>\$ 139,373,063</u>	0.22
Total fair value	<u>\$ 141,373,063</u>	
Portfolio weighted average maturity		<u>0.22</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 \$10,658,990 and the bank balance was \$7,964,095. 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 2008, the County's tax rate for general governmental services was 18.383 cents per \$100 of assessed value, and the interest and sinking fund rate was 5.206 cents.

Delinquent taxes receivable as disclosed in the financial statement represent all uncollected property taxes for the last twenty years. Property taxes that are more than 20 years delinquent and are not subject to an existing lawsuit for collection must be removed from the delinquent tax roll. Based on the County's

collection history, no allowance for uncollectables has been included in the financial statements.

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

Unavailable:	
Property taxes receivable:	
General Fund	\$1,793,606
Debt Service Fund	587,117
Other Nonmajor Governmental Funds	279,575
Unearned:	
Grants Payable and	
Other Deferred Revenues	<u>936,620</u>
Total Deferred	<u>\$ 3,596,918</u>

C. Capital Assets

Capital Asset activity for the year ended September 30, 2008 was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Capital Assets, Not Being Depreciated:				
Land	\$ 8,528,328	\$ -	\$ -	\$ 8,528,328
Construction in Progress	<u>4,764,572</u>	<u>8,227,460</u>	<u>(3,439,198)</u>	<u>9,552,834</u>
Total Capital Assets, Not Being Depreciated	<u>13,292,900</u>	<u>8,227,460</u>	<u>(3,439,198)</u>	<u>18,081,162</u>
Capital Assets, Being Depreciated:				
Buildings	92,184,890	3,589,604	(19,432)	95,755,062
Machinery and Equipment	27,662,734	5,023,655	(2,303,120)	30,383,269
Infrastructure	<u>135,526,570</u>	<u>2,703,644</u>	<u>(90,684)</u>	<u>138,139,530</u>
Total Capital Assets Being Depreciated	<u>255,374,194</u>	<u>11,316,903</u>	<u>(2,413,236)</u>	<u>264,277,861</u>
Less Accumulated Depreciation For:				
Buildings	(20,984,212)	(1,736,711)	3,343	(22,717,580)
Machinery and Equipment	(18,316,959)	(2,863,099)	1,493,723	(19,686,335)
Infrastructure	<u>(104,389,792)</u>	<u>(5,456,675)</u>	<u>90,684</u>	<u>(109,755,783)</u>
Total Accumulated Depreciation	<u>(143,690,963)</u>	<u>(10,056,485)</u>	<u>1,587,750</u>	<u>(152,159,698)</u>
Total Capital Assets Being Depreciated, Net	<u>111,683,231</u>	<u>1,260,418</u>	<u>(825,486)</u>	<u>112,118,163</u>
Total Capital Assets, Net	<u>\$ 124,976,131</u>	<u>\$ 9,487,878</u>	<u>\$ (4,264,684)</u>	<u>\$ 130,199,325</u>

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

Governmental Activities:	
General Government	\$ 617,190
Judicial	\$ 38,641
Legal	\$ 1,644
Financial	\$ 20,273
Public Facilities	\$ 1,775,414
Public Safety	\$ 1,499,476
Health & Welfare	\$ 15,453
Conservation	\$ -
Road Maintenance	<u>\$ 6,088,394</u>
Total Depreciation Expense	<u>\$ 10,056,485</u>

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>
2004 Tax Note Fund	\$ 4,125,000	\$ 2,817,873	\$	- None
2005 Road Projects	\$ 50,556,267	\$ 47,542,232	\$	- None
2005 CO's	\$ 11,865,000	\$ 9,893,803	\$	- None
2007 Road Projects	\$ 100,000,000	\$ 5,713,350		None
2007 Tax Note Fund	\$ 6,475,000	\$ 285,394	\$ 406,000	- None

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of September 30, 2008, is as follows:

	<u>Due From:</u>						
<u>Due To:</u>	<u>General Fund</u>	<u>2005 Road Bond Fund</u>	<u>2007 Road Bond Fund</u>	<u>Non Major Governmental Funds</u>	<u>Agency Funds</u>	<u>Internal Service Fund</u>	<u>Total</u>
General Fund				\$ 765,302	\$ 53,916		\$ 819,218
2005 Road Bond			85,763				85,763
2007 Road Bond							-
Nonmajor Governmental Funds	-			183,271			267,288
Agency Funds	84,017						-
Internal Service Fund							-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 84,017</u>	<u>\$ -</u>	<u>\$ 85,763</u>	<u>\$ 948,573</u>	<u>\$ 53,916</u>	<u>\$ -</u>	<u>\$ 1,172,269</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			\$ 4,230,621		\$ 4,230,621
Debt Service					-
2005 Road Bond					-
Nonmajor					
Governmental Funds	\$ 104,764		40,000		144,764
Internal Service Fund	-	-	-	-	-
Total	<u>\$ 104,764</u>	<u>\$ -</u>	<u>\$ 4,270,621</u>	<u>\$ -</u>	<u>\$ 4,375,385</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 \$2,859,075 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, 2008 is as follows:

<u>Year</u>	<u>Amount</u>
2009	\$ 654,275
2010	636,087
2011	545,056
2011 & thereafter	<u>545,056</u>
Total minimum lease payments	\$ 2,380,474
Less: Amount representing interest	<u>(243,784)</u>
Present value of net future minimum lease payments	<u>\$ 2,136,690</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 10/01/07</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at 09/30/08</u>
\$8,020,000 1999 Permanent Improvement Bonds, due in varying amounts through 2019 at an average interest rate of 4.68% for jail expansion.	765,000	-	375,000	390,000
\$26,567,570 1999 Permanent Improvement & Refunding Bonds, due in varying amounts through 2019 at an average interest rate of 5.12% for road projects.	7,949,739	-	728,736	7,221,003
\$13,255,000 1999A Certificates of Obligation, due in varying amounts through 2020 at an average interest rate of 5.60% for jail expansion.	1,925,000	-	610,000	1,315,000
\$24,000,000 2000 Permanent Improvement Bonds due in varying amounts through 2026 at an average interest rate of 5.45% for road projects.	2,175,000	-	690,000	1,485,000
\$1,850,000 2000 Tax Notes due in varying amounts through 2007 at an average interest rate of 4.65% for building acquisition.	405,000	-	405,000	-
\$3,680,000 2002 Tax Notes due in varying amounts through 2008 at an average interest rate of 3.449% for building restoration.	1,300,000	-	640,000	660,000

\$5,740,000 2003 Tax Notes due in varying amounts through 2010 at an average interest rate of 2.479% for building remodeling.	2,895,000	-	935,000	1,960,000
\$25,375,000 2004 General Obligation Refunding Bonds due in varying amounts through 2012 at an average interest rate of 2.88% for road projects.	13,710,000	-	2,505,000	11,205,000
\$4,125,000 2004 Tax Notes due in varying amounts through 2011 at an average interest rate of 2.972% for building projects.	2,475,000	-	590,000	1,885,000
\$50,000,000 2005 Permanent Improvement Bonds due in varying amounts through 2030 at an average interest rate of 4.5044% for road projects.	48,745,000	-	1,305,000	47,440,000
\$19,545,000 2005 General Obligation Refunding Bonds due in varying amounts through 2022 at an average interest rate of 4.53% issued to refinance previously issued bonds.	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% issued to refinance previously issued bonds.	32,285,000	-	1,600,000	30,685,000
\$11,865,000 2005 Certificates of Obligation due in varying amounts through 2020 at an average interest rate of 4.17% for land purchase and building repair projects.	11,525,000		705,000	10,820,000
\$19,315,000 2006 Permanent Improvement Refunding Bonds due in varying amounts through 2026 at an average interest rate of 4.63% issued to refinance previously issued bonds.	19,205,000		45,000	19,160,000

<p>\$102,515,000 2007 Permanent Improvement Bonds due in varying amounts through 2032 at an average rate of 4.3547% for road and building projects.</p>	102,515,000	-	-	102,515,000
<p>\$6,440,000 2007 Tax Notes due in varying amounts through 2014 at an average interest rate of 3.8468% for computer and building projects.</p>	6,440,000	-	710,000	5,730,000
<p>\$15,400,000 2008 Permanent Improvement Bonds due in varying amounts through 2028 at an average interest rate of 4.429% for building projects.</p>	-	15,400,000	-	15,400,000
<p>\$8,500,000 2008 Tax Notes due in varying amounts through 2015 at an average interest rate of 3.0484% for technology and building projects.</p>	-	8,500,000	-	8,500,000
<p>Total General Obligation Bonds Payable</p>	273,559,739	23,900,000	11,843,736	285,616,003
<p>Unrealized Loss/Bond Premium</p>	1,682,521	-	217,754	1,464,767
<p>Compensated Absences</p>	4,536,143	1,977,659	388,498	6,125,304
<p>Capital Leases</p>	301,857	2,489,407	654,574	2,136,690
<p>TOTAL</p>	<u>\$ 280,080,260</u>	<u>\$ 28,367,066</u>	<u>\$ 13,104,562</u>	<u>\$ 295,342,764</u>

Of the above debt, \$15,555,270 of the bonded debt, \$192,869 of the unrealized loss/bond premium, \$612,530 of the compensated absences, and \$588,848 of the capital leases are due within one year of the date of this financial statement. The liability for compensated absences is generally liquidated by the General Fund and certain Special Revenue Funds.

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>
2009	15,555,270	13,297,318	28,852,588
2010	16,765,733	12,222,829	28,988,562
2011	15,545,000	11,387,784	26,932,784
2012	15,250,000	10,724,947	25,974,947
2013	12,790,000	10,057,709	22,847,709
2014-2018	60,540,000	41,929,898	102,469,898
2019-2023	56,885,000	29,090,713	85,975,713
2024-2028	60,615,000	14,896,790	75,511,790
2029-2033	<u>31,670,000</u>	<u>3,279,660</u>	<u>34,949,660</u>
Total	<u>\$ 285,616,003</u>	<u>\$ 146,887,648</u>	<u>\$ 432,503,651</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 April, 2008 the County issued \$15,400,000 in permanent improvement bonds for construction of a new building for the Health Department and Children's Protective Services, and \$8,500,000 in tax notes for building construction and repair and for technology enhancements.

In prior years, Denton County defeased certain permanent improvement bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On September 30, 2008, \$66,240,000 of bonds defeased in prior years remained outstanding.

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. All \$18,320,000 of the defeased bonds were outstanding as of the fiscal year end.

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. All \$18,595,000 of the defeased bonds were outstanding as of the fiscal year end.

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. \$14,965,000 of the defeased bonds were outstanding as of the fiscal year end.

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. \$14,360,000 of the defeased bonds were outstanding as of the fiscal year end.

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. None of the defeased bonds were outstanding at the fiscal year end.

As of September 30, 2008 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 \$72,505,000 in authorized but un-issued permanent improvement bonds

as of September 30, 2008. All of the total available \$70,505,000 was approved for road 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 2007. \$15,400,000 of building bonds was issued in the April, 2008 sale discussed above.

V. OTHER INFORMATION

A. Risk management

Denton County is exposed to various risks of loss relating to general liability, the accidental loss of real and personal property, damage to County assets, errors and omissions and personnel risks which relate to workers compensation. The County carries commercial insurance in order to manage the above listed risks. Amounts of coverage for the above types of risk have not been subject to a significant reduction in the past year. There have been no claims in excess of the County's insurance coverage in the past year.

The County has established a limited risk management program for employees' and their dependents' medical and dental insurance coverage. Employees' premiums are paid by the General, Special Revenue and some Agency funds into the Insurance Internal Service fund. These premiums are recorded as expenditures in the paying funds and are available to pay claims, excess coverage insurance and administrative costs of the program. During fiscal 2008 a total of \$15,542,147 was paid in benefits, excess coverage premiums and administrative costs. The excess coverage insurance covers the plan against individual claims in excess of \$250,000 per covered person per year. Estimated claims payable, based upon claims filed and estimated un-filed claims at year end, were \$688,144 of September 30, 2008. Changes in the balances of claims liabilities during the past year are as follows:

	<u>2008</u>	<u>2007</u>
Unpaid Claims, beginning of fiscal year	\$ 726,198	\$ 1,117,671
Incurred Claims (including incurred but not reported)	7,703,760	7,910,763
Claim payments	(7,741,814)	(8,302,236)
Unpaid Claims, end of fiscal year	<u>\$ 688,144</u>	<u>\$ 726,198</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 106 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, 2008, retiree premiums paid to the plan totaled \$278,462 which represents approximately 50% of the cost of the benefits received.

D. Subsequent Event

On November 4, 2008, the voters of Denton County approved bond election propositions authorizing Denton County to issue bonds totaling \$310,000,000 for road and bridge maintenance and construction, and \$185,000,000 for purchasing, constructing and improving county buildings and facilities. Projects that will be funded by bonds authorized in this election have been identified in Denton County's adopted capital improvements plan. The bonds will be issued in varying amounts in the next 5 years.

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 8.95% for the months of the accounting year in 2007, and 8.73% for the months of the accounting year in 2008

The deposit rate payable by the employee members of the plan for calendar year 2008 is 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, 2008, the annual pension cost for the TCDRS plan for its employees was \$5,947,945 and the actual contributions were \$5,947,945.

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, 2006 and December 31, 2007, the basis for determining the contribution rates for calendar years 2007 and 2008. The December 31, 2007 actuarial valuation is the most recent valuation.

D. Actuarial Valuation Information

Actuarial valuation date	12/31/2005	12/31/2006	12/31/2007
Actuarial cost method	Entry Age	Entry Age	Entry Age
Amortization method	Level percent- age of payroll, Open	Level percent- age of payroll, Closed	Level percent- age of payroll, Closed
Amortization period in years	20	15	15
Asset valuation method	Long-term appreciation with adjustment	SAF: 10 year smoothed value ESF: Fund value	SAF: 10 year smoothed value ESF: Fund value
Actuarial assumptions:			
Investment return (1)	8.00%	8.00%	8.00%
Projected salary increases (1)	5.30%	5.30%	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, 2006	\$5,057,204	100%	\$ -
September 30, 2007	\$5,672,885	100%	\$ -
September 30, 2008	\$5,947,947	100%	\$ -

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)
12/31/2005	\$ 102,382,719	\$ 118,073,928	\$ 15,691,209	86.71%	\$ 59,514,978	26.37%
12/31/2006	\$ 118,327,398	\$ 131,218,616	\$ 12,891,218	90.18%	\$ 62,472,169	20.64%
12/31/2007	\$ 133,360,045	\$ 146,560,102	\$ 13,200,057	90.99%	\$ 65,543,843	20.14%

(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.

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.

Public Health Preparedness Grant Fund:

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

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.

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.

2008 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 to fund major repairs and renovations to existing County facilities.

2005 Road Bond Project Fund:

To account for the receipt and expenditure of Permanent Improvement Bond proceeds issued to fund the construction various road projects in the County.

Capital Replacement Fund:

To account for funds set aside to fund the acquisition of major capital equipment and to fund major repairs of county facilities without the need of debt issuance.



Denton County, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2008

SPECIAL REVENUE	Road & Bridge Fund	Jury Fund	Juvenile Probation Fund	Voter Registration Fund
ASSETS				
Cash	\$ 23,397	\$ 10,059	\$ 162,823	\$ -
Investments	4,812,243	184,235	2,653,403	205
Receivables				
Taxes	61,714	4,788	127,418	-
Accrued Interest	-	-	-	-
Other Receivables	-	-	6,773	-
Due from Other Funds	38,488	-	-	-
Due from Other Governments	-	-	-	50,063
TOTAL ASSETS	\$ 4,935,842	\$ 199,082	\$ 2,950,417	\$ 50,268
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 759,442	\$ -	\$ 107,937	\$ 14,878
Wages Payable	152,179	-	251,082	-
Due to Other Funds	-	-	118	45,559
Due to Other Governments	-	-	154,854	-
Deferred Revenues	61,714	4,788	127,418	-
TOTAL LIABILITIES	973,336	4,788	641,409	60,437
FUND BALANCES				
Reserved for Capital Expenditures	-	-	-	-
Unreserved, Undesignated	3,962,506	194,294	2,309,008	(10,169)
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,935,842	\$ 199,082	\$ 2,950,417	\$ 50,268

Indigent Care Fund	Public Health Fund	Law Library Fund	County Clerk Records Mgmt Fund	Courthouse Security Fund	Sheriff's Training Fund
\$ -	\$ 105,281	\$ 102,029	\$ 49,344	\$ 22,114	\$ 88,420
1,396,663	928,367	433,425	3,825,739	81,916	-
31,389	54,266	-	-	-	-
-	2	-	-	-	-
-	-	-	-	-	-
-	123,950	-	-	45,000	-
-	99,951	-	-	-	-
\$ 1,428,052	\$ 1,311,816	\$ 535,454	\$ 3,875,083	\$ 149,030	\$ 88,420
\$ 170,278	\$ 93,292	\$ 17,021	\$ 61,932	\$ 31,836	\$ 210
5,734	114,650	4,200	2,192	-	-
20,839	-	-	20,478	-	-
-	580	-	-	-	-
31,389	54,266	-	-	-	-
228,240	262,788	21,222	84,602	31,836	210
-	-	-	-	-	-
1,199,812	1,049,028	514,233	3,790,481	117,194	88,210
\$ 1,428,052	\$ 1,311,816	\$ 535,454	\$ 3,875,083	\$ 149,030	\$ 88,420

Continued

Denton County, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2008

SPECIAL REVENUE	Sheriff's Forfeiture Fund	Vehicle Inventory Tax Interest Fund	Records Management Fund	District Attorney Check Fee Fund
ASSETS				
Cash	\$ 25,489	\$ 1,160	\$ 75,593	\$ 60,069
Investments	487,254	159,132	161,400	-
Receivables				
Taxes	-	-	-	-
Accrued Interest	-	1,736	-	-
Other Receivables	-	-	-	-
Due from Other Funds	529	-	-	-
Due from Other Governments	-	-	-	-
TOTAL ASSETS	\$ 513,272	\$ 162,028	\$ 236,993	\$ 60,069
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 48	\$ 1,641	\$ 1,087	\$ -
Wages Payable	-	-	5,301	4,839
Due to Other Funds	10,140	-	-	-
Due to Other Governments	-	-	-	-
Deferred Revenues	126,281	-	-	-
TOTAL LIABILITIES	136,469	1,641	6,387	4,839
FUND BALANCES				
Reserved for Capital Expenditures	-	-	-	-
Unreserved, Undesignated	376,803	160,387	230,605	55,229
TOTAL LIABILITIES AND FUND BALANCES	\$ 513,272	\$ 162,028	\$ 236,993	\$ 60,069

District Attorney Forfeiture Fund	Women, Infants, and Children Fund	Health Care Relief Fund	JP Court Technology Fund	Public Health Preparedness Grant	District Clerk Records Mgmt Fund
\$ 54,371	\$ -	\$ 1,545	\$ 60,158	\$ -	\$ 19,077
254,055	-	2,517,313	573,718	-	20,479
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
120	-	-	-	-	-
-	426,831	-	-	484,496	-
<u>\$ 308,547</u>	<u>\$ 426,831</u>	<u>\$ 2,518,858</u>	<u>\$ 633,875</u>	<u>\$ 484,496</u>	<u>\$ 39,556</u>
\$ 126	\$ 6,172	\$ 18,909	\$ -	\$ 30,293	\$ -
-	52,794	-	-	17,588	-
-	341,200	-	-	417,633	-
-	-	-	-	-	-
65,987	-	-	-	-	-
66,113	400,166	18,909	-	465,514	-
-	-	-	-	-	-
242,434	26,665	2,499,950	633,875	18,982	39,556
<u>\$ 308,547</u>	<u>\$ 426,831</u>	<u>\$ 2,518,858</u>	<u>\$ 633,875</u>	<u>\$ 484,496</u>	<u>\$ 39,556</u>

Continued

Denton County, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2008

SPECIAL REVENUE	JP Court Security Fund	Fire Code Enforcement Fund	Museum Endowment Fund	TOTAL Special Revenue Funds
ASSETS				
Cash	\$ 45,009	\$ 244,099	\$ 716	\$ 1,150,751
Investments	-	221,592	15,359	18,726,500
Receivables				
Taxes	-	-	-	279,575
Accrued Interest	-	-	-	1,737
Other Receivables	-	-	-	6,773
Due from Other Funds	-	-	-	208,087
Due from Other Governments	-	-	-	1,061,341
TOTAL ASSETS	\$ 45,009	\$ 465,691	\$ 16,075	\$ 21,434,764
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ 2,840	\$ -	\$ 1,317,944
Wages Payable	-	5,410	-	615,968
Due to Other Funds	-	-	-	855,967
Due to Other Governments	-	-	-	155,434
Deferred Revenues	-	-	-	471,843
TOTAL LIABILITIES	-	8,251	-	3,417,156
FUND BALANCES				
Reserved for Capital Expenditures	-	-	-	-
Unreserved, Undesignated	45,009	457,440	16,075	18,017,608
TOTAL LIABILITIES AND FUND BALANCES	\$ 45,009	\$ 465,691	\$ 16,075	\$ 21,434,764

Denton County, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2008

CAPITAL PROJECTS	Road & Bridge Construction Fund	1999 Road Project Construction Fund	2000 Road Project Construction Fund
<u>ASSETS</u>			
Cash	\$ -	\$ -	\$ -
Investments	312,997	672,592	106,534
Receivables			
Taxes	-	-	-
Accrued Interest	-	-	-
Other Receivables	-	-	-
Due from Other Funds	-	-	-
Due from Other Governments	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 312,997	\$ 672,592	\$ 106,534
 <u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts Payable	\$ 1,500	\$ 11,150	\$ 17,533
Wages Payable	-	-	-
Due to Other Funds	-	-	-
Due to Other Governments	-	-	-
Deferred Revenues	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	1,500	11,150	17,533
 <u>FUND BALANCES</u>			
Reserved for Capital Expenditures	311,497	661,442	89,001
Unreserved, Undesignated	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	\$ 312,997	\$ 672,592	\$ 106,534

Continued

Denton County, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2008

	2003 Tax Note Project Fund	2004 Tax Note Project Fund	2005 Certificates of Obligation Fund
CAPITAL PROJECTS			
<u>ASSETS</u>			
Cash	\$ 12,835	\$ -	\$ -
Investments	-	1,614,137	2,479,005
Receivables			
Taxes	-	-	-
Accrued Interest	-	-	-
Other Receivables	-	-	-
Due from Other Funds	-	-	-
Due from Other Governments	-	-	-
TOTAL ASSETS	\$ 12,835	\$ 1,614,137	\$ 2,479,005
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ -	\$ -	\$ 8,878
Wages Payable	-	-	-
Due to Other Funds	-	-	-
Due to Other Governments	-	-	-
Deferred Revenues	-	-	-
TOTAL LIABILITIES	-	-	8,878
 <u>FUND BALANCES</u>			
Reserved for Capital			
Expenditures	12,835	1,614,137	2,470,127
Unreserved, Undesignated	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 12,835	\$ 1,614,137	\$ 2,479,005

2007 Tax Note Project Fund	2008 Tax Note Project Fund	2005 Road Bond Project Fund	Capital Replacement Fund	TOTAL Capital Projects Funds	TOTAL Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 12,835	\$ 1,163,586
3,087,616	8,584,867	3,437,281	1,424,468	21,719,495	40,445,995
-	-	-	-	-	279,575
-	-	-	-	-	1,737
-	-	-	-	-	6,773
-	59,201	85,763	-	144,964	353,051
-	-	-	-	-	1,061,341
<u>\$ 3,087,616</u>	<u>\$ 8,644,068</u>	<u>\$ 3,523,044</u>	<u>\$ 1,424,468</u>	<u>\$ 21,877,294</u>	<u>\$ 43,312,059</u>
\$ 214,420	\$ -	\$ 360,996	\$ -	\$ 614,476	\$ 1,932,420
-	-	-	-	-	615,968
33,405	-	-	-	33,405	889,372
-	-	-	-	-	155,434
-	-	-	-	-	471,843
<u>247,825</u>	<u>-</u>	<u>360,996</u>	<u>-</u>	<u>647,881</u>	<u>4,065,037</u>
2,839,791	8,644,068	3,162,049	1,424,468	21,229,414	21,229,414
					18,017,608
<u>\$ 3,087,616</u>	<u>\$ 8,644,068</u>	<u>\$ 3,523,044</u>	<u>\$ 1,424,468</u>	<u>\$ 21,877,294</u>	<u>\$ 43,312,059</u>

Denton County, Texas
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2008

SPECIAL REVENUE	Road & Bridge Fund	Jury Fund	Juvenile Probation Fund	Voter Registration Fund
<u>REVENUES</u>				
Taxes	\$ 2,720,569	\$ 214,637	\$ 5,614,792	\$ -
Licenses and Permits	7,191,872	-	-	-
Intergovernmental	327,843	209,100	3,522,870	337,836
Fees of Office	57,271	19,056	67,382	-
Fines	-	-	-	-
Interest	167,415	4,902	98,968	5,099
Miscellaneous	126,917	-	7,974	-
TOTAL REVENUES	10,591,886	447,695	9,311,986	342,934
<u>EXPENDITURES</u>				
General Government	-	-	-	450,009
Judicial	-	373,590	-	-
Legal	-	-	-	-
Financial	-	-	-	-
Public Facilities	-	-	-	-
Public Safety	-	-	8,695,288	-
Health and Welfare	-	-	-	-
Roads	10,690,649	-	-	-
Intergovernmental	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	10,690,649	373,590	8,695,288	450,009
Excess (Deficiency) of Revenues Over Expenditures	(98,762)	74,105	616,698	(107,075)
Other Financing Sources (Uses):				
Issuance of Debt	-	-	-	-
Bond Premium	-	-	-	-
Sale of Surplus Property	-	-	-	-
Capital Lease Financing	-	-	-	-
Transfers In	155,066	-	-	-
Transfers Out	(15)	-	(4,975)	(37,000)
Total Other Financing	155,051	-	(4,975)	(37,000)
NET CHANGE IN FUND BALANCES	56,289	74,105	611,723	(144,075)
FUND BALANCES AT BEGINNING OF YEAR	3,906,217	120,189	1,697,285	133,905
FUND BALANCES AT END OF YEAR	\$ 3,962,506	\$ 194,294	\$ 2,309,008	\$ (10,170)

Indigent Care Fund	Public Health Fund	Law Library Fund	County Clerk Records Mgmt Fund	Courthouse Security Fund	Sheriff's Training Fund
\$ 1,387,838	\$ 2,392,080	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	1,578,154	-	-	-	38,133
-	455,674	298,670	774,444	285,699	9,285
-	-	-	-	-	-
54,637	36,375	16,932	127,848	3,573	4,723
-	-	14,778	-	-	-
<u>1,442,475</u>	<u>4,462,282</u>	<u>330,379</u>	<u>902,292</u>	<u>289,273</u>	<u>52,141</u>
-	-	225,052	429,658	-	-
-	-	-	-	304,288	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	17,409
1,523,900	3,918,589	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,523,900</u>	<u>3,918,589</u>	<u>225,052</u>	<u>429,658</u>	<u>304,288</u>	<u>17,409</u>
<u>(81,425)</u>	<u>543,693</u>	<u>105,327</u>	<u>472,634</u>	<u>(15,016)</u>	<u>34,732</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	40,000	-	-	45,000	-
(40,000)	(139)	-	(19,508)	-	-
<u>(40,000)</u>	<u>39,861</u>	<u>-</u>	<u>(19,508)</u>	<u>45,000</u>	<u>-</u>
<u>(121,425)</u>	<u>583,555</u>	<u>105,327</u>	<u>453,127</u>	<u>29,984</u>	<u>34,732</u>
<u>1,321,237</u>	<u>465,473</u>	<u>408,906</u>	<u>3,337,354</u>	<u>87,210</u>	<u>53,478</u>
<u>\$ 1,199,812</u>	<u>\$ 1,049,028</u>	<u>\$ 514,233</u>	<u>\$ 3,790,481</u>	<u>\$ 117,194</u>	<u>\$ 88,210</u>

Denton County, Texas
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2008

SPECIAL REVENUE	Sheriff's Forfeiture Fund	Vehicle Inventory Tax Interest Fund	Records Management Fund	District Attorney Check Fund
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	35,349
Fees of Office	-	-	225,305	106,478
Fines	-	-	-	-
Interest	14,326	63,615	7,931	2,100
Miscellaneous	232,812	-	-	-
TOTAL REVENUES	247,139	63,615	233,236	143,928
EXPENDITURES				
General Government	-	-	-	-
Judicial	-	-	173,193	-
Legal	-	-	-	118,967
Financial	-	57,821	-	-
Public Facilities	-	-	-	-
Public Safety	199,818	-	-	-
Health and Welfare	-	-	-	-
Roads	-	-	-	-
Intergovernmental	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	199,818	57,821	173,193	118,967
Excess (Deficiency) of Revenues Over Expenditures	47,321	5,794	60,043	24,961
Other Financing Sources (Uses):				
Issuance of Debt	-	-	-	-
Bond Premium	-	-	-	-
Sale of Surplus Property	-	-	-	-
Capital Lease Financing	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	(43,000)	-	-	-
Total Other Financing	(43,000)	-	-	-
NET CHANGE IN FUND BALANCES	4,321	5,794	60,043	24,961
FUND BALANCES AT BEGINNING OF YEAR	372,482	154,593	170,562	30,268
FUND BALANCES AT END OF YEAR	\$ 376,803	\$ 160,387	\$ 230,605	\$ 55,229

District Attorney Forfeiture Fund	Women, Infants, and Children Fund	Health Care Relief Fund	JP Court Technology Fund	Public Health Preparedness Grant	District Clerk Records Mgmt Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	1,525,170	403,244	-	1,043,058	-
-	-	44,081	63,645	-	45,696
-	-	-	-	-	-
7,476	-	78,689	20,548	144	1,948
73,361	-	-	-	-	-
<u>80,837</u>	<u>1,525,170</u>	<u>526,014</u>	<u>84,193</u>	<u>1,043,202</u>	<u>47,643</u>
-	-	-	-	-	-
-	-	-	12,951	-	44,203
21,788	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,525,658	536,547	-	1,049,978	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>21,788</u>	<u>1,525,658</u>	<u>536,547</u>	<u>12,951</u>	<u>1,049,978</u>	<u>44,203</u>
-	-	-	-	-	-
<u>59,049</u>	<u>(488)</u>	<u>(10,532)</u>	<u>71,242</u>	<u>(6,776)</u>	<u>3,440</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(86)	-	-	(41)	-
-	(86)	-	-	(41)	-
<u>59,049</u>	<u>(574)</u>	<u>(10,532)</u>	<u>71,242</u>	<u>(6,817)</u>	<u>3,440</u>
<u>183,385</u>	<u>27,240</u>	<u>2,510,482</u>	<u>562,633</u>	<u>25,799</u>	<u>36,116</u>
<u>\$ 242,434</u>	<u>\$ 26,665</u>	<u>\$ 2,499,950</u>	<u>\$ 633,875</u>	<u>\$ 18,982</u>	<u>\$ 39,556</u>

Denton County, Texas
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2008

SPECIAL REVENUE	JP Court Security Fund	Fire Code Enforcement Fund	Museum Endowment Fund	TOTAL SPECIAL REV September 30, 2008
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 12,329,917
Licenses and Permits	-	-	-	7,191,872
Intergovernmental	-	-	-	9,020,756
Fees of Office	15,333	503,623	-	2,971,643
Fines	-	-	-	-
Interest	2,580	9,668	731	730,229
Miscellaneous	-	-	-	455,841
TOTAL REVENUES	17,913	513,291	731	32,700,257
EXPENDITURES				
General Government	-	-	-	1,104,719
Judicial	5,754	-	-	913,980
Legal	-	-	-	140,755
Financial	-	-	-	57,821
Public Facilities	-	-	-	-
Public Safety	-	184,399	-	9,096,914
Health and Welfare	-	-	-	8,554,672
Roads	-	-	-	10,690,649
Intergovernmental	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	5,754	184,399	-	30,559,508
Excess (Deficiency) of Revenues Over Expenditures	12,159	328,892	731	2,140,749
Other Financing Sources (Uses):				
Issuance of Debt	-	-	-	-
Bond Premium	-	-	-	-
Sale of Surplus Property	-	-	-	-
Capital Lease Financing	-	-	-	-
Transfers In	-	135	-	240,201
Transfers Out	-	-	-	(144,764)
Total Other Financing	-	135	-	95,437
NET CHANGE IN FUND BALANCES	12,159	329,027	731	2,236,186
FUND BALANCES AT BEGINNING OF YEAR	32,850	128,413	15,344	15,781,422
FUND BALANCES AT END OF YEAR	\$ 45,009	\$ 457,440	\$ 16,075	\$ 18,017,608

Denton County, Texas
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2008

	Road & Bridge Construction Fund	1999 Road Project Construction Fund	2000 Road Project Construction Fund	2003 Tax Note Project Fund
CAPITAL PROJECTS				
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	12,214	25,105	12,456	2,745
Miscellaneous	-	-	-	-
TOTAL REVENUES	12,214	25,105	12,456	2,745
<u>EXPENDITURES</u>				
General Government	-	-	-	-
Judicial	-	-	-	-
Legal	-	-	-	-
Financial	-	-	-	-
Public Facilities	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Roads	-	-	-	-
Intergovernmental	108,750	215,405	531,819	-
Capital Outlay	-	-	-	72,322
TOTAL EXPENDITURES	108,750	215,405	531,819	72,322
Excess (Deficiency) of Revenues Over Expenditures	(96,536)	(190,301)	(519,363)	(69,577)
Other Financing Sources (Uses):				
Issuance of Debt	-	-	-	-
Bond Premium	-	-	-	-
Sale of Surplus Property	-	-	-	-
Capital Lease Financing	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	(96,536)	(190,301)	(519,363)	(69,577)
FUND BALANCES AT BEGINNING OF YEAR	408,032	851,743	608,363	82,411
FUND BALANCES AT END OF YEAR	\$ 311,497	\$ 661,442	\$ 89,001	\$ 12,835

Denton County, Texas
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2008

	2004 Tax Note Project Fund	2005 Certificates of Obligation Fund	2007 Tax Note Project Fund	2008 Tax Note Project Fund
CAPITAL PROJECTS				
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	55,303	112,853	152,914	93,367
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>55,303</u>	<u>112,853</u>	<u>152,914</u>	<u>93,367</u>
<u>EXPENDITURES</u>				
General Government	-	-	-	-
Judicial	-	-	-	-
Legal	-	-	-	-
Financial	-	-	-	-
Public Facilities	-	603,407	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Roads	-	-	-	-
Intergovernmental	-	-	-	-
Capital Outlay	153,550	1,209,747	4,393,062	43,350
TOTAL EXPENDITURES	<u>153,550</u>	<u>1,813,154</u>	<u>4,393,062</u>	<u>43,350</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(98,246)</u>	<u>(1,700,301)</u>	<u>(4,240,148)</u>	<u>50,017</u>
Other Financing Sources (Uses):				
Issuance of Debt	-	-	-	8,500,000
Bond Premium	-	-	-	94,051
Sale of Surplus Property	-	-	-	-
Capital Lease Financing	-	-	-	-
Transfers In	-	-	1,320,000	-
Transfers Out	-	-	-	-
Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,320,000</u>	<u>8,594,051</u>
NET CHANGE IN FUND BALANCES	<u>(98,246)</u>	<u>(1,700,301)</u>	<u>(2,920,148)</u>	<u>8,644,068</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>1,712,383</u>	<u>4,170,429</u>	<u>5,759,939</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,614,137</u>	<u>\$ 2,470,127</u>	<u>\$ 2,839,791</u>	<u>\$ 8,644,068</u>

2005 Road Bond Project Fund	Capital Replacement Fund	TOTAL Capital Projects September 30, 2008	TOTAL Special Revenue & Capital Projects September 30, 2008
\$ -	\$ -	\$ -	\$ 12,329,917
-	-	-	7,191,872
-	-	-	9,020,756
-	-	-	2,971,643
-	-	-	-
148,013	41,242	656,213	1,386,441
-	-	-	455,841
<u>148,013</u>	<u>41,242</u>	<u>656,213</u>	<u>33,356,470</u>
-	-	-	1,104,719
-	-	-	913,980
-	-	-	140,755
-	-	-	57,821
-	1,220,531	1,823,938	1,823,938
-	-	-	9,096,914
-	-	-	8,554,672
-	-	-	10,690,649
-	-	855,974	855,974
2,385,041	2,489,407	10,746,478	10,746,478
<u>2,385,041</u>	<u>3,709,938</u>	<u>13,426,391</u>	<u>43,985,900</u>
<u>(2,237,028)</u>	<u>(3,668,696)</u>	<u>(12,770,178)</u>	<u>(10,629,430)</u>
-	-	8,500,000	8,500,000
-	-	94,051	94,051
-	353,757	353,757	353,757
-	2,489,407	2,489,407	2,489,407
-	2,250,000	3,570,000	3,810,201
-	-	-	(144,764)
<u>-</u>	<u>5,093,164</u>	<u>15,007,215</u>	<u>15,102,652</u>
<u>(2,237,028)</u>	<u>1,424,468</u>	<u>2,237,037</u>	<u>4,473,222</u>
<u>5,399,077</u>	<u>-</u>	<u>18,992,378</u>	<u>34,773,800</u>
<u>\$ 3,162,049</u>	<u>\$ 1,424,468</u>	<u>\$ 21,229,414</u>	<u>\$ 39,247,022</u>

Denton County, Texas
**STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 ROAD AND BRIDGE SPECIAL REVENUE FUND**
 For the Year Ended September 30, 2008

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ 2,627,225	\$ 2,627,225	\$ 2,720,569	\$ 93,344
Licenses and Permits	7,260,000	7,260,000	7,191,872	(68,128)
Intergovernmental	107,000	158,020	327,843	169,823
Fees of Office	40,000	40,000	57,271	17,271
Fines	-	-	-	-
Interest	180,000	180,000	167,415	(12,585)
Miscellaneous	1,000	119,738	126,917	7,179
TOTAL REVENUES	<u>10,215,225</u>	<u>10,384,983</u>	<u>10,591,886</u>	<u>206,903</u>
 <u>EXPENDITURES</u>				
ROADS	<u>11,852,155</u>	<u>13,153,883</u>	<u>10,690,649</u>	<u>2,463,234</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,636,930)</u>	<u>(2,768,900)</u>	<u>(98,762)</u>	<u>2,670,138</u>
Other Financing Sources (Uses):				
Transfers In	-	155,066	155,066	-
Transfers Out	-	-	(15)	(15)
Total Other Financing Sources	<u>-</u>	<u>155,066</u>	<u>155,051</u>	<u>(15)</u>
Net Change in Fund Balances	<u>(1,636,930)</u>	<u>(2,613,834)</u>	<u>56,289</u>	<u>2,670,123</u>
FUND BALANCES - BEGINNING	<u>3,906,217</u>	<u>3,906,217</u>	<u>3,906,217</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 2,269,287</u>	<u>\$ 1,292,383</u>	<u>\$ 3,962,506</u>	<u>\$ 2,670,123</u>

Denton County, Texas
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 JURY SPECIAL REVENUE FUND
 For the Year Ended September 30, 2008

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ 206,186	\$ 206,186	\$ 214,637	\$ 8,451
Licenses and Permits	-	-	-	-
Intergovernmental	230,000	230,000	209,100	(20,900)
Fees of Office	19,000	19,000	19,056	56
Fines	-	-	-	-
Interest	5,000	5,000	4,902	(98)
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>460,186</u>	<u>460,186</u>	<u>447,695</u>	<u>(12,491)</u>
 <u>EXPENDITURES</u>				
JUDICIAL	<u>400,500</u>	<u>400,500</u>	<u>373,590</u>	<u>26,910</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>59,686</u>	<u>59,686</u>	<u>74,105</u>	<u>14,419</u>
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>59,686</u>	<u>59,686</u>	<u>74,105</u>	<u>14,419</u>
FUND BALANCES - BEGINNING	<u>120,189</u>	<u>120,189</u>	<u>120,189</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 179,875</u>	<u>\$ 179,875</u>	<u>\$ 194,294</u>	<u>\$ 14,419</u>

Denton County, Texas
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 JUVENILE PROBATION SPECIAL REVENUE FUND
 For the Year Ended September 30, 2008

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ 5,423,392	\$ 5,423,392	\$ 5,614,792	\$ 191,400
Licenses and Permits	-	-	-	-
Intergovernmental	3,048,342	3,335,844	3,522,870	187,026
Fees of Office	45,000	45,000	67,382	22,382
Fines	-	-	-	-
Interest	65,000	65,000	98,968	33,968
Miscellaneous	-	-	7,974	7,974
TOTAL REVENUES	<u>8,581,734</u>	<u>8,869,236</u>	<u>9,311,986</u>	<u>442,750</u>
 <u>EXPENDITURES</u>				
PUBLIC SAFETY	<u>9,144,171</u>	<u>9,437,539</u>	<u>8,695,288</u>	<u>742,251</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(562,437)</u>	<u>(568,303)</u>	<u>616,698</u>	<u>1,185,001</u>
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	<u>-</u>	<u>(4,930)</u>	<u>(4,975)</u>	<u>(45)</u>
Total Other Financing Sources	<u>-</u>	<u>(4,930)</u>	<u>(4,975)</u>	<u>(45)</u>
Net Change in Fund Balances	<u>(562,437)</u>	<u>(573,233)</u>	<u>611,723</u>	<u>1,184,956</u>
FUND BALANCES - BEGINNING	<u>1,697,285</u>	<u>1,697,285</u>	<u>1,697,285</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 1,134,848</u>	<u>\$ 1,124,052</u>	<u>\$ 2,309,008</u>	<u>\$ 1,184,956</u>

Denton County, Texas
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 INDIGENT CARE SPECIAL REVENUE FUND
 For the Year Ended September 30, 2008

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ 1,341,121	\$ 1,341,121	\$ 1,387,838	\$ 46,717
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	60,000	60,000	54,637	(5,363)
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>1,401,121</u>	<u>1,401,121</u>	<u>1,442,475</u>	<u>41,354</u>
 <u>EXPENDITURES</u>				
HEALTH & WELFARE	<u>1,973,394</u>	<u>1,933,394</u>	<u>1,523,900</u>	<u>409,494</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(572,273)</u>	<u>(532,273)</u>	<u>(81,425)</u>	<u>450,848</u>
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	(40,000)	(40,000)	-
Total Other Financing Sources	-	(40,000)	(40,000)	-
Net Change in Fund Balances	<u>(572,273)</u>	<u>(572,273)</u>	<u>(121,425)</u>	<u>450,848</u>
 FUND BALANCES - BEGINNING	 <u>1,321,237</u>	 <u>1,321,237</u>	 <u>1,321,237</u>	 <u>-</u>
FUND BALANCES - ENDING	<u>\$ 748,964</u>	<u>\$ 748,964</u>	<u>\$ 1,199,812</u>	<u>\$ 450,848</u>

Denton County, Texas
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 PUBLIC HEALTH SPECIAL REVENUE FUND
 For the Year Ended September 30, 2008

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ 2,308,954	\$ 2,308,954	\$ 2,392,080	\$ 83,126
Licenses and Permits	-	-	-	-
Intergovernmental	1,065,286	1,318,064	1,578,154	260,090
Fees of Office	500,000	500,000	455,674	(44,326)
Fines	-	-	-	-
Interest	35,000	35,000	36,375	1,375
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>3,909,240</u>	<u>4,162,018</u>	<u>4,462,282</u>	<u>300,264</u>
 <u>EXPENDITURES</u>				
HEALTH & WELFARE	<u>3,830,526</u>	<u>4,139,232</u>	<u>3,918,589</u>	<u>220,643</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>78,714</u>	<u>22,786</u>	<u>543,693</u>	<u>520,907</u>
Other Financing Sources (Uses):				
Transfers In	-	40,000	40,000	-
Transfers Out	-	-	(139)	(139)
Total Other Financing Sources	<u>-</u>	<u>40,000</u>	<u>39,861</u>	<u>(139)</u>
Net Change in Fund Balances	<u>78,714</u>	<u>62,786</u>	<u>583,555</u>	<u>520,769</u>
FUND BALANCES - BEGINNING	<u>465,473</u>	<u>465,473</u>	<u>465,473</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 544,187</u>	<u>\$ 528,259</u>	<u>\$ 1,049,028</u>	<u>\$ 520,769</u>

Denton County, Texas
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 LAW LIBRARY SPECIAL REVENUE FUND
 For the Year Ended September 30, 2008

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	255,000	255,000	298,670	43,670
Fines	-	-	-	-
Interest	20,000	20,000	16,932	(3,068)
Miscellaneous	10,000	10,000	14,778	4,778
TOTAL REVENUES	<u>285,000</u>	<u>285,000</u>	<u>330,379</u>	<u>45,379</u>
 <u>EXPENDITURES</u>				
GENERAL GOVERNMENT	<u>306,660</u>	<u>308,900</u>	<u>225,052</u>	<u>83,848</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(21,660)</u>	<u>(23,900)</u>	<u>105,327</u>	<u>129,227</u>
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(21,660)</u>	<u>(23,900)</u>	<u>105,327</u>	<u>129,227</u>
 FUND BALANCES - BEGINNING	 <u>408,906</u>	 <u>408,906</u>	 <u>408,906</u>	 <u>-</u>
FUND BALANCES - ENDING	<u>\$ 387,246</u>	<u>\$ 385,006</u>	<u>\$ 514,233</u>	<u>\$ 129,227</u>

Denton County, Texas
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 COUNTY CLERK RECORDS MANAGEMENT SPECIAL REVENUE FUND
 For the Year Ended September 30, 2008

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	845,000	845,000	774,444	(70,556)
Fines	-	-	-	-
Interest	20,000	20,000	127,848	107,848
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>865,000</u>	<u>865,000</u>	<u>902,292</u>	<u>37,292</u>
 <u>EXPENDITURES</u>				
GENERAL GOVERNMENT	<u>953,733</u>	<u>953,733</u>	<u>429,658</u>	<u>524,075</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(88,733)</u>	<u>(88,733)</u>	<u>472,634</u>	<u>561,367</u>
Other Financing Sources (Uses):				
Transfers In	2,602,533	-	(0)	(0)
Transfers Out	<u>(19,500)</u>	<u>(19,500)</u>	<u>(19,508)</u>	<u>(8)</u>
Total Other Financing Sources	<u>2,583,033</u>	<u>(19,500)</u>	<u>(19,508)</u>	<u>(8)</u>
Net Change in Fund Balances	<u>2,494,300</u>	<u>(108,233)</u>	<u>453,127</u>	<u>561,360</u>
FUND BALANCES - BEGINNING	<u>3,337,354</u>	<u>3,337,354</u>	<u>3,337,354</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 5,831,654</u>	<u>\$ 3,229,121</u>	<u>\$ 3,790,481</u>	<u>\$ 561,360</u>

Denton County, Texas
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 COURTHOUSE SECURITY SPECIAL REVENUE FUND
 For the Year Ended September 30, 2008

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	315,000	315,000	285,699	(29,301)
Fines	-	-	-	-
Interest	4,000	4,000	3,573	(427)
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>319,000</u>	<u>319,000</u>	<u>289,273</u>	<u>(29,727)</u>
 <u>EXPENDITURES</u>				
JUDICIAL	<u>356,000</u>	<u>356,000</u>	<u>304,288</u>	<u>51,712</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(37,000)</u>	<u>(37,000)</u>	<u>(15,016)</u>	<u>21,984</u>
Other Financing Sources (Uses):				
Transfers In	45,000	45,000	45,000	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	<u>-</u>
Net Change in Fund Balances	<u>8,000</u>	<u>8,000</u>	<u>29,984</u>	<u>21,984</u>
FUND BALANCES - BEGINNING	<u>87,210</u>	<u>87,210</u>	<u>87,210</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 95,210</u>	<u>\$ 95,210</u>	<u>\$ 117,194</u>	<u>\$ 21,984</u>

Denton County, Texas
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 SHERIFF'S FORFEITURE FUND
 For the Year Ended September 30, 2008

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	15,000	15,000	14,326	(674)
Miscellaneous	-	77,851	232,812	154,961
TOTAL REVENUES	<u>15,000</u>	<u>92,851</u>	<u>247,139</u>	<u>154,288</u>
 <u>EXPENDITURES</u>				
PUBLIC SAFETY	<u>108,000</u>	<u>211,523</u>	<u>199,818</u>	<u>11,705</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(93,000)</u>	<u>(118,672)</u>	<u>47,321</u>	<u>165,993</u>
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	(41,401)	(43,000)	(1,599)
Total Other Financing Sources	<u>-</u>	<u>(41,401)</u>	<u>(43,000)</u>	<u>(1,599)</u>
Net Change in Fund Balances	<u>(93,000)</u>	<u>(160,073)</u>	<u>4,321</u>	<u>164,394</u>
 FUND BALANCES - BEGINNING	 <u>372,482</u>	 <u>372,482</u>	 <u>372,482</u>	 <u>-</u>
FUND BALANCES - ENDING	<u>\$ 279,482</u>	<u>\$ 212,409</u>	<u>\$ 376,803</u>	<u>\$ 164,394</u>

Denton County, Texas
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 VEHICLE INVENTORY TAX INTEREST FUND
 For the Year Ended September 30, 2008

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	80,000	80,000	63,615	(16,385)
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>80,000</u>	<u>80,000</u>	<u>63,615</u>	<u>(16,385)</u>
 <u>EXPENDITURES</u>				
FINANCIAL	<u>96,000</u>	<u>96,000</u>	<u>57,821</u>	<u>38,179</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(16,000)</u>	<u>(16,000)</u>	<u>5,794</u>	<u>21,794</u>
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(16,000)</u>	<u>(16,000)</u>	<u>5,794</u>	<u>21,794</u>
 FUND BALANCES - BEGINNING	 <u>154,593</u>	 <u>154,593</u>	 <u>154,593</u>	 <u>-</u>
FUND BALANCES - ENDING	<u>\$ 138,593</u>	<u>\$ 138,593</u>	<u>\$ 160,387</u>	<u>\$ 21,794</u>

Denton County, Texas
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 RECORDS MANAGEMENT SPECIAL REVENUE FUND
 For the Year Ended September 30, 2008

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	175,000	175,000	225,305	50,305
Fines	-	-	-	-
Interest	7,500	7,500	7,931	431
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>182,500</u>	<u>182,500</u>	<u>233,236</u>	<u>50,736</u>
 <u>EXPENDITURES</u>				
JUDICIAL	<u>171,221</u>	<u>183,864</u>	<u>173,193</u>	<u>10,671</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>11,279</u>	<u>(1,364)</u>	<u>60,043</u>	<u>61,407</u>
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>11,279</u>	<u>(1,364)</u>	<u>60,043</u>	<u>61,407</u>
FUND BALANCES - BEGINNING	<u>170,562</u>	<u>170,562</u>	<u>170,562</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 181,841</u>	<u>\$ 169,198</u>	<u>\$ 230,605</u>	<u>\$ 61,407</u>

Denton County, Texas
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 DISTRICT ATTORNEY CHECK FEE FUND
 For the Year Ended September 30, 2008

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	22,420	22,919	35,349	12,430
Fees of Office	147,000	147,000	106,478	(40,522)
Fines	-	-	-	-
Interest	1,000	1,000	2,100	1,100
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>170,420</u>	<u>170,919</u>	<u>143,928</u>	<u>(26,991)</u>
 <u>EXPENDITURES</u>				
LEGAL	<u>189,110</u>	<u>189,609</u>	<u>118,967</u>	<u>70,642</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(18,690)</u>	<u>(18,690)</u>	<u>24,961</u>	<u>43,651</u>
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(18,690)</u>	<u>(18,690)</u>	<u>24,961</u>	<u>43,651</u>
FUND BALANCES - BEGINNING	<u>30,268</u>	<u>30,268</u>	<u>30,268</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 11,578</u>	<u>\$ 11,578</u>	<u>\$ 55,229</u>	<u>\$ 43,651</u>

Denton County, Texas
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 DISTRICT ATTORNEY FORFEITURE FUND
 For the Year Ended September 30, 2008

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	5,500	5,500	7,476	1,976
Miscellaneous	25,000	25,000	73,361	48,361
TOTAL REVENUES	<u>30,500</u>	<u>30,500</u>	<u>80,837</u>	<u>50,337</u>
 <u>EXPENDITURES</u>				
LEGAL	<u>122,757</u>	<u>122,757</u>	<u>21,788</u>	<u>100,969</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(92,257)</u>	<u>(92,257)</u>	<u>59,049</u>	<u>151,306</u>
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(92,257)</u>	<u>(92,257)</u>	<u>59,049</u>	<u>151,306</u>
 FUND BALANCES - BEGINNING	 <u>183,385</u>	 <u>183,385</u>	 <u>183,385</u>	 <u>-</u>
FUND BALANCES - ENDING	<u>\$ 91,128</u>	<u>\$ 91,128</u>	<u>\$ 242,434</u>	<u>\$ 151,306</u>

Denton County, Texas
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 HEALTH CARE RELIEF SPECIAL REVENUE FUND
 For the Year Ended September 30, 2008

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	375,000	375,000	403,244	28,244
Fees of Office	40,000	40,000	44,081	4,081
Fines	-	-	-	-
Interest	90,000	90,000	78,689	(11,311)
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>505,000</u>	<u>505,000</u>	<u>526,014</u>	<u>21,014</u>
 <u>EXPENDITURES</u>				
HEALTH & WELFARE	<u>536,653</u>	<u>536,653</u>	<u>536,547</u>	<u>106</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(31,653)</u>	<u>(31,653)</u>	<u>(10,532)</u>	<u>21,121</u>
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(31,653)</u>	<u>(31,653)</u>	<u>(10,532)</u>	<u>21,121</u>
FUND BALANCES - BEGINNING	<u>2,510,482</u>	<u>2,510,482</u>	<u>2,510,482</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 2,478,829</u>	<u>\$ 2,478,829</u>	<u>\$ 2,499,950</u>	<u>\$ 21,121</u>

Denton County, Texas
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 JP COURT TECHNOLOGY SPECIAL REVENUE FUND
 For the Year Ended September 30, 2008

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	95,000	95,000	63,645	(31,355)
Fines	-	-	-	-
Interest	30,000	30,000	20,548	(9,452)
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>125,000</u>	<u>125,000</u>	<u>84,193</u>	<u>(40,807)</u>
 <u>EXPENDITURES</u>				
JUDICIAL	<u>105,686</u>	<u>105,686</u>	<u>12,951</u>	<u>92,735</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>19,314</u>	<u>19,314</u>	<u>71,242</u>	<u>51,928</u>
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>19,314</u>	<u>19,314</u>	<u>71,242</u>	<u>51,928</u>
FUND BALANCES - BEGINNING	<u>562,633</u>	<u>562,633</u>	<u>562,633</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 581,947</u>	<u>\$ 581,947</u>	<u>\$ 633,875</u>	<u>\$ 51,928</u>

Denton County, Texas
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 PUBLIC HEALTH PREPAREDNESS GRANT
 For the Year Ended September 30, 2008

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	1,483,573	1,043,058	(440,515)
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	-	-	144	144
Miscellaneous	-	-	-	-
TOTAL REVENUES	-	1,483,573	1,043,202	(440,371)
 <u>EXPENDITURES</u>				
HEALTH & WELFARE	-	1,484,747	1,049,978	434,769
Excess (Deficiency) of Revenues Over Expenditures	-	(1,174)	(6,776)	(5,602)
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	(41)	(41)
Total Other Financing Sources	-	-	(41)	(41)
Net Change in Fund Balances	-	(1,174)	(6,817)	(5,643)
 FUND BALANCES - BEGINNING	 25,799	 25,799	 25,799	 -
FUND BALANCES - ENDING	\$ 25,799	\$ 24,625	\$ 18,982	\$ (5,643)

Denton County, Texas
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 DISTRICT CLERK RECORDS MANAGEMENT FUND
 For the Year Ended September 30, 2008

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	42,000	42,000	45,696	3,696
Fines	-	-	-	-
Interest	3,000	3,000	1,948	(1,052)
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>45,000</u>	<u>45,000</u>	<u>47,643</u>	<u>2,643</u>
 <u>EXPENDITURES</u>				
JUDICIAL	<u>74,220</u>	<u>74,220</u>	<u>44,203</u>	<u>30,017</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(29,220)</u>	<u>(29,220)</u>	<u>3,440</u>	<u>32,660</u>
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(29,220)</u>	<u>(29,220)</u>	<u>3,440</u>	<u>32,660</u>
 FUND BALANCES - BEGINNING	 <u>36,116</u>	 <u>36,116</u>	 <u>36,116</u>	 <u>-</u>
FUND BALANCES - ENDING	<u>\$ 6,896</u>	<u>\$ 6,896</u>	<u>\$ 39,556</u>	<u>\$ 32,660</u>

Denton County, Texas
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 JP COURT SECURITY FUND
 For the Year Ended September 30, 2008

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	17,000	17,000	15,333	(1,667)
Fines	-	-	-	-
Interest	2,500	2,500	2,580	80
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>19,500</u>	<u>19,500</u>	<u>17,913</u>	<u>(1,587)</u>
 <u>EXPENDITURES</u>				
JUDICIAL	<u>7,104</u>	<u>7,104</u>	<u>5,754</u>	<u>1,350</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>12,396</u>	<u>12,396</u>	<u>12,159</u>	<u>(237)</u>
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>12,396</u>	<u>12,396</u>	<u>12,159</u>	<u>(237)</u>
FUND BALANCES - BEGINNING	<u>32,850</u>	<u>32,850</u>	<u>32,850</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 45,246</u>	<u>\$ 45,246</u>	<u>\$ 45,009</u>	<u>\$ (237)</u>

Denton County, Texas
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FIRE CODE ENFORCEMENT FUND
 For the Year Ended September 30, 2008

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	190,612	190,612	503,623	313,011
Fines	-	-	-	-
Interest	3,000	3,000	9,668	6,668
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>193,612</u>	<u>193,612</u>	<u>513,291</u>	<u>319,679</u>
 <u>EXPENDITURES</u>				
PUBLIC SAFETY	<u>183,586</u>	<u>193,094</u>	<u>184,399</u>	<u>8,695</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>10,026</u>	<u>518</u>	<u>328,892</u>	<u>328,374</u>
Other Financing Sources (Uses):				
Transfers In	-	135	135	-
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>135</u>	<u>135</u>	<u>-</u>
 Net Change in Fund Balances	<u>10,026</u>	<u>653</u>	<u>329,027</u>	<u>328,374</u>
 FUND BALANCES - BEGINNING	<u>128,413</u>	<u>128,413</u>	<u>128,413</u>	<u>-</u>
 FUND BALANCES - ENDING	<u>\$ 138,439</u>	<u>\$ 129,066</u>	<u>\$ 457,440</u>	<u>\$ 328,374</u>

Denton County, Texas
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 MUSEUM ENDOWMENT FUND
 For the Year Ended September 30, 2008

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	750	750	731	(19)
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>750</u>	<u>750</u>	<u>731</u>	<u>(19)</u>
 <u>EXPENDITURES</u>				
GENERAL GOVERNMENT	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	<u>750</u>	<u>750</u>	<u>731</u>	<u>(19)</u>
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	<u>750</u>	<u>750</u>	<u>731</u>	<u>(19)</u>
 FUND BALANCES - BEGINNING	 <u>15,344</u>	 <u>15,344</u>	 <u>15,344</u>	 <u>-</u>
FUND BALANCES - ENDING	<u>\$ 16,094</u>	<u>\$ 16,094</u>	<u>\$ 16,075</u>	<u>\$ (19)</u>

Denton County, Texas
**STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 CAPITAL REPLACEMENT FUND**
 For the Year Ended September 30, 2008

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	-	-	41,242	41,242
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>41,242</u>	<u>41,242</u>
 <u>EXPENDITURES</u>				
PUBLIC FACILITIES	<u>2,250,000</u>	<u>2,250,000</u>	<u>1,220,531</u>	<u>1,029,469</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,250,000)</u>	<u>(2,250,000)</u>	<u>(1,179,289)</u>	<u>1,070,711</u>
Other Financing Sources (Uses):				
Transfers In	2,250,000	2,250,000	2,250,000	-
Transfers Out	-	-	-	-
Sale of Surplus Property	-	-	353,757	353,757
Total Other Financing Sources	<u>2,250,000</u>	<u>2,250,000</u>	<u>2,603,757</u>	<u>353,757</u>
 Net Change in Fund Balances	 <u>-</u>	 <u>-</u>	 <u>1,424,468</u>	 <u>1,424,468</u>
 FUND BALANCES - BEGINNING	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCES - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 1,424,468</u>	 <u>\$ 1,424,468</u>



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
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 DEBT SERVICE FUND
 For the Year Ended September 30, 2008

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ 25,000,000	\$ 25,000,000	\$ 25,891,901	\$ 891,901
Intergovernmental	-	-	-	-
Interest	300,000	300,000	270,057	(29,943)
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>25,300,000</u>	<u>25,300,000</u>	<u>26,161,958</u>	<u>861,958</u>
 <u>EXPENDITURES</u>				
DEBT SERVICE				
Principal Retirement	11,843,736	11,843,736	11,843,736	-
Interest	14,018,180	14,018,180	14,018,176	4
Bank Charges	16,000	16,000	5,709	10,291
TOTAL EXPENDITURES	<u>25,877,916</u>	<u>25,877,916</u>	<u>25,867,622</u>	<u>10,295</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(577,916)</u>	<u>(577,916)</u>	<u>294,336</u>	<u>872,253</u>
Other Financing Sources (Uses):				
Bond Proceeds	-	-	-	-
Bond Premium	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Proceeds of Refunding Bonds	-	-	-	-
Refunding Bond Discount	-	-	-	-
Payments to Escrow Agent	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Net Change in Fund Balances	 <u>(577,916)</u>	 <u>(577,916)</u>	 <u>294,336</u>	 <u>872,253</u>
FUND BALANCES - BEGINNING	<u>1,762,395</u>	<u>1,762,395</u>	<u>1,762,395</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 1,184,479</u>	<u>\$ 1,184,479</u>	<u>\$ 2,056,731</u>	<u>\$ 872,253</u>

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, 2008

	Texas Adult Probation	County Clerk Agency	District Clerk Agency	Tax Collector Agency
<u>ASSETS</u>				
Cash	\$ 353,851	\$ 1,595,781	\$3,075,559	\$ 2,512,021
Investments	3,472,828	7,704,228	-	2,887,629
Accrued Interest	12,657	-	-	-
Other Assets	-	-	-	-
Due from Other Funds	823	-	-	-
Due from Other Govts	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$3,840,159</u>	<u>\$9,300,009</u>	<u>\$3,075,559</u>	<u>\$5,399,650</u>

LIABILITIES AND FUND BALANCES

LIABILITIES				
Accounts Payable	\$ 7,355	\$ -	\$ -	\$ -
Wages Payable	167,948	-	-	-
Due to Other Funds	53,916	-	-	-
Due to Other Governments	3,399,514	-	-	5,399,650
Due to Beneficiaries	211,426	9,300,009	3,075,559	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>3,840,159</u>	<u>9,300,009</u>	<u>3,075,559</u>	<u>5,399,650</u>

Denton County, Texas
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
September 30, 2008

	Justices of the Peace Agency	Sheriff Agency	Treatment Alternatives to	Other Agency
<u>ASSETS</u>				
Cash	\$ 153,409	\$669,164	\$ 8,232	\$ 11,441
Investments	-	-	20,479	-
Accrued Interest	-	-	-	-
Other Assets	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 153,409</u>	<u>\$669,164</u>	<u>\$ 28,711</u>	<u>\$ 11,441</u>

LIABILITIES AND FUND BALANCES

LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 14,870	\$ -
Wages Payable	-	-	-	-
Due to Other Funds	-	-	49	-
Due to Other Governments	-	-	13,792	-
Due to Beneficiaries	153,409	669,164	-	11,441
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>153,409</u>	<u>669,164</u>	<u>28,711</u>	<u>11,441</u>

Denton County, Texas
STATEMENT OF FIDUCIARY ASSET
AGENCY FUNDS
September 30, 2008

	<u>Community Corrections Grant</u>	<u>Housing Finance Authority</u>	<u>TOTAL September 30, 2008</u>
<u>ASSETS</u>			
Cash	\$ -	\$ -	\$ 8,379,458
Investments	387,082	657,453	15,129,699
Accrued Interest	-	-	12,657
Other Assets	-	-	-
Due from Other Funds	-	-	823
Due from Other Govts	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 387,082</u></u>	<u><u>\$ 657,453</u></u>	<u><u>\$ 23,522,637</u></u>
 <u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts Payable	\$ 38,913	\$ -	\$ 61,138
Wages Payable	-	-	167,948
Due to Other Funds	774	-	54,739
Due to Other Governments	347,395	657,453	9,817,804
Due to Beneficiaries	-	-	13,421,008
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u><u>387,082</u></u>	<u><u>657,453</u></u>	<u><u>23,522,637</u></u>

Denton County, Texas
STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES
For the Year Ended September 30, 2008

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>TEXAS ADULT PROBATION FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 3,562,681	\$ 4,349,691	\$ 4,085,693	\$ 3,826,679
Accrued Interest	12,657	-	-	12,657
Other Receivables	-	-	-	-
Due from Other Funds	2,717	823	2,717	823
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 3,578,055</u>	<u>\$ 4,350,514</u>	<u>\$ 4,088,410</u>	<u>\$ 3,840,159</u>
<u>Liabilities</u>				
Accounts Payable	\$ 143,334	\$ 175,303	\$ 143,334	\$ 175,303
Due to Other Funds	280	53,916	280	53,916
Due to Other Govts	3,256,444	3,399,514	3,256,444	3,399,514
Due to Beneficiaries	177,997	211,426	177,997	211,426
Total Liabilities	<u>\$ 3,578,055</u>	<u>\$ 3,840,159</u>	<u>\$ 3,578,055</u>	<u>\$ 3,840,159</u>
<u>COUNTY CLERK AGENCY FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 8,534,092	\$ 1,808,431,083	\$ 1,807,665,166	\$ 9,300,009
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 8,534,092</u>	<u>\$ 1,808,431,083</u>	<u>\$ 1,807,665,166</u>	<u>\$ 9,300,009</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	-	-	-	-
Due to Beneficiaries	8,534,092	9,300,009	8,534,092	9,300,009
Total Liabilities	<u>\$ 8,534,092</u>	<u>\$ 9,300,009</u>	<u>\$ 8,534,092</u>	<u>\$ 9,300,009</u>

Denton County, Texas
**STATEMENT OF CHANGES IN
 FIDUCIARY ASSETS AND LIABILITIES - (Continued)**
 For the Year Ended September 30, 2008

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>DISTRICT CLERK AGENCY FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 2,389,125	\$ 11,913,729	\$ 11,227,295	\$ 3,075,559
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 2,389,125</u>	<u>\$ 11,913,729</u>	<u>\$ 11,227,295</u>	<u>\$ 3,075,559</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	-	-	-	-
Due to Beneficiaries	2,389,125	3,075,559	2,389,125	3,075,559
Total Liabilities	<u>\$ 2,389,125</u>	<u>\$ 3,075,559</u>	<u>\$ 2,389,125</u>	<u>\$ 3,075,559</u>
<u>TAX COLLECTOR AGENCY FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 11,837,749	\$ -	\$ 6,438,099	\$ 5,399,650
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 11,837,749</u>	<u>\$ -</u>	<u>\$ 6,438,099</u>	<u>\$ 5,399,650</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	11,837,749	5,399,650	11,837,749	5,399,650
Due to Beneficiaries	-	-	-	-
Total Liabilities	<u>\$ 11,837,749</u>	<u>\$ 5,399,650</u>	<u>\$ 11,837,749</u>	<u>\$ 5,399,650</u>

Denton County, Texas
**STATEMENT OF CHANGES IN
 FIDUCIARY ASSETS AND LIABILITIES - (Continued)**
 For the Year Ended September 30, 2008

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>JUSTICES OF THE PEACE AGENCY FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 138,035	\$ 565,019	\$ 549,645	\$ 153,409
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 138,035</u>	<u>\$ 565,019</u>	<u>\$ 549,645</u>	<u>\$ 153,409</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	-	-	-	-
Due to Beneficiaries	138,035	153,409	138,035	153,409
Total Liabilities	<u>\$ 138,035</u>	<u>\$ 153,409</u>	<u>\$ 138,035</u>	<u>\$ 153,409</u>
<u>SHERIFF AGENCY FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 565,218	\$ 3,717,032	\$ 3,613,086	\$ 669,164
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 565,218</u>	<u>\$ 3,717,032</u>	<u>\$ 3,613,086</u>	<u>\$ 669,164</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	-	-	-	-
Due to Beneficiaries	565,218	669,164	565,218	669,164
Total Liabilities	<u>\$ 565,218</u>	<u>\$ 669,164</u>	<u>\$ 565,218</u>	<u>\$ 669,164</u>

Denton County, Texas
**STATEMENT OF CHANGES IN
 FIDUCIARY ASSETS AND LIABILITIES - (Continued)**
 For the Year Ended September 30, 2008

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>TREATMENT ALTERNATIVES TO INCARCERATION FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 54,874	\$ 149,250	\$ 175,413	\$ 28,711
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 54,874</u>	<u>\$ 149,250</u>	<u>\$ 175,413</u>	<u>\$ 28,711</u>
<u>Liabilities</u>				
Accounts Payable	\$ 25,061	\$ 14,870	\$ 25,061	\$ 14,870
Due to Other Funds	159	49	159	49
Due to Other Govts	29,654	13,792	29,654	13,792
Due to Beneficiaries	-	-	-	-
Total Liabilities	<u>\$ 54,874</u>	<u>\$ 28,711</u>	<u>\$ 54,874</u>	<u>\$ 28,711</u>
<u>OTHER AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and Investments	\$ 2,226	\$ 156,280	\$ 147,065	\$ 11,441
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 2,226</u>	<u>\$ 156,280</u>	<u>\$ 147,065</u>	<u>\$ 11,441</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	-	-	-	-
Due to Beneficiaries	2,226	11,441	2,226	11,441
Total Liabilities	<u>\$ 2,226</u>	<u>\$ 11,441</u>	<u>\$ 2,226</u>	<u>\$ 11,441</u>

Denton County, Texas
**STATEMENT OF CHANGES IN
 FIDUCIARY ASSETS AND LIABILITIES - (Continued)**
 For the Year Ended September 30, 2008

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>COMMUNITY CORRECTIONS GRANT FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 684,802	\$ 696,602	\$ 994,322	\$ 387,082
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 684,802</u>	<u>\$ 696,602</u>	<u>\$ 994,322</u>	<u>\$ 387,082</u>
<u>Liabilities</u>				
Accounts Payable	\$ 47,402	\$ 38,913	\$ 47,402	\$ 38,913
Due to Other Funds	2,557	774	2,557	774
Due to Other Govts	634,843	347,395	634,843	347,395
Due to Beneficiaries	-	-	-	-
Total Liabilities	<u>\$ 684,802</u>	<u>\$ 387,082</u>	<u>\$ 684,802</u>	<u>\$ 387,082</u>
<u>DENTON CO. HOUSING FINANCE AUTHORITY</u>				
<u>Assets</u>				
Cash and Investments	\$ 539,601	\$ 117,852	\$ -	\$ 657,453
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 539,601</u>	<u>\$ 117,852</u>	<u>\$ -</u>	<u>\$ 657,453</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	539,601	117,852	-	657,453
Due to Beneficiaries	-	-	-	-
Total Liabilities	<u>\$ 539,601</u>	<u>\$ 117,852</u>	<u>\$ -</u>	<u>\$ 657,453</u>

Denton County, Texas
STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES - (Continued)
For the Year Ended September 30, 2008

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>TOTALS - ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and Investments	\$ 28,308,403	\$ 1,830,096,538	\$ 1,834,895,784	\$ 23,509,157
Accrued Interest	12,657	-	-	12,657
Other Receivables	-	-	-	-
Due from Other Funds	2,717	823	2,717	823
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 28,323,777</u>	<u>\$ 1,830,097,361</u>	<u>\$ 1,834,898,501</u>	<u>\$ 23,522,637</u>
<u>Liabilities</u>				
Accounts Payable	\$ 215,797	\$ 229,086	\$ 215,797	\$ 229,086
Due from Other Funds	2,996	54,739	2,996	54,739
Due to Other Govts	16,298,291	9,278,203	15,758,690	9,817,804
Due to Beneficiaries	11,806,693	13,421,008	11,806,693	13,421,008
Total Liabilities	<u>\$ 28,323,777</u>	<u>\$ 22,983,036</u>	<u>\$ 27,784,176</u>	<u>\$ 23,522,637</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	101
<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	109
<p>These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.</p>	
Debt Capacity	114
<p>These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future</p>	
Demographic and Economic Information	119
<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	121
<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)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Governmental Activities:										
Invested in Capital Assets,										
Net of Related Debt	\$ -	\$ -	\$ -	\$ -	\$ 71,539,548	\$ 47,175	\$ 3,106,131	\$ (16,887,256)	\$ 24,226,615	\$ (24,508,897)
Restricted	-	-	-	-	22,655,179	18,969,657	52,791,479	23,903,118	1,762,394	81,521,678
Unrestricted	-	-	-	-	(63,755,236)	16,765,325	(29,457,518)	6,283,298	(43,560,202)	(87,942,285)
Total Governmental										
ActivitiesNet Assets	\$ -	\$ -	\$ -	\$ -	\$ 30,439,491	\$ 35,782,157	\$ 26,440,092	\$ 13,299,160	\$ (17,571,193)	\$ (30,929,504)

10¹Ten 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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Expenses										
Governmental Activities:										
General Government	\$ -	\$ -	\$ -	\$ -	\$ 17,934,501	\$ 18,927,727	\$ 18,070,687	\$ 20,550,672	\$ 20,239,625	\$ 21,886,488
Judicial	-	-	-	-	11,228,446	13,224,021	13,575,518	14,077,729	14,447,760	15,761,539
Legal	-	-	-	-	8,755,827	8,701,903	9,369,366	9,582,964	9,969,544	10,374,151
Financial	-	-	-	-	4,269,539	4,257,381	4,601,210	4,793,627	5,057,253	5,455,359
Public Facilities	-	-	-	-	5,958,066	7,109,603	7,790,801	9,175,352	9,346,732	11,173,330
Public Safety	-	-	-	-	41,332,498	42,228,993	43,683,225	47,391,000	51,123,763	55,289,950
Health & Welfare	-	-	-	-	7,270,714	7,761,268	8,356,444	7,710,692	8,188,748	8,780,134
Conservation	-	-	-	-	340,075	328,000	331,562	366,525	388,464	382,928
Contractual	-	-	-	-	1,663,675	1,656,576	1,931,240	2,613,005	2,742,028	2,889,226
Road Maintenance	-	-	-	-	25,540,579	19,098,447	28,535,173	48,700,356	57,587,194	42,482,251
Interest on Long-Term Debt	-	-	-	-	6,658,652	5,828,359	7,420,818	8,060,826	10,731,274	12,741,940
Total Expenses	\$ -	\$ -	\$ -	\$ -	\$ 130,952,572	\$ 129,122,278	\$ 143,666,044	\$ 173,022,748	\$ 189,822,385	\$ 187,217,297

Program Revenues

Governmental Activities:

Charges For Services:

General Government	\$ -	\$ -	\$ -	\$ -	\$ 8,157,736	\$ 8,915,157	\$ 9,340,831	\$ 11,981,245	\$ 11,939,818	\$ 11,351,076
Judicial	-	-	-	-	6,819,691	7,989,420	8,288,906	8,502,443	7,437,513	7,897,731
Legal	-	-	-	-	289,158	305,188	273,141	317,082	272,495	249,847
Financial	-	-	-	-	1,980,484	1,887,946	2,139,101	2,372,728	2,250,727	2,501,426
Public Facilities	-	-	-	-	-	-	-	-	-	-

Fiscal Year

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public Safety	-	-	-	-	2,106,390	1,997,676	2,185,140	2,174,767	2,756,883	3,069,553
Health & Welfare	-	-	-	-	434,294	529,622	535,586	521,971	530,757	499,755
Conservation	-	-	-	-	-	-	-	-	-	-
Contractual	-	-	-	-	-	-	-	-	701,229	-
Road Maintenance	-	-	-	-	93,408	171,264	504,915	285,643	148,658	184,188
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	24,213,178
Capital Grants and Contributions	-	-	-	-	1,513,176	1,756,443	25,037	7,278,309	1,699,313	1,659,011
Total Governmental Activities										
Program Revenues	-	-	-	-	40,110,038	49,089,722	46,597,608	56,014,707	50,743,655	51,625,765

Net (Expense) Revenues \$ - \$ - \$ - \$ - \$ (90,842,534) \$ (80,032,556) \$ (97,068,436) \$ (117,008,041) \$ (139,078,730) \$ (135,591,532)

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	\$ 116,604,155
Grants and Contributions	-	-	-	-	-	-	-	304,543	458,864	-
Not Restricted to Specific Programs	-	-	-	-	1,179,946	-	-	-	-	-
Investment Earnings	-	-	-	-	982,048	641,891	2,746,876	5,377,631	7,895,304	5,629,066
Total General Revenues	\$ -	\$ -	\$ -	\$ -	\$ 77,949,461	\$ 84,077,051	\$ 95,483,275	\$ 103,867,109	\$ 111,325,855	\$ 122,233,221

Change in Net Assets

Total \$ - \$ - \$ - \$ - \$ (12,893,073) \$ 4,044,495 \$ (1,585,161) \$ (13,140,932) \$ (27,752,875) \$ (13,358,311)

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 Tax²	Total
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
2008	116,604,155	1,238,609	117,842,764

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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$ 25,023	\$ 19,897	\$ 41,256	\$ 23,288	\$ 39,804	\$ 97,859	\$ 37,046	\$ 61,640	\$ 92,943	\$ 114,819
Unreserved	<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>	<u>27,919,875</u>
Total General Fund	\$ 7,999,765	\$ 5,326,756	\$ 5,093,649	\$ 5,037,472	\$ 5,261,024	\$ 9,148,815	\$ 14,123,451	\$ 19,862,476	\$ 28,498,398	\$ 28,034,694
All Other Governmental Funds										
Reserved	\$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	\$ 81,406,859
Unreserved, reported in:										
Special Revenue Funds	<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>	<u>18,017,608</u>
Total Other Government	\$50,155,674	\$48,170,342	\$ 59,286,814	\$38,940,284	\$30,173,021	\$26,547,641	\$62,663,964	\$37,400,218	\$ 104,099,856	\$ 99,424,467

Denton County, Texas

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
REVENUES										
Taxes	\$ 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	\$ 116,739,752
Licenses and Permits	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	8,297,596
Intergovernmental	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	17,311,000
Fees of Office	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	14,541,990
Fines	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	4,146,764
Interest	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	5,629,066
Miscellaneous	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	2,268,943
TOTAL REVENUES	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	168,935,111
EXPENDITURES										
General Government	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	18,075,340
Judicial	7,922,535	8,742,182	9,908,240	11,035,550	11,601,749	12,887,995	13,563,108	14,101,568	14,592,331	15,786,201
Legal	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	10,442,389
Financial	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	5,468,113
Public Facilities	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	9,469,904
Public Safety	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	53,951,828
Health & Welfare	3,867,828	4,426,416	4,627,493	6,062,458	7,153,262	7,669,045	8,295,745	7,716,209	8,246,526	8,800,056
Conservation	214,321	255,954	308,440	343,215	334,882	324,708	331,543	370,952	388,181	389,404
Contract Services	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	2,889,226
Roads	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	10,690,649
Intergovernmental	-	-	-	-	11,717,001	5,930,076	14,561,953	35,764,228	42,887,800	855,974
Capital Outlay	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	38,398,326

Fiscal Year

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Service:										
Principal Retirement	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	11,843,736
Interest & Service Charge	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	14,023,885
TOTAL EXPENDITURES	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	201,085,032

Excess of Revenues over (under) expenditures	(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)	(32,149,920)
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OTHER FUNDING SOURCES (USES)

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	23,900,000
Bond Premium	-	-	-	-	-	-	2,866,219	-	441,000	267,662
Sale of Surplus Property	-	-	-	-	-	-	-	-	-	353,757
Capital Lease Financing	446,184	663,224	967,937	1,458,048	670,677	119,956	599,842	62,879	399,668	2,489,407
Transfers In	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	4,375,385
Transfers Out	(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)	(4,375,385)
Refunding Bonds Issued	1,649,807	-	-	-	-	27,235,647	51,830,000	19,315,000	-	-
Refunding Bond Discount	-	-	-	-	-	-	-	(528,875)	-	-
Payments to Escrow Agt	(1,649,807)	-	-	-	-	(26,939,647)	(53,243,364)	(18,677,925)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	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	27,010,826

NET CHANGE IN FUND BALANCES	\$ 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	\$ (5,139,095)
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DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	10.5%	12.2%	11.7%	15.0%	14.1%	13.6%	13.9%	10.3%	9.9%	13.7%
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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 Tax¹	Total
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
2008	116,739,752	1,238,609	117,978,361

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	Real Property							
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	1,281,112,384	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%	
2008	32,339,953,553	6,730,833,980	11,126,310,614	5,119,287,446	6,435,930,007	48,882,455,586	0.23589	48,882,455,586	100.00%	

Denton County, Texas
PRINCIPAL PROPERTY TAXPAYERS

September 30, 2008

<u>Taxpayer</u>	<u>2008</u>			<u>1999</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.	\$ 1,030,787,060	1	2.11%	\$ -		
Burlington Resources Oil & Gas	205,255,930	2	0.42%	-		
GTE Southwest Inc., dba Verizor	173,120,140	3	0.35%	141,881,902	1	0.84%
Oncor Electric Delivery Co.	158,458,570	4	0.32%			
Citicorp Technology Inc.	154,440,794	5	0.32%			
Encana Oil & Gas (USA)	114,521,940	6	0.23%			
TTHR Limited Partnership	107,542,951	7	0.22%			
Cardinal Health #110 Inc.	103,175,495	8	0.21%			
Block 60 Program	98,976,663	9	0.20%			
Vista Ridge JV	91,082,433	10	0.19%			
Texas Utilities Electric				92,226,050	2	0.55%
Frito Lay				76,704,610	3	0.46%
Raytheon TI Systems, Inc.				52,806,009	4	0.31%
J.C. Penney Co., Inc.				46,396,446	5	0.28%
Texas New Mexico Power				45,891,044	6	0.27%
Paccar, Inc.				44,506,051	7	0.26%
Jefferson at Round Grove, LP				42,437,313	8	0.25%
AMLI Southwest Residential LTD				39,938,390	9	0.24%
Albertson's, Inc.				<u>39,038,717</u>	<u>10</u>	<u>0.23%</u>
	<u>\$ 2,237,361,976</u>		<u>4.58%</u>	<u>\$621,826,532</u>		<u>3.69%</u>

Note: 2008 Total Assessed valuation of \$48,882,455,586 per Denton Central Appraisal District.
1999 Total Assessed valuation of \$16,833,774,874 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)	2001	2002	2003	2004	2005	2006	2007	2008
GOVERNMENTAL ENTITY									
Denton County	100.00 %	0.23193	0.25193	0.24897	0.24717	0.25480	0.24648	0.23192	0.23589
<u>Cities</u>									
Argyle	100.00	0.3950	0.38000	0.3925	0.39250	0.40324	0.40324	0.38592	0.38500
Aubrey	100.00	0.5089	0.56220	0.5500	0.55545	0.52624	0.52640	0.52624	0.56240
Bartonville	100.00	0.1847	0.18471	0.1847	0.17806	0.17944	0.19294	0.19294	0.19294
Carrollton	35.62	0.5993	0.59930	0.5993	0.59930	0.59930	0.63288	0.63290	0.61788
The Colony	100.00	0.7350	0.72500	0.7250	0.72000	0.72000	0.72000	0.71500	0.69750
Copper Canyon	100.00		0.14383			0.17027		0.17027	0.19027
Corinth	100.00	0.5260	0.52600	0.5260	0.54975	0.56060	0.55698	0.55698	0.55698
Dallas	0.83	0.6675	0.66750	0.6998	0.69980	0.71970	0.74170	0.72920	0.74790
Denton	100.00	0.5282	0.54820	0.5482	0.59815	0.59815	0.60815	0.62652	0.66652
Double Oak	100.00	0.2200	0.22000	0.2200	0.22000	0.22000	0.22000	0.22000	0.22481
Flower Mound	100.00	0.4500	0.44970	0.4497	0.44970	0.44970	0.44970	0.44970	0.44970
Frisco	11.64	0.3700	0.36700	0.3370	0.43200	0.42296	0.44489		0.45000
Hackberry	100.00	0.6818	0.68178	0.6030	0.57996	0.51392	0.52298	0.52298	0.57984
Hickory Creek	100.00	0.3700	0.34977	0.2993	0.31939	0.34020	0.34020	0.34020	0.44562
Highland Village	100.00	0.5696	0.56963	0.5696		0.56963	0.56963	0.56963	0.56963
Justin	100.00	0.4297	0.42989	0.4297	0.42969	0.42969	0.42969	0.42969	0.49900
Krugerville	100.00	0.2378	0.23780	0.2378	0.23780	0.23780	0.23780	0.23780	0.26962
Krum	100.00	0.2534	0.25331	0.2550	0.23217	0.35137	0.49158	0.53983	0.58983
Lake Dallas	100.00	0.5617	0.56171	0.5617	0.57980	0.63185	0.64935	0.67000	0.69000
Lakewood Village	100.00	0.2500	0.25000	0.2500	0.25000	0.25000	0.25000	0.25000	0.25000
Lewisville	99.92	0.4511	0.45050	0.4505	0.45050	0.45050	0.45050	0.45679	0.44050
Little Elm	100.00	0.4330	0.44453	0.3998	0.35750	0.39902	0.39902	0.47000	0.53580
Marshall Creek	100.00	0.3024	0.34536	0.5000	0.60212	0.60212		0.68821	0.59876
Northlake	100.00	0.2950	0.29500	0.2950	0.29500	0.29500	0.29500	0.29500	0.29500
Oak Point	100.00	0.4386	0.65402	0.6390	0.59900	0.58900	0.58900	0.57900	0.57900
Pilot Point	100.00	0.4927	0.46200	0.4999	0.46331	0.50000	0.50000	0.59000	0.59000
Ponder	100.00	0.1838	0.18379	0.2295	0.22949	0.22949	0.27782	0.31652	0.31652
Roanoke	100.00	0.3751	0.37512	0.3751	0.37512	0.37512	0.37512	0.37512	0.37512
Sanger	100.00	0.5888	0.58879	0.5655	0.59260	0.57083		0.59046	0.59960
Shady Shores	100.00	0.3400	0.34000	0.3400	0.34000	0.33210	0.33212	0.33212	0.31990
Trophy Club	100.00	0.4505	0.44051	0.4405	0.37751	0.43051	0.43051	0.43051	0.43510
<u>School Districts:</u>									
Argyle	100.00	1.7760	1.75447	1.7552	1.82220	1.91950	1.91950	1.76943	1.41005

Percent		2001	2002	2003	2004	2005	2006	2007	2008
Applicable to									
Denton County									

GOVERNMENTAL ENTITY

School Districts

(Continued)

Aubrey	100.00	1.5600	1.6129	1.7330	1.8081	1.8388	1.8380	1.6666	1.3981
Carrollton-F. Branch	20.48	1.6700	1.7242	1.7224	1.7358	1.7824	1.8259	1.6830	1.3670
Celina	4.67	1.5900	1.7000	1.7500	1.7500	1.7800	1.7800	1.5190	1.5190
Denton	100.00	1.8440	1.8540	1.8640	1.8640	1.8640	1.7640	1.7640	1.4340
Frisco	14.02	1.4200	1.4400	1.5175	1.5575	1.6300	1.5800		1.3500
Krum	99.16	1.8600	1.7080	1.6660	1.6660	1.7250	1.7250	1.5955	1.3655
Lake Dallas	100.00	1.6600	1.6900	1.7400	1.7400	1.8600		1.7900	1.5200
Lewisville	100.00	1.6100	1.6700	1.6700	1.7700	1.7700	1.7700	1.6400	1.3700
Little Elm	100.00	1.5300	1.5990	1.7112	1.7300	1.8200	1.8400	1.7400	1.4600
Northwest	71.46	1.6914	1.8348	1.8348	1.8193	1.8193	1.6730	1.6650	1.3351
Pilot Point	88.41	1.5079	1.5656	1.5811	1.7755	1.7755	1.7442	1.6300	1.3000
Ponder	100.00	1.5645	1.6324	1.7680	1.7930	1.7600	1.5526	1.5526	1.2282
Prosper	1.03	1.7202	1.7202	1.7610	1.9515	1.9753			
Sanger	100.00	1.6000	1.6700	1.5330	1.6900	1.8000	1.7800	1.6500	1.3400
Slidell	26.90	1.5610	1.5600	1.6700	1.4821	1.7000	1.5293	1.3706	1.1300

Special Districts

Lake Cities MUA	100.00	0.0000	0.0000	0.0000	0.0000		0.0000		
Trophy Club MUD 1	46.68	0.0000	0.2400	0.3000	0.2800	0.2800			0.2300
Trophy Club MUD 2	100.00	0.0000	0.3654	0.3400	0.3390	0.3490	0.3100	0.2990	0.2792
Denton Co. Fire									
Dist. #1	100.00	0.0300	0.0300	0.0277					
Clear Creek Watershed									
Authority	100.00	0.0300	0.0118	0.0118	0.0118	0.0350			0.6520
Corinth MUD #1	100.00	0.3300	0.3100	0.3106	0.3100	0.3100	0.3100		0.3100
Denton Co. Fresh Water									
Water Supp. Dist. #'	100.00	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	0.9000
DC Fresh Water Supp.#1-C							0.54	0.9500	0.9000
DC Fresh Water Supp.#1-D							1.0000	0.9500	0.9000
DC Fresh Water Supp.#1-E							1.0000		0.9000

Notes:

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

(2) Source: Municipal Advisory Council of Texas 112

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
1999	\$ 41,874,015	\$ 41,410,656	98.9%	\$ 411,341	\$ 41,821,997	99.9%
2000	45,654,039	45,064,783	98.7%	543,850	45,608,633	99.9%
2001	53,675,987	52,928,630	98.6%	697,434	53,626,064	99.9%
2002	67,007,264	65,833,992	98.2%	1,084,533	66,918,525	99.9%
2003	74,597,046	73,502,543	98.5%	964,413	74,466,956	99.8%
2004	82,072,675	81,000,786	98.7%	909,362	81,910,148	99.8%
2005	91,909,495	90,828,110	98.8%	873,095	91,701,205	99.8%
2006	96,942,092	95,770,632	98.8%	1,072,080	96,842,712	99.9%
2007	101,758,392	100,548,087	98.8%	1,094,410	101,642,497	99.9%
2008	115,308,895	114,144,213	99.0%	-	114,144,213	99.0%

Denton County, Texas

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Personal Income¹	Per Capita²	Population
	General Obligation Bonds	Capital Leases				
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
2008	285,616,003	2,136,690	287,752,693	1.85%	468.16	614,650

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 (')</u>
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	0.62	453.49	599,350
2008	285,616,004	2,056,731	283,559,273	0.58	461.33	614,650

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, 2008

	Net Bonded Debt at September 30, 2008	Percentage Applicable to Denton County (1)	Amount Applicable to Denton County
<u>DIRECT DEBT</u>			
Denton County	\$ 285,616,004	100.00%	\$ <u>285,616,004</u>
<u>OVERLAPPING DEBT</u>			
<u>Cities:</u>			
Argyle	1,370,016	100.00	1,370,016
Aubrey	4,362,208	100.00	4,362,208
Bartonville	1,010,000	100.00	1,010,000
Carrollton	154,821,578	35.62	55,147,446
The Colony		100.00	-
Corinth	20,049,093	100.00	20,049,093
Dallas	1,877,152,609	0.83	15,580,367
Denton	114,400,282	100.00	114,400,282
Flower Mound	86,564,632	100.00	86,564,632
Frisco	271,961,557	32.20	87,571,621
Hackberry	220,000	100.00	220,000
Hickory Creek	7,565,000	100.00	7,565,000
Highland Village	18,114,475	100.00	18,114,475
Justin	3,558,015	100.00	3,558,015
Krugerville	110,000	100.00	110,000
Krum	7,174,177	100.00	7,174,177
Lake Dallas	4,569,000	100.00	4,569,000
Lewisville	56,752,742	99.92	56,707,340
Little Elm	20,351,220	100.00	20,351,220
Marshall Creek	-	100.00	-
Northlake	1,865,000	100.00	1,865,000
Oak Point	860,000	100.00	860,000
Pilot Point	4,970,000	100.00	4,970,000
Ponder	3,840,000	100.00	3,840,000
Roanoke	19,919,677	100.00	19,919,677
Sanger	4,395,000	100.00	4,395,000
Trophy Club	7,717,575	100.00	7,717,575

Notes:

(1) Source: Municipal Advisory Council of Texas

	Net Bonded Debt at September 30, 2008	Percentage Applicable to Denton County (1)	Amount Applicable to Denton County
School Districts:			
Argyle	56,269,737	100.00	56,269,737
Aubrey	44,555,268	100.00	44,555,268
Carrollton-			
Farmers Branch	382,358,711	20.48	78,307,064
Celina	49,389,730	4.67	2,306,500
Denton	636,100,751	100.00	636,100,751
Frisco	881,880,559	14.02	123,639,654
Krum	47,322,691	99.16	46,925,180
Lake Dallas	100,016,956	100.00	100,016,956
Lewisville	794,163,163	100.00	794,163,163
Little Elm	130,184,453	100.00	130,184,453
Northwest	391,612,415	71.46	279,846,232
Pilot Point	18,762,347	97.25	18,246,382
Ponder	32,518,483	100.00	32,518,483
Prosper	155,744,425	1.03	1,604,168
Sanger	30,961,468	100.00	30,961,468
Slidell	2,595,000	26.90	698,055
Special Districts:			
Lake Cities M.U.A.	-	100.00	-
Trophy Club M.U.D.#1	2,928,000	46.68	1,366,790
Trophy Club M.U.D.#2	6,930,000	100.00	6,930,000
Denton Co. RUD #1	14,875,000	97.94	14,568,575
DC Fresh Water Supp #1-B	15,624,882	100.00	15,624,882
DC Fresh Water Supp #1-D	26,840,872	100.00	26,840,872
DC Fresh Water Supp #1-E	24,007,433	100.00	24,007,433
DC Fresh Water Supp #9	27,177,033	100.00	27,177,033
Corinth M.U.D. #1	506,307	100.00	<u>506,307</u>
TOTAL OVERLAPPING DEBT			<u>\$3,041,357,551</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u><u>\$3,326,973,555</u></u>

Denton County, Texas

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(Amounts Expressed in Thousands)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit	\$ 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	\$ 12,220,614
Total Net Debt Applicable to Limit	93,571	106,100	136,508	134,979	133,816	129,568	168,697	172,799	271,797	283,559
Legal Debt Margin	\$ 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	\$ 11,937,055
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	2.50%	2.42%	2.62%	2.22%	1.95%	1.69%	2.04%	1.95%	2.73%	2.32%

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed Value of Real Property	\$ 48,882,455
Debt Limit (25% of Total Real Property Value)	12,220,614
Debt Applicable to Limit	
General Obligations Bonds	285,616
Less: Amount Set Aside for Repayment of General Obligation Debt	(2,057)
Total Net Debt Application to Limit	283,559
Legal Debt Margin	11,937,055

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 Level in Years of Formal Schooling ¹	School Enrollment ¹	Unemployment Rate 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	-	-	-	-	178,444	3.8%
2007	559,350	17,087,583	30,549	31.8	14	187,564	4.0%
2008	614,650	-	-	-	-	-	4.4%

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>2008</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	7,100	1	1.16%	5,500	1	1.47%
Lewisville ISD	4,500	2	0.73%	3,600	2	0.96%
Frito Lay	2,436	3	0.40%			
American Airlines	2,350	4	0.38%			
Texas Women's University	2,200	5	0.36%	1,300	7	0.35%
Denton Independent School Distri	2,000	6	0.33%	1,648	4	0.44%
Horizon Health	1,500	7	0.24%			
Denton State School	1,473	8	0.24%	1,100	9	0.29%
Xerox Corporation	1,400	9	0.23%	1,218	8	0.33%
Denton County	1,227	10	0.20%	1,497	5	0.40%
Boeing Electronics				2,024	3	0.54%
Peterbilt Motors				1,400	6	0.37%
City of Denton				1000	10	0.27%
	<u>26,186</u>		<u>4.26%</u>	<u>20,287</u>		<u>5.43%</u>

Source: Texas Workforce Commission

Denton County, Texas

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Full-Time Equivalent Employees as of Beginning of Fiscal Year

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government	137.5	142.5	147.0	152.5	154.5	158.0	159.5	164.0	168.5	166.0
Judicial	104.5	114.0	114.5	121.5	122.5	122.5	124.0	123.0	126.5	133.0
Legal	102.0	100.5	107.0	115.5	117.0	116.0	118.0	118.0	116.0	107.0
Financial	71.5	73.0	74.0	74.5	76.5	80.0	80.5	80.5	81.5	86.5
Public Facilities	26.5	26.5	27.5	27.5	27.5	29.5	30.5	30.5	30.0	30.0
Public Safety	564.5	604.0	618.5	625.0	628.0	686.5	710.0	712.0	758.0	761.5
Health & Welfare	31.0	34.0	41.0	49.0	51.5	58.0	53.0	70.5	9.0	9.0
Conservation	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	81.0	80.0
Roads	<u>88.0</u>	<u>88.0</u>	<u>88.0</u>	<u>82.0</u>	<u>82.0</u>	<u>80.5</u>	<u>80.5</u>	<u>81.0</u>	<u>74.5</u>	<u>46.5</u>
Total	1,134.5	1,191.5	1,226.5	1,256.5	1,268.5	1,340.0	1,365.0	1,388.5	1,445.0	1,419.5

Denton County, Texas

OPERATING INDICATORS BY FUNCTION

Function	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
County Clerk:										
Number of Criminal Cases Filed	8,944	8,957	9,331	10,135	11,260	11,200	11,185	9,650	10,087	11,000
Number of Civil Cases Filed	1,271	1,014	1,519	1,683	1,891	2,182	2,567	3,141	4,697	5,100
Human Resources										
Applications Accepted	5,270	5,862	6,750	11,090	14,397	15,237	12,233	10,830	10,087	9,200
Positions Filled	371	617	517	235	348	441	458	258	270	200
Purchasing										
Purchase Orders Issued	10,161	9,369	9,180	9,039	8,869	8,801	8,963	8,231	8,543	9,000
Competitive Bids/Contract Renewals	61	142	48	45	45	59	48	43	53	55
Information Services/County Technology										
Work Orders Completed	5,399	8,131	12,479	10,055	9,216	14,162	8,809	9,559	8,300	8,512
Elections Administration										
New Registrations	28,479	40,010	40,000	40,000	26,072	35,072	26,143	35,000	27,926	30,000
Elections Held	16	26	25	32	26	35	23	77	52	42
Judicial										
District Courts										
Criminal Cases Disposed	1,578	1,417	1,408	2,107	2,471	3,055	2,530	2,601	2,304	2,450
Divorce/Family Cases Disposed		3,375	4,436	4,816	4,514	4,782	4,157	5,702	8,860	8,228
County Courts										
Juvenile Cases Disposed			1,242	982	1,212	1,424	1,421	1,169	1,262	1,300
Criminal Cases Disposed	12,619	10,108	9,993	9,521	7,898	9,639	8,646	9,325	10,464	10,525
District Clerk										
Civil, Family and Tax Cases Filed	6,759	7,065	7,288	8,324	8,552	8,990	9,688	9,381	9,981	10,344
Child Support Garnishment Orders					4,188	5,162	7,323	17,612	7,783	7,983

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Justices of the Peace										
Civil Cases Filed	3,436	3,523	5,048	5,513	9,062	7,475	7,456	7,779	9,469	12,366
Criminal Cases Filed	24,761	28,748	31,157	31,242	30,967	37,193	36,097	34,510	25,950	25,467
Legal										
Criminal District Attorney										
Felony Cases Under Indictment	2,404	2,396	2,062	1,615	1,935					
Misdemeanor Cases Under Indictment	18,533	21,615	18,140	6,889	6,716	9,382	9,326	11,359	11,727	11,828
Cases Filed										
Total Jury Trials					227	237	224	200	153	190
Financial										
County Auditor										
Accounts Payable Checks Processed	19,500	19,062	20,235	19,654	20,118	18,134	17,000	17,000	17,000	17,500
County Treasurer										
Payroll Checks Processed	30,352	31,687	33,840	35,102	36,992	36,371	38,611	38,732	39,000	39,500
Tax Assessor/Collector										
County Tax Accounts	172,373	198,198	220,000	248,600	265,500	254,048	254,048	270,929	284,302	300,901
Automobile Registrations	331,873	346,000	374,522	385,962	400,781	416,726	448,147	474,564	474,561	498,440
Budget Department										
Budget Amendments Processed	333	300	283	253	257	248	234	251	239	234
Public Safety										
County Jail										
Average Daily Jail Population	664	680	680	725	770	897	897	1,019	1,103	1,155
Average Daily # of Contract Inmates	200	200	200	217	231	-	-	40	95	53
Sheriff										
E-911 Calls Received	26,455	38,500	38,500	60,865	64,291	54,517	73,696	62,100	80,121	82,564
Patrol Calls for Service	-	-	-	-	-	-	-	-	18,449	29,161
Health & Welfare										
Immunizations Administered	15,464	14,137	16,981	18,472	26,910	20,126	19,799	14,939	17,950	18,000
Primary Health Care Visits	3,731	3,920	4,744	5,370	7,574	8,226	8,883	7,714	8,987	9,000
Roads										
Work Orders Completed	400	460	663	1,017	-	730	472	332	709	480
Miles of Roads Overlayed				15	-	14	23	10	14	18

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Justices of the Peace										
Civil Cases Filed	3,436	3,523	5,048	5,513	9,062	7,475	7,456	7,779	9,469	12,366
Criminal Cases Filed	24,761	28,748	31,157	31,242	30,967	37,193	36,097	34,510	25,950	25,467
Legal										
Criminal District Attorney										
Felony Cases Under Indictment	2,404	2,396	2,062	1,615	1,935					
Misdemeanor Cases Under Indictment	18,533	21,615	18,140	6,889	6,716					
Cases Filed						9,382	9,326	11,359	11,727	11,828
Total Jury Trials					227	237	224	200	153	190
Financial										
County Auditor										
Accounts Payable Checks Processed	19,500	19,062	20,235	19,654	20,118	18,134	17,000	17,000	17,000	17,500
County Treasurer										
Payroll Checks Processed	30,352	31,687	33,840	35,102	36,992	36,371	38,611	38,732	39,000	39,500
Tax Assessor/Collector										
County Tax Accounts	172,373	198,198	220,000	248,600	265,500	254,048	254,048	270,929	284,302	300,901
Automobile Registrations	331,873	346,000	374,522	385,962	400,781	416,726	448,147	474,564	474,561	498,440
Budget Department										
Budget Amendments Processed	333	300	283	253	257	248	234	251	239	234
Public Safety										
County Jail										
Average Daily Jail Population	664	680	680	725	770	897	897	1,019	1,103	1,155
Average Daily # of Contract Inmates	200	200	200	217	231	-	-	40	95	53
Sheriff										
E-911 Calls Received	26,455	38,500	38,500	60,865	64,291	54,517	73,696	62,100	80,121	82,564
Patrol Calls for Service	-	-	-	-	-	-	-	37,239	40,308	187,996
Health & Welfare										
Immunizations Administered	15,464	14,137	16,981	18,472	26,910	20,126	19,799	14,939	17,950	18,000
Primary Health Care Visits	3,731	3,920	4,744	5,370	7,574	8,226	8,883	7,714	8,987	9,000
Roads										
Work Orders Completed	400	460	663	1,017	-	730	472	332	709	480
Miles of Roads Overlaid				15	-	14	23	10	14	18

Source: Denton County Budget Office

Denton County, Texas

CAPITAL ASSET STATISTICS BY FUNCTION

Function	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
Number of Buildings										8
Judicial										
Number of Buildings										3
Financial										
Number of Buildings										1
Public Safety										
Number of Buildings										7
Number of Jail Beds										1,400
Juvenile Detention Beds										102
Number of Sheriff Vehicles										200
Health and Welfare										
Number of Buildings										2
Roads										
Number of Buildings										3
Miles of Road										612
Number of Bridges										62

Source: Denton County Financial Records

Note: 2008 is the first year for accumulation of these statistics.

PREFACE

Overview of the County's Fiscal Year 2008 Annual Audit -

Denton County's combined financial statements for 2008, 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 2008 annual audit.

Overview of Grant Audit Requirements -

The scope of the County's fiscal year 2008 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 2008 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, 2008**

(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 2008 totaled approximately \$1,111,775.

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, 2008

<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- 2009 Investigations and Technical Asst.	93.283	2008-028070	\$ 460,296
Center for Disease Control and Prevention- 2008 Investigations and Technical Asst.	93.283	2008-022946-001	\$ 1,023,277
Center for Disease Control and Prevention- 2006 Investigations and Technical Asst.	93.283	C9000524-3	1,243,525
2009 Medical Assistance Program	93.283	2008-028073	126,389
2008 Medical Assistance Program	93.283	2008-023010	126,389
2006 Medical Assistance Program	93.283	200606D	238,565
U. S. Department of Agriculture Passed through the Texas Department of State Health Services			
2008 Special Supplement Food Program for Women, Infants and Children	10.557	C9000524-4	1,525,170
2007 Special Supplement Food Program for Women, Infants and Children	10.557	C9000524-4	<u>1,429,919</u>
Total Texas Department of State Health Services			<u>6,173,530</u>
U.S. Dept. of Health and Human Services Passed through Texas Dept. of Family and Protective Services:			
2008 CPS IV-E Legal Services Grant	93.658	2008-033424	113,346
2007 CPS IV-E Legal Services Grant	93.658	2003-033424	85,199

Balance * October 1, <u>2007</u>	Receipts or Revenue <u>Recognized</u>	Disbursements/ <u>Expenditures</u>	Balance * September 30, <u>2008</u>
\$ -	\$ -	\$ 69,445	\$ 69,445
37,400	595,962	973,613	415,051
368,473	368,473	-	-
-	-	8,322	8,322
-	64,041	107,519	43,478
61,419	61,419	-	-
-	1,098,339	1,525,170	426,831
<u>184,129</u>	<u>181,403</u>	<u>(2,726)</u>	<u>-</u>
<u>651,421</u>	<u>2,369,637</u>	<u>2,681,343</u>	<u>963,127</u>
-	24,515	111,346	86,831
16,397	16,397	-	-

Denton County, Texas

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2008**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Program or Award Amount
2008 Foster Care Title IV-E Grant	93.658	-	31,116
2007 Foster Care Title IV-E Grant	93.658	-	<u>30,826</u>
 Total Texas Department of Family and Protective Services			 <u>260,487</u>
 U.S. Dept. of Agriculture Passed through the Texas Department of Agriculture	 read comment		
 2008 National School Lunch Program Grant	 10.555	 -	 <u>125,489</u>
 Total Texas Department of Agriculture			 <u>125,489</u>
 U. S. Dept. of Health and Human Services Passed through the Office of the Attorney General - Child Support Office:			
 2008 Title IV-D Filing Fees and Court Costs Grant	 93.563	 -	 <u>98,368</u>
 U.S. Department of Justice Passed through the Office of the Governor - Criminal Justice Division:			
Prosecution Enhancement Grant-12	16.588	WF-06-V30-13432-10	40,000
Prosecution Enhancement Grant-11	16.588	WF-06-V30-13432-09	40,000
Victim Notification Grant-9	16.576	VA-02-13611-09	30,108
Family Violence Expansion Grant-11	16.588	WF-06-V30-13433-10	80,000
Family Violence Expansion Grant-10	16.588	WF-06-V30-13433-09	<u>80,000</u>
 Total Office of the Governor - Criminal Justice Division			 <u>270,108</u>

Balance * October 1, 2007	Receipts or Revenue Recognized	Disbursements/ Expenditures	Balance * September 30, 2008
-	13,323	31,116	17,793
<u>9,104</u>	<u>9,104</u>	<u>-</u>	<u>-</u>
<u>25,501</u>	<u>63,339</u>	<u>142,462</u>	<u>104,624</u>
<u>-</u>	<u>125,489</u>	<u>125,489</u>	<u>-</u>
<u>-</u>	<u>125,489</u>	<u>125,489</u>	<u>-</u>
<u>-</u>	<u>98,368</u>	<u>98,368</u>	<u>-</u>
-	40,000	40,000	-
11,362	11,362	-	-
-	30,108	30,108	-
-	80,000	80,000	-
<u>13,493</u>	<u>13,493</u>	<u>-</u>	<u>-</u>
<u>24,855</u>	<u>174,963</u>	<u>150,108</u>	<u>-</u>

Denton County, Texas

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2008**

<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>
Federal Department of Homeland Security Passed Through the Texas Department of Public Safety:			
2008 Emergency Management Grant	83.552	76TX-EMPG-038	33,061
2007 Emergency Management Grant	83.552	76TX-EMPG-038	35,706
2007 Disaster Relief Grant	97.036	-	<u>53,588</u>
Total Federal Dept. of Homeland Security			<u>122,355</u>
U.S. Dept. of Health and Human Services Passed through the Texas Juvenile Probation Commission			
2008 Title IV-E Administrative Costs Grant	93.658	TJPC-E-08-220	334,739
2007 Title IV-E Administrative Costs Grant	93.658	TJPC-E-07-220	<u>408,244</u>
Total Texas Juvenile Probation Commission			<u>742,983</u>
U.S. Department of Homeland Security Passed through the Office of the Governor:			
State Homeland Security Grant 2007	97.004	2007-GE-T7-0024	616,458
State Homeland Security Grant 2006	97.004	2006-GE-T5-4025	730,345
State Homeland Security Grant 2005	97.004	2005-GE-T5-4025	<u>1,159,026</u>
Total U.S. Department of Homeland Security:			<u>2,505,829</u>
U.S. Department of Justice			
Bulletproof Vest Partnership Program Grant	16.607	-	<u>2,258</u>

Balance * October 1, 2007	Receipts or Revenue Recognized	Disbursements/ Expenditures	Balance * September 30, 2008
-	-	33,061	33,061
35,706	35,706	-	-
-	53,588	53,588	-
<u>35,706</u>	<u>89,294</u>	<u>86,649</u>	<u>33,061</u>
-	334,739	334,739	-
110,076	110,076	-	-
<u>110,076</u>	<u>444,815</u>	<u>334,739</u>	<u>-</u>
-	-	2,197	2,197
57,781	562,519	664,318	159,580
53,205	53,205	-	-
<u>110,986</u>	<u>615,724</u>	<u>666,515</u>	<u>161,777</u>
-	-	2,258	2,258

Denton County, Texas

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2008**

<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>
Passed through the Office of the Governor:			
State Criminal Alien Assistance Grant 2007	16.606	2008-AP-BX-0261	239,353
State Criminal Alien Assistance Grant 2006	16.606	06-AP-VX-212	220,913
Juvenile Accountability Incentive Block Grt-9	16.523	JB-05-J20-13373-09	24,584
Juvenile Accountability Incentive Block Grt-8	16.523	JB-05-J20-13373-08	25,896
2007 Edward Byrne Justice Assistance Grant	16.580	2006-DJ-BX-1089	62,135
2006 Edward Byrne Justice Assistance Grant	16.580	2006-DJ-BX-1089	<u>37,074</u>
Total Department of Justice			<u>609,955</u>
National Highway Traffic Safety Administration			
Passed through the Dept of Transportation:			
2008 STEP Impaired Driving Mob. Grant	20.600	588EGF5012	7,560
2007 STEP Wave Grant	20.600	587XXF5017	<u>34,713</u>
Total Natl Highway Traffic Safety Admin.			<u>42,273</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>\$ 13,369,098</u>

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

Balance * October 1, <u>2007</u>	Receipts or Revenue <u>Recognized</u>	Disbursements/ <u>Expenditures</u>	Balance * September 30, <u>2008</u>
-	239,353	239,353	-
25,490	25,490	-	-
-	22,660	24,584	1,924
2,937	2,937	-	-
-	62,135	54,544	(7,591)
<u>(205)</u>	<u>-</u>	<u>205</u>	<u>-</u>
<u>28,222</u>	<u>352,575</u>	<u>318,686</u>	<u>(5,667)</u>
-	3,124	3,714	590
<u>-</u>	<u>11,462</u>	<u>12,622</u>	<u>1,160</u>
<u>-</u>	<u>14,586</u>	<u>16,336</u>	<u>1,750</u>
<u>18,455</u>	<u>(2,013)</u>	<u>(2,013)</u>	<u>18,455</u>
<u>\$ 1,005,222</u>	<u>\$ 4,346,777</u>	<u>\$ 4,620,940</u>	<u>\$ 1,279,385</u>

Denton County, Texas

SCHEDULE OF STATE FINANCIAL ASSISTANCE

For the Fiscal Year Ended September 30, 2008

<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:			
2009 Service Delivery Integration Fees for Services Grant		2009-024224-001	-
2008 Service Delivery Integration Fees for Services Grant		2008-024224-001	168,726
2009 Tuberculosis Services Grant		2009-024615	-
2008 Tuberculosis Services Grant		2008-024615	63,623
2009 Immunization Program Grant		2009-028311	223,042
2008 Immunization Program Grant		75-60009205-2008-03	223,042
2008 Prenatal Services		2008-024108-001	70,000
2009 OPHP Local Public Health System Grant		2009-024479-001	60,244
2008 OPHP Local Public Health System Grant		2008-024479-001	<u>60,244</u>
Total Texas Dept. of State Health Services			<u>868,921</u>
Office of the Governor, Criminal Justice Division:			
Juvenile Child Abuse Prosecution Grant - 3		SF-08-J20-17661-03	33,163
Juvenile Child Abuse Prosecution Grant - 2		SF-07-A10-17661-02	<u>44,218</u>
Total Office of the Governor, Criminal Justice Division:			<u>77,381</u>
Texas Commission on Environmental Quality:			
Regional High Emitting Vehicle Asst. Grant		Denton 2006	<u>1,710,936</u>
Comptroller of Public Accounts:			
Tobacco Compliance Grant 2009			16,000
Tobacco Compliance Grant 2008		-	<u>12,000</u>
Total Comptroller of Public Accounts:			<u>28,000</u>

Balance * October 1, 2007	Receipts or Revenue Recognized	Disbursements/ Expenditures	Balance * September 30, 2008
-	-	-	-
-	181,683	181,683	-
-	-	-	-
-	52,199	63,623	11,424
-	-	30,185	30,185
32,781	223,042	190,261	-
-	70,000	70,000	-
-	-	6,541	6,541
-	60,244	60,244	-
<u>32,781</u>	<u>587,168</u>	<u>602,537</u>	<u>48,150</u>
-	33,163	33,163	-
8,835	8,835	-	-
<u>8,835</u>	<u>41,998</u>	<u>33,163</u>	<u>-</u>
-	1,710,936	1,710,936	-
-	8,000	-	(8,000)
-	5,336	5,336	-
-	13,336	5,336	(8,000)

Denton County, Texas

SCHEDULE OF STATE FINANCIAL ASSISTANCE

For the Fiscal Year Ended September 30, 2008

<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 Task Force on Indigent Defense:			
Indigent Defense Formula Grant		Denton 2008	<u>268,910</u>
Total State Assistance			<u>\$ 2,954,148</u>

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

Balance * October 1, <u>2007</u>	Receipts or Revenue <u>Recognized</u>	Disbursements/ <u>Expenditures</u>	Balance * September 30, <u>2008</u>
-	268,910	268,910	-
\$ 41,616	\$ 2,622,348	\$ 2,620,882	\$ 40,150



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 with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement*, the State of Texas Uniform Grants Management Standards that are applicable to each of its major federal and state programs for the year ended September 30, 2008. 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 Denton County's management. Our responsibility is to express an opinion on Denton 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 Denton 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 Denton County's compliance with those requirements.

In our opinion, Denton 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, 2008. However, the results of our auditing procedures disclosed an instance of noncompliance with these requirements, which is required to be reported in accordance with OMB Circular A-133, and which is described in the accompanying Schedule of Findings and Questioned Costs as 2008-2.

Internal Control Over Compliance

The management of Denton County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered Denton County's internal control over compliance with the 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 Denton 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.

Denton County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Denton County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the 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.

March 23, 2009



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 the Denton County, Texas as of and for the year ended September 30, 2008, and have issued our report thereon dated March 23, 2009. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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. We consider the deficiency described in the accompanying Schedule of Audit Findings as Item 2008-1 to be a significant deficiency in internal control over financial reporting.

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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, the significant deficiency described above, we consider Item 2008-1 to be a material weakness.

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 March 23, 2009.

The County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the County, and County Council and is not intended to be and should not be used by anyone other than these specified parties.

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

March 23, 2009

DENTON COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Summary of Auditors' Results

Type of report on financial statements	Unqualified
Internal control over financial reporting: Material weakness(es) identified?	See 2008-1
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Internal control over major programs: Material weakness(es) identified?	None reported
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Noncompliance which is material to the basic financial statements	None reported
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	See Finding 2008-2
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 Title IV-E Administrative Cost, CFDA #93.658 CPS IV-E Legal Services Grant, CFDA #93.658 Foster Care Title IV-E Grant, CFDA #93.658 State Homeland Security Grant, CFDA #97.004
Major state program	Regional High Emitting Vehicle Assistance Grant

(continued)

DENTON COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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

Item 2008-1:

Condition: The County uses a Criminal Justice Computer System to track and record the amounts of fines that are owed by offenders. Upon testing the receivable balances, it was noted that balances being shown had errors and balances that were not being calculated properly.

Effect: Court receivables and revenue have a risk of being misstated.

Cause: The Criminal Justice Computer System generates detailed lists of court receivables that have errors and balances that were not being calculated properly.

Recommendation: We recommend the County work closely with their software provider to generate accurate listings of court receivables. The County should also audit these listings on an interim basis throughout the year to identify errors on a timely basis. By doing this on an interim basis, the County will have adequate time to correct any noted errors.

Management's Response: We will work with the software provider to insure that both the Criminal Justice Computer System and the new system can provide accurate reports of fines assessed and collected.

**Contact Person Responsible
for Corrective Action:** James Wells, County Auditor

**Anticipated Completion
Date:** September 30, 2009

(continued)

DENTON COUNTY, TEXAS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Findings and Questioned Costs for Federal and State Awards

<u>Item 2008-2:</u>	All major programs
<u>Condition:</u>	Documentation was not available to ensure time and effort requirements were met in accordance with OMB Circular A-87.
<u>Criteria:</u>	Documentation of allowable salaries and wages in accordance with OMB Circular A-87 include the following: (1) Where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee. (2) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards, unless a statistical sampling system or other substitute system has been approved by the cognizant federal agency. Such documentary support will be required where employees work on: a. More than one federal award; b. A federal award and a non-federal award; c. An indirect cost activity and a direct cost activity; d. Two or more indirect activities which are allocated using different allocation basis; or e. An unallowable activity and a direct or indirect cost activity.
<u>Cause:</u>	Policies and procedures are not in place to ensure time and effort requirements are met in accordance with OMB Circular A-87.
<u>Effect:</u>	Certifications of time and effort were not available. We performed procedures to verify that salaries and wages tested were allowable costs. These procedures included inquiry of employees.
<u>Recommendation:</u>	Management should implement policies and procedures to ensure the County certifies time and effort in accordance with the requirements of OMB Circular A-87.
<u>Management's Response:</u>	We will implement and monitor policies and procedures to insure compliance with requirements for documentation regarding allowable salaries.
<u>Contact Person Responsible for Corrective Action:</u>	James Wells, County Auditor
<u>Anticipated Completion Date:</u>	September 30, 2009

DENTON COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

None