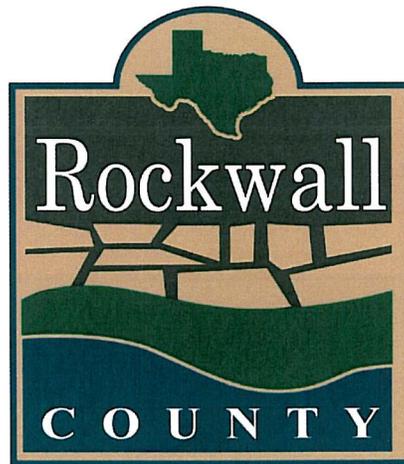


# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Rockwall County, Texas



Fiscal Year Ended September 30, 2007



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

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 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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## INTRODUCTORY SECTION



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**Rockwall County Auditor**

**101 East Rusk St. #101**  
**Rockwall, Texas 75087**

**Tel: 972/204-6050**  
**Fax: 972/204-6059**

July 15, 2008

**To:** The Honorable County Judge, County Commissioners,  
Citizens and Stakeholders of Rockwall County, Texas

**Re:** The Comprehensive Annual Financial Report (CAFR)  
of Rockwall County, Texas

The Comprehensive Annual Financial Report (CAFR) of Rockwall County, Texas, for the year ended September 30, 2007, is submitted herewith. To the best of my knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the County on a government-wide and fund basis. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

Conway and Company, CPAs, P. C. has issued an unqualified ("clean") audit opinion on the Rockwall County financial statements for the year ended September 30, 2007. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A is a diagnostic complement to this letter of transmittal and should be read in conjunction with it to facilitate understanding and interpretation of the financial documents.

**GENERAL INFORMATION – ROCKWALL COUNTY**

Rockwall County ("the County") was created in 1873. The estimated population in 2007 was 73,500. This was an increase of 70.6% from the 2000 census, which showed the population of 43,080, making it one of the fastest growing counties in Texas. The census estimates the size of the County at 147 square miles. Rockwall County is located in the Dallas Metroplex.

The County's major operations include law enforcement, judiciary, detention, public works, health, libraries, and general administrative services.

## ECONOMIC CONDITIONS AND OUTLOOK

The economic outlook for Rockwall County is strong and is projected to continue to grow at a rapid pace. The tax base is primarily residential. The various local economic development agencies are working to increase business properties in an effort to balance the tax base between residential and commercial revenues. The economic malaise elicited by the nationwide economic slowdown may dampen the growth of the tax base for an interim period but is not expected to contribute serious depressive effects over the longer term.

## MAJOR INITIATIVES

Rockwall County is involved in a number of projects:

- ❖ The Harbor Development, which is a planned economic project with the City of Rockwall. The visibility of the earliest stages of development of this project has already generated community excitement - underscoring the expectation that a significant economic engine for the area is emerging.
- ❖ Planning and building of a new County Library. Construction is nearly completed with a Grand Opening scheduled for late 2008.
- ❖ Planning a \$100 million road bond election.
- ❖ Planning for a future toll road. The corridor study has been completed and the actual corridor has been identified.
- ❖ Planning and building four interstate-highway interchanges.
- ❖ Planning to build a \$30 million facility for utilization as a new Justice Center.
- ❖ Determination of the governmental space needs for a build out population of 300,000 citizens and the associated planning to address the needs.
- ❖ Work continues on the development of a comprehensive County Open Space Plan. The purpose of this initiative is the sequestration and protection of certain land areas from development activity, thereby preserving the visual aesthetics and natural ecologies of the County. Open Space Planning/Conservation Visioning Objectives are:
  - To preserve quality storm water corridors.
  - To secure a major central park.

- To protect/establish corridors essential for open space connectivity county-wide.
- ❖ A county-wide thoroughfare plan has been completed.
- ❖ Planning for the expansion and renovation of the County jail facility.
- ❖ County-wide election services have been established.

## FINANCIAL INFORMATION

### Accounting Procedures and Budgetary Controls

The County's accounting records for general government are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities are incurred.

The budgetary process begins each year with the preparation of both current and proposed year revenue and expenditure estimates by the County's Budget Officer – the County Judge. The County Auditor and the Treasurer assume a leadership role in the preparation of a draft budget. As part of each year's budget development process, departments are required to update expenditure estimates for the current fiscal year. These estimates are reviewed by the County Auditor, Treasurer, and the Commissioners Court concurrent with review of the proposed budget. The County Judge then makes adjustments and modifications based on his sense of County priorities and obligations. The County Judge's draft budgets are submitted to the Commissioners Court for their adoption or amendment.

## OTHER INFORMATION

### Independent Audit

Rockwall County has engaged the firm of Conway Company CPAs, P.C. to perform the annual audit and their opinion has been included in this report. It should be noted that the auditors included all funds in their audit, performed their audit in accordance with generally accepted auditing standards, and stated that, in their opinion, the statements herein present fairly, in all material respects, the financial position of the County on September 30, 2007, and the changes in financial position and cash flows of its proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Detection of Malfeasance and Recovery of County Assets

In May of 2006, the County Auditor turned over documents to the Rockwall County Sheriff's Office that showed one or more employees in the County Treasurer's Office was manipulating the timing of bank deposits in order, presumably, to use County monies for personal purposes.

Iterative and convergent audit processes routinely deployed by the County Auditor's staff led inexorably to a point at which the former Treasurer refused to provide access to certain documents. Upon encountering this resistance to a full and transparent disclosure, the County Auditor summoned law enforcement and disclosed the audit evidence of malfeasance. Within days the former Treasurer confessed her improprieties and pled guilty to abuse of official capacity. All monies were recovered and the County registered no financial losses.

Rockwall County Sheriff's personnel, especially Detectives Kirk and Fitzwater, skillfully used the internal audit data to elicit the confession from the former Treasurer. They deserve special commendation for their professionalism and alacrity.

On or about April 9th of 2007, the Travis County Grand Jury indicted the Criminal District Attorney on three felony counts of alleged abuse of official capacity. During a routine audit, the County Auditor identified that State funds for deposit into accounts under the jurisdiction of the District Attorney had not been received. In September 2004, the County Auditor notified the County Treasurer and the State Comptroller of the irregularities. The State Comptroller indicated the funds had been deposited into a new account which had been designated by the District Attorney. Upon further investigation, the Texas Rangers and the FBI were summoned for assistance. Again, all monies were recovered and the County registered no financial losses.

In May of 2008, the Criminal District Attorney was convicted of stealing public funds and is currently incarcerated serving a 15-year sentence in the Texas Department of Corrections. He had been previously sentenced to four years on earlier convictions for stealing computer equipment and money from an office account.

In summary, all stakeholders of Rockwall County should take comfort in the observation that the malfeasance activities of two high-level officials were detected, investigated and documented - followed by the presentation of those data to law-enforcement authorities. Both officials, the County Treasurer and the County's Criminal District Attorney, were convicted of criminal offenses and subsequently removed from office. And, importantly, the County did not suffer the loss of one dollar from the actions of the two miscreants. From an internal audit perspective, we can proudly state that this is the way a system of internal controls is supposed to work.

### Recent Bond Ratings

The bond market recently interpreted the detection of malfeasance and alleged malfeasance as indicants of an effective internal financial control system. In April 2007, Standard and Poor's Bond Rating Service elevated the Rockwall County bond rating from A to A+. Likewise, Moody's Bond Rating Service elevated our bond rating from A1 to Aa3.

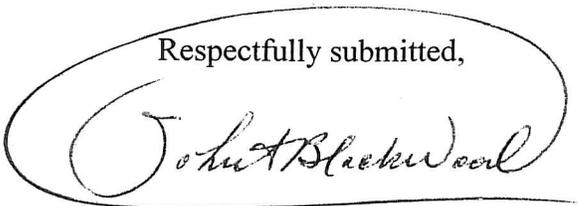
### Acknowledgements

It is worth reminding that the County's information supply chain includes employees throughout the organization who deserve appreciation for their efforts and cooperation, especially those employees in the County Treasurer's office who were instrumental in the successful completion of this report.

It is especially noteworthy to salute their efforts given that Rockwall County has received the "unqualified opinion" attest statement from the outside auditors – in other words, "clean audits" – for each of the last eleven years. The "unqualified opinion" is the highest grade that an organization can achieve on an audit conducted by an outside audit firm. The last four years, the outside audit firm has been Conway Company, CPAs. The previous seven years, the audits were conducted by Pattillo, Brown & Hill.

My appreciation is also extended to the County Judge and Commissioners Court for providing the resources necessary to maintain the integrity of the County's financial affairs. Specific acknowledgement of the Court's contribution to this document must also be registered. The Court constructed several important sections of this Comprehensive Annual Financial Report, viz., the sections entitled Economic Conditions and Outlook, Major Initiatives and Recent Bond Ratings. The other sections were authored by the County Auditor with consultation by Conway Company, CPAs.

Respectfully submitted,

A handwritten signature in cursive script that reads "John A. Blackwood". The signature is enclosed within a hand-drawn oval.

John A. Blackwood  
Rockwall County Auditor  
Rockwall County, Texas

**ROCKWALL COUNTY, TEXAS  
PRINCIPAL OFFICIALS**

COMMISSIONERS COURT:

Chris Florance  
Jerry Wimpee  
Lori Grinnan  
Bruce Beaty  
David Magness

County Judge  
Commissioner, Precinct 1  
Commissioner, Precinct 2  
Commissioner, Precinct 3  
Commissioner, Precinct 4

BOARD OF DISTRICT JUDGES:

Brett Hall

District Court

COUNTY JUDGES:

David Rakow  
David Karr  
Larry Holloway

County Court at Law  
Justice of the Peace, Precinct 1  
Justice of the Peace, Precinct 2

LAW ENFORCEMENT:

Harold Eavenson  
Craig Stoddart  
Angie Scalf  
Brett Gilbert  
Randy Parks  
John Cullins

Sheriff  
Acting District Attorney  
Director, Juvenile Probation  
Director, Adult Probation  
Constable, Precinct 1  
Constable, Precinct 2

ADMINISTRATIVE OFFICIALS:

John A. Blackwood  
Barbara Barber  
Brian Crenshaw  
William Sinclair  
Randy Jennings  
Ron Merritt  
Donna Mussotter  
Wesley Roberts  
Pat Nesmith  
Luis Guzman

County Auditor  
Tax Assessor-Collector  
Information Systems  
Treasurer  
Human Resources  
Health Coordinator  
Indigent Health  
Fire Marshall  
Road & Bridge Administrator  
Maintenance Administrator

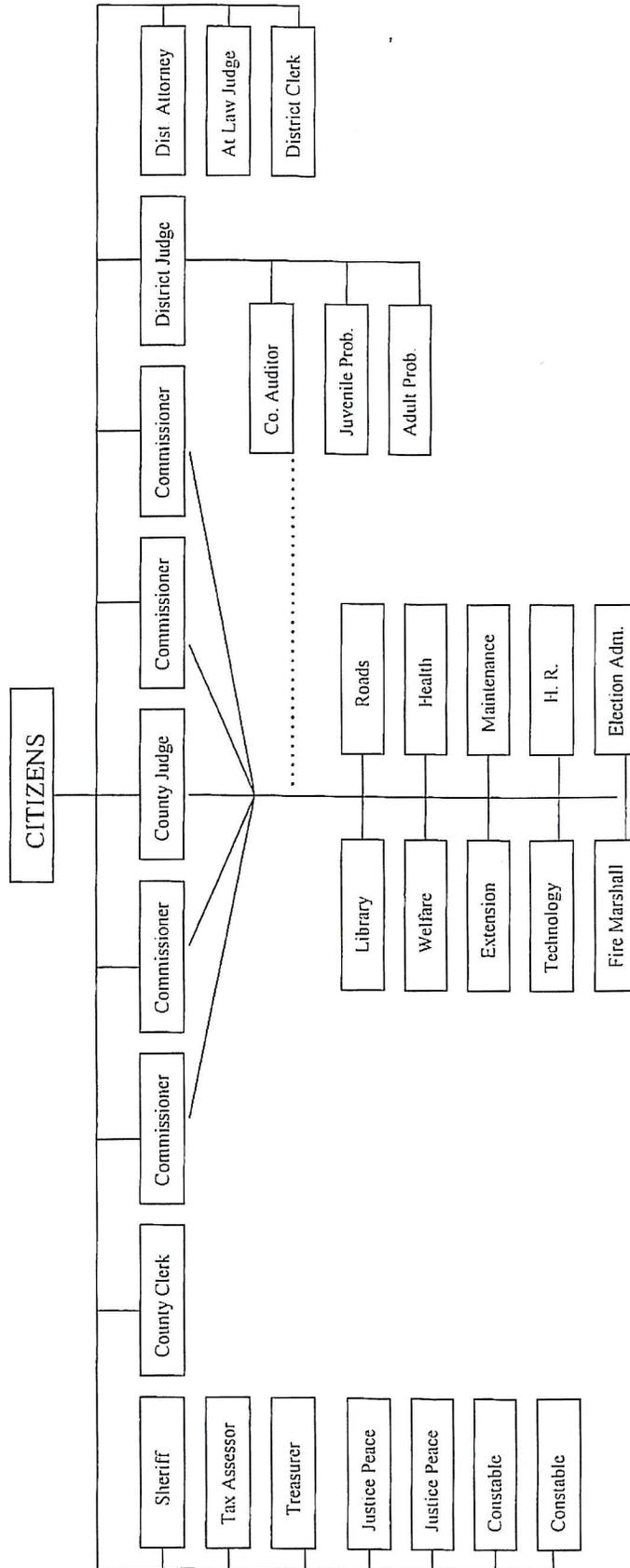
RECORDING OFFICIALS:

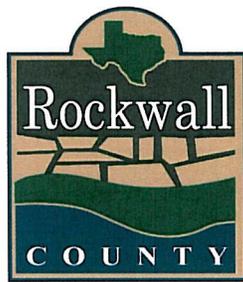
Lisa Constant  
Kay McDaniel

County Clerk  
District Clerk



ROCKWALL COUNTY – 2008





FINANCIAL SECTION





Michael Conway, CPA  
Neil Conway, CPA

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# CONWAY COMPANY CPAs PC

## ACCOUNTANTS & ADVISORS

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PO Box 8234  
Greenville, Texas 75404-8234

*Member*  
American Institute of CPAs  
Texas Society of CPAs

May 31, 2008

### Independent Auditor's Report on Financial Statements

Honorable County Judge  
Honorable Commissioners Court  
Rockwall County  
101 East Rusk, Ste 101  
Rockwall, TX 75087

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rockwall County (the "County") as of and for the year ended September 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the County's non-major governmental funds presented in the accompanying combining and individual fund financial statements and schedules as of and for the year ended September 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the Rockwall County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rockwall County as of September 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund of Rockwall County, as of September 30, 2007, the respective changes in financial position and cash flows, where applicable, and the budgetary comparison 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 May 31, 2008, on our consideration of Rockwall County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

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Management's Discussion and Analysis, Schedule of Pension Trust – TCDRS Funding Progress and Contributions and the budgetary comparison for the General Fund identified as Required Supplementary Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Rockwall County's basic financial statements. The combining financial statements and individual non-major fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements and individual non-major fund schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

*Conway Company CPAs, P.C.*

Respectfully submitted,

Conway Company CPAs, P.C.

# ROCKWALL COUNTY, TEXAS

## MANAGEMENT DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2007

This section of the Rockwall County, Texas (the "County") Comprehensive Annual Financial Report (CAFR) presents our discussion and analysis of the County's financial performance during the fiscal year ended September 30, 2007. Readers should consider the information in this section when reading the overall report, including the transmittal letter, financial statements and accompanying notes.

### Financial Highlights

The government-wide financial statements report information about the County as a whole using the economic resources measurement focus and accrual basis of accounting.

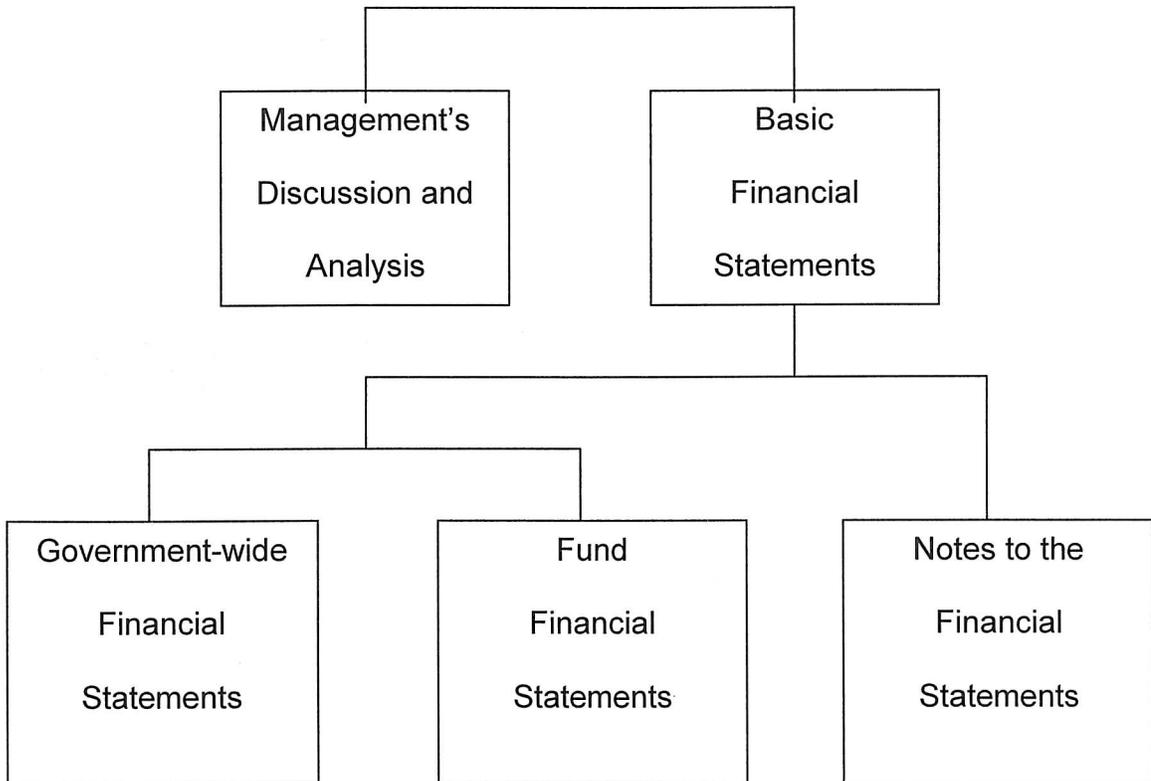
- The assets of Rockwall County exceeded its liabilities at the close of the fiscal year by \$30,578,312 (net assets).
- The government's total net assets increased by \$6,183,172, not including prior period adjustments, due to increases in the government-type activities net assets.
- As of the close of the current fiscal year, Rockwall County's governmental funds reported combined ending fund balances of \$32,090,317, an increase of \$14,230,493, not including prior period adjustments, in comparison with the prior year. Approximately 55.5% of this total amount, or \$17,810,405, is available for spending at the government's discretion. (unreserved fund balance).
- At the end of the current fiscal year, unreserved, undesignated fund balance was \$17,413,421, or 90.55% of total General Fund expenditures.
- Rockwall County's total bonded debt increased by \$10,945,000 or 100.27% during the current fiscal year.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Rockwall County.

**Required Components of Annual Financial Report**

**Figure 1**



Summary —————>Detail

**Basic Financial Statements**

The first two statements (Pages 19 and 20) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Pages 22 thru 31) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

**ROCKWALL COUNTY  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
SEPTEMBER 30, 2007**

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets is one way to gauge the County's financial condition.

The statement of *net assets* presents information on all of Rockwall 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 Rockwall County is improving or deteriorating.

The *changes in net assets* presents information showing how the government'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 the government-wide financial statements distinguish functions of Rockwall County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business activities). The governmental activities of the County include general government, public safety, judicial, and community services.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

**Fund Financial Statements**

The fund financial statements (see Figure 2) provide a more detailed look at the County's most significant activities. 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. The County of Rockwall, like all other governmental entities in Texas, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of the County of Rockwall, Texas can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

**ROCKWALL COUNTY  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
SEPTEMBER 30, 2007**

The County of Rockwall, Texas adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Commissioners Court about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows three columns: 1) the final budget as amended by the Commissioners; 2) the actual resources, charges to appropriations, and ending balances in the General Fund; and 3) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

**Proprietary Funds** – Rockwall County has one proprietary fund, the Internal Service Fund. *Proprietary Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Rockwall County uses proprietary funds to account for its internal service activity. These funds are the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

**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 the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**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 statements are on pages 34 to 54 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees and budget to actual schedule for general fund. Required supplementary information can be found beginning on page 57 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 66 to 77 of this report.

**Government-Wide Financial Analysis**

The government-wide financial statements for the fiscal year ended September 30, 2007 continue the implementation of a new standard of financial reporting for Rockwall County, and many other units of government across the United States.

**ROCKWALL COUNTY, TEXAS  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
SEPTEMBER 30, 2007**

**Rockwall County's Net Assets**

**Figure 2**

	2007	2006
	Governmental Activities	Governmental Activities
Current and other assets	\$ 35,746,237	\$ 21,241,839
Capital assets	20,191,294	17,600,933
Total assets	<u>55,937,531</u>	<u>38,842,772</u>
Current liabilities	3,075,980	3,751,669
Long-term liabilities	22,283,239	11,231,664
Total liabilities	<u>25,359,219</u>	<u>14,983,333</u>
Net assets:		
Invested in capital assets, net of related debt	8,842,844	6,685,933
Restricted	14,596,117	4,272,287
Unrestricted	7,139,351	12,901,219
Total net assets	<u>\$ 30,578,312</u>	<u>\$ 23,859,439</u>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The net assets of Rockwall County exceeded liabilities by \$30,578,312 as of September 30, 2007. The County's net assets increased by \$6,183,172, excluding prior period adjustments of \$535,701, for the fiscal year ended September 30, 2007. However, a large portion, 29% reflects the County's investment in capital assets (e.g. land, buildings, machinery and equipment) less any related debt still outstanding that was issued to acquire those items. Rockwall County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Rockwall County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

ROCKWALL COUNTY, TEXAS  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
SEPTEMBER 30, 2007

Rockwall County Changes in Net Assets

Figure 3

	<b>Government Activities 2007</b>	<b>Government Activities 2006</b>
<b>REVENUE</b>		
Program revenues:		
Charge for Services	\$ 6,361,422	\$ 6,402,687
Fines	1,483,392	1,516,823
Election Revenue	54,556	-
Operating grants and contributions	318,581	628,704
General revenues:		
Property Taxes	19,529,973	17,229,938
Mixed Drink Taxes	161,861	126,189
Sales Tax	270,597	226,676
Investment Income	1,657,302	1,112,183
Intergovernmental Revenue	69,786	140,386
Sale of Assets	14,276	13,200
Miscellaneous	64,935	31,764
<b>Total Revenues</b>	<u>29,986,681</u>	<u>27,428,550</u>
<b>EXPENDITURES</b>		
Current:		
General Government	4,536,715	3,258,914
Judicial	2,088,514	2,316,420
Legal	1,170,020	1,047,173
Financial administration	1,455,287	1,329,449
Public Safety	8,109,613	7,548,286
Public Service	804,559	309,945
Roads and Bridges	1,469,238	1,383,151
Public Facilities	917,639	844,255
Health and welfare	766,869	623,740
Culture and recreation	703,138	640,766
Conservation	125,278	94,101
Interest on long-term debt	585,944	495,453
Other	-	46,339
Depreciation	1,070,695	983,543
<b>Total Expenditures</b>	<u>23,803,509</u>	<u>20,921,535</u>
<b>Excess of revenues over expenditures</b>	6,183,172	6,507,015
<b>Fund Balances/Equity, October 1</b>	23,859,439	17,509,681
<b>Prior Period Adjustments</b>	535,701	(157,257)
<b>Fund Balances/Equity, September 30</b>	<u>\$ 30,578,312</u>	<u>\$ 23,859,439</u>

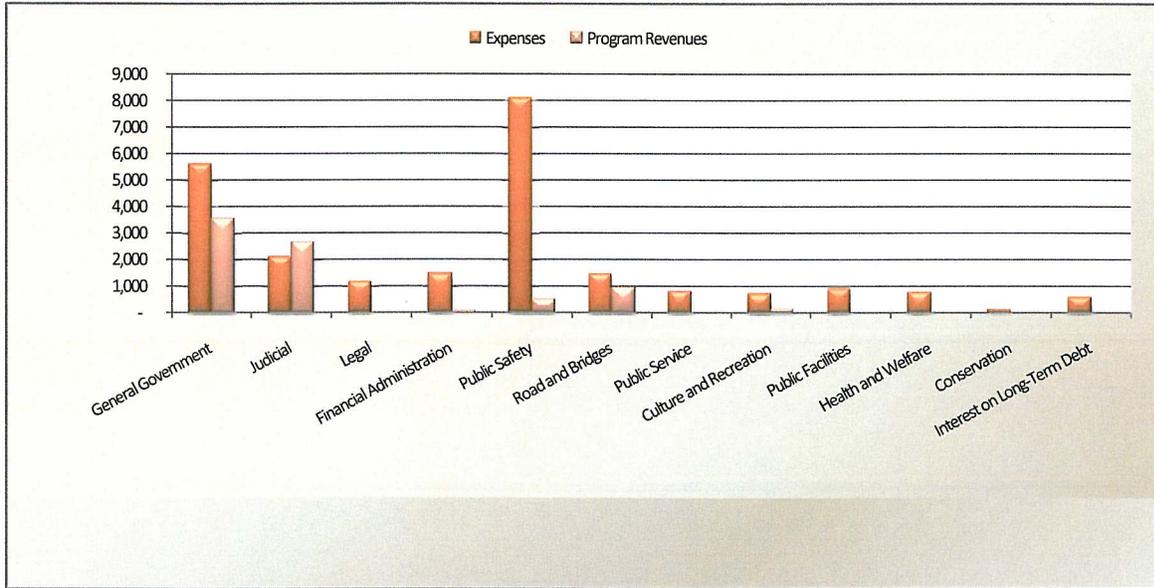
**ROCKWALL COUNTY, TEXAS  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
SEPTEMBER 30, 2007**

**Governmental-type activities** - Governmental -type activities increased the County's net assets \$6,183,172, thereby accounting for 100% of the total growth in the net assets of the County of Rockwall. Key elements of this increase are as follows:

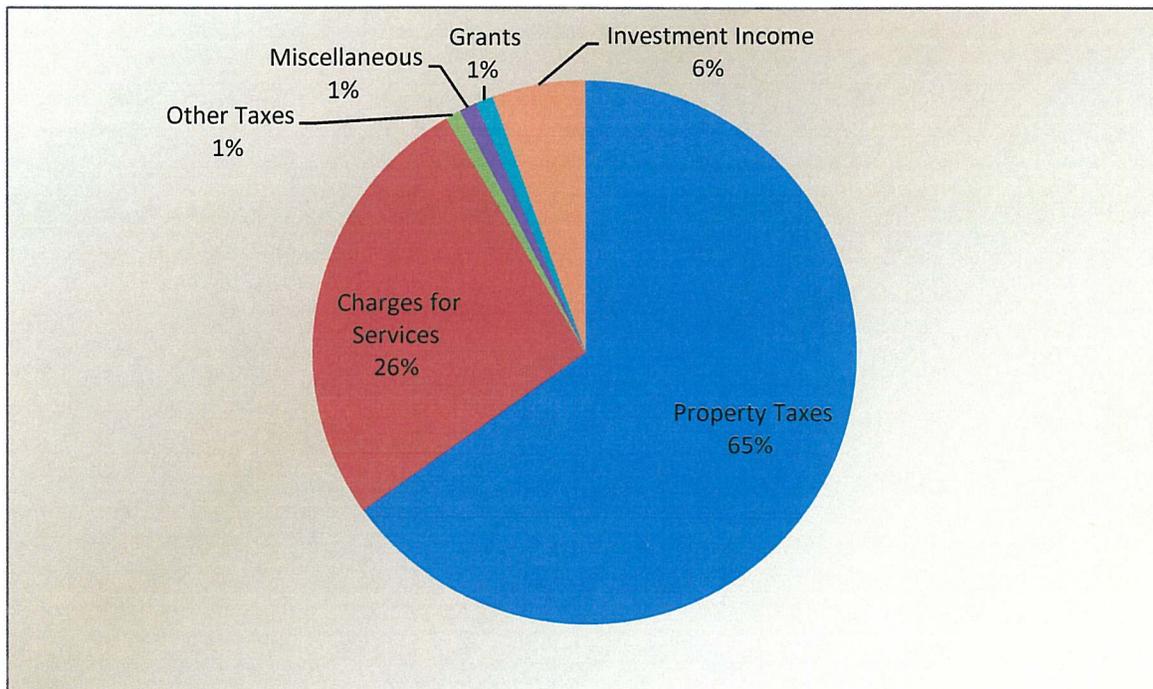
Property tax revenues increased by \$2,300,035 or 13%.  
Other tax revenues increased by \$43,921 or 19%.

**Expenses and Program Revenues - Governmental Activities**

(amounts expressed in thousands)



**Revenues By Source - Governmental Activities**



**ROCKWALL COUNTY, TEXAS  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
SEPTEMBER 30, 2007**

**Financial Analysis of the County's Funds**

As noted earlier, Rockwall County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** - The focus of Rockwall County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the County's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of Rockwall County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$17,413,421. As a measure of the General Fund's liquidity, it may be useful to compare the unreserved fund balance to total fund expenditures. Unreserved fund balance represents 90.55% of total General Fund expenditures.

At September 30, 2007, the governmental funds of Rockwall County reported a combined financial condition. The net assets of Rockwall County exceeded liabilities by \$32,090,317 as of September 30, 2007. The County's net assets increased by \$14,230,493 for the fiscal year.

The County maintains 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
- \* Road and Bridge Fund
- \* Debt Service Fund
- \* Library Construction Bond Fund

Each of these funds are considered to be a major fund. Financial results from the other government funds are combined into a single, aggregated presentation and included in the total. Individual fund data for each of these nonmajor governmental funds are provided in the combining and individual fund statements and schedules.

The County adopts an annual appropriated budget for most of its governmental funds. A budgetary comparison statement is provided for County governmental funds, where a budget is adopted, to demonstrate compliance with the approved budget. Budgetary comparison statements for major governmental funds are presented as required supplementary information in the basic financial statements.

**General Fund Budgetary Highlights:** During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and (3) increases in appropriations that become necessary to maintain services.

Revenues were slightly more than the budgeted amounts mainly in the areas of fees and sales taxes. However, expenditures were generally in line with budgeted amounts.

**ROCKWALL COUNTY, TEXAS**  
**MANAGEMENT DISCUSSION AND ANALYSIS (continued)**  
**SEPTEMBER 30, 2007**

**Proprietary Funds** - Currently, the County has only one type of proprietary fund - internal service. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The services provided benefit the various government functions they support, which is why they have been included within governmental activities in the government-wide financial statements. The County uses Internal Service Funds to account for the following activities:

- \* Insurance Claims
- \* Employee Benefits Paid

Proprietary funds provide the same type of information as the government-wide financial statements, but with more detail. Internal Service Funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the Internal Service Funds are provided in the combining and individual fund statements and schedules.

**Fiduciary Funds** - The County's fiduciary fund consists of one trust fund and several agency funds. Agency funds are separate accounts and transactions related to money received that is collected for and remitted to another entity. For example, the County collects traffic fines; a portion of the fines belong to the State. After collection, the monies owed to the other entities are remitted to those entities on a periodic basis.

**Notes to the Financial Statements.** The notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes disclose other pertinent information that, when taken in whole with the financial statements, provide a more detailed picture of the state of the finances of the County.

**Other information.** In addition to the basic financial statements accompanying notes to those financial statements, also presented in this report are certain required supplementary information schedules with additional information regarding the results of the County's financial activities.

The combining statements and individual fund schedules are presented immediately following the required supplementary information.

Unaudited statistical information is provided for trend and historical analysis.

**ROCKWALL COUNTY, TEXAS  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
SEPTEMBER 30, 2007**

**Capital assets** - Rockwall County's investment in capital assets for its governmental activities as of September 30, 2007, totals \$20,191,294 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- The County continued work on road improvements.
- The County began construction of a new Library building.

**Figure 4**

**Rockwall County  
Capital Assets  
As of September 30, 2007**

	<b>Governmental Activities</b>
Land & Improvements	5,814,371
Machinery & Equipment	6,846,882
Buildings	11,349,136
Infrastructure	1,014,200
Construction in Progress	2,848,540
Accumulated Depreciation	(7,681,835)
<i>Total</i>	<u><u>\$ 20,191,294</u></u>

**Long-term Debt** - As of September 30, 2007, Rockwall County had total bonded debt outstanding of \$21,860,000.

**Rockwall County  
Outstanding Bonds  
As of September 30, 2007**

General Funds	21,860,000	21,860,000
Total	<u><u>\$ 21,860,000</u></u>	<u><u>\$ 21,860,000</u></u>

Rockwall County's bonded debt increased by \$10,945,000 (100.27%) during the past fiscal year.

**ROCKWALL COUNTY  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2007**

**Budget Highlights for the Fiscal Year Ending September 30, 2007**

**Governmental Activities** - Property tax revenues (benefiting from the economic growth) and revenues from county services are expected to increase during 2008. The County will use the current revenues in addition to any increases in revenues to finance programs currently in place.

Budgeted expenditures in the General Fund are expected to rise 24% to \$27,480,878. The largest increments are in infrastructure expenditures. This increase will be covered by the excess of budget revenues over expenditures in the county's governmental activities.

**Requests for Information**

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning the information found in this report or requests for additional information should be directed to the Treasurer, or County Auditor, in Rockwall County, Texas.



## BASIC FINANCIAL STATEMENTS



ROCKWALL COUNTY, TEXAS  
 STATEMENT OF NET ASSETS  
 SEPTEMBER 30, 2007

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	
<b>ASSETS</b>		
Cash and Cash Equivalents	\$	18,452,754
Receivables (net of allow for uncollectibles)		1,534,415
Restricted Assets:		
Cash and Cash Equivalents		15,163,462
Prepaid Expense		2,207
Due from Other Funds		471,077
Unamortized Bond Issuance Fees (net)		122,322
Capital Assets:		
Non-depreciable		8,662,912
Depreciable (net)		11,528,382
<b>Total Assets</b>		<u><u>55,937,531</u></u>
<b>LIABILITIES</b>		
Accounts Payable		1,833,470
Accrued Expenses		2,357
Deferred Revenue		5,487
Due to other Funds		471,077
Interest Payable		114,614
Unamortized Bond Premiums (net)		18,365
Other Liabilities		648,975
Noncurrent Liabilities:		
Due within one year:		
Bonds Payable		1,815,000
Due in more than one year:		
Compensated Absences		404,874
Bonds Payable		20,045,000
<b>Total Liabilities</b>		<u><u>25,359,219</u></u>
<b>NET ASSETS</b>		
Investment in capital assets, net of related debt		8,842,844
Restricted for:		
Debt Service		778,632
Road and Bridge		768,756
Construction		9,446,579
Capital Outlay		1,100,337
Special Revenue		2,070,999
Internal Service Fund		430,815
Unrestricted (deficit)		7,139,350
<b>Total Net Assets</b>	<b>\$</b>	<u><u>30,578,312</u></u>

The notes to the financial statements are an integral part of these financial statements.

ROCKWALL COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Function/Program Activities	Program Revenues		Net (Expense)
	Expenses	Charges for Services	Revenue and Changes in Net Assets
		Operating Grants and Contributions	Primary Governmental Activities
<b>Primary Government</b>			
Governmental Activities:			
General Government	\$ 5,607,410	\$ 3,545,296	\$ 290,373
Judicial	2,088,514	2,660,690	-
Legal	1,170,020	19,099	-
Financial Administration	1,455,287	93,475	-
Public Safety	8,109,613	497,840	-
Road and Bridges	1,469,238	945,983	-
Public Service	804,559	-	28,208
Culture and Recreation	703,138	136,987	-
Public Facilities	917,639	-	-
Health and Welfare	766,869	-	-
Conservation	125,278	-	-
Interest on Long-Term Debt	585,944	-	-
<b>Total primary government</b>	<b>\$23,803,509</b>	<b>\$ 7,899,370</b>	<b>\$ 318,581</b>

General revenues:	
Property taxes	\$ 19,529,973
Other taxes	270,597
Beverage tax	161,861
Investment income	1,657,302
Intergovernmental revenue	69,786
Miscellaneous	64,935
Sale of Asset	14,276
Total general revenues	21,768,730
Change in net assets	6,183,172
Net assets - beginning	23,859,439
Prior Period Adjustment	535,701
Net assets - ending	\$ 30,578,312

The notes to the financial statements are an integral part of these financial statements.



ROCKWALL COUNTY, TEXAS  
BALANCE SHEET - GOVERNMENT FUNDS  
SEPTEMBER 30, 2007

	<u>General Fund</u>	<u>Road and Bridge</u>	<u>Debt Service Fund</u>
<b>ASSETS AND OTHER DEBITS</b>			
<b>ASSETS</b>			
Cash and Investments			
Unrestricted	\$ 17,899,174	\$ -	\$ -
Restricted	814,411	982,026	826,273
Receivables (net of allowances for uncollectibles)			
Taxes	368,784	13,056	66,971
Fees and Services	745,421	-	-
Due from Other Funds	471,077	-	-
Prepaid Expense	1,350	-	-
<b>Total Assets</b>	<u>20,300,217</u>	<u>995,082</u>	<u>893,244</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	1,143,562	220,839	-
Accrued Expenses	-	-	-
Deferred Revenue	-	5,488	-
Other Liabilities	642,899	-	-
Due to Other Funds	-	-	-
<b>Total Liabilities</b>	<u>1,786,461</u>	<u>226,327</u>	<u>-</u>
<b>FUND BALANCES</b>			
Reserved for:			
Debt Service	-	-	893,244
Special Revenue	-	-	-
Unreserved - Designated			
Road and Bridge	-	768,755	-
Capital Outlay	1,100,335	-	-
Construction	-	-	-
Special Revenue	-	-	-
Unreserved-Undesignated	17,413,421	-	-
<b>Total Fund Balances</b>	<u>18,513,756</u>	<u>768,755</u>	<u>893,244</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 20,300,217</u>	<u>\$ 995,082</u>	<u>\$ 893,244</u>

The notes to the financial statements are an integral part of these financial statements.

<u>Library Construction Bond Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
-	\$ 406,214	\$ 18,305,388
9,748,135	2,587,719	14,958,564
-	17,449	466,260
-	6,996	752,417
-	-	471,077
-	856	2,206
<u>9,748,135</u>	<u>3,019,234</u>	<u>34,955,912</u>

301,555	71,741	1,737,697
-	2,358	2,358
-	-	5,488
-	6,076	648,975
-	471,077	471,077
<u>301,555</u>	<u>551,252</u>	<u>2,865,595</u>

-	-	893,244
-	2,070,998	2,070,998
-	-	768,755
-	-	1,100,335
9,446,580	-	9,446,580
-	396,984	396,984
-	-	17,413,421
<u>9,446,580</u>	<u>2,467,982</u>	<u>32,090,317</u>
<u>\$ 9,748,135</u>	<u>\$ 3,019,234</u>	<u>\$ 34,955,912</u>

The notes to the financial statements are an integral part of these financial statements.

**ROCKWALL COUNTY, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
SEPTEMBER 30, 2007**

<b>Total fund balances - governmental funds balance sheet</b>	<b>\$ 32,090,317</b>
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.	20,191,294
Other long-term assets are not available to pay for current period expenditures and, therefore, deferred in the funds	141,418
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported in the funds.	(22,275,531)
Internal service funds are used by management to charge the costs of health insurance to individual funds.	430,814
<b>Net assets of governmental activities - statement of net assets</b>	<b><u>\$ 30,578,312</u></b>

The notes to the financial statements are an integral part of these financial statements.



ROCKWALL COUNTY, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENT FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	General Fund	Road and Bridge	Debt Service Fund
<b>REVENUE</b>			
Property Taxes including P&I	\$ 16,963,100	\$ 139,225	\$ 2,427,647
Beverage Tax	161,861	-	-
Fines and Forfeitures	1,199,902	182,232	-
Other Taxes	33,031	-	-
Charge for Services	2,602,540	945,983	-
Intergovernmental	25,092	-	-
Election	-	-	-
Grant Revenue	264,854	-	-
Miscellaneous	50,517	650	-
<b>Total Revenues</b>	<u>21,300,897</u>	<u>1,268,090</u>	<u>2,427,647</u>
<b>EXPENDITURES</b>			
Current operating:			
General Government	2,532,211	-	-
Administrative	1,374,125	-	-
Commissioner expenses	319,893	-	-
Road and Bridges	-	1,149,345	-
Public Safety	7,835,494	-	-
Public Facilities	917,639	-	-
Public Services	343,931	-	-
Judicial	2,081,265	-	-
Legal	1,159,882	-	-
Culture and Recreation	596,324	-	-
Health and Welfare	766,869	-	-
Conservation	106,909	-	-
Capital Outlay	1,152,259	-	-
Other	-	-	-
Debt Service			
Principal Retirement	-	-	1,805,000
Interest and Fiscal Agent Fees	42,963	-	462,247
<b>Total Expenditures</b>	<u>19,229,764</u>	<u>1,149,345</u>	<u>2,267,247</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	2,071,133	118,745	160,400
<b>Other Revenues and Financing Sources (uses)</b>			
Investment Income	1,149,146	69,786	93,410
Bond Proceeds	1,250,000	-	-
Transfers	(352,635)	-	76,752
Sale of Assets	806	13,470	-
<b>Total Other Financing Sources (uses)</b>	<u>2,047,317</u>	<u>83,256</u>	<u>170,162</u>
<b>Net Change in Fund Balances</b>	4,118,450	202,001	330,562
<b>Fund Balances/Equity, October 1</b>	13,836,914	484,161	472,495
<b>Prior Period Adjustments</b>	558,392	82,593	90,187
<b>Fund Balances/Equity, September 30</b>	<u>\$ 18,513,756</u>	<u>\$ 768,755</u>	<u>\$ 893,244</u>

The notes to the financial statements are an integral part of these financial statements.

<u>Library Construction Bond Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 19,529,972
-	-	161,861
-	101,257	1,483,391
-	237,566	270,597
-	515,386	4,063,909
-	44,694	69,786
-	54,556	54,556
-	53,727	318,581
-	13,768	64,935
<u>-</u>	<u>1,020,954</u>	<u>26,017,588</u>
-	105,160	2,637,371
-	-	1,374,125
-	-	319,893
-	471,077	1,620,422
-	290,931	8,126,425
-	-	917,639
-	448,376	792,307
-	26	2,081,291
-	10,138	1,170,020
2,175,165	94,050	2,865,539
-	-	766,869
-	-	106,909
-	81,603	1,233,862
-	6,449	6,449
-	-	1,805,000
-	-	505,210
<u>2,175,165</u>	<u>1,507,810</u>	<u>26,329,331</u>
(2,175,165)	(486,856)	(311,743)
198,497	155,383	1,666,222
11,500,000	-	12,750,000
(76,752)	464,373	111,738
-	-	14,276
<u>11,621,745</u>	<u>619,756</u>	<u>14,542,236</u>
9,446,580	132,900	14,230,493
-	2,272,398	17,065,968
-	62,684	793,856
<u>\$ 9,446,580</u>	<u>\$ 2,467,982</u>	<u>\$ 32,090,317</u>

The notes to the financial statements are an integral part of these financial statements.

**ROCKWALL COUNTY, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**Net change in fund balances - total governmental funds** \$ 14,230,493

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

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. This is the amount by which capital outlays exceeded depreciation in the current period. 2,590,360

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This transaction, however, has no 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. This amount is the net effect of these differences in the treatment of long-term debt and related items. (10,966,163)

Internal service funds are used by management to charge the costs of health insurance to individual funds. 328,482

**Change in net assets of governmental activities - statement of activities** \$ 6,183,172

ROCKWALL COUNTY, TEXAS  
 STATEMENT OF FUND NET ASSETS  
 PROPRIETARY FUNDS  
 SEPTEMBER 30, 2007

	<u>Governmental Activities Internal Service Fund</u>
<b>ASSETS</b>	
Current Assets:	
Receivables (net of allow for uncollectibles)	
Fees and Services	\$ 174,323
Restricted Assets:	
Cash and Cash Equivalents	<u>408,620</u>
<b>Total Assets</b>	<u><u>582,943</u></u>
<b>LIABILITIES</b>	
Current Liabilities:	<u>152,129</u>
Accounts Payable	<u>152,129</u>
<b>Total Liabilities</b>	
<b>NET ASSETS</b>	<u>430,814</u>
Restricted	<u>\$ 430,814</u>
<b>Total Net Assets</b>	

The notes to the financial statements are an integral part of these financial statements.

ROCKWALL COUNTY, TEXAS  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND NET ASSETS - PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Governmental Activities Internal Service Fund</u>
<b>OPERATING REVENUES:</b>	
Charges for Services	\$ 2,297,513
<b>Total Operating Revenues</b>	<u>2,297,513</u>
<b>OPERATING EXPENSES:</b>	
Insurance Claims	1,505,147
Stop-loss Insurance Premiums	193,139
Administrative and Other	150,088
<b>Total Operating Expenses</b>	<u>1,848,374</u>
<b>Operating Income (Loss)</b>	<u>449,139</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>	
Investment Income	(8,919)
Transfers	(111,738)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(120,657)</u>
<b>Net Income</b>	328,482
<b>Net Assets - beginning</b>	<u>102,332</u>
<b>Net Assets - ending</b>	<u>\$ 430,814</u>

The notes to the financial statements are an integral part of these financial statements.

ROCKWALL COUNTY, TEXAS  
 STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Governmental Activities Internal Service Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Users	\$ 2,136,452
Cash Paid to Employees	(150,088)
Cash Paid to Suppliers	(1,801,048)
<b>Net Cash Provided by Operating Activities</b>	<u>185,316</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Income	(8,919)
<b>Net Cash Provided by Investing Activities</b>	<u>(8,919)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	176,397
<b>Cash and Cash Equivalents at Beginning of Year</b>	232,223
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 408,620</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operation Activities:</b>	
Operating Income (Loss)	<u>\$ 449,139</u>
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Transfers	(111,738)
Change in Assets and Liabilities	
Decrease (Increase) in Receivables	(49,323)
Increase (Decrease) in Accounts Payable	(102,762)
Total Adjustments	<u>(263,823)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 185,316</u>

The notes to the financial statements are an integral part of these financial statements.

ROCKWALL COUNTY, TEXAS  
 STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 SEPTEMBER 30, 2007

	Indigent Healthcare Private-purpose Trust Fund	Agency Funds
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 374,314	\$ 2,561,002
Due from Other Funds	25,000	-
<b>Total Assets</b>	<u>399,314</u>	<u>2,561,002</u>
<b>LIABILITIES</b>		
Accounts Payable	5,125	-
Due to Others	-	1,496,564
Due to Other Governments	-	1,064,438
<b>Total Liabilities</b>	<u>5,125</u>	<u>\$ 2,561,002</u>
<b>NET ASSETS</b>		
Held in trust	<u>394,189</u>	
<b>Total Net Assets</b>	<u>\$ 394,189</u>	

The notes to the financial statements are an integral part of these financial statements.

ROCKWALL COUNTY  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Indigent Healthcare Private-purpose Trust Fund</u>
<b>ADDITIONS</b>	
County Contributions	\$ -
Interest Earnings	<u>26,301</u>
<b>Total Operating Revenues</b>	<u>26,301</u>
<b>DEDUCTIONS</b>	
Administrative Expenses	<u>266,225</u>
<b>Total Operating Expenses</b>	<u>266,225</u>
<b>Change in Net Assets</b>	(239,924)
<b>Net Assets - beginning</b>	634,113
<b>Net Assets - ending</b>	<u><u>\$ 394,189</u></u>

The notes to the financial statements are an integral part of these financial statements.

ROCKWALL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

**A. Summary of Significant Accounting Policies**

The accounting and reporting policies of Rockwall County (the "County") reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards*. The financial report has been prepared in accordance with GASB *Statements No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments"*, issued in June 1999 and implemented by the County in FY 2002. The most significant accounting and reporting policies of the County are described in the notes to the financial statements.

1. Reporting Entity

Rockwall County (the "County") was founded in 1873 and operates under the laws of the State of Texas and subsequent court orders providing the following services: public safety (law enforcement and detention facilities, contracts for fire and ambulance service), public welfare (social services, public health), highways and streets, judicial administration and records, library, public improvements, and general administrative services.

The accompanying financial statements present the County and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the County's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the County. We have adopted the provisions of Statement No. 39 of the Governmental Accounting Standards Board, *Determining Whether Certain Organizations are Component Units*, an amendment of Statement No. 14 of the Governmental Accounting Standards Board, *The Financial Reporting Entity*, as of September 30, 2007. There are no organizations that meet the requirements of GASB 39 which require inclusion in the basic financial statements.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activity display information about the primary government (the County). These statements include the financial activities of the overall government, except fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines and charges paid by the recipient of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary and fiduciary* - are present. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

**ROCKWALL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**A. Summary of Significant Accounting Policies**

2. Basis of Presentation, Basis of Accounting  
a. Basis of Presentation (continued)

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings result from nonexchange transactions or ancillary activities.

The County reports the following major governmental funds:

General Fund - The General Fund is the primary operating fund of the County. It is used to account for all financial resources of the general government, except for those required to be accounted for in another fund.

Road and Bridge Fund - The Road and Bridge Fund accounts for the collection and expenditures of those monies designated to be spent for acquisition, construction, and maintenance of county roads and bridges.

Debt Service Fund - The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt associated with the acquisition and/or construction of facilities and equipment for the County.

Library Construction Bond Fund - The Library Construction Bond Fund accounts for the financial resources to be used for the construction of a new library facility.

The County reports the following fund types:

Internal Service Fund - This fund accounts for the County's self-insurance program and employees benefit fund.

Private Purpose Trust Fund - This fund is used to account for resources legally held in trust by a not-for-profit organization devoted to providing indigent healthcare. All resources of the fund may be used for the organization's activities.

Agency Funds - These funds are used to report resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support County programs, these funds are not included in the government-wide statements.

- b. Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The government-wide, proprietary and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

ROCKWALL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

**A. Summary of Significant Accounting Policies**

2. Basis of Presentation, Basis of Accounting  
a. Basis of Presentation (continued)

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. The primary revenue sources susceptible to accrual are property taxes, which are recognized as deferred revenue until cash is received, and grant income, which is accrued when the legal and contractual requirements of the individual programs are met. Expenditures are recorded when incurred. However, expenditures for principal and interest on general long-term debt, compensated absences, and claims and judgments are recorded when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide 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, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenue includes all taxes.

**A. Summary of Significant Accounting Policies**

3. Financial Statement Amounts

- a. Cash and cash equivalents of the County 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. Cash and cash equivalents in the cash flow statement do not include restricted assets.
- b. All investments of the County and its component units are recorded at fair value (defined as the price at which two willing parties would complete an exchange) and made pursuant to the Texas Public Funds Investments Act and investment policy established and approved by the Commissioners Court. Authorized investments include the following:
1. Obligations of the United States or its agencies and instrumentalities;
  2. Direct obligations of the State of Texas;
  3. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States;
  4. Obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent;
  5. Certificates of deposit issued by state and national banks domiciled in Texas that are:
    - (a) Guaranteed or insured by the FDIC, or its successor; or
    - (b) Secured by obligation described by Items above and that have a market value of not less than the principal amount of the certificate;
  6. Fully collateralized direct repurchase agreements having a defined termination date, secured by item 1 above, pledged with a third party selected or approved by the County, and placed through a primary government securities dealer or a bank domiciled in Texas;

**ROCKWALL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**A. Summary of Significant Accounting Policies**

**3. Financial Statement Amounts (continued)**

7. Commercial paper with a stated maturity of 270 days or less from the date of issuance that either:
  - (a) is rated not less than A-1, P-1 or the equivalent by at least two nationally recognized credit rating agencies; or
  - (b) is rated at least A-1, P-1 or the equivalent by at least one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state thereof.

**c. Accounts Receivable**

Property taxes are recognized as revenues in the period for which the taxes are levied, regardless of the lien date. Property taxes for the County are levied based on taxable value on the lien date of January 1 prior to September 30 of the same year. They become due October 1 of that same year and delinquent after January 31 of the following year. Accordingly, receivables and revenues for prior-year levies delinquent at year-end are reflected on the government-wide statement based on the full accrual method of accounting and under the modified accrual method in the fund statements.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursement for services performed by the County. Program grants are recorded as receivables and revenues at the time all eligibility requirements have been met and reimbursable costs are incurred.

Reimbursements for services performed are recorded as receivables and revenues when they become eligible for accrual in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements.

Receivables are shown net of an allowance for uncollectibles.

Lending or borrowing between funds is reflected as "due to" or "due from" (current portion) or "advance to/from other funds" (noncurrent). Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. Inter-fund activity reflected in "due to" or "due from" is eliminated on the government-wide statements.

**d. Supplies and Prepaid Items**

Supplies are recorded by the County at cost using the average cost method. The cost of government fund type inventories is recorded as an expenditure when consumed rather than when purchased.

**e. Restricted Net Assets**

Upon receipt, contributions, grants, and other revenues restricted by donors for specific purposes are added to restricted assets of the County. Each fund with restricted net assets has an administrator who is responsible for monitoring the revenues and expenses and for ensuring that the fund's resources are being used for the purpose stated.

**ROCKWALL COUNTY, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**A. Summary of Significant Accounting Policies**

3. Financial Statement Amounts (continued)

f. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads and bridges), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements at cost. The County defines capital assets as assets with an individual cost of more than \$5,000 and an estimated useful life greater than 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs are charged to operations when incurred. Betterments and improvements that add to the value of the asset, change capacity, or materially extend assets lives are capitalized.

Capital assets of the County are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives. There is no salvage value for infrastructure since these assets will not be sold, although, some benefit may still be provided by fully depreciated roads and bridges.

The following presents the estimated useful lives for capital assets of the County:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	10-40
Buildings	10-40
Improvements	5-40
Equipment	5-10

g. Compensated Absences

A liability for unused paid time off and compensatory time for all full-time employees is calculated and reported in the government-wide financial statements. For financial reporting, the following criteria must be met to be considered as compensated absences: a) leave or compensation is attributable to services already rendered, and b) leave or compensation is not contingent on a specific event (such as illness).

GASB Interpretation 6 indicates that liabilities for compensated absences should only be recognized in the fund statements to the extent the liabilities have matured and are payable out of current available resources. Compensated absences are accrued in the government-wide statements.

County employees earn annual leave up to a maximum of 20 days per year based on months of service. Full-time regular employees earn 10 days of sick leave per year. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amounts when employees separate from service with the County. Employees who have been employed for a year or more are eligible to be paid for all unused annual leave at their regular rate of pay upon termination of employment. Vacation pay is accrued when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

As of September 30, 2007, the County had accrued compensated absences in the amount of \$404,874.

**ROCKWALL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**A. Summary of Significant Accounting Policies**

**3. Financial Statement Amounts (continued)**

**h. Long-term Obligations**

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

In the fund financial statements, government 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 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.

**i. Property Taxes**

Property subject to taxation is real property and certain personal property situated in the County. Certain properties of religious, educational and charitable organizations are exempt from taxation. In addition, other special exemptions are allowed by the Commissioners Court of the County.

The County's ad valorem taxes are levied and become a legal enforceable claim, on October 1 on 100% of assessed valuation at a rate of \$0.3507 (\$0.2972 for the maintenance and operations and \$0.0535 for interest and sinking fund) per \$100 valuation as of the preceeding January 1. These taxes are due and payable from October 1 of the year in which levied until January 31 of the following year without interest or penalty. Taxes paid after February 1 of each year are subject to interest and penalty charges.

Collections of the current year's levy are reported as current collections if received by January 31 (within four months of October 1 due date). Collections received thereafter are reported as delinquent collections.

The County's taxes on real property are a lien (as of the date of levy) against such property until paid. The County may foreclose on real property upon which it has a lien for unpaid taxes. Delinquent taxes on property not otherwise collected are generally paid when there is a sale or transfer of the title to the property.

Any liens and subsequent suits against the taxpayer for payment of delinquent personal property taxes are barred unless instituted within four years from the time such taxes became delinquent. Unlike real property, the sale or transfer of most personal property does not require any evidence that taxes thereon are paid.

**j. Budgetary Information**

The County judge serves as the budget officer for the Commissioners' Court and submits the annual budget for approval where the legal level of control is by category. Amendments to the budget and additional appropriations must be approved by Commissioners' Court. Following is a summary of the budget calendar.

1. The proposed budget is filed with the County Clerk and made available for public inspection.
2. The Commissioners' Court holds a public hearing on the proposed budget and subsequently makes changes and approves the budget including the adoption of a property tax levy which is effective on October 1 preceeding the beginning of the fiscal year.

**ROCKWALL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**A. Summary of Significant Accounting Policies**

- 3. Financial Statement Amounts
  - j. Budgetary Information (continued)

- 3. The approved budget is filed with the County Clerk.
- 4. During the course of the budget year, it may be necessary to amend the budget. The Commissioners' Court may, by order, authorize an emergency expenditure as an amendment to the original budget only in a case of grave public necessity to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonable diligent thought and attention. The Commissioners' Court may issue an order to amend the budget by transferring an amount budgeted for one line item to another budgeted line item without authorizing an emergency expenditure.

To provide for a more meaningful budgetary comparison, the County's financial schedules of revenue and expenditures (budget versus actual) recognizes only the actual lease payments made on new capital leases, rather than recognizing the full acquisition price of the capital lease as both an expenditure and as an other financing source.

k. Fund Equity

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

l. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**B. Reconciliation of Government-Wide and Fund Financial Statements**

- 1. 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 for total governmental funds and net assets as reported in the government-wide statement of net assets. One element of that reconciliation explains, "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 (\$22,275,531) difference are as follows:

Bonds payable	\$ (21,860,000)
Accrued interest payable	(114,614)
Compensated Absences	(404,874)
Bond Premiums	(18,365)
Bond Issuance Fees	<u>122,322</u>
Net adjustment to reduce fund balance - total government funds to arrive at net assets - governmental activities	<u>\$ (22,275,531)</u>

ROCKWALL COUNTY, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

**B. Reconciliation of Government-Wide and Fund Financial Statements**

1. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets. (continued)

Another element of that reconciliation explains, "Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds." These assets consist of:

Land	\$ 5,814,371
Buildings and improvements	11,349,135
Machinery and equipment	6,846,883
Infrastructure	1,014,200
Construction-in-Progress	2,848,541
Accumulated Depreciation	<u>(7,681,836)</u>
Net adjustment to increase fund balance - total government funds to arrive at net assets - governmental activities	<u>\$ 20,191,294</u>

Other miscellaneous elements of the reconciliation explain individual specific amounts reported differently in net assets - governmental activities in contrast to fund statements. These various elements are as follows:

Deferred Revenues	\$ 110,737
Capius Receivable	<u>30,681</u>
Net adjustment to increase fund balance - total government funds to arrive at net assets - governmental activities	<u>\$ 141,418</u>

2. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of 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 indicates, "Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets are allocated over their estimated useful lives and reported as depreciation expense" on capital outlays for County-owned assets only. Some capital outlays are for roads not owned by the County. The details of this \$2,590,361 difference are as follows:

Capital projects - capital asset additions	\$ 3,727,116
Capital assets decreases	(66,060)
Depreciation expense	<u>(1,070,696)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 2,590,360</u>

**ROCKWALL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**B. Reconciliation of Government-Wide and Fund Financial Statements**

2. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (continued)

Another element of that reconciliation states that "the issuance of long-term debt 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 activities." The details of this (\$10,877,961) difference are as follows:

Principal repayments	\$ 1,805,000
Interest payable	(36,910)
Limited tax notes proceeds	(12,750,000)
Bond Premium	(18,365)
Bond Issuance Fees	122,322
Compensated Absences	(88,210)
	<hr/>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (10,966,163)</u>

**C. Deposits and Investments**

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes Rockwall County to invest its funds under a written investment policy (the "Investment Policy") that primarily emphasized safety of principal and liquidity. It also addresses investment diversification, yield, and maturity along with quality and capability of investment personnel. The investment policy defines what constitutes the legal list of investment allowed under the policy, which excluded certain investment instruments allowed under Chapter 2256 of the Local Government Code.

The County's deposits and investments are invested pursuant to the Investment Policy, which is approved annually by Commissioners' Court. The Investment Policy includes a list of authorized investment instruments and a maximum allowable stated maturity of any individual investment by source of funds. In addition, it includes an "Investment Strategy Statement" that specifically addresses each fund's investment options and describes the priorities of preservation and safety of principal, liquidity, marketability, diversifications, and yield.

The County Investment Officers submit an investment report as specified by Chapter 2256 of the Texas Government Code each quarter to Commissioners' Court. The report details the investment position of the County and the compliance of the investment portfolio as it relates to both the adopted investment policy and Texas State Statute.

The County's demand deposits, including certificates of deposit, are fully covered by collateral held by the County's agents, Federal Reserve Bank of New York, in the County's name. The investments are comprised of Federal Home Loan Bank issues, Federal Home Loan Mortgage Corporation issues with a rating of A or better, and Federal Deposit Insurance Corporation (FDIC) insurance. The County's collateral agreements require the market value of securities held by its agents to exceed the total amount of cash and investments held by American National Bank (depository bank) at all times. All other deposits are held in trust and are limited to individual accounts fully insured by federal deposit insurance.

**ROCKWALL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**C. Deposits and Investments**

**a. Investments (continued)**

The County's investment policy and depository contract are in accordance with the laws of the State of Texas. The policy and depository contract identify authorized investments and investment terms, collateral requirements, and safekeeping requirements for collateral. All the County's investments are insured, registered, or the County's agent holds the securities in the County's name.

The investment officers are authorized jointly to invest in the following investment instruments provided the investments meet the guidelines of the investment policy:

1. Obligations including letters of credit of the United States of its agencies and instrumentalities;
2. Direct obligations of this state or its agencies and instrumentalities;
3. Other obligations, the principle and interest on which an unconditional guarantee or are insured by or backed by the full faith and credit of this state of the United States or their respective agencies and instrumentalities;
4. Certificate of deposit issued by the state or national bank and savings and loan or state or federal credit unions domiciled in this state and are:
  - a) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor.
  - b) governed by the depository agreement, as described in 5.d of this section, that complies with federal and state regulations for properly securing a pledge security interest; and
  - c) solicited by bid orally, in writing, electronically, or any combination of these methods.
5. Fully collateralized repurchase agreements, as defined in the Public Funds Investment Act, Chapter 2256.011 (a) (1-4), b), c), and d), Government Code, if they:
  - a) have a defined termination date;
  - b) are secured by obligations described by section 2256.009(a)(1) of the Public Funds Investment Act; and
  - c) requires the securities being purchased by the County to be pledged to the County, held in the County's name, and deposited at the time the investment is made with the County or with a third party selected and approved by the County; and
  - d) is placed through a primary governments securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state;
  - e) may not exceed 90 days after the date the reverse security repurchase agreement is delivered.
  - f) must mature not later than the expiration date stated in the reverse security repurchase agreement.
6. Money market mutual funds regulated by the Securities and Exchange Commission with a dollar weighted average portfolio maturity of 90 days or less; that fully invest dollar for dollar all County funds without sales commissions or loads and whose investment objectives include seeking to maintain a stable net asset value of \$1 per share. The County may not invest funds under its control in an amount that exceeds 10% of the total assets of any individual money market mutual funds, excluding bond proceeds and reserves and other funds held for debt service in money market mutual funds.
7. Eligible investment pools, as discussed in Chapter 2256016-.019, if the Commissioners' Court, by order, authorizes investment in the particular pool. An investment pool shall invest the funds it receives from entities in authorized investments permitted by the Public Investment Act. A County, by contract, may delegate to an investment pool the authority to hold legal title as custodian of the investments purchased with its local funds.
8. The County does not invest in reverse repurchase agreements.

The County participates in three Local Government Investment Pools: Texpool, TexSTAR and Texas CLASS. The State oversees these, with a third party managing the daily operations of the pools under contract.

**ROCKWALL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**C. Deposits and Investments**

a. Investments (continued)

The County invests in Texpool, TexSTAR and Texas CLASS to provide its liquidity needs. All are Local Government Investment Pools established in conformity with the Inter-local Cooperation Act, Chapter 791 of the Texas Government Code and the Public Investment Act, Chapter 2256 of the Code. They are 2(a)7 like fund, meaning that it is structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are adjusted daily and the fund seeks to maintain a constant net asset value of \$1.00, although this cannot be guaranteed. All three are rated AAAM and must maintain a weighted average maturity not to exceed 60 days. At September 30, 2007, Texpool, TexStar and Texas CLASS had a weighted average maturity of 33, 20 and 41 days respectively. The County considers the holdings in these funds to have a one day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, short of a significant change in value.

At September 30, 2007, the carrying amount of the County's deposits (cash and interest-bearing savings accounts included in temporary investments) was \$33,616,216, and the bank balances were \$34,052,041. The bank balance was fully covered by federal depository insurance or by collateral held in the County's name.

At year-end, the County's investments consisted of funds invested in the three Texas Local Government Investment Pool, Pools, Government Special Entities Securities, and certificates of deposit. Certificates of deposit with a maturity of three months or less are cash equivalents for the County.

b. Investment Categories

The risk exposures for governmental individual major funds, non-major funds in the aggregate, internal funds, and fiduciary fund types of the County are not significantly greater than the deposit and investment risk of the primary government. The Investment Policy segregates the portfolios into strategic categories including:

1. General Operating Funds;
2. Debt Service Funds;
3. Capital Project Bond Funds;
4. Special Revenue Funds;
5. Internal Service Funds

The County's Investment Policy seeks to control credit risk. Such risk shall be controlled by investing in compliance with the County's Investment Policy, qualifying the brokers and financial institutions with whom the County transacts, sufficient collateralization, portfolio diversification, and limiting maturities.

**General Operating Fund**

As of September 30, 2007 the County's General Operating Fund had the following investments:

Investment Type:	Category			Carrying Amount	Fair Value
	1	2	3		
Government Securities	\$ 5,267,395	\$ -	\$ -	\$ 5,267,395	\$ 5,273,231
Total	\$ 5,267,395	\$ -	\$ -	\$ 5,267,395	\$ 5,273,231
Investments Not Subject to Categorization:					
Texas Local Government:					
Texpool Investment Pool				\$ 158,840	\$ 158,840
TexSTAR Investment Pool				2,278,310	2,278,310
Texas CLASS Investment Pool				10,301,253	10,301,253
Total				12,738,403	12,738,403
Total Investments				\$ 18,005,798	\$ 18,011,634

**ROCKWALL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**C. Deposits and Investments**

b. Investment categories (continued)

Credit Risk

As of September 30, 2007, the local government Pools Texpool, TexSTAR and Texas CLASS (approximately 71% of the portfolio) were rated AAAM by Standard and Poor's. The US Agency Bonds and Notes (approximately 29% of the portfolio) were rated AAA by Standard and Poor's.

Interest Rate Risk

As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy requires that investment maturities not exceed two years for all investment types except General Fund. This is limited to five years. The dollar weighted average maturity for all securities was 209 days, which is well below the allowed five years. This is due to the conservative approach taken in a market of rising interest rates.

**Debt Service Funds**

As of September 30, 2007, Rockwall County debt service funds had the following investments:

Investment Type:	Fair Value	Weighted Avg
	Governmental Activities	Maturity (days)
Texas CLASS	\$ 621,028	41

Credit Risk

As of September 30, 2007, Texas CLASS was rated AAAM by Standard and Poor's.

Interest Rate Risk

Investment strategies for debt service fund has as the primary objective the assurance of investment liquidity adequate to cover the debt service obligations.

**Capital Project Bond Funds**

As of September 30, 2007, Rockwall County's Capital Project Bond Funds had the following investments:

Investment Type:	Fair Value	Weighted Avg
	Governmental Activities	Maturity (days)
TexSTAR	\$ 9,732,849	20
Texas CLASS	\$ 462,271	41
Library CD	\$ 202,119	

Credit Risk

As of September 30, 2007, TexSTAR and Texas CLASS (approximately 98% of the portfolio) was rated AAAM by Standard and Poor's. The US Agency Bonds (approximately 2% of the portfolio) were rated AAA by Standard and Poor's.

Interest Rate Risk

Investment strategies for capital project funds has as the primary objective the assurance of investment liquidity adequate to cover the capital construction obligations on the required date.

**Special Revenue Funds**

As of September 30, 2007, Rockwall County's Special Revenue Funds had the following investments:

Investment Type:	Fair Value	Weighted Avg
	Governmental Activities	Maturity (days)
Texas CLASS	\$ 68,585	41
Texpool	\$ 1,570,061	33

**ROCKWALL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**C. Deposits and Investments**

b. Investment categories (continued)

Credit Risk

As of September 30, 2007, Texpool and Texas CLASS were rated AAAM by Standard and Poor's.

Interest Rate Risk

As a means to minimize risk of loss due to interest rate fluctuations, the investment policy requires that investment maturities in this category not exceed two years and meet cash flow requirements of these funds. The overall dollar weighted average maturity of 286 days reflects a conservative approach in a rising interest market environment.

**Road and Bridge Fund**

As of September 30, 2007, Rockwall County's Road and Bridge Fund had the following investments:

Investment Type:	Fair Value	Weighted Avg Maturity (days)
	Governmental Activities	
Texpool	\$ 982,026	33

Credit Risk

As of September 30, 2007, Texpool was rated AAAM by Standard and Poor's.

Interest Rate Risk

Investment strategies for the Road and Bridge fund has as the primary objective the assurance of investment liquidity adequate to cover the costs of upkeep of the County roads and bridges.

**D. Receivables**

Receivables as of year-end for the government's individual major funds and nonmajor funds including the applicable allowances for uncollectible accounts, as follows:

	General	Road and Bridge	Debt Service	Library Construction Bond Fund	Nonmajor Funds
Receivables:					
Taxes	\$ 485,243	\$ 14,040	\$ 88,121	\$ -	\$ 17,449
Adjudicated fines	730,749	-	-	-	-
Accounts	259,306	-	-	-	6,996
Due from Other Funds	471,077	-	-	-	-
Gross receivables	<u>1,946,375</u>	<u>14,040</u>	<u>88,121</u>	<u>-</u>	<u>24,445</u>
Less: allowance for uncollectibles	<u>361,093</u>	<u>984</u>	<u>21,150</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u><u>\$ 1,585,282</u></u>	<u><u>\$ 13,056</u></u>	<u><u>\$ 66,971</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 24,445</u></u>

ROCKWALL COUNTY, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

**E. Capital Assets**

Capital assets are recorded at cost or, if donated, at fair value at the date of receipt. In accordance with GASB 34, depreciation policies were adopted to include useful lives and classification by function. Infrastructure assets are valued in two ways: either actual historical cost where the amount can be determined from existing records or using current cost deflated to the year of construction. Once the historical cost is determined, regardless of how it is determined, the asset is then depreciated over its useful life.

Capital asset activity for the period ended September 30, 2007 was as follows:

	Beginning Balances	Prior Period Adjustments	Additions	Decreases	Ending Balances
Governmental activities:					
Capital assets, not being depreciated					
Land	\$ 5,417,583	\$ -	\$ 396,788	\$ -	\$ 5,814,371
Construction in progress	357,706	-	2,490,834	-	2,848,540
Total capital assets not being depreciated	<u>5,775,289</u>	<u>-</u>	<u>2,887,622</u>	<u>-</u>	<u>8,662,911</u>
Capital assets, being depreciated					
Buildings and improvements	11,336,345	-	12,791	-	11,349,136
Infrastructure	1,014,200	-	-	-	1,014,200
Machinery and equipment	6,152,298	-	760,644	(66,060)	6,846,882
Total capital assets being depreciated	<u>18,502,843</u>	<u>-</u>	<u>773,435</u>	<u>(66,060)</u>	<u>19,210,218</u>
Less accumulated depreciation:					
Buildings	3,174,574	-	306,722	-	3,481,296
Infrastructure	4,489	-	29,799	-	34,288
Machinery and equipment	3,498,137	-	734,174	(66,060)	4,166,251
Total accumulated depreciation	<u>6,677,200</u>	<u>-</u>	<u>1,070,695</u>	<u>(66,060)</u>	<u>7,681,835</u>
Total capital assets, being depreciated, net	<u>11,825,643</u>	<u>-</u>	<u>(297,260)</u>	<u>-</u>	<u>11,528,383</u>
Governmental activities capital assets, net	<u>\$ 17,600,932</u>	<u>\$ -</u>	<u>\$ 2,590,362</u>	<u>\$ -</u>	<u>\$ 20,191,294</u>

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

Governmental Activities:	
General government	\$ 479,939
Public facilities	27,211
Judicial	29,211
Financial administration	125,539
Public safety	140,521
Roads and Bridges	205,788
Health and welfare	58,044
Culture and recreation	4,442
Total Depreciation Expense - Governmental Activities	<u>\$ 1,070,695</u>

**ROCKWALL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**F. Long-Term Obligations**

The County issues general obligation bonds and tax notes to finance major capital projects. General obligations debt, certificates of obligation and contractual obligations are generally payable from property tax revenues. All other obligations, including capital leases and compensated absences, are payable from revenues of the general fund.

Certificates of Obligation

The County periodically sells issues of certificates of obligation. Detailed information on outstanding certificates of obligation follows:

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Principal Balance</u>	<u>Due Within One Year</u>
\$4,500,000 Certificates of Obligation, Series 1998	1/15/1998	3.8% - 4.6%	<u>\$ 3,025,000</u>	<u>\$ 220,000</u>

Certificates of Obligation, Series 1998, in the amount of \$4,500,000 were issued for the purpose of constructing, improving, renovating, expanding, and equipping County jail facilities. Principal maturities will occur annually in August of each year. Interest payments occur semi-annually in February and August ranging from 4% - 4.75%. The final principal and interest payment is due on August 15, 2018.

The requirements to amortize all certificates of obligation outstanding, as of September 30, 2007, are as follows:

Year Ending September 30	<u>Certificates of Obligation</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 220,000	\$ 137,932	\$ 357,932
2009	230,000	128,692	358,692
2010	240,000	118,802	358,802
2011	250,000	108,242	358,242
2012	260,000	97,118	357,118
2013-2017	1,485,000	296,318	1,781,318
2018	340,000	16,150	356,150
	<u>\$ 3,025,000</u>	<u>\$ 903,254</u>	<u>\$ 3,928,254</u>

**ROCKWALL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**F. Long-Term Obligations (continued)**

Tax Notes

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Principal Balance</u>	<u>Due Within One Year</u>
\$3,900,000 permanent improvements limited tax notes, Series 2001	5/1/2001	4.8%	3,125,000	160,000
\$1,500,000 limited tax notes Series 2002	4/1/2002	3.7% - 4.2%	650,000	320,000
\$2,000,000 limited tax notes Series 2002A	10/23/2002	3%	710,000	350,000
\$850,000 limited tax notes Series 2003	12/2/2003	2.85%	450,000	145,000
\$950,000 limited tax notes Series 2004	11/4/2004	3.51%	670,000	160,000
\$550,000 limited tax notes Series 2005	11/30/2005	3.85%	480,000	90,000
\$11,500,000 limited tax notes Series 2007	6/18/2007	4.0%-4.0375%	11,500,000	205,000
\$1,250,000 limited tax notes Series 2007	9/18/2007	3.75%-4.03%	1,250,000	165,000
			<u>\$ 18,835,000</u>	<u>\$ 1,595,000</u>

The \$3,900,000 Limited Tax Notes, Series 2001, were issued for the purpose of acquiring land for a building to house the courts and expansion of the Criminal Justice and Detention Center and the purchase of land for a new library and library improvements. Principal maturities will occur annually beginning August, 2002. Interest payments occur semi-annually in February and August ranging from 4.5% to 5.0%. The final principal and interest payment is due August, 2021.

The \$1,500,000 Limited Tax Notes, Series 2002, were issued for the purpose of remodeling, expanding, and equipping of the County Courthouse facilities, and to pay costs associated with the issuance of the notes. Principal maturities will occur annually beginning February, 2004. Interest payments occur semi-annually in February and August ranging from 3.7% to 4.2%. The final principal and interest payment is due February, 2009.

The \$2,000,000 Limited Tax Notes, Series 2002A, were issued for the purpose of (1) to acquire computer equipment, copying and mail processing equipment, and data communications equipment, (2) construction of a storage building and (3) pay costs associated with the issuance of the Note. Principal maturities will occur annually beginning February, 2004. Interest payments occur semi-annually in February and August at 3.0%. The final principal and interest payment is due February, 2009.

The \$850,000 Limited Tax Notes, Series 2003, were issued for the purpose of purchasing equipment for "general County purposes" consisting principally of filing cabinets, shelving, and other storage equipment. Principal maturities will occur annually beginning in February, 2005. Interest payments occur semi-annually in February and August at 2.85%. The final principal and interest payment is due February, 2010.

**ROCKWALL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**F. Long-Term Obligations**

Tax Notes (continued)

The \$950,000 Limited Tax Notes, Series 2004, were issued for the purpose of purchasing five public safety vehicles, a vehicle for the County Health department, equipment for Road & Bridge, expansion of County jail, and other capital equipment purchases for general County purposes. Principal maturities will occur annually beginning February, 2006. Interest payments occur semi-annually in February and August at 3.51%. The final principal and interest payment is due February, 2011.

The \$550,000 Limited Tax Notes, Series 2005, were issued for the purpose of (a) acquisition of (1) book binding machine, computer equipment and software, courtroom equipment and software, information systems, storage equipment and facilities and furniture and furnishing several offices, (2) GPS navigation system for 911 Coordinator, (3) vehicles and cleaning equipment for Maintenance and Operations, (4) vehicles for Sheriff's office and Jail, and (5) trucks for Road and Bridge; (b) construction improvements to County Clerk's office, courtrooms, and indigent Health Care offices and to pay the costs of issuance fees of the Notes. Principal maturities will occur annually beginning in February, 2007. Interest payments will occur semi-annually in February and August at 3.85%. The final principal and interest payment is due February, 2012.

The \$11,500,000 Limited Tax Notes, Series 2007, were issued for the purpose of designing, constructing and equipping of a new 52,000 square foot Library. Principal maturities will occur annually beginning in February, 2008. Interest payments will occur semi-annually in February and August with a range of 4.0% - 4.375%. The final principal and interest payment is due February, 2027.

The \$1,250,000 Limited Tax Notes, Series 2007, were issued for the purpose of purchasing computer equipment and software, audio/video equipment, security equipment, information systems, courtroom equipment, technology upgrades, office equipment, furniture and furnishing for County offices, purchase of voter election management system and voting registration card imaging, vehicles for Public Safety departments, vehicles and equipment for Road and Bridge, construction of holding cells for County Court at Law and District Courts, and acquisition of land and improvements for expansion for Jail and other County facilities. Principal maturities will occur annually beginning in February, 2008. Interest payments will occur semi-annually in February and August with a range of 3.75% - 4.03%. The final principal and interest payment is due February, 2014.

The requirements to amortize all tax notes outstanding, as of September 30, 2007, are summarized as follows:

Year Ending September 30	Tax Notes		
	Principal	Interest	Total
2008	\$ 1,595,000	\$ 945,979	\$ 2,540,979
2009	1,815,000	720,957	2,535,957
2010	1,165,000	662,383	1,827,383
2011	1,055,000	618,680	1,673,680
2012	920,000	579,202	1,499,202
2013 - 2017	4,055,000	2,284,076	6,339,076
2018 - 2022	4,300,000	1,347,402	5,647,402
2023 - 2027	3,930,000	444,719	4,374,719
	<u>\$ 18,835,000</u>	<u>\$ 7,603,398</u>	<u>\$ 26,438,398</u>

**ROCKWALL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**G. Schedule of Changes in Long-Term Debt**

Description	Amounts	Amounts			Amounts
	Original Issue	Outstanding September 30 2006	Issued	Retired	Outstanding September 30 2007
Certificates of Obligation	\$ 4,500,000	\$ 3,235,000	\$ -	\$ 210,000	\$ 3,025,000
Refunding Bonds	1,435,000	310,000	-	310,000	-
Tax notes	10,950,000	7,370,000	12,750,000	1,285,000	18,835,000
Compensated Absences		316,664	88,210	-	404,874
	<u>\$ 16,885,000</u>	<u>\$ 11,231,664</u>	<u>\$ 12,838,210</u>	<u>\$ 1,805,000</u>	<u>\$ 22,264,874</u>

**H. Pension Plan**

**Defined Benefit Plan - Texas County and District Retirement System (TCDRS)**

**1. Plan Description**

The County provides retirement, disability, and death benefits for all of its fulltime 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-employee retirement system consisting of 574 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 employer, within the options available in the Texas state statues governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 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 of service, but must leave their accumulated contributions 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 employer 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 contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

**2. Funding Policy**

The employer 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 employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 8.46% for the months of the accounting year in 2006 and 8.99% for the months of the accounting year in 2007. The County also elected to make a lump sum payment of \$1,000,000 into the plan in December 2006.

The contribution rate payable by the employee members for calendar year 2007 is the rate of 7.0% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

For the employer's accounting year ended September 30, 2007, the annual pension cost for the TCDRS plan for its employees was \$876,568, and the actual contributions were \$876,568.

**ROCKWALL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**H. Pension Plan (continued)**

**3. Annual Pension Cost**

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2005 and December 31, 2004, the basis for determining the contribution rates for calendar years 2005 and 2006. The December 31, 2006 actuarial valuation is the most recent valuation.

**Rockwall County, Texas  
Schedule of Actuarial Liabilities and Funding Progress**

	<u>12/31/04</u>	<u>12/31/05</u>	<u>12/31/06</u>
Actuarial Valuation Date	entry age	entry age	entry age
Actuarial cost method	level percentage	level percentage	level percentage
Amortization method	of payroll, open	of payroll, open	of payroll, open
Amortization period	20	20	15
Asset valuation method	long-term	long-term	SAF: 10-yr
UAAL as a Percentage of Covered Payroll	appreciation	appreciation	smoothed value
	with adjustment	with adjustment	ESF: Fund value
Actuarial Assumptions:			
Investment return	8.00%	8.00%	8.00%
Projected salary increases	5.5%	5.5%	5.3%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

**Trend Information for the  
Retirement Plan for the Employees of Rockwall County, Texas**

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2004	\$ 612,923	100%	-
9/30/2005	744,379	100%	-
9/30/2006	805,029	100%	-
9/30/2007	876,568	100%	-

**Schedule of Funding Progress for the Retirement Plan  
For the Employees of Rockwall County, Texas**

Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Coverage Payroll (1) (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2004	11,186,681	13,892,835	2,706,154	80.52%	8,170,746	33.12%
2005	13,003,283	15,861,964	2,858,681	81.98%	8,945,757	31.96%
2006	15,868,908	17,295,306	1,426,398	91.75%	9,681,214	14.73%

1) The annual covered payroll is based on the employee contributions received by TCDRS for the year ending with the valuation date.

2) Revised economic and demographic assumptions due to an experience review were reflected in this valuation.

**ROCKWALL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**I. Health Care Coverage (Self-Insured Plan)**

During the year ended September 30, 2007, employees of the County were covered by a health insurance plan (the Plan). The County contributed \$756 per month per employee and 0% of the cost for dependents. Employees, at their option, authorized payroll withholdings to pay contributions for dependents. All contributions were paid into the County's Insurance Trust Fund. The Plan was authorized by article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

**J. Self-Insurance Coverage**

The County is exposed to various risks of loss in its normal daily operations. These risks include tort claims, theft/damage of County assets, errors and omissions, and natural disasters. The County has established a separate self-insurance fund (Internal Service) to account for these operations.

Below is a schedule of insurance in force.

Company	Policy Number	Description of Coverage	Amount of Coverage	Period Covered	Deductible	Premium
Liability Coverage:						
Tx Assoc of Counties	1990	General	300,000	2/18/07 to	\$ 1,000	\$ 34,252
Cnty Gov Risk Pool			per occurrence	2/18/2008		
Tx Assoc of Counties	1990	Automotive	300,000	2/18/07 to	\$ 1,000	\$ 47,803
Cnty Gov Risk Pool			per occurrence	2/18/2008		
Tx Assoc of Counties	1990	Law	2,000,000	2/18/07 to	\$ 5,000	\$ 168,426
Cnty Gov Risk Pool		Enforcement	per claim	2/18/2008		
Tx Assoc of Counties	1990	Crime	20,000	2/18/07 to	\$ 1,000	\$ 4,504
Cnty Gov Risk Pool		Coverage	100,000 per	2/18/2008		
Tx Assoc of Counties	1990	Public	2,000,000	2/18/07 to	\$ 5,000	\$ 87,392
Cnty Gov Risk Pool		Officials	per claim	2/18/2008		
Property Coverage:						
Tx Assoc of Counties	1990	Real and	Replacement	2/18/07 to	as specified	\$ 62,495
Cnty Gov Risk Pool		Personal	Cost	2/18/2008		
Tx Assoc of Counties	1990	Automobile-	Comprehensive	2/18/07 to	\$ 1,000	\$ 32,234
Cnty Gov Risk Pool		Phys. Damage	Scheduled	2/18/2008		

**K. Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the County carries commercial insurance. The County participates in a risk management program through Texas Association of Counties for workers' compensation coverage. The County currently provides health benefits for its employees.

The County has not had any significant reductions in insurance coverage from coverage in the prior year. The amount of settlements has not exceeded insurance coverage in any of the previous three years.

**L. Commitments and Contingencies**

The County is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of the management, the outcome of these lawsuits will not have a material adverse effect on the accompanying combined financial statements and accordingly, no provision for losses has been recorded.

The County participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at September 30, 2007, may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

**ROCKWALL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

**M. Interfund Transfers**

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 13,132,769	\$ 5,504,036
Emergency Management	-	57,015
COP Fast Grant	-	114,396
Help America Vote	246,246	-
Emergency Management Grant	-	73,238
County Clerk Managemnt & Preservation	33,245	-
Records Management & Preservation	-	10,000
Courthouse Security	-	50,000
Debt Service	1,728,248	-
Library Construction Bond	76,752	9,411,287
Capital Projects 2007	-	217,720
Capital Projects 2005	15,305	-
Library Building	7,950	-
Capital Projects 2003	14,933	-
Capital Projects 2006	5,398	-
Road Improvements Bond 2008	471,077	-
JPD Local Fund	-	380,000
Library	-	25,969
Internal Service Fund	111,738	-
Net Governmental	<u>\$ 15,843,661</u>	<u>\$ 15,843,661</u>

**N. Prior Period Adjustments**

Prior period adjustments consisted primarily of an adjustment of \$473,017 to deferred revenues and a reclassification of a JPD fund balance in the amount of \$62,684 that had not previously been included in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION



ROCKWALL COUNTY, TEXAS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

SCHEDULE OF PENSION TRUST - TCDRS FUNDING PROGRESS AND CONTRIBUTIONS  
 LAST THREE FISCAL YEARS (Unaudited)

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Unit Credit	Actuarial Accrued Liability UAAAL	Funded Percent	Covered Payroll	UAAAL as Percent of Covered Payroll	Annual		Percent Contributed
								Required Contributions	Actual Contributions	
2005	12/31/2004	\$ 1,075,000	\$ 950,000	\$(125,000)	113.16%	\$ 708,000	-17.66%	\$ 49,262	\$ 49,262	100.00%
2006	12/31/2005	869,000	743,000	(126,000)	116.96%	961,000	-13.11%	78,638	78,638	100.00%
2007	12/31/2006	978,468	799,305	(179,163)	122.41%	1,324,565	-13.53%	99,193	99,193	100.00%

The notes to the financial statements are an integral part of these financial statements.

ROCKWALL COUNTY, TEXAS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual Amounts	Difference
	Original	Final		
<b>REVENUE</b>				
Property Taxes	\$ 16,999,882	\$ 16,999,882	\$ 16,963,100	\$ (36,782)
Fees and commissions	2,089,934	2,015,934	2,602,540	586,606
Fines	1,250,000	1,250,000	1,199,902	(50,098)
Other Taxes	30,000	30,000	33,031	3,031
Beverage Taxes	100,000	100,000	161,861	61,861
Grant Revenue	30,000	104,000	264,854	160,854
Intergovernmental Revenue	-	-	25,092	25,092
Miscellaneous	30,000	30,000	50,517	20,517
<b>Total Revenues</b>	<b>20,529,816</b>	<b>20,529,816</b>	<b>21,300,897</b>	<b>771,081</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
<b>General Government:</b>				
County judge	102,827	115,827	113,437	2,390
County clerk	828,315	828,315	715,712	112,603
Information services	273,608	273,608	194,653	78,955
Nondepartmental	2,464,392	2,260,010	1,446,262	813,748
Commissioners Court	67,130	67,130	62,147	4,983
<b>Total General Government</b>	<b>3,736,272</b>	<b>3,544,890</b>	<b>2,532,211</b>	<b>1,012,679</b>
<b>Judicial</b>				
District clerk	544,496	544,496	503,823	40,673
District court	753,297	753,277	656,958	96,319
Justice of the peace, precinct #1	252,282	252,282	228,502	23,780
Justice of the peace, precinct #2	246,392	246,392	230,123	16,269
Court at Law	551,265	551,265	461,859	89,406
<b>Total Judicial</b>	<b>2,347,732</b>	<b>2,347,712</b>	<b>2,081,265</b>	<b>266,447</b>
<b>Legal</b>				
District attorney	1,215,892	1,218,512	1,159,882	58,630
<b>Total Legal</b>	<b>1,215,892</b>	<b>1,218,512</b>	<b>1,159,882</b>	<b>58,630</b>
<b>Financial Administration</b>				
Tax assessor/collector	490,388	560,688	544,754	15,934
County treasurer	264,423	284,423	272,811	11,612
County auditor	417,500	417,500	401,829	15,671
Noncapital equipment	154,731	154,731	154,731	-
<b>Total Financial Administration</b>	<b>1,327,042</b>	<b>1,417,342</b>	<b>1,374,125</b>	<b>43,217</b>

The notes to the financial statements are an integral part of these financial statements.

ROCKWALL COUNTY, TEXAS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual	Difference
	Original	Final	Amounts	
<b>Public Facilities</b>				
Maintenance and operations	959,958	959,958	917,639	42,319
<b>Total Public Facilities</b>	<b>959,958</b>	<b>959,958</b>	<b>917,639</b>	<b>42,319</b>
<b>Public safety:</b>				
Sheriff's department	3,256,167	3,256,167	3,128,105	128,062
County jail	4,221,810	4,230,810	4,117,174	113,636
Other law enforcement	724,050	634,900	439,224	195,676
Constable #1	78,668	78,668	76,998	1,670
Constable #2	76,053	76,053	73,993	2,060
<b>Total Public Safety</b>	<b>8,356,748</b>	<b>8,276,598</b>	<b>7,835,494</b>	<b>441,104</b>
<b>Public Services</b>				
Election Administrator	262,709	258,709	229,416	29,293
VINE Program	-	18,000	17,925	75
TCEQ Grant	-	97,000	96,590	410
<b>Total Public Services</b>	<b>262,709</b>	<b>373,709</b>	<b>343,931</b>	<b>29,778</b>
<b>Roads and bridges:</b>				
County commissioner, precinct #1	84,689	84,689	79,961	4,728
County commissioner, precinct #2	81,509	81,509	79,394	2,115
County commissioner, precinct #3	84,489	84,489	81,925	2,564
County commissioner, precinct #4	83,084	83,084	78,613	4,471
<b>Total Roads and Bridges</b>	<b>333,771</b>	<b>333,771</b>	<b>319,893</b>	<b>13,878</b>
<b>Health and welfare:</b>				
County health coordinator	161,869	161,869	153,991	7,878
Welfare	248,400	248,400	238,515	9,885
Ambulance	349,383	349,700	348,606	1,094
911 services	80,139	80,139	25,757	54,382
<b>Total Health and welfare</b>	<b>839,791</b>	<b>840,108</b>	<b>766,869</b>	<b>73,239</b>
<b>Culture and recreation:</b>				
County library	611,299	611,299	596,324	14,975
<b>Total Culture and recreation</b>	<b>611,299</b>	<b>611,299</b>	<b>596,324</b>	<b>14,975</b>
<b>Conservation</b>				
County agent	111,027	111,027	106,909	4,118
<b>Total Conservation</b>	<b>111,027</b>	<b>111,027</b>	<b>106,909</b>	<b>4,118</b>

The notes to the financial statements are an integral part of these financial statements.

ROCKWALL COUNTY, TEXAS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual	Difference
	Original	Final	Amounts	
<b>Noncurrent:</b>				
<b>Capital outlay</b>				
Capital equipment	573,440	1,805,240	1,152,259	652,981
Capital improvements	300,000	300,000	-	300,000
<b>Total Capital outlay</b>	<b>873,440</b>	<b>2,105,240</b>	<b>1,152,259</b>	<b>952,981</b>
<b>Debt service:</b>				
Interest and fiscal charges	-	43,000	42,963	37
<b>Total Debt service</b>	<b>-</b>	<b>43,000</b>	<b>42,963</b>	<b>37</b>
<b>Total Expenditures</b>	<b>20,975,681</b>	<b>22,183,166</b>	<b>19,229,764</b>	<b>2,953,402</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(445,865)</b>	<b>(1,653,350)</b>	<b>2,071,133</b>	<b>3,724,483</b>
<b>Other Revenues and Financing Sources (uses)</b>				
Transfers In	-	(47,015)	149,023	196,038
Transfers Out	(599,450)	(599,450)	(501,658)	97,792
Bond Proceeds	-	1,250,000	1,250,000	-
Interest Income	445,500	447,500	1,149,146	701,646
Sale of Assets	-	-	806	806
<b>Total Other Financing Sources (uses)</b>	<b>(153,950)</b>	<b>1,051,035</b>	<b>2,047,317</b>	<b>996,282</b>
<b>Excess of revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>(599,815)</b>	<b>(602,315)</b>	<b>4,118,450</b>	<b>4,720,765</b>
<b>Fund Balances/Equity, October 1</b>	<b>13,836,914</b>	<b>13,836,914</b>	<b>13,836,914</b>	
<b>Prior Period Adjustments</b>	<b>558,392</b>	<b>558,392</b>	<b>558,392</b>	
<b>Fund Balances/Equity, September 30</b>	<b>\$ 13,795,491</b>	<b>\$ 13,792,991</b>	<b>\$ 18,513,756</b>	

The notes to the financial statements are an integral part of these financial statements.

## SUPPLEMENTARY INFORMATION



ROCKWALL COUNTY, TEXAS  
ROAD AND BRIDGE  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual Amounts	Difference
	Original	Final		
<b>REVENUE</b>				
Property Taxes	\$ 136,939	\$ 136,939	\$ 139,225	\$ 2,286
Fees and commissions	1,200,000	1,200,000	945,983	(254,017)
Fines	200,000	200,000	182,232	(17,768)
Miscellaneous	500	500	650	150
<b>Total Revenues</b>	<u>1,537,439</u>	<u>1,537,439</u>	<u>1,268,090</u>	<u>(269,349)</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Operating costs	1,420,472	1,420,472	1,149,345	271,127
<b>Total Current Expenditures</b>	<u>1,420,472</u>	<u>1,420,472</u>	<u>1,149,345</u>	<u>271,127</u>
<b>Total Expenditures</b>	<u>1,420,472</u>	<u>1,420,472</u>	<u>1,149,345</u>	<u>271,127</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	116,967	116,967	118,745	1,778
<b>Other Revenues and Financing Sources (uses)</b>				
Interest Income	7,100	7,100	69,786	62,686
Sale of Asset	-	-	13,470	13,470
<b>Total Other Financing Sources (uses)</b>	<u>7,100</u>	<u>7,100</u>	<u>83,256</u>	<u>76,156</u>
<b>Excess of revenues and financing sources over (under) expenditures and other financing uses</b>	124,067	124,067	202,001	77,934
<b>Fund Balances/Equity, October 1</b>	484,161	484,161	484,161	
<b>Prior Period Adjustments</b>	-	-	82,593	
<b>Fund Balances/Equity, September 30</b>	<u>\$ 608,228</u>	<u>\$ 608,228</u>	<u>\$ 768,755</u>	

The notes to the financial statements are an integral part of these financial statements.

ROCKWALL COUNTY, TEXAS  
DEBT SERVICE  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual Amounts	Difference
	Original	Final		
<b>REVENUE</b>				
Property Taxes	\$ 2,425,760	\$ 2,425,760	\$ 2,427,647	\$ 1,887
<b>Total Revenues</b>	<u>2,425,760</u>	<u>2,425,760</u>	<u>2,427,647</u>	<u>1,887</u>
<b>EXPENDITURES</b>				
<b><u>Current:</u></b>				
Principal	1,805,000	1,805,000	1,805,000	-
Interest	469,721	469,721	462,247	7,474
<b>Total Current Expenditures</b>	<u>2,274,721</u>	<u>2,274,721</u>	<u>2,267,247</u>	<u>7,474</u>
<b>Total Expenditures</b>	<u>2,274,721</u>	<u>2,274,721</u>	<u>2,267,247</u>	<u>7,474</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	151,039	151,039	160,400	9,361
<b>Other Revenues and Financing Sources (uses)</b>				
Interest Income	40,000	40,000	93,410	53,410
Transfers	(1,500)	(1,500)	76,752	78,252
<b>Total Other Financing Sources (uses)</b>	<u>38,500</u>	<u>38,500</u>	<u>170,162</u>	<u>131,662</u>
<b>Excess of revenues and financing sources over (under) expenditures and other financing uses</b>	189,539	189,539	330,562	141,023
<b>Fund Balances/Equity, October 1</b>	472,495	472,495	472,495	
<b>Prior Period Adjustments</b>	-	-	90,187	
<b>Fund Balances/Equity, September 30</b>	<u>\$ 662,034</u>	<u>\$ 662,034</u>	<u>\$ 893,244</u>	

The notes to the financial statements are an integral part of these financial statements.

ROCKWALL COUNTY, TEXAS  
LIBRARY CONSTRUCTION BOND FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budgeted Amounts		Actual Amounts	Difference
	Original	Final		
REVENUE	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
<b>Current:</b>				
Construction Costs	-	11,487,787	2,175,165	9,312,622
<b>Total Current Expenditures</b>	-	11,487,787	2,175,165	9,312,622
<b>Total Expenditures</b>	-	11,487,787	2,175,165	9,312,622
<b>Excess (deficiency) of revenues (under) expenditures</b>	-	(11,487,787)	(2,175,165)	9,312,622
<b>Other Revenues and Financing Sources (uses)</b>				
Transfers	-	-	(76,752)	(76,752)
Interest Income	-	101,174	198,497	97,323
Proceeds from Issuance of debt	-	11,463,365	11,500,000	36,635
<b>Total Other Financing Sources (uses)</b>	-	11,564,539	11,621,745	57,206
<b>Excess of revenues and financing sources over (under) expenditures</b>	-	76,752	9,446,580	9,369,828
<b>Fund Balances/Equity, October 1</b>	-	-	-	
<b>Fund Balances/Equity, September 30</b>	\$ -	\$ 76,752	\$ 9,446,580	

The notes to the financial statements are an integral part of these financial statements.

ROCKWALL COUNTY, TEXAS  
BALANCE SHEET - GOVERNMENT FUNDS  
SEPTEMBER 30, 2007

	Special Revenue				
	Emergency Management	Law Library	Justice Court Bld Security	D.A. Forfeiture	Click It or Ticket Grant
<b>ASSETS AND OTHER DEBITS</b>					
<b>ASSETS</b>					
Cash and Investments					
Unrestricted	\$ 41,768	\$ -	\$ -	\$ 19,098	\$ -
Restricted	-	152,456	14,601	35,730	2,157
Receivables (net of allow. for uncoll.)					
Taxes	-	-	-	-	-
Fees and Services	-	-	-	-	98
Prepaid Expense	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
<b>Total Assets</b>	<u>41,768</u>	<u>152,456</u>	<u>14,601</u>	<u>54,828</u>	<u>2,255</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	6,497	2,969	-	314	-
Accrued Expenses	2,071	-	-	287	-
Other Liabilities	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
<b>Total Liabilities</b>	<u>8,568</u>	<u>2,969</u>	<u>-</u>	<u>601</u>	<u>-</u>
<b>FUND BALANCES</b>					
Reserved	-	149,487	14,601	-	2,255
Unreserved					
Unreserved-Designated	33,200	-	-	54,227	-
Unreserved-Undesignated	-	-	-	-	-
<b>Total Fund Balances</b>	<u>33,200</u>	<u>149,487</u>	<u>14,601</u>	<u>54,227</u>	<u>2,255</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 41,768</u>	<u>\$ 152,456</u>	<u>\$ 14,601</u>	<u>\$ 54,828</u>	<u>\$ 2,255</u>

The notes to the financial statements are an integral part of these financial statements.

**Special Revenue**

<b>Cities Readiness Initiative</b>	<b>Help America Vote Grant</b>	<b>Texas State Library Grant</b>	<b>COPS Fast Grant</b>	<b>Emergency Mgmt Fed Grant</b>	<b>Task Force Grant</b>	<b>Sheriff's Abandoned Property</b>	<b>Errors &amp; Omission Insurance</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,703	\$ -
-	16,278	263	-	36,664	14,228	20,233	84,853
-	-	-	-	-	-	-	-
3,090	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>3,090</u>	<u>16,278</u>	<u>263</u>	<u>-</u>	<u>36,664</u>	<u>14,228</u>	<u>25,936</u>	<u>84,853</u>
2,358	-	90	78	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>2,358</u>	<u>-</u>	<u>90</u>	<u>78</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
732	16,278	173	(78)	36,664	14,228	-	84,853
-	-	-	-	-	-	25,936	-
-	-	-	-	-	-	-	-
<u>732</u>	<u>16,278</u>	<u>173</u>	<u>(78)</u>	<u>36,664</u>	<u>14,228</u>	<u>25,936</u>	<u>84,853</u>
<u>\$ 3,090</u>	<u>\$ 16,278</u>	<u>\$ 263</u>	<u>\$ -</u>	<u>\$ 36,664</u>	<u>\$ 14,228</u>	<u>\$ 25,936</u>	<u>\$ 84,853</u>

The notes to the financial statements are an integral part of these financial statements.

ROCKWALL COUNTY, TEXAS  
BALANCE SHEET - GOVERNMENT FUNDS (continued)  
SEPTEMBER 30, 2007

	Special Revenue				
	Public Safety Sales Tax	Child Abuse Prevention	District Clerk Records Management	Court Reporter Service	Appellate Justice System
<b>ASSETS AND OTHER DEBITS</b>					
<b>ASSETS</b>					
Cash and Investments					
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	439,088	1,852	25,104	84,437	15,859
Receivables (net of allow. for uncoll.)					
Taxes	17,449	-	-	-	-
Fees and Services	-	-	-	-	-
Prepaid Expense	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
<b>Total Assets</b>	<u>456,537</u>	<u>1,852</u>	<u>25,104</u>	<u>84,437</u>	<u>15,859</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	-	-	-	-	-
Accrued Expenses	-	-	-	-	-
Other Liabilities	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Fund Balances					
Reserved	456,537	1,852	25,104	84,437	15,859
Unreserved					
Unreserved-Designated	-	-	-	-	-
Unreserved-Undesignated	-	-	-	-	-
<b>Total Fund Balances</b>	<u>456,537</u>	<u>1,852</u>	<u>25,104</u>	<u>84,437</u>	<u>15,859</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 456,537</u>	<u>\$ 1,852</u>	<u>\$ 25,104</u>	<u>\$ 84,437</u>	<u>\$ 15,859</u>

The notes to the financial statements are an integral part of these financial statements.

Special Revenue

Justice Court Technology	CC Records Mgmt & Preservation	Records Mgmt & Preservation	Courthouse Security	Election Services	Voter Registration Reimbursement	Library Building	JPD Local Fund
\$ -	\$ -	\$ -	\$ -	\$ 51,789	\$ -	\$ -	\$ 157,547
151,628	1,122,752	18,470	100,547	-	535	198,448	-
-	-	-	-	-	-	-	-
-	83	-	-	2,309	-	-	2,676
-	-	-	-	856	-	-	-
-	-	-	-	-	-	-	-
<u>151,628</u>	<u>1,122,835</u>	<u>18,470</u>	<u>100,547</u>	<u>54,954</u>	<u>535</u>	<u>198,448</u>	<u>160,223</u>
-	-	1,181	4,040	-	-	-	55,789
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	6,076
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>1,181</u>	<u>4,040</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,865</u>
151,628	1,122,835	17,289	96,507	-	535	198,448	-
-	-	-	-	54,954	-	-	98,358
-	-	-	-	-	-	-	-
<u>151,628</u>	<u>1,122,835</u>	<u>17,289</u>	<u>96,507</u>	<u>54,954</u>	<u>535</u>	<u>198,448</u>	<u>98,358</u>
<u>\$ 151,628</u>	<u>\$ 1,122,835</u>	<u>\$ 18,470</u>	<u>\$ 100,547</u>	<u>\$ 54,954</u>	<u>\$ 535</u>	<u>\$ 198,448</u>	<u>\$ 160,223</u>

The notes to the financial statements are an integral part of these financial statements.

ROCKWALL COUNTY, TEXAS  
BALANCE SHEET - GOVERNMENT FUNDS (continued)  
SEPTEMBER 30, 2007

	Special Revenue			
	JPD Probation Fees	Sheriff	Library	DA Hot Check Fees
<b>ASSETS AND OTHER DEBITS</b>				
<b>ASSETS</b>				
Cash and Investments				
Unrestricted	\$ -	\$ 92,076	\$ 35,666	\$ 2,567
Restricted	10,811	-	-	-
Receivables (net of allow. for uncoll.)				
Taxes	-	-	-	-
Fees and Services	315	-	-	-
Prepaid Expense	-	-	-	-
Due from Other Governments	-	-	-	-
<b>Total Assets</b>	<u>11,126</u>	<u>92,076</u>	<u>35,666</u>	<u>2,567</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	-	-	-	-
Accrued Expenses	-	-	-	-
Other Liabilities	-	-	-	-
Due to Other Funds	-	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Fund Balances				
Reserved	11,126	-	-	-
Unreserved				
Unreserved-Designated	-	92,076	35,666	2,567
Unreserved-Undesignated	-	-	-	-
<b>Total Fund Balances</b>	<u>11,126</u>	<u>92,076</u>	<u>35,666</u>	<u>2,567</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 11,126</u>	<u>\$ 92,076</u>	<u>\$ 35,666</u>	<u>\$ 2,567</u>

The notes to the financial statements are an integral part of these financial statements.

<b>Capital Projects</b>			
<b>Historic Courthouse</b>	<b>Library Renovation</b>	<b>Road Improvements Bond 2008</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ 406,214
37,190	3,535	-	2,587,719
-	-	-	17,449
-	-	-	8,571
-	-	-	856
-	-	-	-
<u>37,190</u>	<u>3,535</u>	<u>-</u>	<u>3,020,809</u>
-	-	-	73,316
-	-	-	2,358
-	-	-	6,076
-	-	471,077	471,077
-	-	<u>471,077</u>	<u>552,827</u>
37,190	3,535	(471,077)	2,070,998
-	-	-	-
-	-	-	396,984
-	-	-	-
<u>37,190</u>	<u>3,535</u>	<u>(471,077)</u>	<u>2,467,982</u>
<u>\$ 37,190</u>	<u>\$ 3,535</u>	<u>\$ -</u>	<u>\$ 3,020,809</u>

The notes to the financial statements are an integral part of these financial statements.

ROCKWALL COUNTY, TEXAS  
 STATEMENT OF REVENUES,  
 EXPENDITURES, AND CHANGES  
 IN FUND BALANCES - GOVERNMENT FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Special Revenue					Click It or Ticket Grant
	Emergency Management	Law Library	Justice Court Bld Security	D.A. State Fund	D.A. Forfeiture	
<b>REVENUE</b>						
Fees and Commissions	\$ -	\$ 57,395	\$ 7,832	\$ -	\$ -	\$ -
Fines and Forfeitures	-	-	-	-	19,099	-
Other Taxes	-	-	-	-	-	-
Grants	-	-	-	-	-	2,870
Notes	-	-	-	-	-	-
Election	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
<b>Total Revenues</b>	<u>-</u>	<u>57,395</u>	<u>7,832</u>	<u>-</u>	<u>19,099</u>	<u>2,870</u>
<b>EXPENDITURES</b>						
Current:						
General Government	-	-	-	-	-	-
Administrative	-	-	-	-	-	-
Public Safety	20,907	-	-	-	-	-
Public Facilities	-	-	-	-	-	-
Public Service	-	-	-	-	-	2,644
Judicial	-	-	-	-	-	-
Legal	-	-	-	-	10,138	-
Culture and Recreation	-	25,149	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Roads and Bridges	-	-	-	-	-	-
Conservation	-	-	-	-	-	-
Capital Outlay	5,132	-	-	-	-	-
Contractual	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total Expenditures</b>	<u>26,039</u>	<u>25,149</u>	<u>-</u>	<u>-</u>	<u>10,138</u>	<u>2,644</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(26,039)	32,246	7,832	-	8,961	226
<b>Other Revenues and Financing Sources (uses)</b>						
Operating Transfers In	57,015	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
Interest Income	2,224	7,481	559	-	3,372	139
Sale of Assets	-	-	-	-	-	-
<b>Total Other Financing Sources (uses)</b>	<u>59,239</u>	<u>7,481</u>	<u>559</u>	<u>-</u>	<u>3,372</u>	<u>139</u>
<b>Excess of revenues and other financing sources over (under) expend. and other financing uses</b>	33,200	39,727	8,391	-	12,333	365
<b>Fund Balances/Equity, October 1</b>	-	109,760	6,211	10,517	41,894	1,890
<b>Prior Period Adjustments</b>	-	-	-	(10,517)	-	-
<b>Fund Balances/Equity, September 30</b>	<u>\$ 33,200</u>	<u>\$ 149,487</u>	<u>\$ 14,602</u>	<u>\$ -</u>	<u>\$ 54,227</u>	<u>\$ 2,255</u>

The notes to the financial statements are an integral part of these financial statements.

Special Revenue							
Cities Readiness Initiative	Help America Vote Grant	Texas State Library Grant	COPS Fast Grant	Emergency Mgmt Fed Grant	Task Force Grant	Sheriff's Abandoned Property	Errors & Omission Insurance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,780	\$ 8,190
-	-	-	-	-	-	-	-
18,383	2,370	4,585	25,519	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
18,383	2,370	4,585	25,519	-	-	3,780	8,190
-	-	-	-	-	-	-	-
-	-	-	170,674	-	-	-	-
17,946	-	4,609	-	500	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,246	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
21,192	-	4,609	170,674	500	-	-	-
(2,809)	2,370	(24)	(145,155)	(500)	-	3,780	8,190
-	-	-	114,396	73,238	-	-	-
-	(246,246)	-	-	-	-	-	-
-	11,816	168	2,045	(2,238)	1,073	1,336	4,141
-	-	-	-	-	-	-	-
-	(234,430)	168	116,441	71,000	1,073	1,336	4,141
(2,809)	(232,060)	144	(28,714)	70,500	1,073	5,116	12,331
3,541	248,338	29	28,636	(33,836)	13,155	20,820	72,522
-	-	-	-	-	-	-	-
\$ 732	\$ 16,278	\$ 173	\$ (78)	\$ 36,664	\$ 14,228	\$ 25,936	\$ 84,853

The notes to the financial statements are an integral part of these financial statements.

ROCKWALL COUNTY, TEXAS  
 STATEMENT OF REVENUES,  
 EXPENDITURES, AND CHANGES  
 IN FUND BALANCES - GOVERNMENT FUNDS (continued)  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Special Revenue				
	Public Safety Sales Tax	Child Abuse Prevention	District Clerk Records Management	Court Reporter Service	Appellate Justice System
<b>REVENUE</b>					
Fees and Commissions	\$ -	\$ -	\$ 7,546	\$ 24,565	\$ 8,185
Fines and Forefeitures	-	-	-	-	-
Other Taxes	237,566	-	-	-	-
Grants	-	-	-	-	-
Notes	-	-	-	-	-
Election	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Revenues</b>	<u>237,566</u>	<u>-</u>	<u>7,546</u>	<u>24,565</u>	<u>8,185</u>
<b>EXPENDITURES</b>					
Current:					
General Government	-	-	-	-	-
Administrative	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Facilities	-	-	-	-	-
Public Service	-	-	-	-	-
Judicial	-	-	-	-	-
Legal	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Roads and Bridges	-	-	-	-	-
Conservation	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Contractual	-	-	-	-	-
Other	-	-	-	-	6,449
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,449</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	237,566	-	7,546	24,565	1,736
<b>Other Revenues and Financing Sources (uses)</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
Interest Income	26,029	134	1,672	5,631	793
Sale of Assets	-	-	-	-	-
<b>Total Other Financing Sources (uses)</b>	<u>26,029</u>	<u>134</u>	<u>1,672</u>	<u>5,631</u>	<u>793</u>
<b>Excess of revenues and other financing uses</b>	263,595	134	9,218	30,196	2,529
<b>Fund Balances/Equity, October 1</b>	192,942	1,718	15,886	54,241	13,330
<b>Prior Period Adjustments</b>	-	-	-	-	-
<b>Fund Balances/Equity, September 30</b>	<u>\$ 456,537</u>	<u>\$ 1,852</u>	<u>\$ 25,104</u>	<u>\$ 84,437</u>	<u>\$ 15,859</u>

The notes to the financial statements are an integral part of these financial statements.

**Special Revenue**

<b>Justice Court Technology</b>	<b>CC Records Mgmt &amp; Preservation</b>	<b>Records Mgmt &amp; Preservation</b>	<b>Courthouse Security</b>	<b>Election Services</b>	<b>Voter Registration Reimbursement</b>	<b>Library Building</b>	<b>JPD Local Fund</b>
\$ 33,365	\$ 274,804	\$ 14,718	\$ 64,098	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	54,556	-	-	-
-	-	-	-	-	4,472	-	25,000
-	-	-	-	-	-	-	-
<u>33,365</u>	<u>274,804</u>	<u>14,718</u>	<u>64,098</u>	<u>54,556</u>	<u>4,472</u>	<u>-</u>	<u>25,000</u>
-	86,816	18,344	-	-	-	-	-
-	-	-	89,356	-	-	-	-
-	-	-	-	32,988	1,819	-	387,869
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
775	33,245	296	-	3,250	2,120	7,950	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>775</u>	<u>120,061</u>	<u>18,640</u>	<u>89,356</u>	<u>36,238</u>	<u>3,939</u>	<u>7,950</u>	<u>387,869</u>
32,590	154,743	(3,922)	(25,258)	18,318	533	(7,950)	(362,869)
-	-	10,000	50,000	-	-	-	380,000
-	-	-	-	-	-	-	-
7,067	54,194	670	4,214	3,051	2	8,379	8,025
-	-	-	-	-	-	-	-
<u>7,067</u>	<u>54,194</u>	<u>10,670</u>	<u>54,214</u>	<u>3,051</u>	<u>2</u>	<u>8,379</u>	<u>388,025</u>
39,657	208,937	6,748	28,956	21,369	535	429	25,156
111,971	913,898	10,541	67,551	33,585	-	198,019	-
-	-	-	-	-	-	-	73,201
<u>\$ 151,628</u>	<u>\$ 1,122,835</u>	<u>\$ 17,289</u>	<u>\$ 96,507</u>	<u>\$ 54,954</u>	<u>\$ 535</u>	<u>\$ 198,448</u>	<u>\$ 98,357</u>

The notes to the financial statements are an integral part of these financial statements.

ROCKWALL COUNTY, TEXAS  
STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENT FUNDS (continued)  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Special Revenue			
	JPD Probation Fees	Sheriff	Library	DA Hot Check Fees
<b>REVENUE</b>				
Fees and Commissions	\$ 10,908	\$ -	\$ -	\$ -
Fines and Forfeitures	-	-	79,592	2,567
Other Taxes	-	-	-	-
Grants	-	-	-	-
Notes	-	-	-	-
Election	-	-	-	-
Intergovernmental	-	28,989	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<u>10,908</u>	<u>28,989</u>	<u>79,592</u>	<u>2,567</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Administrative	-	-	-	-
Public Safety	-	9,995	-	-
Public Facilities	-	-	-	-
Public Service	-	-	-	-
Judicial	26	-	-	-
Legal	-	-	-	-
Culture and Recreation	-	-	65,152	-
Health and Welfare	-	-	-	-
Roads and Bridges	-	-	-	-
Conservation	-	-	-	-
Capital Outlay	-	20,173	5,133	-
Contractual	-	-	-	-
Other	-	-	-	-
<b>Total Expenditures</b>	<u>26</u>	<u>30,168</u>	<u>70,285</u>	<u>-</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	10,882	(1,179)	9,307	2,567
<b>Other Revenues and Financing Sources (uses)</b>				
Operating Transfers In	-	-	25,969	-
Operating Transfers Out	-	-	-	-
Interest Income	244	702	390	-
Sale of Assets	-	-	-	-
<b>Total Other Financing Sources (uses)</b>	<u>244</u>	<u>702</u>	<u>26,359</u>	<u>-</u>
<b>Excess of revenues and other financing uses</b>	11,126	(477)	35,666	2,567
<b>Fund Balances/Equity, October 1</b>	-	92,553	-	-
<b>Prior Period Adjustments</b>	-	-	-	-
<b>Fund Balances/Equity, September 30</b>	<u>\$ 11,126</u>	<u>\$ 92,076</u>	<u>\$ 35,666</u>	<u>\$ 2,567</u>

The notes to the financial statements are an integral part of these financial statements.

<u>Capital Projects</u>			
<u>Historic Courthouse</u>	<u>Library Renovation</u>	<u>Road Improvements Bond 2008</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 515,386
-	-	-	101,258
-	-	-	237,566
-	-	-	53,727
-	-	-	-
-	-	-	54,556
-	-	-	58,461
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,020,954</u>
-	-	-	105,160
-	-	-	-
-	-	-	290,932
-	-	-	-
-	-	-	448,375
-	-	-	26
-	-	-	10,138
-	3,750	-	94,051
-	-	-	-
-	-	471,077	471,077
-	-	-	-
282	-	-	81,602
-	-	-	-
-	-	-	6,449
<u>282</u>	<u>3,750</u>	<u>471,077</u>	<u>1,507,810</u>
(282)	(3,750)	(471,077)	(486,856)
-	-	-	710,618
-	-	-	(246,246)
1,832	239	-	155,384
-	-	-	-
<u>1,832</u>	<u>239</u>	<u>-</u>	<u>619,756</u>
1,550	(3,511)	(471,077)	132,900
35,640	7,046	-	2,272,398
-	-	-	62,684
<u>\$ 37,190</u>	<u>\$ 3,535</u>	<u>\$ (471,077)</u>	<u>\$ 2,467,982</u>

The notes to the financial statements are an integral part of these financial statements.

ROCKWALL COUNTY  
 TRUST AND AGENCY FUNDS  
 COMBINING BALANCE SHEET  
 SEPTEMBER 30, 2007

	Agency Funds						Totals
	Tax Assessor/ Collector	County Clerk	District Attorney	District Clerk	Sheriff	Bail Bond Board	
<b>ASSETS</b>							
Cash and investments	\$ 1,064,438	\$ 99,601	\$ 232,615	\$ 520,662	\$ 172,543	\$ 471,143	\$ 2,561,002
<b>Total assets</b>	<u>1,064,438</u>	<u>99,601</u>	<u>232,615</u>	<u>520,662</u>	<u>172,543</u>	<u>471,143</u>	<u>2,561,002</u>
<b>LIABILITIES</b>							
Due to others	-	99,601	232,615	520,662	172,543	471,143	1,496,564
Due to other governments	1,064,438	-	-	-	-	-	1,064,438
<b>Total liabilities</b>	<u>\$ 1,064,438</u>	<u>\$ 99,601</u>	<u>\$ 232,615</u>	<u>\$ 520,662</u>	<u>\$ 172,543</u>	<u>\$ 471,143</u>	<u>\$ 2,561,002</u>

The notes to the financial statements are an integral part of these financial statements.

STATISTICAL SECTION (unaudited)



**STATISTICAL SECTION**  
(unaudited)

This part of the Rockwall County's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the County's overall financial health.

<b><u>Contents</u></b>	<b><u>Table #s</u></b>
<b>Financial Trends</b> These tables contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	1,2,3,4,5
<b>Revenue Capacity</b> These tables contain information to help the reader assess the County's two most significant local revenue sources, the property, and sales taxes.	6,7,8,9
<b>Debt Capacity</b> These tables 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.	10,11,12,13,14
<b>Economic and Demographic Information</b> These tables offer economic and demographic indicators to help the reader understand the environment within which the County's financial activities take place.	15,16
<b>Operating Information</b> These tables contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the City provides and the activities it performs.	17,18,19

**Source:** Unless otherwise noted, the information in these tables is derived from the Comprehensive Annual Financial Reports for the relevant year. The County implemented GASB Statement 34 in fiscal year 2004 presenting government-wide information including information beginning that year.



**ROCKWALL COUNTY, TEXAS**  
**NET ASSETS BY COMPONENT**  
**LAST TWO FISCAL YEARS**  
 (accrual basis of accounting)  
 (unaudited)

**Table 1**

	<b>FISCAL YEAR</b>	
	<b>2006</b>	<b>2007</b>
Reporting entities		
Invested in capital assets, net of related debt	\$ 6,685,933	\$ 8,842,844
Restricted	4,272,287	14,596,117
Unrestricted	12,901,219	7,139,351
Total primary government net assets	<u>\$ 23,859,439</u>	<u>\$ 30,578,312</u>
Primary government		
Invested in capital assets, net of related debt	\$ 6,685,933	\$ 8,842,844
Restricted	4,272,287	14,596,117
Unrestricted	12,901,219	7,139,351
Total primary government net assets	<u>23,859,439</u>	<u>30,578,312</u>

**Note:** Accrual-basis financial information for the county government as a whole is available back to 2004 only, the year GASB Statement 34 was implemented

**ROCKWALL COUNTY, TEXAS**  
**CHANGES IN NET ASSETS**  
**LAST TWO FISCAL YEARS**  
(modified accrual basis of accounting)  
(unaudited)

	<u>2006</u>	<u>2007</u>
<b>Expenditures</b>		
Governmental activities:		
General government	\$ 3,258,914	5,607,410
Judicial	2,316,420	2,088,514
Legal	1,047,173	1,170,020
Administration	1,329,449	1,455,287
Public Facilities	844,255	917,639
Public Safety	7,548,286	8,109,613
Public Service	309,945	804,559
Roads and Bridges	1,383,151	1,469,238
Health and Welfare	623,740	766,869
Culture and Recreation	640,766	703,138
Conservation	94,101	125,278
Depreciation *	983,543	-
Other	46,340	-
Debt Service, interest and fiscal charges	495,453	585,944
Total governmental activities expenses	<u>20,921,536</u>	<u>23,803,509</u>
<b>Program Revenues</b>		
Governmental activities:		
Charges for Service		
General government	3,283,646	3,545,296
Judicial	2,437,339	2,660,690
Legal	39,820	19,099
Administration	262,021	93,475
Public Safety	799,585	497,840
Roads and Bridges	1,046,909	945,983
Culture and Recreation	50,190	136,987
Total governmental activities revenues	<u>7,919,510</u>	<u>7,899,370</u>
Operating grants and contributions:		
General governments	350,083	290,373
Public Service	28,997	28,208
Capital grants and contributions		
Public Service	249,624	-
Total grants and contributions	<u>628,704</u>	<u>318,581</u>
Total governmental program revenues	<u>8,548,214</u>	<u>8,217,951</u>
<b>Net (Expense)Revenue</b>		
Primary governmental activities	<u>\$ (12,373,322)</u>	<u>\$ (15,585,558)</u>

(continued)

\* Beginning in 2007, depreciation was allocated to the functions.

**ROCKWALL COUNTY, TEXAS**  
**CHANGES IN NET ASSETS**  
**LAST TWO FISCAL YEARS**  
(modified accrual basis of accounting)  
(unaudited)

**Table 2**

	<u>2006</u>	<u>2007</u>
<b>General Revenue and Other Changes in Net Assets</b>		
Governmental activities:		
Property Taxes	\$ 17,229,938	19,529,973
Other taxes	352,865	432,458
Miscellaneous	31,764	64,935
Investment Income	1,112,183	1,657,302
Intergovernmental Revenue	140,386	69,786
Sale of Assets	13,200	14,276
Total primary government	<u>18,880,336</u>	<u>21,768,730</u>
<b>Changes in Net Assets</b>		
Total primary government	<u>\$ 6,507,014</u>	<u>\$ 6,183,172</u>

**Note:** Accrual-basis financial information for the county government as a whole is available back to 2004 only, the year GASB Statement 34 was implemented

**ROCKWALL COUNTY, TEXAS**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TWO FISCAL YEARS**  
(accrual basis of accounting)  
(unaudited)

**Table 3**

	<b>FISCAL YEAR</b>	
	<b>2006</b>	<b>2007</b>
General Fund		
Reserved	\$ 540,467	\$ -
Unreserved		
Designated - Capital Outlay	-	1,100,335
Undesignated	13,296,447	17,413,421
Total primary government net assets	<u>\$ 13,836,914</u>	<u>\$ 18,513,756</u>
All Other Governmental Funds		
Reserved	\$ 2,179,279	\$ 2,964,242
Unreserved		
Designated		
Road and Bridge	-	768,755
Library Construction	-	9,446,580
Capital Outlay	-	1,100,335
Special Revenue	-	396,984
Undesignated	1,049,775	17,413,421
Total primary government net assets	<u>\$ 3,229,054</u>	<u>\$ 32,090,317</u>

**ROCKWALL COUNTY, TEXAS**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TWO FISCAL YEARS**  
(modified accrual basis of accounting)  
(unaudited)

**Table 4**

	<u>2006</u>	<u>2007</u>
<b>Revenues</b>		
Governmental activities:		
Property taxes	\$ 17,257,541	\$ 19,529,972
Charge for Services	4,340,442	4,063,909
Fines and Forfeitures	1,516,822	1,483,391
Other Taxes	226,676	270,597
Mixed Drink Tax	126,190	161,861
Election	-	54,556
Intergovernmental	127,476	69,786
Grants	628,704	318,581
Miscellaneous	31,193	64,935
<b>Total Revenues</b>	<u>24,255,044</u>	<u>26,017,588</u>
<b>Expenditures</b>		
General government	2,344,896	2,637,371
Administration	1,195,339	1,374,125
Commissioner expenses	305,484	319,893
Public Safety	7,542,484	8,126,425
Public Facilities	844,255	917,639
Public Service	305,032	792,307
Judicial	2,302,825	2,081,291
Legal	1,047,174	1,170,020
Culture and Recreation	657,014	2,865,539
Health and Welfare	623,740	766,869
Road and Bridges	1,466,883	1,620,422
Conservation	94,101	106,909
Capital Outlay	889,491	1,233,862
Other	53,055	6,449
Debt Service		
Principal Retirement	1,655,000	1,805,000
Interest and Fiscal Agent Fees	518,772	505,210
<b>Total Expenditures</b>	<u>21,845,545</u>	<u>26,329,331</u>
<b>Excess of revenues over (under) expenditures</b>	<u>2,409,499</u>	<u>(311,743)</u>
<b>Other Financial Sources (Uses)</b>		
Note Proceeds	550,000	12,750,000
Investment Income	1,110,914	1,666,222
Transfers	-	111,738
Sale of Assets	13,200	14,276
<b>Total other financing sources (uses)</b>	<u>1,674,114</u>	<u>14,542,236</u>
<b>Net change in fund balances</b>	<u>\$ 4,083,613</u>	<u>\$ 14,230,493</u>
Debt Service as a percentage of noncapital expenditures	11.61%	10.14%

ROCKWALL COUNTY, TEXAS  
 ESTIMATED MARKET VALUE AND ASSESSED TAXABLE VALUE OF PROPERTY  
 LAST TWO FISCAL YEARS  
 (unaudited)

Fiscal Year Ended Sept. 30	Estimated Market Value						Assessed Net Taxable Value	Ratio of Assessed to Estimated Actual Value
	Residential Property (Real & Personal)	Commercial Property (Real & Personal)	Unimproved Land	Utilities & Railroad	Other	Total		
2006	\$ 4,391,655,050	\$ 923,041,083	\$ 755,430,673	\$ 127,388,598	\$ 22,734,080	\$ 6,220,249,484	\$ 5,627,737,384	90.47%
2007	\$ 4,855,865,344	\$ 1,039,326,958	\$ 781,155,721	\$ 132,828,920	\$ 23,305,584	\$ 6,832,482,527	\$ 6,244,184,913	91.39%

Source: Rockwall County Appraisal District

ROCKWALL COUNTY, TEXAS  
 PROPERTY TAX RATES-ALL DIRECT AND  
 OVERLAPPING GOVERNMENTS  
 LAST TWO FISCAL YEARS  
 (PER \$1,000 OF ASSESSED VALUE)

Table 6

	Percent Applicable to Rockwall County	2006	2007
<b>Rockall County</b>	100.00%		
<b>County Direct Rates</b>			
General		0.3507	0.3500
Hospital			
Total direct rate			
<b>City and Town Rates</b>			
Rockwall		0.4250	0.4865
Fate		0.2144	0.2144
Heath		0.3433	0.3433
Royse City		0.4945	0.4945
<b>School District Rates</b>			
Rockwall		1.7100	1.4700
Royse City		1.5700	1.3500
<b>Municipal Utility Districts Rates</b>			
#1		0.7500	0.7500
#8		0.7500	0.7500

Source: Rockwall County Tax Assessor/Collector

**ROCKWALL COUNTY, TEXAS  
 PRINCIPAL PROPERTY TAXPAYERS  
 SEPTEMBER 30, 2007  
 (unaudited)**

**Table 7**

<b>Taxpayer</b>	<b>Assessed Taxable Value 2007 Fiscal Year</b>	<b>Percentage of Assessed Taxable Value</b>
TXU Electric Delivery Co	\$ 75,562,010	1.11%
Continental Pet Technology	41,777,077	0.61%
Mariah Bay Devel. Inc	31,366,830	0.46%
Lake Pointe Medical Center	29,287,820	0.43%
SPM/WRI Rockwall, LP	25,330,780	0.37%
Wal-Mart Real Estate	22,832,410	0.33%
Rockwall Crossing Ltd	21,340,740	0.31%
Southwestern Bell Telephone Co	18,983,430	0.28%
Texas Star Express	18,290,840	0.27%
Rockwall Commons Spe II LLC	17,731,400	0.26%
	<b>\$ 302,503,337</b>	<b>4.43%</b>
 Total Assess Value	 <b>\$ 6,832,482,527</b>	

**Source:** Rockwall County Tax Assessor/Collector

Table 8

ROCKWALL COUNTY, TEXAS  
 PROPERTY TAX LEVIES AND COLLECTIONS  
 LAST TWO FISCAL YEARS  
 (unaudited)

Fiscal Year Ended Sept. 30	Total Tax Levy for Fiscal Year		Current Tax Collections		Percent of Levy Collected	Delinquent Tax Collections		Total Tax Collections		Ratio of Total Tax Collections to Total Tax Levy		Outstanding Delinquent Taxes at Year End		Ratio of Delinquent Taxes to Total Tax Levy	
2006	\$	17,135,454	\$	16,814,116	98.12%	\$	288,980	\$	17,103,096	99.81%	\$	322,856			1.88%
2007	\$	19,619,940	\$	18,924,104	96.45%	\$	512,189	\$	19,436,293	99.06%	\$	577,463			2.94%

Source: Rockwall County Tax Assessor/Collector

**ROCKWALL COUNTY, TEXAS  
RATIO OF OUTSTANDING DEBT BY TYPE  
LAST TWO FISCAL YEARS  
(unaudited)**

**Table 9**

<b>Fiscal Year</b>	<b>Certificates of Obligation</b>	<b>Tax Notes</b>	<b>Refunding Bonds</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income (1)</b>	<b>Per Capita (1)</b>
2006	\$ 3,235,000	\$ 7,370,000	\$ 310,000	\$ 10,915,000	0.003041%	332
2007	\$ 3,025,000	\$ 18,835,000	\$ -	\$ 21,860,000	0.002945%	644

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

(1) See Table 13 for personal income and population data.

**ROCKWALL COUNTY, TEXAS  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TWO FISCAL YEARS  
(unaudited)**

**Table 10**

<u>Fiscal Year</u>	<u>Total Bonded Debt</u>	<u>Less: Debt Service Funds</u>	<u>Net Bonded Debt</u>	<u>% of Net Bonded Debt to Assessed Value*</u>	<u>Net Bonded Debt per Capita ^</u>
2006	\$ 10,915,000	\$ 2,173,772	\$ 8,741,228	0.1405%	266
2007	\$ 21,860,000	\$ 892,634	\$ 20,967,366	0.3069%	618

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

\* See Table 5 for property values

^ See Table 13 for personal income and population data.

**ROCKWALL COUNTY, TEXAS**

**Table 11**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

**SEPTEMBER 30, 2007**

**(unaudited)**

<b>Governmental Subdivision</b>	<b>Gross Bonded Debt</b>	<b>Percentage of Debt Applicable to Area</b>	<b>City Share of Overlapping Debt</b>
City of Dallas	\$1,958,241,683	0.01%	\$ 195,824
City of Fate	400,000	100.00%	400,000
City of Garland	216,765,930	less than .01%	-
City of Heath	17,276,209	100.00%	17,276,209
Rockwall Co Cons MUD	12,508,672	100.00%	12,508,672
Rockwall ISD	270,435,550	99.18%	268,217,978
City of Rockwall	83,914,010	100.00%	83,914,010
City of Rowlett	95,801,056	14.72%	14,101,915
Royse City ISD	105,737,532	73.72%	77,949,709
City of Royse City	<u>9,155,013</u>	83.05%	<u>7,603,238</u>
	<u>\$2,770,235,655</u>		482,167,556
Rockwall County			<u>22,264,874</u>
			<u>\$504,432,430</u>
Ratio of overlapping bonded debt to taxable assessed valuation (valued at 100% of market value)			<u>7.38%</u>
Per capita overlapping bonded debt			<u>\$14,857</u>

**Source:** "Texas Municipal Report" as of September 30, 2007, prepared by the Municipal Advisory Council.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Rockwall County. This process recognizes that, when considering the County's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using the taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's taxable assessed value that is within the Rockwall County's boundaries and dividing it by the overlapping government's total taxable assessed value.

**ROCKWALL COUNTY, TEXAS  
LEGAL DEBT MARGIN INFORMATION  
SEPTEMBER 30, 2007**

**Table 12**

	<b>Fiscal Year 2007</b>
Debt Limit	<u>\$ 1,221,823,705</u>
Total net debt applicable to limit	<u>21,035,858</u>
Legal debt margin	<u><u>\$ 1,200,787,847</u></u>
Total net debt applicable to the limit as a percentage of debt limit	1.72%
 Net Assessed Value of Real Property	 \$ 4,887,294,818
Debt limit 25% of assessed value of real property	<u>0.25</u>
(Article 3, Section 52(b), Constitution of the State of Texas)	<u><u>\$ 1,221,823,705</u></u>
Amount of debt applicable to debt limit:	
Total gross bonded debt	\$ 21,860,000
Less amount available in debt service to retire debt	<u>824,142</u>
Total amount of net debt applicable to debt limit	<u>21,035,858</u>
Legal debt margin	<u><u>\$ 1,200,787,847</u></u>

**Source:** Annual report and County report of property value filed by Tax Assessor/Collector

**ROCKWALL COUNTY, TEXAS  
 ECONOMIC AND DEMOGRAPHIC STATISTICS  
 LAST TWO FISCAL YEARS  
 (UNAUDITED)**

**Table 13**

<u>Fiscal Year</u>	<u>Population</u>	<u>Average Personal Income</u>	<u>Per Capita</u>	<u>Median Age</u>	<u>Unemployment Rate</u>
2006	68,750	\$ 89,906	\$ 32,886	35.71	4.4%
2007	73,500	\$ 92,822	\$ 33,953	35.71	4.0%

**Sources:** North Central Council of Governments

**ROCKWALL COUNTY, TEXAS  
 PRINCIPAL EMPLOYERS  
 CURRENT YEAR  
 (unaudited)**

**Table 14**

<u>Name of Employer</u>	<u>No. of Employees</u>	<u>Percentage of Total County Employment</u>
Rockwall I S D	1,365	4.13%
Lake Pointe Medical Center	700	2.12%
Wal-Mart Corporation	530	1.60%
Texas Star Express	484	1.46%
Rockwall County	253	0.77%
City of Rockwall	205	0.62%
Special Products & Mfg	205	0.62%
Target	200	0.61%
Rockwall Nursing Home	160	0.48%
Kohl's Department Store	140	0.42%

**Source:** Rockwall County Chamber of Commerce

**ROCKWALL COUNTY, TEXAS**  
**FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES**  
**BY FUNCTION/PROGRAM**  
**LAST TWO FISCAL YEARS**  
**(unaudited)**

**Table 15**

<b>Full-time Equivalent Employees for Fiscal Year</b>		
<b>Function / Program</b>	<b>2006</b>	<b>2007</b>
General government	29	34
Administration	12	11
Public Safety	125	133
Judicial	14	14
Legal	17	18
Culture and Recreation	12	14
Health and Welfare	4	4
Roads and Bridges	8	9
Conservation	3	2
Public Facilities	5	5
	<u>229</u>	<u>244</u>

**Source:** Rockwall County's Operating Budget

**ROCKWALL COUNTY, TEXAS  
OPERATING INDICATORS BY FUNCTION  
LAST TWO FISCAL YEARS  
(unaudited)**

**Table 16**

<b>Function/Program</b>	<b>Fiscal Year</b>	
	<b>2006</b>	<b>2007</b>
<b>General Administration</b>		
Number of registered voters	40,001	40,712
Vital Statistics Filed	5,401	5,456
<b>Judicial</b>		
Number of civil cases filed	2,380	2,716
Number of criminal cases filed *	18,483	16,762
<b>Financial Administration</b>		
Number of property tax transactions	34,382	33,452
Number of registered vehicles	61,610	65,869
<b>Legal</b>		
Number of felony cases filed **	825	1,018
Number of cases disposed	19,081	19,830
<b>Public Facilities</b>		
Number of county facilities	7	7
Number of County facilities rented	5	5
Number of construction projects	1	1
<b>Public Safety</b>		
Number of patrol units	18	20
Number of autopsies performed	27	35
Number of emergency responses	14,699	15,561
Number of book-ins	5,668	4,835
<b>Roads and Bridges</b>		
Miles of road resurfaced	5	8
<b>Culture and Recreation</b>		
Number of events	2,386	2,825

\* Felonies and misdemeanors, including traffic violations

\*\* Includes motions to revoke - does not include juvenile cases

**Source:** Rockwall County government, Texas Courts online website

**ROCKWALL COUNTY  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TWO FISCAL YEARS  
(unaudited)**

Table 17

<b>Function/Program</b>	<b>Fiscal Year</b>	
	<b>2006</b>	<b>2007</b>
General		
Number of voting machines	40	40
Number of vehicles in County fleet	81	94
Roads and Bridges		
Miles of County asphalt roads	100	100
Number of County bridges maintained	3	2

**Source:** Rockwall County government