Collin County, Texas

November 30, 2008

Monthly Interim Financial Report
(unaudited and unadjusted)

Prepared By:
County Auditor's Office

Donald W. Cozad CIO, RTA/C
County Auditor

Member of the Government Finance Officers Association
This report is available on the internet: http://www.co.collin.tx.us/auditor

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Note: Rounding of cents to whole dollars can cause a slight difference between sums of detail lines and totals.

COLLIN COUNTY

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April 28, 2009

Honorable District Judges of Collin County and
Honorable Members of the Collin County Commissioners Court

The unaudited and unadjusted Monthly Financial Report of Collin County ,Texas, as of November 30, 2008, and for the month ended November 30, 2008, is hereby submitted. This report, as required by Local Government Code §114.023 and §114.025, was prepared by the County Auditor and is intended for informational purposes only. The statements are reported on a budgetary basis, which is not in accordance with generally accepted accounting principles.

As County Auditor, I am not independent with regard to these financial reports. These reports have been prepared in accordance with the professional standards of the AICPA, the GFOA, and GASB. The general ledger has been maintained with due professional care.

This report includes Money Matters!!, a narrative with charts and tables, and statutorily required Financial Statements and Schedules, as well as selected statistical details.

This report is intended to be self-explanatory. However, if you need clarification or have questions, please do not hesitate to call the County Auditor's office for more information at 972/548-4641.

This report can be seen on the internet at: http://www.co.collin.tx.us/auditor.

Respectfully submitted,

/s/ Donald W. Cozad

Donald W. Cozad CIO, RTA/C
County Auditor

Money Matters!!

November 30, 2008 **Fiscal Period 2 of 12**

Interim Monthly Financial Report (unaudited)

As required by Local Government Code 114.023

The following report is presented by the County Auditor, as required by state statute, to the Commissioners Court of Collin County to inform the Court as to the financial status of the County. This report is presented monthly.

Revenues

Approximately 71% of county revenues is from property taxes. Collection of those taxes is primarily in December and January. Additional revenue streams include fines and fees, charges for services, inter-governmental revenue, interest and other revenues. Each year, the County must fund expenditures during the first quarter of the fiscal year (Oct – Dec) from reserves. For FY 2009, the tax rate is $0.2425 per $100 valuation. Property taxes provide operating funds for the general fund, the general road and bridge fund, the jury fund, and the permanent improvement fund, as well as funding for debt service principal and interest payments. As you can see from the table below, revenues for the first two months of the year are significantly lower than the same period for the prior year.

Year to Date Total Revenue - Governmental Funds
With Comparative Totals for Fiscal Year 2009
For the Two Month Period Through November 30

Revenue by Source	FY 2009 YTD	FY 2008 YTD	Change from 2008	Percent Change from 2008
Property taxes	$ 5,633,933	$ 13,292,788	$ (7,658,855)	-57.6%
Fees and permits	2,501,373	3,015,059	(513,686)	-17.0%
Federal and state funds	4,042,743	2,341,670	1,701,073	72.6%
Charges for services	1,036,829	872,287	164,542	18.9%
Fines and forfeitures	653,024	435,728	217,296	49.9%
Other local gov't funds	-	(656,549)	656,549	0.0%
Rental revenues	188,662	210,794	(22,132)	-10.5%
Interest	606,074	1,878,865	(1,272,791)	-67.7%
Miscellaneous	365,408	263,456	101,952	38.7%
	$ 15,028,046	$ 21,654,098	$ (6,626,052)	-30.6%

Expenditures

Prior to the start of the current fiscal year, the Commissioners Court adopted the FY 2009 combined operating budget (except debt service) totaling $268.1 million. The General Fund is $149.9 million of the total. The table below is for all governmental funds.

Year to Date Total Expenditures - Governmental Funds
With Comparative Totals for Fiscal Year 2009
For the Two Month Period Through November 30

Expenditures by Function	FY 2009 YTD	FY 2008 YTD	Change from 2008	Percent Change from 2008
General administration	$ 3,215,857	$ 2,162,992	$ 1,052,865	48.7%
Judicial	1,699,478	1,734,733	(35,255)	-2.0%
Financial administration	884,530	904,533	(20,003)	-2.2%
Legal	1,118,170	1,087,073	31,097	2.9%
Public facilities	918,291	1,389,384	(471,093)	-33.9%
Equipment services	200,699	293,627	(92,928)	-31.6%
Public safety	6,276,142	6,358,397	(82,255)	-1.3%
Public transportation	4,755,226	1,408,471	3,346,755	237.6%
Health and welfare	1,733,745	1,457,944	275,801	18.9%
Culture and recreation	154,258	87,849	66,409	75.6%
Conservation	31,253	33,336	(2,083)	-6.2%
Capital outlay	4,577,613	1,442,934	3,134,679	217.2%
Debt service:				
Principal	-	-	-	0
Interest	-	300	(300)	0
Bond issuance costs	-	-	-	0
	$ 25,565,262	$ 18,361,573	$ 7,203,689	39.2%

Year to Date Revenue and Expenditures - Governmental Funds
With Comparative Totals for Fiscal Year 2009
For the Two Month Period Through November 30

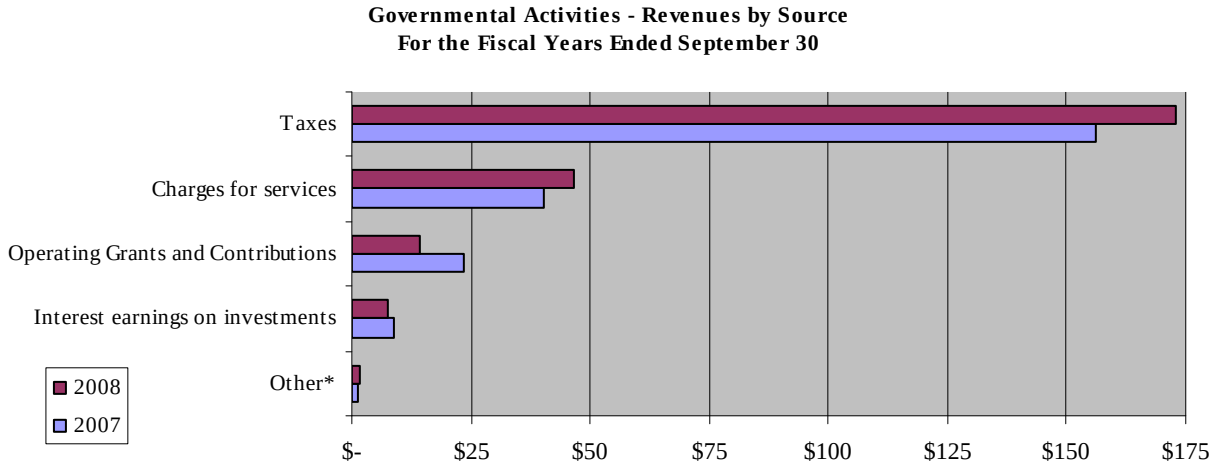
Expenditures by Function	FY 2009 YTD	FY 2008 YTD	Change from 2008	Percent Change from 2008
Total Revenues	$ 15,028,046	$ 21,654,098	$ (6,626,052)	-30.6%
Total Expenditures	25,565,262	18,361,573	7,203,689	39.2%
	$ (10,537,216)	$ 3,292,525	577,637	17.5%

As the year continues, the emphasis of the variance and trend analysis will be on monthly activity more and less discussion about the prior fiscal year. The amounts reported for October through December news letter will generally be for the prior fiscal year; the January report will begin to address more of the current year, especially as we establish the collection of current property taxes.

Variances and Trends

Governmental Funds – Revenues by Source

As demonstrated in the graph below, the importance of property tax revenues overall is a significant portion of the county's revenues. This graph is for the past two fiscal years, 2008 and 2007.



As of the end of fiscal year 2008, governmental funds reported a combined ending fund balance of $374.4 million, an increase of $16.8 million (4.7%) from the prior year.

Approximately 33.6% of fund balances ($125.9 million) constitute unreserved, undesignated fund balance. A portion of the unreserved fund balance has been designated for budgetary purposes for specific future expenditures which may or may not be incurred in the near-term ($12.4 million).

The remainder of the combined fund balance is reserved to indicate that it is not available for new spending because it has already been committed to:

- capital projects totaling $127.9 million (new Courthouse County Administration, with attendant sale of old courthouse to the City of McKinney, and road construction) in progress at the end of the year,
- liquidate contracts and purchase orders of the prior period ($73.7 million),
- debt service ($7.7 million),
- health care costs ($15.7 million), and
- other reserved items ($9.0 million).

Economic Factors – FY 2008

The following economic factors are reflected in the FY 2008 General Fund and other budgets:

The percentage increase in real property assessed value for FY 2008 was 7.6% (FY 2007 increase was 22.1%).

The average unemployment rate in Collin County for 2008 was 4.8% (3.9% in 2007).

Property tax receipts for FY 2008 were $171.1 million, which is 10.6% higher than FY 2007 tax receipts of $154.7 million.

General Fund Revenues and Expenditures

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the unreserved, undesignated fund balance of the General Fund was $110.7 million, an increase of $9.6 million or 9.6% from the prior year. The total fund balance in the General Fund was $129.5 million, an increase of $7.3 million or 5.9% from the prior year.

To get a more detailed picture of the liquidity of the General Fund, the reader may find it useful to compare both unreserved fund balance and total fund balance to total fund expenditures and transfers. Unreserved fund balance represents 89.1% and 79.5% of total General Fund expenditures and transfers out for the fiscal years ended September 30, 2008, and 2007, respectively. Total fund balance represents 85.5% and 96.1% of that same amount for the stated periods, respectively.

General Road and Bridge Fund

The General Road and Bridge Fund is the primary fund responsible for maintaining county roads. At the end of the current fiscal year, the unreserved, undesignated fund balance of the General Road and Bridge Fund was $5.4 million, a decrease over FY 2007 of $1.6 million, or 22.5% lower. Total fund balance of the General Road and Bridge Fund increased by $1.4 million from FY 2007 to FY 2008. General Road and Bridge Fund revenues include fees and permits, property taxes, and fines and forfeitures.

Key factors in the change in fund balance in the General Road and Bridge Fund are as follows:

- Property taxes decreased by $0.5 million due to a reduction in the tax rate allocated to the fund.
- In FY 2008, the flooding from FY 2007 was not repeated; federal and state funds were lower by $0.7 million from FY 2007.
- Fees and permits were higher in FY 2008 over FY 2007 due to increases in the road mileage fee $1.1 and a lower than prior year actual collections of road and bridge fees collected $0.2 million.

- Fines and forfeitures increased by a net of $0.6 due to increased civil fees collected in FY 2008.
- Miscellaneous revenues decreased by $0.5 million between FY 2008 and FY 2007 due to payments received for road work done for a local town in the County.
- The net decrease in expenditures was $1.7 million. Components of the change included a decrease in payroll and benefits costs of $0.2 million; an increase in maintenance and operating expenses of $0.5 million; and an increase in Air Check Texas outlays of $1.3 million.

Outlook

Statute provides that the County Auditor provide whatever information is considered appropriate for the Commissioners Court and the District Judges to understand. This report will be published not only for presentation to the Court and the Judges, but will also be available on our web site for pubic review and information.

We have noticed a much lower collection rate year to date for property taxes, most likely due to the economic contraction and the housing market. We will have a better feel for the potential impact in the next 1-2 months. When the trend report is updated to include year six in the trends for FY 2008, additional analysis may be available to further define lower revenues.

What we have noticed is that the effect of an economic slowdown affects the county in the year following the problems. Unlike cities, which depend more on sales taxes which reflect conditions on a quarterly basis as sales increase or decline, the effect on the county occurs annually as the appraisals and lower home values are taken into account.

There continues to be movement forward on the financial system requirements and expectations. Our office has already started its blueprinting of the business processes in preparation for the implementation.