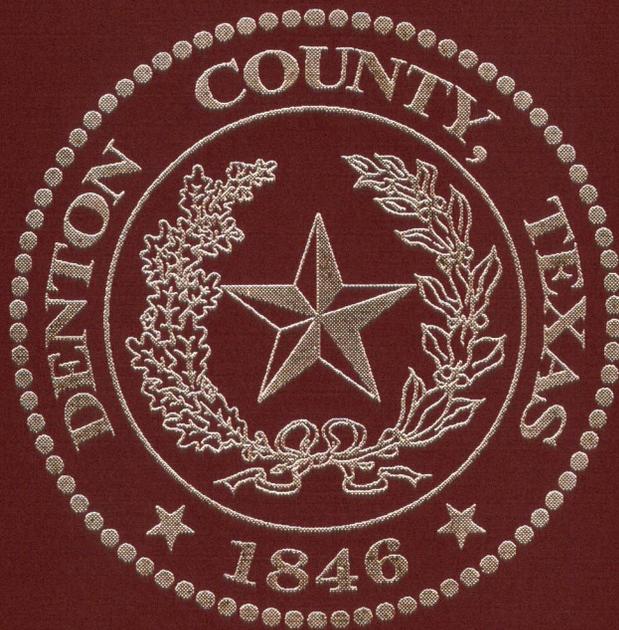


DENTON COUNTY, TEXAS

Comprehensive Annual Financial Report

For the Fiscal Year Ended

September 30, 2012



DENTON COUNTY AUDITOR

DENTON COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2012

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 25, 2013

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. Per that requirement, we hereby issue the comprehensive annual financial report of Denton County for the fiscal year ended September 30, 2012.

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, 2012 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, 2012 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 it should be read in conjunction with it. Denton County's MD&A can be found immediately following the report of the independent auditors. The financial section also includes government-wide financial statements, fund financial statements, notes, required supplementary information and the combining and individual fund financial statements and schedules. The statistical section of this report includes selected financial and demographic information on a multi-year basis.

PROFILE OF DENTON COUNTY

The County of Denton, established in 1846, is located in the north central part of the state, which is considered to be a top growth area in the state, and one of the top growth areas in the country. The County of Denton currently occupies a land area of 911 square miles and serves a population of 683,010 according to the most recent estimates of the North Central Texas Council of Governments. 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 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 to develop 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 its 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 approximately 683,000 citizens, it is the ninth most populous county in the state. Major cities in the County include Denton which is the county seat, Lewisville, Flower Mound and Carrollton. Denton County's many advantages include climate, access to transportation, 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 52% 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 over \$53 billion in 2012.

As with the nation as a whole, job cutbacks were felt in Denton County in both manufacturing and service industries. Our September, 2012, unemployment rate of 5.6% does compare favorably with the 6.3% statewide rate, and with the 7.6% national rate. During the 2012 year, the County had over \$1.1 billion in new property added to the tax rolls. This was approximately the same amount in new construction in the County compared to the previous year, but it was a slowdown from prior years. Also, in 2012, approximately 2,000 new housing starts were added in the County.

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. New housing 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, but construction has slowed due to the nationwide recession. 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 Target and Schlumberger have been completed. 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 12% of current budgeted expenditures. It also establishes guidelines for appropriate uses of excess reserves, and it sets out strategies for the County when compliance has not maintained. 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 eight 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 2009, and the plan has been updated each year since.

Relevant Financial Policies. The continuing high inflation in health care costs, and County's implementation of Government Accounting Standards Board Statement 45 have created added emphasis on the cost of Other Post-Employment Benefits (OPEB) in connection with the County's employee health insurance program. Efforts to more clearly understand the impact of these future costs have centered on more in-depth analysis of the county's policies regarding eligibility for OPEB and the levels of OPEB granted for employees' service to the County. Hopefully, fine tuning of these policies will result in the preservation of employee benefits and in reductions in future costs to the county.

Major Initiatives. Continued implementation of the facilities and transportation improvements identified in the Capital Improvement Plan was the major priority of County management in 2012. Using funding from the 2009 and 2010 Permanent Improvement Bond issues, the County continued progress on Phase II of a multi-step plan to develop a new administrative complex on property in Denton owned by the County. Construction on the three buildings included in Phase II of the Administrative Complex will be completed by early in the 2013 fiscal year. The construction bidding process for the County's law enforcement center and juvenile detention center was also completed in 2012. These projects, along with ongoing projects related to the courts building, and the criminal justice computer system will all help to insure that the County's facilities remain up to date and sufficient for conducting county business.

A major portion of the funding from the 2010 and 2012 PI Bonds was dedicated to transportation improvements. The County was very active in finalizing contracts with municipalities in the County and with the State of Texas to insure that needed improvements were begun. We also hired several engineering firms to plan and design projects where the funding contracts were already in place. Both the facilities and the transportation initiatives will carry forward into the 2013 fiscal year.

AWARDS AND ACKNOWLEDGMENTS

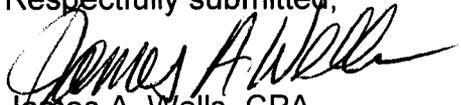
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Denton County for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2011. This was the twenty-first consecutive year that the government 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, 2011. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including serving as a policy document, a financial plan, an operations guide, and as 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. Credit also must be given to the County Treasurer, Budget Office, Purchasing Department and Human Resources Department for their support for maintaining the highest standards of professionalism in the management of the County's finances.

Respectfully submitted,



James A. Wells, CPA
Denton County Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Denton County
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2011

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.



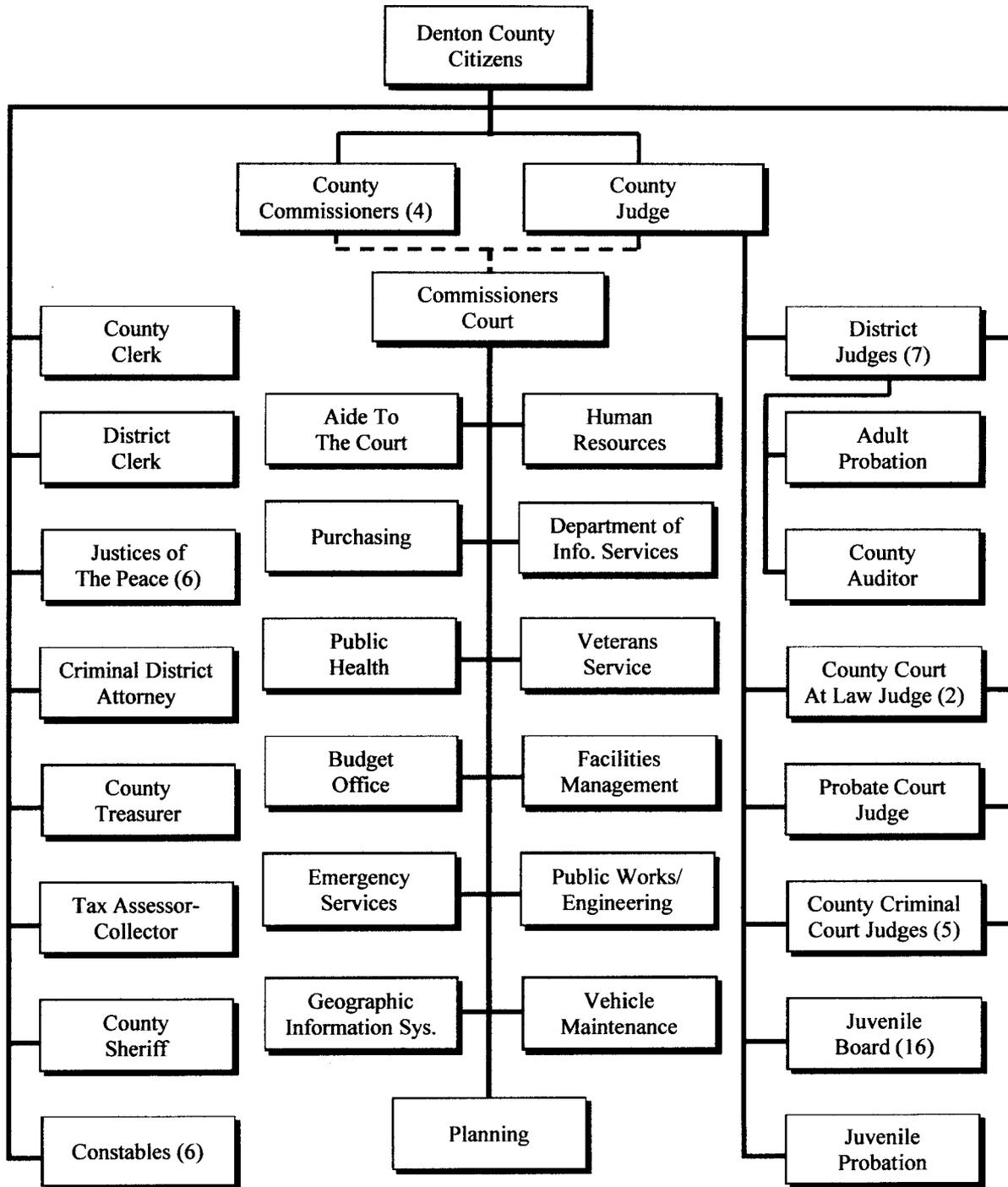
Christopher P. Mouill

President

Jeffrey R. Enen

Executive Director

DENTON COUNTY ORGANIZATIONAL CHART



DENTON COUNTY, TEXAS

PRINCIPAL OFFICIALS

September 30, 2012

Commissioners Court

Mary Horn	County Judge
Hugh Coleman	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
Steve Burgess	Judge, 158th District Court
L. Dee Shipman	Judge, 211th District Court
Bruce McFarling	Judge, 362nd District Court
Margaret Barnes	Judge, 367th District Court
Doug Robison	Judge, 393rd District Court
Jonathan Bailey	Judge, 431st District Court
Kimberly McCary	Judge, County Court-at-Law 1
Robert Ramirez	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
Bonnie Robison	Judge, Probate Court

Law Enforcement

Benny Parkey	County Sheriff
Paul Johnson	Criminal District Attorney
Peggy Carr*	Community Supervision Director
Ken Metcalf*	Juvenile Probation Director

Financial Administration

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

Recording Officials

Sherri Adelstein	District Clerk
Cynthia Mitchell	County Clerk

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Denton County, Texas, as of and for the year ended September 30, 2012, 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, 2012, and the respective changes in financial position, and where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2013, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Schedule of Funding Progress for the employees' retirement system and other post-employment benefits plans on pages 3 through 14 and page 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Denton County, Texas' financial statements as a whole. 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 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 financial statements. The combining and individual nonmajor fund financial statements and schedules and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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 do not express an opinion or provide any assurance on them.

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

March 25, 2013

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, 2012. 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 \$(113,250,029) (*net assets*). Of this amount \$16,398,831 is restricted for specific purposes. Unrestricted net assets are \$(281,375,007).
- As of the close of the current fiscal year, Denton County's governmental funds reported combined ending fund balances of \$272,352,071, an increase of \$53,496,359 in comparison with the prior year. Of this total amount, \$29,031,968 is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$29,031,968 or 24.89 percent of the total general fund expenditures.
- Denton County's total bonded debt increased by \$76,210,000 (15.95 percent) during the current fiscal year. The key factors in this increase are that the County issued \$108,255,000 in new bonded debt in 2012 while over \$19 million in previously issued debt was retired during the year. \$12,335,000 in previously issued bonds was refinanced at lower interest rates to save the County almost \$1,200,000 in interest expenses.

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

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 15-16 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 2009 Permanent Improvement Bond Fund, the 2010 PI Bond Project Fund, and the 2012 PI Bond Fund, all of which are considered to be major funds. Data from the other 30 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 17-23 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 to 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 24-26 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 27 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 28-58 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* and combining and individual fund statements for the Debt Service Fund and the Special Revenue Funds.

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, liabilities exceeded assets by \$113,250,029 at the close of the most recent fiscal year.

The largest portion of Denton County's total assets represents cash and investments that are to be used 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 total net 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, 2012 and 2011 are summarized as follows:

	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 302,731,359	\$ 248,835,218
Capital assets (net of depreciation)	<u>205,191,799</u>	<u>177,700,731</u>
Total assets	<u>507,923,158</u>	<u>426,535,949</u>

Current and other liabilities	19,865,604	19,474,013
Long-term liabilities	601,307,586	505,253,241
Total Liabilities	<u>621,173,190</u>	<u>524,727,254</u>

Net assets:

Invested in capital assets, net of related debt	151,726,144	74,403,152
Restricted	16,398,831	17,188,139
Unrestricted	<u>(281,375,007)</u>	<u>(189,782,596)</u>
Total net assets	<u>\$ (113,250,032)</u>	<u>\$ (98,191,305)</u>

About 7.45% 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 \$15.06 million during the current fiscal year. Key components of this decrease include the following:

- Unrestricted net assets decreased by nearly \$91.6 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 2012.
- An increase in net assets in the internal service fund of \$1.75 million due to increased plan premiums and a smaller than expected claims payable at yearend.
- A reporting requirement for debt in government-wide statements is that the principal debt payments of \$19,680,000 are expenditures in the traditional fund statements and a reduction of debt (which increases net assets) in the government-wide financial statements.
- Investments increased by \$50.7 million primarily due to the issuance of over \$100 million in new bonded debt, and to the expenditure of \$59 million of proceeds from previously issued permanent improvement bonds.

Governmental activities. Governmental activities, which are the County's only activities, decreased Denton County's net assets by \$15,058,724. Key elements of this decrease are as follows:

	<u>2012</u>	<u>2011</u>
Revenues:		
Net Program Revenues:		
Charges for services	\$ 23,412,290	\$ 22,003,356
Operating grants and contributions	25,669,604	26,601,978
Capital grants and contributions	820,766	3,574,713
General Revenues:		
Property taxes	149,738,540	145,198,935
Unrestricted investment earnings	584,091	578,883
Total revenues	<u>200,225,291</u>	<u>197,957,865</u>
Expenses:		
General government	21,506,924	21,168,674
Judicial	19,717,321	18,652,589
Legal	12,186,816	11,838,684
Financial management	6,499,141	6,271,248
Public Facilities	10,263,736	9,736,681
Public Safety	67,781,949	64,954,843
Health and welfare	10,814,737	10,452,903
Conservation	366,965	389,137
Contractual	3,016,238	3,138,482
Roads Maintenance	39,807,090	57,727,274
Interest on long-term debt	23,323,098	21,610,150
Total expenses	<u>215,284,015</u>	<u>225,940,665</u>
Changes in net assets	(15,058,724)	(27,982,800)
Net assets - beginning	<u>(98,191,305)</u>	<u>(70,208,505)</u>
Net assets - ending	<u>\$ (113,250,029)</u>	<u>\$ (98,191,305)</u>

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

- Property tax revenues increased by \$4.5 million (3.1%) during the year. This increase is the result of increases to the tax base that totaled \$1.1 billion although the effective tax rate was not increased. Taxes were increased to fund salary and benefit increases for existing county employees.

- Capital grants and contributions decreased by \$2.75 million as certain major federal and state grant programs either concluded or were decreased by the grantor agencies.
- Total expenses decreased by \$10.66 million during the year. This decrease reflects a \$17.9 million decrease in road maintenance expenses that was partially offset by additional spending of almost \$1.5 million (8.0%) for employee medical benefits, increased county contributions to the employee retirement system, increased operating expenses for prisoner housing, and increased long-term debt interest expense of \$1.6 million. Also, 2012 was the fourth year for Denton County to implement the provisions of GASB 45, and this resulted in additional recognition of expenses for other post-employment benefits that totaled \$9.0 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, *unassigned 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 \$272,352,071, an increase of \$53.5 million in comparison with the prior year. Approximately 10.7 percent of this total amount (\$29.03 million) constitutes *unassigned fund balance*, which is available for spending at the County's discretion. The remainder of fund balance is divided among *assigned fund balance of \$0*, *committed fund balance of \$0*, *restricted fund balance of \$243,145,504* and *nonspendable fund balance of \$174,599*. The County's ability to spend each of these types of fund balance is more limited than with unassigned fund balance, and the limitations on spending are discussed more fully in the notes to the financial statements.

The general fund is the chief operating fund of Denton County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$29,031,968, while total fund balance was \$29,206,567. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 24.89% of total general fund expenditures, and total fund balance represents 25.04% of that same amount.

The fund balance of Denton County's general fund increased by \$2.9 million during the current fiscal year even though \$3.2 million was transferred to the Capital Replacement Fund. Key factors that enabled the County to increase the level of fund balance are as follows:

- Total revenues from taxes increased over the prior year by \$4.4 million. Taxes increased due to high collection rates and an increase in taxable property. Fees and licenses and permits also increased by \$2.7 million as demand for services began to increase as the economy improved and a new County Clerk Records Archive fee was authorized as of January 1, 2012.
- Expenditures in the General Fund increased by 3.16 million (2.79%) over prior year totals. Spending had been very flat recently. County management continued to hold the line on spending but did grant employee raises averaging 2% after two years with no raises. Few new employees or new programs were funded.
- Fund balances in capital projects funds increased since spending of \$57.45 million from debt proceeds was offset by the County's issuance of over \$100 million in new debt during the year. Numerous road and building construction projects that were initiated in prior years continued, and several new projects were begun.

The debt service fund has a total fund balance of \$3,684,146 all of which is restricted for the payment of debt service.

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 moderate (a \$400,000 increase in appropriations), and were primarily for the following:

- The re-appropriation of funds for prior year-end encumbrances (\$766,000), and,
- Reductions in the Non-Departmental appropriated budget to fund transfers to other county funds.

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

- Property tax revenue exceeded budget by 2.2% (\$2.0 million) due to higher than expected collection rates and to increased penalties and interest on collections of delinquent taxes.
- Licenses and fees of office exceeded budgeted amounts due to increased vehicle sales and an increase in demand for services.
- Due to interest rates that remained at historic lows throughout the year, investment income was under budget by more than 50%.
- Total general fund expenditures were 95.8% of the amended budget, and most functional areas of expenditures varied less than 5% from the amended budget. Major savings were realized in the Public Facilities and Public Safety areas of the budget. Salary, operational expenditures, and insurance savings offset increased expenditures for employee health insurance, prisoner related expenses, and court related expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Denton County's investment in capital assets for its governmental activities as of September 30, 2012 totals over \$205,000,000 (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:

- A variety of transportation construction projects were initiated or continued at a cost of \$27.7 million, financed by road bonds.
- A project to add office space and courtrooms on the fourth floor of the Courts Building was completed. This project had a cost of \$3.2 million and was being funded by the 2008 Tax Note Fund.
- The County continued 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 five separate county facilities that will be constructed in phases. Constuction of Phase I was completed in FY 2011. Construction of the three separate Phase II buildings was initiated in 2012, with a construction cost of over \$29 million. This project will be completed in early fiscal 2013.
- In December, 2010, the County purchased 20 acres of land in Precinct 1, northeast Denton County. Construction of a new road and bridge service facility began in 2012 and should be completed in early 2013.
- 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 continued in fiscal

Court in the summer of 2007, and implementation continued in fiscal 2012. The plan is updated annually by the County. Planning and design for the jail expansion, juvenile probation expansion, and Lewisville Government Center expansion projects in this plan continued during in fiscal 2012.

Denton County's Capital Assets

Governmental Activities:	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Capital Assets</u>
Land	\$ 10,580,662	\$ -	\$ 10,580,662
Buildings and Improvements	126,931,394	30,739,141	96,192,253
Machinery & Equipment	41,662,540	29,349,400	12,313,140
Infrastructure	175,532,591	134,056,674	41,475,917
Construction in Progress	44,629,827	-	44,629,827
Total	<u>\$ 399,337,014</u>	<u>\$ 194,145,215</u>	<u>\$ 205,191,799</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 \$553,915,000. 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 \$76,210,000 (15.96 percent) during the current fiscal year. Denton County issued bonds and notes totaling \$108,255,000 and a total of \$19,680,000 in debt was retired. The County also refunded \$12,335,000 in existing debt as part of the larger bond issuance.

Denton County's bond ratings were upgraded in 2009 from "AA+" to "AAA" by Standard & Poor's and in 2010 from "Aa1" to "Aaa" 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 5.6 percent, which is improved from the rate of 7.8 percent a year ago. The County's rate does compare favorably to the state's average unemployment rate of 6.3 percent and the national average rate of 7.6 percent.
- New construction and improvements to the County's tax rolls provided an additional \$3.0 million in property tax revenues for 2013 without requiring a tax rate increase over the County's effective tax rate.
- By limiting other increases in spending and due to the larger than expected additional tax revenue, salary increases of 2.5% were approved for county employees in the FY 2013 budget. No raises were given in 2 of the 3 most recent years prior.
- Increases in costs for health and dental care continued in 2012. Because of this, the increase in the County's funding to the employee benefit plan for 2013 was \$1,900,000 (\$100 per employee per month). This is similar to the increases in budgeted health insurance for over 5 years.
- A \$2 million expenditure increase for debt service was included in the 2013 budget due to the new bonded debt issued in 2012. Budgetary funding was approved for only 8 new employees county-wide.
- The County's tax base increased by \$1.01 billion for 2013. This increase was the result of over \$1 billion in new property being added to the tax roll. Also, increases in the value of land and existing improvements offset decreases in the valuations of mineral property and business personal property.

All of these factors were considered in preparing Denton County's budget for the 2013 fiscal year.

At the end of the current fiscal year, fund balances in the governmental funds totaled \$272.4 million. Denton County has appropriated \$14 million of this amount for spending in the 2013 fiscal year budget. \$2 million of that total represents funds transferred from the General Fund to the Capital Replacement Fund for one-time major capital expenditures. Another \$2 million of fund balance in the Capital Improvement Fund is appropriated for expenditure in 2013. This is a decision of County management to fund certain capital expenditures from reserve funds and to forego issuing debt for them. Almost \$2.2 million in the Debt Service Fund is appropriated for 2013. 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, 2012

Governmental
Activities

ASSETS

Cash	\$	6,899,544
Investments		280,521,399
Receivables:		-
Taxes		2,503,090
Accrued Interest		2,648
Other Receivables		353,163
Fines Receivable		10,990,974
Less Allowance for Uncollectables		(2,504,726)
Due from Other Governments		1,257,587
Inventories		174,599
Deferred Charges		881,607
Bond Discount		1,651,474
Capital Assets:		
Land		10,580,662
Buildings		126,931,394
Depreciation on Buildings		(30,739,141)
Equipment		41,662,540
Depreciation on Equipment		(29,349,400)
Infrastructure		175,532,591
Depreciation on Infrastructure		(134,056,674)
Construction in Progress		44,629,827
TOTAL ASSETS	\$	<u>507,923,158</u>

LIABILITIES

Accounts Payable		9,568,515
Wages Payable		1,553,291
Interest Payable		6,481,521
Due to Other Governments		1,109,163
Other Payables		160
Unearned Revenue		1,152,951
Non Current Liabilities:		
Due within One Year		19,236,101
Due in More than One Year		582,071,485
TOTAL LIABILITIES		<u>621,173,187</u>

NET ASSETS

Investments In Capital Assets, Net of		
Related Debt		151,726,144
Restricted for Debt Service		-
Restricted for Road and Bridge		4,766,898
Restricted for Indigent Health		1,794,627
Restricted for Other Purposes		9,837,309
Unrestricted		(281,375,007)
Total Net Assets	\$	<u>(113,250,029)</u>

See the notes to the financial statement. 15

Denton County, Texas
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2012

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government	\$ 21,506,924	\$ 8,696,505	\$ 4,437,572	\$ 177,733	\$ (8,195,114)
Judicial	19,717,321	7,907,526	1,197,202		(10,612,593)
Legal	12,186,816	202,073	465,583		(11,519,160)
Financial	6,499,141	3,031,553	-		(3,467,588)
Public Facilities	10,263,736	-	44,977		(10,218,759)
Public Safety	67,781,949	2,978,680	6,046,595	643,033	(58,113,641)
Health & Welfare	10,814,737	517,340	4,350,268		(5,947,129)
Conservation	366,965	-	-		(366,965)
Contractual	3,016,238	-	805,126		(2,211,112)
Road Maintenance	39,807,090	78,613	6,398,817		(33,329,660)
Interest on Long-Term Debt	23,323,098	-	1,923,464		(21,399,634)
Total	\$ 215,284,015	\$ 23,412,290	\$ 25,669,604	\$ 820,766	\$ (165,381,355)
General Revenues:					149,738,540
Property Taxes					584,091
Investment Earnings					150,322,631
Total General Revenues					(15,058,724)
Change in Net Assets					(98,191,305)
Net Assets - Beginning					-
Prior Period Adjustment					
Net Assets - Ending					\$ (113,250,029)

See the notes to the financial statements.

Denton County, Texas
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 September 30, 2012

ASSETS	General Fund	Debt Service	2009 PI Bond		2010 PI Bond		2012 PI Bond		Nonmajor Governmental	Total Governmental
			Project Fund	Project Fund	Project Fund	Project Fund				
Cash	\$ 1,243,086	\$ 13,438	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,563,050	\$ 2,819,574
Investments	32,801,797	3,751,255	19,445,614	92,985,430	92,497,722	-	-	-	39,039,581	280,521,399
Receivables:										
Taxes	1,583,382	647,078	-	-	-	-	-	-	272,630	2,503,090
Accrued Interest	2,648	-	-	-	-	-	-	-	-	2,648
Other Receivables	89,050	-	-	10,323	-	-	-	-	99,324	198,697
Due from Other Funds	398,532	-	-	-	-	-	-	-	282,303	680,835
Due from Other Governments	555,755	-	-	-	-	-	-	-	702,911	1,258,665
Inventories	174,599	-	-	-	-	-	-	-	-	174,599
TOTAL ASSETS	\$ 36,848,849	\$ 4,411,771	\$ 19,445,614	\$ 92,995,753	\$ 92,497,722	\$ -	\$ 41,959,798	\$ -	\$ 41,959,798	\$ 288,159,507
LIABILITIES AND FUND EQUITY										
Accounts Payable	2,566,954	400	368,090	2,253,483	793,086	-	2,744,704	-	2,744,704	8,726,718
Wages Payable	1,265,101	-	-	-	-	-	288,189	-	288,189	1,553,291
Interest Payable	-	80,147	-	-	-	-	-	-	-	80,147
Due to Other Funds	162,865	-	-	-	-	-	517,970	-	517,970	680,835
Due to Other Governments	1,109,784	-	-	-	-	-	460	-	460	1,110,244
Other Payables	160	-	-	-	-	-	-	-	-	160
Deferred Revenues	2,537,416	647,078	-	-	-	-	471,547	-	471,547	3,656,041
TOTAL LIABILITIES	7,642,282	727,625	368,090	2,253,483	793,086	-	4,022,870	-	4,022,870	15,807,436
EQUITY										
Fund Balances:										
Nonspendable	174,599	-	-	-	-	-	-	-	-	174,599
Restricted	-	3,684,146	19,077,524	90,742,270	91,704,636	-	37,936,929	-	37,936,929	243,145,504
Unassigned	29,031,968	-	-	-	-	-	-	-	-	29,031,968
TOTAL FUND EQUITY	29,206,567	3,684,146	19,077,524	90,742,270	91,704,636	-	37,936,929	-	37,936,929	272,352,071
TOTAL LIABILITIES, EQUITY	\$ 36,848,849	\$ 4,411,771	\$ 19,445,614	\$ 92,995,753	\$ 92,497,722	\$ -	\$ 41,959,798	\$ -	\$ 41,959,798	\$ 288,159,507

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.
 Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds
 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.
 Long-term liabilities, including bond payable, are not due and payable in the current period and therefore are not reported in the funds.
 Net assets of governmental activities

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, 2012

	General Fund	Debt Service	2009 PI Bond Project Fund	2010 PI Bond Project Fund	2012 PI Bond Project Fund	Nonmajor Governmental	Total Governmental Funds
REVENUES							
Taxes	\$ 94,489,168	\$ 38,999,633	\$ -	\$ -	\$ -	\$ 16,432,014	\$ 149,920,815
Licenses and Permits	2,239,003	-	-	-	-	6,166,242	8,405,245
Intergovernmental	7,397,266	1,894,448	-	200,000	-	8,229,637	17,721,352
Fees of Office	12,940,032	-	-	-	-	3,298,551	16,238,582
Fines	3,516,408	-	-	-	-	-	3,516,408
Interest	123,659	30,283	61,122	189,715	104,837	74,476	584,091
Miscellaneous	1,951,352	29,016	-	-	-	719,068	2,699,436
TOTAL REVENUES	122,656,889	40,953,380	61,122	389,715	104,837	34,919,988	\$ 199,085,929
EXPENDITURES							
Current							
General Government	18,982,066	-	-	-	-	1,967,339	20,969,405
Judicial	17,752,790	-	-	-	-	1,256,827	19,009,616
Legal	11,433,673	-	-	-	-	94,233	11,527,906
Financial	5,853,164	-	-	-	-	30,000	5,883,164
Public Facilities	7,690,697	-	-	-	-	-	7,690,697
Public Safety	51,434,220	-	-	-	-	11,436,466	62,870,685
Health and Welfare	91,111	-	-	-	-	10,238,067	10,329,198
Conservation	347,594	-	-	-	-	-	347,594
Contract Services	3,016,238	-	-	-	-	-	3,016,238
Roads	-	-	-	-	-	-	-
Intergovernmental:	-	-	-	-	-	10,356,891	10,356,891
Capital Outlay	-	-	34,761,527	14,885,530	4,259,437	5,223,925	59,130,419
Debt Service:	-	19,680,000	-	-	-	-	19,680,000
Principal Retirement	-	21,365,306	-	-	-	-	21,365,306
Interest & Service Charges	-	-	-	-	-	-	-
TOTAL EXPENDITURES	116,801,552	41,045,306	34,761,527	14,885,530	4,259,437	40,623,767	252,177,119
Excess (Deficiency) of Revenues Over Expenditures	6,055,337	(91,926)	(34,700,405)	(14,495,816)	(4,154,600)	(5,703,779)	(53,091,190)
Other Financing Sources (Uses):							
Issuance of Debt	-	11,665,000	-	-	86,830,000	9,730,000	108,225,000
Bond Premium	-	959,956	-	-	9,029,236	444,250	10,433,442
Sale of Surplus Property	83,484	-	-	-	-	94,085	177,568
Capital Lease Financing	2,276,495	-	-	-	-	-	2,276,495
Transfers In	37,875	-	-	-	-	-	37,875
Transfers Out	(5,519,946)	-	-	-	-	4,410,360	4,448,235
Refunding Bonds Issued	-	-	-	-	-	(828,287)	(828,287)
Refunding Bond Discount	-	-	-	-	-	-	-
Payments to Escrow Agent	-	(12,624,956)	-	-	-	-	(12,624,956)
Total Other Financing Sources (Uses)	(3,122,095)	-	-	-	95,859,236	13,850,408	106,587,549
NET CHANGE IN FUND BALANCES	2,933,242	(91,926)	(34,700,405)	(14,495,816)	91,704,636	8,146,628	53,496,359
FUND BALANCE - BEGINNING	26,273,324	3,776,073	53,777,929	105,238,085	-	29,790,300	218,855,712
FUND BALANCE - ENDING	\$ 29,206,566	\$ 3,684,146	\$ 19,077,524	\$ 90,742,270	\$ 91,704,636	\$ 37,936,929	\$ 272,352,071

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, 2012

Amounts reported for governmental activities in the statement of activities (p. 16) are different because:

Net change in fund balances - total governmental funds (p. 18) \$ 53,496,359

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. 26,871,194

The net effect of various miscellaneous transactions (deletions) involving capital assets. -

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 961,790

Some expenses reported in statement of activities are not fund expenditures (e.g. compensated absences and other post-employment benefits which are liabilities not normally liquidated with current financial resources). (8,752,357)

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. (89,403,183)

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. 1,767,473

Change in net assets of governmental activities (p. 16) \$ (15,058,724)

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, 2012

	Budget Amounts			Variance Positive(Negative) With Final Budget
	Original	Revised	Actual	
REVENUES				
TAXES	\$ 92,460,480	\$ 92,460,480	\$ 94,489,168	\$ 2,028,688
LICENSES AND PERMITS	1,960,000	1,960,000	2,239,003	279,003
INTERGOVERNMENTAL	4,921,310	7,734,590	7,397,266	(337,324)
FEES OF OFFICE	12,425,500	12,425,500	12,940,032	514,532
FINES	3,620,000	3,620,000	3,516,408	(103,592)
INTEREST	383,000	383,000	123,659	(259,341)
MISCELLANEOUS	1,484,534	1,691,161	1,951,352	260,191
TOTAL REVENUES	117,254,824	120,274,731	122,656,889	2,382,158
EXPENDITURES				
GENERAL GOVERNMENT				
COMMISSIONERS COURT	112,463	110,590	109,997	593
COMMISSIONER, PRECINCT #1	208,480	208,480	207,086	1,394
COMMISSIONER, PRECINCT #2	212,727	212,727	209,326	3,401
COMMISSIONER, PRECINCT #3	221,770	222,843	221,519	1,324
COMMISSIONER, PRECINCT #4	210,684	211,484	208,787	2,697
COUNTY JUDGE	321,831	323,532	320,826	2,706
BAIL BOND BOARD	3,129	3,129	1,358	1,771
COUNTY CLERK	3,540,911	3,543,851	3,369,248	174,603
HUMAN RESOURCES	934,813	938,262	890,267	47,995
PURCHASING DEPARTMENT	865,563	866,610	854,952	11,658
VEHICLE MAINTENANCE DEPARTMENT	339,019	339,019	322,385	16,634
NON-DEPARTMENTAL	6,591,837	1,999,981	1,908,287	91,694
FINANCIAL INFORMATION SYSTEMS	81,880	121,880	116,884	4,996
INFORMATION SERVICES	1,944,857	1,970,617	1,926,869	43,748
PRINT/MAIL DEPARTMENT	335,555	336,750	309,652	27,098
PUBLIC WKS/GEOGRAPHIC INFO SYS	353,648	354,488	328,694	25,794
DEPT OF PUBLIC WORKS/PLANNING	672,089	672,089	637,487	34,602
HIST COMM HOT FUNDS GRANT	-	17,730	14,769	2,961
CHOS/BAYLESS-SELBY MUSEUM 2013	24,514	37,865	41,235	(3,370)
OFFICE OF HISTORY & CULTURE	288,216	301,330	270,232	31,098
HISTORICAL COMMISSION	75,201	76,486	74,215	2,271
RECORDS MANAGEMENT DEPARTMENT	268,580	274,867	258,334	16,533
CHOS/BAYLESS SELBY GRANT 2010	80,443	80,444	52,796	27,648
VETERANS SERVICE OFFICE	366,486	366,486	365,221	1,265
ELECTIONS ADMINISTRATION DEPT	1,534,797	1,609,567	1,474,330	135,237
HAVA (HELP AMERICA VOTE ACT) GRANT	-	-	-	-
CIVIL SERVICE COMMISSION	11,075	11,075	-	11,075
COUNTY WIDE TECHNOLOGY	2,191,803	2,268,142	2,210,817	57,325
Total General Government	21,792,371	17,480,324	16,705,571	774,753
JUDICIAL				
JUDICIARY AND COURT SUPPORT	357,224	357,224	323,933	33,291
16TH DISTRICT COURT	687,820	851,885	839,361	12,524
158TH DISTRICT COURT	687,722	875,722	1,005,989	(130,267)
211TH DISTRICT COURT	707,280	810,028	847,842	(37,814)
362ND DISTRICT COURT	696,138	831,450	924,392	(92,942)

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - (continued)
For the Year Ended September 30, 2012

	Budget Amounts		Actual	Variance
	Original	Revised		Positive(Negative) With Final Budget
367TH DISTRICT COURT	698,071	801,278	813,723	(12,445)
393RD DISTRICT CT - FAMILY LAW	443,291	628,291	653,196	(24,905)
431ST DISTRICT COURT	442,883	632,883	573,142	59,741
COUNTY COURT AT LAW NO. 1	612,770	614,444	572,072	42,372
COUNTY CRIMINAL COURT #2	608,879	626,480	613,548	12,932
COUNTY COURT AT LAW #2 / CIVIL	378,409	378,409	365,607	12,802
PROBATE COURT	1,609,245	1,609,583	1,496,851	112,732
COUNTY CRIMINAL COURT #1	607,680	637,720	634,523	3,197
COUNTY CRIMINAL COURT #3	601,792	601,792	576,381	25,411
COUNTY CRIMINAL COURT #4	593,610	653,610	656,091	(2,481)
COUNTY CRIMINAL COURT #5	621,951	641,951	609,959	31,992
DISTRICT CLERK	1,610,274	1,617,897	1,584,683	33,214
COUNTY COURT ADMINISTRATOR	90,407	90,407	89,956	451
JUSTICE OF THE PEACE, PCT 1	468,447	470,097	465,277	4,820
JUSTICE OF THE PEACE, PCT 2	322,507	322,660	316,260	6,400
JUSTICE OF THE PEACE, PCT 3	437,214	437,214	427,570	9,644
JUSTICE OF THE PEACE, PCT 4	321,173	321,717	319,075	2,642
JUSTICE OF THE PEACE, PCT 5	481,153	481,161	460,139	21,022
JUSTICE OF THE PEACE, PCT 6	360,836	361,623	352,000	9,623
JUVENILE CASE MANAGER	49,796	49,796	45,344	4,452
DISTRICT COURT ADMINISTRATOR	177,613	177,613	176,992	621
JURY AND GRAND JURY	175,349	180,006	158,851	21,155
JUSTICE INFORMATION SYSTEM	762,521	803,699	715,348	88,351
DEATH INVESTIGATIONS/MED EXMNR	823,491	823,617	817,619	5,998
COLLECTIONS DEPARTMENT	351,397	351,397	317,064	34,333
Total Judicial	16,786,943	18,041,654	17,752,790	288,864
LEGAL				
CRIMINAL DISTRICT ATTORNEY	8,945,868	9,394,519	9,256,509	138,010
CRIMINAL DA - CPS DIVISION	771,766	771,766	755,948	15,818
PROSECUTION ENHANCEMENT GRANT	-	-	-	-
CRIMINAL DA - CIVIL DIVISION	1,435,534	1,453,699	1,421,216	32,483
FAMILY VIOLENCE EXPANSION GRT	-	-	-	-
Total Legal	11,153,168	11,619,984	11,433,673	186,311
FINANCIAL				
COUNTY AUDITOR	1,153,888	1,153,888	1,142,122	11,766
COUNTY TREASURER	586,670	586,851	573,383	13,468
TAX ASSESSOR-COLLECTOR	3,826,437	3,840,444	3,633,096	207,348
BUDGET DIRECTOR	507,111	507,111	504,564	2,547
Total Financial	6,074,106	6,088,294	5,853,164	235,130
PUBLIC FACILITIES				
CARROLL BLDG-CO ADMINISTRATION	277,521	246,066	192,770	53,296
DENTON COUNTY COURTS BUILDING	629,336	639,645	538,977	100,668
DA ANNEX	34,734	34,734	17,355	17,379
COURTHOUSE ON THE SQUARE	177,190	181,274	121,165	60,109

GENERAL FUND
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - (continued)
 For the Year Ended September 30, 2012

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Revised</u>		<u>Positive(Negative) With Final Budget</u>
EMERGENCY MANAGEMENT FACILITY	124,272	124,772	98,152	26,620
DENTON COUNTY STORAGE BUILDING	17,760	20,070	16,694	3,376
HISTORICAL PARK FACILITIES	47,914	109,350	71,741	37,609
HISTORICAL PARKS PROJECTS	-	2,650	2,650	-
COURTHOUSE ANNEX	52,231	52,716	41,293	11,423
MARY & JIM HORN GOVT CENTER	127,098	151,202	122,851	28,351
LOOP 288 - ELECTIONS/TECHNOLOGY	33,313	33,313	-	33,313
LOOP 288 - FACILITIES/TABC/PARKS	12,087	12,087	-	12,087
LOOP 288 - CSCD	14,749	14,749	-	14,749
LEE WALKER GOVERNMENT CENTER	76,181	76,881	53,477	23,404
CPS-LEWISVILLE	45,814	65,574	56,608	8,966
LOOP 288 - PHASE I	170,503	170,693	122,924	47,769
LOOP 288 - CENTRAL PLANT	251,718	231,868	132,340	99,528
ELECTIONS STORAGE BUILDING	20,370	20,470	12,761	7,709
SANDY JACOBS GOVERNMENT CENTER	63,103	85,578	46,401	39,177
STEVEN E COPELAND GOVT CENTER	113,571	141,006	74,482	66,524
THE COLONY ANNEX	49,297	49,297	29,156	20,141
SANGER ANNEX	22,479	23,516	16,970	6,546
DENTON CO GOVT CENTER - DENTON	127,283	127,283	72,554	54,729
CHARLIE COLE BUILDING	302,026	387,216	317,689	69,527
LAW ENFORCEMENT FACILITY	2,580,888	2,635,338	2,369,949	265,389
EAST OAK STREET FACILITIES	8,040	8,040	5,551	2,489
FACILITIES MANAGEMENT	2,465,496	2,533,606	2,136,312	397,294
COUNTY LEASED BUILDINGS	145,634	151,034	141,908	9,126
VEHICLE MAINTENANCE FACILITY	26,070	27,570	23,012	4,558
OPERATIONS-RECYCLING DEPT	67,852	67,852	62,979	4,873
TELEPHONE DEPARTMENT	817,516	795,137	791,977	3,160
Total Public Facilities	8,902,046	9,220,587	7,690,697	1,529,890

PUBLIC SAFETY

COUNTY JAIL	23,168,021	23,229,424	22,657,988	571,436
JAIL HEALTH DEPARTMENT	3,401,233	3,257,982	3,123,689	134,293
SHERIFF'S COMMUNICATIONS DVSN	2,607,773	2,630,844	2,491,133	139,711
SHERIFF	13,038,376	13,266,906	13,106,083	160,823
DISD SCHOOL RESOURCE OFFICER	-	87,821	75,180	12,641
SHERIFF'S MENTAL HEALTH UNIT	815,727	817,838	786,683	31,155
SHERIFF'S RESERVE UNIT	71,181	83,166	72,882	10,284
VEHICLE EMISSIONS ENF GRANT	-	-	68,286	(68,286)
DCTA INTERLOCAL CONTRACT	-	83,425	75,638	7,787
SCHOOL RESOURCE OFFICER	-	330,016	306,958	23,058
COPPER CANYON INTERLOCAL CNTRT	-	175,051	154,795	20,257
CSCD (GENERAL FUND)	192,112	253,798	231,045	22,753
JUVENILE ACCOUNTABILITY GRANT	-	70,338	61,984	8,354
DENTON CO FRESHWATER CONTRACT	-	159,889	153,425	6,464
PALOMA CREEK	-	130,352	41,657	88,695
CONSTABLE, PCT. 1	749,968	767,040	737,956	29,084
CONSTABLE, PCT. 2	649,967	657,624	651,332	6,292
CONSTABLE, PCT. 3	676,482	687,119	646,730	40,390
CONSTABLE, PCT. 4	703,782	703,782	696,987	6,795
CONSTABLE, PCT. 5	580,148	586,312	531,376	54,936
CONSTABLE, PCT. 6	532,768	537,515	523,475	14,040

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - (continued)
For the Year Ended September 30, 2012

	<u>Budget Amounts</u>			<u>Variance Positive(Negative) With Final Budget</u>
	<u>Original</u>	<u>Revised</u>	<u>Actual</u>	
FIRE AND AMBULANCE SERVICES	2,096,675	2,096,675	2,155,332	(58,657)
NWISD ASAP	-	3,799	-	3,799
DEPARTMENT OF PUBLIC SAFETY	200,876	200,876	194,821	6,055
ALCOHOLIC BEVERAGE COMMISSION	3,075	3,131	2,907	224
2009 HOMELAND SECURITY GRANT	-	125,597	124,019	1,578
GAME WARDEN	5,630	5,776	3,998	1,778
2004/2011 HOMELAND SEC GRANT	-	659,900	220,999	438,901
DEPT OF EMERGENCY SERVICES	977,393	1,048,963	1,017,850	31,113
2003/2010 HOMELAND SEC GRANT	-	522,140	519,014	3,126
Total Public Safety	<u>50,471,187</u>	<u>53,183,099</u>	<u>51,434,220</u>	<u>1,748,879</u>
HEALTH & WELFARE				
CHILD PROTECTIVE SERVICES	<u>88,121</u>	<u>94,991</u>	<u>91,111</u>	<u>3,880</u>
Total Health & Welfare	<u>88,121</u>	<u>94,991</u>	<u>91,111</u>	<u>3,880</u>
CONSERVATION				
COUNTY EXTENSION	<u>451,889</u>	<u>451,889</u>	<u>347,594</u>	<u>104,295</u>
Total Conservation	<u>451,889</u>	<u>451,889</u>	<u>347,594</u>	<u>104,295</u>
INTERGOVERNMENTAL				
CONTRACT SERVICES	<u>3,277,341</u>	<u>3,179,523</u>	<u>3,016,238</u>	<u>163,285</u>
Total Intergovernmental	<u>3,277,341</u>	<u>3,179,523</u>	<u>3,016,238</u>	<u>163,285</u>
TOTAL EXPENDITURES	<u>118,997,172</u>	<u>119,360,345</u>	<u>114,325,057</u>	<u>5,035,288</u>
Excess of Revenues over Expenditures	<u>(1,742,348)</u>	<u>914,386</u>	<u>8,331,832</u>	<u>7,417,446</u>
Other Financing Sources and Uses:				
Sale of Surplus Property	45,000	45,000	83,484	38,484
Transfers In	37,000	37,875	37,875	-
Transfers Out	<u>(2,045,000)</u>	<u>(5,519,948)</u>	<u>(5,519,948)</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>(1,963,000)</u>	<u>(5,437,073)</u>	<u>(5,398,590)</u>	<u>38,484</u>
Net Change in Fund Balances	<u>(3,705,348)</u>	<u>(4,522,687)</u>	<u>2,933,242</u>	<u>7,455,929</u>
Fund Balances - Beginning	<u>26,273,324</u>	<u>26,273,324</u>	<u>26,273,324</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 22,567,976</u>	<u>\$ 21,750,637</u>	<u>\$ 29,206,566</u>	<u>\$ 7,455,929</u>

See the notes to the financial statements.

Denton County, Texas
STATEMENT OF NET ASSETS
PROPRIETARY FUND
September 30, 2012

Governmental
Activities Internal
Service Fund

ASSETS

Current Assets:

Cash	\$ 4,079,970
Investments	-
Receivables:	
Stop Loss Insurance	154,466
Accrued Interest	-
Other Assets	-
Due from Other Funds	-
Due from Other Governments	-
TOTAL ASSETS	\$ 4,234,436

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 841,797
Due to Other Funds	-
Due to Other Governments	-
Other Payables	-
Due to Beneficiaries	-
Deferred Revenues	-
TOTAL LIABILITIES	841,797

NET ASSETS

Unrestricted	<u>3,392,639</u>
TOTAL NET ASSETS	<u>\$ 3,392,639</u>

See the notes to the financial statements.

Denton County, Texas
STATEMENT OF REVENUES, EXPENSES
AND CHANGES FUND NET ASSETS
PROPRIETARY FUND
For the Fiscal Year Ended September 30, 2012

Governmental
Activities Internal
Service Fund

OPERATING REVENUES

Charges for Services	\$ 22,011,392
Other Revenue	<u>212,077</u>

TOTAL OPERATING REVENUES	<u>22,223,469</u>
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OPERATING EXPENSES

Incurred Claims	19,465,492
Estimated Claims	841,797
Administrative Expenses	2,049,336
Reinsurance Premiums	<u>-</u>

TOTAL OPERATING EXPENSES	<u>22,356,625</u>
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OPERATING INCOME (LOSS)	<u>(133,156)</u>
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NONOPERATING REVENUES(EXPENSES)

Interest Revenue	<u>629</u>
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INCOME BEFORE TRANSFERS	<u>(132,527)</u>
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Transfers From Other Funds	<u>1,900,000</u>
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CHANGES IN NET ASSETS	<u>1,767,473</u>
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TOTAL NET ASSETS - BEGINNING	<u>1,625,166</u>
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TOTAL NET ASSETS - ENDING	<u><u>\$ 3,392,639</u></u>
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See the notes to the financial statements.

Denton County, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Fiscal Year Ended September 30, 2012

Governmental
Activities Internal
Service Fund

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts for Services	\$ 22,037,366
Receipts from Reinsurance and Refunds	31,637
Payments for Claims	(19,592,112)
Payments for Administrative Services	(2,049,336)
Payments for Reinsurance	-
Net Cash Provided by Operating Activities	<u>427,555</u>

**CASH FLOWS FROM NONCAPITAL
FINANCING ACTIVITIES**

Transfer of Funds	1,900,000
Repayment of Interfund Loans	-
Net Cash Provided by Noncapital Financing Activities	<u>1,900,000</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Revenue	<u>629</u>
Net Cash Provided by Investing Activities	<u>629</u>

Net Increase (Decrease) in Cash 2,328,184

Cash, Beginning of Year 1,751,786
Cash, End of Year \$ 4,079,970

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

Operating Income	<u>\$ (133,156)</u>
(Increase) Decrease in Other Assets	(154,466)
Increase (Decrease) in Accounts Payable	715,177
Increase (Decrease) in Other Payables	-
Total Adjustments	<u>560,711</u>
Net Cash Provided (Used) by Operations	<u>\$ 427,555</u>

See the notes to the financial statements.

Denton County, Texas
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
September 30, 2012

	Agency Funds
<u>ASSETS</u>	
Cash	\$ 10,134,793.00
Investments	12,086,277
Accrued Interest	-
Other Assets	270,361
Due from Other Funds	16
Due from Other Governments	-
	<hr/>
TOTAL ASSETS	\$ 22,491,447
	<hr/> <hr/>
<u>LIABILITIES</u>	
Accounts Payable	\$ 25,316.00
Wages Payable	76,720
Due to Other Funds	16
Due to Other Governments	12,154,832
Due to Beneficiaries	10,234,563
	<hr/>
TOTAL LIABILITIES	22,491,447
	<hr/> <hr/>
<u>NET ASSETS</u>	\$ -
	<hr/> <hr/>

See the notes to the financial statements.

Denton County, Texas

Notes to the Financial Statements

September 30, 2012

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 2009 Permanent Improvement Bond Project Fund, the 2010 PI Bond Project Fund, and the 2012 PI Bond Project 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 year. Expenditures generally are recorded when a liability is incurred, as is the case 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 *2009 Permanent Improvement Bond Project Fund* is used to account for the receipt and expenditure of voter approved debt proceeds for County building construction and renovation to implement our capital improvement plan, and various transportation improvement projects throughout the County.

The *2010 Permanent Improvement Bond Project Fund* is used to account for the receipt and expenditure of voter approved debt proceeds for certain technology projects, building construction and renovation to continue implementing our capital improvement plan, and various transportation improvement projects throughout the County.

The *2012 Permanent Improvement Bond Project Fund* is used to account for the receipt and expenditure of voter approved debt proceeds for certain additional technology projects, building construction and renovation to continue implementing our capital improvement plan, and 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, 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. 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 "due to/from other funds" (i.e., the current portion of interfund loans)

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 same 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, and they consist of expendable supplies and vehicle repair parts. 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. The costs of prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

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	10
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 of employment. 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 obligation 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 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 Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) they are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash, or are not expected to be converted to cash within the next year.

Restricted: This classification includes amounts for which the constraints that have been placed on the use of the resources are either (a) externally imposed by creditors, grantors, contributors,

or by laws or regulations of other governments, or (b) imposed by law through constitutional provisions or by enabling legislation.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by order of the Commissioners Court, the County's highest level of decision making authority. These amounts cannot be used for any other purpose unless the Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for the use in satisfying those contractual requirements.

Assigned: This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Commissioners Court.

Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, Denton County considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds.

8. Investment in Capital Assets – Net of Related Debt

A portion of Denton County's net position represents its net investment in its various capital assets. Ordinarily, this investment is computed by as the remainder of the total of its capital assets net of accumulated depreciation minus its capital-related borrowings. Often all of a government's long-term debt is capital-related.

Since much of Denton County 's borrowings are used to finance capital assets that are owned by other governments, the portion of our debt that is not related to county-owned assets must be removed from the above equation. For 2012, a total of \$298,724,082 does not relate to county-owned assets. This debt represents significant portions of the County's 2005 PI bonds, 2007 PI Bonds, 2009 PI Bonds, 2010 PI Bonds, and 2012 PI Bonds outstanding.

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 a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statements 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 (\$607,708,957) difference are as follows:

Bonds Payable	\$ (553,915,000)
Capital Leases Payable	(2,048,556)
Unamortized Bond Premium	(13,350,400)
Accrued Interest Payable	(6,401,371)
Other Post-Employment Benefits	(24,555,631)
Compensated Absences	<u>(7,437,999)</u>
Net adjustments to reduce fund balance to arrive at net assets	<u>\$ (607,708,957)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a 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 \$26,871,194 difference are as follows:

Capital Outlay	\$ 39,738,080
Depreciation Expense	<u>(12,866,886)</u>
Net adjustments to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 26,871,194</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this (\$89,403,183) difference are as follows:

Capital lease financing	\$ (2,276,495)
Issuance general obligation bonds and tax notes	(96,560,000)
Refunding bonds	(11,665,000)
Bond premium	(10,433,442)
Bond discount	-
Bond interest accrual	(1,957,792)
Debt repayments:	
General obligation debt	19,680,000
Capital lease payments	1,184,590
Bond premium amortization	-
Payments to escrow agent	<u>12,624,956</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (89,403,183)</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this (\$8,752,357) difference are as follows:

Compensated absences	\$ (423,865)
Other post-employment benefits	<u>(8,328,492)</u>
Net adjustment to decrease <i>net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$ (8,752,357)</u>

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 project 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, 2012, encumbrances of approximately \$2.5 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 appropriation and expending grant money, intergovernmental revenues and debt proceeds for their intended purposes.

Governmental funds for which annual operation budgets are legally adopted are the General Fund, the Debt Service Fund, the Capital Replacement 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 following summary reconciles operations for the year in the General Fund from the GAAP basis to the budgetary basis of reporting:

General Fund expenditures, GAAP basis	\$ 116,601,552
Capital lease acquisitions	<u>(2,276,495)</u>
General Fund expenditures, budgetary basis	<u>\$ 114,325,057</u>

B. Excess of expenditures over appropriations

For the year ended September 30, 2012, expenditures exceeded appropriations in the Jury Fund by \$18,226. This is due to an unavoidably heavier than expected requirement for citizens to serve as jurors in criminal cases tried in the County.

C. Deficit fund equity

As of September 30, 2012, the District Attorney Check Fee Fund had a negative fund balance of (\$9,742). The fund deficit is the result of intergovernmental and fee revenues falling short of the levels expected when the budget was approved. The yearend deficit will be made up by providing supplemental funding to the Check Fee Fund by the County.

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, 2012, 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	\$ 280,302,471	0.22
Total fair value	<u>\$ 282,302,471</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, Texas Class, Wells Fargo Investment Accounts, the DWS Governmental Pool, and the Texas Term 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 \$23,573,952, and the bank balance was \$12,631,003. Of the bank balance, \$614,368 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 2012, the County's tax rate for general governmental services was 20.566 cents per \$100 of assessed value, and the interest and sinking fund rate was 7.170 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	\$	1,583,382
Debt Service Fund		647,078
Other Nonmajor Governmental Funds		272,630

Unearned:

Grants Payable and Other Deferred Revenues		<u>1,152,951</u>
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Total Deferred \$ 3,656,041

C. Capital Assets

Capital asset activity for the year ended September 30, 2012 was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Capital Assets, Not Being Depreciated:				
Land	\$ 10,580,662	\$ -	\$ -	\$ 10,580,662
Construction in Progress	<u>27,534,734</u>	<u>36,705,821</u>	<u>(19,610,728)</u>	<u>44,629,827</u>
Total Capital Assets, Not Being Depreciated	<u>38,115,396</u>	<u>36,705,821</u>	<u>(19,610,728)</u>	<u>55,210,489</u>
Capital Assets, Being Depreciated:				
Buildings	122,856,311	4,075,083	-	126,931,394
Machinery and Equipment	39,410,805	3,144,496	(892,761)	41,662,540
Infrastructure	<u>159,489,309</u>	<u>16,043,282</u>	<u>-</u>	<u>175,532,591</u>
Total Capital Assets Being Depreciated	<u>321,756,425</u>	<u>23,262,861</u>	<u>(892,761)</u>	<u>344,126,525</u>
Less Accumulated Depreciation For:				
Buildings	(28,307,436)	(2,431,705)	-	(30,739,141)
Machinery and Equipment	(26,356,284)	(3,885,877)	892,761	(29,349,400)
Infrastructure	<u>(127,507,370)</u>	<u>(6,549,304)</u>	<u>-</u>	<u>(134,056,674)</u>
Total Accumulated Depreciation	<u>(182,171,090)</u>	<u>(12,866,886)</u>	<u>892,761</u>	<u>(194,145,215)</u>
Total Capital Assets Being Depreciated, Net	<u>139,585,335</u>	<u>10,395,975</u>	<u>-</u>	<u>149,981,310</u>
Total Capital Assets, Net	<u>\$ 177,700,731</u>	<u>\$ 47,101,796</u>	<u>\$ (19,610,728)</u>	<u>\$ 205,191,799</u>

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

Governmental Activities:	
General Government	\$ 1,342,330
Judicial	29,603
Legal	658
Financial	136,526
Public Facilities	2,455,948
Public Safety	1,621,554
Health & Welfare	34,827
Conservation	-
Road Maintenance	7,245,440
 Total Depreciation Expense	 <u>\$ 12,866,886</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>
2008 PI Bond Fund	\$ 16,035,000	\$ 15,271,748	\$ -	\$ -
2008 Tax Note Fund	8,500,000	8,500,000	-	-
2009 PI Bond Fund	104,275,000	85,258,527	15,242,000	-
2010 PI Bond Fund	137,895,000	47,535,530	24,380,000	-
2012 PI Bond Fund	95,860,000	4,259,437	-	-
2012 Tax Note Fund	\$ 10,100,350	\$ 73,900	\$ -	\$ -

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2012 is as follows:

Due From:

Due To:	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>2009 PI Bond Fund</u>	<u>2010 Road Bond Fund</u>	<u>Non Major Governmental Funds</u>	<u>Total</u>
General Fund					\$ 398,533	\$ 398,533
Debt Service Fund						-
2009 PI Bond Fund				-		-
2010 Road Bond						-
Nonmajor Governmental Funds	-				-	-
Agency Funds	162,865				119,437	282,302
	-	-	-	-	-	-
Total	\$ 162,865	\$ -	\$ -	\$ -	\$ 517,970	\$ 680,835

Interfund transfers:

Transfer In:						
Transfer Out:	<u>General Fund</u>	<u>Debt Service</u>	<u>2010 PI Bond</u>	<u>Nonmajor Governmental Funds</u>	<u>Internal Service Fund</u>	<u>Total</u>
General Fund				\$ 3,619,948	\$ 1,900,000	\$ 5,519,948
Debt Service						-
2010 PI Bond						-
Nonmajor Governmental Funds	37,875	-	-	790,412	-	828,287
Total	\$ 37,875	\$ -	\$ -	\$ 4,410,360	\$ 1,900,000	\$ 6,348,235

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.

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

\$5,528,500 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 reportable as other payables in the government-wide financial statements.

The present value of future minimum capital lease payments at September 30, 2012 is as follows:

<u>Year</u>	<u>Amount</u>
2013	\$ 678,279
2014	536,688
2015	476,841
2016 & thereafter	<u>476,841</u>
Total minimum lease payments	\$ 2,168,649
Less: Amount representing interest	<u>(120,093)</u>
Present value of net future minimum lease payments	<u>\$ 2,048,556</u>

F. Long-Term Debt

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 state laws governing debt issuance. Principal and interest payments on the County’s bonded debt are secured solely by ad valorem taxes levied on all taxable property within the County. Denton County’s outstanding bonded debt is limited, per Article 3, Section 52 of the Texas Constitution, to an amount not exceeding 25% of the assessed taxable value of real property in the County. At year end, the County’s debt was significantly below this limit.

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

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

<u>Description</u>	<u>Balance at 10/01/11</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at 09/30/12</u>	<u>Due Within One Year</u>
\$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.	\$ 3,510,000	\$ -	\$ 150,000	\$ 3,360,000	\$ 165,000
\$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.	2,995,000	-	2,995,000	-	-
\$50,000,000 2005 Permanent Improvement Bonds due in varying amounts through 2030 at an average interest rate of 4.5044% for road projects.	13,865,000	-	13,865,000	-	-
\$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.	18,440,000	-	840,000	17,600,000	870,000
\$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.	23,780,000	-	3,230,000	20,550,000	3,395,000
\$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.	1,650,000	-	810,000	840,000	840,000

\$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.	19,015,000	-	50,000	18,965,000	55,000
\$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.	94,550,000	-	2,870,000	91,680,000	2,985,000
\$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.	3,035,000	-	970,000	2,065,000	1,010,000
\$15,400,000 2008 Permanent Improvement Bonds due in varying amounts through 2028 at an average interest rate of 4.429% for building projects.	14,295,000	-	580,000	13,715,000	600,000
\$8,50,000 2008 Tax Notes due in varying amounts through 2015 at an average interest rate of 3.0484% for technology and building projects.	5,195,000	-	1,225,000	3,970,000	1,275,000
\$104,275,000 2009 Permanent Improvement Bonds due in varying amounts through 2034 at an average interest rate of 4.47447% for roads and various building projects.	103,925,000	-	360,000	103,565,000	370,000
\$23,280,000 2010 Permanent Improvement Refunding Bonds due in varying amounts 2026 at an average interest rate of 3.60% to refinance previously issued bonds.	23,140,000	-	170,000	22,970,000	175,000

\$137,895,000 2010 Permanent Improvement Bonds, Series A&B, due in varying amounts through 2024 at an average interest rate of 3.548% for buildings and roads.	134,405,000	-	3,715,000	130,690,000	3,790,000
\$15,905,000 2011 Permanent Improvement Refunding Bonds, due in varying amounts through 2020 at an average interest rate of 2.1296% to refinance previously issued bonds.	15,905,000	-	185,000	15,720,000	865,000
\$9,730,000 2012 Tax Notes due in varying amounts through 2019 at an average interest rate of 1.4419% for technology and building projects.	-	9,730,000	-	9,730,000	750,000
\$94,495,000 2012 Permanent Improvement and Refunding Bonds, due in varying amounts through 2031 at an average interest rate of 3.762% to refinance previously issued bonds. and for buildings and roads.	-	98,495,000	-	98,495,000	-
Total General Obligation Bonds Payable	477,705,000	108,225,000	32,015,000	553,915,000	17,145,000
Unrealized Loss/Bond Premium	3,350,323	10,526,773	526,696	13,350,400	669,022
Compensated Absences	7,014,134	457,438	33,573	7,437,999	743,800
Other Post-employment Benefits	16,227,139	9,197,509	869,017	24,555,631	-
Capital Leases	956,645	2,276,495	1,184,584	2,048,556	678,279
TOTAL	\$ 505,253,241	\$ 130,683,215	\$ 34,628,870	\$ 601,307,586	\$ 19,236,101

The liability for compensated absences is generally liquidated by the General Fund and certain Special Revenue Funds. The liability for net other post employment benefits has been liquidated by the Internal Service Fund for health benefits.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 17,145,000	\$ 26,195,529	\$ 43,340,529
2014	18,980,000	24,414,299	43,394,299
2015	19,580,000	23,812,385	43,392,385
2016	20,165,000	22,966,460	43,131,460
2017	20,885,000	22,244,327	43,129,327
2018-2022	115,855,000	98,707,786	214,562,786
2023-2027	141,995,000	70,299,571	212,294,571
2028-2032	159,355,000	33,200,455	192,555,455
2033-2035	<u>39,955,000</u>	<u>3,973,044</u>	<u>43,928,044</u>
Total	<u>\$ 553,915,000</u>	<u>\$ 325,813,856</u>	<u>\$ 879,728,856</u>

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, 2012, Denton County issued \$98,495,000 of permanent improvement and refunding bonds. Of this total, \$11,665,000 in refunding bonds was issued to provide resources to redeem at their call date \$12,335,000 of previously issued 2005 permanent improvement bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The net carrying amount of the old debt exceeded the reacquisition price by \$461,168. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. The refunding was undertaken to reduce future debt service payments. The refunding transaction resulted in a reduction of \$1,608,474 in the County's aggregate future debt service payments, and an economic gain to the County of \$1,184,574.

In August, 2011, Denton County issued \$15,905,000 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 \$16,220,000 of previously issued permanent improvement bonds and tax notes. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$912,120. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. The refunding was undertaken to reduce future debt service payments. The transaction resulted in a reduction of \$894,850 in the County's aggregate future debt service payments, and an economic gain to the County of \$887,296.

In March 2010, Denton County issued \$23,280,000 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 \$21,845,000 of previously issued permanent improvement bonds and tax notes. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$1,934,136. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. The refunding was undertaken to reduce future debt service payments. The transaction resulted in a reduction of \$928,182 in the County's aggregate future debt service payments, and an economic gain to the County of \$932,767.

In August 2006, Denton County issued \$19,315,000 of permanent improvement refunding bonds to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$18,320,000 of previously issued permanent improvement bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$356,125. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. The refunding was undertaken to reduce future debt service payments. The transaction resulted in a reduction of \$864,447 in the County's aggregate future debt service payments, and an economic gain to the County of \$587,870.

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

In June 2005, Denton County issued \$32,285,000 of general obligation refunding bonds to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$33,160,000 of general obligation bonds and tax notes. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price

exceeded the net carrying amount of the old debt by \$2,036,284. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. The refunding was undertaken to reduce future debt service payments. The transaction resulted in a reduction of \$1,680,667 in the County's aggregate future debt service payments, and an economic gain to the County of \$1,561,217.

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

In March 1999, Denton County advance refunded a portion of its 1996 permanent improvement bonds as part of a \$26,567,571 permanent improvement and refunding bond issue. The County issued \$1,967,571 of general obligation refunding bonds to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. This advance refunding was undertaken to extend the maturity dates on the bonds in order to provide cash flow savings of \$1,757,625 over the next three years. The refunding caused a net increase in the County's total cash flow requirements for debt service of \$1,244,437, and an economic loss (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$350,151. At the end of the current fiscal year, no defeased bonds remained outstanding.

As of September 30, 2012 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 has no definite plan to issue the remaining bonds.

Due to voter approval of a County bond election in May 2004, the County had a total of \$2,000,000 in authorized but un-issued permanent improvement bonds as of September 30, 2012. The \$2 million in bonds was approved for purchasing voting equipment. Of the total amount of bonds authorized in the election, the County issued \$31,450,000 of authorized bonds in fiscal 2005 bond sale discussed above. \$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; \$15,000,000 of road bonds were issued in the 2009 bond sale; \$45,145,527 of road bonds were issued in the 2010 bond sale and; \$10,359,473 of road bonds were issued in the 2012 bond

sale. Due to the receipt of significant grant funding for voting equipment since 2004, the County has no plans to issue the remaining authorized bonds.

In November 2008, county voters approved a bond package including \$310,000,000 for road and transportation projects and \$185,000,000 for county facilities. \$41,820,000 of the road bonds and \$47,455,000 of the building bonds were issued in the 2009 bond sale. \$60,341,781 of the road bonds and \$34,719,444 of the facilities bonds were issued in the 2010 bond sale. \$59,551,781 of the road bonds and \$36,676,432 of the facilities bonds were issued in the 2012 bond sale. As of September 30, 2012, a total of \$225,436,063 of the bonds approved in the 2008 election was authorized but unissued.

G. Fund Balance

As of September 30, 2012, governmental fund balance is composed of the following:

<u>Fund Balance Classification</u>	<u>General</u>	Debt Service	Major Capital Projects Funds	Other <u>Governmental</u>	<u>Totals</u>
Nonspendable:					
Inventories	\$ 174,599	\$ -	\$ -	\$ -	\$ 174,599
Restricted:					
Road and bridge				4,766,898	4,766,898
County records management				2,386,787	2,386,787
Juvenile probation				1,143,009	1,143,009
Indigent care and public health				1,794,624	1,794,624
Law enforcement				1,778,429	1,778,429
Technology and security				652,478	652,478
Other Statutorily Restricted Funds				3,876,606	3,876,606
Retirement of Long Term Debt		3,684,146	-	-	3,684,146
Capital Asset Acquisition	-	-	201,524,430	21,538,097	223,062,527
Committed:					
Encumbrances	-	-	-	-	-
Assigned:					
Other	-	-	-	-	-
Unassigned:	29,031,968	-	-	-	29,031,968
Total Governmental Fund Balance	\$ 29,206,567	\$ 3,684,146	\$ 201,524,430	\$ 37,936,928	\$ 272,352,071

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 2012, a total of \$22,356,625 was paid in benefits, excess coverage premiums and administrative costs. The excess coverage insurance covers the plan against individual claims in excess of \$350,000 per covered person per year. Estimated claims payable, based upon claims filed and estimated un-filed claims at year end, were \$841,797 of September 30, 2012. Changes in the balances of claims liabilities during the past year are as follows:

	<u>2012</u>	<u>2011</u>
Unpaid Claims, beginning of fiscal year	\$ 126,620	\$ 1,518,273
Incurred Claims (including incurred but not reported)	20,307,289	15,162,881
Claim payments	(19,592,112)	(16,554,534)
Unpaid Claims, end of fiscal year	<u>\$ 841,797</u>	<u>\$ 126,620</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

OPEB Plan Description

The County's group medical plans ("Plan") are administered through the Public Employee Benefits Cooperative. The Plan is a single-employer defined benefit healthcare plan funded on a pay-as-you-go basis. OPEB includes health insurance and Medicare supplements. Contribution, adjustment or elimination of the contribution, and adjustments to OPEB eligibility are subject to the Commissioners Court's annual budgetary discretion. For the fiscal year ended September 30, 2012, retirees were not obligated to fully vacate County programs and utilize Medicare. Neither the plan nor the PEBC issues separate financial statements.

Funding Policy

Age-adjusted premium amounts are not incorporated with the policy, except after the age of 65. The County annually adopts a premium structure for retirees and their eligible dependents who participate in the various plans offered. The County supplements retiree premiums in all plans by amounts varying from 65% to 90%.

The County is not required by Texas law or by contractual agreement to provide funding for OPEB other than the pay-as-you-go amount necessary to provide current budget year benefits to retirees and their eligible dependents. Contributions, adjustment or elimination of the contributions, and adjustments to eligibility are subject to the Commissioners Court's annual budgetary discretion. For the year ended September 30, 2012, the County paid \$1,512,499 for OPEB payments by the plan, consisting of both County and retiree contributions. Retiree Plan members receiving benefits contributed \$643,482, or approximately 42.55% of total cost through their required contribution.

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount that was actuarially determined by using the Projected Unit Credit method. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This allocation is performed for the group as a whole. The following table shows the elements of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation to the Plan for the year.

	Amount
Annual Required Contribution	\$ 9,269,062
Interest on Net OPEB Obligation	649,086
Adjustment to Annual Required Contribution	<u>(720,639)</u>
Annual OPEB Expense	9,197,509
Contributions Made	<u>(869,017)</u>
Change in Net OPEB Obligation	8,328,492
Net OPEB Obligation - Beginning of Year	<u>16,227,139</u>
Net OPEB Obligation - End of Year	<u>\$ 24,555,631</u>

The County decided against funding any Unfunded Actuarial Accrued Liability (UAAL) at transition and will amortize it over the maximum period of 30 years, as allowed under GASB 45.

Denton County's annual OPEB cost, the percentage of annual OPEB contributed to the plan, and the net OPEB obligation for 2012 are as follows:

Fiscal Year	Annual	Percentage	Net OPEB
<u>Ended</u>	<u>OPEB Cost</u>	<u>Of OPEB Cost</u>	<u>Obligation</u>
		<u>Contributed</u>	
9/30/2009	\$ 4,679,143	20.13%	\$ 3,737,032
9/30/2010	5,178,793	15.36%	8,120,576
9/30/2011	9,233,254	12.20%	16,227,139
9/30/2012	9,197,509	9.45%	24,555,631

Funding Status and Funding Progress

As of October 1, 2010, the most recent actuarial valuation date, the Plan was 0% funded. The actuarial accrued liability for benefits was \$75,952,592 and the actuarial value of assets was \$0, resulting in an unfunded actuarial balance. The covered payroll (annual payroll of active employees covered by the Plan) was \$73,683,867, and the ratio of the UAAL to the covered payroll was 103.1%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the County and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the County and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the October 1, 2010, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return, 2% projected salary increases, stable benefit levels, and an annual healthcare cost trend rate of 9% initially reducing by 0.5% per year, reaching 5.5% in 2016 and thereafter. The medical inflation rate is included in the healthcare cost trend rate computation, and it is not disclosed separately by the actuaries. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at September 30, 2012 was 26 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 620 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 10.04% for the months of the accounting year in 2011, and 10.72% for the months of the accounting year in 2012.

The deposit rate payable by the employee members of the plan for calendar years 2011 and 2012 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, 2012, the annual pension cost for the TCDRS plan for its employees was \$7,815,693 and the actual contributions were \$7,815,693.

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, 2010 and December 31, 2011 using the entry age actuarial cost method. These form a basis for determining the contribution rates for calendar years 2011 and 2012. The actuarial assumptions used included (a) 8% investment rate of return (net of administrative expenses), and (b) projected salary increases of 5.4%. Both (a) and (b) included an inflation component of 3.5%. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market

value of investments over a ten-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at December 31, 2011 was 20.0 years. The December 31, 2011 actuarial valuation is the most recent valuation.

D. Actuarial Valuation Information

	<u>12/31/2009</u>	<u>12/31/2010</u>	<u>12/31/2011</u>
Actuarial valuation date	Entry Age	Entry Age	Entry Age
Actuarial cost method	Level percentage of	Level percentage of	Level percentage of
Amortization method	payroll, closed	payroll, closed	payroll, closed
Amortization period in years	20	20	20
Asset valuation method			
Subdivision Accumulation Fund	10-yr smoothed value	10-yr smoothed value	10-yr smoothed value
Employee Savings Fund	Fund value	Fund value	Fund value
Actuarial assumptions:			
Investment return (1)	8.00%	8.00%	8.00%
Projected salary increases (1)	5.40%	5.40%	5.40%
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 <u>Ending</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension Obligation
September 30, 2010	\$ 6,978,108	100%	\$ -
September 30, 2011	7,528,004	100%	-
September 30, 2012	7,815,693	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. Funded Status

As of December 31, 2011, the most recent actuarial valuation date, the plan was 83.61% funded. The actuarial accrued liability for benefits was \$216,453,276, and the actuarial value of assets was \$180,983,483, resulting in an unfunded actuarial accrued liability (UAAL) of \$35,469,793. The covered payroll (annual payroll of active employees covered by the plan), was \$73,222,414, and the ratio of the UAAL to the covered payroll was 48.44%.

The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Denton County, Texas

Required Supplementary Information

Employees Retirement System

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)
12/31/2009	\$ 157,310,756	\$ 184,223,292	\$ 26,912,536	85.39%	\$ 72,588,130	37.08%
12/31/2010	169,744,875	200,293,893	30,549,018	84.75%	72,861,544	41.93%
12/31/2011	180,983,483	216,453,276	35,469,793	83.61%	73,222,414	48.44%

Other Post-employment Benefits Plan

Schedule of Funding Progress

Fiscal Year	Actuarial Valuation Date	Actuarial Value Assets - (a)	Actuarial Accrued Liability (AAL) - (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a % of Payroll (b-a)/c
2009	10/1/2008	\$ -	\$ 39,353,212	\$ 39,353,212	0.0%	\$ 72,672,950	54.2%
2011	10/1/2010	-	75,952,592	75,952,592	0.0%	73,683,867	103.1%

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Road and Bridge Fund:

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

Jury Fund:

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

Juvenile Probation Fund:

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

Voter Registration Fund:

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

Indigent Care Fund:

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

Public Health Fund:

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

Law Library Fund:

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

County Clerk Records Management Fund:

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

County & District Court Technology Fund

To account for the receipt and expenditure of County and District Court Technology fees that are that have the limited use of financing technological improvements in the those courts.

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.

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

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.

2008 PI Bond Project Fund:

To account for the receipt and expenditure of Permanent Improvement Bond proceeds issued to fund the construction of the County's health services facility.

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.

2007 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.

2012 Tax Note Fund:

To account for the receipt and expenditure of Tax Note proceeds issued for to fund the construction of the Precinct 4 government center and to fund a video visitation center and pre-construction expenses for expansion of the County jail.

Denton County, Texas
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2012

SPECIAL REVENUE	Road & Bridge Fund	Jury Fund	Juvenile Probation Fund	Voter Registration Fund
ASSETS				
Cash	\$ 71,058	\$ 7,521	\$ 195,873	\$ 155,436
Investments	5,113,235	139,802	1,160,944	165,662
Receivables				
Taxes	82,827	1,127	102,095	-
Accrued Interest	-	-	-	-
Other Receivables	72,624	-	26,700	-
Due from Other Funds	2,960	-	-	-
Due from Other Governments	-	-	-	-
TOTAL ASSETS	\$ 5,342,703	\$ 148,450	\$ 1,485,612	\$ 321,098
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 430,074	\$ -	\$ 120,184	\$ 24,650
Wages Payable	62,096	-	119,272	-
Due to Other Funds	808	-	1,052	18,343
Due to Other Governments	-	-	-	-
Deferred Revenues	82,827	1,127	102,095	-
TOTAL LIABILITIES	575,805	1,127	342,603	42,993
FUND BALANCES				
Restricted	4,766,898	147,323	1,143,009	278,105
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,342,703	\$ 148,450	\$ 1,485,612	\$ 321,098

Indigent Care Fund	Public Health Fund	Law Library Fund	County Clerk Records Mgmt Fund	County & District Technology Fund	Courthouse Security Fund	Sheriff's Training Fund
\$ 23,004	\$ 61,530	\$ 55,394	\$ 191,583	\$ 22,407	\$ 61,488	\$ 103,308
1,059,355	668,574	207,702	2,785,612	-	132,528	-
42,290	44,291	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
150,000	129,343	-	-	-	-	-
-	109,593	-	-	-	-	-
\$ 1,274,650	\$ 1,013,332	\$ 263,097	\$ 2,977,194	\$ 22,407	\$ 194,016	\$ 103,308
\$ 216,642	\$ 116,637	\$ 12,484	\$ 582,438	\$ -	\$ 17,945	\$ 7,824
2,554	52,009	1,969	5,002	-	-	-
285	852	-	2,968	-	-	-
-	460	-	-	-	-	-
42,290	61,628	-	-	-	-	-
261,771	231,587	14,453	590,408	-	17,945	7,824
1,012,879	781,745	248,644	2,386,787	22,407	176,071	95,484
\$ 1,274,650	\$ 1,013,332	\$ 263,097	\$ 2,977,194	\$ 22,407	\$ 194,016	\$ 103,308

Continued

Denton County, Texas
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2012

SPECIAL REVENUE	Sheriff's Forfeiture Fund	Vehicle Inventory Tax Interest Fund	Records Management Fund	District Attorney Check Fee Fund
ASSETS				
Cash	\$ 191,276	\$ 4,027	\$ 104,901	\$ -
Investments	2,058,385	26,749	118,519	-
Receivables				
Taxes	-	-	-	-
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Governments	-	-	-	-
TOTAL ASSETS	\$ 2,249,661	\$ 30,775	\$ 223,420	\$ -
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 478,795	\$ -	\$ 30,363	\$ -
Wages Payable	-	-	4,252	1,510
Due to Other Funds	-	-	-	8,233
Due to Other Governments	-	-	-	-
Deferred Revenues	87,921	-	-	-
TOTAL LIABILITIES	566,716	-	34,615	9,743
FUND BALANCES				
Restricted	1,682,945	30,775	188,805	(9,743)
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,249,661	\$ 30,775	\$ 223,420	\$ -

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
\$ 75,307	\$ -	\$ 3,236	\$ 53,789	\$ -	\$ 60,332
679,642	-	2,139,410	331,562	-	20,642
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	476,842	-	-	116,475	-
\$ 754,949	\$ 476,842	\$ 2,142,646	\$ 385,351	\$ 116,475	\$ 80,974
\$ -	\$ 37,751	\$ 53,256	\$ -	\$ -	\$ 880
-	26,134	-	-	7,921	509
-	386,235	-	-	98,177	-
-	-	-	-	-	-
93,658	-	-	-	-	-
93,658	450,120	53,256	-	106,098	1,390
661,290	26,722	2,089,390	385,351	10,377	79,584
\$ 754,949	\$ 476,842	\$ 2,142,646	\$ 385,351	\$ 116,475	\$ 80,974

Continued

Denton County, Texas
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2012

SPECIAL REVENUE	JP Court Security Fund	Fire Code Enforcement Fund	TOTAL Special Revenue Funds
ASSETS			
Cash	\$ 91,056	\$ 30,523	\$ 1,563,049
Investments	-	78,678	16,887,000
Receivables			
Taxes	-	-	272,630
Accrued Interest	-	-	-
Other Receivables	-	-	99,324
Due from Other Funds	-	-	282,303
Due from Other Governments	-	-	702,911
TOTAL ASSETS	\$ 91,056	\$ 109,201	\$ 19,807,217
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ 295	\$ 2,130,219
Wages Payable	-	4,961	288,189
Due to Other Funds	-	1,017	517,970
Due to Other Governments	-	-	460
Deferred Revenues	-	-	471,547
TOTAL LIABILITIES	-	6,272	3,408,385
FUND BALANCES			
Restricted	91,056	102,928	16,398,832
TOTAL LIABILITIES AND FUND BALANCES	\$ 91,056	\$ 109,201	\$ 19,807,217

Denton County, Texas
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2012

CAPITAL PROJECTS	2005 Certificates of Obligation Fund	2007 Tax Note Project Fund	2008 Tax Note Project Fund	2008 PI Bond Project Fund
<u>ASSETS</u>				
Cash	\$ -	\$ -	\$ 0	\$ -
Investments	976,142	95,400	1,464,798	47,973
Receivables				
Taxes	-	-	-	-
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Governments	-	-	-	-
TOTAL ASSETS	\$ 976,142	\$ 95,400	\$ 1,464,798	\$ 47,973
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts Payable	\$ -	\$ 37	\$ 552,312	\$ -
Wages Payable	-	-	-	-
Due to Other Funds	-	-	-	-
Due to Other Governments	-	-	-	-
Deferred Revenues	-	-	-	-
TOTAL LIABILITIES	-	37	552,312	-
<u>FUND BALANCES</u>				
Restricted	976,142	95,363	912,486	47,973
TOTAL LIABILITIES AND FUND BALANCES	\$ 976,142	\$ 95,400	\$ 1,464,798	\$ 47,973

Capital Replacement Fund	2007 Road Bond Project Fund	2012 Tax Note Project Fund	TOTAL Capital Projects Funds	TOTAL Nonmajor Governmental Funds
\$ -	\$ -	\$ 1	\$ 1	\$ 1,563,050
7,603,218	1,853,453	10,111,597	22,152,581	39,039,581
-	-	-	-	-
-	-	-	-	272,630
-	-	-	-	-
-	-	-	-	99,324
-	-	-	-	282,303
-	-	-	-	702,911
\$ 7,603,218	\$ 1,853,453	\$ 10,111,598	\$ 22,152,582	\$ 41,959,798

\$ 13,436	\$ 48,700	\$ -	\$ 614,485	\$ 2,744,704
-	-	-	-	288,189
-	-	-	-	517,970
-	-	-	-	460
-	-	-	-	471,547
13,436	48,700	-	614,485	4,022,870

7,589,782	1,804,753	10,111,598	21,538,097	37,936,929
\$ 7,603,218	\$ 1,853,453	\$ 10,111,598	\$ 22,152,582	\$ 41,959,798

Denton County, Texas
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2012

SPECIAL REVENUE	Road & Bridge Fund	Jury Fund	Juvenile Probation Fund	Voter Registration Fund
REVENUES				
Taxes	\$ 4,990,553	\$ 67,888	\$ 6,156,725	\$ -
Licenses and Permits	6,166,242	-	-	-
Intergovernmental	232,575	251,544	3,128,920	249,988
Fees of Office	-	18,522	76,000	-
Fines	-	-	-	-
Interest	10,134	285	5,002	425
Miscellaneous	3,497	646	2,403	-
TOTAL REVENUES	11,403,001	338,886	9,369,050	250,413
EXPENDITURES				
General Government	-	-	-	117,580
Judicial	-	418,726	-	-
Legal	-	-	-	-
Financial	-	-	-	-
Public Facilities	-	-	-	-
Public Safety	-	-	10,385,966	-
Health and Welfare	-	-	-	-
Roads	10,356,891	-	-	-
Intergovernmental	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	10,356,891	418,726	10,385,966	117,580
Excess (Deficiency) of Revenues Over Expenditures	1,046,110	(79,840)	(1,016,915)	132,833
Other Financing Sources (Uses):				
Issuance of Debt	-	-	-	-
Bond Premium	-	-	-	-
Sale of Surplus Property	75,117	-	-	-
Capital Lease Financing	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	(230,412)	-	-	(37,000)
Total Other Financing	(155,295)	-	-	(37,000)
NET CHANGE IN FUND BALANCES	890,815	(79,840)	(1,016,915)	95,833
FUND BALANCES AT BEGINNING OF YEAR	3,876,084	227,163	2,159,924	182,272
FUND BALANCES AT END OF YEAR	\$ 4,766,898	\$ 147,323	\$ 1,143,009	\$ 278,105

Indigent Care Fund	Public Health Fund	Law Library Fund	County Clerk Records Mgmt Fund	County & District Technology Fund	Courthouse Security Fund	Sheriff's Training Fund
\$ 2,548,079	\$ 2,668,769	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	1,398,514	-	-	-	-	-
-	469,207	297,156	1,350,911	22,033	286,395	625
-	-	-	-	-	-	-
2,267	2,030	527	4,580	5	92	108
-	-	18,241	-	-	-	-
<u>2,550,345</u>	<u>4,538,521</u>	<u>315,924</u>	<u>1,355,492</u>	<u>22,039</u>	<u>286,487</u>	<u>733</u>
-	-	362,557	1,507,201	-	-	-
-	-	-	-	3,315	357,130	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	10,497
2,784,697	4,307,637	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>2,784,697</u>	<u>4,307,637</u>	<u>362,557</u>	<u>1,507,201</u>	<u>3,315</u>	<u>357,130</u>	<u>10,497</u>
<u>(234,352)</u>	<u>230,884</u>	<u>(46,633)</u>	<u>(151,710)</u>	<u>18,723</u>	<u>(70,643)</u>	<u>(9,765)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
302,000	9,920	-	-	-	45,000	-
-	-	-	(875)	-	-	-
<u>302,000</u>	<u>9,920</u>	<u>-</u>	<u>(875)</u>	<u>-</u>	<u>45,000</u>	<u>-</u>
<u>67,648</u>	<u>240,804</u>	<u>(46,633)</u>	<u>(152,585)</u>	<u>18,723</u>	<u>(25,643)</u>	<u>(9,765)</u>
<u>945,231</u>	<u>540,941</u>	<u>295,277</u>	<u>2,539,371</u>	<u>3,684</u>	<u>201,713</u>	<u>105,249</u>
<u>\$ 1,012,879</u>	<u>\$ 781,745</u>	<u>\$ 248,644</u>	<u>\$ 2,386,787</u>	<u>\$ 22,407</u>	<u>\$ 176,071</u>	<u>\$ 95,484</u>

Continued

Denton County, Texas
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2012

SPECIAL REVENUE	Sheriff's Forfeiture Fund	Vehicle Inventory Tax Interest Fund	Records Management Fund	District Attorney Check Fund
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	15,000
Fees of Office	-	-	338,905	48,939
Fines	-	-	-	-
Interest	4,230	4,104	194	-
Miscellaneous	551,515	-	-	-
TOTAL REVENUES	555,745	4,104	339,099	63,939
EXPENDITURES				
General Government	-	-	-	-
Judicial	-	-	331,026	-
Legal	-	-	-	90,895
Financial	-	30,000	-	-
Public Facilities	-	-	-	-
Public Safety	771,407	-	-	-
Health and Welfare	-	-	-	-
Roads	-	-	-	-
Intergovernmental	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	771,407	30,000	331,026	90,895
Excess (Deficiency) of Revenues Over Expenditures	(215,662)	(25,896)	8,073	(26,956)
Other Financing Sources (Uses):				
Issuance of Debt	-	-	-	-
Bond Premium	-	-	-	-
Sale of Surplus Property	12,646	-	-	-
Capital Lease Financing	-	-	-	-
Transfers In	-	-	-	25,000
Transfers Out	-	-	-	-
Total Other Financing	12,646	-	-	25,000
NET CHANGE IN FUND BALANCES	(203,016)	(25,896)	8,073	(1,956)
FUND BALANCES AT BEGINNING OF YEAR	1,885,961	56,671	180,732	(7,786)
FUND BALANCES AT END OF YEAR	\$ 1,682,945	\$ 30,775	\$ 188,805	\$ (9,742)

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	2,155,888	230,587	-	566,620	-
-	-	48,133	67,399	-	78,339
-	-	-	-	-	-
1,323	-	4,139	300	-	30
97,789	-	-	-	-	-
<u>99,112</u>	<u>2,155,888</u>	<u>282,860</u>	<u>67,699</u>	<u>566,620</u>	<u>78,369</u>
-	-	-	-	-	-
-	-	-	99,782	-	42,810
3,338	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2,155,907	424,974	-	564,872	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,338</u>	<u>2,155,907</u>	<u>424,974</u>	<u>99,782</u>	<u>564,872</u>	<u>42,810</u>
<u>95,774</u>	<u>(19)</u>	<u>(142,114)</u>	<u>(32,083)</u>	<u>1,748</u>	<u>35,559</u>
-	-	-	-	-	-
-	-	-	-	-	-
6,322	-	-	-	-	-
-	-	-	-	-	-
(25,000)	-	-	-	-	-
(18,678)	-	-	-	-	-
<u>77,096</u>	<u>(19)</u>	<u>(142,114)</u>	<u>(32,083)</u>	<u>1,748</u>	<u>35,559</u>
<u>584,194</u>	<u>26,741</u>	<u>2,231,504</u>	<u>417,434</u>	<u>8,629</u>	<u>44,025</u>
<u>\$ 661,290</u>	<u>\$ 26,722</u>	<u>\$ 2,089,390</u>	<u>\$ 385,351</u>	<u>\$ 10,377</u>	<u>\$ 79,584</u>

Continued

Denton County, Texas
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2012

SPECIAL REVENUE	JP Court Security Fund	Fire Code Enforcement Fund	TOTAL SPECIAL REV September 30, 2012
<u>REVENUES</u>			
Taxes	\$ -	\$ -	\$ 16,432,014
Licenses and Permits	-	-	6,166,242
Intergovernmental	-	-	8,229,637
Fees of Office	16,733	179,252	3,298,551
Fines	-	-	-
Interest	85	67	39,927
Miscellaneous	-	-	674,091
TOTAL REVENUES	<u>16,818</u>	<u>179,319</u>	<u>34,840,462</u>
<u>EXPENDITURES</u>			
General Government	-	-	1,987,339
Judicial	4,037	-	1,256,827
Legal	-	-	94,233
Financial	-	-	30,000
Public Facilities	-	-	-
Public Safety	-	268,596	11,436,466
Health and Welfare	-	-	10,238,087
Roads	-	-	10,356,891
Intergovernmental	-	-	-
Capital Outlay	-	-	-
TOTAL EXPENDITURES	<u>4,037</u>	<u>268,596</u>	<u>35,399,842</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>12,781</u>	<u>(89,277)</u>	<u>(559,380)</u>
Other Financing Sources (Uses):			
Issuance of Debt	-	-	-
Bond Premium	-	-	-
Sale of Surplus Property	-	-	94,085
Capital Lease Financing	-	-	-
Transfers In	-	-	381,920
Transfers Out	-	-	(293,287)
Total Other Financing	<u>-</u>	<u>-</u>	<u>182,718</u>
NET CHANGE IN FUND BALANCES	<u>12,781</u>	<u>(89,277)</u>	<u>(376,662)</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>78,275</u>	<u>192,205</u>	<u>16,775,494</u>
FUND BALANCES AT END OF YEAR	<u>\$ 91,056</u>	<u>\$ 102,928</u>	<u>\$ 16,398,832</u>

Denton County, Texas
**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2012**

	2005 Certificates of Obligation Fund	2007 Tax Note Project Fund	2008 Tax Note Project Fund	2008 PI Bond Project Fund
CAPITAL PROJECTS				
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	2,464	246	4,932	138
Miscellaneous	-	-	44,977	-
TOTAL REVENUES	<u>2,464</u>	<u>246</u>	<u>49,909</u>	<u>138</u>
<u>EXPENDITURES</u>				
General Government	-	-	-	-
Judicial	-	-	-	-
Legal	-	-	-	-
Financial	-	-	-	-
Public Facilities	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Roads	-	-	-	-
Intergovernmental	-	-	-	-
Capital Outlay	196,048	48,077	2,599,981	39,983
TOTAL EXPENDITURES	<u>196,048</u>	<u>48,077</u>	<u>2,599,981</u>	<u>39,983</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(193,584)</u>	<u>(47,831)</u>	<u>(2,550,072)</u>	<u>(39,844)</u>
Other Financing Sources (Uses):				
Issuance of Debt	-	-	-	-
Bond Premium	-	-	-	-
Sale of Surplus Property	-	-	-	-
Capital Lease Financing	-	-	-	-
Transfers In	-	-	765,412	-
Transfers Out	-	-	-	-
Sources (Uses)	<u>-</u>	<u>-</u>	<u>765,412</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(193,584)</u>	<u>(47,831)</u>	<u>(1,784,660)</u>	<u>(39,844)</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>1,169,726</u>	<u>143,194</u>	<u>2,697,146</u>	<u>87,817</u>
FUND BALANCES AT END OF YEAR	<u>\$ 976,142</u>	<u>\$ 95,363</u>	<u>\$ 912,486</u>	<u>\$ 47,973</u>

Capital Replacement Fund	2007 Road Bond Project Fund	2012 Tax Note Project Fund	TOTAL Capital Projects September 30, 2012	TOTAL Special Revenue & Capital Projects September 30, 2012
\$ -	\$ -	\$ -	\$ -	\$ 16,432,014
-	-	-	-	6,166,242
-	-	-	-	8,229,637
-	-	-	-	3,298,551
-	-	-	-	-
11,733	3,788	11,248	34,549	74,476
-	-	-	44,977	719,068
<u>11,733</u>	<u>3,788</u>	<u>11,248</u>	<u>79,526</u>	<u>34,919,988</u>
-	-	-	-	1,987,339
-	-	-	-	1,256,827
-	-	-	-	94,233
-	-	-	-	30,000
-	-	-	-	-
-	-	-	-	11,436,466
-	-	-	-	10,238,087
-	-	-	-	10,356,891
-	-	-	-	-
1,681,538	584,400	73,900	5,223,925	5,223,925
<u>1,681,538</u>	<u>584,400</u>	<u>73,900</u>	<u>5,223,925</u>	<u>40,623,767</u>
<u>(1,669,805)</u>	<u>(580,612)</u>	<u>(62,652)</u>	<u>(5,144,400)</u>	<u>(5,703,779)</u>
-	-	9,730,000	9,730,000	9,730,000
-	-	444,250	444,250	444,250
-	-	-	-	94,085
-	-	-	-	-
3,263,028	-	-	4,028,440	4,410,360
(535,000)	-	-	(535,000)	(828,287)
<u>2,728,028</u>	<u>-</u>	<u>10,174,250</u>	<u>13,667,690</u>	<u>13,850,408</u>
<u>1,058,223</u>	<u>(580,612)</u>	<u>10,111,598</u>	<u>8,523,290</u>	<u>8,146,628</u>
<u>6,531,559</u>	<u>2,385,365</u>	<u>-</u>	<u>13,014,806</u>	<u>29,790,300</u>
<u>\$ 7,589,782</u>	<u>\$ 1,804,753</u>	<u>\$ 10,111,598</u>	<u>\$ 21,538,097</u>	<u>\$ 37,936,929</u>



Denton County, Texas
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ROAD AND BRIDGE SPECIAL REVENUE FUND
For the Year Ended September 30, 2012

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ 4,797,847	\$ 4,797,847	\$ 4,990,553	\$ 192,706
Licenses and Permits	5,940,000	5,940,000	6,166,242	226,242
Intergovernmental	145,000	145,000	232,575	87,575
Fees of Office	40,000	40,000	-	(40,000)
Fines	-	-	-	-
Interest	18,000	18,000	10,134	(7,866)
Miscellaneous	-	-	3,497	3,497
TOTAL REVENUES	<u>10,940,847</u>	<u>10,940,847</u>	<u>11,403,001</u>	<u>462,154</u>
 <u>EXPENDITURES</u>				
ROADS	<u>12,183,218</u>	<u>12,715,920</u>	<u>10,356,891</u>	<u>2,359,029</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,242,371)</u>	<u>(1,775,073)</u>	<u>1,046,110</u>	<u>2,821,183</u>
Other Financing Sources (Uses):				
Sale of Surplus Property	1,000	10,139	75,117	64,978
Transfers In	-	-	-	-
Transfers Out	<u>-</u>	<u>(230,412)</u>	<u>(230,412)</u>	<u>-</u>
Total Other Financing Sources	<u>1,000</u>	<u>(220,273)</u>	<u>(155,295)</u>	<u>64,978</u>
Net Change in Fund Balances	<u>(1,241,371)</u>	<u>(1,995,346)</u>	<u>890,815</u>	<u>2,886,161</u>
FUND BALANCES - BEGINNING	<u>3,876,084</u>	<u>3,876,084</u>	<u>3,876,084</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 2,634,713</u>	<u>\$ 1,880,738</u>	<u>\$ 4,766,898</u>	<u>\$ 2,886,161</u>

Denton County, Texas
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 JURY SPECIAL REVENUE FUND
 For the Year Ended September 30, 2012

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ 65,193	\$ 65,193	\$ 67,888	\$ 2,695
Licenses and Permits	-	-	-	-
Intergovernmental	220,000	220,000	251,544	31,544
Fees of Office	19,000	19,000	18,522	(478)
Fines	-	-	-	-
Interest	1,500	1,500	285	(1,215)
Miscellaneous	-	-	646	646
TOTAL REVENUES	<u>305,693</u>	<u>305,693</u>	<u>338,886</u>	<u>33,193</u>
 <u>EXPENDITURES</u>				
JUDICIAL	<u>400,500</u>	<u>400,500</u>	<u>418,726</u>	<u>(18,226)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(94,807)</u>	<u>(94,807)</u>	<u>(79,840)</u>	<u>14,967</u>
Other Financing Sources (Uses):				
Sale of Surplus Property	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Net Change in Fund Balances	 <u>(94,807)</u>	 <u>(94,807)</u>	 <u>(79,840)</u>	 <u>14,967</u>
 FUND BALANCES - BEGINNING	 <u>227,163</u>	 <u>227,163</u>	 <u>227,163</u>	 <u>-</u>
 FUND BALANCES - ENDING	 <u>\$ 132,356</u>	 <u>\$ 132,356</u>	 <u>\$ 147,323</u>	 <u>\$ 14,967</u>

Denton County, Texas
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
JUVENILE PROBATION SPECIAL REVENUE FUND
For the Year Ended September 30, 2012

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ 5,920,043	\$ 5,920,043	\$ 6,156,725	\$ 236,682
Licenses and Permits	-	-	-	-
Intergovernmental	3,189,500	3,389,144	3,128,920	(260,224)
Fees of Office	70,000	70,000	76,000	6,000
Fines	-	-	-	-
Interest	10,000	10,000	5,002	(4,998)
Miscellaneous	2,000	2,000	2,403	403
TOTAL REVENUES	<u>9,191,543</u>	<u>9,391,187</u>	<u>9,369,050</u>	<u>(22,137)</u>
 <u>EXPENDITURES</u>				
PUBLIC SAFETY	<u>10,528,268</u>	<u>10,730,721</u>	<u>10,385,966</u>	<u>344,755</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,336,725)</u>	<u>(1,339,534)</u>	<u>(1,016,915)</u>	<u>322,619</u>
Other Financing Sources (Uses):				
Sale of Surplus Property	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(1,336,725)</u>	<u>(1,339,534)</u>	<u>(1,016,915)</u>	<u>322,619</u>
 FUND BALANCES - BEGINNING	 <u>2,159,924</u>	 <u>2,159,924</u>	 <u>2,159,924</u>	 <u>-</u>
FUND BALANCES - ENDING	<u>\$ 823,199</u>	<u>\$ 820,390</u>	<u>\$ 1,143,009</u>	<u>\$ 322,619</u>

Denton County, Texas
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
INDIGENT CARE SPECIAL REVENUE FUND
For the Year Ended September 30, 2012

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ 2,449,773	\$ 2,449,773	\$ 2,548,079	\$ 98,306
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	7,500	7,500	2,267	(5,233)
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>2,457,273</u>	<u>2,457,273</u>	<u>2,550,345</u>	<u>93,072</u>
 <u>EXPENDITURES</u>				
HEALTH & WELFARE	<u>2,494,539</u>	<u>2,796,633</u>	<u>2,784,697</u>	<u>11,936</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(37,266)</u>	<u>(339,360)</u>	<u>(234,352)</u>	<u>105,008</u>
Other Financing Sources (Uses):				
Sale of Surplus Property	-	-	-	-
Transfers In	-	302,000	302,000	-
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>302,000</u>	<u>302,000</u>	<u>-</u>
Net Change in Fund Balances	<u>(37,266)</u>	<u>(37,360)</u>	<u>67,648</u>	<u>105,008</u>
FUND BALANCES - BEGINNING	<u>945,231</u>	<u>945,231</u>	<u>945,231</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 907,965</u>	<u>\$ 907,871</u>	<u>\$ 1,012,879</u>	<u>\$ 105,008</u>

Denton County, Texas
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PUBLIC HEALTH SPECIAL REVENUE FUND
For the Year Ended September 30, 2012

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ 2,566,445	\$ 2,566,445	\$ 2,668,769	\$ 102,324
Licenses and Permits	-	-	-	-
Intergovernmental	1,178,643	1,599,071	1,398,514	(200,557)
Fees of Office	485,000	485,000	469,207	(15,793)
Fines	-	-	-	-
Interest	12,000	12,000	2,030	(9,970)
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>4,242,088</u>	<u>4,662,516</u>	<u>4,538,521</u>	<u>(123,995)</u>
 <u>EXPENDITURES</u>				
HEALTH & WELFARE	<u>4,282,436</u>	<u>4,728,384</u>	<u>4,307,637</u>	<u>420,747</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(40,348)</u>	<u>(65,868)</u>	<u>230,884</u>	<u>296,752</u>
Other Financing Sources (Uses):				
Sale of Surplus Property	-	-	-	-
Transfers In	-	9,920	9,920	-
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>9,920</u>	<u>9,920</u>	<u>-</u>
Net Change in Fund Balances	<u>(40,348)</u>	<u>(55,948)</u>	<u>240,804</u>	<u>296,752</u>
FUND BALANCES - BEGINNING	<u>540,941</u>	<u>540,941</u>	<u>540,941</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 500,593</u>	<u>\$ 484,993</u>	<u>\$ 781,745</u>	<u>\$ 296,752</u>

Denton County, Texas
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
LAW LIBRARY SPECIAL REVENUE FUND
For the Year Ended September 30, 2012

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	283,325	283,325	297,156	13,831
Fines	-	-	-	-
Interest	2,500	2,500	527	(1,973)
Miscellaneous	15,000	15,000	18,241	3,241
TOTAL REVENUES	<u>300,825</u>	<u>300,825</u>	<u>315,924</u>	<u>15,099</u>
 <u>EXPENDITURES</u>				
GENERAL GOVERNMENT	<u>392,416</u>	<u>434,610</u>	<u>362,557</u>	<u>72,053</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(91,591)</u>	<u>(133,785)</u>	<u>(46,633)</u>	<u>87,152</u>
Other Financing Sources (Uses):				
Sale of Surplus Property	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(91,591)</u>	<u>(133,785)</u>	<u>(46,633)</u>	<u>87,152</u>
FUND BALANCES - BEGINNING	<u>295,277</u>	<u>295,277</u>	<u>295,277</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 203,686</u>	<u>\$ 161,492</u>	<u>\$ 248,644</u>	<u>\$ 87,152</u>

Denton County, Texas
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 COUNTY CLERK RECORDS MANAGEMENT SPECIAL REVENUE FUND
 For the Year Ended September 30, 2012

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	752,000	1,277,000	1,350,911	73,911
Fines	-	-	-	-
Interest	25,000	25,000	4,580	(20,420)
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>777,000</u>	<u>1,302,000</u>	<u>1,355,492</u>	<u>53,492</u>
 <u>EXPENDITURES</u>				
GENERAL GOVERNMENT	<u>1,503,345</u>	<u>2,030,666</u>	<u>1,507,201</u>	<u>523,465</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(726,345)</u>	<u>(728,666)</u>	<u>(151,710)</u>	<u>576,956</u>
Other Financing Sources (Uses):				
Sale of Surplus Property	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	(875)	(875)	-
Total Other Financing Sources	<u>-</u>	<u>(875)</u>	<u>(875)</u>	<u>-</u>
Net Change in Fund Balances	<u>(726,345)</u>	<u>(729,541)</u>	<u>(152,585)</u>	<u>576,956</u>
FUND BALANCES - BEGINNING	<u>2,539,371</u>	<u>2,539,371</u>	<u>2,539,371</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 1,813,026</u>	<u>\$ 1,809,830</u>	<u>\$ 2,386,787</u>	<u>\$ 576,956</u>

Denton County, Texas
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COUNTY AND DISTRICT TECHNOLOGY SPECIAL REVENUE FUND
For the Year Ended September 30, 2012

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	16,200	16,200	22,033	5,833
Fines	-	-	-	-
Interest	500	500	5	(495)
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>16,700</u>	<u>16,700</u>	<u>22,039</u>	<u>5,339</u>
 <u>EXPENDITURES</u>				
GENERAL GOVERNMENT	<u>13,075</u>	<u>13,075</u>	<u>3,315</u>	<u>9,760</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,625</u>	<u>3,625</u>	<u>18,723</u>	<u>15,098</u>
Other Financing Sources (Uses):				
Sale of Surplus Property	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>3,625</u>	<u>3,625</u>	<u>18,723</u>	<u>15,098</u>
 FUND BALANCES - BEGINNING	 <u>3,684</u>	 <u>3,684</u>	 <u>3,684</u>	 <u>-</u>
FUND BALANCES - ENDING	<u>\$ 7,309</u>	<u>\$ 7,309</u>	<u>\$ 22,407</u>	<u>\$ 15,098</u>

Denton County, Texas
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COURTHOUSE SECURITY SPECIAL REVENUE FUND
For the Year Ended September 30, 2012

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	275,000	275,000	286,395	11,395
Fines	-	-	-	-
Interest	1,000	1,000	92	(908)
Miscellaneous	-	-	-	-
TOTAL REVENUES	276,000	276,000	286,487	10,487
 <u>EXPENDITURES</u>				
JUDICIAL	365,723	376,883	357,130	19,753
Excess (Deficiency) of Revenues Over Expenditures	(89,723)	(100,883)	(70,643)	30,240
Other Financing Sources (Uses):				
Sale of Surplus Property	-	-	-	-
Transfers In	45,000	45,000	45,000	-
Transfers Out	-	-	-	-
Total Other Financing Sources	45,000	45,000	45,000	-
Net Change in Fund Balances	(44,723)	(55,883)	(25,643)	30,240
 FUND BALANCES - BEGINNING	 201,713	 201,713	 201,713	 -
FUND BALANCES - ENDING	<u>\$ 156,990</u>	<u>\$ 145,830</u>	<u>\$ 176,071</u>	<u>\$ 30,240</u>

Denton County, Texas
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 SHERIFF'S FORFEITURE FUND
 For the Year Ended September 30, 2012

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	2,000	2,000	4,230	2,230
Miscellaneous	100,000	100,000	551,515	451,515
TOTAL REVENUES	102,000	102,000	555,745	453,745
 <u>EXPENDITURES</u>				
PUBLIC SAFETY	240,000	1,176,364	771,407	404,957
Excess (Deficiency) of Revenues Over Expenditures	(138,000)	(1,074,364)	(215,662)	858,702
Other Financing Sources (Uses):				
Sale of Surplus Property	-	-	12,646	12,646
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	12,646	12,646
Net Change in Fund Balances	(138,000)	(1,074,364)	(203,016)	871,348
 FUND BALANCES - BEGINNING	 1,885,961	 1,885,961	 1,885,961	 -
FUND BALANCES - ENDING	\$ 1,747,961	\$ 811,597	\$ 1,682,945	\$ 871,348

Denton County, Texas
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 VEHICLE INVENTORY TAX INTEREST FUND
 For the Year Ended September 30, 2012

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	8,000	8,000	4,104	(3,896)
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>8,000</u>	<u>8,000</u>	<u>4,104</u>	<u>(3,896)</u>
 <u>EXPENDITURES</u>				
FINANCIAL	<u>20,000</u>	<u>50,000</u>	<u>30,000</u>	<u>20,000</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(12,000)</u>	<u>(42,000)</u>	<u>(25,896)</u>	<u>16,104</u>
Other Financing Sources (Uses):				
Sale of Surplus Property	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(12,000)</u>	<u>(42,000)</u>	<u>(25,896)</u>	<u>16,104</u>
 FUND BALANCES - BEGINNING	 <u>56,671</u>	 <u>56,671</u>	 <u>56,671</u>	 <u>-</u>
FUND BALANCES - ENDING	<u>\$ 44,671</u>	<u>\$ 14,671</u>	<u>\$ 30,775</u>	<u>\$ 16,104</u>

Denton County, Texas
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
RECORDS MANAGEMENT SPECIAL REVENUE FUND
For the Year Ended September 30, 2012

<u>REVENUES</u>	<u>Budget (Original)</u>	<u>Budget (Revised)</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	290,000	290,000	338,905	48,905
Fines	-	-	-	-
Interest	750	750	194	(556)
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>290,750</u>	<u>290,750</u>	<u>339,099</u>	<u>48,349</u>
 <u>EXPENDITURES</u>				
JUDICIAL	<u>352,535</u>	<u>360,386</u>	<u>331,026</u>	<u>29,360</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(61,785)</u>	<u>(69,636)</u>	<u>8,073</u>	<u>77,709</u>
Other Financing Sources (Uses):				
Sale of Surplus Property	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(61,785)</u>	<u>(69,636)</u>	<u>8,073</u>	<u>77,709</u>
 FUND BALANCES - BEGINNING	 <u>180,732</u>	 <u>180,732</u>	 <u>180,732</u>	 <u>-</u>
FUND BALANCES - ENDING	<u>\$ 118,947</u>	<u>\$ 111,096</u>	<u>\$ 188,805</u>	<u>\$ 77,709</u>

Denton County, Texas
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DISTRICT ATTORNEY CHECK FEE FUND
For the Year Ended September 30, 2012

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	22,500	22,500	15,000	(7,500)
Fees of Office	50,000	50,000	48,939	(1,061)
Fines	-	-	-	-
Interest	100	100	-	(100)
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>72,600</u>	<u>72,600</u>	<u>63,939</u>	<u>(8,661)</u>
 <u>EXPENDITURES</u>				
LEGAL	<u>102,979</u>	<u>102,979</u>	<u>90,895</u>	<u>12,084</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(30,379)</u>	<u>(30,379)</u>	<u>(26,956)</u>	<u>3,423</u>
Other Financing Sources (Uses):				
Sale of Surplus Property	-	-	-	-
Transfers In	25,000	25,000	25,000	-
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Net Change in Fund Balances	<u>(5,379)</u>	<u>(5,379)</u>	<u>(1,956)</u>	<u>3,423</u>
FUND BALANCES - BEGINNING	<u>(7,786)</u>	<u>(7,786)</u>	<u>(7,786)</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ (13,165)</u>	<u>\$ (13,165)</u>	<u>\$ (9,742)</u>	<u>\$ 3,423</u>

Denton County, Texas
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DISTRICT ATTORNEY FORFEITURE FUND
For the Year Ended September 30, 2012

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	1,500	1,500	1,323	(177)
Miscellaneous	55,000	55,000	97,789	42,789
TOTAL REVENUES	<u>56,500</u>	<u>56,500</u>	<u>99,112</u>	<u>42,612</u>
 <u>EXPENDITURES</u>				
LEGAL	<u>174,671</u>	<u>174,671</u>	<u>3,338</u>	<u>171,333</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(118,171)</u>	<u>(118,171)</u>	<u>95,774</u>	<u>213,945</u>
Other Financing Sources (Uses):				
Sale of Surplus Property	-	-	6,322	6,322
Transfers In	-	-	-	-
Transfers Out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Total Other Financing Sources	<u>(25,000)</u>	<u>(25,000)</u>	<u>(18,678)</u>	<u>6,322</u>
Net Change in Fund Balances	<u>(143,171)</u>	<u>(143,171)</u>	<u>77,096</u>	<u>220,267</u>
 FUND BALANCES - BEGINNING	 <u>584,194</u>	 <u>584,194</u>	 <u>584,194</u>	 <u>-</u>
FUND BALANCES - ENDING	<u>\$ 441,023</u>	<u>\$ 441,023</u>	<u>\$ 661,290</u>	<u>\$ 220,267</u>

Denton County, Texas
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 HEALTH CARE RELIEF SPECIAL REVENUE FUND
 For the Year Ended September 30, 2012

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	270,000	270,000	230,587	(39,413)
Fees of Office	49,000	49,000	48,133	(867)
Fines	-	-	-	-
Interest	8,000	8,000	4,139	(3,861)
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>327,000</u>	<u>327,000</u>	<u>282,860</u>	<u>(44,140)</u>
 <u>EXPENDITURES</u>				
HEALTH & WELFARE	<u>455,001</u>	<u>461,996</u>	<u>424,974</u>	<u>37,022</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(128,001)</u>	<u>(134,996)</u>	<u>(142,114)</u>	<u>(7,118)</u>
Other Financing Sources (Uses):				
Sale of Surplus Property	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(128,001)</u>	<u>(134,996)</u>	<u>(142,114)</u>	<u>(7,118)</u>
 FUND BALANCES - BEGINNING	 <u>2,231,504</u>	 <u>2,231,504</u>	 <u>2,231,504</u>	 <u>-</u>
FUND BALANCES - ENDING	<u>\$ 2,103,503</u>	<u>\$ 2,096,508</u>	<u>\$ 2,089,390</u>	<u>\$ (7,118)</u>

Denton County, Texas
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
JP COURT TECHNOLOGY SPECIAL REVENUE FUND
For the Year Ended September 30, 2012

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	68,000	68,000	67,399	(601)
Fines	-	-	-	-
Interest	1,200	1,200	300	(900)
Miscellaneous	-	-	-	-
TOTAL REVENUES	69,200	69,200	67,699	(1,501)
 <u>EXPENDITURES</u>				
JUDICIAL	198,830	198,830	99,782	99,048
Excess (Deficiency) of Revenues Over Expenditures	(129,630)	(129,630)	(32,083)	97,547
Other Financing Sources (Uses):				
Sale of Surplus Property	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	(129,630)	(129,630)	(32,083)	97,547
 FUND BALANCES - BEGINNING	 417,434	 417,434	 417,434	 -
FUND BALANCES - ENDING	<u>\$ 287,804</u>	<u>\$ 287,804</u>	<u>\$ 385,351</u>	<u>\$ 97,547</u>

Denton County, Texas
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PUBLIC HEALTH PREPAREDNESS GRANT
For the Year Ended September 30, 2012

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	1,094,062	566,620	(527,442)
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	-	1,094,062	566,620	(527,442)
 <u>EXPENDITURES</u>				
HEALTH & WELFARE	-	1,094,062	564,872	529,190
Excess (Deficiency) of Revenues Over Expenditures	-	-	1,748	1,748
Other Financing Sources (Uses):				
Sale of Surplus Property	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	-	-	1,748	1,748
 FUND BALANCES - BEGINNING	 8,629	 8,629	 8,629	 -
FUND BALANCES - ENDING	<u>\$ 8,629</u>	<u>\$ 8,629</u>	<u>\$ 10,377</u>	<u>\$ 1,748</u>

Denton County, Texas
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DISTRICT CLERK RECORDS MANAGEMENT FUND
For the Year Ended September 30, 2012

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	86,000	86,000	78,339	(7,661)
Fines	-	-	-	-
Interest	600	600	30	(570)
Miscellaneous	-	-	-	-
TOTAL REVENUES	86,600	86,600	78,369	(8,231)
 <u>EXPENDITURES</u>				
JUDICIAL	87,921	97,671	42,810	54,861
Excess (Deficiency) of Revenues Over Expenditures	(1,321)	(11,071)	35,559	46,630
Other Financing Sources (Uses):				
Sale of Surplus Property	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
 Net Change in Fund Balances	 (1,321)	 (11,071)	 35,559	 46,630
 FUND BALANCES - BEGINNING	 44,025	 44,025	 44,025	 -
 FUND BALANCES - ENDING	 \$ 42,704	 \$ 32,954	 \$ 79,584	 \$ 46,630

Denton County, Texas
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
JP COURT SECURITY FUND
For the Year Ended September 30, 2012

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	16,000	16,000	16,733	733
Fines	-	-	-	-
Interest	750	750	85	(665)
Miscellaneous	-	-	-	-
TOTAL REVENUES	16,750	16,750	16,818	68
 <u>EXPENDITURES</u>				
JUDICIAL	12,947	12,947	4,037	8,910
Excess (Deficiency) of Revenues Over Expenditures	3,803	3,803	12,781	8,978
Other Financing Sources (Uses):				
Sale of Surplus Property	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	3,803	3,803	12,781	8,978
 FUND BALANCES - BEGINNING	 78,275	 78,275	 78,275	 -
FUND BALANCES - ENDING	\$ 82,078	\$ 82,078	\$ 91,056	\$ 8,978

Denton County, Texas
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FIRE CODE ENFORCEMENT FUND
For the Year Ended September 30, 2012

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	210,000	210,000	179,252	(30,748)
Fines	-	-	-	-
Interest	1,000	1,000	67	(934)
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>211,000</u>	<u>211,000</u>	<u>179,319</u>	<u>(31,681)</u>
 <u>EXPENDITURES</u>				
PUBLIC SAFETY	<u>275,579</u>	<u>275,579</u>	<u>268,596</u>	<u>6,983</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(64,579)</u>	<u>(64,579)</u>	<u>(89,277)</u>	<u>(24,698)</u>
Other Financing Sources (Uses):				
Sale of Surplus Property	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(64,579)</u>	<u>(64,579)</u>	<u>(89,277)</u>	<u>(24,698)</u>
 FUND BALANCES - BEGINNING	 <u>192,205</u>	 <u>192,205</u>	 <u>192,205</u>	 <u>-</u>
FUND BALANCES - ENDING	<u>\$ 127,626</u>	<u>\$ 127,626</u>	<u>\$ 102,928</u>	<u>\$ (24,698)</u>

Denton County, Texas
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 CAPITAL REPLACEMENT FUND**
 For the Year Ended September 30, 2012

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees of Office	-	-	-	-
Fines	-	-	-	-
Interest	6,000	6,000	11,733	5,733
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>6,000</u>	<u>6,000</u>	<u>11,733</u>	<u>5,733</u>
 <u>EXPENDITURES</u>				
PUBLIC FACILITIES	<u>5,509,447</u>	<u>5,423,962</u>	<u>1,681,538</u>	<u>3,742,424</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,503,447)</u>	<u>(5,417,962)</u>	<u>(1,669,805)</u>	<u>3,748,157</u>
Other Financing Sources (Uses):				
Sale of Surplus Property	-	-	-	-
Transfers In	2,000,000	2,046,028	3,263,028	1,217,000
Transfers Out	-	(535,000)	(535,000)	-
Total Other Financing Sources	<u>2,000,000</u>	<u>1,511,028</u>	<u>2,728,028</u>	<u>1,217,000</u>
Net Change in Fund Balances	<u>(3,503,447)</u>	<u>(3,906,934)</u>	<u>1,058,223</u>	<u>4,965,157</u>
FUND BALANCES - BEGINNING	<u>6,531,559</u>	<u>6,531,559</u>	<u>6,531,559</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 3,028,112</u>	<u>\$ 2,624,625</u>	<u>\$ 7,589,782</u>	<u>\$ 4,965,157</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
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended September 30, 2012

<u>REVENUES</u>	Budget (Original)	Budget (Revised)	Actual	Variance Positive (Negative)
Taxes	\$ 37,500,000	\$ 37,500,000	\$ 38,999,633	\$ 1,499,633
Intergovernmental	1,894,448	1,894,448	1,894,448	(0)
Interest	35,000	35,000	30,283	(4,717)
Miscellaneous	-	-	29,016	29,016
TOTAL REVENUES	<u>39,429,448</u>	<u>39,429,448</u>	<u>40,953,380</u>	<u>1,523,932</u>
 <u>EXPENDITURES</u>				
DEBT SERVICE				
Principal Retirement	19,495,000	19,680,000	19,680,000	-
Interest	21,835,414	21,650,414	21,359,651	290,763
Bank Charges	16,000	16,000	5,655	10,345
TOTAL EXPENDITURES	<u>41,346,414</u>	<u>41,346,414</u>	<u>41,045,306</u>	<u>301,108</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,916,966)</u>	<u>(1,916,966)</u>	<u>(91,926)</u>	<u>1,825,040</u>
Other Financing Sources (Uses):				
Bond Proceeds	-	-	11,665,000	(11,665,000)
Bond Premium	-	-	959,956	(959,956)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Proceeds of Refunding Bonds	-	-	-	-
Refunding Bond Discount	-	-	-	-
Payments to Escrow Agent	-	-	(12,624,956)	12,624,956
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(1,916,966)</u>	<u>(1,916,966)</u>	<u>(91,926)</u>	<u>1,825,040</u>
FUND BALANCES - BEGINNING	<u>3,776,073</u>	<u>3,776,073</u>	<u>3,776,073</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 1,859,107</u>	<u>\$ 1,859,107</u>	<u>\$ 3,684,146</u>	<u>\$ 1,825,040</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, 2012

	<u>Texas Adult Probation</u>	<u>County Clerk Agency</u>	<u>District Clerk Agency</u>	<u>Tax Collector Agency</u>
<u>ASSETS</u>				
Cash	\$ 513,185	\$ 1,393,107	\$3,805,793	\$ 1,896,652
Investments	2,612,878	2,660,067	-	6,060,276
Accrued Interest	-	-	-	-
Other Assets	270,361	-	-	-
Due from Other Funds	16	-	-	-
Due from Other Govts	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 3,396,440</u></u>	<u><u>\$ 4,053,174</u></u>	<u><u>\$ 3,805,793</u></u>	<u><u>\$ 7,956,929</u></u>
 <u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts Payable	\$ 17,030	\$ -	\$ -	\$ -
Wages Payable	76,720	-	-	-
Due to Other Funds	-	-	-	-
Due to Other Governments	3,075,370	-	-	7,956,929
Due to Beneficiaries	227,320	4,053,174	3,805,793	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u><u>3,396,440</u></u>	<u><u>4,053,174</u></u>	<u><u>3,805,793</u></u>	<u><u>7,956,929</u></u>

(Continued)

Denton County, Texas
STATEMENT OF FIDUCIARY
ASSETS AND LIABILITIES
AGENCY FUNDS
September 30, 2012

	<u>Justices of the Peace Agency</u>	<u>Sheriff Agency</u>	<u>Treatment Alternatives to Incarceration</u>	<u>Other Agency</u>
<u>ASSETS</u>				
Cash	\$ 146,665	\$ 1,975,185	\$ 115,435	\$ 26,427
Investments	-	-	3	-
Accrued Interest	-	-	-	-
Other Assets	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
	<u>146,665</u>	<u>1,975,185</u>	<u>115,438</u>	<u>26,427</u>
TOTAL ASSETS	<u><u>\$ 146,665</u></u>	<u><u>\$ 1,975,185</u></u>	<u><u>\$ 115,438</u></u>	<u><u>\$ 26,427</u></u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 1,283	\$ -
Wages Payable	-	-	-	-
Due to Other Funds	-	-	-	-
Due to Other Governments	-	-	114,155	-
Due to Beneficiaries	146,665	1,975,185	-	26,427
	<u>146,665</u>	<u>1,975,185</u>	<u>115,438</u>	<u>26,427</u>
TOTAL LIABILITIES	<u><u>146,665</u></u>	<u><u>1,975,185</u></u>	<u><u>115,438</u></u>	<u><u>26,427</u></u>

Community Corrections Grant	Housing Finance Authority	TOTAL September 30, 2012
\$ 262,344	\$ -	\$ 10,134,793
87,328	665,725	12,086,277
-	-	-
-	-	270,361
-	-	16
-	-	-
<u>\$ 349,672</u>	<u>\$ 665,725</u>	<u>\$ 22,491,447</u>

\$ 7,003	\$ -	\$ 25,316
-	-	76,720
16	-	16
342,653	665,725	12,154,832
-	-	10,234,563
<u>349,672</u>	<u>665,725</u>	<u>22,491,447</u>

Denton County, Texas
STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES
For the Year Ended September 30, 2012

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>TEXAS ADULT PROBATION FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 3,112,780	\$ 4,558,162	\$ 4,544,879	\$ 3,126,063
Accrued Interest	14	-	14	-
Other Receivables	173,784	270,361	173,784	270,361
Due from Other Funds	479	16	479	16
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 3,287,057</u>	<u>\$ 4,828,539</u>	<u>\$ 4,719,156</u>	<u>\$ 3,396,440</u>

Liabilities

Accounts Payable	\$ 88,006	\$ 93,750	\$ 88,006	\$ 93,750
Due to Other Funds	5,852	-	5,852	-
Due to Other Govts	2,822,594	3,075,371	2,822,594	3,075,371
Due to Beneficiaries	370,605	227,320	370,605	227,320
Total Liabilities	<u>\$ 3,287,057</u>	<u>\$ 3,396,441</u>	<u>\$ 3,287,058</u>	<u>\$ 3,396,440</u>

COUNTY CLERK AGENCY FUND

Assets

Cash and Investments	\$ 5,349,879	\$ 695,046	\$ 1,991,751	\$ 4,053,174
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u>\$ 5,349,879</u>	<u>\$ 695,046</u>	<u>\$ 1,991,751</u>	<u>\$ 4,053,174</u>

Liabilities

Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	-	-	-	-
Due to Beneficiaries	5,349,879	695,046	1,991,751	4,053,174
Total Liabilities	<u>\$ 5,349,879</u>	<u>\$ 695,046</u>	<u>\$ 1,991,751</u>	<u>\$ 4,053,174</u>

Denton County, Texas
STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES
For the Year Ended September 30, 2012 - (Continued)

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<u>DISTRICT CLERK AGENCY FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 3,876,300	\$ 13,985,958	\$ 14,056,465	\$ 3,805,793
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u><u>\$ 3,876,300</u></u>	<u><u>\$ 13,985,958</u></u>	<u><u>\$ 14,056,465</u></u>	<u><u>\$ 3,805,793</u></u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	-	-	-	-
Due to Beneficiaries	3,876,300	13,985,958	14,056,465	3,805,793
Total Liabilities	<u><u>\$ 3,876,300</u></u>	<u><u>\$ 13,985,958</u></u>	<u><u>\$ 14,056,465</u></u>	<u><u>\$ 3,805,793</u></u>
<u>TAX COLLECTOR AGENCY FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 6,116,321	\$ 8,407,275	\$ 6,566,667	\$ 7,956,929
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
Total Assets	<u><u>\$ 6,116,321</u></u>	<u><u>\$ 8,407,275</u></u>	<u><u>\$ 6,566,667</u></u>	<u><u>\$ 7,956,929</u></u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	6,116,321	8,407,275	6,566,667	7,956,929
Due to Beneficiaries	-	-	-	-
Total Liabilities	<u><u>\$ 6,116,321</u></u>	<u><u>\$ 8,407,275</u></u>	<u><u>\$ 6,566,667</u></u>	<u><u>\$ 7,956,929</u></u>

Denton County, Texas
STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES
For the Year Ended September 30, 2012 - (Continued)

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<u>JUSTICES OF THE PEACE AGENCY FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 128,490	\$ 154,906	\$ 136,731	\$ 146,665
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 128,490</u>	<u>\$ 154,906</u>	<u>\$ 136,731</u>	<u>\$ 146,665</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	-	-	-	-
Due to Beneficiaries	128,490	154,906	136,731	146,665
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 128,490</u>	<u>\$ 154,906</u>	<u>\$ 136,731</u>	<u>\$ 146,665</u>
<u>SHERIFF AGENCY FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 1,823,765	\$ 3,711,135	\$ 3,559,715	\$ 1,975,185
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,823,765</u>	<u>\$ 3,711,135</u>	<u>\$ 3,559,715</u>	<u>\$ 1,975,185</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	-	-	-	-
Due to Beneficiaries	1,823,765	3,711,135	3,559,715	1,975,185
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 1,823,765</u>	<u>\$ 3,711,135</u>	<u>\$ 3,559,715</u>	<u>\$ 1,975,185</u>

Denton County, Texas
**STATEMENT OF CHANGES IN
 FIDUCIARY ASSETS AND LIABILITIES**
 For the Year Ended September 30, 2012 - (Continued)

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>TREATMENT ALTERNATIVES TO INCARCERATION FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 91,219	\$ 171,000	\$ 146,781	\$ 115,438
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 91,219</u>	<u>\$ 171,000</u>	<u>\$ 146,781</u>	<u>\$ 115,438</u>
<u>Liabilities</u>				
Accounts Payable	\$ 1,283	\$ 1,283	\$ 1,283	\$ 1,283
Due to Other Funds	451	-	451	0
Due to Other Govts	89,485	114,155	89,485	114,155
Due to Beneficiaries	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 91,219</u>	<u>\$ 115,438</u>	<u>\$ 91,219</u>	<u>\$ 115,438</u>
<u>OTHER AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and Investments	\$ 34,620	\$ 2,707	\$ 10,900	\$ 26,427
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 34,620</u>	<u>\$ 2,707</u>	<u>\$ 10,900</u>	<u>\$ 26,427</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	-	-	-	-
Due to Beneficiaries	34,620	2,707	10,900	26,427
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 34,620</u>	<u>\$ 2,707</u>	<u>\$ 10,900</u>	<u>\$ 26,427</u>

Denton County, Texas
STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES
For the Year Ended September 30, 2012 - (Continued)

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<u>COMMUNITY CORRECTIONS GRANT FUND</u>				
<u>Assets</u>				
Cash and Investments	\$ 426,334	\$ 623,049	\$ 699,710	\$ 349,672
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	4,729	-	4,729	-
Due from Other Govts	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 431,062</u>	<u>\$ 623,049</u>	<u>\$ 704,439</u>	<u>\$ 349,672</u>
<u>Liabilities</u>				
Accounts Payable	\$ 12,190	\$ 7,003	\$ 12,190	\$ 7,003
Due to Other Funds	28	16	28	16
Due to Other Govts	418,844	342,653	418,844	342,653
Due to Beneficiaries	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 431,062</u>	<u>\$ 349,672</u>	<u>\$ 431,062</u>	<u>\$ 349,672</u>
<u>DENTON CO. HOUSING FINANCE AUTHORITY</u>				
<u>Assets</u>				
Cash and Investments	\$ 664,968	\$ 757	\$ -	\$ 665,725
Accrued Interest	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Govts	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 664,968</u>	<u>\$ 757</u>	<u>\$ -</u>	<u>\$ 665,725</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Due to Other Govts	664,968	757	-	665,725
Due to Beneficiaries	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 664,968</u>	<u>\$ 757</u>	<u>\$ -</u>	<u>\$ 665,725</u>

Denton County, Texas
STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES
For the Year Ended September 30, 2012 - (Continued)

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and Investments	\$ 21,624,676	\$ 32,309,994	\$ 31,713,600	\$ 22,221,070
Accrued Interest	14	-	14	-
Other Receivables	173,784	270,361	173,784	270,361
Due from Other Funds	5,208	16	5,208	16
Due from Other Govts	-	-	-	-
 Total Assets	 <u>\$ 21,803,682</u>	 <u>\$ 32,580,371</u>	 <u>\$ 31,892,605</u>	 <u>\$ 22,491,447</u>
 <u>Liabilities</u>				
Accounts Payable	\$ 101,479	\$ 102,037	\$ 101,481	\$ 102,036
Due from Other Funds	6,331	16	6,331	16
Due to Other Govts	10,112,212	11,940,210	9,897,590	12,154,832
Due to Beneficiaries	11,583,659	18,777,072	20,126,167	10,234,564
 Total Liabilities	 <u>\$ 21,803,681</u>	 <u>\$ 30,819,335</u>	 <u>\$ 30,131,569</u>	 <u>\$ 22,491,447</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	105
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
Revenue Capacity	113
These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	
Debt Capacity	117
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	
Demographic and Economic Information	122
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	
Operating Information	125
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.	



Denton County, Texas

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities:										
Invested in Capital										
Net of Related Debt	\$71,539,548	\$ 47,175	\$ 3,106,131	\$(16,887,256)	\$ 24,226,615	\$ (24,508,897)	\$ 51,706,932	\$ 61,110,870	\$ 74,403,152	\$ 151,726,144
Restricted	22,655,179	18,969,657	52,791,479	23,903,118	1,762,394	81,521,678	132,678,303	2,885,780	3,945,274	16,398,831
Unrestricted	<u>(63,755,236)</u>	<u>16,765,325</u>	<u>(29,457,518)</u>	<u>6,283,298</u>	<u>(43,560,202)</u>	<u>(87,942,285)</u>	<u>(240,699,693)</u>	<u>(134,205,155)</u>	<u>(176,539,731)</u>	<u>(281,375,007)</u>
Total Governmental										
ActivitiesNet Assets	\$30,439,491	\$35,782,157	\$26,440,092	\$ 13,299,160	\$ (17,571,193)	\$ (30,929,504)	\$ (56,314,458)	\$(70,208,505)	\$ (98,191,305)	\$ (113,250,032)

Denton County, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years¹

(Accrual Basis of Accounting)

Fiscal Year

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental Activities:										
General Government	\$ 17,934,501	\$ 18,927,727	\$ 18,070,687	\$ 20,550,672	\$ 20,239,625	\$ 21,886,488	\$ 25,423,663	\$ 22,448,078	\$ 21,168,674	\$ 21,506,924
Judicial	11,228,446	13,224,021	13,575,518	14,077,729	14,447,760	15,761,539	16,896,832	17,863,484	18,652,589	19,717,321
Legal	8,755,827	8,701,903	9,369,366	9,582,964	9,969,544	10,374,151	11,390,916	11,694,350	11,838,684	12,186,816
Financial	4,269,539	4,257,381	4,601,210	4,793,627	5,057,253	5,455,359	5,870,757	6,183,733	6,271,248	6,499,141
Public Facilities	5,958,066	7,109,603	7,790,801	9,175,352	9,346,732	11,173,330	9,874,556	8,929,229	9,736,681	10,263,736
Public Safety	41,332,498	42,228,993	43,683,225	47,391,000	51,123,763	55,289,950	57,604,549	62,775,641	64,954,843	67,781,949
Health & Welfare	7,270,714	7,761,268	8,356,444	7,710,692	8,188,748	8,780,134	9,047,425	10,857,064	10,452,903	10,814,737
Conservation	340,075	328,000	331,562	366,525	388,464	382,928	402,165	403,151	389,137	366,965
Contractual	1,663,675	1,656,576	1,931,240	2,613,005	2,742,028	2,889,226	2,919,721	3,096,886	3,138,482	3,016,238
Road Maintenance	25,540,579	19,098,447	28,535,173	48,700,356	57,587,194	42,482,251	53,742,924	44,795,191	57,727,274	39,807,090
Interest on Long-Term Debt	6,658,652	5,828,359	7,420,818	8,060,826	10,731,274	12,741,940	17,049,993	18,429,675	21,610,150	23,323,098
Total Expenses	\$130,952,572	\$129,122,278	\$143,666,044	\$173,022,748	\$189,822,385	\$187,217,297	\$210,223,502	\$207,476,482	\$225,940,665	\$215,284,015

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	\$ 12,486,126	\$ 11,506,447	\$ 6,456,968	\$ 8,696,505
Judicial	6,819,691	7,989,420	8,288,906	8,502,443	7,437,513	7,897,731	8,412,057	8,188,936	8,396,361	7,907,526
Legal	289,158	305,188	273,141	317,082	272,495	249,847	214,541	205,698	174,607	202,073
Financial	1,980,484	1,887,946	2,139,101	2,372,728	2,250,727	2,501,426	2,651,479	2,687,310	2,830,176	3,031,553
Public Facilities	-	-	-	-	-	-	-	-	-	-

	Fiscal Year										
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Public Safety	2,106,390	1,997,676	2,185,140	2,174,767	2,756,883	3,069,553	2,856,124	3,539,579	3,487,747	2,978,680	
Health & Welfare	434,294	529,622	535,586	521,971	530,757	499,755	545,316	554,314	578,712	517,340	
Conservation	-	-	-	-	-	-	-	-	-	-	
Contractual	-	-	-	-	701,229	-	-	70,969	-	-	
Road Maintenance	93,408	171,264	504,915	285,643	148,658	184,188	209,627	50,971	78,785	78,613	
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	26,939,977	23,700,837	26,601,978	25,669,604	
Capital Grants and Contributions	1,513,176	1,756,443	25,037	7,278,309	1,699,313	1,659,011	2,603,865	6,864,345	3,574,713	820,766	
Total Governmental Activities	40,110,038	49,089,722	46,597,608	56,014,707	50,743,655	51,625,765	56,919,112	57,369,406	52,180,047	49,902,660	
Program Revenues											
Net (Expense) Revenues	\$(90,942,534)	\$(80,032,556)	\$(97,068,436)	\$(117,008,041)	\$(139,078,730)	\$(135,591,532)	\$(153,304,390)	\$(150,107,076)	\$(173,760,618)	\$(165,381,355)	
General Revenues and Other Changes in Net Assets											
Governmental Activities:											
Property Taxes	\$ 75,787,467	\$ 83,435,160	\$ 92,736,399	\$ 98,184,935	\$ 102,971,667	\$ 116,604,155	\$ 126,731,978	\$ 135,631,477	\$ 145,198,935	\$ 149,738,540	
Grants and Contributions											
Not Restricted to Specific Programs	1,179,946	-	-	304,543	458,864	-	-	-	-	-	
Investment Earnings	982,048	641,891	2,746,876	5,377,631	7,895,304	5,629,066	1,187,458	581,552	578,883	584,091	
Total General Revenues	\$ 77,949,461	\$ 84,077,051	\$ 95,483,275	\$ 103,867,109	\$ 111,325,855	\$ 122,233,221	\$ 127,919,436	\$ 136,213,029	\$ 145,777,818	\$ 150,322,631	
Change in Net Assets											
Total	\$(12,893,073)	\$ 4,044,495	\$(1,585,161)	\$(13,140,932)	\$(27,752,875)	\$(13,358,311)	\$(25,384,954)	\$(13,894,047)	\$(27,982,800)	\$(15,058,724)	

Denton County, Texas

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

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

Fiscal Year	Property Tax	Mixed Beverage Tax ¹	Total
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
2009	126,731,978	1,239,864	127,971,842
2010	135,631,477	1,276,474	136,907,951
2011	145,198,935	1,301,024	146,499,959
2012	149,738,540	1,199,295	150,937,835

¹Mixed 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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Unspendable									\$ 169,201	\$ 174,599
Unassigned	\$ 39,804	\$ 97,859	\$ 37,046	\$ 61,640	\$ 92,943	\$ 114,819	\$ 148,828	\$ 148,842	26,104,123	29,031,968
Reserved									-	-
Unreserved	5,221,220	9,050,956	14,086,405	19,800,836	28,405,455	27,919,875	27,920,689	27,576,709	-	-
Total General Fund	\$ 5,261,024	\$ 9,148,815	\$ 14,123,451	\$ 19,862,476	\$ 28,498,398	\$ 28,034,694	\$ 28,069,517	\$ 27,725,551	\$ -	\$ 29,206,567
All Other Governmental Funds										
Restricted	\$ 22,615,375	\$ 18,506,229	\$ 52,754,433	\$ 23,841,478	\$ 88,318,434	\$ 81,406,859	\$ 132,529,475	\$ 226,366,775	\$ 192,582,386	\$ 243,145,504
Unreserved, reported in:									-	-
Special Revenue Funds	7,557,646	8,041,412	9,909,531	13,558,740	15,781,422	18,017,608	16,837,540	16,214,411	-	-
Total Other Government Funds	\$ 30,173,021	\$ 26,547,641	\$ 62,663,964	\$ 37,400,218	\$ 104,099,856	\$ 99,424,467	\$ 149,367,015	\$ 242,581,186	\$ 192,582,386	\$ 243,145,504

Denton County, Texas

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
REVENUES										
Taxes	\$ 75,897,298	\$ 83,298,140	\$ 93,082,213	\$ 97,874,084	\$ 102,817,039	\$ 116,739,752	\$ 126,074,805	\$ 135,942,713	\$ 145,542,071	\$ 149,920,815
Licenses and Permits	6,513,711	6,752,493	7,194,834	7,758,334	7,852,591	8,297,596	8,233,555	7,629,567	7,799,093	8,405,245
Intergovernmental	14,217,011	16,372,322	14,289,352	20,274,142	16,439,161	17,311,000	19,054,846	17,073,469	19,995,175	17,721,352
Fees of Office	12,222,217	11,638,824	12,023,895	14,630,109	15,316,787	14,541,990	14,193,459	13,996,584	14,157,361	16,238,582
Fines	3,378,782	3,595,541	3,990,834	3,972,218	4,248,548	4,146,764	4,055,003	3,714,723	3,261,993	3,516,408
Interest	981,863	641,891	2,746,876	5,377,631	7,895,304	5,629,066	1,187,458	581,552	578,883	584,091
Miscellaneous	1,843,299	5,589,253	2,432,420	2,334,125	2,293,177	2,268,943	3,075,482	3,106,380	2,575,024	2,699,436
TOTAL REVENUES	115,054,181	127,888,464	135,760,424	152,220,643	156,862,607	168,935,111	175,874,608	182,044,988	193,909,601	199,085,929
EXPENDITURES										
General Government	15,140,192	15,733,351	14,907,386	18,444,192	16,324,038	18,075,340	20,835,435	18,784,462	20,146,877	20,969,405
Judicial	11,601,749	12,887,895	13,563,108	14,101,568	14,592,331	15,786,201	16,556,969	17,380,563	17,936,192	19,009,616
Legal	8,657,421	8,873,192	9,424,002	9,567,546	10,016,699	10,442,389	11,019,055	11,160,581	11,263,089	11,527,906
Financial	4,109,254	4,173,579	4,592,659	4,800,460	5,140,333	5,468,113	5,635,737	6,086,083	5,995,898	5,883,164
Public Facilities	5,052,708	6,308,020	6,233,156	7,470,383	7,550,034	9,469,904	7,966,051	6,935,320	7,558,632	7,690,697
Public Safety	37,831,701	40,877,926	44,019,109	48,830,293	50,368,806	53,951,828	57,504,414	59,317,313	60,822,280	62,870,685
Health & Welfare	7,153,262	7,669,045	8,295,745	7,716,209	8,246,526	8,800,056	8,979,763	10,485,601	10,085,558	10,329,198
Conservation	334,882	324,708	331,543	370,952	388,181	389,404	383,833	391,098	373,690	347,594
Contract Services	1,663,675	1,656,576	1,940,935	2,613,005	2,732,336	2,889,226	2,919,721	3,096,886	3,138,482	3,016,238
Roads	7,222,595	7,596,115	8,438,164	8,395,599	9,610,528	10,690,649	12,062,578	10,730,918	10,788,387	10,356,891
Intergovernmental	11,717,001	5,930,076	14,561,953	35,764,228	42,887,800	855,974	92,579	64,378	33,000	-
Capital Outlay	4,159,894	4,186,102	4,158,822	6,427,134	5,084,720	38,398,326	56,928,543	50,845,643	53,782,791	59,130,419

Fiscal Year

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Service:										
Principal Retirement	7,095,000	7,910,000	9,445,000	9,565,000	10,097,831	11,843,736	15,555,270	16,765,733	18,880,000	19,680,000
Interest & Service Charge	6,810,753	6,540,424	6,060,580	9,214,874	8,282,552	14,023,885	14,851,837	17,152,856	22,890,901	21,365,306
TOTAL EXPENDITURES	128,550,087	130,667,009	145,972,162	183,281,443	191,322,715	201,085,032	231,291,786	229,197,435	243,695,778	252,177,119

Excess of Revenues over (under) expenditures	(13,495,906)	(2,778,545)	(10,211,738)	(31,060,800)	(34,460,108)	(32,149,920)	(55,417,178)	(47,152,447)	(49,786,178)	(53,091,190)
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OTHER FUNDING SOURCES (USES)

Issuance of Debt	5,740,000	4,125,000	50,000,000	11,865,000	108,955,000	23,900,000	104,275,000	137,895,000	15,905,000	108,225,000
Bond Premium	-	-	2,866,219	-	441,000	267,662	1,519,549	2,491,260	1,343,259	10,433,442
Sale of Surplus Property	-	-	-	-	-	353,757	-	-	240,320	177,568
Capital Lease Financing	670,677	119,956	599,842	62,879	399,668	2,489,407	-	533,878	228,693	2,276,495
Transfers In	1,013,356	3,624,441	1,161,457	1,617,322	3,887,220	4,375,385	5,447,182	4,293,160	4,081,508	4,448,235
Transfers Out	(2,471,826)	(5,124,441)	(1,911,457)	(2,117,322)	(3,887,220)	(4,375,385)	(5,847,182)	(4,693,160)	(6,331,508)	(6,348,235)
Refunding Bonds Issued	-	27,235,647	51,830,000	19,315,000	-	-	-	23,280,000	-	-
Refunding Bond Discount	-	-	-	(528,875)	-	-	-	-	-	-
Payments to Escrow Agt	-	(26,939,647)	(53,243,364)	(18,677,925)	-	-	-	(23,777,486)	(17,132,120)	(12,624,956)
TOTAL OTHER FINANCING SOURCES (USES)	4,952,207	3,040,956	51,302,697	11,536,079	109,795,668	27,010,826	105,394,549	140,022,652	(1,664,847)	106,587,549

NET CHANGE IN FUND

BALANCES	\$ (8,543,699)	\$ 262,411	\$ 41,090,959	\$(19,524,721)	\$ 75,335,560	\$ (5,139,095)	\$ 49,977,371	\$ 92,870,205	\$ (51,451,025)	\$ 53,496,359
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DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL

EXPENDITURES	14.1%	13.6%	13.9%	15.4%	9.7%	13.2%	13.9%	16.5%	18.4%	17.3%
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Denton County, Texas

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

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

Fiscal Year	Property Tax	Mixed Beverage Tax ¹	Total
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
2009	126,074,805	1,239,864	127,314,669
2010	135,942,713	1,276,474	137,219,187
2011	145,542,071	1,301,024	146,843,095
2012	149,920,815	1,199,295	151,120,110

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	Property							
2003	20,770,358,117	3,449,717,874	3,134,101,277	3,662,504,462	1,054,418,718	29,962,263,012	0.24897	29,962,263,012	100.00%	
2004	23,487,874,992	3,789,976,691	3,224,862,043	3,873,684,339	1,171,447,950	33,204,950,115	0.24717	33,204,950,115	100.00%	
2005	25,153,598,645	4,105,080,500	3,873,892,077	4,229,771,539	1,291,112,384	36,071,230,377	0.25480	36,071,230,377	100.00%	
2006	27,011,065,226	4,544,999,060	3,929,476,860	5,301,761,092	1,456,690,424	39,330,611,814	0.24648	39,330,611,814	100.00%	
2007	29,740,164,928	5,207,650,890	8,148,783,424	3,983,340,835	3,203,434,282	43,876,505,795	0.23192	43,876,505,795	100.00%	
2008	32,339,953,553	6,730,833,980	11,128,310,614	5,119,287,446	6,435,930,007	48,882,455,586	0.23589	48,882,455,586	100.00%	
2009	35,370,529,725	7,685,551,410	14,622,614,897	5,493,135,842	9,914,568,266	53,257,263,608	0.23577	53,257,263,608	100.00%	
2010	34,023,281,341	7,708,027,368	12,825,800,942	4,477,889,643	5,088,997,965	53,946,001,329	0.24980	53,946,001,329	100.00%	
2011	36,388,973,004	7,211,355,948	9,225,513,044	5,751,350,438	5,559,376,920	53,017,815,514	0.27390	53,017,815,514	100.00%	
2012	36,474,424,930	7,643,824,158	9,661,492,578	5,751,350,438	5,681,118,965	53,849,973,139	0.27736	53,849,973,139	100.00%	

Denton County, Texas
PRINCIPAL PROPERTY TAXPAYERS

September 30, 2012

<u>Taxpayer</u>	<u>2012</u>			<u>2003</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.	\$ 773,790,470	1	1.44%	\$ 305,688,020	1	1.02%
Oncor Electric Delivery Co.	162,668,780	2	0.30%	-		
Barnett Shale Operating LLC	146,437,771	3	0.27%			
Verizon Southwest	113,081,800	4	0.21%	164,637,572	2	0.55%
Enervest Operating LLC	109,088,600	5	0.20%			
CoServ Electric Co-op	99,013,840	6	0.18%	53,009,419	10	0.18%
Digital Lewisville LLC	94,943,258	7	0.18%			
Amerisource Bergen Drug Corp	92,816,903	8	0.17%			
Bell Helicopter Textron	92,765,987	9	0.17%			
Burlington Resources Oil & Gas	86,299,891	10	0.16%			
Oncor Electric Delivery Co.				124,224,625	3	0.41%
Albertsons, Inc.				76,725,443	4	0.26%
Southwest Property LP				73,638,871	5	0.25%
Frito Lay				63,713,074	6	0.21%
Wal-Mart Stores, Texas				58,888,657	7	0.20%
J. C. Penney Company				58,841,268	8	0.20%
Edward B. Frankel Trust				57,637,327	9	0.19%
	<u>\$ 1,770,907,300</u>		<u>3.29%</u>	<u>\$1,037,004,276</u>		<u>3.47%</u>

Note: 2011 Total Assessed valuation of \$53,849,973,139 per Denton Central Appraisal District.

2003 Total Assessed valuation of \$29,962,263,012 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)	2005	2006	2007	2008	2009	2010	2011	2012
GOVERNMENTAL ENTITY									
Denton County-total	100.00 %	<u>0.25480</u>	<u>0.24648</u>	<u>0.23192</u>	<u>0.23589</u>	<u>0.23577</u>	<u>0.24980</u>	<u>0.27390</u>	<u>0.27736</u>
County-M&O component rate		0.03572	0.20481	0.19279	0.18383	0.18443	0.18773	0.19990	0.20566
County-Debt component rate		<u>0.25480</u>	<u>0.04167</u>	<u>0.03913</u>	<u>0.05206</u>	<u>0.05134</u>	<u>0.06207</u>	<u>0.07400</u>	<u>0.07170</u>
<u>Cities</u>									
Argyle	100.00	0.40324	0.40324	0.38592	0.38500	0.38500	0.38500	0.39750	0.39750
Aubrey	100.00	0.52624	0.52640	0.52624	0.56240	0.52624	0.60101	0.60101	0.61040
Bartonville	100.00	0.17944	0.19294	0.19294	0.19294	0.19294	0.19294	0.19294	0.19294
Carrollton	35.62	0.59930	0.63288	0.63290	0.61788	0.61788	0.61787	0.61788	0.61788
The Colony	100.00	0.72000	0.72000	0.71500	0.69750	0.68800	0.68800	0.68550	0.68300
Copper Canyon	100.00	0.17027		0.17027	0.19027	0.19027	0.30171	0.30171	0.30171
Corinth	100.00	0.56060	0.55698	0.55698	0.55698	0.57698	0.59292	0.59292	0.59135
Dallas	0.83	0.71970	0.74170	0.72920	0.74790	0.74790	0.74790	0.79700	0.79700
Denton	100.00	0.59815	0.60815	0.62652	0.66652	0.66652	0.66652	0.68975	0.68975
Double Oak	100.00	0.22000	0.22000	0.22000	0.22481	0.22481	0.22481	0.22481	0.22481
Flower Mound	100.00	0.44970	0.44970	0.44970	0.44970	0.44970	0.44970	0.44970	0.44970
Frisco	11.64	0.42296	0.44489		0.45000	0.45000	0.46500	0.46500	0.46191
Hackberry	100.00	0.51392	0.52298	0.52298	0.57984	0.57984	0.43235	0.47535	0.47663
Hickory Creek	100.00	0.34020	0.34020	0.34020	0.44562	0.44562	0.42429	0.42429	0.42429
Highland Village	100.00	0.56963	0.56963	0.56963	0.56963	0.56963	0.56963	0.56963	0.56963
Justin	100.00	0.42969	0.42969	0.42969	0.49900	0.54921	0.54921	0.64261	0.64261
Krugerville	100.00	0.23780	0.23780	0.23780	0.26962	0.26962	0.35171	0.35171	0.37000
Krum	100.00	0.35137	0.49158	0.53983	0.58983	0.59983	0.63386	0.63386	0.63386
Lake Dallas	100.00	0.63185	0.64935	0.67000	0.69000	0.71000	0.71000	0.71000	0.71000
Lewisville	99.92	0.45050	0.45050	0.45679	0.44050	0.44021	0.44021	0.44021	0.44021
Little Elm	100.00	0.39902	0.39902	0.47000	0.53580	0.56996	0.63449	0.66530	0.66497
Northlake	100.00	0.29500	0.29500	0.29500	0.29500	0.29500	0.29500	0.29500	0.29500
Oak Point	100.00	0.58900	0.58900	0.57900	0.57900	0.57900	0.57326	0.57326	0.57300
Pilot Point	100.00	0.50000	0.50000	0.59000	0.59000	0.64000	0.68000	0.68000	0.68000
Ponder	100.00	0.22949	0.27782	0.31652	0.31652	0.33000	0.36064	0.36064	0.41241
Roanoke	100.00	0.37512	0.37512	0.37512	0.37512	0.37512	0.37512	0.37512	0.37512
Sanger	100.00	0.57083		0.59046	0.59960	0.62000	0.62000	0.63305	0.63305
Shady Shores	100.00	0.33210	0.33212	0.33212	0.31990	0.31070	0.31372	0.31372	0.31278
Trophy Club	100.00	0.43051	0.43051	0.43051	0.43510	0.47000	0.47000	0.51500	0.53000
<u>School Districts:</u>									
Argyle	100.00	1.91950	1.91950	1.76943	1.41005	1.41005	1.41005	1.44005	1.46005

	Percent Applicable to Denton County	2005	2006	2007	2008	2009	2010	2011	2012
GOVERNMENTAL ENTITY									
School Districts									
<u>(Continued)</u>									
Aubrey	100.00	1.8388	1.8380	1.6666	1.3981	1.48560	1.50000	1.54000	1.54000
Carrollton-F. Branch	20.48	1.7824	1.8259	1.6830	1.3670	1.36230	1.34220	1.34690	1.35680
Celina	4.67	1.7800	1.7800	1.5190	1.5190	1.54000	1.54000	1.64000	1.64000
Denton	100.00	1.8640	1.7640	1.7640	1.4340	1.49000	1.53000	1.53000	1.53000
Frisco	14.02	1.6300	1.5800		1.3500	1.35000	1.39000	1.39000	1.42000
Krum	99.16	1.7250	1.7250	1.5955	1.3655	1.36550	1.44000	1.48000	1.54000
Lake Dallas	100.00	1.8600		1.7900	1.5200	1.65000	1.67000	1.67000	1.67000
Lewisville	100.00	1.7700	1.7700	1.6400	1.3700	1.38000	1.40870	1.42670	1.42670
Little Elm	100.00	1.8200	1.8400	1.7400	1.4600	1.53000	1.54000	1.54000	1.54000
Northwest	71.46	1.8193	1.6730	1.6650	1.3351	1.35500	1.35500	1.37500	1.37500
Pilot Point	88.41	1.7755	1.7442	1.6300	1.3000	1.39000	1.37000	1.37000	1.37000
Ponder	100.00	1.7600	1.5526	1.5526	1.2282	1.32212	1.30902	1.32489	1.34461
Prosper	1.03	1.9753					1.63000	1.63000	1.67000
Sanger	100.00	1.8000	1.7800	1.6500	1.3400	1.37000	1.36000	1.36000	1.37207
Slidell	26.90	1.7000	1.5293	1.3706	1.1300	1.16000	1.14000	1.14000	1.14000
Special Districts									
Denton Co. Levy Imp						0.16500	0.16500	0.16350	0.16350
Denton Co. RUD								0.17000	0.11000
Trophy Club MUD 2	100.00	0.3490	0.3100	0.2990	0.2792	0.26423	0.00000	0.00000	0.00000
Providence Village WCID						1.00000	1.00000	1.00000	1.00000
Clear Creek Watersh	100.00	0.0350			0.0652	0.06520	0.06120	0.06120	0.05000
Corinth MUD #1	100.00	0.3100	0.3100		0.3100	0.21000	0.15000	0.15000	
DC Fresh Water Supp.#1-B		1.0000	1.0000	0.9500	0.9000	0.90000	0.90000	0.90000	0.88000
DC Fresh Water Supp.#1-C			0.54	0.9500	0.9000	0.90000	0.90000	0.90000	0.90000
DC Fresh Water Supp.#1-D					0.9000	0.90000	0.90000	0.90000	0.90000
DC Fresh Water Supp.#1-C			0.54	0.9500	0.9000	0.90000	0.90000	0.90000	0.90000
DC Fresh Water Supp.#6								1.00000	1.00000
DC Fresh Water Supp.#1-E			1.0000		0.9000	0.90000	0.90000	0.90000	0.90000
DC Fresh Water Supp.#10						1.00000	1.00000	1.00000	1.00000
DC Fresh Water Supp.#8-A						1.00000	1.00000	1.00000	1.00000

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 116

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 ⁽¹⁾	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 74,597,959	\$ 73,502,543	98.5%	\$ 1,092,268	\$ 74,594,811	100.0%
2004	82,282,576	81,000,786	98.4%	1,196,265	82,197,051	99.9%
2005	92,219,833	90,828,110	98.5%	1,284,121	92,112,231	99.9%
2006	97,429,913 95,927	95,770,632	98.3%	1,563,354	97,333,986	99.9%
2007	102,450,547	100,548,087	98.1%	1,771,400	102,319,487	99.9%
2008	115,633,489	114,144,213	98.7%	1,287,351	115,431,564	99.8%
2009	125,720,726	124,349,930	98.9%	1,123,984	125,473,914	99.8%
2010	134,736,003	133,632,700	99.2%	813,860	134,446,560	99.8%
2011	145,205,751	144,186,320	99.3%	614,386	144,800,706	99.7%
2012	149,356,670	148,619,170	99.5%	-	148,619,170	99.5%

(1) Collections in subsequent years often result in total tax collections in excess of the original tax levy due to additions to the tax roll as a result of previously exempt property losing its exempt status. Subsequent collections do not include penalties or interest assessed on late payments.

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				
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
2009	374,335,733	1,578,260	375,913,993	1.98%	598.30	628,300
2010	496,900,000	1,415,245	498,315,245	2.48%	781.36	637,750
2011	477,705,000	956,645	478,661,645	2.30%	722.38	662,614
2012	553,915,000	2,048,556	555,963,556	2.50%	813.99	683,010

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 123 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>
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
2009	374,335,733	2,902,071	371,433,662	0.70	591.17	628,300
2010	496,900,000	3,627,333	493,272,667	0.91	773.46	637,750
2011	477,705,000	3,776,073	473,928,927	0.89	715.24	662,614
2012	553,915,000	3,684,146	550,230,854	1.04	805.60	683,010

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 113 for property value data.

²Population data can be found in the Schedule of Demographic and Economic Statistics on page 123.



Denton County, Texas

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

September 30, 2012

	Net Bonded Debt at September 30, 2012	Percentage Applicable to Denton County (1)	Amount Applicable to Denton County (2)
<u>DIRECT DEBT</u>			
Denton County	\$ 565,629,810	100.00%	\$ <u>565,629,810</u>
<u>OVERLAPPING DEBT</u>			
<u>Cities:</u>			
Argyle	6,090,000	100.00	6,090,000
Aubrey	5,723,750	100.00	5,723,750
Bartonville	760,000	100.00	760,000
Carrollton	160,542,344	50.53	81,122,046
The Colony	90,915,000	100.00	90,915,000
Copper Canyon	2,000,000	100.00	2,000,000
Corinth	39,721,715	100.00	39,721,715
Dallas	1,659,812,364	0.97	16,100,180
Denton	106,511,321	100.00	106,511,321
Flower Mound	120,660,000	100.00	120,660,000
Frisco	328,150,000	36.00	118,134,000
Hackberry	150,000	100.00	150,000
Hickory Creek	6,345,000	100.00	6,345,000
Highland Village	21,695,971	100.00	21,695,971
Justin	9,725,000	100.00	9,725,000
Krugerville	279,437	100.00	279,437
Krum	5,609,855	100.00	5,609,855
Lake Dallas	5,391,917	100.00	5,391,917
Lewisville	71,998,297	99.17	71,400,711
Little Elm	35,053,359	100.00	35,053,359
Northlake	1,910,000	100.00	1,910,000
Oak Point	698,678	100.00	698,678
Pilot Point	1,698,368	100.00	1,698,368
Ponder	3,789,980	100.00	3,789,980
Roanoke	26,036,703	100.00	26,036,703
Sanger	12,300,000	100.00	12,300,000
Trophy Club	12,059,000	91.61	11,047,250

Notes:

(1) Source: Municipal Advisory Council of Texas

(2) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Amounts were determined using the portion of each entity's taxable value that is located within the county and dividing it by the entity's total value.

	Net Bonded Debt at September 30, 2012	Percentage Applicable to Denton County (1)	Amount Applicable to Denton County
School Districts:			
Argyle	53,390,268	100.00	53,390,268
Aubrey	52,483,496	100.00	52,483,496
Carrollton-			
Farmers Branch	310,771,740	19.12	59,419,557
Celina	102,777,105	6.30	6,474,958
Denton	595,357,845	100.00	595,357,845
Frisco	1,393,125,752	27.17	378,512,267
Krum	47,066,507	99.61	46,882,948
Lake Dallas	118,166,238	100.00	118,166,238
Lewisville	1,056,278,367	100.00	1,056,278,367
Little Elm	137,154,377	100.00	137,154,377
Northwest	629,986,474	44.12	277,950,032
Pilot Point	18,243,268	78.88	14,390,290
Ponder	26,117,977	100.00	26,117,977
Prosper	230,883,736	7.48	17,270,103
Sanger	26,287,898	100.00	26,287,898
Slidell	2,135,000	20.72	442,372
Special Districts:			
Trophy Club M.U.D.#1	7,152,684	71.36	5,104,155
Denton Co. RUD #1	6,260,000	99.28	6,214,928
DC LID #1	10,200,000	93.46	10,200,000
DC Fresh Water Supp #11-B	2,675,000	97.94	2,619,895
DC Fresh Water Supp #1-D	25,194,785	100.00	25,194,785
DC Fresh Water Supp #1-E	23,151,689	100.00	23,151,689
DC Fresh Wtr Supp #11-A	19,283,965	100.00	19,283,965
DC Fresh Wtr Supp #6	56,337,069	100.00	56,337,069
DC Fresh Wtr Supp #7	31,605,674	100.00	31,605,674
DC Fresh Wtr Supp #8-B	11,848,487	100.00	11,848,487
DC Fresh Wtr Supp #10	30,537,436	100.00	30,537,436
TOTAL OVERLAPPING DEBT			<u>\$3,889,547,317</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u><u>\$4,455,177,127</u></u>

Denton County, Texas

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(Amounts Expressed in Thousands)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$6,876,113	\$7,656,639	\$8,276,952	\$8,871,385	\$9,973,291	\$12,220,614	\$11,941,031	\$12,367,028	\$11,816,616	\$11,869,881
Total Net Debt Applicable to	133,816	129,588	168,697	172,799	271,797	283,559	371,433	493,273	473,929	550,231
Legal Debt Margin	\$6,742,297	\$7,527,071	\$8,108,255	\$8,698,586	\$9,701,494	\$11,937,055	\$11,569,599	\$11,873,755	\$11,342,687	\$11,319,650
Total Net Debt Applicable to the Limit as a Percentage of Debt	1.95%	1.69%	2.04%	1.95%	2.73%	2.32%	3.11%	3.99%	4.01%	4.64%

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed Value of Real Property	\$ 47,479,523
Debt Limit (25% of Total Real Property Value) Debt Applicable to Limit	11,869,881
General Obligations Bonds Less: Amount Set Aside for Repayment of General Obligation Debt	553,915 (3,684)
Total Net Debt Application to Limit	550,231
Legal Debt Margin	\$ 11,319,650

Note: State of Texas law, Denton County's outstanding general obligation debt should not exceed 25 per cent of total assessed value of real property.

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
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	-	-	-	-	193,381	4.4%
2009	628,300	19,984,338	31,807	33.0	-	186,013	7.7%
2010	637,750	20,053,411	31,444	-	14.3	212,297	7.1%
2011	662,614	20,851,800	31,469	32.3	-	-	7.8%
2012	683,010	25,773,805	-	33.3	-	-	5.6%

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 Ten Years Ago

Employer	2012			2003		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
University of North Texas	7,762	1	1.14%	5,900	1	1.17%
Lewisville ISD	6,508	2	0.95%	4,500	2	0.89%
Wal-Mart	3,900	3	0.57%			
Denton Ind. School District	3,266	4	0.48%	2,000	5	0.40%
Centex Home Equity	2,600	5	0.38%			
Frito Lay Co	2,500	6	0.37%	2,436	3	0.48%
American Airlines	2,154	7	0.32%	2,350	4	0.47%
Peterbilt Motors	2,100	8	0.31%			
Northwest ISD	1,636	9	0.24%			
Denton State School	1,500	10	0.22%	1,350	8	0.27%
Horizon Health				1,500	6	0.30%
Denton County				1,379	7	0.27%
Peterbilt Motors				1,200	9	0.24%
City of Denton				1,200	9	0.24%
Texas Woman's University				<u>1131</u>	<u>10</u>	<u>0.22%</u>
	<u>33,926</u>		<u>4.97%</u>	<u>23,815</u>		<u>4.94%</u>

Source: Texas Workforce Commission

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	Full-Time Equivalent Employees as of Beginning of Fiscal Year									
General Government	154.5	158.0	159.5	164.0	168.5	166.0	168.0	167.0	169.5	168.5
Judicial	122.5	122.5	124.0	123.0	126.5	133.0	133.5	135.5	140.0	140.0
Legal	117.0	116.0	118.0	118.0	116.0	117.0	119.0	118.5	119.5	119.5
Financial	76.5	80.0	80.5	80.5	81.5	86.5	87.5	88.5	88.0	88.0
Public Facilities	27.5	29.5	30.5	30.5	30.0	30.0	32.0	31.0	31.0	31.0
Public Safety	628.0	686.5	710.0	712.0	758.0	767.0	796.0	808.0	811.0	812.5
Health & Welfare	51.5	58.0	53.0	70.5	74.5	54.5	55.0	57.0	49.0	55.5
Conservation	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Roads	<u>82.0</u>	<u>80.5</u>	<u>80.5</u>	<u>81.0</u>	<u>74.5</u>	<u>80.0</u>	<u>81.0</u>	<u>80.0</u>	<u>80.0</u>	<u>80.0</u>
Total	1,268.5	1,340.0	1,365.0	1,388.5	1,438.5	1,443.0	1,481.0	1,494.5	1,497.0	1,504.0

Source: Denton County Budget Office

Denton County, Texas

OPERATING INDICATORS BY FUNCTION

Function	Fiscal Year												
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012			
General Government													
County Clerk:													
Number of Criminal Cases Filed	11,260	11,200	11,185	9,650	10,067	11,000	11,500	9,840	11,500	-			
Number of Civil Cases Filed	1,891	2,182	2,567	3,141	4,697	5,021	5,100	6,079	6,354	-			
Human Resources													
Applications Accepted	14,397	15,237	12,233	10,830	10,087	9,640	11,394	9,200	14,284	13,920			
Jobs Posted	348	441	458	258	270	200	172	140	197	295			
Purchasing													
Purchase Orders Issued	8,869	8,801	8,963	8,231	8,543	9,050	9,443	9,800	8,707	10,000			
Competitive Bids/Contract Renewals	45	59	48	43	53	61	49	55	58	60			
Information Services/County Technology													
New Applications Built or Created	-	-	-	-	-	-	-	8	16	10			
Elections Administration													
New Registrations	26,072	35,072	26,143	35,000	27,926	60,025	37,445	45,000	-	-			
Elections Held	26	35	23	77	52	48	40	44	32	45			
Judicial													
District Courts													
Criminal Cases Disposed	2,471	3,055	2,530	2,601	2,304	2,450	2,725	3,225	3,095	4,392			
Divorce/Family Cases Disposed	4,514	4,782	4,157	5,702	8,860	8,228	6,374	6,884	5,734	5,146			
County Courts													
Juvenile Cases Disposed	1,212	1,424	1,421	1,169	1,262	1,514	1,600	1,600	2,107	2,100			
Criminal Cases Disposed	7,898	9,639	8,646	9,325	10,464	10,525	12,874	12,800	9,896	9,910			
District Clerk													
Civil, Family and Tax Cases Filed	8,552	8,990	9,688	9,381	9,981	10,586	9,605	9,730	9,341	8,188			
Documents Processed Through E-filing							-	-	5,540	11,406			

	2003	2004	2005	2006	2007	2008	2009	2010	2,011	2,012
Justices of the Peace										
Civil Cases Filed	9,062	7,475	7,456	7,779	9,469	12,366	12,054	7,199	-	7,855
Criminal Cases Filed	30,967	37,193	36,097	34,510	25,950	25,467	24,516	21,163	-	24,060
Legal										
Criminal District Attorney	6,716									
Misdemeanor Cases Under Indictment		9,382	9,326	11,359	11,727	11,034	12,897	13,000	-	9,849
Cases Filed		237	224	200	153	190	204	-	186	230
Total Jury Trials	227									
Financial										
County Auditor	20,118	18,134	17,000	17,000	17,000	19,200	20,000	21,000	16,383	19,892
Accounts Payable Checks Processed										
County Treasurer	36,992	36,371	38,611	38,732	39,000	39,500	44,223	46,000	42,000	42,815
Payroll Checks Processed										
Tax Assessor/Collector	265,500	254,048	254,048	270,929	284,302	315,062	321,000	515,500	-	465,000
County Tax Accounts										
Property Tax Parcels - all entities										
Automobile Registrations	400,781	416,726	448,147	474,564	474,561	498,440	519,102	520,000	538,376	539,000
Budget Department										
Budget Amendments Processed	257	248	234	251	239	265	275	70	518	314
Public Safety										
County Jail	770	897	897	1,019	1,103	1,100	1,140	1,190	1,190	1,200
Average Daily Jail Population										
Prisoners Booked							14,900	15,100	11,983	11,700
Sheriff										
E-911 Calls Received	64,291	54,517	73,696	62,100	80,121	63,845	67,027	69,976	70,074	75,091
Officer Responses to Public Requests	-	-	-	-	-	-	154,639	161,659	191,801	255,095
Health & Welfare										
Immunizations Administered	26,910	20,126	19,799	14,939	17,950	16,930	22,092	24,000	14,476	10,000
Primary Health Care Visits	7,574	8,226	8,883	7,714	8,987	10,468	10,802	11,000	8,293	8,400
Roads										
Work Orders Completed	-	730	472	332	709	480	564	360	-	-
Miles of Roads Overlayed	-	14	23	10	14	18	21	15	12	12
Miles of Roads Constructed									5	15

Source: Denton County Budget Office

Denton County, Texas

CAPITAL ASSET STATISTICS BY FUNCTION

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Number of Buildings						8	8	9	9	9
Judicial										
Number of Buildings						3	3	3	3	3
Financial										
Number of Buildings						1	1	1	1	1
Public Safety										
Number of Buildings						7	7	7	7	7
Number of Jail Beds						1,400	1,496	1,600	1,600	1,600
Juvenile Detention Beds						102	102	102	102	102
Number of Sheriff Vehicles						200	200	200	200	210
Health and Welfare										
Number of Buildings						2	2	3	3	2
Roads										
Number of Buildings						3	3	3	3	3
Miles of Road						612	612	625	625	617
Number of Bridges						62	62	62	62	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 2012 Annual Audit -

Denton County's combined financial statements for 2012 which present the County's various fund types 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 2012 annual audit.

Overview of Grant Audit Requirements -

The scope of the County's fiscal year 2012 grant audit includes the requirements of the Office of Management and Budget's Circular A-133 and the State of Texas' Uniform Grant Management Standards. These documents establish audit requirements for state and local governments and Indian tribe governments that receive federal and state assistance. They provide for independent audits of financial operations, including compliance with certain provisions of federal and state laws and regulations. The requirements are established to ensure that audits are made on an organization-wide basis, rather than on a grant-by-grant basis. Such audits are to determine whether:

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

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

Purpose and Contents of This Report -

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

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

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

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

Overview of Grant Financial Information -

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

Prior year revenue and expenditures amounts are not covered by the fiscal year 2012 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, 2012**

(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 grants included in conformity with OMB Circular A-133 and the State of Texas' Uniform Grants Management Standards. Denton County also acts as a fiscal agent for funds paid by the State to the local Adult Probation Department. Per this agency's request, this program has been omitted from this report. State funds provided to this agency in fiscal 2012 totaled approximately \$2,077,870

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 EXPENDITURE OF FEDERAL AWARDS
For the Fiscal Year Ended September 30, 2012

<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- 2013 Investigations and Technical Asst.	93.069	2013-041405-003	\$ 542,703
Center for Disease Control and Prevention- 2012 Investigations and Technical Asst.	93.069	2012-038705-001	579,829
Center for Disease Control and Prevention- 2012 Medical Assistance Program	93.069	2011-038529-001	121,013
2012 Preparedness/Risk Based Funding	93.069	2012-040268	57,266
2012 Federal TB Prevention Grant	63.116	2012-040157	52,437
2011 Federal TB Prevention Grant	63.116	2011-037501	80,170
2013 Immunization Program Grant	93.268	2013-041405-005	280,147
2012 Immunization Program Grant	93.268	2012-039515-001	280,147
U. S. Department of Agriculture Passed through the Texas Department of State Health Services			
2012 Special Supplement Food Program for Women, Infants and Children	10.557	2012-039992	2,213,080
2011 Special Supplement Food Program for Women, Infants and Children	10.557	2011-037172	<u>2,078,984</u>
Total Texas Department of State Health Services			<u>6,285,776</u>
U.S. Dept. of Health and Human Services Passed through Texas Dept. of Family and Protective Services:			
2012 CPS IV-E County Legal Services Grant	93.658	23940189	190,134
2012 Title IV-E Child Welfare Services Grant	93.658	23940188	<u>6,545</u>

Balance * October 1, <u>2011</u>	Receipts or Revenue <u>Recognized</u>	Disbursements/ <u>Expenditures</u>	Balance * September 30, <u>2012</u>
\$ -	\$ -	\$ 29,705	\$ 29,705
61,991	479,442	492,262	74,811
-	53,299	86,491	33,192
-	32,694	44,654	11,960
-	43,890	52,437	8,547
16,772	43,159	26,387	-
-	-	33,834	33,834
30,878	280,147	249,269	-
-	1,679,046	2,155,888	476,842
<u>436,715</u>	<u>436,715</u>	<u>-</u>	<u>-</u>
<u>546,356</u>	<u>3,048,392</u>	<u>3,170,927</u>	<u>668,891</u>
-	117,425	146,216	28,791
<u>-</u>	<u>-</u>	<u>6,545</u>	<u>6,545</u>

Denton County, Texas

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Fiscal Year Ended September 30, 2012

<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>
Total Texas Department of Family and Protective Services			<u>196,679</u>
U.S. Dept. of Agriculture Passed through the Texas Department of Agriculture			
2012 National School Lunch Program Grant	10.555	-	<u>96,222</u>
Total Texas Department of Agriculture			<u>96,222</u>
U. S. Dept. of Health and Human Services Passed through the Office of the Attorney General - Child Support Office:			
2012 Title IV-D Filing Fees and Court Costs Grant	93.563	-	<u>7,811</u>
U.S. Department of Justice Passed through the Office of the Governor - Criminal Justice Division:			
Victim Notification Grant - 2012	16.576	1224237	<u>30,710</u>
Total Office of the Governor - Criminal Justice Division			<u>30,710</u>
Federal Department of Homeland Security Passed Through the Texas Department of Public Safety:			
2011 Disaster Relief Grant	97.036	-	<u>57,982</u>
Total Federal Dept. of Homeland Security			<u>57,982</u>

<u>Balance *</u> <u>October 1,</u> <u>2011</u>	<u>Receipts</u> <u>or Revenue</u> <u>Recognized</u>	<u>Disbursements/</u> <u>Expenditures</u>	<u>Balance *</u> <u>September 30,</u> <u>2012</u>
-	117,425	152,761	35,336
-	96,222	96,222	-
-	96,222	96,222	-
-	7,811	7,811	-
-	30,710	30,710	-
-	30,710	30,710	-
-	57,982	57,982	-
-	57,982	57,982	-

Denton County, Texas

**SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Fiscal Year Ended September 30, 2012**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>
U.S. Dept. of Health and Human Services Passed through the Texas Juvenile Probation Commission			
2012 Title IV-E Administrative Costs Grant	93.658	TJPC-E-10-9220	<u>95,876</u>
Total Texas Juvenile Probation Commission			<u>95,876</u>
U.S. Department of Homeland Security			
Passed through the Office of the Governor:			
State Homeland Security Grant 2011	97.067	EMW-2011-SS-00019	659,900
State Homeland Security Grant 2010	97.008	2010-SS-T0-0008	522,140
State Homeland Security Grant 2009	97.067	2009-SS-T9-0064	<u>192,352</u>
Total U.S. Department of Homeland Security:			<u>1,374,392</u>
U.S. Department of Justice			
Passed through the Office of the Governor:			
State Criminal Alien Assistance Grant 2012	16.606	2010-AP-BX-0261	221,755
Juvenile Accountability Incentive Block Grant	16.523	JB-10-J20-24335-01	34,063
2009 Recovery Act Justice Assistance Grant	16.803	2009-SB-B9-2435	368,482
2009 Edward Byrne Justice Assistance Grant	16.738	2009-DJ-BX-1389	77,524
2010 Edward Byrne Justice Assistance Grant	16.580	2010-DJ-BX-1387	<u>72,640</u>
Total Department of Justice			<u>774,464</u>
National Highway Traffic Safety Administration			

<u>Balance *</u> <u>October 1,</u> <u>2011</u>	<u>Receipts</u> <u>or Revenue</u> <u>Recognized</u>	<u>Disbursements/</u> <u>Expenditures</u>	<u>Balance *</u> <u>September 30,</u> <u>2012</u>
-	95,876	95,876	-
-	95,876	95,876	-
-	-	-	-
-	385,507	519,014	133,507
66,755	190,774	124,019	-
66,755	576,281	643,033	133,507
-	221,755	221,755	-
-	21,184	26,399	5,215
34,642	34,642	-	-
-	42,624	42,624	-
57,847	59,584	1,737	-
92,489	379,789	292,515	5,215

Denton County, Texas

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Fiscal Year Ended September 30, 2012

<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>
2012 STEP SPEED Grant	20.600	2012-DentonCo-S-1YG	<u>16,321</u>
Total Natl Highway Traffic Safety Admin.			<u>16,321</u>

U.S. Elections Assistance Commission:

Passed Through the Texas Secretary
of State:

2003 Help America Vote Act Grant	39.011		<u>328,767</u>
Total Federal Assistance			<u>\$ 9,265,000</u>

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

Balance * October 1, <u>2011</u>	Receipts or Revenue <u>Recognized</u>	Disbursements/ <u>Expenditures</u>	Balance * September 30, <u>2012</u>
<u>-</u>	<u>13,551</u>	<u>13,551</u>	<u>-</u>
<u>-</u>	<u>13,551</u>	<u>13,551</u>	<u>-</u>
<u>328,767</u>	<u>330,140</u>	<u>1,373</u>	<u>-</u>
<u>\$ 1,034,367</u>	<u>\$ 4,754,179</u>	<u>\$ 4,562,761</u>	<u>\$ 842,949</u>

Denton County, Texas

**SCHEDULE OF EXPENDITURE OF STATE AWARDS
For the Fiscal Year Ended September 30, 2012**

<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:			
2013 Primary Health Care Grant		2013-041903-001	\$ 181,797
2012 Primary Health Care Grant		2012-039389	181,797
2013 Tuberculosis Services Grant		2013-041405-007	102,087
2012 Tuberculosis Services Grant		2012-039045	111,955
2011 Chronic Disease Prevention Grant		2011-035581	40,000
2013 OPHP Local Public Health System Grant		2013-	48,798
2012 OPHP Local Public Health System Grant		2012-039506-001	<u>60,244</u>
Total Texas Dept. of State Health Services			<u>726,678</u>
Texas Commission on Environmental Quality:			
2012 Regional High Emitting Vehicle Asst. Grant		582-12-20274	<u>253,101</u>
Total Texas Comm on Environ. Quality			<u>253,101</u>
Texas Task Force on Indigent Defense:			
Indigent Defense Formula Grant		212-12-061	<u>344,109</u>
Total State Assistance			<u>\$ 1,323,888</u>

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

Balance * October 1, 2011	Receipts or Revenue Recognized	Disbursements/ Expenditures	Balance * September 30, 2012
\$ -	\$ -	\$ 13,324	\$ 13,324
4,011	181,797	177,786	-
-	-	7,106	7,106
13,672	104,515	98,283	7,440
8,751	8,751	-	-
-	-	3,843	3,843
7,878	57,936	52,366	2,308
<u>34,312</u>	<u>352,999</u>	<u>352,708</u>	<u>34,021</u>
-	253,101	253,101	-
-	253,101	253,101	-
-	344,109	344,109	-
<u>\$ 34,312</u>	<u>\$ 950,209</u>	<u>\$ 949,918</u>	<u>\$ 34,021</u>



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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
THE STATE OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS**

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

Compliance

We have audited the compliance of Denton County, Texas' compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget and (OMB) Circular A-133 Compliance Supplement*, and the *State of Texas Uniform Grants Management Standards* that could have a direct and material effect on each of the County's major federal and state programs for the year ended September 30, 2012. Denton County Texas' major federal and state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of Denton County Texas' management. Our responsibility is to express an opinion on Denton County Texas' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations*, and the *State of Texas Uniform Grant Management Standards ("UGMS")*. Those standards, OMB Circular A-133, and UGMS require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Denton County Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Denton County Texas' compliance with those requirements.

In our opinion, Denton County, Texas, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2012.

Internal Control Over Compliance

The management of Denton County, Texas, 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 Texas' internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State of Texas Uniform Grant Management Standards, 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 *deficiency in 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 and correct noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

The purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of Denton County, Texas' major programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on Denton County, Texas' compliance but not to provide an opinion on the effectiveness of Denton County, Texas' internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Denton County, Texas' compliance with requirements applicable to each major program and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.

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

March 25, 2013



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

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Denton County, Texas, as of and for the year ended September 30, 2012, which collectively comprise Denton County, Texas' basic financial statements and have issued our report thereon dated March 25, 2013. 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

Management of Denton County, Texas, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Denton County, Texas'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 Denton County, Texas's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Denton County, Texas's internal control over financial reporting.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Denton County, Texas'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*.

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

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

March 25, 2013

DENTON COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	None

Federal and State Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs	Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 and state awards as defined by the State of Texas Uniform Grant Management Standards?	None
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Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster:
#10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
#93.069	Center for Disease Control and Prevention- Investigations and Technical Assistance
State	Indigent Defense Formula Grant

Dollar threshold used to distinguish between type A and type B programs	\$300,000
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Auditee qualified as low-risk auditee for federal single audit?	Yes
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Auditee qualified as low-risk auditee for state single audit?	Yes
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Findings Related to the Financial Statements Which Are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None

Findings and Questioned Costs for Federal and State Awards

None

DENTON COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

None

