

McLENNAN COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

Prepared by:
STEVEN G. MOORE, CPA
COUNTY AUDITOR

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Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2003

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County Auditor**



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April 1, 2004

Honorable District Judges
Honorable County Judge
Honorable County Commissioners

The Comprehensive Annual Financial Report of McLennan County, Texas, for the fiscal year ended September 30, 2003, is submitted herewith in accordance with Chapter 114.025 of the Local Government Code. The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed public accountants.

This report consists of management's representations concerning the finances of McLennan County, Texas. Management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, McLennan County management has established a comprehensive internal control framework designed both to protect governmental assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). McLennan County's comprehensive framework, because the cost of internal controls should not outweigh their benefits, has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

McLennan County's financial statements have been audited by Pattillo, Brown and Hill LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended September 30, 2003, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion on McLennan County's financial statements for the fiscal year ended September 30, 2003 that they are fairly presented in conformity with generally accepted accounting principles. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of McLennan County was a part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements. Specific emphasis was placed on internal controls and compliance with laws and regulations involving the administration of federal awards. This Single Audit Report is available as a separate report from McLennan County.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment MD&A and should be read in conjunction with it. McLennan County's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Located in Central Texas, McLennan County was incorporated in 1850 and both the County and the County Seat were named after the pioneer, Neil McLennan. The County's population continues to grow and is now currently estimated to be 218,100. This is up 2.1% over the 2000 census of 213,517 and 27.8% over the 1980 census of 170,755. The County has a land area of 1,042 square miles. McLennan County is the location of the ranch of President George W. Bush.

The County operates as specified under the Constitution of the State of Texas and Vernon's Texas Code Annotated, which provide for a Commissioners' Court consisting of the County Judge and four Commissioners, one from each of four geographical precincts. The County Judge is elected for a term of four years and the Commissioners for four-year staggered terms.

The County provides the full range of county services contemplated by the Constitution and Statutes of the State of Texas. The primary functions include general government, public safety, county roads, environmental protection, health, welfare, culture and recreation, conservation, and infrastructure.

The annual budget serves as the foundation for McLennan County's financial planning and control. All departments of the County are required to submit requests for appropriation to the County Judge (the County Judge serves as the Budget Officer in Texas Counties under a population of 225,000) by the first week in July. The County Judge uses these requests as the starting point for developing a proposed budget. The County Auditor is responsible for estimating the revenues for the budget. The County Judge must file the preliminary budget with the County Clerk by July 31. The preliminary budget is also given to the members of the Commissioners' Court at that time. Commissioners' Court then holds budget work sessions to hear specific requests from department heads and make any changes to the preliminary budget the Court deems necessary. The Court is required to publish specific information, notices, and hold public hearings as defined by state statute. After all these requirements are met, the Court may adopt the budget and the tax rate by September 1 or as soon thereafter as is practical. The appropriated budget is adopted by fund, then by department, then by the categories of personal services, supplies, other services and charges, capital expenditures and debt service. Budget-to-actual comparisons are provided in this report for all of the funds for which a budget is adopted by the Commissioners' Court.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which McLennan County operates.

Local economy. McLennan County experiences the same economic concerns being felt across Texas and the Nation, such as very low interest rates. However, the tough economy is mitigated to a great degree in McLennan County by its diversified and stable economic base including manufacturing, high technology companies, retail, higher education institutions, service industries, aviation industry and others. McLennan County provides a high quality labor force, attractive real estate opportunities, favorable tax treatment and abundant natural resources.

McLennan County is strategically located at the approximate geographic center of Texas, often referred to as the "Heart of Texas," and is within 200 miles of 70 percent of the Texas population. Major cities such as Austin, Dallas, Fort Worth, Houston, and San Antonio are within minimal driving distances. The NAFTA (North American Free Trade Agreement) continues to have a strong impact on the County. Interstate Highway 35, considered a main gateway to Mexico, passes through the middle of the County.

Long-term financial planning. The Commissioners' Court continues to be very active in economic development to insure and promote continued growth. Vigorous efforts by the McLennan County Commissioners Court and the Greater Waco Chamber of Commerce to attract new industry to the area are continuing, and the prospect of continued growth in the local economy is very encouraging at this time. The establishment of the Waco/McLennan County Economic Development Corporation, a joint venture with the Greater Waco Chamber of Commerce, the Waco Industrial Foundation, the City of Waco and McLennan

County, has been a significant instrument in promoting economic development in our area. Both McLennan County and the City of Waco provide the funding of the Corporation which provides economic incentives to companies meeting certain social and economic performance standards.

Quality of life is also of primary concern to the Commissioners' Court, as shown by its recent approximately \$20 million restoration of the McLennan County Coliseum and Fairgrounds and its commitment of \$10 million of debt proceeds for major renovations and additions to the Cameron Park Zoo, owned and operated by the City of Waco.

Cash management policies and practices. Cash temporarily idle during the year was invested in a strategic manner. Short-term cash flow was met with investing in cash-equivalent tools such as 2A-7 type investment pools and repurchase agreements through the Depository to obtain the highest possible yield while still protecting the principal. Excess cash above short-term flow requirements was identified and invested in certificates of deposit, U.S. agency securities and money market mutual funds. McLennan County operating funds investment maturities ranged from one month to two years. Longer investments were made only when step-ups were available that had short-term yields equivalent to other short-term investments with increased longer-term yields to protect the County long term. The weighted average yield for these individual investments as of September 30, 2003, was 2%.

Risk management. In an effort to minimize its exposure, McLennan County participates in several insurance pools offered by the Texas Association of Counties. These include such coverage as workers' compensation, general liability, automobile liability, unemployment insurance and property insurance. The County does not purchase insurance for physical damage to its motor vehicles.

Pension and other post-employment benefits. The County provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined pension plan in the statewide Texas County and District Retirement System (TCDRS). Additionally, the medical insurance coverage premiums for certain retirees are paid by the County, by order of the Commissioners Court, on the same basis as for active employees. Detail information on the retirement plan and other post-employment benefits can be found in Notes V(a) through V(c) and III(g) of the notes to the financial statements.

Awards and Acknowledgements

The Government Financial Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to McLennan County for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2002. This is the nineteenth consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, McLennan County published an easily readable and efficiently organized CAFR, along with satisfying both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate. This is our implementation year for the new reporting requirements under GASB Statements 34 and subsequent related GASB Statements, where applicable to county government.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the County Auditor's Office. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Board of District Judges for their support for maintaining the highest standard of professionalism, and to the McLennan County Commissioners Court for its management of McLennan County's finances and for their work in helping develop information related to reporting infrastructure and for providing the necessary related software tools.

Respectfully submitted,



Steven G. Moore
McLennan County Auditor



Certificate of Achievement for Excellence in Financial Reporting

Presented to

McLennan County,
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2002

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



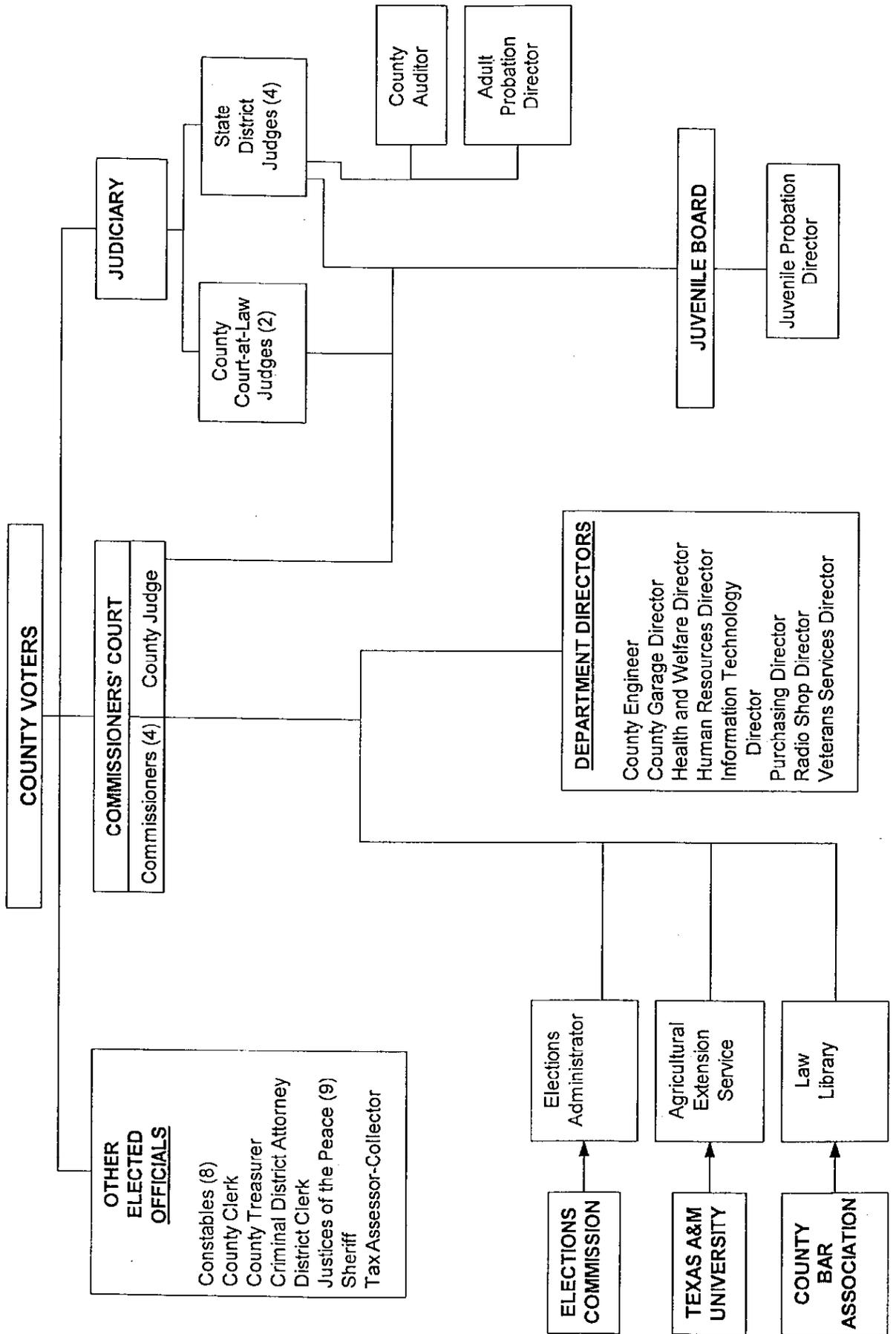
President

Executive Director



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**McLENNAN COUNTY, TEXAS
ORGANIZATION**



MCLENNAN COUNTY, TEXAS

PRINCIPAL OFFICIALS As of September 30, 2003

ELECTED OFFICIALS

District Officials

Judge, 19 th Judicial District	Ralph Strother
Judge, 54 th Judicial District	George Allen
Judge, 74 th Judicial District	Alan Mayfield
Judge, 170 th Judicial District	Jim Meyer
Criminal District Attorney	John Segrest
District Clerk	Joe Johnson

Commissioners' Court

County Judge	James Lewis
Commissioner, Precinct 1	Wendall Crunk
Commissioner, Precinct 2	Lester Gibson
Commissioner, Precinct 3	Joe Mashek
Commissioner, Precinct 4	Ray Meadows

County Officials

Judge, County Court at Law, No. 1	Tom Ragland
Judge, County Court at Law, No. 2	Mike Gassaway
County Clerk	Jack "Andy" Harwell
County Sheriff	Larry Lynch
County Treasurer	William Helton
County Tax Assessor-Collector	A. F. "Buddy" Skeen
Constable, Precinct 1	Travis Bailey
Constable, Precinct 2	John Bays
Constable, Precinct 3	David Maler
Constable, Precinct 4	Larry Eschenburg
Constable, Precinct 5	Dewey Howze
Constable, Precinct 6	Kenneth Brown
Constable, Precinct 7	John Johnson
Constable, Precinct 8	Felix Suarez
Justice of the Peace, Precinct 1, Place 1	Joe Meadows
Justice of the Peace, Precinct 1, Place 2	William Martin
Justice of the Peace, Precinct 2	Belinda Summers
Justice of the Peace, Precinct 3	David Pareya
Justice of the Peace, Precinct 4	Robert Rusling
Justice of the Peace, Precinct 5	Frank Culpepper
Justice of the Peace, Precinct 6	Raymond Britton
Justice of the Peace, Precinct 7	Jean Laster
Justice of the Peace, Precinct 8	Fernando Villarreal

APPOINTED OFFICIALS

County Auditor	Steven Moore
Director of Juvenile Probation	Rodney Davidson
Director of Adult Probation	Curtis Hand

MCLENNAN COUNTY, TEXAS

PRINCIPAL OFFICIALS (continued)

As of September 30, 2003

DEPARTMENTAL DIRECTORS

County Engineer	Steve Hendrick
County Garage Director	Charles Garrett
Health and Welfare Director	Wanda Koon
Human Resources Director	Herman Kelly
Information Technology Director	Robert Wasson
Purchasing Director	Kenneth Bass
Radio Shop Director	Wayne Canaday
Veterans Services Director	James Brakefield





INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the McLennan County, Texas, as of and for the year ended September 30, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion 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 Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of McLennan County, Texas, as of September 30, 2003, and the respective changes in financial position of these activities and funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the County has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as of September 30, 2003.

In accordance with Government Auditing Standards, we have also issued our report dated April 1, 2004, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 13 through 25 and pages 59 through 61 is 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 supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise McLennan County, Texas' basic financial statements. The introductory section, combining and individual fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements 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 tables 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.

Patillo, Brown & Hill, LLP

April 1, 2004

MCLENNAN COUNTY, TEXAS
Management's Discussion and Analysis
September 30, 2003

This discussion and analysis provides readers of the financial statements of McLennan County, Texas (the County) a narrative overview and analysis of the County's financial activities for the fiscal year ended September 30, 2003. The intent of this discussion and analysis is to look at the County's financial performance as a whole. Readers of this discussion and analysis should consider the information presented here in conjunction with additional information that we have furnished in our accompanying letter of transmittal, and in the basic financial statements and notes to the financial statements (which immediately follow this discussion).

The new financial reporting requirements of GASB Statement No. 34 (Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments), as well as Statements 37, 38, 39 and 41, noting revisions to 34, makes the County's 2003 Comprehensive Annual Financial Report significantly different than those of previous years. New features include this Management's Discussion and Analysis, the Government-wide Statement of Net Assets, the Government-wide Statement of Activities, the concept of major fund reporting, and the reporting and depreciation of capital assets and infrastructure assets, as well as long-term debt liabilities in the governmental activities. These concepts are explained throughout this discussion and analysis. In this first year of implementation, we will not present a prior year comparative analysis; beginning with the FY 2003 financial statements, prior year comparative analysis statements will be presented.

FINANCIAL HIGHLIGHTS

- The assets of McLennan County exceeded its liabilities at September 30, 2003, by \$67.9 million. Net assets invested in capital assets (net of depreciation and related debt) account for more than 50.4% of this amount, with a value of \$34.2 million. Restricted net assets totaled \$18.5 million (27.2%). Of the remaining net assets, approximately \$15.2 million (22.4%) may be used to meet the county's ongoing obligations to citizens and creditors, without legal restriction.
- The County's total net assets decreased by \$3.4 million for the year ended September 30, 2003. Income from general sources of revenue totaled more than \$44.7 million, with total expenses in excess of program revenues of \$48.1 million.
- As of September 30, 2003, McLennan County's governmental funds reported combined ending fund balances of \$51.6 million. Of that amount, \$1.5 million was reserved or designated for specific purposes. An amount of \$12.2 million was unreserved and undesignated in the Special Revenue Funds, and \$20.2 million was available for spending at the government's discretion in the General Fund.
- The unreserved and undesignated fund balance for the General Fund of \$20.2 million at September 30, 2003 was 44 % of total General Fund expenditures for 2003.
- The County issued \$8 million in Certificates of Obligation to construct the new McLennan County Juvenile Center as reflected in the Certificates of Obligation Series 2003 Capital Projects Fund. The project is ongoing and includes new offices for the Juvenile Probation Department, a juvenile courtroom, educational rooms and detention facilities.
- The County issued \$9,760,000 in refunding bonds in December 2003 to refund earlier bond issuances, resulting in savings to the County of more than \$707,450.
- McLennan County's total bonded debt at September 30, 2003, was \$46.8 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to McLennan County's basic financial statements. The annual report presented herein is a series of financial statements and notes to those statements, as well as other required supplementary information and schedules. These statements and schedules are organized so the reader can understand McLennan County as a financial operating entity. As the reader moves through the statements, there is ever increasing detail to further explain information presented. The basic financial statements are comprised of three components:

- 1) Government-wide financial statements,
- 2) Fund financial statements, and
- 3) Notes to the financial statements

MCLENNAN COUNTY, TEXAS
Management's Discussion and Analysis
September 30, 2003

This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

There are two government-wide financial statements that are designed to provide readers a broad overview of McLennan County's finances in a manner similar to the financial statements of a private-sector business.

The statement of net assets presents information on all of McLennan County's assets and liabilities; the difference between the two is reported as net assets. This statement is similar to that of the balance sheet of a private-sector business (with primary sections in a business balance sheet being assets, liabilities, and equity). Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during 2003. Because the statement of activities separates program revenue (that is, revenue generated by specific programs through charges for services, fees, licenses, grants received, and other contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on general revenues for funding.

All changes in net assets are reported using the accrual basis of accounting, similar to the method used by most private-sector businesses. The accrual basis of accounting requires that revenues be reported when they are earned and expenses are reported when the goods and services are received, regardless of the timing of cash being received or paid. This differs from the fund accounting statements, which are recorded using the modified accrual method to primarily record the inflows and outflows of cash. Items such as uncollected taxes, unpaid vendor invoices for items received in 2003, and earned but unused vacation leave are included in the statement of activities as revenue and expense, even though the cash associated with these items will not be received or distributed in 2003.

McLennan County has no separately identified discretely-presented component units included in the government-wide financial statements. By virtue of the County's authority to exercise influence over its operations, the Community Supervision and Corrections Department (Adult Probation Fund) is reflected as a blended component unit special revenue fund and its financial data is included in governmental activities. You will find further information regarding this blended component unit in the Summary of Significant Accounting Policies in Note I of the notes to the financial statements.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. McLennan County, like other local governments, uses fund accounting to ensure and demonstrate compliance with financial and legal requirements. All funds are divided into two categories: governmental funds and fiduciary funds.

- 1) Governmental Funds are used to account for essentially the same functions reported in the governmental activities in the government-wide financial statements, but unlike the activity statement, the measurement focus is on available resources.
- 2) Fiduciary Funds are used to account for resources that are held by the government as a trustee or agent for parties outside of the government. The resources of fiduciary funds cannot be used to support the government's own programs.

Governmental Funds

The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances present separate columns of financial data for the General Fund, the Adult Probation Fund, the Permanent Improvement Bonds Series 2001 Capital Project Fund and the Certificates of Obligation Series 2003 Capital Project Fund, all of which are considered to be major funds. Data from the remaining governmental funds (i.e., non-major funds) are combined into a single, aggregated presentation. The "governmental fund" financial statements can be found immediately following the "government-wide" financial statements. Individual fund data for each of the non-major governmental funds is provided in the form of combining schedules, included in the Required Supplementary Information section following the notes to the financial statements.

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Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. As mentioned earlier, government-wide financial statements are reported using accrual accounting; governmental fund financial statements focus on near-term inflows and outflows, as well as balances of available resources. In other words, revenue is reported when earned, provided it is collectible within the reporting period or soon enough afterwards to be used to pay liabilities of the current period. Likewise, liabilities are recognized as expenditures only when payment is due since they must be liquidated with available cash. Such information is useful in evaluating a government's near-term financing requirements in comparison to near-term resources.

The focus of governmental fund financial statements is more limited than that of government-wide financial statements. Because of the difference in the two types of statements, it is useful to compare information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers should better understand the results and long-term impact of near-term financing decisions. The reader is assisted in this comparison between the two bases of accounting by reconciliation statements between the governmental fund balance sheet and the statement of net assets, as well as the governmental fund statement of revenues, expenditures, and changes in fund balances and the statement of activities.

McLennan County utilizes and maintains budgetary controls over its operating funds. Budgetary controls are used to ensure compliance with legal provisions required under state statute governing the annual appropriated budget. Budgets for governmental funds are established in accordance with state law and are adopted at the department level for all funds using the primary categories of personal services, supplies, other services and charges, capital outlay and debt service. Specific equipment items included in capital outlays are approved on a capital equipment schedule. Appropriations for Capital Projects Funds are approved on an annual basis. A budgetary comparison statement is provided for the General Fund in this management's discussion and analysis section. Also, the Required Supplementary Information contains budget comparisons for the General Fund, Permanent Improvement Bonds Series 2001 Capital Project Fund and the Certificates of Obligation Series 2003 Capital Project Fund. No budget comparison is presented for the Adult Probation Fund, since the grantor determines its budget. The comparison statement is used to demonstrate compliance with the budget both as originally adopted and as finally amended.

Fiduciary Funds

Agency funds are the only fiduciary fund type used by McLennan County. Fiduciary funds are used to account for resources held for the benefit of parties outside McLennan County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the programs and expenses of McLennan County. The accounting used for fiduciary funds is on the accrual basis. Agency funds are used as clearing accounts for assets held by McLennan County in its role as custodian until the funds are allocated to the parties, organizations, or other government agencies to which they belong. The basic fiduciary fund financial statements can be found following the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual for the General Fund.

Notes to the Financial Statements

The notes provide additional information essential to a complete understanding of data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements in this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

As discussed above, net assets (and the change in net assets from year to year) may serve over time as a useful indicator of a government's financial position. McLennan County's net assets totaled \$67.9 million at September 30, 2003.

The following table is a condensed Government-wide Summary of Net Assets. Fiscal year 2003 is the first year that McLennan County is reporting on a government-wide basis, as required by the implementation of GASB Statement

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No. 34 reporting standards. Since this is the first year of reporting under GASB Statement No. 34, there is no audited previous year comparable data available. Beginning with the Fiscal Year 2004 Comprehensive Annual Financial Report, we will provide comparable data. Also, there are no business-type activities to report.

McLennan County's total assets exceed \$130.5 million as of September 30, 2003. Of this amount, over \$68.4 million is accounted for by capital assets, which includes net infrastructure of \$10.8 million and construction in progress of \$7.6 million. Historically, infrastructure (road and bridge systems) has not been included in capital asset reporting for governmental activities. GASB Statement No. 34 requires that all capital assets, including infrastructure, be reported in the government-wide statements. Reporting of infrastructure under GASB Statement No. 34 must begin no later than four years after the implementation of the government-wide reporting. Not included in the infrastructure amounts are values for land for right-of-way for roads and bridges in McLennan County; these will be added prior to the deadline mentioned above.

McLennan County – Summary of Net Assets
September 30, 2003

	Governmental
Current and other assets	\$ 62,113,403
Capital assets (net of accumulated depreciation and construction in progress)	68,451,285
	\$ 130,564,688
Current and other liabilities	\$ 5,699,093
Deferred revenues	1,438,181
Long-term liabilities	55,511,404
	\$ 62,648,678
Net assets:	
Invested in capital assets, net of related debt	34,249,854
Restricted	18,459,566
Unrestricted	15,206,590
	\$ 67,916,010

McLennan County will not have to delay reporting on its infrastructure, except for the right-of-way, but instead begins its reporting of infrastructure values with this fiscal year.

Since 2003 is the first year that the County was required to include infrastructure, there was a need to differentiate between additions and a prior year accounting change requiring pre-2003 infrastructure assets to be added. At September 30, 2002, the County owned infrastructure (net of accumulated depreciation) totaled almost \$10.8 million. During fiscal year 2003, there were no additions to infrastructure.

Of the remaining County assets, approximately \$53.9 million were accounted for in cash, cash equivalents, and investments; \$4.1 million in taxes and accounts receivable; \$306 thousand in inventories; and \$457 thousand in prepaid expenses.

At September 30, 2003 the County had outstanding liabilities of \$62.6 million, with slightly over \$55.5 million in total long-term liabilities. Of the long-term liabilities, \$4.4 million was due within a year, with the remainder of \$51.1 million due over an extended period of time. There is a more in-depth discussion of long-term debt in the notes to the financial statements.

Included in other liabilities in the summary of net assets are \$4.4 million in accounts payable and accrued liabilities. Approximately \$531 thousand is due to other governments.

A large portion of the County's net assets (more than 50.4%) reflects its investment in capital assets, such as equipment, facilities, infrastructure, etc., less any outstanding related debt used to acquire those assets. Capital assets are used to provide services to citizens.

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An amount of 27.2% of the County's net assets is subject to external restrictions on how they may be used (restricted by either statute or contractual agreement). The remaining balance of \$15.2 million (unrestricted net assets) represents the amount that may be used to meet the County's ongoing obligations.

Statement of Activities

McLennan County's governmental activities decreased net assets by \$3.4 million in 2003. Key elements in changes in net assets are shown in the table on this page.

Total revenues for McLennan County were almost \$64.4 million in 2003, all from governmental activities. Property tax revenue accounted for 43.7% of total revenue sources, sales tax accounted for 15% and grants and contributions accounting for 12.6%. Charges for services provided 18% of total revenue. The remaining 10.7% of revenue was provided by mixed beverage tax, motor fuel tax, interest income, gain on the sale of assets, rental revenues and miscellaneous sources.

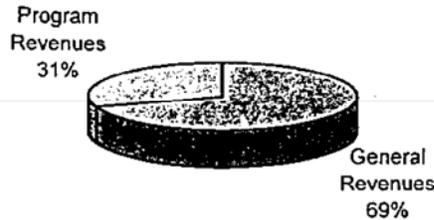
Expenses for the year totaled about \$67.8 million. General administration activities accounted for almost \$13.1 million (19.3%). Public safety, public transportation, and general administration are the three largest programs, in terms of expenses. These three activities accounted for more than 72.3% of total expenses.

	Governmental Activities	
Revenues		
<i>Program Revenues</i>		
Charges for services	\$ 11,558,679	
Operating grants and contributions	8,097,054	\$ 19,655,733
<i>General Revenues</i>		
Taxes	39,609,490	
Unrestricted investment earnings	923,847	
Rental revenue	3,184,306	
Gain (loss) on sale of assets	30,499	
Miscellaneous	955,205	\$ 44,703,347
Total revenues		64,359,080
Expenses		
General administration	13,081,875	
Judicial	4,963,966	
Public safety	28,459,088	
Public transportation	7,499,769	
Health	4,312,989	
Welfare	2,649,209	
Culture-Recreation	3,167,814	
Conservation	180,691	
Economic development	1,183,298	
Interest and fiscal charges	2,298,097	
Total expenses		67,796,796
Change in net assets		(3,437,716)
Net assets as of October 1, 2002		71,353,726
Net assets as of September 30, 2003		\$ 67,916,010

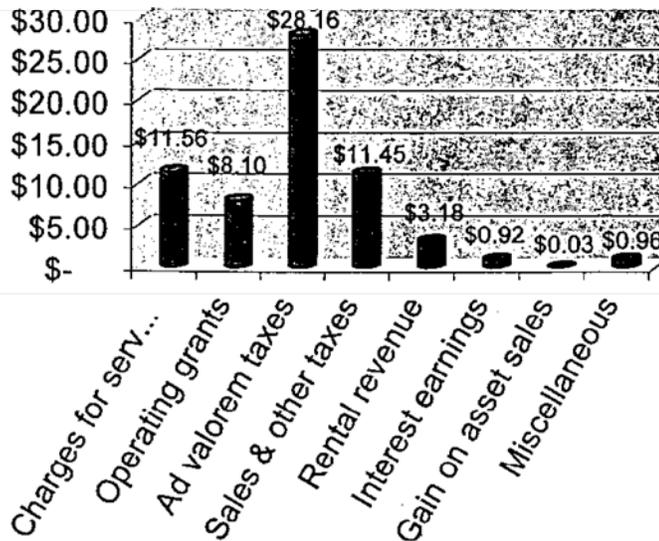
MCLENNAN COUNTY, TEXAS
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The following graphic representations show the relationships between various revenue and expense components presented on the Statement of Activities.

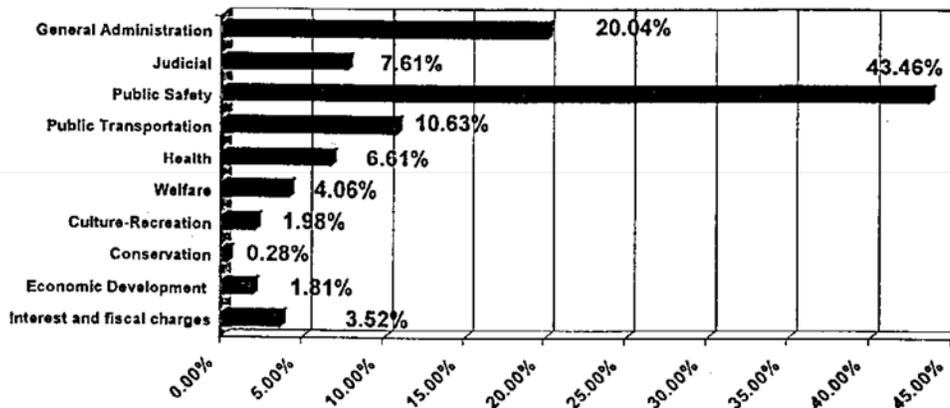
Program vs. General Revenues



Revenue by Source (in millions)



Program Expenses - Government-Wide



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 Management's Discussion and Analysis
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FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

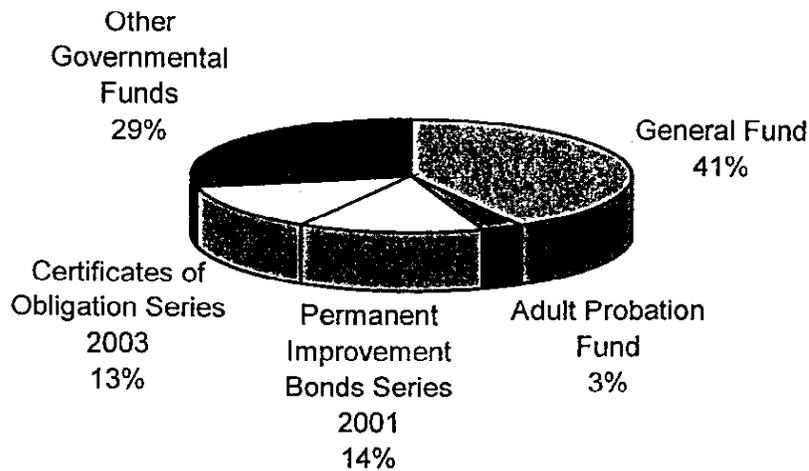
As noted earlier, McLennan County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following is a financial analysis of the County's governmental funds:

Governmental Funds Balance Sheet Analysis

The General Fund, Adult Probation Fund, Permanent Improvement Bonds Series 2001 Capital Project Fund and the Certificates of Obligation Series 2003 Capital Project Fund are considered major funds in 2003. Together these four funds account for 71.3% of total governmental fund assets and 68.2% of total governmental fund balance.

A breakdown of the contribution of each major fund, as well as other governmental funds, is presented in the following chart. The percentage contribution for each is also shown.

Total Assets - Governmental Funds



The focus of McLennan County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of September 30, 2003, the County's governmental funds reported combined ending fund balances of nearly \$51.6 million. Of this total amount, over \$50.1 million (97.1%) is unreserved and available for spending without restrictions in the General Fund. Reserved fund balances in the amount of \$1.5 million is not available for new spending because it has already been committed to debt service and education.

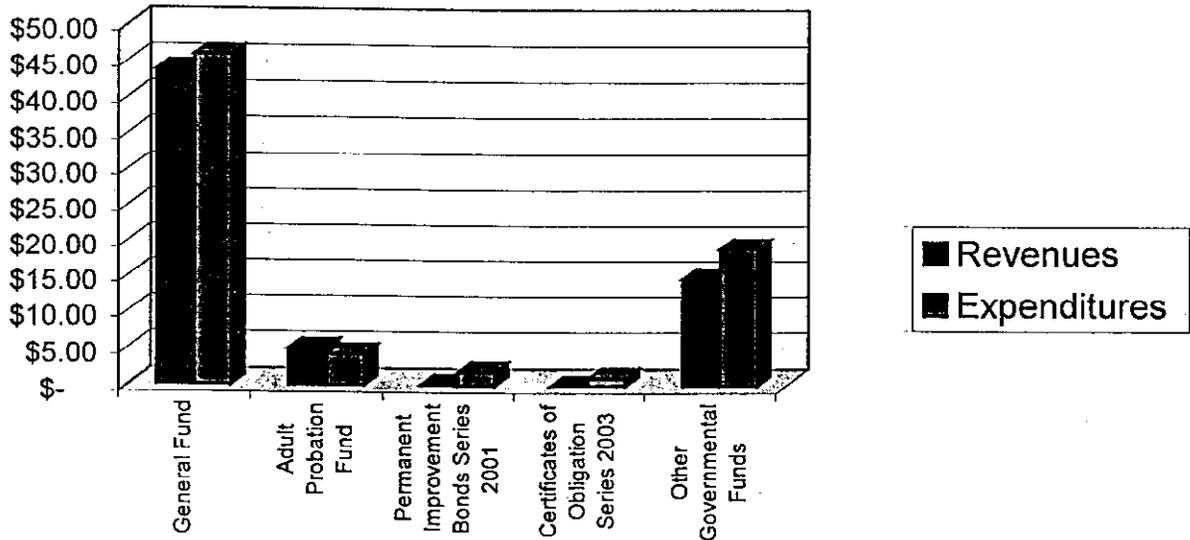
The General Fund is the chief operating fund of McLennan County. On September 30, 2003, unreserved fund balance of the General Fund was over \$20.2 million, while total fund balance for all governmental funds was \$51.6 million. Total assets in the General Fund amounted to \$25.1 million, accounting for 41.6% of total governmental fund assets. Other major funds include the Adult Probation Fund (\$1.8 million in assets), Permanent Improvement Bonds Series 2001 Capital Project Fund (\$8.3 million in assets) and the Certificates of Obligation Series 2003 Capital Project Fund (\$7.8 million in assets). Together, all major funds account for \$43 million (71.3%) of total assets of the total assets of \$60.3 million.

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Governmental Funds Revenue/Expenditure Analysis

The following chart shows the revenue and expenditure amounts for the five major governmental funds and for all other governmental funds.

Governmental Fund Revenues and Expenditures
(in millions)



The revenue indicators in the chart do not include other financing sources, such as proceeds from new debt or the sale of assets. The General Fund accounts for 68.6% of all governmental fund revenue and 63.5% of expenditures. The Adult Probation Fund was counted as a major fund because of its total liabilities of \$1.12 million (13.45% of total liabilities). The Permanent Improvement Bonds Series 2001 Fund is counted as a major fund due to its assets of \$8.3 million (13.7%) - its expenditures were \$1.9 million (2.6%). The Certificates of Obligation Series 2003 is new for 2003; it is included as a major fund due to its assets of \$7.8 million (12.8%).

The net change in fund balance for the General Fund in 2003 was a decrease of \$2.8 million. This decrease includes transfers out to other funds of over \$1.1 million, and transfers from other funds of \$133 thousand. There were proceeds from the inception of a lease purchase agreement of \$297 thousand. The Adult Probation Fund had a net change of zero dollars in its fund balance, as all excesses of revenues over expenditures become deferred revenue in this grant program. The Permanent Improvement Bonds Series 2001 Fund decreased its fund balance by about \$1.7 million, due to payments made as the results on the capital funded by this issue. The Certificates of Obligation Series 2003 Fund increased its fund balance by \$6.9 million, due to \$8 million proceeds from the issuance of the debt issued to finance the construction of the new McLennan County Juvenile Services Center, offset by capital expenditures on that project of \$1.1 million.

MCLENNAN COUNTY, TEXAS
Management's Discussion and Analysis
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GENERAL FUND BUDGETARY HIGHLIGHTS

The following table shows the changes between the original adopted budget and the final budget, as amended, for General Fund budget as of September 30, 2003.

General Fund
Changes in Budget
Fiscal Year Ending September 30, 2003

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original	Final	
Revenues:			
Taxes	\$ 31,125,000	\$ 31,125,000	\$ -
Licenses and Permits	78,300	78,300	-
Intergovernmental	591,100	865,572	274,472
Charges for Services	4,553,680	4,826,680	273,000
Fines and Forfeits	32,900	32,900	-
Miscellaneous:			
Investment Income, Net	485,300	503,300	18,000
Other	5,776,590	5,777,090	500
Total Miscellaneous	<u>6,261,890</u>	<u>6,280,390</u>	<u>18,500</u>
Total Revenues	<u>42,642,870</u>	<u>43,208,842</u>	<u>565,972</u>
Expenditures:			
Current:			
General Government	16,707,215	16,116,584	590,631
Judicial	4,630,130	4,765,080	(134,950)
Public Safety	22,308,084	22,581,575	(273,491)
Public Transportation	-	136,626	(136,626)
Health	5,032,733	5,050,164	(17,431)
Welfare	2,557,791	2,697,969	(140,178)
Culture-Recreation	572,310	572,310	-
Conservation	266,790	266,790	-
Economic Development and Assistance	190,000	190,000	-
Debt Service:			
Principal and Retirements	529,550	627,979	(98,429)
Interest and Fiscal Charges	86,525	180,759	(94,234)
Total Expenditures	<u>52,881,128</u>	<u>53,185,836</u>	<u>(304,708)</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(10,238,258)</u>	<u>(9,976,994)</u>	<u>261,264</u>
Other Financing Sources (Uses):			
Disposition of Fixed Assets	-	-	-
Lease Purchase Agreement	300,000	300,000	-
Operating Transfers In	557,686	770,426	212,740
Operating Transfers Out	(1,655,301)	(1,838,185)	(182,884)
Total Other Financing Sources (Uses)	<u>(797,615)</u>	<u>(767,759)</u>	<u>29,856</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures	<u>(11,035,873)</u>	<u>(10,744,753)</u>	<u>291,120</u>
Fund Balance at Beginning of Year	<u>19,301,003</u>	<u>19,301,003</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 8,265,130</u>	<u>\$ 8,556,250</u>	<u>\$ 291,120</u>

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Under Texas Local Government Code Section 111.0432, "the county auditor shall certify to the commissioners court the receipt of revenue from a new source not anticipated before the adoption of the budget and not included in the budget for that fiscal year. On certification, the court may adopt a special [supplemental] budget for the limited purpose of spending the revenue for general purposes or for any of its intended purposes." Due to this statute, increases in revenues totaling \$565 thousand were certified and added to anticipated revenues that were in the original budget.

McLennan County includes a contingency line item within the General Government function in each budget year. When appropriations are needed for specific unforeseen expenditures, an amendment is approved by the Commissioners Court to transfer funds from the contingency line item to the category against which said expenditure will be charged. Such transfers account for substantially all of the \$591 thousand reduction in the General Government function, and for a like amount of the increases shown in other functions. Additional increases in appropriations occurred through the certification process discussed in the previous paragraph, when the Commissioners Court chose to adopt the supplemental budget related to additional certified revenues.

Detailed on the following page is a comparison between the final adopted budget and the final actual revenues and expenditures of McLennan County for the fiscal year ending September 30, 2003. Actual revenues in the General Fund are about \$626 thousand (1.4%) above estimated revenues in the budget.

Ad Valorem taxes are estimated at 98% of actual anticipated revenues when the budget is adopted. Intergovernmental revenues collected were \$278 thousand greater than anticipated. \$266 thousand of this was due to higher than expected funding from the State of Texas regarding indigent defense services reimbursement, shared alcoholic beverage taxes, and the State tobacco settlement allocation.

Revenues from Charges for Services exceeded that which was estimated in the budget by \$814,156. The primary components of the positive variance was court related civil fees (\$186 thousand), county clerk recording fees (\$173 thousand), charges to other entities for collection of their ad valorem taxes (\$111 thousand), records management fees (\$69 thousand), charges for keeping Federal prisoners (\$107 thousand) and unadjudicated probation fees (\$47 thousand).

Interest revenue was \$94 thousand less than anticipated due to continuing low interest rates. Other revenues were \$988 thousand less than anticipated primarily due to changes in phone service contract methodologies, resulting in the County receiving \$708 thousand less in inmate telephone commissions than had been anticipated.

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McLennan County, Texas
General Fund Revenues, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For the Year Ended September 30, 2003

	Final Budget	Final Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 31,125,000	\$ 31,711,920	\$ 586,920
Licenses and Permits	78,300	84,602	6,302
Intergovernmental	865,572	1,144,559	278,987
Charges for Services	4,826,680	5,640,836	814,156
Fines and Forfeits	32,900	55,207	22,307
Miscellaneous:			
Investment Income, Net	503,300	409,732	(93,568)
Other	5,777,090	4,788,387	(988,703)
Total Miscellaneous	<u>6,280,390</u>	<u>5,198,119</u>	<u>(1,082,271)</u>
Total Revenues	<u>43,208,842</u>	<u>43,835,243</u>	<u>626,401</u>
Expenditures:			
Current:			
General Government	16,116,584	12,244,202	3,872,382
Judicial	4,765,080	4,376,869	388,211
Public Safety	22,581,575	20,691,251	1,890,324
Public Transportation	136,626	133,368	3,258
Health	5,050,164	4,288,371	761,793
Welfare	2,697,969	2,614,096	83,873
Culture-Recreation	572,310	545,340	26,970
Conservation	266,790	175,091	91,699
Economic Development and Assistance	190,000	150,105	39,895
Debt Service:			
Principal and Retirements	627,979	579,416	48,563
Interest and Fiscal Charges	180,759	178,845	1,914
Total Expenditures	<u>53,185,836</u>	<u>45,976,953</u>	<u>7,208,883</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(9,976,994)</u>	<u>(2,141,710)</u>	<u>7,835,284</u>
Other Financing Sources (Uses):			
Disposition of Fixed Assets	-	17,220	17,220
Lease Purchase Agreement	300,000	296,617	(3,383)
Operating Transfers In	770,426	770,426	-
Operating Transfers Out	(1,838,185)	(1,724,685)	113,500
Total Other Financing Sources	<u>(767,759)</u>	<u>(640,422)</u>	<u>127,337</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures	<u>(10,744,753)</u>	<u>(2,782,132)</u>	<u>7,962,621</u>
Fund Balance at Beginning of Year	<u>19,301,003</u>	<u>23,008,841</u>	<u>3,707,838</u>
Fund Balance at End of Year	<u>\$ 8,556,250</u>	<u>\$ 20,226,709</u>	<u>\$ 11,670,459</u>

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Actual expenditures were 87.5% of the budget for the fiscal year ending September 30, 2003, and all functions were within budget. The three largest positive variances were in the functions of General Government, Public Safety and Health. Together they accounted for \$6.5 million (90.5%) of the total positive budget variance of \$7.2 million.

The General Government positive budget variance was about \$3.8 million. That positive variance was primarily composed of the following items:

- The largest portion of the positive variance was the remaining balance in the contingency line item in the amount of nearly \$1.7 million or 43.3% of the positive General Government variance.
- Salaries and benefits must be included in the budget for each budgeted position, even though there are times some of those positions are not filled. This resulted in a positive variance in personal services expenditures of \$606 thousand, or 15.6% of the positive General Government variance.
- The remaining actual cost of a software implementation project came in at \$42 thousand, or \$167 thousand less than the \$209 budgeted for the project. This accounted for 4.4% of the positive General Government variance.
- Expenditures for maintenance of buildings were \$129 thousand lower than had been budgeted.
- Expenditure of the funds budgeted for phone system work in the amount of \$47 thousand was not needed.

The Public Safety positive budget variance was about \$1.9 million. That positive variance was primarily composed of the following items:

- The County pays a jail management company to manage the old downtown jail where certain Federal prisoners are incarcerated on a per diem contract basis. The budget for the fee paid to the management company was \$996 thousand more than the actual expenditures incurred due to lower utilization of the facility by the Federal Government in 2003. This accounted for 52.7% of the positive Public Safety variance.
- Salaries and benefits must be included in the budget for each budgeted position, even though there are times some of those positions are not filled. This resulted in a positive variance in personal services expenditures of \$393 thousand, or 20.8% of the positive General Government variance.

The Health positive budget variance was about \$762 thousand. Under State of Texas statutes, a Texas county is required to commit 8% of general tax revenues to indigent health care, and the County routinely budgets the necessary amount in each years budget. In 2003, the County's actual expenditures relating to indigent healthcare were \$637 thousand less than the amount budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

McLennan County's total investment in capital assets, including construction in progress, for governmental type activities as of September 30, 2003, amounts to more than \$68.5 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress. It includes investments in infrastructure projects that were purchased or completed prior to October 1, 2002. Major capital asset events during the current fiscal year included the following:

- Road and Bridge vehicles, equipment and trailers were added to the fleet as either new equipment or replacements during the year, at a cost of \$1.3 million.
- Capital expenditures of \$1.5 million were for the new McLennan County Juvenile Services Center in 2003. The cost of the new Center is being funded through the proceeds of the Certificates of Obligation Series 2003, and construction of the facility is anticipated to be completed in the Fall of 2004.
- Through proceeds of a capital lease, the County completed the Utility Performance Improvement Project in October 2003. The project is expected to substantially decrease the cost of utilities in the courthouse

MCLENNAN COUNTY, TEXAS
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complex buildings, as well as at some outlying buildings. Expenditures on the \$6 million project in fiscal year 2003 were \$3.1 million.

Additional information on McLennan County's capital assets can be found in Note I (D-4), Note III (C) of the notes to the financial statements and the Capital Assets section immediately preceding the Statistical Section of this report.

Long-Term Debt

At September 30, 2003, McLennan County had slightly less than \$46.8 million in total bonded debt outstanding. All of the debt of the county is general obligation debt and is backed by the full faith and credit of McLennan County. For internal purposes, various names are used to reference how the debt is used. For example, refunding, permanent improvement, and certificates of obligation are some of the names used to identify the indebtedness. All of these are general obligation bonds. There are no special assessment or revenue bonds. McLennan County's total bonded debt had a net increase of \$5.9 million during 2003.

Debt activity in 2003 included an issue of \$8 million for the new McLennan County Juvenile Services Center. McLennan County retired \$2.1 million in debt through scheduled principal payments made during the year. In December 2003 the County issued a refunding of \$9.8 million in bonds to take advantage of lower interest rates. McLennan County maintains a real credit rating of Aa2 from Moody's Investor Services.

Additional information on the County's long-term debt can be found in Note III (D) in the notes to the financial statements.

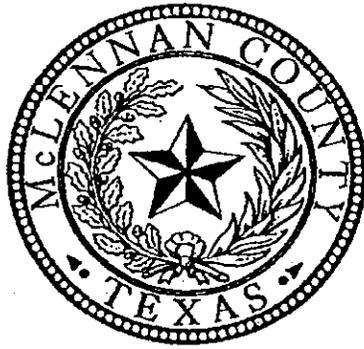
ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

There have been several State of Texas and Federal legislative changes that have already impacted the finances of McLennan County and will continue to have an impact on future finances of the County. A listing of conditions and decisions that may impact the future financial condition of the County follows:

- Senate Bill 7, implemented by the State effective January 1, 2002, was almost completely unfunded State mandate that has negatively impacted the costs of providing counsel to indigent defendants. The cost of providing indigent defense for FY 2001 was \$1.2 million, for FY 2002 it was \$1.5 million and for FY 2003 it was almost \$2.1 million.
- Reductions in funding from Texas for state-supported programs such as Community Supervision will have a negative impact on options that courts have for probation programs. For example, the cost to monitor a felon through the probation program is less than \$2/day versus jail time for that felon at a cost of over \$40/day.
- Although the opening of the McLennan County Juvenile Services Center will not occur during FY 2004, its opening in the Fall of 2004 (FY 2005) will result in additional operating costs for labor and materials that will have to be taken into account in the budget cycle for FY 2005.
- Reduced funding of federal programs such as SCAAP will increase the county funding to offset costs incurred to house illegal aliens in the McLennan County jail.
- McLennan County has been intentionally drawing down its General Fund unrestricted fund balance, primarily by not raising property taxes, from a high of \$26.5 million at the end of FY 2001, to \$23 million at the end of FY 2002 and to \$20.2 million at the end of FY 2003. The budget for FY 2004 continues this draw-down, but the County intends to stop the draw-down over the budget years for FY 2005 and FY 2006.

Requests for Information

This financial report is designed to provide a general overview of McLennan County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of County Auditor, McLennan County, 214 N. 4th Street, Suite 100, Waco, TX 76701.



BASIC FINANCIAL STATEMENTS

MCLENNAN COUNTY, TEXAS

Statement of Net Assets

September 30, 2003

ASSETS

Pooled Cash and Investments	\$	52,517,429
Non-Pooled Cash		1,426,274
Receivables (net of allowances for estimated uncollectibles):		
Taxes		1,872,138
Accounts		2,239,130
Due from Other Governments		3,294,940
Inventories, at Cost		306,195
Prepaid Assets		457,296
Capital Assets (net of accumulated depreciation)		
Land		1,524,888
Buildings and system		41,198,685
Improvements other than buildings		512,634
Machinery and equipment		6,892,285
Infrastructure		10,751,963
Construction in progress		7,570,830
Total Assets	\$	<u>130,564,688</u>

LIABILITIES

Accounts Payable	\$	3,967,263
Accrued Interest Payable		405,015
Due to Other Governments		531,438
Funds Held in Escrow		795,376
Deferred Revenue		1,438,181
Noncurrent liabilities:		
Due within one year		4,350,178
Due in more than one year		51,161,226
Total Liabilities		<u>62,648,678</u>

NET ASSETS

Invested in Capital Assets, net of related debt (GASB)		34,249,854
Restricted Net Assets		
Restricted for Capital Projects		16,960,955
Reserved for Debt Service		1,444,655
Reserved for Education		53,956
Unrestricted		15,206,590
Total Net Assets	\$	<u>67,916,010</u>

The notes to the financial statements are a integral part of this statement

MCLENNAN COUNTY, TEXAS

Statement of Activities

For the Year Ended September 30, 2003

Functions/Programs:	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
				Governmental Activities
General Administration	\$ 13,081,875	\$ 2,596,930	\$ 2,413,834	\$ (8,071,110)
Judicial	4,963,966	3,954,338	95,830	(913,798)
Public Safety	28,459,088	4,831,072	5,313,056	(18,314,961)
Public Transportation	7,499,769	89,592	107,297	(7,302,880)
Health	4,312,989	0	62,011	(4,250,978)
Welfare	2,649,209	86,746	105,026	(2,457,437)
Culture-Recreation	3,167,814	0	0	(3,167,814)
Conservation	180,691	0	0	(180,691)
Economic Development and Assistance	1,183,298	0	0	(1,183,298)
Interest and fiscal charges	2,298,097	0	0	(2,298,097)
Total Governmental Activities	\$ 67,796,796	\$ 11,558,679	\$ 8,097,054	(48,141,063)
General Revenues:				
				28,162,392
				9,662,504
				1,784,595
				3,184,305
				923,847
				30,499
				955,205
				<u>44,703,347</u>
Change in net assets				(3,437,716)
Net assets - beginning				<u>71,353,726</u>
Net assets - ending				<u>\$ 67,916,010</u>

The notes to the financial statements are a integral part of this statement

MCLENNAN COUNTY, TEXAS

Balance Sheet

Governmental Funds

September 30, 2003

ASSETS

Pooled Cash and Investments
 Non-Pooled Cash
 Receivables (net of allowances for
 estimated uncollectibles):
 Taxes
 Accounts
 Due from Other Funds
 Due from Other Governments
 Inventories, at Cost
 Prepaid Assets
 Total Assets

	General	Adult Probation Fund	Permanent Improvement Bonds Series 2001 Capital Project Fund	Certificates of Obligation Series 2003 Capital Project Fund	Other Governmental Funds	Total
	\$ 19,339,428	\$ 1,696,785	\$ 8,267,838	\$ 7,745,535	\$ 15,467,843	\$ 52,517,429
	631,492	190,602	-	-	604,181	1,426,274
	1,445,904	-	-	-	426,233	1,872,138
	282,702	2,843	-	8,821	42,841	337,207
	76,286	-	-	-	25,988	102,286
	2,718,902	631	-	-	575,407	3,294,940
	143,801	-	-	-	162,384	306,195
	457,286	-	-	-	-	457,286
	\$ 25,095,813	\$ 1,890,861	\$ 8,267,838	\$ 7,754,356	\$ 17,304,897	\$ 60,313,766

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts Payable
 Due to Other Funds
 Due to Other Governments
 Funds Held in Escrow
 Deferred Revenue
 Total Liabilities

	\$ 1,506,612	\$ 285,257	\$ 963,288	\$ 849,650	\$ 362,457	\$ 3,967,263
	-	-	-	-	102,286	102,286
	271,387	260,052	-	-	-	531,439
	795,685	-	-	-	(290)	795,376
	2,295,440	577,388	-	-	437,491	3,310,319
	4,869,104	1,122,696	963,288	849,650	901,944	8,706,682

Fund Balance:

Reserved for:
 Debt Service
 Education
 Unreserved - Undesignated:
 General Fund
 Special Revenue Funds
 Capital Projects Funds
 Total Fund Balances

	-	-	-	-	1,444,655	1,444,655
	-	-	-	-	53,956	53,956
	20,226,709	768,165	-	-	-	20,226,709
	-	-	-	-	12,182,644	12,950,809
	-	-	7,304,551	6,904,706	2,721,688	16,930,955
	20,226,709	768,165	7,304,551	6,904,706	16,402,953	51,607,684
	\$ 25,095,813	\$ 1,890,861	\$ 8,267,838	\$ 7,754,356	\$ 17,304,897	\$ 60,313,766

Total Liabilities and Fund Balance

The notes to the financial statements are an integral part of this statement

MCLENNAN COUNTY, TEXAS

Reconciliation of the Balance Sheet of the
Governmental Funds to the Statement of Net Assets

September 30, 2003

Total fund balances - governmental funds \$ 51,607,084

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.
These capital assets (net of accumulated depreciation) consist of:

Land	\$ 1,524,888	
Buildings	41,198,685	
Improvements other than buildings	512,634	
Machinery and equipment	6,892,285	
Infrastructure	10,751,963	
Construction in progress	<u>7,570,830</u>	
Total capital assets		68,451,285

Some amounts deferred in the funds were recorded in a different
fiscal year than the current year:

Fines and fees earned in the current fiscal year but are not
available to provide for current financial resources, and
therefore are deferred in the funds. 1,901,922

Property taxes earned in the current fiscal year but are not
available to provide for current financial resources, and
therefore are deferred in the funds. 1,872,138

Total deferred revenues 3,774,060

Some liabilities are not due and payable in the current period and
therefore are not reported in the funds. Those liabilities consist of:

Interest payable	(405,015)	
General obligation bonds	(2,213,466)	
Capital leases	(816,638)	
Compensated absences	<u>(1,320,074)</u>	
Total current liabilities		(4,755,193)
General obligation bonds	(44,566,534)	
Capital leases	(6,514,926)	
Compensated absences	<u>(79,766)</u>	
Total non-current liabilities		<u>(51,161,226)</u>

Net Assets \$ 67,916,010

The notes to the financial statements are a integral part of this statement

MCLENNAN COUNTY, TEXAS

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended September 30, 2003

	General	Adult Probation Fund	Permanent Improvement Bonds Series 2001 Capital Project Fund	Certificates of Obligation Series 2003 Capital Project Fund	Other Governmental Funds	Total
Revenues:						
Taxes	\$ 91,711,920	-	-	-	\$ 5,995,105	\$ 37,707,025
Licenses and Permits	84,602	-	-	-	1,689,993	1,784,595
Intergovernmental	1,144,559	3,024,343	-	-	3,910,699	8,079,601
Charges for Services	5,640,836	2,036,234	-	-	564,047	8,243,117
Fines and Forfeits	55,207	-	-	-	1,820,525	1,875,732
Miscellaneous	5,198,119	26,786	138,033	15,182	834,522	6,212,642
Total Revenues	43,835,243	5,089,363	138,033	15,182	14,824,891	63,902,712
Expenditures:						
Current:						
General Government	12,244,202	-	-	-	433,252	12,677,454
Judicial	4,376,869	-	-	-	406,491	4,783,359
Public Safety	20,691,251	4,321,199	-	-	2,234,590	27,247,039
Public Transportation	133,368	-	-	-	6,866,527	6,999,895
Health	4,288,371	-	-	-	-	4,288,371
Welfare	2,614,096	-	-	-	-	2,614,096
Culture-Recreation	545,340	-	-	-	-	545,340
Conservation	175,091	-	-	-	-	175,091
Economic Development and Assistance	150,105	-	-	-	1,033,193	1,183,298
Capital Projects	-	-	1,876,754	1,110,476	3,917,428	6,904,658
Debt Service:						
Principal and Retirements	579,416	-	-	-	2,191,968	2,771,384
Interest and Fiscal Charges	178,845	-	-	-	2,070,318	2,249,163
Total Expenditures	45,976,953	4,321,199	1,876,754	1,110,476	19,145,764	72,431,145
Excess (Deficiency) of Revenue over Expenditures	(2,141,710)	768,165	(1,738,722)	(1,095,294)	(4,320,873)	(8,528,434)
Other Financing Sources (Uses):						
Disposition of Fixed Assets	17,220	-	-	-	15,740	32,960
Lease Purchase Agreement	296,617	-	-	-	-	296,617
Proceeds of General Obligation Bonds	-	-	-	8,000,000	-	8,000,000
Transfers In	133,356	-	-	-	2,033,176	2,166,532
Transfers Out	(1,087,615)	-	-	-	(1,078,917)	(2,166,532)
Total Other Financing Sources	(640,422)	-	-	8,000,000	969,999	8,329,577
Net Change in Fund Balances	(2,762,132)	768,165	(1,738,722)	6,904,706	(3,350,874)	(198,857)
Fund Balance at Beginning of Year	23,008,841	-	9,043,272	-	19,753,827	51,805,940
Fund Balance at End of Year	\$ 20,226,709	\$ 768,165	\$ 7,304,551	\$ 6,904,706	\$ 16,402,953	\$ 51,807,084

The notes to the financial statements are an integral part of this financial statement

MCLENNAN COUNTY, TEXAS

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of the Governmental Funds to the
Statement of Activities

For the Year Ended September 30, 2003

Net change in fund balances - governmental funds \$ (198,857)

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

Capital asset purchases are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated lives as depreciation expense. In the current period, these amounts are:

Capital projects - capital outlay	\$ 5,027,902	
Capital projects - functional activities	1,429,698	
Depreciation expense	<u>(4,528,743)</u>	
Excess of capital outlay over depreciation expense		1,928,857

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds. However, in the statement of activities, some items do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Debt issuance and refunding increases long-term debt in statement of net assets.	\$ (8,296,617)	
Debt repayment is expenditure in governmental funds, but reduces long-term liabilities in the statement of net assets.	2,771,384	
Interest accreted on capital appreciation debt is not reported as an expenditure in the governmental funds.	<u>(48,934)</u>	
Total long-term debt		(5,574,167)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Property taxes receivable	\$ 117,870	
Fines and fees receivable	<u>445,699</u>	
Total receivables		563,569

Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (154,657)

The gain on the sale of capital assets is only recognized in the statement of activities and is not reported as revenue in governmental funds. 30,499

The proceeds from the sale of capital assets increases financial resources in governmental funds but these items do not require the use of current financial resources in the statement of activities. (32,960)

Change in net assets of governmental activities \$ (3,437,716)

The notes to the financial statements are a integral part of this statement

MCLENNAN COUNTY, TEXAS

Statement of Fiduciary Net Assets

Fiduciary Funds

September 30, 2003

	Agency Funds
Assets	
Equity in Pooled Cash	\$ 394,859
Nonpooled Cash	1,953,979
Nonpooled Investments	5,728,073
Accrued Interest	19,543
	<u>8,096,454</u>
	<u>\$ 8,096,454</u>
Liabilities	
Accounts Payable	\$ 19,815
Due to Other Governments	511,528
Due to Others	7,565,111
	<u>8,096,454</u>
	<u>\$ 8,096,454</u>

The notes to the financial statements are an integral part of this statement

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2003

I Summary of Significant Accounting Policies

The accounting and reporting policies of McLennan County, Texas (the County) reflected in the accompanying basic 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*. This year's financial report has been prepared in accordance with GASB Statement No. 34 (*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*) issued in June 1999.

Under GASB Statement No. 34, the new reporting model requires two new financial statements on a government-wide basis under the accrual method of accounting. In addition to the new financial statements, infrastructure must now be included as an asset and other capital assets depreciated. Also, a new explanatory section named Management's Discussion and Analysis is required to explain in layman's terms the financial standing of the County. The County is reporting for the first time \$113,448,863 in depreciable infrastructure assets and \$46,923,972 in accumulated depreciation on capital assets, including infrastructure, as of October 1, 2002. As required by GASB 34, the CAFR also reflects a conversion from modified accrual to a full accrual of revenues and expenses in the government-wide statements. The County's Statement of Net Assets also reflects end-of-year, long-term debt of \$55,511,404 in bonds payable, capital leases and other liabilities associated with vacation and compensatory time. Revenues are reported by source and classified as program revenues (i.e. charges for services) or general revenues (i.e. taxes and earnings on investments).

Other new statements include GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, and GASB Interpretation 6. GASB Statement No. 37 clarifies certain GASB 34 provisions related to MD&A requirements. GASB Statement 38 modifies note disclosure requirements. GASB Interpretation 6 clarifies the application of modified accrual recognition of certain liabilities and expenditures. Specifically, GASB Interpretation 6 indicates that liabilities for compensated absences, claims and judgments, and special termination benefits are normally expected to be liquidated with expendable available financial resources and should be recognized as governmental fund liabilities to the extent that they mature each period. The most significant accounting and reporting policies of the County are described in the following notes to the financial statements.

(a) Reporting Entity

Primary Government

McLennan County (the County) is a public corporation and political subdivision of the State of Texas. The Commissioners' Court, comprised of the County Judge and four Commissioners, is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County provides the following services as authorized by the statutes of the State of Texas: justice administration (courts, juries, constables, district attorney, clerks, investigators, sheriff, jail, fire marshal, and medical examiner), tax collection, roads and bridge maintenance, juvenile services and assistance to indigents.

Blended Component Units

The accompanying basic financial statements present the government as defined according to criteria in GASB Statement No. 14, *The Financial Reporting Entity* and in GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units, an Amendment of GASB Statement 14*. Blended component units, while legally separate entities, are, in substance, part of the government's operations.

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2003

The McLennan County Community Supervision and Corrections Department (also referred to as the Adult Probation Department and CSCD) is governed by, and the McLennan County Board of District Judges appoints the Director of the CSCD. The McLennan County Commissioners Court is required by statute to provide facilities, utilities and equipment for the operation of this department. In addition, the County provides administrative functions including accounting, risk management, payroll preparation and purchasing. The McLennan County CSCD is responsible for the management and monitoring of adult residents of McLennan County who are on criminal probation. Funding for salaries of CSCD personnel and many operating expenses is from various State grants.

(b) Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. Government-wide statements report on all the non-fiduciary activities of the County and its blended component units. The effect of inter-fund transfers has been removed from these statements but continues to be reflected on the fund statements. Governmental activities primary support is derived from taxes, intergovernmental revenues and charges for services.

The statement of activities exhibits the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function, 2) fines and fees assessed offenders by the judicial system, and 3) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. The General Fund, Adult Probation Fund, Permanent Improvement Bonds Series 2001, and Certificates of Obligation Series 2003 meet the criteria or have been selected by management as *major governmental funds*. Each major fund is reported in separate columns in the fund financial statements. Nonmajor funds include other Special Revenue Funds, Debt Service Funds, Capital Projects Funds and a Permanent Fund. The combined amounts for these funds are reflected in a single column in the fund financial statements. Detailed statements for nonmajor funds are presented within Combining and Individual Fund Statements and Schedules.

(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types, which have been accrued, are district clerk and county clerk fines and fees, justice of the peace fines and fees, revenue from investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements are met.

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue. Property taxes levied prior to September 30, 2002 that were due October 1, 2002, have been assessed to finance the budget of the fiscal year beginning October 1, 2002. In accordance with the modified accrual basis of accounting, the balances outstanding at September 30, 2003, and beyond the 60 days after year-end have been reflected as deferred revenue and taxes receivable in the fund financial statements. Property taxes and interest earned as of September 30 and received within 60 days of year-

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2003

end are accrued as income in the current period. Expenditures generally are recorded when a liability is incurred; however, debt service expenditures, claims and judgments, and compensated absences are recorded only when payment is made.

The government reports the following major governmental funds:

The General Fund is the general operating fund of the County and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment interest income. Primary expenditures are for general administration, judicial, public safety, health services, welfare services, capital acquisition, and debt service.

Adult Probation Fund is used to account for the activities of the blended component, the McLennan County Community Supervision and Corrections Department. The primary financial resources are comprised of intergovernmental revenues and charges for services. Primary expenditures are for public safety personnel costs. The budget for the Adult Probation Fund is established by the grantor agencies. Since Commissioners' Court is not required to adopt a budget for these funds, there is no separate Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP) Basis and Actual.

Permanent Improvement Bonds Series 2001 Capital Projects Fund is used to account for the proceeds of the sale of the named permanent improvement bonds, and for the expenditure of the funds in improving land and acquiring, building and improving structures at the Cameron Park Zoo.

Certificates of Obligation Fund Series 2003 Capital Projects Fund is used to account for the proceeds of the sale of the named certificates of obligation issue, and for the expenditure of those proceeds in the construction of the new McLennan County Juvenile Center on existing County land.

Additionally, the government reports the following nonmajor funds types:

Special revenue funds are used to account for specific revenue sources (other than for capital projects) that are legally restricted to expenditures for specified purposes. These legal restrictions can come from outside the County or from Commissioners' Court.

Debt service funds are used to account for the accumulation of resources for and the payment of long-term debt principal and interest. The primary source of revenue for debt service funds is ad valorem taxes. The use of debt service funds to service debt are not required unless legally mandated or if resources are accumulated for payments maturing in future years.

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital assets and infrastructure. The primary source of funding for capital projects funds is ad valorem tax revenue or proceeds from the issuance of debt.

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for governmental purposes.

Agency funds are used to account for situations where the County's role is strictly custodial in nature. As a result, all assets reported in an agency fund are offset by a liability to the party on whose behalf the assets are held.

When both restricted and unrestricted resources are available for use, it is McLennan County's policy to use restricted resources first, then unrestricted resources as they are needed.

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2003

(d) Assets, Liabilities, and Net Assets or Equity

(1) Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with an original maturity of three months or less from the date of acquisition.

State statutes and the County's official Investment Policy authorize the County to invest in obligations of the U.S. Treasury and Governmental Agencies, commercial paper, repurchase agreements, bankers' acceptances, money market mutual funds and direct obligations of the State of Texas.

The County and its component units report investments at fair market value in accordance with provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. All investment income is recognized as revenue in the appropriate fund's statement of activity and/or statement of revenues, expenditures and changes in fund balance.

(2) Receivables and Payables

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 receivables from other governments include amounts due from grantors for approved grants for specific programs and reimbursements 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 "advances to/from other funds" (noncurrent). Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. Inter-fund activity reflected in "due to" or "due from" is eliminated on the government-wide statements.

(3) Inventories and Prepaid Items

All inventories are valued at cost using the first in / first out (FIFO) method. Inventories of the governmental funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual items are purchased, but year-end adjustments are made to change the expenditure basis to the "consumption" method. Consequently, inventories are considered to be "available and spendable resources" and no reservations of fund balance are recorded for such inventories.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

(4) Capital Assets — Primary Government

Capital assets, which include land, buildings and improvements, equipment, and infrastructure, are reported in the government-wide financial statements. The capitalization threshold for the capitalization of assets is set forth in the following schedule:

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2003

Asset Category	Capitalization Threshold
Land and Land Improvements	Capitalize all
Improvements Other than Buildings	\$5,000
Buildings and Building Improvements	
Buildings and Building Improvements	\$50,000
Building Improvements performed/acquired after building acquisition	\$5,000
Infrastructure	
Roads constructed, acquired or donated since 1980	Capitalize all
New Roads constructed 10/01/03	\$300,000 per mile
Major road renovations and improvements	\$100,000 per mile
Bridges	\$20,000
Furniture, Equipment and Other Personal Property	\$5,000
Leasehold Improvements	\$5,000
Works of Art and Historical Treasures	\$5,000

Capital assets are recorded at historical costs 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 repair that do not add to the value of the asset or materially extend the asset's life are expensed rather than capitalized.

Capital assets and infrastructure are depreciated using the straight line method over the following estimated useful lives:

Asset Category	Years
Buildings	30
Building and land improvements	10 to 25
Infrastructure - Bridges	25 to 45
Infrastructure - Roads	20
Furniture and Fixtures	10
General Equipment	5 to 15
Computer hardware	3 to 5
Passenger vehicles	5
Road maintenance equipment	10

(5) Longevity Pay

Substantially all employees of the County are compensated on a salary basis. There are a few employees, mostly part-time or temporary, who are compensated on an hourly basis. Longevity pay is added to the salary of each official and each salaried employee of the County at the rate of \$5.00 per month for each full year of continuous service by the employee.

(6) Compensated Absences

Vacation leave is accrued by each salaried employee of the County each month at the rate of 0.0385 hours for each hour worked, up to a maximum balance of 200 hours. After 120 months of continuous service, the accrual rate is increased to 0.0577 hours for each hour worked. Upon termination, employees are paid for all accrued and unused vacation time.

Sick leave accrues at the rate of 0.0462 hours for each hour worked, up to a maximum balance of 720 hours. Sick leave may be used only for sickness and other specified purposes, and no payment is made for any unused sick leave.

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2003

A liability for unused vacation 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.

(7) Health Benefits

The County at its expense provides term life insurance coverage in the face amount of \$10,000 for each official and each salaried employee.

Each official and each salaried employee is provided medical coverage through a choice of either of two HMO's or a PPO. The County pays the premium for this medical coverage, up to the lower of the premiums charged by the three provider options. Covered officials and employees may, at their own option and expense, have their dependents included in this medical coverage.

All retirees, except as noted in the following paragraph, and their dependents are permitted, at their own expense, to continue their health coverage under the County health plan. They are also permitted to retain their group term life insurance coverage, subject to reductions in the face amount to \$6,500 at age 65 and to \$5,000 at age 70.

The medical insurance coverage premiums for certain retirees are paid by the County, by order of the Commissioners Court, on the same basis as for active employees, as described above. To qualify for this benefit, an employee must have retired after October 1, 1990 with 20 or more years of continuous creditable service (or 12 years of continuous creditable service as an elected official) with the Texas County and District Retirement System. The County's contributions are financed and expenditures recognized on a pay-as-you-go basis. The number of retirees receiving this benefit, and the amounts of the related benefits provided are reflected in Note IV (g).

Deferred Compensation Plan - The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits the deferral of Federal Income Tax on the deferred portion of the employee's compensation until future years. The deferred portion of compensation is not available to employees until termination, retirement, death, or unforeseeable emergency, and becomes subject to Federal Income Tax when constructively received by the employee.

The assets of the Plan are not subject to the claims of the general creditors of the County, and, in accordance with GASB 32 "Accounting for Deferred Compensation Plans," the County does not present the assets and liabilities related to the Plan in the agency funds.

Cafeteria Plan - All salaried employees have the option of participating in a cafeteria plan created in accordance with Internal Revenue Code Section 125. This plan affords tax savings to the employee by allowing the County to provide certain benefits under an agreement with the employee that reduces the employee's taxable income while increasing his actual net income.

(8) Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities. On new bond issues, bond premiums and discounts, as well as issuance costs and deferred gains or losses on refunding of debt, are deferred and amortized over the life of the bonds. 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, governmental fund types recognize bond premiums and discounts, as

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

(9) 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 and education.

II Reconciliation of Government-Wide and Fund Financial Statements

(a) Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance for total governmental funds and net assets as reported in the government-wide statement of net assets. One element of that reconciliation explains, "some liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this \$55,916,419 difference are as follows:

Interest payable	\$ 405,015
General obligation bonds	2,213,466
Capital leases	816,638
Compensated absences	1,320,074
Total current liabilities	\$ 4,755,193
General obligation bonds	\$ 44,566,534
Capital leases	6,514,926
Compensated absences	79,766
	\$ 51,161,226
Net adjustment to reduce fund balance — total government funds to arrive at net assets - governmental activities	\$ 55,916,419

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

Land	\$ 1,524,888
Buildings	41,198,685
Improvements other than buildings	512,634
Machinery and equipment	6,892,285
Infrastructure	10,751,963
Construction in progress	7,570,830
Net adjustments to increase fund balance - total governmental funds to arrive at net assets — governmental activities	\$ 68,451,285

Other miscellaneous elements of the reconciliation explain individual specific amounts reported differently in net assets - governmental activities in contrast to fund statements. For example, there is an amount shown below as "Fines and fees earned in the current fiscal year collected in the future." This relates specifically to fines and fees that have been levied but not yet collected. They are revenues in the fiscal year collected since they are not available for expenditure until then. These items are not recorded in the governmental fund statements; in the government-wide statements, the items are shown as a receivable.

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Other miscellaneous elements are shown below:

Fines and fees earned in the current fiscal year collected in the future	\$ 1,901,922
Property taxes earned in the current fiscal year but not available to provide Current financial resources, and therefore are deferred in the funds	1,872,138
Net adjustments to increase fund balance — total governmental funds to arrive at net assets — governmental activities	\$ 3,774,060

(b) 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 that "capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense" on capital outlays for County-owned assets only. The details of this \$1,928,857 difference are as follows:

Capital projects – capital outlay	\$ 5,027,902
Capital projects – functional activities	1,429,698
Depreciation expense	(4,528,743)
Net adjustment to increase net changes in fund balances — total governmental funds to arrive at changes in net assets of governmental activities	\$ 1,928,857

Various other elements of that reconciliation associated with the issuance of long-term debt (i.e. bonds, leases) provide 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 cost, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$(5,574,167) difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	\$ (8,296,617)
Principal Payments:	
General obligation debt	2,771,384
Interest accreted on capital appreciation debt	(48,934)
Net adjustments to decrease net changes in fund balance — total government funds to arrive at changes in net assets of government activities	\$ (5,574,167)

Other miscellaneous elements of that reconciliation explain individual specific amounts reported differently in government-wide statement of activities than in the governmental fund statements. The details of this \$406,451 difference are as follows:

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The gain on sale of capital assets is reported in the statement of activities but the proceeds from the sale increase financial resources in the governmental funds:

Gain on sale of capital assets	\$ 30,499
Proceeds from sale of capital assets	<u>(32,960)</u>
	(2,461)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Property taxes receivable	117,870
Fines and fees receivable	<u>445,699</u>
	563,569

Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

(154,657)

Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities

\$ 406,451

III Detailed Notes on All Funds

(a) Deposits and Investments

The County's demand deposits, including overnight repurchase agreements and certificates of deposit, are fully covered by collateral held by the County's agent, Bank of America, in the County's name. The investments are comprised of Federal National Mortgage Association issues; Federal Home Loan Bank issues; and 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 Bank of America (the Depository).

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.

During 2003, the County invested in Certificates of Deposit, U.S. Government Agency Securities, 2a-7 type Investment Pools, and Repurchase Agreements (through depository bank).

Deposits

At September 30, 2003, the carrying amount of cash and cash equivalents in governmental fund deposits was \$27,829,567. Governmental funds bank balances held by the Depository was made up of \$811,853 in cash. Book balances for fiduciary funds cash and cash equivalents were made up of \$1,949,359 in cash and \$203,136 in cash equivalents. Investments were held by the Depository in certificates of deposits in the amount of \$22,138,458. Court ordered investments in the Fiduciary Funds are held at numerous banks in the County. Total bank balances requiring collateralization were \$2,761,212 in cash, \$22,304,909 in certificates of deposit, and \$5,087,402 in court ordered investments. All bank deposits and certificates of deposits were fully covered by federal depository insurance or collateralized with securities pledged by Bank of America. Fiduciary funds include cash in bank deposited by the agencies of the County but which has not yet been transferred to the County to remit the monies received. A detailed schedule of cash, cash equivalents and investments is on the next page:

MCLENNAN COUNTY, TEXAS
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	Governmental Funds	Fiduciary Funds	Total
Cash in bank	\$ 811,853	\$ 1,949,359	\$ 2,761,212
Cash equivalents (2a-7 investment pools)	27,017,714	203,136	27,220,850
Sub-total cash	27,829,567	2,152,495	29,982,062
Investments:			
U.S. agency securities	3,975,678	690,106	4,665,784
Certificates of deposits	22,138,458	166,451	22,304,909
Court ordered investments	-	5,087,402	5,087,402
Total investments	26,114,136	5,943,959	32,058,095
 Total cash and investments - Statement of net assets	 \$ 53,943,703	 \$ 8,096,454	 \$ 62,040,157

The \$27,220,850 in the 2a-7 investment pools we consider cash equivalents since the funds are available on demand.

Cash and cash equivalents include amounts in demand deposits, change funds, short-term investments with a maturity date of three months or less, and monies invested in 2a-7 pools.

Investments

The County's investments are categorized as

- (1) Insured and registered for which the securities are held by the County's agent in the name of the County,
- (2) Uninsured and unregistered for which the securities are held by the counter-party's trust department or agent in the name of the County, or
- (3) Uninsured and unregistered for which the securities are held by the counter-party or by its trust department or agent but not in the name of the County. The following summarizes investment categorization under GASB Statement No. 3.

	Category			Reported amount/ fair value
	1	2	3	
U.S. agency securities	\$ 4,665,784	\$ -	\$ -	\$ 4,665,784
Certificates of deposits	22,304,909	-	-	22,304,909
Court ordered investments	5,087,402			5,087,402
<hr/>				
Individual investment				
Total	\$ 32,058,095		\$ -	32,058,095
<hr/>				
Investments not subject To categorization:				
2a-7 investment pools				<u>27,220,850</u>
				<u>\$ 59,278,945</u>

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
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Individual investments

The County's investment policy also allows for investments in U.S. Treasuries, Certificates of Deposit, and U.S. Governmental Agency securities with maturities of up to two years for County funds. The fair market value of such investments totaled \$32,058,095 at September 30, 2003. Individual investments are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The County considers market prices as provided by the Trust Department of the County's Depository at September 30, 2003, to be the fair value of investments.

(b) Property Taxes and Other Receivables

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied prior to September 30, become due on October 1 and are delinquent after January 31. The County bills and collects property taxes for itself and for the following entities: Cities of Bellmead, Beverly Hills, Bruceville-Eddy, Crawford, Gholson, Hewitt, Lacy-Lakeview, Lorena, Mart, McGregor, Moody, Robinson, Waco, West, Woodway; McLennan Community College; Independent School Districts of Axtell, Bosqueville, Bruceville- Eddy, China Spring, Connally, Crawford, Gholson, Hallsburg, Lavega, Lorena, Mart, McGregor, Midway, Riesel, Robinson, Waco, West; Special Districts of Castleman Creek, Elm Creek Watershed, McLennan County Water Control District # 2, McLennan and Hill Counties Tehuacana Creek Water Control District #1 Benefit Tax, Downtown Public Improvement District. The County is the only taxing entity controlled by the Commissioners' Court; and the County Tax Assessor/Collector acts only as an intermediary in the collection and distribution of property taxes to the other entities. The County collects and distributes delinquent tax collection fees for law firms.

Collections of the property taxes and subsequent remittances to the proper entities are accounted for in the Tax Assessor/Collector's Agency Fund. Tax collections are recorded as payable to entities at gross amount due before tax collection commission. Collection commissions are recorded for the County as received from the entities, with the exception of McLennan county commission on its own taxes, where the commission is netted against the gross collections. Tax collections deposited for the County are distributed on a monthly basis to the General Fund, Farm to Market Roads Fund, Jury Fund, Permanent Improvement Capital Projects Fund, and Debt Service Funds of the County. Distribution to the funds is based on the tax rate established for each fund by Commissioners' Court order for the tax year for which the collections are made.

The County participates in three Tax Increment Finance (TIF) Districts. When a TIF District is created with the approval of all participating governmental taxing entities, the property included in the District has its assessed valuation frozen at the base year value. As projects are developed which increase the assessed valuation of the property, the resulting increases in taxes in years after the base year is returned to the TIF zones which financed the improvements, with taxes on the base year provided to the governmental taxing entities.

The county collects taxes on behalf of a taxing entity having a Special Improvement District (SID), reports delinquencies to the taxing entity, and does not manage the collection of delinquencies for the taxing entity.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Grant receivables are monies not yet received from Grantor Agencies to pay for the current period budgeted expenditures.

At the end of the current fiscal year, the various components of property taxes and other receivables reported in the governmental funds were as follows on the next page:

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Delinquent property taxes receivable (general operating funds)	
General Fund	\$ 1,445,904
Farm to Market Roads Fund	82,032
Debt Service Funds	290,983
Other Governmental Funds	53,219
Total Delinquent Property Taxes Receivable	<u>1,872,138</u>
Due From Other Funds	76,288
Due From Other Governments	3,062,004
Grants Receivable	292,506
Miscellaneous Receivables	303,635
Total Receivables	<u>\$ 5,606,571</u>

The County is authorized by the tax laws of the State of Texas to levy taxes up to \$0.80 per \$100 of assessed valuation for general governmental services and the payment of principal and interest on certain permanent improvement long-term debt.

Receivables

Receivables as of year end for the government's individual governmental funds (both major and nonmajor), and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, as required by GASB 34, are as follows:

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	General Fund	Adult Probation Fund	Permanent Improvement Bonds Series 2001 Capital Projects Fund	Certificates of Obligation Series 2003 Capital Projects Fund	All Funds Not Included As A Major Fund
Receivables:					
Taxes	1,606,560				473,593
Due from Other Governments	2,718,902	631			575,407
Due from Other Funds	76,288				25,998
Miscellaneous	287,527	2,843		8,821	42,841
Gross Receivables	4,689,277	3,474		8,821	1,117,839
Less allowance for uncollectibles:					
Taxes	(160,656)				(47,359)
Miscellaneous	(4,825)				
Net Receivables	4,523,796	3,474		8,821	1,070,480

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(c) Capital Assets

Capital assets are recorded at cost or, if donated, at fair market 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.

The decreases in capital assets shown in the following table relate to the sale of equipment and machinery at auction.

Infrastructure assets have been added to the beginning balances.

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 1,524,888	\$ -	\$ -	\$ 1,524,888
Construction in progress	2,955,058	4,615,772	-	7,570,830
Total capital assets, not being depreciated	<u>4,479,946</u>	<u>4,615,772</u>	<u>-</u>	<u>9,095,718</u>
Capital assets being depreciated:				
Buildings	62,005,286	412,130	-	62,417,416
Improvements, other than buildings	767,667	-	-	767,667
Machinery and equipment	16,123,692	1,655,478	919,310	16,859,860
Infrastructure	30,072,272	-	-	30,072,272
Total assets being depreciated	<u>108,968,917</u>	<u>2,067,608</u>	<u>919,310</u>	<u>110,117,215</u>
Total capital assets	<u>113,448,863</u>	<u>6,683,380</u>	<u>919,310</u>	<u>119,212,933</u>
Less accumulated depreciation for:				
Buildings	19,273,840	1,944,891	-	21,218,731
Improvements, other than buildings	219,539	35,494	-	255,033
Machinery and equipment	8,726,794	1,931,848	691,067	9,967,575
Infrastructure	18,703,799	616,510	-	19,320,309
Total accumulated depreciation	<u>46,923,972</u>	<u>4,528,743</u>	<u>691,067</u>	<u>50,761,648</u>
Total capital assets being depreciated, net	<u>62,044,945</u>	<u>(2,461,135)</u>	<u>228,243</u>	<u>59,355,567</u>
Governmental activities, net	<u>\$ 66,524,891</u>	<u>\$ 2,154,637</u>	<u>\$ 228,243</u>	<u>\$ 68,451,285</u>

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Depreciation expense for FY2003 was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 492,407
Judicial	176,949
Public safety	1,558,485
Public transportation	1,495,601
Health	23,787
Welfare	32,664
Culture and recreation	745,720
Conservation	<u>3,130</u>
Total depreciation expense — governmental activities	<u>\$ 4,528,743</u>

Construction Commitments

McLennan County has active construction projects as of September 30, 2003. The projects consist of additions to the Cameron Park Zoo, construction of the McLennan County Juvenile Center and an energy conservation program. At year-end the County's outstanding commitments on the projects are as follows:

<u>Project type</u>	<u>Remaining commitment</u>
Cameron Park Zoo	\$ 7,304,551
Energy Conservation Program	310,000
McLennan County Juvenile Center	<u>6,981,801</u>
Total	<u>\$ 14,596,352</u>

(d) Long-Term Debt

General Obligation Bonds

McLennan County issues general obligation bonds and tax notes to finance major capital projects. The original amount of general obligations and tax notes issued in prior years (with outstanding balances) was \$53,130,000. During the year, proceeds were received for issuance of \$8,000,000 in Certificates of Obligation Series 2003. The following listing of debt is for general obligation bonds and tax notes outstanding at September 30, 2003; the debt is for governmental activities only:

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Description	Interest Rates	Fiscal Year of Issue	Date of Maturity	Bonds Outstanding
Certificates of Obligation Series 1993	4.25 – 6.25%	1993	2013	\$ 6,255,000
Refunding Bonds Series 1994	4.25 – 5.2%	1994	2010	4,665,000
Certificates of Obligation Series 1994-A	5.35 – 8.25%	1994	2004	90,000
Certificates of Obligation Series 1996	4.75 – 6.75%	1997	2017	8,280,000
Refunding Bonds Series 1998	4.4%	1998	2014	1,275,000
Certificates of Obligation Series 2000	5.25 – 6.75%	2000	2020	9,275,000
Permanent Improvement Bonds Series 2001	4.0 – 5.0%	2001	2021	8,940,000
Certificates of Obligation Series 2003	3.0 – 4.25%	2003	2023	<u>8,000,000</u>
Total General Obligation Debt				<u>\$46,780,000</u>

Certificates of Obligation Series 1993 totaling \$10,000,000, dated November 1, 1993, were issued to finance the construction of an addition to the County's jail facilities. These serial bonds were issued to bear interest at an effective rate of 4.6454%.

Refunding Bonds Series 1994 totaling \$8,045,000, dated January 1, 1994 were issued to advance refund general obligation bonds issued by the County. The net proceeds of \$7,897,600 (after payment of \$166,280 in underwriting fees, insurance, and other issuance costs) were used to purchase Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for certain future principal and interest payments on the Certificates of Obligation - Series 1985-A, Permanent Improvement Bonds - Series 1989, and Permanent Improvement Bonds - Series 1990.

Certificates of Obligation Series 1994-A totaling \$1,950,000, dated April 1, 1994, were issued to finance the purchase of land and the purchase and remodeling or construction of buildings needed by the County for its various departments. These serial bonds were issued to bear interest at an effective rate of 5.912829%.

Certificates of Obligation Series 1996 totaling \$10,000,000, dated December 1, 1996 were issued to finance the purchase, acquisition, construction, repair and renovation of land and facilities needed by the County for County offices, the Heart of Texas Fairgrounds and right-of-way relative to highway expansion. These serial bonds were issued at an effective rate of 5.152662%.

Refunding Bonds - Series 1998 totaling \$3,635,000, dated September 1, 1998 were issued to advance refund general obligation bonds issued by the County. The net proceeds of \$3,645,518 (after payment of \$46,350 in underwriting fees, insurance, and other issuance costs) were used to purchase Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for certain future principal and interest payments on the Certificates of Obligation - Series 1987, Permanent Improvement Bonds - Series 1989, and Certificates of Obligation - Series 1994-A.

Certificates of Obligation Series 2000 totaling \$10,000,000, dated February 1, 2000 were issued to renovate and expand the Heart of Texas Fairgrounds and pay the cost of issuance of the certificates. These serial bonds were issued at an effective rate of 5.577047%.

Permanent Improvement Bonds Series 2001 totaling \$9,500,000, dated June 1, 2001, were issued, as approved by the County voters on November 7, 2000, to land improvements, and acquisition, construction and improvement of buildings at the Cameron Park Zoo. These serial bonds were issued to bear interest at an effective rate of 4.848158%.

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Certificates of Obligation Series 2003 totaling \$8,000,000, dated August 1, 2003 were issued to construct the new McLennan County Juvenile Services Center on land already owned by the County. These serial bonds were issued at an effective rate of 3.900049%.

Contractual Maturities of General Obligation Bonds

The annual debt service for general obligation bonds is as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total Debt Service
2004	\$ 2,575,000	\$ 2,213,466	\$ 4,788,466
2005	2,655,000	2,132,589	4,787,589
2006	2,800,000	1,995,324	4,795,324
2007	2,935,000	1,848,786	4,783,786
2008	3,100,000	1,693,893	4,793,893
2009 - 2013	14,855,000	6,248,853	21,103,853
2014 - 2018	11,515,000	3,115,694	14,630,694
2019 - 2023	6,345,000	685,752	7,030,752
Total	<u>\$ 46,780,000</u>	<u>\$ 19,934,357</u>	<u>\$ 66,714,357</u>

Capital Leases

The County leases some of its assets under capital leases. The economic substance of the capital leases is that the County is financing the acquisition of these assets through the leases over their terms. Accordingly, these acquisitions are reflected in the County's assets and liabilities.

Under State law, the County may not legally obligate the revenue of future years to liquidate any lease obligations due in those years. Therefore, non-appropriation clauses exist in each lease agreement with the provision that in the event funds are not appropriated for the rental payments tentatively required for the next fiscal year, the lessee may terminate that lease agreement.

On March 19, 2002, the County entered into a performance contract for \$6,239,000 in an energy conservation program provided by Section 302 of the Texas Local Government Code. Under Section 302 a local government can enter into a contract for energy conservation measures to reduce its energy or water consumption operating costs. Under such contract the provider of the conservation measures must guarantee the amount of the savings to be realized by the local government under the contract. The local government's debt service or lease-purchase payments cannot exceed the energy savings guaranteed by the provider in any one year. The project includes the replacement of existing heating and cooling systems and light fixtures, among other energy saving measures. It is anticipated that the energy conservation project will be completed by the summer of 2003. In relation to the energy conservation project, a lease-purchase agreement was executed on March 26, 2002 in the amount of \$6,152,518 at an interest rate of 5.28%. The debt service payments began August 1, 2003 and will be payable quarterly for fifteen years from that date.

The County assumes responsibility for all costs and expenses arising from the use, possession and maintenance of all equipment held under the leases. At the end of each of the lease agreements, the security interest of the lessor in the equipment held under the lease is released. A schedule of capital leases, all related to governmental activities is presented on the following page:

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The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2003, all governmental activities, were as follows:

Fiscal Year Ending September 30,	Obligation
2004	\$ 1,246,078
2005	964,491
2006	890,081
2007	740,535
2008	704,015
2009 - 2013	3,151,729
2014 - 2018	3,005,915
Total minimum lease payments	<u>\$10,702,845</u>
Less: amount representing interest	<u>(3,371,281)</u>
Present value of minimum lease payments	<u>\$ 7,331,564</u>

The assets acquired through capital leases are as follows:

	Governmental Activities
Assets:	
Machinery and equipment	\$ 1,540,795
Land	45,000
Buildings	1,144,874
Construction in progress	<u>5,927,131</u>
Total Cost	8,657,800
Less: Accumulated depreciation	<u>(1,058,327)</u>
Total	<u>\$ 7,599,473</u>

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Schedule of Lease-Purchase Agreements Outstanding

At September 30, 2003

	All American Investment Group 07-30-93	Unisys Leasing Corporation 11-24-98	Hart Imaging Systems 06-01-01	BankOne Leasing No. 1 02-01-02	BankOne Leasing No. 2 02-01-03	Transamerica Financial Services 03-26-02
Effective Date						
Original Lease Amount	\$1,189,874	\$614,043	\$613,404	\$288,164	\$288,164	\$6,152,518
Outstanding Principal at September 30, 2003	\$524,907	\$45,904	\$358,338	\$97,572	\$248,679	\$6,056,164
Total Future Payments Under Lease Agreement	\$627,200	\$46,405	\$388,723	\$99,942	\$257,930	\$9,282,645
Simple Interest Rate	7.60%	5.227%	5.721%	3.23%	3.23%	5.28%
Lease Term	1 year, with 14 automatic Renewals	5 years	5 years	3 years	3 years	15 years
Property Held Under Lease	Court Restitution Center Land and Building	Mainframe Computer	Imaging and Cashiering System	Twelve Sheriff's Vehicles	Eleven Sheriff's Vehicles	Utility Performance Improvement Equipment
Debt Service	100% General Fund	100% General Fund	100% General Fund	100% General Fund	100% General Fund	100% General Fund

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2003

Changes in Noncurrent Liabilities

Noncurrent liabilities for the year ended September 30, 2003, all of which were from governmental activities, were as follows:

	General Obligation Bonds	Capital Leases	Compensated Absences	Total Governmental Activity
Beginning balance	\$ 40,925,000	\$ 7,661,331	\$ 1,245,183	\$ 49,831,514
Additions	8,000,000	296,617	1,321,816	9,618,433
Reductions	2,145,000	626,384	1,167,159	3,938,543
Ending Balance	\$ 46,780,000	\$ 7,331,564	\$ 1,399,840	\$ 55,511,404
Due within one year	\$ 2,213,466	\$ 816,638	\$ 1,320,074	\$ 4,350,178

(e) Operating Leases

McLennan County has no noncancelable long-term operating leases.

(f) Inter-fund Receivables, Payable Balances and Transfers

Activity between funds that represent the current portion of lending/borrowing and inter-fund charges for goods and services arrangements outstanding at fiscal year end are referred to as "due to/from other funds." The composition of inter-fund balances as of September 30, 2003, is as follows:

	Due from other funds	Due to other funds
Due to/from other funds:		
General Fund	\$ 76,288	\$ -
Nonmajor funds	25,998	102,286
Total	102,286	102,286

In the funds statements, during the Fiscal Year Ending September 30, 2003, the General Fund transferred \$1,087,615 to Nonmajor Governmental Funds. \$750,000 was transferred to the Economic Development Fund to be accumulated and expended on economic development projects, \$103,615 to the Child Support Fund, \$12,000 to the Dispute Resolution Fund and \$222,000 to the Road and Bridge General Fund in support of the operation of those funds. Nonmajor Governmental Funds, Road and Bridge Precinct 1, Precinct 2, Precinct 3 and Precinct 4 Funds transferred a total of \$133,356 to the General Fund, as reimbursement for personnel costs of guards used in the inmate roadwork program. Other transfers totaling \$945,561 were made between certain Nonmajor Governmental Funds. \$697,164 was transferred from the Road and Bridge Farm to Market Fund as a distribution of ad valorem farm to market tax collections to Road and Bridge General Fund, Precinct 1 Fund, Precinct 2 Fund, Precinct 3 Fund and Precinct 4 Fund. Other transfers were primarily related to matching funds on grant programs.

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2003

	Transfers In		
	General Fund	Nonmajor Governmental Funds	Total
Transfers Out:			
General Fund	\$ -	\$ 1,087,615	\$ 1,087,615
Nonmajor Governmental Funds	133,356	945,561	1,078,917
Total	\$ 133,356	\$ 2,033,176	\$ 2,166,532

(g) Other Postemployment Benefits

Employees who meet the qualifications for the County's retiree health insurance benefits have their health insurance premiums paid in the same manner as active employees. The County's contributions are financed and expenditures recognized on a pay-as-you-go basis. The number of retirees receiving this benefit, and the amounts of the related benefits provided, as reflected in the expenditures of the County for the years ended September 30, 2003 and 2002, are as follows:

	Year ending September 30	
	2003	2002
Number of retiree participants	68	89
Insurance premiums paid by the County	\$ 192,738	\$ 159,348

IV Other Information

(a) Risk Management

Property and liability risks - 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. In order to mitigate losses from such occurrences, the County has the following risk management programs, as discussed below.

The County participates in insurance risk pools offered by the Texas Association of Counties to provide general liability, public officials' liability, vehicular liability, district and county clerk errors and omissions, and law enforcement liability. Another Texas Association of Counties risk pool provides adequate property damage insurance for the County's buildings and their contents. Premiums are paid into the pool annually, and are based on the prior year's experience factors.

The County operates a mainframe computer installation on which nearly the entire County's financial and court records are maintained. The data is backed up daily and stored offsite in a fireproof storage area.

Texas statutes require public officials' faithful performance bonds for substantially all elected and appointed officials. In addition, the County carries a blanket employee dishonesty bond in the amount of \$100,000 per occurrence for all County employees. In addition, tax office employees are covered by a \$100,000 comprehensive dishonesty, disappearance and destruction policy.

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2003

The County maintains and operates a helicopter. Aircraft liability in the amount of \$500,000 is carried through a commercial insurance company.

The vehicles owned by the County are insured for liability coverage only, with the exception of those vehicles purchased under a capital lease. The County assumes the risk for any property damage to its own vehicles, unless a third party causes the damage, in which case subrogation is pursued with the third party. Full coverage is maintained on the leased vehicles.

Workers' compensation coverage is provided through a risk pool set up by the Texas Association of Counties. Premiums are paid into the pool based on the prior year's experience factor.

Health and medical insurance for employees is offered to employees from two HMO's and one PPO. The County pays the premium for the employee only, at the equal to the lowest of the three plans offered. The County solicits bids from providers annually. Other supplemental insurance policies are offered to employees at their option and cost through third-party providers.

Changes in coverage from prior year - There were no decreases in the insurance coverage maintained by the County in 2003 compared to 2002.

Settlements exceeding coverage - No settlements against the County exceeded the related insurance coverage in any of the past three years.

(b) Contingent Liabilities

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. A contingent liability was not established because potential reimbursements are considered immaterial.

The County is named as a defendant in various lawsuits related to alleged violations of constitutional and employment rights. In all of these cases, the County is denying the allegations and is vigorously defending against them. County officials estimate that the potential claims against the County will not materially adversely affect the financial position of the County.

(c) Related Party Transactions

The general laws of the State of Texas prohibit transactions, with certain exceptions, between the County and its officers or between the County and any entity in which a County officer may have a substantial interest. During the fiscal year ended September 30, 2003, there were no transactions which are known to have violated these prohibitions.

(d) Subsequent Events

On December 22, 2003, the County issued \$9,760,000 in long-term obligations consisting of General Obligation Refunding Bonds, Series 2003. These bonds are a current refunding of \$5,765,000 of the Certificates of Obligation, Series 1993 and \$4,040,000 of the General Obligation Refunding Bonds, Series 1994. The refunding resulted in a present value savings of \$707,450.

V Employee Retirement System

(a) Plan Description

The County provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (the TCDRS). The board of trustees is responsible for the administration of the statewide agent multi-employer public employee retirement system consisting of 517 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis.

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2003

The CAFR is available upon written request from the 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 state statutes governing the TCDRS (TCDRS Act). Members employed by McLennan County can retire at age 60 and above with eight or more years of service, with 30 years of service, regardless of age, or when the sum of their age and years of service equal 75 or more. Members are vested after eight years of employment but must leave their accumulated contributions in the plan to receive any employer-financed benefit.

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.

(b) Funding Policy

The County has elected the annually determined contribution rate (variable rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The County contributed using the actuarially determined rate of 13.88% for the months of the calendar year in 2003. The contribution rate payable by the employee members for the calendar year 2003 is 7% as adopted by the governing body of the County. The employee contribution rate and the County's contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act. If a plan has had adverse experience, the TCDRS Act has provisions that allow the employer to contribute a fixed supplemental contribution rate determined by the System's actuary above the regular rate for 25 years or to reduce benefits earned in the future.

(c) Annual Pension Cost

For the employer's accounting year ended September 30, 2003, the annual pension cost for the TCDRS plan for its employees was \$3,309,272 and the actual contributions were \$3,309,272. The actual contributions was actuarially determined as a percentage of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actual actuarial valuations as of December 31, 1999 and December 31, 2000, the basis for assessing the adequacy of the financing arrangement beginning with the contribution rates for calendar years 2002 and 2003. The December 31, 2002, actuarial valuation is the most recent valuation.

Actuarial Valuation Information			
Actuarial valuation date	12/31/00	12/31/01	12/31/02
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open
Amortization period	20	20	20
Asset Valuation method	Long-term appreciation, with adjustment	Long-term appreciation, with adjustment	Long-term appreciation, with adjustment
Actuarial Assumptions:			
Investment return ⁽¹⁾	8.0%	8.0%	8.0%
Projected salary increases ⁽¹⁾	5.9%	5.5%	5.5%
Inflation	4.0%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

⁽¹⁾Includes inflation at the stated rate

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2003

Trend Information for the Retirement Plan For the Employees of McLennan County			
Accounting Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
September 30, 1999	2,155,902	100.00%	\$ -
September 30, 2000	3,072,993	100.00%	\$ -
September 30, 2001	3,403,976	100.00%	\$ -
September 30, 2002	3,587,985	100.00%	\$ -
September 30, 2003	3,801,259	100.00%	\$ -

MCLENNAN COUNTY, TEXAS

Required Supplementary Information

September 30, 2003

Schedule of Funding Progress for the Retirement Plan For the Employees of McLennan County						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage Of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
12/31/1999	50,463,323	68,856,913	18,393,590	73.29	22,068,378	83.35
12/31/2000	53,965,950	72,117,898	18,151,948	74.83	23,138,458	78.45
12/31/2001	57,939,237	76,906,423	18,967,186	75.34	24,007,429	79.01
12/31/2002	62,279,842	82,355,344	20,075,492	75.62	25,776,251	77.88

Stewardship, Compliance and Accountability

Budgetary Information

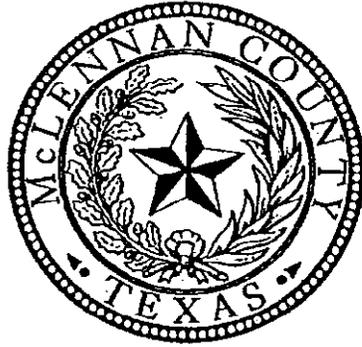
Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the following Special Revenue Funds: Alcohol and Drug Abuse Prevention and Treatment Fund, District Attorney Fund, Federal Programs Fund, Jail Commissary Fund, Juvenile Probation Fund, Law Enforcement Officers Standards and Education Fund, Law Enforcement Special Fund, Local Government Programs Fund, State Programs Fund and the Tax Office Administration Fund. In some instances, the Special Revenue Fund listed in the previous sentence may have budgets required by the grantor agency. Since Commissioners' Court is not required to adopt a budget for these funds, there are no budgetary comparison schedules in the Required Supplementary Information section. All annual appropriations lapse at fiscal year-end.

On or before the last day of June of each year, all departments of the County submit requests for appropriations to the County Judge, who serves as the statutory Budget Officer. The Budget Officer reviews the requests, receives the revenue estimate from the County Auditor, and makes his recommendations in the form of a preliminary budget, which must be filed on or before July 31. Beginning no earlier than August 15, the Commissioners' Court holds public hearings and publishes notices on the timetable required by state statute. Before September 30, the budget and tax rate are adopted with tax notices mailed on or after October 1.

The appropriated budget is adopted annually by fund, activity, department, and at the legal level of budgetary control for the categories of personal services, supplies, other services and charges, capital outlay and debt service. For management purposes the elected official or department head may request approval from the Commissioners' Court to move appropriations between category line items

The County uses three levels to manage capital expenditures. As a rule, all assets under \$1,000 are expensed in supplies. From \$1,000 to under \$5,000 are individually identified on a separate capital equipment listing by department. There is a separate line item within the supplies category for these expenditures that are expensed; these assets are brought over to the capital asset system for tracking insurance purposes, but are not depreciated. All capital purchases over \$5,000 are individually identified and brought over to the fixed asset system for depreciation and inclusion in capital assets under GASB 34 and their expenditure is charged to the 'capital outlay' category. Since pricing fluctuates, it is often necessary to move individual assets between these three management lines.

Encumbrance accounting is utilized by governmental entities. Encumbrances lapse at the end of each fiscal year. Encumbrances do not constitute expenditures or liabilities because the commitments will be re-appropriated and purchase orders reissued during the subsequent year.



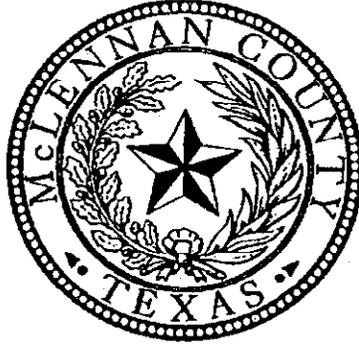
MCLENNAN COUNTY, TEXAS

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (GAAP Basis) and Actual

General Fund

For the Year Ended September 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 31,125,000	\$ 31,125,000	\$ 31,711,920	\$ 586,920
Licenses and Permits	78,300	78,300	84,602	6,302
Intergovernmental	591,100	865,572	1,144,559	278,987
Charges for Services	4,553,680	4,826,680	5,640,836	814,156
Fines and Forfeits	32,900	32,900	55,207	22,307
Miscellaneous:				
Investment Income, Net	485,300	503,300	409,732	(93,568)
Other	5,776,590	5,777,090	4,788,387	(988,703)
Total Miscellaneous	6,261,890	6,280,390	5,198,119	(1,082,271)
Total Revenues	42,642,870	43,208,842	43,835,243	626,401
Expenditures:				
Current:				
General Government	16,707,215	16,116,584	12,244,202	3,872,382
Judicial	4,630,130	4,765,080	4,376,869	388,211
Public Safety	22,308,084	22,581,575	20,691,251	1,890,324
Public Transportation	-	136,626	133,368	3,258
Health	5,032,733	5,050,164	4,288,371	761,793
Welfare	2,557,791	2,697,969	2,614,096	83,873
Culture-Recreation	572,310	572,310	545,340	26,970
Conservation	266,790	266,790	175,091	91,699
Economic Development and Assistance	190,000	190,000	150,105	39,895
Debt Service:				
Principal and Retirements	529,550	627,979	579,416	48,563
Interest and Fiscal Charges	86,525	180,759	178,845	1,914
Total Expenditures	52,881,128	53,185,836	45,976,953	7,208,883
Excess (Deficiency) of Revenue over Expenditures	(10,238,258)	(9,976,994)	(2,141,710)	7,835,284
Other Financing Sources (Uses):				
Disposition of Fixed Assets	-	-	17,220	17,220
Lease Purchase Agreement	300,000	300,000	296,617	(3,383)
Transfers In	557,686	770,426	770,426	-
Transfers Out	(1,655,301)	(1,838,185)	(1,724,685)	113,500
Total Other Financing Sources	(797,615)	(767,759)	(640,422)	127,337
Net Change in Fund Balance	(11,035,873)	(10,744,753)	(2,782,132)	7,962,621
Fund Balance at Beginning of Year	19,301,003	19,301,003	23,008,841	3,707,838
Fund Balance at End of Year	\$ 8,265,130	\$ 8,556,250	\$ 20,226,709	\$ 11,670,459



MCLENNAN COUNTY, TEXAS

Additional Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2003

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
GENERAL GOVERNMENT				
GENERAL ADMINISTRATION				
Commissioners Court:				
Personal Services	\$ 204,526	\$ 204,526	\$ 200,287	\$ 4,239
Supplies	4,400	4,400	2,432	1,968
Other Services & Charges	6,830	7,580	4,962	2,618
Capital Outlay	1,000	250	-	250
Total Commissioners Court	<u>216,756</u>	<u>216,756</u>	<u>207,681</u>	<u>9,075</u>
County Judge:				
Personal Services	277,571	277,571	263,363	14,208
Supplies	6,940	6,940	4,314	2,626
Other Services & Charges	85,880	85,880	36,304	49,576
Total County Judge	<u>370,391</u>	<u>370,391</u>	<u>303,981</u>	<u>66,410</u>
Grant Administrator:				
Personal Services	48,986	48,986	44,830	4,156
Supplies	1,450	1,450	179	1,271
Other Services & Charges	2,470	2,470	1,092	1,378
Total Grant Administrator	<u>52,906</u>	<u>52,906</u>	<u>46,101</u>	<u>6,805</u>
County Clerk - Recording Department:				
Personal Services	517,910	517,910	468,851	49,059
Supplies	101,242	101,242	23,050	78,192
Other Services & Charges	385,829	395,269	152,322	242,947
Capital Outlay	80,000	80,000	11,508	68,492
Total County Clerk - Recording Department	<u>1,084,981</u>	<u>1,094,421</u>	<u>655,731</u>	<u>438,691</u>
Personnel Department:				
Personal Services	198,523	198,523	193,778	4,745
Supplies	14,455	16,125	12,105	4,020
Other Services & Charges	8,660	18,876	14,460	4,416
Capital Outlay	3,600	214	-	214
Total Commissioners Court	<u>225,238</u>	<u>233,738</u>	<u>220,342</u>	<u>13,396</u>
Telephone Department:				
Personal Services	42,000	42,000	39,453	2,547
Supplies	150	650	250	400
Other Services & Charges	61,000	60,500	40,411	20,089
Capital Outlay	47,000	47,000	-	47,000
Total Telephone Department	<u>150,150</u>	<u>150,150</u>	<u>80,115</u>	<u>70,035</u>

(continued)

MCLENNAN COUNTY, TEXAS

continued

Additional Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

	General Fund			Variance with Final Budget Positive (Negative)
	Year Ended September 30, 2003			
	Original	Final	Actual	
<u>GENERAL GOVERNMENT (continued)</u>				
<u>GENERAL ADMINISTRATION (continued)</u>				
Maintenance of Buildings:				
Personal Services	\$ 715,723	\$ 745,723	\$ 745,416	\$ 307
Supplies	31,315	33,315	20,457	12,858
Other Services & Charges	252,383	250,383	121,332	129,050
Capital Outlay	34,000	34,000	32,100	1,900
Total Maintenance of Buildings	<u>1,033,421</u>	<u>1,063,421</u>	<u>919,305</u>	<u>144,115</u>
Inmate Project Crew:				
Personal Services	44,478	46,278	46,271	7
Supplies	2,100	2,100	1,167	933
Other Services & Charges	858	858	613	245
Total Inmate Project Crew	<u>47,436</u>	<u>49,236</u>	<u>48,050</u>	<u>1,186</u>
Maintenance of Equipment:				
Personal Services	125,766	125,766	125,010	756
Supplies	10,070	13,781	10,368	3,413
Other Services & Charges	32,035	31,335	17,126	14,209
Capital Outlay	30,500	27,889	26,799	1,090
Total Maintenance of Equipment	<u>198,371</u>	<u>198,771</u>	<u>179,303</u>	<u>19,468</u>
Engineering Department:				
Personal Services	292,021	292,021	245,008	47,013
Supplies	7,600	14,895	13,132	1,763
Other Services & Charges	20,040	20,040	13,069	6,971
Capital Outlay	13,528	6,233	5,642	591
Total Engineering Department	<u>333,189</u>	<u>333,189</u>	<u>276,851</u>	<u>56,338</u>
Custodial Department:				
Supplies	25,850	25,850	22,651	3,199
Other Services & Charges	222,549	222,549	128,951	93,598
Total Custodial Department	<u>248,399</u>	<u>248,399</u>	<u>151,602</u>	<u>96,797</u>
General Expense:				
Personal Services	301,819	199,492	198,301	1,191
Supplies	61,000	45,200	24,746	20,454
Other Services & Charges	1,224,127	1,244,885	843,323	401,562
Capital Outlay	14,200	14,200	14,130	70
Total General Expense	<u>1,601,146</u>	<u>1,503,777</u>	<u>1,080,500</u>	<u>423,277</u>
Non-departmental:				
Other Services & Charges	2,308,146	1,724,876	331,187	1,393,689
Total Non-departmental	<u>2,308,146</u>	<u>1,724,876</u>	<u>331,187</u>	<u>1,393,689</u>
Total General Administration	<u>7,870,530</u>	<u>7,240,031</u>	<u>4,500,750</u>	<u>2,739,281</u>

MCLENNAN COUNTY, TEXAS

Additional Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

	General Fund			Variance with Final Budget Positive (Negative)
	Year Ended September 30, 2003			
	Original	Final	Actual	
GENERAL GOVERNMENT (continued)				
LEGAL				
County Legal Counsel:				
Other Services & Charges	\$ 200,000	\$ 200,000	\$ 127,424	\$ 72,576
Total County Legal Counsel	<u>200,000</u>	<u>200,000</u>	<u>127,424</u>	<u>72,576</u>
Public Defender:				
Personal Services	11	11	-	11
Supplies	12	12	-	12
Other Services & Charges	24	24	-	24
Capital Outlay	2	2	-	2
Total Public Defender	<u>49</u>	<u>49</u>	<u>-</u>	<u>49</u>
Criminal District Attorney:				
Personal Services	2,040,111	2,040,111	1,885,366	154,745
Supplies	48,850	50,915	43,819	7,096
Other Services & Charges	112,150	118,788	81,356	37,432
Capital Outlay	14,800	12,435	12,435	-
Total District Attorney	<u>2,215,911</u>	<u>2,222,249</u>	<u>2,022,975</u>	<u>199,274</u>
Victims Services:				
Personal Services	13,298	15,749	14,690	1,059
Supplies	50	50	-	50
Total Victims Services	<u>13,348</u>	<u>15,799</u>	<u>14,690</u>	<u>1,109</u>
Total Legal	<u>2,429,308</u>	<u>2,438,097</u>	<u>2,165,089</u>	<u>273,008</u>
ELECTIONS				
Elections Administration:				
Personal Services	233,230	233,230	226,184	7,046
Supplies	26,718	26,718	17,229	9,489
Other Services & Charges	65,968	65,968	52,097	13,871
Capital Outlay	6,040	6,040	-	6,040
Total Elections Administration	<u>331,956</u>	<u>331,956</u>	<u>295,510</u>	<u>36,446</u>
General Elections:				
Personal Services	73,685	73,760	64,906	8,854
Supplies	33,648	29,573	24,597	4,976
Other Services & Charges	13,163	13,163	6,682	6,481
Total General Elections	<u>120,496</u>	<u>116,496</u>	<u>96,185</u>	<u>20,311</u>

(continued)

Additional Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

	General Fund			Variance with Final Budget Positive (Negative)
	Year Ended September 30, 2003			
	Original	Final	Actual	
GENERAL GOVERNMENT (continued)				
ELECTIONS (continued)				
Other Elections:				
Personal Services	\$ 152,046	\$ 152,046	\$ 39,297	\$ 112,749
Supplies	43,600	43,600	9,807	33,793
Other Services & Charges	39,900	43,900	16,330	27,570
Total Other Elections	<u>235,546</u>	<u>239,546</u>	<u>65,434</u>	<u>174,112</u>
Total Elections	<u>687,998</u>	<u>687,998</u>	<u>457,129</u>	<u>230,869</u>
FINANCIAL ADMINISTRATION				
County Auditor:				
Personal Services	955,455	955,455	938,446	17,009
Supplies	54,100	71,266	43,658	27,608
Other Services & Charges	67,550	67,550	28,966	38,584
Capital Outlay	21,600	4,434	-	4,434
Total County Auditor	<u>1,098,705</u>	<u>1,098,705</u>	<u>1,011,070</u>	<u>87,635</u>
GASB 34 Implementation Team:				
Supplies	1,250	1,250	-	1,250
Other Services & Charges	3,000	3,000	-	3,000
Total GASB 34 Implementation Team	<u>4,250</u>	<u>4,250</u>	<u>-</u>	<u>4,250</u>
Information Technology:				
Personal Services	939,101	939,101	870,370	68,731
Supplies	55,635	87,779	84,108	3,671
Other Services & Charges	160,068	226,123	189,861	36,262
Capital Outlay	44,056	2,712	-	2,712
Total Information Technology	<u>1,198,860</u>	<u>1,255,715</u>	<u>1,144,339</u>	<u>111,376</u>
Information Technology Study:				
Supplies	1,000	3,229	2,229	1,000
Other Services & Charges	365,108	323,979	148,612	175,367
Capital Outlay	-	6,500	6,010	490
Total Information Technology Study	<u>366,108</u>	<u>333,708</u>	<u>156,851</u>	<u>176,857</u>
Independent Auditing:				
Other Services & Charges	32,000	32,000	24,500	7,500
Total Independent Auditing	<u>32,000</u>	<u>32,000</u>	<u>24,500</u>	<u>7,500</u>
County Treasurer:				
Personal Services	243,582	243,582	240,064	3,518
Supplies	3,975	9,781	7,700	2,081
Other Services & Charges	22,020	21,070	12,433	8,637
Capital Outlay	6,400	1,544	-	1,544
Total County Treasurer	<u>275,977</u>	<u>275,977</u>	<u>260,196</u>	<u>15,781</u>

MCLENNAN COUNTY, TEXAS

Additional Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

	General Fund			Variance with Final Budget Positive (Negative)
	Year Ended September 30, 2003			
	Original	Final	Actual	
GENERAL GOVERNMENT (continued)				
FINANCIAL ADMINISTRATION (continued)				
County Tax Assessor-Collector:				
Personal Services	\$ 558,702	\$ 558,702	\$ 523,162	\$ 35,540
Supplies	33,243	38,345	28,457	9,888
Other Services & Charges	70,181	70,181	57,199	12,982
Capital Outlay	12,500	7,398	-	7,398
Total County Tax Assessor-Collector	<u>674,626</u>	<u>674,626</u>	<u>608,819</u>	<u>65,807</u>
Tax Appraisal Services:				
Other Services & Charges	402,007	402,007	383,283	18,724
Total Tax Appraisal Services	<u>402,007</u>	<u>402,007</u>	<u>383,283</u>	<u>18,724</u>
County Tax Office - Auto Department:				
Personal Services	957,315	957,315	899,456	57,859
Supplies	29,737	29,737	16,946	12,791
Other Services & Charges	47,442	47,442	33,088	14,355
Total County Tax Office - Auto Department	<u>1,034,495</u>	<u>1,034,495</u>	<u>949,490</u>	<u>85,005</u>
County Tax Office - Lorena Substation:				
Personal Services	44,977	45,286	45,271	15
Supplies	950	950	532	418
Other Services & Charges	10,183	10,183	9,471	712
Total County Tax Office - Lorena Substation	<u>56,110</u>	<u>56,419</u>	<u>55,274</u>	<u>1,145</u>
County Tax Office - McGregor Substation:				
Personal Services	37,114	37,114	26,538	10,576
Supplies	800	800	530	270
Other Services & Charges	3,480	3,480	1,927	1,553
Total County Tax Office - McGregor Substation	<u>41,394</u>	<u>41,394</u>	<u>28,995</u>	<u>12,399</u>
County Tax Office - West Substation:				
Personal Services	43,734	43,734	43,723	11
Supplies	1,050	1,050	202	848
Other Services & Charges	5,789	5,789	2,283	3,506
Total County Tax Office - West Substation	<u>50,573</u>	<u>50,573</u>	<u>46,207</u>	<u>4,366</u>
Purchasing Department:				
Personal Services	227,797	234,112	222,428	11,684
Supplies	5,091	6,649	4,505	2,144
Other Services & Charges	7,936	7,936	3,651	4,285
Capital Outlay	4,620	3,062	-	3,062
Total Purchasing Department	<u>245,444</u>	<u>251,759</u>	<u>230,584</u>	<u>21,176</u>

(continued)

MCLENNAN COUNTY, TEXAS

continued

Additional Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2003

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<u>GENERAL GOVERNMENT (continued)</u>				
<u>FINANCIAL ADMINISTRATION (continued)</u>				
Records Management Department:				
Personal Services	\$ 198,381	\$ 201,981	\$ 196,555	\$ 5,426
Supplies	7,900	11,900	8,831	3,069
Other Services & Charges	25,550	16,950	8,239	8,711
Capital Outlay	7,000	8,000	8,000	-
Total Records Management Department	<u>238,831</u>	<u>238,831</u>	<u>221,625</u>	<u>17,206</u>
Total Financial Administration	<u>5,719,379</u>	<u>5,750,458</u>	<u>5,121,234</u>	<u>629,225</u>
TOTAL GENERAL GOVERNMENT	<u>16,707,215</u>	<u>16,116,584</u>	<u>12,244,202</u>	<u>3,872,382</u>
<u>JUDICIAL</u>				
Mental Health Court Services:				
Personal Services	93,882	94,295	94,274	21
Supplies	1,275	1,275	756	519
Other Services & Charges	103,055	102,642	77,853	24,789
Total Mental Health Court Services	<u>198,212</u>	<u>198,212</u>	<u>172,883</u>	<u>25,329</u>
Bonding Office:				
Personal Services	84,062	84,062	83,896	166
Supplies	2,280	2,280	909	1,371
Other Services & Charges	3,385	3,385	1,030	2,355
Total Bonding Office	<u>89,727</u>	<u>89,727</u>	<u>85,835</u>	<u>3,892</u>
McLennan County Bail Bond Board:				
Supplies	150	150	-	150
Other Services & Charges	50	50	25	25
Total McLennan County Bail Bond Board	<u>200</u>	<u>200</u>	<u>25</u>	<u>175</u>
County Clerk - Court Department:				
Personal Services	555,442	555,442	503,657	51,785
Supplies	41,425	41,425	19,571	21,854
Other Services & Charges	39,367	48,805	14,468	34,337
Total County Clerk - Court Department	<u>636,234</u>	<u>645,672</u>	<u>537,696</u>	<u>107,976</u>
County Court at Law No. 1:				
Personal Services	292,480	291,630	285,910	5,720
Supplies	4,500	12,203	11,883	320
Other Services & Charges	10,160	6,989	5,389	1,600
Capital Outlay	1,500	2,312	-	2,312
Total County Court at Law No. 1	<u>308,640</u>	<u>313,134</u>	<u>303,183</u>	<u>9,951</u>

MCLENNAN COUNTY, TEXAS

Additional Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2003

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
JUDICIAL (continued)				
County Court at Law No. 2:				
Personal Services	\$ 292,480	\$ 292,480	\$ 288,171	\$ 4,309
Supplies	5,450	5,810	4,375	1,435
Other Services & Charges	8,990	8,630	3,653	4,977
Capital Outlay	1,500	1,500	-	1,500
Total County Court at Law No. 2	<u>308,420</u>	<u>308,420</u>	<u>296,199</u>	<u>12,221</u>
19th District Court:				
Personal Services	231,778	231,778	211,809	19,969
Supplies	16,434	35,241	35,215	26
Other Services & Charges	20,057	12,131	11,515	616
Capital Outlay	10,881	-	-	-
Total 19th District Court	<u>279,150</u>	<u>279,150</u>	<u>258,539</u>	<u>20,611</u>
54th District Court:				
Personal Services	340,697	340,817	318,471	22,346
Supplies	12,900	17,174	15,853	1,321
Other Services & Charges	44,000	39,530	20,384	19,146
Capital Outlay	-	76	-	76
Total 54th District Court	<u>397,597</u>	<u>397,597</u>	<u>354,707</u>	<u>42,890</u>
74th District Court:				
Personal Services	183,647	183,647	169,027	14,620
Supplies	10,700	13,231	13,121	110
Other Services & Charges	14,935	12,961	7,863	5,098
Capital Outlay	21,000	20,443	16,141	4,302
Total 74th District Court	<u>230,282</u>	<u>230,282</u>	<u>206,152</u>	<u>24,130</u>
170th District Court:				
Personal Services	169,129	167,594	157,963	9,631
Supplies	7,425	19,362	18,866	496
Other Services & Charges	12,470	13,580	8,741	4,839
Capital Outlay	-	50	-	50
Total 170th District Court	<u>189,024</u>	<u>200,586</u>	<u>185,569</u>	<u>15,017</u>
170th District Court - Court Master:				
Supplies	200	200	-	200
Other Services & Charges	1,000	1,000	650	350
Total 170th District Court - Court Master	<u>1,200</u>	<u>1,200</u>	<u>650</u>	<u>550</u>
Other District Courts - Change of Venue:				
Other Services & Charges	10,000	10,000	-	10,000
Total Other District Courts - Change of Venue	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>

(continued)

MCLENNAN COUNTY, TEXAS

continued

Additional Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

	General Fund			Variance with Final Budget Positive (Negative)
	Year Ended September 30, 2003			
	Original	Final	Actual	
JUDICIAL (continued)				
District Clerk:				
Personal Services	\$ 739,875	\$ 739,875	\$ 709,157	\$ 30,719
Supplies	28,250	27,305	25,717	1,588
Other Services & Charges	42,228	61,100	58,102	2,997
Capital Outlay	-	45	-	45
Total District Clerk	<u>810,353</u>	<u>828,325</u>	<u>792,976</u>	<u>35,349</u>
Justice of the Peace - Precinct 1, Place 1:				
Personal Services	185,039	185,039	178,558	6,481
Supplies	7,700	8,198	4,775	3,423
Other Services & Charges	10,618	31,000	30,319	681
Capital Outlay	1,000	120	-	120
Total Justice of the Peace - Precinct 1, Place 1	<u>204,357</u>	<u>224,357</u>	<u>213,652</u>	<u>10,705</u>
Justice of the Peace - Precinct 1, Place 2:				
Personal Services	175,407	175,407	171,344	4,063
Supplies	5,275	7,856	7,185	671
Other Services & Charges	11,960	39,523	38,195	1,328
Capital Outlay	2,005	424	-	424
Total Justice of the Peace - Precinct 1, Place 2	<u>194,647</u>	<u>223,210</u>	<u>216,725</u>	<u>6,485</u>
Justice of the Peace - Precinct 2:				
Personal Services	80,868	80,868	78,500	2,368
Supplies	2,840	2,840	961	1,879
Other Services & Charges	20,768	20,768	14,578	6,191
Total Justice of the Peace - Precinct 2	<u>104,476</u>	<u>104,476</u>	<u>94,040</u>	<u>10,437</u>
Justice of the Peace - Precinct 3:				
Personal Services	176,187	175,506	175,175	331
Supplies	6,215	19,068	18,541	527
Other Services & Charges	26,811	47,564	47,240	324
Capital Outlay	9,000	53	-	53
Total Justice of the Peace - Precinct 3	<u>218,213</u>	<u>242,191</u>	<u>240,956</u>	<u>1,235</u>
Justice of the Peace - Precinct 4:				
Personal Services	17,501	26,467	21,776	4,691
Supplies	641	7,371	6,607	764
Other Services & Charges	15,947	16,694	13,469	3,225
Capital Outlay	3,500	-	-	-
Total Justice of the Peace - Precinct 4	<u>37,589</u>	<u>50,532</u>	<u>41,853</u>	<u>8,679</u>

MCLENNAN COUNTY, TEXAS

Additional Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2003

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
JUDICIAL (continued)				
Justice of the Peace - Precinct 5:				
Personal Services	\$ 67,195	\$ 67,195	\$ 62,253	\$ 4,942
Supplies	3,126	2,836	1,465	1,371
Other Services & Charges	9,397	10,397	4,811	5,586
Capital Outlay	-	290	-	290
Total Justice of the Peace - Precinct 5	<u>79,718</u>	<u>80,718</u>	<u>68,529</u>	<u>12,189</u>
Justice of the Peace - Precinct 6:				
Personal Services	24,496	24,496	24,382	114
Supplies	980	980	335	645
Other Services & Charges	4,775	6,775	5,940	835
Total Justice of the Peace - Precinct 6	<u>30,251</u>	<u>32,251</u>	<u>30,657</u>	<u>1,594</u>
Justice of the Peace - Precinct 7:				
Personal Services	129,723	129,723	121,508	8,215
Supplies	4,700	5,474	5,441	33
Other Services & Charges	20,141	21,255	16,174	5,081
Capital Outlay	-	112	-	112
Total Justice of the Peace - Precinct 7	<u>154,564</u>	<u>156,564</u>	<u>143,123</u>	<u>13,441</u>
Justice of the Peace - Precinct 8:				
Personal Services	107,918	107,918	98,478	9,440
Supplies	2,900	2,900	1,255	1,645
Other Services & Charges	26,958	27,958	24,737	3,221
Total Justice of the Peace - Precinct 8	<u>137,776</u>	<u>138,776</u>	<u>124,471</u>	<u>14,306</u>
Tenth Court of Appeals:				
Personal Services	4,500	4,440	4,007	433
Other Services & Charges	4,500	4,560	4,445	115
Total Tenth Court of Appeals	<u>9,000</u>	<u>9,000</u>	<u>8,452</u>	<u>548</u>
Other Court Services :				
Other Services & Charges	500	500	-	500
Total Other Court Services	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
Total Judicial	<u>4,630,130</u>	<u>4,765,080</u>	<u>4,376,869</u>	<u>388,211</u>
PUBLIC SAFETY				
FIRE PROTECTION:				
Other Services & Charges	93,400	93,400	87,593	5,807
Capital Outlay	5,000	5,000	-	5,000
Total Fire Protection	<u>98,400</u>	<u>98,400</u>	<u>87,593</u>	<u>10,807</u>

(continued)

Additional Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2003

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<u>PUBLIC SAFETY (continued)</u>				
<u>LAW ENFORCEMENT</u>				
Constable - Precinct 1:				
Personal Services	\$ 425,139	\$ 440,117	\$ 439,346	\$ 771
Supplies	6,475	7,460	5,926	1,534
Other Services & Charges	61,335	62,907	62,170	737
Capital Outlay	1,132	-	-	-
Total Constable - Precinct 1	<u>494,081</u>	<u>510,484</u>	<u>507,441</u>	<u>3,043</u>
Constable - Precinct 2:				
Personal Services	25,175	25,475	22,348	3,127
Supplies	1,350	1,350	359	991
Other Services & Charges	10,415	10,415	9,327	1,088
Total Constable - Precinct 2	<u>36,940</u>	<u>37,240</u>	<u>32,035</u>	<u>5,205</u>
Constable - Precinct 3:				
Personal Services	74,331	75,531	74,962	569
Supplies	2,560	2,860	2,678	182
Other Services & Charges	17,135	16,835	15,486	1,349
Total Constable - Precinct 3	<u>94,026</u>	<u>95,226</u>	<u>93,125</u>	<u>2,101</u>
Constable - Precinct 4:				
Personal Services	16,685	16,238	16,237	1
Supplies	2,398	2,398	2,191	207
Other Services & Charges	9,779	12,548	12,369	179
Total Constable - Precinct 4	<u>28,862</u>	<u>31,184</u>	<u>30,797</u>	<u>387</u>
Constable - Precinct 5:				
Personal Services	53,623	58,091	52,298	5,793
Supplies	3,625	2,850	1,197	1,653
Other Services & Charges	17,061	16,836	14,442	2,394
Capital Outlay	2,218	-	-	-
Total Constable - Precinct 5	<u>76,527</u>	<u>77,777</u>	<u>67,937</u>	<u>9,840</u>
Constable - Precinct 6:				
Personal Services	20,080	20,080	15,154	4,926
Supplies	1,300	2,095	1,947	148
Other Services & Charges	5,945	6,965	5,930	1,035
Total Constable - Precinct 6	<u>27,325</u>	<u>29,140</u>	<u>23,030</u>	<u>6,110</u>
Constable - Precinct 7:				
Personal Services	211,988	214,988	214,467	521
Supplies	4,000	4,321	3,885	436
Other Services & Charges	38,540	38,219	34,398	3,821
Total Constable - Precinct 7	<u>254,528</u>	<u>257,528</u>	<u>252,751</u>	<u>4,778</u>

MCLENNAN COUNTY, TEXAS

Additional Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2003

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
PUBLIC SAFETY (continued)				
LAW ENFORCEMENT (continued)				
Constable - Precinct 8:				
Personal Services	\$ 86,721	\$ 90,319	\$ 88,499	\$ 1,820
Supplies	8,920	10,450	8,722	1,728
Other Services & Charges	11,095	12,657	12,478	179
Capital Outlay	2,500	-	-	-
Total Constable - Precinct 8	<u>109,236</u>	<u>113,426</u>	<u>109,700</u>	<u>3,726</u>
County Sheriff:				
Personal Services	3,349,652	3,367,652	3,367,588	64
Supplies	215,315	252,959	242,585	10,374
Other Services & Charges	456,823	456,823	421,912	34,911
Capital Outlay	416,546	309,152	298,035	11,117
Total County Sheriff	<u>4,438,336</u>	<u>4,386,586</u>	<u>4,330,120</u>	<u>56,466</u>
D.A.R.E. Program:				
Personal Services	242,747	242,747	242,739	8
Supplies	8,185	9,247	8,295	952
Other Services & Charges	6,000	4,938	3,811	1,127
Total D.A.R.E. Program	<u>256,932</u>	<u>256,932</u>	<u>254,844</u>	<u>2,088</u>
COPS Ahead Program:				
Personal Services	160,256	217,891	212,689	5,202
Supplies	-	70,250	70,250	-
Total COPS Ahead Program	<u>160,256</u>	<u>288,141</u>	<u>282,939</u>	<u>5,202</u>
LLEBG Grants:				
Supplies	16,608	17,502	13,141	4,361
Other Services & Charges	3,778	3,663	2,726	937
Capital Outlay	1,351	572	130	442
Total LLEBG Grants	<u>21,737</u>	<u>21,737</u>	<u>15,997</u>	<u>5,740</u>
Department of Public Safety:				
Personal Services	34,904	34,904	34,433	471
Supplies	4,250	24,572	20,374	4,198
Other Services & Charges	6,700	6,805	3,947	2,858
Capital Outlay	20,800	598	-	598
Total Department of Public Safety	<u>66,654</u>	<u>66,879</u>	<u>58,755</u>	<u>8,124</u>
General Law Enforcement:				
Supplies	500	500	205	295
Other Services & Charges	192,500	270,035	268,002	2,033
Total General Law Enforcement	<u>193,000</u>	<u>270,535</u>	<u>268,207</u>	<u>2,328</u>

(continued)

Additional Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2003

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
PUBLIC SAFETY (continued)				
LAW ENFORCEMENT (continued)				
Radio Tower:				
Supplies	\$ 1,750	\$ 1,750	\$ 194	\$ 1,556
Other Services & Charges	23,000	23,000	14,196	8,804
Total Radio Tower	<u>24,750</u>	<u>24,750</u>	<u>14,389</u>	<u>10,361</u>
Total Law Enforcement	<u>6,283,190</u>	<u>6,467,565</u>	<u>6,342,067</u>	<u>125,498</u>
CORRECTIONS				
Feeding and Care of Prisoners:				
Personal Services	7,224,496	7,258,827	7,107,406	151,421
Supplies	357,171	372,099	364,610	7,489
Other Services & Charges	1,405,904	1,458,579	1,305,797	152,782
Capital Outlay	17,895	2,967	-	2,967
Total Feeding and Care of Prisoners	<u>9,005,466</u>	<u>9,092,472</u>	<u>8,777,814</u>	<u>314,658</u>
Downtown Jail:				
Other Services & Charges	<u>3,600,000</u>	<u>3,600,000</u>	<u>2,603,370</u>	<u>996,630</u>
Total Downtown Jail	<u>3,600,000</u>	<u>3,600,000</u>	<u>2,603,370</u>	<u>996,630</u>
Juvenile Board:				
Personal Services	<u>14,968</u>	<u>14,968</u>	<u>14,360</u>	<u>608</u>
Total Juvenile Board	<u>14,968</u>	<u>14,968</u>	<u>14,360</u>	<u>608</u>
Juvenile Detention:				
Personal Services	1,042,454	1,046,919	967,524	79,395
Supplies	97,014	97,014	87,088	9,926
Other Services & Charges	88,195	88,195	66,211	21,984
Capital Outlay	-	2,045	-	2,045
Total Juvenile Detention	<u>1,227,663</u>	<u>1,234,173</u>	<u>1,120,824</u>	<u>113,349</u>
Juvenile Probation:				
Personal Services	1,309,902	1,305,437	1,202,181	103,256
Supplies	58,147	57,389	51,092	6,297
Other Services & Charges	242,637	243,364	198,195	45,169
Capital Outlay	-	31	-	31
Total Juvenile Probation	<u>1,610,686</u>	<u>1,606,221</u>	<u>1,451,468</u>	<u>154,753</u>
Juvenile Accountability Incentive Block Grant:				
Personal Services	5,060	4,374	3,914	460
Other Services & Charges	-	751	363	388
Total Juvenile Accountability Incentive Block Grant	<u>5,060</u>	<u>5,125</u>	<u>4,276</u>	<u>849</u>

MCLENNAN COUNTY, TEXAS

Additional Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

	General Fund			Variance with
	Year Ended September 30, 2003			Final Budget
	Original	Final	Actual	Positive (Negative)
PUBLIC SAFETY (continued)				
CORRECTIONS (continued)				
Adult Probation:				
Supplies	\$ 35,956	\$ 42,618	\$ 15,545	\$ 27,073
Other Services & Charges	103,640	103,640	73,529	30,111
Capital Outlay	18,432	11,770	8,053	3,717
Total Adult Probation	<u>158,028</u>	<u>158,028</u>	<u>97,127</u>	<u>60,901</u>
Total Corrections	<u>15,621,871</u>	<u>15,710,987</u>	<u>14,069,239</u>	<u>1,641,748</u>
OTHER PROTECTION				
Courthouse Security:				
Personal Services	103,734	103,734	103,572	162
Supplies	315	12,636	12,321	315
Other Services & Charges	1,725	1,725	476	1,249
Capital Outlay	13,200	879	-	879
Total Courthouse Security	<u>118,974</u>	<u>118,974</u>	<u>116,368</u>	<u>2,606</u>
Civil Defense:				
Other Services & Charges	40,000	40,000	35,704	4,296
Total Civil Defense	<u>40,000</u>	<u>40,000</u>	<u>35,704</u>	<u>4,296</u>
Military Units:				
Other Services & Charges	1,500	1,500	1,500	-
Total Military Units	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>-</u>
Total Other Protection	<u>160,474</u>	<u>160,474</u>	<u>153,572</u>	<u>6,902</u>
ENVIRONMENTAL PROTECTION				
Solid Waste Management:				
Other Services & Charges	30,170	30,170	30,000	170
Total Solid Waste Management	<u>30,170</u>	<u>30,170</u>	<u>30,000</u>	<u>170</u>
Environmental Standards Management:				
Other Services & Charges	57,670	57,670	-	57,670
Total Environmental Standards Management	<u>57,670</u>	<u>57,670</u>	<u>-</u>	<u>57,670</u>
Stormwater Pollution Abatement:				
Other Services & Charges	5,500	5,500	-	5,500
Total Stormwater Pollution Abatement	<u>5,500</u>	<u>5,500</u>	<u>-</u>	<u>5,500</u>
Litter Abatement Program:				
Personal Services	42,789	42,789	8,478	34,311
Supplies	920	920	235	685
Other Services & Charges	1,000	1,000	-	1,000
Total Litter Abatement Program	<u>44,709</u>	<u>44,709</u>	<u>8,713</u>	<u>35,996</u>

(continued)

MCLENNAN COUNTY, TEXAS

continued

Additional Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

	General Fund			Variance with Final Budget Positive (Negative)
	Year Ended September 30, 2003			
	Original	Final	Actual	
PUBLIC SAFETY (continued)				
ENVIRONMENTAL PROTECTION (continued)				
Other Environmental Protection:				
Other Services & Charges	\$ 6,100	\$ 6,100	\$ 66	\$ 6,034
Total Other Environmental Protection	6,100	6,100	66	6,034
Total Environmental Protection	144,149	144,149	38,779	105,370
TOTAL PUBLIC SAFETY	22,308,084	22,581,575	20,691,251	1,890,324
PUBLIC TRANSPORTATION				
County Garage:				
Supplies	-	-	12	(12)
Total County Garage	-	-	12	(12)
Prisoner Utilization Program - Precinct 1:				
Personal Services	-	33,694	31,388	2,306
Total Prisoner Utilization Program - Precinct 1	-	33,694	31,388	2,306
Prisoner Utilization Program - Precinct 2:				
Personal Services	-	34,603	34,250	353
Total Prisoner Utilization Program - Precinct 2	-	34,603	34,250	353
Prisoner Utilization Program - Precinct 3:				
Personal Services	-	34,635	34,024	611
Total Prisoner Utilization Program - Precinct 3	-	34,635	34,024	611
Prisoner Utilization Program - Precinct 4:				
Personal Services	-	33,694	33,694	-
Total Prisoner Utilization Program - Precinct 4	-	33,694	33,694	-
TOTAL PUBLIC TRANSPORTATION	-	136,626	133,368	3,258
HEALTH				
Health Administration:				
Personal Services	472,601	472,601	436,312	36,289
Supplies	27,067	26,167	17,539	8,628
Other Services & Charges	30,850	31,750	20,497	11,253
Capital Outlay	6,821	6,821	5,221	1,600
Total Health Administration	537,339	537,339	479,569	57,770

MCLENNAN COUNTY, TEXAS

Additional Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund				Variance with Final Budget Positive (Negative)
Year Ended September 30, 2003				
	Original	Final	Actual	
HEALTH (continued)				
Direct Aid - Indigent Healthcare:				
Supplies	\$ 5,000	\$ 5,000	\$ 1,560	\$ 3,440
Other Services & Charges	2,120,000	2,120,000	1,483,391	636,609
Total Direct Aid - Indigent Healthcare	2,125,000	2,125,000	1,484,952	640,048
Direct Aid - County Jail Inmates:				
Personal Services	721,979	588,320	588,307	13
Supplies	30,799	45,805	43,229	2,576
Other Services & Charges	610,210	766,802	756,480	10,322
Capital Outlay	20,570	62	-	62
Total Direct Aid - County Jail Inmates	1,383,558	1,400,989	1,388,015	12,974
Direct Aid - Other:				
Supplies	5,000	5,000	-	5,000
Other Services & Charges	17,000	17,000	-	17,000
Total Direct Aid - Other	22,000	22,000	-	22,000
Public Health:				
Other Services & Charges	73,836	73,836	73,836	-
Total Public Health	73,836	73,836	73,836	-
Rabies and Animal Control:				
Other Services & Charges	31,000	31,000	31,000	-
Total Rabies and Animal Control	31,000	31,000	31,000	-
MHMR Crisis Intervention:				
Other Services & Charges	300,000	300,000	271,000	29,000
Total MHMR Crisis Intervention	300,000	300,000	271,000	29,000
Family Practice Clinic:				
Other Services & Charges	560,000	560,000	560,000	-
Total Family Practice Clinic	560,000	560,000	560,000	-
TOTAL HEALTH	5,032,733	5,050,164	4,288,371	761,793
WELFARE				
Welfare Administration:				
Personal Services	33,494	33,494	33,462	32
Total Welfare Administration	33,494	33,494	33,462	32
Welfare - Direct Aid:				
Supplies	5,500	5,500	-	5,500
Other Services & Charges	2,201,400	2,340,200	2,298,611	41,589
Total Welfare - Direct Aid	2,206,900	2,345,700	2,298,611	47,089

(continued)

MCLENNAN COUNTY, TEXAS

continued

Additional Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund				Variance with Final Budget Positive (Negative)
Year Ended September 30, 2003				
	Original	Final	Actual	
WELFARE (continued)				
Childrens' Protective Services -				
Direct Aid:				
Supplies	\$ 68,250	\$ 68,250	\$ 57,502	\$ 10,748
Other Services & Charges	14,750	14,750	12,765	1,985
Total Childrens' Protective Services - Direct Aid	83,000	83,000	70,267	12,733
Juvenile Interim Home:				
Personal Services	132,211	132,211	128,899	3,312
Supplies	14,600	14,600	8,323	6,277
Other Services & Charges	14,600	14,600	8,540	6,060
Total Juvenile Interim Home	161,411	161,411	145,761	15,650
Veterans Service Office:				
Personal Services	51,085	51,085	48,161	2,924
Supplies	3,650	3,750	420	3,330
Other Services & Charges	3,251	3,151	1,036	2,115
Total Veterans Service Office	57,986	57,986	49,617	8,369
Aging Program:				
Other Services & Charges	15,000	16,378	16,378	-
Total Aging Program	15,000	16,378	16,378	-
TOTAL WELFARE	2,557,791	2,697,969	2,614,096	83,873
CULTURE-RECREATION				
Parks:				
Personal Services	4,997	4,997	-	4,997
Supplies	2,600	3,600	1,909	1,691
Other Services & Charges	19,050	16,550	711	15,839
Capital Outlay	-	1,500	-	1,500
Total Parks	26,647	26,647	2,621	24,026
Public Library:				
Other Services & Charges	537,513	537,513	537,513	-
Total Public Library	537,513	537,513	537,513	-
Historical Survey:				
Supplies	150	150	-	150
Other Services & Charges	500	500	45	455
Total Historical Survey	650	650	45	605
TOTAL CULTURE-RECREATION	564,810	564,810	540,179	24,631

MCLENNAN COUNTY, TEXAS

Additional Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

	General Fund			Variance with
	Year Ended September 30, 2003			Final Budget
	Original	Final	Actual	Positive (Negative)
<u>CONSERVATION</u>				
Agricultural Extension Service:				
Personal Services	\$ 186,045	\$ 186,045	\$ 133,748	\$ 52,297
Supplies	5,910	5,710	4,092	1,618
Other Services & Charges	36,835	37,035	32,950	4,085
Total Agricultural Extension Service	<u>228,790</u>	<u>228,790</u>	<u>170,791</u>	<u>57,999</u>
Exhibit Buildings and Showbarns:				
Supplies	1,100	1,100	-	1,100
Other Services & Charges	6,400	6,400	5,161	1,239
Total Exhibit Buildings and Showbarns	<u>7,500</u>	<u>7,500</u>	<u>5,161</u>	<u>2,339</u>
Soil and Water Conservation:				
Other Services & Charges	38,000	38,000	4,300	33,700
Total Soil and Water Conservation	<u>38,000</u>	<u>38,000</u>	<u>4,300</u>	<u>33,700</u>
 TOTAL CONSERVATION	 <u>274,290</u>	 <u>274,290</u>	 <u>180,252</u>	 <u>94,038</u>
<u>ECONOMIC DEVELOPMENT AND ASSISTANCE</u>				
Other Services & Charges	<u>190,000</u>	<u>190,000</u>	<u>150,105</u>	<u>39,895</u>
<u>DEBT SERVICE</u>				
Principal	529,550	723,389	579,416	143,973
Interest	86,525	85,349	178,845	(93,496)
Total Debt Service	<u>616,075</u>	<u>808,738</u>	<u>758,261</u>	<u>50,477</u>
	<u>\$ 52,881,128</u>	<u>\$ 53,185,836</u>	<u>\$ 45,976,953</u>	<u>\$ 7,208,883</u>

MCLENNAN COUNTY, TEXAS

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (GAAP Basis) and Actual

Permanent Improvement Bonds Fund Series 2001 Capital Project Fund

For the Year Ended September 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Adopted	Final		
Revenues:				
Miscellaneous	\$ 150,000	\$ 150,000	\$ 138,033	\$ (11,967)
Total Revenues	<u>150,000</u>	<u>150,000</u>	<u>138,033</u>	<u>(11,967)</u>
Expenditures:				
Capital Projects:				
Construction and Renovation Projects:				
Construction Costs	8,886,325	8,886,325	1,648,664	7,237,661
Architects, Engineers and Other	200,000	200,000	228,090	(28,090)
Total Expenditures	<u>9,086,325</u>	<u>9,086,325</u>	<u>1,876,754</u>	<u>7,209,571</u>
Net Change in Fund Balance	<u>(8,936,325)</u>	<u>(8,936,325)</u>	<u>(1,738,722)</u>	<u>7,197,603</u>
Fund Balance at Beginning of Year	<u>8,936,325</u>	<u>8,936,325</u>	<u>9,043,272</u>	<u>106,947</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,304,551</u>	<u>\$ 7,304,551</u>

MCLENNAN COUNTY, TEXAS

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (GAAP Basis) and Actual

Certificates of Obligation Fund Series 2003 Capital Project Fund

For the Year Ended September 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Adopted	Final		
Revenues:				
Miscellaneous - Investment Income	\$ -	\$ -	\$ 15,182	\$ 15,182
Total Revenues	-	-	15,182	15,182
Expenditures:				
Capital Projects:				
Construction and Renovation Projects:				
Constructions Administration Costs	-	44,125	42,652	1,473
Architectural and Engineering	-	130,000	6,809	123,191
Construction Costs	-	7,825,875	1,061,015	6,764,860
Total Expenditures	-	8,000,000	1,110,476	6,889,524
Excess (Deficiency) of Revenue over Expenditures	-	(8,000,000)	(1,095,294)	6,904,706
Other Financing Sources:				
Proceeds of Capital Lease	-	8,000,000	8,000,000	-
Total Other Financing Sources	-	8,000,000	8,000,000	-
Net Change in Fund Balance	-	-	6,904,706	6,904,706
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	\$ -	\$ -	\$ 6,904,706	\$ 6,904,706



COMBINING AND INDIVIDUAL
FUND STATEMENTS AND
SCHEDULES

MCLENNAN COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds

September 30, 2003

ASSETS

Pooled Cash and Investments
 Non-Pooled Cash
 Receivables (net of allowances for
 estimated uncollectibles):
 Taxes
 Accounts
 Due from Other Funds
 Due from Other Governments
 Inventories, at Cost
 Total Assets

Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
\$ 11,549,941	\$ 1,434,364	\$ 2,436,693	\$ 46,844	\$ 15,467,843
274,113	-	330,068	-	604,181
86,753	290,983	48,498	-	426,233
42,841	-	-	-	42,841
25,998	-	-	-	25,998
563,401	10,290	1,715	-	575,407
162,394	-	-	-	162,394
<u>\$ 12,705,442</u>	<u>\$ 1,735,638</u>	<u>\$ 2,816,974</u>	<u>\$ 46,844</u>	<u>\$ 17,304,897</u>

LIABILITIES AND FUND BALANCE

Liabilities:
 Accounts Payable
 Due to Other Funds
 Deferred Revenue
 Total Liabilities
 Fund Balance:
 Reserved for:
 Debt Service
 Education
 Unreserved - Undesignated:
 Special Revenue Funds
 Capital Projects Funds
 Total Fund Balances
 Total Liabilities and Fund Balance

\$ 315,389	\$ -	\$ 46,778	\$ -	\$ 362,167
102,286	-	-	-	102,286
98,010	290,983	48,498	-	437,491
<u>515,685</u>	<u>290,983</u>	<u>95,276</u>	<u>-</u>	<u>901,944</u>
-	1,444,655	-	-	1,444,655
7,112	-	-	46,844	53,956
12,182,644	-	-	-	12,182,644
-	-	2,721,698	-	2,721,698
<u>12,189,757</u>	<u>1,444,655</u>	<u>2,721,698</u>	<u>46,844</u>	<u>16,402,953</u>
<u>\$ 12,705,442</u>	<u>\$ 1,735,638</u>	<u>\$ 2,816,974</u>	<u>\$ 46,844</u>	<u>\$ 17,304,897</u>

MCLENNAN COUNTY, TEXAS

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended September 30, 2003

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
Revenues:					
Taxes	\$ 818,166	\$ 4,437,372	\$ 739,567	\$ -	\$ 5,995,105
Licenses and Permits	1,699,993	-	-	-	1,699,993
Intergovernmental	3,906,772	3,366	561	-	3,910,699
Charges for Services	564,047	-	-	-	564,047
Fines and Forfeits	1,820,525	-	-	-	1,820,525
Miscellaneous	701,121	48,906	83,768	728	834,522
Total Revenues	9,510,624	4,489,644	823,895	728	14,824,891
Expenditures:					
Current:					
General Government	415,433	-	17,819	-	433,252
Judicial	406,491	-	-	-	406,491
Public Safety	2,234,590	-	-	-	2,234,590
Public Transportation	6,858,527	-	-	-	6,858,527
Economic Development and Assistance	1,033,193	-	-	-	1,033,193
Capital Projects	-	-	3,917,426	-	3,917,426
Debt Service:					
Principal and Retirements	46,968	2,145,000	-	-	2,191,968
Interest and Fiscal Charges	1,181	2,069,137	-	-	2,070,318
Total Expenditures	10,996,381	4,214,137	3,935,245	-	19,145,764
Excess (Deficiency) of Revenue over Expenditures	(1,485,757)	275,507	(3,111,350)	728	(4,320,873)
Other Financing Sources (Uses):					
Disposition of Fixed Assets	15,740	-	-	-	15,740
Transfers In	2,033,176	-	-	-	2,033,176
Transfers Out	(1,078,190)	-	-	(728)	(1,078,917)
Total Other Financing Sources	970,727	-	-	(728)	969,999
Net Changes in Fund Balances	(515,031)	275,507	(3,111,350)	-	(3,350,874)
Fund Balance at Beginning of Year	12,704,787	1,169,147	5,833,048	46,844	19,753,827
Fund Balance at End of Year	\$ 12,189,757	\$ 1,444,655	\$ 2,721,698	\$ 46,844	\$ 16,402,953



McLENNAN COUNTY, TEXAS

Nonmajor Governmental Funds

Special Revenue Funds – Purpose of Funds

Special Revenue Funds are used to account for revenues that are legally restricted to expenditures for particular purposes. The Special Revenue Funds used by the County are listed below:

Alcohol and Drug Abuse Prevention and Treatment Fund

The Alcohol and Drug Abuse Prevention and Treatment Fund was established to account for certain funds used to encourage the youth of the County to resist the use of drugs.

Revenues of this fund are derived from fees earned by the Criminal District Attorney in the prosecution of welfare fraud cases, supplemented by transfers from the Law Enforcement Special Fund.

Expenditures are made for the costs of providing drug-free activities for the students of the area schools upon request by the school officials, subject to the approval of the Criminal District Attorney and the Commissioners Court.

Available School Fund

The Available School Fund account receives, as an operating transfer, the interest earned in the Permanent School Fund, a Permanent Fund. The interest is accumulated in the Available School Fund until the balance meets or exceeds \$10,000, after which it is allocated to the Independent School Districts in McLennan County.

Child Support Office Fund

The Child Support Office Fund was established to account for certain fees that are required by statute to be expended on the operations of the Child Support Office of the District Clerk.

Court Reporter Service Fund

The Court Reporter Service Fund was established to account for statutory fees collected by court clerks on certain civil cases and for the expenditure of such funds.

Dispute Resolution Fund

The Dispute Resolution Fund was created to account for statutory fees collected by the District and County Clerks, and for the expenditure of those funds for the purchase of mediation services.

District Attorney Fund

The District Attorney Fund was established to account for certain funds received by the Criminal District Attorney, and for the expenditure of such funds for the purposes provided in the State statutes.

Revenues of the District Attorney Administration Fund are derived from fees which are imposed on the persons responsible for the issuance of hot checks pursuant to Article 53.08, Code of Criminal Procedure, and funds received from the State pursuant to House Bill 510.

Expenditures of hot check fee collections are restricted to the operational costs of the office of the Criminal District Attorney, and may be made for any such purpose except to supplement the salary of the Criminal District Attorney. Except for these restrictions, the Criminal District Attorney has sole discretion as to the use of such funds. Funds received pursuant to House Bill 510 may be used to supplement the salaries of employees in the office of the Criminal District Attorney.

District Clerk Errors and Omissions Fund

The Commissioners' Court established the District Clerk Errors and Omissions Fund in accordance with Texas Government Code Section 51.302 to account for filing fees collected and dedicated to expenditures for loss claims against the District Clerk's Office.

McLENNAN COUNTY, TEXAS

Nonmajor Governmental Funds

Special Revenue Funds – Purpose of Funds

Economic Development Fund

The Commissioners' Court established the Economic Development Fund to account for funds transferred from the General Fund, for use in ongoing cooperative economic development projects.

Federal Programs Fund

The Federal Programs Fund was established to account for revenues in the form of grants from United States Government agencies, and for the expenditures of such funds in accordance with the conditions of the grant contracts.

Jail Commissary Fund

The Jail Commissary Fund is used to account for revenues generated by the sale of personal items to jail inmates and the expenditure of those funds for the benefit of the inmates as required by State law.

Jury Fund

The Jury Fund is a constitutionally designated fund. Revenues for this fund are derived from ad valorem taxes and from jury fees charged in jury cases in accordance with State law. Expenditures are made from the Jury Fund for jury service and jury-connected expenses for four District Courts, two County Courts-at-Law and for nine Justice Courts.

Juror lists are prepared from the property tax rolls and voter registration lists. Jurors are randomly selected from the resultant list and are then summoned for service. Both civil and criminal jury panels are chosen from the jury list.

Juvenile Probation Fund

The Juvenile Probation Fund was established in compliance with the Human Resources Code, Section 75.067. Juvenile Probation assistance is provided by the State and administered by the Juvenile Board having jurisdiction in the County. The Juvenile Board consists of the District Judges, the County Judge and the Judges of the County Courts-at-Law. Revenues of the Juvenile Probation Fund are derived primarily from funds supplied by the State. Expenditures are for salaries of probation officers and clerical staff, supplies, communications, travel and transportation expenses and certain other operational items required for the supervision of probationers.

Law Enforcement Officers Standards and Education Fund

The Law Enforcement Officers Standards and Education Fund is used to account for a fee, of the same name, collected on criminal cases. The expenditures from this fund are to be used only for education and training of the County's law enforcement personnel.

Law Enforcement Special Fund

The Law Enforcement Special Fund is used to account for resources forfeited to the County and/or to its officers pursuant to Chapter 59, Code of Criminal Procedure, (formerly Article 4476-15, Section 5.08(f), Revised Texas Civil Statutes) and for the expenditures of such funds for authorized purposes.

Law Library Fund

The Law Library Fund was created by the Commissioners Court pursuant to Article 1702h, Revised Texas Civil Statutes, for the establishment and maintenance of the County Law Library. Revenues are derived from law library fees assessed against each civil case filed in the County Courts-at-Law and in the District Courts, except tax suits.

Local Government Programs Fund

The Local Government Sponsored Programs Fund was established to account for funds received from other counties and funds transferred to the McLennan County General Fund as matching funds for a multi-jurisdictional drug task force grant included in the State Sponsored Programs Fund, and for the expenditures of such funds in accordance with the grant contract.

McLENNAN COUNTY, TEXAS

Nonmajor Governmental Funds

Special Revenue Funds – Purpose of Funds

State Programs Fund

The State Government Sponsored Programs Fund is used to account for revenues received in the form of grants from agencies of the State of Texas, and for the expenditures of such funds in accordance with the conditions of the grant contracts.

Tax Office Administration Fund

The Tax Office Administration Fund was established in compliance with the Tax Code, to account for the interest earned on monthly vehicle inventory tax deposits required of automobile dealers prior to the time such deposits are applied to the actual vehicle inventory taxes. Expenditures are for expenses of the Tax Office at the discretion of the County Tax Assessor-Collector.

ROAD AND BRIDGE FUNDS

The County is divided into four precincts, each of which is administered by one of the four County Commissioners. Each precinct has its separate budget for the construction and maintenance of roads in the precinct. The principal sources of revenues for these funds are ad valorem taxes, licenses and permits, intergovernmental revenues and fines and forfeits.

Road and Bridge General Fund

The Road and Bridge General Fund is a fund established to account for current funds used for the purpose of providing general support to the Road and Bridge Precinct Funds in constructing and maintaining roads and bridges. The Road and Bridge General Fund is used to account for the cost of operations of the County Engineer's Office, the County Garage and the Sign Shop. Transfers of funds from the Road and Bridge Farm-to-Market Roads Fund finance the operations of this fund.

Road and Bridge Farm-to-Market Roads Fund

The Road and Bridge Farm-to-Market Roads Fund is used to account for revenues from ad valorem taxes resulting from the Farm-to-Market Roads tax levy, and for the subsequent transfer of such funds to the Road and Bridge General Fund, the Road and Bridge Right-of-Way Acquisition Fund and to Road and Bridge Precinct 1 Fund through the Road and Bridge Precinct 4 Fund.

Road and Bridge Right-of-Way Acquisition Fund

The Road and Bridge Right-of-Way Acquisition Fund is used to account for the purchase of right-of-way for the construction of county roads, farm-to-market roads and state highways. Revenue consist primarily of intergovernmental revenues, in cases where a portion of the cost is to be paid by other governments, and investment income. Other financing sources are transfers from the Road and Bridge Farm-to-Market Roads Fund.

Road and Bridge Precinct 1 Fund, Road and Bridge Precinct 2 Fund
Road and Bridge Precinct 3 Fund, and Road and Bridge Precinct 4 Fund

The four Road and Bridge Precinct Funds are used to account for the revenues and expenditures associated with the construction and maintenance of roads and bridges in the four individual precincts. Revenues for each of these funds are derived from licenses and permits, intergovernmental revenues, fines and forfeits, investment income, sale of supplies, etc. Other financing sources consist primarily of transfers from the Road and Bridge Farm-to-Market Roads Fund.



MCLENNAN COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Government Funds

Nonmajor Special Revenue Funds

September 30, 2003

	Alcohol and Drug Abuse Prevention and Treatment Fund	Available School Fund	Child Support Office Fund	Court Reporter Service Fund	Dispute Resolution Fund	District Attorney Administration Fund	District Clerk Errors and Omissions Fund	Economic Development Fund
\$	24,556	7,112	7,238	27,408	9,094	38,751	81,141	2,843,818
	-	-	-	-	-	42,357	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	250,000
	-	-	-	-	-	-	-	-
\$	24,556	7,112	7,238	27,408	9,094	81,108	81,141	3,093,818

ASSETS

Pooled Cash and Investments
 Non-Pooled Cash and Investments
 Receivables (net of allowances for estimated uncollectibles):

Taxes
 Accounts
 Due from Other Funds
 Due from Other Governments
 Inventories

Total Assets

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts Payable
 Due to Other Funds
 Deferred Revenue

Total Liabilities

Fund Balances:

Reserved for Education
 Unreserved Fund Balance
 Total Fund Balances

Total Liabilities and Fund Balance

continued

MCLENNAN COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Government Funds

Nonmajor Special Revenue Funds

September 30, 2003

	Federal Programs Fund	Jail Commissary Fund	Jury Fund	Juvenile Probation Fund	Law Enforcement Standards and Education Fund	Law Enforcement Special Fund	Law Library Fund	Local Government Programs Fund	State Programs Fund
\$ (18,723) \$	153,347 \$	91,970 \$	845,055 \$	40,266 \$	229,436 \$	87,185 \$	(74,982) \$	49,329	
-	42,289	2,262	-	-	2,000	-	10,000	-	
-	4,721	-	-	-	-	-	-	-	
58	7,158	-	-	-	529	58	33,572	-	
-	-	-	-	-	-	-	25,998	-	
34,255	167	72,106	-	-	-	-	20,511	105,433	
-	-	-	-	-	-	-	-	-	
\$ 15,590 \$	160,505 \$	139,147 \$	919,424 \$	40,266 \$	231,965 \$	87,242 \$	15,099 \$	154,762	

ASSETS

Pooled Cash and Investments
 Non-Pooled Cash and Investments
 Receivables (net of allowances for estimated uncollectibles):
 Taxes
 Accounts
 Due from Other Funds
 Due from Other Governments
 Inventories

Total Assets

LIABILITIES AND FUND BALANCE

Liabilities:
 Accounts Payable
 Due to Other Funds
 Deferred Revenue

Total Liabilities

Fund Balances:

Reserved for Education
 Unreserved Fund Balance
 Total Fund Balances

Total Liabilities and Fund Balance

\$ 4,333 \$	430 \$	436 \$	44,654 \$	488 \$	4,967 \$	7,292 \$	9,334 \$	16,766
-	-	-	-	-	25,998	-	-	-
11,257	4,721	-	-	-	-	-	-	-
15,590	430	5,157	44,654	488	30,965	7,292	9,334	16,766
(0)	160,075	133,990	874,770	39,778	201,000	79,951	5,765	137,996
(0)	160,075	133,990	874,770	39,778	201,000	79,951	5,765	137,996
\$ 15,590 \$	160,505 \$	139,147 \$	919,424 \$	40,266 \$	231,965 \$	87,242 \$	15,099 \$	154,762

(continued)

continued

MCLENNAN COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Government Funds

Nonmajor Special Revenue Funds

September 30, 2003

	Tax Office Administration Fund	Road and Bridge General Fund	Road and Bridge Farm to Market Roads Fund	Road and Bridge Right-of-Way Acquisition Fund	Road and Bridge Precinct 1 Fund	Road and Bridge Precinct 2 Fund	Road and Bridge Precinct 3 Fund	Road and Bridge Precinct 4 Fund	Nonmajor Special Revenue Funds Total
\$	-	16,523	48,135	218,726	934,376	2,133,558	1,558,011	2,198,612	\$ 11,549,941
	149,606	-	-	-	6,400	6,400	5,376	7,424	274,113
	-	-	82,032	-	-	-	-	-	86,753
	-	41	-	-	165	253	144	863	42,841
	-	-	-	-	-	-	-	-	25,998
	-	-	1,745	-	20,490	18,934	16,962	22,797	563,401
	-	86,555	-	-	20,417	5,107	22,270	28,045	162,394
Total Assets	\$ 149,606	\$ 103,119	\$ 131,913	\$ 218,726	\$ 981,847	\$ 2,164,251	\$ 1,602,763	\$ 2,257,741	\$ 12,705,442

ASSETS

Pooled Cash and Investments
 Non-Pooled Cash and Investments
 Receivables (net of allowances for estimated uncollectibles):

Taxes
 Accounts
 Due from Other Funds
 Due from Other Governments
 Inventories

Total Assets

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts Payable
 Due to Other Funds
 Deferred Revenue

Total Liabilities

Fund Balances:

Reserved for Education
 Unreserved Fund Balance
 Total Fund Balances

Total Liabilities and Fund Balance

\$	(289)	5,930	-	-	22,784	8,271	29,314	156,883	315,389
	-	76,288	-	-	-	-	-	-	102,286
	-	-	82,032	-	-	-	-	-	98,010
(289)	82,218	82,032	22,784	8,271	29,314	156,883	515,685		
149,696	20,901	49,881	218,726	959,063	1,573,449	2,100,858	7,112		
149,696	20,901	49,881	218,726	959,063	1,573,449	2,100,858	12,182,644		
								12,189,757	
\$ 149,606	\$ 103,119	\$ 131,913	\$ 218,726	\$ 981,847	\$ 2,164,251	\$ 1,602,763	\$ 2,257,741	\$ 12,705,442	

MCLENNAN COUNTY, TEXAS

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds
Nonmajor Special Revenue Funds
Year Ended September 30, 2003

	Alcohol and Drug Abuse Prevention and Treatment Fund	Available School Fund	Child Support Office Fund	Court Reporter Service Fund	Dispute Resolution Fund	District Attorney Administration Fund	District Clerk Errors and Omissions Fund	Economic Development Fund	Federal Government Programs Fund
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	13,258	-	-	45,660	-	-	271,900
Charges for Services	2,520	-	-	53,429	35,266	204,955	2,569	-	-
Fines and Forfeits	-	-	-	-	-	-	-	-	-
Miscellaneous	439	-	-	836	123	-	1,211	301,080	276
Total Revenues	2,959	-	13,258	54,265	35,389	250,615	3,780	301,080	272,176
Expenditures:									
Current:									
General Government	-	-	-	-	-	242,628	-	-	-
Judicial	-	-	124,016	111,968	48,000	-	457	-	-
Public Safety	8,950	-	-	-	-	-	-	-	272,176
Public Transportation	-	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	1,033,193	-
and Assistance	-	-	-	-	-	-	-	-	-
Principal and Retirements	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Total Expenditures	8,950	-	124,016	111,968	48,000	242,628	457	1,033,193	272,176
Excess (Deficiency) of Revenue over Expenditures	(5,991)	-	(110,758)	(57,703)	(12,611)	7,987	3,322	(732,113)	-
Other Financing Sources (Uses):									
Disposition of Fixed Assets	-	-	-	-	-	-	-	-	-
Transfers In	-	728	103,615	-	12,000	-	-	750,000	-
Transfers Out	-	-	-	-	-	-	-	-	-
Total Other Financing Sources	-	728	103,615	-	12,000	-	-	750,000	-
Net Changes in Fund Balance	(5,991)	728	(7,143)	(57,703)	(611)	7,987	3,322	17,887	-
Fund Balance at Beginning of Year	30,548	6,385	14,381	81,315	9,705	73,121	77,819	3,075,931	-
Fund Balance at End of Year	\$ 24,556	\$ 7,112	\$ 7,238	\$ 23,612	\$ 9,094	\$ 81,108	\$ 81,141	\$ 3,093,818	\$ -

(continued)

continued

MCLENNAN COUNTY, TEXAS

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

Year Ended September 30, 2003

	Jury Fund	Juvenile Probation Fund	Law Enforcement Officer Standards and Education Fund	Law Enforcement Special Fund	Law Library Fund	Local Government Programs Fund	State Programs Fund	Tax Office Administration Fund
Revenues:								
Taxes	\$ 71,986	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-	-
Intergovernmental	55	1,281,423	25,196	5,757	-	211,006	393,630	-
Charges for Services	13,346	28,818	-	-	128,629	-	-	25
Fines and Forfeits	1,331	-	-	27,723	-	-	95,997	6,434
Miscellaneous	1,956	12,141	-	22,859	1,030	-	2,493	9,327
Total Revenues	94,490	1,322,382	25,196	56,338	129,659	211,006	492,119	15,786
Expenditures:								
Current:								
General Government	-	-	1,368	12,604	108,254	-	44,332	6,247
Judicial	122,049	-	-	-	-	-	-	-
Public Safety	-	1,102,995	11,178	24,287	-	348,676	349,298	-
Public Transportation	-	-	-	-	-	-	-	-
Economic Development and Assistance	-	-	-	-	-	-	-	-
Debt Service:								
Principal and Retirements	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Total Expenditures	122,049	1,102,995	12,545	36,891	108,254	348,676	393,629	6,247
Excess (Deficiency) of Revenue over Expenditures	(22,541)	219,387	12,651	19,447	21,405	(137,670)	98,489	9,539
Other Financing Sources (Uses):								
Disposition of Fixed Assets	-	-	-	-	-	-	-	-
Transfers In	-	-	-	(56,818)	-	137,670	-	-
Transfers Out	-	-	-	(56,818)	-	-	(80,851)	-
Total Other Financing Sources	-	-	-	(56,818)	-	137,670	(80,851)	-
Net Changes in Fund Balance	(22,541)	219,387	12,651	(37,372)	21,405	-	17,638	9,539
Fund Balance at Beginning of Year	182,615	655,383	27,127	238,372	58,546	5,765	120,358	140,357
Fund Balance at End of Year	\$ 160,075	\$ 874,770	\$ 39,778	\$ 201,000	\$ 79,951	\$ 5,765	\$ 137,996	\$ 149,896

(continued)

continued

MCLENNAN COUNTY, TEXAS

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds
 Nonmajor Special Revenue Funds
 Year Ended September 30, 2003

	Road and Bridge General Fund	Road and Bridge Farm to Market Roads Fund	Road and Bridge Right-of-Way Acquisition Fund	Precinct 1 Fund	Precinct 2 Fund	Precinct 3 Fund	Precinct 4 Fund	Nonmajor Special Revenue Funds Total
Revenues:								
Taxes	\$ -	\$ 746,181	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 818,166
Licenses and Permits	-	-	-	424,998	424,998	356,999	492,998	1,699,993
Intergovernmental	-	-	-	414,722	414,722	348,367	481,078	3,906,772
Charges for Services	-	-	-	-	-	-	-	564,047
Fines and Forfeits	-	-	-	422,260	422,260	354,699	489,822	1,820,525
Miscellaneous	4,387	772	3,905	88,614	44,439	146,986	58,249	701,121
Total Revenues	4,387	746,953	3,905	1,350,595	1,306,420	1,207,050	1,522,146	9,510,624
Expenditures:								
Current:								
General Government	-	-	-	-	-	-	-	415,433
Judicial	-	-	-	-	-	-	-	406,491
Public Safety	-	-	-	-	-	-	-	2,234,590
Public Transportation	722,013	-	81,128	1,486,557	1,363,541	1,522,369	1,682,918	6,858,527
Economic Development and Assistance	-	-	-	-	-	-	-	1,033,193
Debt Service:								
Principal and Retirements	-	-	-	46,968	-	-	-	46,968
Interest and Fiscal Charges	-	-	-	1,181	-	-	-	1,181
Total Expenditures	722,013	-	81,128	1,534,707	1,363,541	1,522,369	1,682,918	10,996,381
Excess (Deficiency) of Revenue over Expenditures	(717,627)	746,953	(77,223)	(184,112)	(57,121)	(315,319)	(160,772)	(1,485,757)
Other Financing Sources (Uses):								
Disposition of Fixed Assets	-	-	-	6,450	2,575	4,165	2,550	15,740
Transfers In	712,044	-	-	-	146,815	-	170,305	2,033,176
Transfers Out	-	(697,164)	-	(57,874)	(63,803)	(58,805)	(62,874)	(1,078,190)
Total Other Financing Sources	712,044	(697,164)	-	(51,424)	85,587	(54,640)	109,981	970,727
Net Changes in Fund Balance	(5,583)	49,789	(77,223)	(235,536)	28,466	(369,959)	(50,791)	(515,031)
Fund Balance at Beginning of Year	26,484	92	295,949	1,194,598	2,127,514	1,943,408	2,151,649	12,704,737
Fund Balance at End of Year	\$ 20,901	\$ 49,881	\$ 218,726	\$ 959,063	\$ 2,155,980	\$ 1,573,449	\$ 2,100,858	\$ 12,189,757

MCLENNAN COUNTY, TEXAS

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (GAAP Basis) and Actual

Available School Fund

Year Ended September 30, 2003

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Total Revenues	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenue over Expenditures	-	-	-	-
Other Financing Sources: Transfers In	700	700	728	28
Net Change in Fund Balance	700	700	728	28
Fund Balance at Beginning of Year	6,000	6,000	6,385	385
Fund Balance at End of Year	\$ 6,700	\$ 6,700	\$ 7,112	\$ 412

MCLENNAN COUNTY, TEXAS

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (GAAP Basis) and Actual

Child Support Fund

Year Ended September 30, 2003

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 56,000	\$ 56,000	\$ 13,258	\$ (42,742)
Total Revenues	56,000	56,000	13,258	(42,742)
Expenditures:				
Judicial				
Personal Services	113,699	113,699	101,813	11,886
Supplies	7,250	7,250	5,512	1,738
Other Services & Charges	31,515	31,515	16,691	14,824
Total Expenditures	152,464	152,464	124,016	28,448
Excess (Deficiency) of Revenue over Expenditures	(96,464)	(96,464)	(110,758)	(14,294)
Other Financing Sources:				
Transfers In	78,615	78,615	103,615	25,000
Net Change in Fund Balance	(17,849)	(17,849)	(7,143)	10,706
Fund Balance at Beginning of Year	17,849	17,849	14,381	(3,468)
Fund Balance at End of Year	\$ -	\$ -	\$ 7,238	\$ 7,238

MCLENNAN COUNTY, TEXAS

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (GAAP Basis) and Actual

Court Reporter Service Fund

Year Ended September 30, 2003

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ 50,000	\$ 50,000	\$ 53,429	\$ 3,429
Miscellaneous - Investment Income	2,200	2,200	836	(1,364)
Total Revenues	52,200	52,200	54,265	2,065
Expenditures:				
Judicial:				
Other Services and Charges	131,134	131,134	111,968	19,166
Net Change in Fund Balance	(78,934)	(78,934)	(57,703)	21,231
Fund Balance at Beginning of Year	78,934	78,934	81,315	2,381
Fund Balance at End of Year	\$ -	\$ -	\$ 23,612	\$ 23,612

MCLENNAN COUNTY, TEXAS

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual

Dispute Resolution Fund

Year Ended September 30, 2003

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ 34,000	\$ 34,000	\$ 35,266	\$ 1,266
Miscellaneous - Investment Income	130	130	123	(7)
Total Revenues	34,130	34,130	35,389	1,259
Expenditures:				
Judicial:				
Other Services and Charges	53,829	53,829	48,000	5,829
Excess (Deficiency) of Revenue over Expenditures	(19,699)	(19,699)	(12,611)	7,088
Other Financing Sources:				
Transfers In	12,000	12,000	12,000	-
Net Change in Fund Balance	(7,699)	(7,699)	(611)	7,088
Fund Balance at Beginning of Year	7,699	7,699	9,705	2,006
Fund Balance at End of Year	\$ -	\$ -	\$ 9,094	\$ 9,094

MCLENNAN COUNTY, TEXAS

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual

District Clerk Errors and Omissions Fund

Year Ended September 30, 2003

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ 2,569	\$ 2,569	\$ 2,569	\$ -
Miscellaneous - Investment Income	1,211	1,211	1,211	-
Total Revenues	3,780	3,780	3,780	-
Expenditures:				
Judicial:				
Other Services and Charges	459	459	457	2
Net Change in Fund Balance	3,321	3,321	3,323	2
Fund Balance at Beginning of Year	77,819	77,819	77,819	-
Fund Balance at End of Year	\$ 81,140	\$ 81,140	\$ 81,142	\$ 2

MCLENNAN COUNTY, TEXAS

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (GAAP Basis) and Actual

Economic Development Fund

Year Ended September 30, 2003

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous -				
Investment Income	\$ 50,000	\$ 50,000	\$ 51,080	\$ -
Other - Recovery of Expenditures	-	-	250,000	250,000
Total Revenue	<u>50,000</u>	<u>50,000</u>	<u>301,080</u>	<u>250,000</u>
Expenditures:				
Economic Development -				
Other Services and Charges	<u>3,881,232</u>	<u>3,881,232</u>	<u>1,033,193</u>	<u>2,848,039</u>
Net Change in Fund Balance	(3,831,232)	(3,831,232)	(732,113)	3,099,119
Other Financing Sources:				
Operating Transfers In	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures	(3,081,232)	(3,081,232)	17,887	3,099,119
Fund Balance at Beginning of Year	<u>3,081,232</u>	<u>3,081,232</u>	<u>3,075,931</u>	<u>(5,301)</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,093,818</u>	<u>\$ 3,093,818</u>

MCLENNAN COUNTY, TEXAS

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual

Jury Fund

Year Ended September 30, 2003

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 72,224	\$ 72,224	\$ 71,986	\$ (238)
Intergovernmental -				
Payment in Lieu of Taxes	-	-	55	55
Fines and Forfeitures	-	-	1,331	1,331
Charges for Services				
Jury Fees	6,830	6,830	13,346	6,516
Miscellaneous - Investment Income	3,000	3,000	1,956	(1,044)
Total Revenues	82,054	82,054	88,673	6,619
Expenditures:				
Judicial:				
Jury Service:				
Personal Services	180,000	180,000	109,275	70,725
Supplies	3,200	3,503	3,303	201
Other Services and Charges	36,600	36,297	9,471	26,826
Total Expenditures	219,800	219,800	122,049	97,751
Net Change in Fund Balance	(137,746)	(137,746)	(33,375)	104,371
Fund Balance at Beginning of Year	137,746	137,746	167,366	29,620
Fund Balance at End of Year	\$ -	\$ -	\$ 133,990	\$ 133,990

MCLENNAN COUNTY, TEXAS

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual

Law Library Fund

Year Ended September 30, 2003

	Budget		Actual	Variance with Final Budget positive (negative)
	Original	Final		
Revenues:				
Charges for Services -				
Law Library Fees	\$ 128,000	\$ 128,000	\$ 128,629	\$ 629
Miscellaneous - Investment Income	1,000	1,000	1,030	30
Total Revenues	129,000	129,000	129,659	659
Expenditures:				
General Government - Judicial				
Personal Services	30,051	30,051	28,039	2,012
Supplies	66,202	80,802	80,002	800
Other Services and Charges	102,729	88,129	213	87,916
Total Expenditures	198,982	198,982	108,254	90,728
Net Change in Fund Balance	(69,982)	(69,982)	21,405	91,387
Fund Balance at Beginning of Year	69,982	69,982	58,546	(11,436)
Fund Balance at End of Year	\$ -	\$ -	\$ 79,951	\$ 79,951

MCLENNAN COUNTY, TEXAS

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual

Road and Bridge General Fund

Year Ended September 30, 2003

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous:				
Investment Income, Net	\$ 200	\$ 200	\$ 1,767	\$ 1,567
Other	-	-	2,620	2,620
Total Revenues	200	200	4,387	4,187
Expenditures:				
Public Transportation:				
County Engineer				
Personal Services	94,540	94,540	94,421	119
Total County Engineer	94,540	94,540	94,421	119
County Garage				
Personal Services	300,678	299,578	299,539	39
Supplies	125,599	221,899	221,783	116
Other Services & Charges	72,975	59,275	59,226	49
Capital Outlay	8,000	-	-	-
Total County Garage	507,252	580,752	580,547	205
Sign Shop				
Personal Services	41,944	45,128	44,864	264
Supplies	14,300	11,316	1,940	9,376
Other Services & Charges	450	250	241	9
Total Sign Shop	56,694	56,694	47,046	9,648
Total Expenditures	658,486	731,986	722,013	9,973
Excess (Deficiency) of Revenue over Expenditures	(658,286)	(731,786)	(717,627)	14,159
Other Financing Sources (Uses):				
Disposition of Fixed Assets	-	-	-	-
Transfers In	640,044	713,544	712,044	(1,500)
Total Other Financing Sources (Uses)	640,044	713,544	712,044	(1,500)
Net Change in Fund Balance	(18,242)	(18,242)	(5,583)	12,659
Fund Balance at Beginning of Year	18,242	18,242	26,484	8,242
Fund Balance at End of Year	\$ -	\$ -	\$ 20,901	\$ 20,901

MCLENNAN COUNTY, TEXAS

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual

Road and Bridge Farm to Market Roads Fund

Year Ended September 30, 2003

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 716,041	\$ 716,041	\$ 746,181	\$ 30,140
Miscellaneous - Investment Income	1,000	1,000	772	(228)
Total Revenues	<u>717,041</u>	<u>717,041</u>	<u>746,953</u>	<u>29,912</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenue over Expenditures	717,041	717,041	746,953	29,912
Other Financing Uses:				
Transfers Out:	<u>(697,164)</u>	<u>(697,164)</u>	<u>(697,164)</u>	<u>-</u>
Net Change in Fund Balance	19,877	19,877	49,789	29,912
Fund Balance at Beginning of Year	<u>(19,877)</u>	<u>(19,877)</u>	<u>92</u>	<u>19,969</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,881</u>	<u>\$ 49,881</u>

MCLENNAN COUNTY, TEXAS

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual

Road and Bridge Right of Way Allocation Fund

Year Ended September 30, 2003

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous:				
Investment Income, Net	\$ 500	\$ 500	\$ 3,905	\$ 3,405
Total Revenues	<u>500</u>	<u>500</u>	<u>3,905</u>	<u>3,405</u>
Expenditures:				
Public Transportation:				
Other Services and Charges	-	77,160	76,781	379
Capital Outlay	110,807	33,647	4,347	29,300
Total Expenditures	<u>110,807</u>	<u>110,807</u>	<u>81,128</u>	<u>29,679</u>
 Net Change in Fund Balance	<u>(110,307)</u>	<u>(110,307)</u>	<u>(77,223)</u>	<u>33,084</u>
 Fund Balance at Beginning of Year	<u>110,307</u>	<u>110,307</u>	<u>295,949</u>	<u>185,642</u>
 Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218,726</u>	<u>\$ 218,726</u>

MCLENNAN COUNTY, TEXAS

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual

Road and Bridge Precinct 1 Fund

Year Ended September 30, 2003

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and Permits	\$ 395,000	\$ 395,000	\$ 424,998	\$ 29,998
Intergovernmental -				
State Shared Revenues	400,500	400,500	414,722	14,222
Fines and Forfeits	370,000	370,000	422,260	52,260
Miscellaneous:				
Investment Income, Net	25,000	25,000	17,369	(7,631)
Sale of Supplies	21,600	21,600	16,630	(4,970)
Other	5,025	5,025	54,615	49,590
Total Miscellaneous	<u>51,625</u>	<u>51,625</u>	<u>88,614</u>	<u>36,989</u>
Total Revenues	<u>1,217,125</u>	<u>1,217,125</u>	<u>1,350,595</u>	<u>133,470</u>
Expenditures:				
Public Transportation:				
Personal Services	865,948	865,948	791,562	74,386
Supplies	713,075	685,868	389,006	296,862
Other Services and Charges	212,604	152,024	26,006	126,018
Capital Outlay	<u>261,074</u>	<u>315,987</u>	<u>279,984</u>	<u>36,003</u>
Total Public Transportation	<u>2,052,701</u>	<u>2,019,827</u>	<u>1,486,557</u>	<u>533,270</u>
Debt Service:				
Principal and Retirements	52,100	52,100	46,968	5,132
Interest and Fiscal Charges	<u>1,450</u>	<u>1,450</u>	<u>1,181</u>	<u>269</u>
Total Debt Service	<u>53,550</u>	<u>53,550</u>	<u>48,149</u>	<u>5,401</u>
Total Expenditures	<u>2,106,251</u>	<u>2,073,377</u>	<u>1,534,707</u>	<u>538,670</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(889,126)</u>	<u>(856,252)</u>	<u>(184,112)</u>	<u>672,140</u>
Other Financing Sources (Uses):				
Disposition of Fixed Assets	-	-	6,450	6,450
Transfers Out	<u>(25,000)</u>	<u>(57,874)</u>	<u>(57,874)</u>	<u>-</u>
Total Other Financing Sources	<u>(25,000)</u>	<u>(57,874)</u>	<u>(51,424)</u>	<u>6,450</u>
Net Change in Fund Balance	(914,126)	(914,126)	(235,536)	678,590
Fund Balance at Beginning of Year	<u>914,126</u>	<u>914,126</u>	<u>1,194,598</u>	<u>280,472</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 959,063</u>	<u>\$ 959,063</u>

MCLENNAN COUNTY, TEXAS

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual

Road and Bridge Precinct 2 Fund

Year Ended September 30, 2003

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and Permits	\$ 395,000	\$ 395,000	\$ 424,998	\$ 29,998
Intergovernmental -				
State Shared Revenues	400,500	400,500	414,722	14,222
Charges for Services	100	100	-	(100)
Fines and Forfeits	370,000	370,000	422,260	52,260
Miscellaneous:				
Investment Income, Net	35,000	35,000	33,761	(1,239)
Sale of Supplies	10,600	10,600	10,521	(79)
Other	180	180	157	(23)
Total Miscellaneous	<u>45,780</u>	<u>45,780</u>	<u>44,439</u>	<u>(1,341)</u>
Total Revenues	<u>1,211,380</u>	<u>1,211,380</u>	<u>1,306,420</u>	<u>95,040</u>
Expenditures:				
Public Transportation:				
Personal Services	915,397	915,397	799,056	116,341
Supplies	596,784	575,326	233,069	342,257
Other Services and Charges	1,359,882	1,322,579	74,997	1,247,582
Capital Outlay	<u>313,294</u>	<u>338,252</u>	<u>256,419</u>	<u>81,833</u>
Total Public Transportation	<u>3,185,357</u>	<u>3,151,554</u>	<u>1,363,541</u>	<u>1,788,013</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(1,973,977)</u>	<u>(1,940,174)</u>	<u>(57,121)</u>	<u>1,883,053</u>
Other Financing Sources (Uses):				
Disposition of Fixed Assets	-	-	2,575	2,575
Transfers In	146,815	146,815	146,815	-
Transfers Out	<u>(30,000)</u>	<u>(63,803)</u>	<u>(63,803)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>116,815</u>	<u>83,012</u>	<u>85,587</u>	<u>2,575</u>
Net Change in Fund Balance	<u>(1,857,162)</u>	<u>(1,857,162)</u>	<u>28,466</u>	<u>1,885,628</u>
Fund Balance at Beginning of Year	<u>1,857,162</u>	<u>1,857,162</u>	<u>2,127,514</u>	<u>270,352</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,155,980</u>	<u>\$ 2,155,980</u>

MCLENNAN COUNTY, TEXAS

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual

Road and Bridge Precinct 3 Fund

Year Ended September 30, 2003

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and Permits	\$ 331,800	\$ 331,800	\$ 356,999	\$ 25,199
Intergovernmental -				
State Shared Revenues	336,460	336,460	348,367	11,907
Fines and Forfeits	310,800	310,800	354,699	43,899
Miscellaneous:				
Investment Income, Net	40,000	40,000	27,656	(12,345)
Sale of Supplies	15,200	15,200	70,388	55,188
Other	310	310	48,943	48,633
Total Miscellaneous	<u>55,510</u>	<u>55,510</u>	<u>146,986</u>	<u>91,476</u>
Total Revenues	<u>1,034,570</u>	<u>1,034,570</u>	<u>1,207,050</u>	<u>172,480</u>
Expenditures:				
Public Transportation:				
Personal Services	702,288	702,288	637,691	64,597
Supplies	589,426	752,038	489,281	262,757
Other Services and Charges	820,736	572,319	23,081	549,238
Capital Outlay	<u>472,000</u>	<u>524,000</u>	<u>372,315</u>	<u>151,685</u>
Total Public Transportation	<u>2,584,450</u>	<u>2,550,645</u>	<u>1,522,369</u>	<u>1,028,276</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(1,549,880)</u>	<u>(1,516,075)</u>	<u>(315,319)</u>	<u>(1,200,756)</u>
Other Financing Sources (Uses):				
Disposition of Fixed Assets	-	-	4,165	4,165
Transfers Out	<u>(25,000)</u>	<u>(58,805)</u>	<u>(58,805)</u>	<u>-</u>
Total Other Financing Sources	<u>(25,000)</u>	<u>(58,805)</u>	<u>(54,640)</u>	<u>4,165</u>
Net Change in Fund Balance	(1,574,880)	(1,574,880)	(369,959)	1,204,921
Fund Balance at Beginning of Year	<u>1,574,880</u>	<u>1,574,880</u>	<u>1,943,408</u>	<u>368,528</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,573,449</u>	<u>\$ 1,573,449</u>

MCLENNAN COUNTY, TEXAS

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual

Road and Bridge Precinct 4 Fund

Year Ended September 30, 2003

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and Permits	\$ 458,200	\$ 458,200	\$ 492,998	\$ 34,798
Intergovernmental -				
State Shared Revenues	464,640	464,640	481,078	16,438
Fines and Forfeits	429,200	429,200	489,822	60,622
Miscellaneous:				
Investment Income, Net	40,000	40,000	35,127	(4,873)
Sale of Supplies	18,200	18,200	21,238	3,038
Other	300	300	1,884	1,584
Total Miscellaneous	<u>58,500</u>	<u>58,500</u>	<u>58,249</u>	<u>(251)</u>
Total Revenues	<u>1,410,540</u>	<u>1,410,540</u>	<u>1,522,146</u>	<u>111,606</u>
Expenditures:				
Public Transportation:				
Personal Services	897,732	909,732	798,977	110,755
Supplies	979,100	1,104,451	645,398	459,053
Other Services and Charges	1,224,515	1,178,541	63,106	1,115,435
Capital Outlay	<u>360,370</u>	<u>236,119</u>	<u>175,438</u>	<u>60,681</u>
Total Public Transportation	<u>3,461,717</u>	<u>3,428,843</u>	<u>1,682,918</u>	<u>1,745,925</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(2,051,177)</u>	<u>(2,018,303)</u>	<u>(160,772)</u>	<u>1,857,531</u>
Other Financing Sources (Uses):				
Disposition of Fixed Assets	-	-	2,550	2,550
Transfers In	170,305	170,305	170,305	-
Transfers Out	<u>(30,000)</u>	<u>(62,874)</u>	<u>(62,874)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>140,305</u>	<u>107,431</u>	<u>109,981</u>	<u>2,550</u>
Net Change in Fund Balance	(1,910,872)	(1,910,872)	(50,791)	1,860,081
Fund Balance at Beginning of Year	<u>1,910,872</u>	<u>1,910,872</u>	<u>2,151,649</u>	<u>240,777</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,100,858</u>	<u>\$ 2,100,858</u>



McLENNAN COUNTY, TEXAS

Nonmajor Government Funds

Nonmajor Debt Service Funds – Purpose of Funds

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Debt Service Funds are required only when they are legally mandated and/or if resources are being accumulated for general long-term debt principal and interest payments maturing in future years. A separate Debt Service Fund is established for each long-term debt issue, except for such items as are serviced directly from the General Fund or from Special Revenue Funds.

Debt Service Fund - Certificates of Obligation - Series 1993

The Debt Service Fund - Certificates of Obligation - Series 1993, was established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest resulting from the issuance of Certificates of Obligation - Series 1993.

Debt Service Fund - Refunding Bonds - Series 1994

The Debt Service Fund - Refunding Bonds - Series 1994, was established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest resulting from the issuance of Refunding Bonds – Series 1994.

Debt Service Fund - Certificates of Obligation - Series 1994-A

The Debt Service Fund - Certificates of Obligation - Series 1994-A, was established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest resulting from the issuance of Certificates of Obligation - Series 1994-A.

Debt Service Fund - Certificates of Obligation - Series 1996

The Debt Service Fund Certificates of Obligation Series 1996, was established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest resulting from the issuance of Certificates of Obligation - Series 1996.

Debt Service Fund - Refunding Bonds - Series 1998

The Debt Service Fund - Refunding Bonds - Series 1998, was established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest resulting from the issuance of Refunding Bonds – Series 1998.

Debt Service Fund – Certificates of Obligation – Series 2000

The Debt Service Fund Certificates of Obligation Series 2000, was established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest resulting from the issuance of Certificates of Obligation - Series 2000.

Debt Service Fund – Permanent Improvement Bonds – Series 2001

The Debt Service Fund Permanent Improvement Bonds Series 2001 was established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest resulting from the issuance of Permanent Improvement Bonds – Series 2001.

Debt Service Fund – Certificates of Obligation – Series 2003

The Debt Service Fund Certificates of Obligation Series 2003 was established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest resulting from the issuance of Certificates of Obligation – Series 2003.

MCLENNAN COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds

Nonmajor Debt Service Funds

September 30, 2003

	Certificates of Obligation Series 1993	Refunding Bonds Series 1994	Certificates of Obligation Series 1994-A	Certificates of Obligation Series 1996	Refunding Bonds Series 1998	Certificates of Obligation Series 2000	Permanent Improvement Bonds Series 2001	Certificates of Obligation Series 2003	Nonmajor Debt Service Funds Total
Pooled Cash and Investments	\$ 221,515	\$ 199,347	\$ 18,665	\$ 280,804	\$ 89,417	\$ 346,770	\$ 262,666	\$ 15,180	\$ 1,434,364
Receivables (net of allowances for estimated uncollectibles):									
Taxes	52,361	59,225	6,867	57,511	4,293	80,083	50,644	-	290,983
Due from Other Governments	1,852	2,095	243	2,034	152	2,125	1,791	-	10,290
Total Assets	\$ 275,727	\$ 260,667	\$ 25,775	\$ 340,349	\$ 93,861	\$ 408,978	\$ 315,101	\$ 15,180	\$ 1,735,638

ASSETS

LIABILITIES AND FUND BALANCE

Liabilities:									
Deferred Revenue	\$ 52,361	\$ 59,228	\$ 6,867	\$ 57,511	\$ 4,293	\$ 60,083	\$ 50,644	\$ -	\$ 290,983
Total Liabilities	52,361	59,228	6,867	57,511	4,293	60,083	50,644	-	290,983
Unreserved Fund Balance	223,366	201,441	18,908	282,838	89,569	348,895	264,457	15,180	1,444,655
Total Liabilities and Fund Balance	\$ 275,727	\$ 260,667	\$ 25,775	\$ 340,349	\$ 93,861	\$ 408,978	\$ 315,101	\$ 15,180	\$ 1,735,638

MCLENNAN COUNTY, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
Nonmajor Debt Service Funds

For the Year Ended September 30, 2003

	Certificates of Obligation Series 1993	Refunding Bonds Series 1994	Certificates of Obligation Series 1994-A	Certificates of Obligation Series 1998	Refunding Bonds Series 1998	Certificates of Obligation Series 2000	Permanent Improvement Bonds Series 2001	Certificates of Obligation Series 2003	Nonmajor Debt Service Funds Total
Revenues:									
Taxes	\$ 798,476	\$ 903,166	\$ 104,716	\$ 877,014	\$ 65,461	\$ 916,241	\$ 772,297	\$ -	\$ 4,437,372
Intergovernmental	606	685	79	665	50	695	566	-	3,365
Miscellaneous	5,804	6,041	637	6,253	1,418	7,063	5,512	16,180	48,905
Total Revenues	804,886	909,891	105,433	883,932	66,927	923,999	778,396	16,180	4,489,644
Expenditures:									
Debt Service:									
Principal and Retirements	485,000	605,000	85,000	380,000	5,000	320,000	285,000	-	2,145,000
Interest and Fiscal Charges	299,135	255,023	11,529	459,135	56,755	555,663	430,898	1,000	2,069,137
Total Expenditures	784,135	860,023	96,529	839,135	61,755	875,663	715,898	1,000	4,214,137
Net Change in Fund Balance	40,751	48,869	8,904	44,797	5,172	48,337	62,497	15,180	275,507
Fund Balance at Beginning of Year	182,615	151,572	10,004	238,041	84,397	300,558	201,960	-	1,169,147
Fund Balance at End of Year	\$ 223,366	\$ 201,441	\$ 18,908	\$ 282,838	\$ 89,569	\$ 348,895	\$ 264,457	\$ 15,180	\$ 1,444,655

MCLENNAN COUNTY, TEXAS

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual

Certificates of Obligation - Series 1993

Year Ended September 30, 2003

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 764,690	\$ 764,690	\$ 798,476	\$ 33,786
Intergovernmental	-	-	606	606
Miscellaneous	6,000	6,000	5,804	(196)
Total Revenues	770,690	770,690	804,886	34,196
Expenditures:				
Debt Service:				
Principal and Retirements	465,000	465,000	465,000	-
Interest and Fiscal Charges	299,690	299,690	299,135	555
Total Expenditures	764,690	764,690	764,135	555
Net Change in Fund Balance	6,000	6,000	40,751	34,751
Fund Balance at Beginning of Year	168,486	168,486	182,615	14,129
Fund Balance at End of Year	\$ 174,486	\$ 174,486	\$ 223,366	\$ 48,880

MCLENNAN COUNTY, TEXAS

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual

Refunding Bonds - Series 1994

Year Ended September 30, 2003

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 860,578	\$ 860,578	\$ 903,166	\$ 42,588
Intergovernmental	-	-	685	685
Miscellaneous	6,000	6,000	6,041	41
Total Revenues	866,578	866,578	909,891	43,313
Expenditures:				
Debt Service:				
Principal and Retirements	605,000	605,000	605,000	-
Interest and Fiscal Charges	255,578	255,578	255,023	556
Total Expenditures	860,578	860,578	860,023	556
Net Change in Fund Balance	6,000	6,000	49,869	43,869
Fund Balance at Beginning of Year	133,876	133,876	151,572	17,696
Fund Balance at End of Year	\$ 139,876	\$ 139,876	\$ 201,441	\$ 61,565

MCLENNAN COUNTY, TEXAS

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual

Certificates of Obligation - Series 1994-A

Year Ended September 30, 2003

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 97,084	\$ 97,084	\$ 104,716	\$ 7,632
Intergovernmental	-	-	79	79
Miscellaneous	200	200	637	437
Total Revenues	97,284	97,284	105,433	8,149
Expenditures:				
Debt Service:				
Principal and Retirements	85,000	85,000	85,000	-
Interest and Fiscal Charges	12,084	12,084	11,529	555
Total Expenditures	97,084	97,084	96,529	555
Net Change in Fund Balance	200	200	8,904	8,704
Fund Balance at Beginning of Year	8,377	8,377	10,004	1,627
Fund Balance at End of Year	<u>\$ 8,577</u>	<u>\$ 8,577</u>	<u>\$ 18,908</u>	<u>\$ 10,331</u>

MCLENNAN COUNTY, TEXAS

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual

Certificates of Obligation - Series 1996

Year Ended September 30, 2003

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 839,700	\$ 839,700	\$ 877,014	\$ 37,314
Intergovernmental	-	-	665	665
Miscellaneous	6,000	6,000	6,253	253
Total Revenues	845,700	845,700	883,932	38,232
Expenditures:				
Debt Service:				
Principal and Retirements	380,000	380,000	380,000	-
Interest and Fiscal Charges	459,700	459,700	459,135	565
Total Expenditures	839,700	839,700	839,135	565
Net Change in Fund Balance	6,000	6,000	44,797	38,797
Fund Balance at Beginning of Year	220,731	220,731	238,041	17,310
Fund Balance at End of Year	\$ 226,731	\$ 226,731	\$ 282,838	\$ 56,107

MCLENNAN COUNTY, TEXAS

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual

Refunding Bonds - Series 1998

Year Ended September 30, 2003

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 62,320	\$ 62,320	\$ 65,461	\$ 3,141
Intergovernmental	-	-	50	50
Miscellaneous	5,000	5,000	1,416	(3,584)
Total Revenues	67,320	67,320	66,927	(393)
Expenditures:				
Debt Service:				
Principal and Retirements	5,000	5,000	5,000	-
Interest and Fiscal Charges	57,320	57,320	56,755	565
Total Expenditures	62,320	62,320	61,755	565
Net Change in Fund Balance	5,000	5,000	5,172	172
Fund Balance at Beginning of Year	78,561	78,561	84,397	5,836
Fund Balance at End of Year	<u>\$ 83,561</u>	<u>\$ 83,561</u>	<u>\$ 89,569</u>	<u>\$ 6,008</u>

MCLENNAN COUNTY, TEXAS

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual

Certificates of Obligation - Series 2000

Year Ended September 30, 2003

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 876,227	\$ 876,227	\$ 916,241	\$ 40,014
Intergovernmental	-	-	695	695
Miscellaneous	6,000	6,000	7,063	1,063
Total Revenues	882,227	882,227	923,999	41,772
Expenditures:				
Debt Service:				
Principal and Retirements	320,000	320,000	320,000	-
Interest and Fiscal Charges	556,227	556,227	555,663	565
Total Expenditures	876,227	876,227	875,663	565
Net Change in Fund Balance	6,000	6,000	48,337	42,337
Fund Balance at Beginning of Year	283,368	283,368	300,558	17,190
Fund Balance at End of Year	\$ 289,368	\$ 289,368	\$ 348,895	\$ 59,527

MCLENNAN COUNTY, TEXAS

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual

Permanent Improvement Bonds - Series 2001

Year Ended September 30, 2003

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 731,650	\$ 731,650	\$ 772,297	\$ 40,647
Intergovernmental	-	-	586	586
Miscellaneous	6,000	6,000	5,512	(488)
Total Revenues	737,650	737,650	778,396	40,746
Expenditures:				
Debt Service:				
Principal and Retirements	285,000	285,000	285,000	-
Interest and Fiscal Charges	446,650	446,650	430,898	15,752
Total Expenditures	731,650	731,650	715,898	15,752
Net Change in Fund Balance	6,000	6,000	62,497	56,497
Fund Balance at Beginning of Year	188,107	188,107	201,960	13,853
Fund Balance at End of Year	\$ 194,107	\$ 194,107	\$ 264,457	\$ 70,350

MCLENNAN COUNTY, TEXAS

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual

Certificates of Obligation - Series 2003

Year Ended September 30, 2003

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ -	\$ 16,150	\$ 16,180	\$ 30
Total Revenues	-	16,150	16,180	30
Expenditures:				
Debt Service:				
Interest and Fiscal Charges	-	16,150	1,000	15,150
Total Expenditures	-	16,150	1,000	15,150
 Net Change in Fund Balance	 -	 -	 15,180	 15,180
 Fund Balance at Beginning of Year	 -	 -	 -	 -
Fund Balance at End of Year	\$ -	\$ -	\$ 15,180	\$ 15,180



McLENNAN COUNTY, TEXAS

Nonmajor Governmental Funds

Nonmajor Capital Projects Funds – Purpose of Funds

Capital Projects Funds are used to account for the purchase or construction of land, buildings and infrastructure. Capital Projects Funds are not ordinarily used to account for the acquisition of furniture, fixtures, machinery, equipment and other relatively minor or comparatively short-lived general fixed assets. Capital Projects Funds in use by the County are as follows:

Permanent Improvement Fund

The Permanent Improvement Fund is a constitutional fund used to account for the acquisition of and improvements to land and buildings on a continuing basis. The Commissioners Court in its annual budget include specific appropriations for expenditures from this fund. The principal source of revenues for the Permanent Improvement Fund is ad valorem taxes.

Certificates of Obligation Fund - Series 1996

The Certificates of Obligation Fund - Series 1996 is used to account for the proceeds of the sale of this issue of certificates of obligation. This issue was primarily for the expenditure of funds for Phase I of the renovation of the Heart of Texas Fair Complex. That project has been completed. The remainder of the proceeds can be used for acquisition of right of way for highway expansion or for the renovation of certain County buildings. Financing sources of this fund consist of the remaining proceeds from the sale of the certificates of obligation and from interest earned on the funds prior to expenditure.

Certificates of Obligation Fund - Series 2000

Certificates of Obligation Fund - Series 2000 is used to account for the proceeds of the sale of this issue of certificates of obligation, and for the expenditure of the funds in Phase II of the renovation of the Heart of Texas Fair Complex. Financing sources of this fund consist of the proceeds from the sale of the certificates of obligation and from interest earned on the funds prior to expenditure.

Utility Performance Improvement Fund

The Performance Improvement Fund is used to account for the \$6,239,000 proceeds from the inception of a capital lease agreement. It represents an energy conservation program provided by Section 302 of the Texas Local Government Code. Under Section 302 a local government can enter into a contract for energy conservation measures to reduce its energy or water consumption operating costs.

Road Bond Fund - Series 1961

The Road Bond Fund - Series 1961 consists of the remaining proceeds from the sale of road bonds, and is available for the purchase of right-of-way and the construction of roads.

MCLENNAN COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds

Nonmajor Capital Projects Funds

September 30, 2003

	Permanent Improvement Fund	Certificates of Obligation Series 1996	Certificates of Obligation Series 2000	Utility Performance Improvement Project	Road Bonds Series 1961	Nonmajor Capital Projects Funds Total
ASSETS						
Pooled Cash and Investments	\$ 1,894,439	\$ 202,917	\$ 332,822	\$ -	\$ 6,516	\$ 2,436,693
Non-Pooled Cash	-	-	-	330,068	-	330,068
Receivables (net of allowances for estimated uncollectibles):						
Taxes	48,498	-	-	-	-	48,498
Due from Other Governments	1,715	-	-	-	-	1,715
Total Assets and Other Debits	\$ 1,944,651	\$ 202,917	\$ 332,822	\$ 330,068	\$ 6,516	\$ 2,816,974

LIABILITIES AND FUND BALANCE

Liabilities:						
Accounts Payable	\$ 46,778	\$ -	\$ -	\$ -	\$ -	\$ 46,778
Deferred Revenue	48,498	-	-	-	-	48,498
Total Liabilities	95,276	-	-	-	-	95,276
Fund Balance:						
Unreserved - Undesignated	1,849,375	202,917	332,822	330,068	6,516	2,721,698
Total Fund Equity and Other Credits	1,849,375	202,917	332,822	330,068	6,516	2,721,698
Total Liabilities and Fund Balance	\$ 1,944,651	\$ 202,917	\$ 332,822	\$ 330,068	\$ 6,516	\$ 2,816,974

MCLENNAN COUNTY, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Nonmajor Capital Projects Funds

For the Year Ended September 30, 2003

	Permanent Improvement Fund	Certificates of Obligation Series 1996	Certificates of Obligation Series 2000	Utility Performance Improvement Project	Road Bonds Series 1961	Nonmajor Capital Project Funds Total
Revenues:						
Taxes	\$ 739,567	\$ -	\$ -	-	\$ -	739,567
Intergovernmental	561	-	-	-	-	561
Miscellaneous	31,105	3,087	5,141	44,336	99	83,768
Total Revenues	771,232	3,087	5,141	44,336	99	823,895
Expenditures:						
Current:						
Other Services & Charges	17,819	-	-	-	-	17,819
Capital Projects	788,108	875	8,896	3,119,547	-	3,917,426
Total Expenditures	805,927	875	8,896	3,119,547	-	3,935,245
Net Change in Fund Balance	(34,695)	2,212	(3,755)	(3,075,211)	99	(3,111,350)
Fund Balance at Beginning of Year	1,884,071	200,705	336,576	3,405,279	6,417	5,833,048
Fund Balance at End of Year	\$ 1,849,375	\$ 202,917	\$ 332,822	\$ 330,068	\$ 6,516	\$ 2,721,698

MCLENNAN COUNTY, TEXAS

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual

Permanent Improvement Fund

Year Ended September 30, 2003

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 711,807	\$ 711,807	\$ 739,567	\$ 27,760
Intergovernmental	50	50	\$ 561	511
Miscellaneous - Investment Income	30,003	30,003	31,105	1,102
Total Revenues	741,860	741,860	771,232	29,372
Expenditures:				
Other Services and Charges	-	17,823	17,819	4
Capital Projects:				
Land Purchases	1,000	1,000	-	1,000
Improvements Other than Buildings	391,105	390,705	-	390,705
Construction and Renovation Projects:				
Construction Costs	1,873,800	1,464,377	404,055	1,060,322
Architects, Engineers and Other	10	392,010	384,053	7,957
Total Construction Projects	1,873,810	1,856,387	788,108	1,068,279
Total Expenditures	2,265,915	2,265,915	805,927	1,459,988
Net Change in Fund Balance	(1,524,055)	(1,524,055)	(34,695)	1,489,360
Fund Balance at Beginning of Year	1,524,055	1,524,055	1,884,071	360,016
Fund Balance at End of Year	\$ -	\$ -	\$ 1,849,375	\$ 1,849,375

MCLENNAN COUNTY, TEXAS

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual

Certificates of Obligation Fund - Series 1996

Year Ended September 30, 2003

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous - Investment Income	\$ 1,000	\$ 1,000	\$ 3,087	\$ 2,087
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>3,087</u>	<u>2,087</u>
Expenditures:				
Capital Projects:				
Construction and Renovation Projects:				
Construction Costs	<u>195,820</u>	<u>195,820</u>	<u>875</u>	<u>194,945</u>
Total Expenditures	<u>195,820</u>	<u>195,820</u>	<u>875</u>	<u>194,945</u>
 Net Change in Fund Balance	<u>(194,820)</u>	<u>(194,820)</u>	<u>2,212</u>	<u>197,032</u>
Fund Balance at Beginning of Year	<u>194,820</u>	<u>194,820</u>	<u>200,705</u>	<u>5,885</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,917</u>	<u>\$ 202,917</u>

MCLENNAN COUNTY, TEXAS

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual

Certificates of Obligation Fund - Series 2000

Year Ended September 30, 2003

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous - Investment Income	\$ 500	\$ 500	\$ 5,141	\$ 4,641
Total Revenues	500	500	5,141	4,641
Expenditures:				
Capital Projects:				
Construction and Renovation Projects:				
Construction Costs	322,628	322,628	8,896	313,732
Total Expenditures	322,628	322,628	8,896	313,732
Net Change in Fund Balance	(322,128)	(322,128)	(3,755)	318,373
Fund Balance at Beginning of Year	322,128	322,128	336,576	14,448
Fund Balance at End of Year	\$ -	\$ -	\$ 332,822	\$ 332,822

MCLENNAN COUNTY, TEXAS

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual

Utility Performance Improvement Project Fund

Year Ended September 30, 2003

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous - Investment Income	\$ 38,000	\$ 38,000	\$ 44,336	\$ 6,336
Total Revenues	<u>38,000</u>	<u>38,000</u>	<u>44,336</u>	<u>6,336</u>
Expenditures:				
Capital Projects:				
Construction and Renovation Projects:				
Construction Costs	3,631,000	3,631,000	3,119,547	511,453
Total Expenditures	<u>3,631,000</u>	<u>3,631,000</u>	<u>3,119,547</u>	<u>511,453</u>
Net Change in Fund Balance	<u>(3,593,000)</u>	<u>(3,593,000)</u>	<u>(3,075,211)</u>	<u>517,789</u>
Fund Balance at Beginning of Year	<u>3,593,000</u>	<u>3,593,000</u>	<u>3,405,279</u>	<u>(187,721)</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 330,068</u>	<u>\$ 330,068</u>

MCLENNAN COUNTY, TEXAS

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual

Road Bond Fund - Series 1961

Year Ended September 30, 2003

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous - Investment Income	\$ 140	\$ 140	\$ 99	\$ (41)
Total Revenues	140	140	99	(41)
Expenditures:				
Supplies	6,563	6,563	-	6,563
Total Expenditures	6,563	6,563	-	6,563
Net Change in Fund Balance	(6,423)	(6,423)	99	6,522
Fund Balance at Beginning of Year	6,423	6,423	6,417	(6)
Fund Balance at End of Year	\$ -	\$ -	\$ 6,516	\$ 6,516

McLENNAN COUNTY, TEXAS

Nonmajor Governmental Funds

Nonmajor Permanent Fund – Purpose of Funds

The Permanent Fund type is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for governmental purposes.

Permanent School Fund

The Permanent School Fund received the proceeds from the sale of the County school property in the early 1900's. The corpus of the fund must remain intact and the investment income is transferred to the Available School Fund (a special revenue fund) for subsequent allocation to the independent school districts in the County.

MCLENNAN COUNTY, TEXAS

Balance Sheet

Nonmajor Governmental Funds

Permanent School Fund

September 30, 2003

ASSETS

Pooled Cash and Investments	\$ 46,844
Total Assets and Other Debits	<u>\$ 46,844</u>

LIABILITIES AND FUND BALANCE

Liabilities	\$ -
Fund Balance:	
Reserved for Education	46,844
Total Fund Equity and Other Credits	<u>46,844</u>
Total Liabilities and Fund Balance	<u>\$ 46,844</u>

MCLENNAN COUNTY, TEXAS

Nonmajor Governmental Funds

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (GAAP Basis) and Actual

Permanent School Fund

Year Ended September 30, 2003

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous - Investment Income	\$ 750	\$ 750	\$ 728	\$ (22)
Total Revenues	<u>750</u>	<u>750</u>	<u>728</u>	<u>(22)</u>
Expenditures	-	-	-	-
Excess (Deficiency) of Revenue over Expenditures	<u>750</u>	<u>750</u>	<u>728</u>	<u>(22)</u>
Other Financing Uses:				
Transfers Out	<u>(750)</u>	<u>(750)</u>	<u>(728)</u>	<u>22</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance at Beginning of Year	<u>46,844</u>	<u>46,844</u>	<u>46,844</u>	-
Fund Balance at End of Year	<u><u>\$ 46,844</u></u>	<u><u>\$ 46,844</u></u>	<u><u>\$ 46,844</u></u>	<u><u>\$ -</u></u>



CAPITAL ASSETS USED
IN THE OPERATION OF
GOVERNMENTAL FUNDS



MCLENNAN COUNTY, TEXAS

Capital Assets Used in the Operation of Governmental Funds
 Schedule by Source
 September 30, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Capital Assets:		
Land	\$ 1,524,888	\$ 1,524,888
Buildings	62,417,416	62,005,286
Improvements Other than Buildings	767,667	767,667
Machinery and Equipment	16,859,860	16,123,692
Infrastructure	30,072,272	30,072,272
Construction in Progress	<u>7,570,830</u>	<u>2,955,058</u>
 Total Capital Assets	 <u>\$ 119,212,933</u>	 <u>\$ 113,448,863</u>
Investment in Capital Assets:		
General Fund Revenues	\$ 8,894,478	\$ 8,720,426
Special Revenue Fund Revenues	39,290,474	38,699,185
Capital Projects Funds:		
General Obligation Bonds	50,978,871	49,858,625
Permanent Improvement Fund	13,411,105	12,622,997
Performance Improvement Fund	5,927,131	2,807,584
Donations	695,058	724,230
Other Sources	<u>15,816</u>	<u>15,816</u>
 Total Investment in Capital Assets	 <u>\$ 119,212,933</u>	 <u>\$ 113,448,863</u>

MCLENNAN COUNTY, TEXAS

Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
As of September 30, 2003

Function and Activity	Total	Land	Buildings	Improvements other than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress
General Government:							
General Administration	\$ 6,093,642	\$ 1,120,400	\$ 1,759,477	\$ 269,616	\$ 885,380	\$ -	\$ 2,058,769
Legal	1,320,250	-	953,008	-	24,573	-	342,669
Elections	766,068	-	494,580	-	165,504	-	95,984
Financial Administration	4,004,665	-	1,939,327	-	1,724,082	-	341,256
Total General Government	12,174,625	1,120,400	5,146,392	269,616	2,799,539	-	2,838,678
Public Safety:							
Fire Protection	23,000	-	-	-	23,000	-	-
Law Enforcement	6,433,843	-	1,944,620	-	4,053,628	-	435,595
Corrections	28,277,552	131,809	25,447,727	230,407	694,304	-	1,773,305
Other Protection	43,597	-	20,593	-	-	-	23,004
Environmental Protection	16,985	-	-	-	16,985	-	-
Public Safety	-	-	-	-	-	-	-
Total Public Safety	34,794,977	131,809	27,412,940	230,407	4,787,917	-	2,231,904
Public Transportation:							
Engineering	32,370	-	-	-	32,370	-	-
Maintenance	9,323,829	70,148	415,599	161,592	8,653,475	-	23,015
Infrastructure	30,072,272	-	-	-	-	30,072,272	-
Total Public Transportation	39,428,471	70,148	415,599	161,592	8,685,845	30,072,272	23,015
Judicial							
Health	6,729,515	114,424	3,621,524	6,890	558,795	-	2,427,882
Welfare	728,107	15,546	684,169	3,432	11,126	-	13,834
Culture-Recreation	1,479,334	39,781	1,414,964	13,045	-	-	11,544
Conservation	23,721,145	17,780	23,595,188	79,198	5,006	-	23,973
	156,759	15,000	126,640	3,487	11,632	-	-
Total Capital Assets	\$ 119,212,933	\$ 1,524,888	\$ 62,417,416	\$ 767,667	\$ 16,859,860	\$ 30,072,272	\$ 7,570,830

MCLENNAN COUNTY, TEXAS

Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes by Function and Activity
 Year Ended September 30, 2003

Function and Activity	General Capital Assets October 1, 2002	Additions	Reductions	General Capital Assets September 30, 2003
General Government:				
General Administration	\$ 4,379,156	\$ 1,725,239	\$ 10,753	\$ 6,093,642
Legal	1,130,769	189,481	-	1,320,250
Elections	702,656	53,412	-	756,068
Financial Administration	3,816,418	188,247	-	4,004,665
Total General Government	10,028,999	2,156,379	10,753	12,174,625
Public Safety:				
Fire Protection	23,000	-	-	23,000
Law Enforcement	6,010,543	530,311	107,011	6,433,843
Corrections	26,949,155	1,328,397	-	28,277,552
Other Protection	31,071	12,526	-	43,597
Environmental Protection	22,438	-	5,453	16,985
Total Public Safety	33,036,207	1,871,234	112,464	34,794,977
Public Transportation:				
Engineering	32,370	-	-	32,370
Maintenance	8,845,506	1,274,416	796,093	9,323,829
Infrastructure	30,072,272	-	-	30,072,272
Total Public Safety	38,950,148	1,274,416	796,093	39,428,471
Judicial	5,393,697	1,335,818	-	6,729,515
Health	710,163	17,944	-	728,107
Welfare	1,473,258	6,076	-	1,479,334
Culture - Recreation	23,699,632	21,513	-	23,721,145
Conservation	156,759	-	-	156,759
Total Governmental Funds Capital Assets	\$ 113,448,863	\$ 6,683,380	\$ 919,310	\$ 119,212,933



McLENNAN COUNTY, TEXAS

Government-wide Expenses by Function

Current Fiscal Year
(Unaudited)

Fiscal Year	General Administration	Judicial	Public Safety	Public Transportation	Health	Welfare	Culture - Recreation	Conservation	Economic Development	Interest and Fiscal Charges	Total
2003	\$ 13,081,875	\$ 4,963,966	\$ 28,459,088	\$ 7,499,769	\$ 4,312,989	\$ 2,649,209	\$ 3,167,814	\$ 180,691	\$ 1,183,298	\$ 2,298,097	\$ 67,796,796



McLENNAN COUNTY, TEXAS

Government-wide Revenues

Current Fiscal Year
(Unaudited)

Fiscal Year	Program revenues			General revenues				Total	
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Taxes	Rental Revenue	Unrestricted Investment Earnings	Gain (Loss) on Sale of Capital Assets		Miscellaneous
2003	\$ 11,558,679	\$ 8,097,054	\$ 19,655,733	\$ 39,609,491	\$ 3,184,305	\$ 923,847	\$ 30,499	\$ 955,205	\$ 64,359,080

McLENNAN COUNTY, TEXAS

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	General Government	Judicial	Public Safety	Public Transportation	Health	Welfare	Culture-Recreation
1994	7,108,330	2,755,334	15,005,664	4,628,300	2,305,261	2,045,582	245,346
1995	7,124,852	2,953,481	16,329,822	4,011,799	2,183,394	2,028,021	315,643
1996	8,204,615	3,177,100	17,193,899	4,394,998	2,323,891	1,830,202	340,311
1997	8,145,838	3,329,045	18,214,442	5,918,283	2,970,686	1,533,785	319,847
1998	8,995,174	3,416,440	18,676,910	5,383,600	3,091,315	1,437,977	327,765
1999	10,195,016	3,797,394	22,198,640	5,630,007	3,230,787	1,412,573	327,590
2000	10,809,072	4,256,439	23,884,056	6,277,187	3,416,984	1,346,615	349,696
2001	12,926,397	4,704,061	24,493,452	6,496,061	3,362,930	1,519,981	407,245
2002	12,633,645	4,438,832	26,388,346	6,599,557	4,021,706	1,962,145	460,436
2003	12,677,454	4,783,359	27,247,039	6,991,895	4,288,371	2,614,096	545,340

Source: Comprehensive Annual Financial Report

<u>Education</u>	<u>Conservation of Natural Resources</u>	<u>Economic Development and Assistance</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
5,200	149,960	407,870	3,512,847	2,867,749	41,037,443
-	175,325	425,393	8,553,821	3,082,354	47,183,905
4,500	214,000	671,604	2,208,112	2,821,774	43,385,006
-	174,081	191,496	2,707,700	2,816,231	46,321,434
-	191,393	525,999	5,820,235	3,677,687	51,544,495
-	185,816	417,175	6,489,254	3,807,908	57,692,160
9,100	181,119	223,873	2,071,508	3,498,634	56,324,283
-	181,679	239,995	8,233,995	4,353,208	66,919,004
-	245,728	291,462	5,524,867	6,731,852	69,298,576
-	175,091	1,183,298	6,904,656	5,020,547	72,341,145

McLENNAN COUNTY, TEXAS

GENERAL GOVERNMENTAL REVENUES AND OTHER SOURCES BY SOURCE

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Taxes	Licenses and Permits	Inter-Governmental Revenue	Charges for Services
1994	23,790,919	1,142,212	6,751,226	7,018,091
1995	25,630,912	1,445,346	6,921,701	6,970,110
1996	26,382,054	1,291,570	7,427,608	5,854,756
1997	26,761,739	1,362,134	6,755,509	6,501,394
1998	27,844,345	1,602,431	6,321,516	6,562,346
1999	29,482,891	1,705,892	9,527,967	7,090,060
2000	32,426,022	1,703,421	6,422,058	7,805,408
2001	34,686,971	1,753,448	7,811,465	8,224,251
2002	36,245,914	1,715,402	6,781,101	8,428,786
2003	37,707,025	1,784,595	8,079,601	8,243,117

Source: Comprehensive Annual Financial Report

<u>Fines and Forfeits</u>	<u>Bond Proceeds</u>	<u>Capital Lease Proceeds</u>	<u>Other</u>	<u>Total</u>
1,093,448	12,113,314	-	2,057,067	53,966,277
1,353,551	-	-	2,531,262	44,852,882
1,190,439	-	-	2,722,167	44,868,594
1,295,046	10,000,000	-	3,352,180	56,028,002
1,592,986	-	276,729	3,769,589	47,969,942
1,569,513	-	614,043	7,594,807	57,585,173
1,787,926	10,000,000	-	8,671,835	68,816,670
1,778,243	9,500,000	1,957,293	8,153,152	73,864,823
1,749,475	-	6,440,682	6,912,920	68,274,280
1,875,732	8,000,000	296,617	6,245,602	72,232,289

McLENNAN COUNTY, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Roll Year through September 30, 2003										
	Through June 30 Fiscal Year			Delinquent Tax Collections and Cancellations		Total Tax Collections and Cancellations		Total Collections and Cancellations As Percentage Roll Levy		Outstanding Taxes as of September 30, 2003	
	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections and Cancellations	Total Tax Collections and Cancellations	Total Tax Collections and Cancellations	Total Collections and Cancellations As Percentage Roll Levy	Total Collections and Cancellations As Percentage Roll Levy	Outstanding Taxes Receivable	Outstanding Taxes as of September 30, 2003	Outstanding Delinquent Taxes as Percent of Total Tax Levy
1994	\$ 16,783,053	\$ 16,530,777	98.50%	\$ 676,663	\$ 17,207,440	\$ 17,207,440	102.53%	102.53%	\$ 1,427,250	\$ 1,427,250	8.50%
1995	18,170,717	17,557,864	96.63%	561,185	18,119,049	18,119,049	99.72%	99.72%	1,406,961	1,406,961	7.74%
1996	18,929,855	18,346,324	96.92%	502,743	18,849,067	18,849,067	99.57%	99.57%	1,456,242	1,456,242	7.69%
1997	19,158,036	18,565,945	96.91%	477,015	19,042,960	19,042,960	99.40%	99.40%	1,451,205	1,451,205	7.57%
1998	19,897,077	19,116,976	96.08%	508,503	19,625,479	19,625,479	98.63%	98.63%	1,646,327	1,646,327	8.27%
1999	20,746,501	20,041,863	96.60%	546,591	20,588,459	20,588,459	99.24%	99.24%	1,661,703	1,661,703	8.01%
2000	22,838,203	22,024,420	96.44%	741,977	22,766,397	22,766,397	99.69%	99.69%	1,491,245	1,491,245	6.53%
2001	25,586,354	24,657,462	96.37%	579,958	25,237,420	25,237,420	98.64%	98.64%	1,708,305	1,708,305	6.68%
2002	26,982,531	25,877,949	95.91%	542,683	26,420,632	26,420,632	97.92%	97.92%	1,949,186	1,949,186	7.22%
2003	28,604,693	27,218,896	95.16%	767,544	27,986,440	27,986,440	97.84%	97.84%	2,080,153	2,080,153	7.27%

McLENNAN COUNTY, TEXAS

Assessed Valuations and Tax Levies
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Values	Assessment Percentage	Assessed Valuation	Tax Rate	Tax Levy
1994	\$ 8,542,415,830	100%	\$ 8,542,415,830	\$ 0.4286	\$ 3,661,279,425
1995	7,168,464,358	100%	7,168,464,358	0.4696	3,366,310,863
1996	6,889,188,626	100%	6,889,188,626	0.4566	3,145,603,527
1997	6,452,756,982	100%	6,452,756,982	0.4567	2,946,974,114
1998	6,078,757,368	100%	6,078,757,368	0.4191	2,547,607,213
1999	5,846,109,475	100%	5,846,109,475	0.4101	2,397,489,496
2000	5,636,683,079	100%	5,636,683,079	0.4193	2,363,461,215
2001	5,408,272,994	100%	5,408,272,994	0.4319	2,335,833,106
2002	5,123,784,318	100%	5,123,784,318	0.4408	2,258,564,127
2003	5,040,044,376	100%	5,040,044,376	0.3759	1,894,552,681

Source: Annual filing of Central Appraisal District, Tax Roll and Annual Report.

Tax Rate Distribution
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Maintenance and Operating Funds	Debt Service Funds	Road and Bridge Funds	Total Tax Rate
1994	\$ 0.3493	\$ 0.0678	\$ 0.0115	\$ 0.4286
1995	0.3759	0.0820	0.0117	0.4696
1996	0.3735	0.0729	0.0102	0.4566
1997	0.3816	0.0546	0.0205	0.4567
1998	0.3384	0.0625	0.0182	0.4191
1999	0.3147	0.0736	0.0218	0.4101
2000	0.3184	0.0736	0.0273	0.4193
2001	0.3328	0.0709	0.0282	0.4319
2002	0.3517	0.0609	0.0282	0.4408
2003	0.2930	0.0613	0.0216	0.3759

Source: Applicable Court Order.



McLENNAN COUNTY, TEXAS

Estimated Market Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Estimated Property Value							Ratio of Assessed to Estimated Actual Value
	Land (1)	City Property (1)	Personal Property	Telegraph, Telephone, Pipe Lines, Railroads	Total	Estimated Actual Value	Assessed to Estimated Actual Value	
1994	\$ 544,676,225	\$ 3,206,519,557	\$ 891,427,123	\$ 340,271,832	\$ 4,982,894,737	\$ 4,982,894,737	100%	
1995	547,995,243	3,264,183,105	960,424,156	351,181,814	5,123,784,318	5,123,784,318	100%	
1996	561,343,951	3,441,653,974	1,057,582,163	347,692,906	5,408,272,994	5,408,272,994	100%	
1997	568,795,139	3,536,914,432	1,165,021,471	365,952,036	5,636,683,078	5,636,683,078	100%	
1998	579,206,006	3,678,894,410	1,215,980,114	372,028,945	5,846,109,475	5,846,109,475	100%	
1999	591,741,902	3,844,897,826	1,278,932,625	363,185,015	6,078,757,368	6,078,757,368	100%	
2000	614,291,557	4,098,374,826	1,379,787,721	360,302,878	6,452,756,982	6,452,756,982	100%	
2001	638,109,422	4,422,033,555	1,436,226,644	388,085,805	6,884,455,526	6,884,455,526	100%	
2002	659,355,207	4,890,501,351	1,235,705,906	382,902,194	7,168,464,358	7,168,464,358	100%	
2003	1,111,534,777	5,670,534,580	1,537,393,590	222,952,883	8,542,415,830	8,542,415,830	100%	

(1) Represents Real Property for legal debt margin purposes.

Source: County Report of Property Value filed by the McLennan County Central Appraisal District.

McLENNAN COUNTY, TEXAS

Property Tax Rates - Direct and Overlapping Governments
(Per \$100 of Assessed Value) (1)

Last Ten Fiscal Years
(Unaudited)

Jurisdiction	Fiscal Year									
	1994 1993	1995 1994	1996 1995	1997 1996	1998 1997	1999 1998	2000 1999	2001 2000	2002 2001	2003 2002
Fiscal Year Ending Date - September 30										
Tax Roll Date - October 1 (2)										
<u>County-wide Taxing Entities:</u>										
McLennan County	\$ 0.4136	\$ 0.4408	\$ 0.4319	\$ 0.4193	\$ 0.4191	\$ 0.4191	\$ 0.4362	\$ 0.4566	\$ 0.4696	\$ 0.4286
McLennan County College District	0.0659	0.0699	0.0722	0.0780	0.0835	0.0892	0.1136	0.1174	0.1197	0.1165
<u>Special Districts:</u>										
<u>County-Line Special Districts:</u>										
McLennan and Hill Counties Tehuacana Creek Water Control and Improvement District No. 1	0.0064	0.0067	0.0243	0.02419	0.02419	0.0219	0.0221	0.0221	0.0241	0.0241
McLennan and Hill Counties Tehuacana Creek Water Control and Improvement District - Benefit Tax	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000
<u>Other Special Districts:</u>										
Castleman Creek Special Improvement District	-	-	-	-	-	-	-	-	0.1200	0.1200
Downtown Special Improvement District	0.0800	0.0800	0.0800	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
Elm Creek Watershed Authority	0.0450	0.0450	0.0400	0.0360	0.0360	0.0340	0.0340	0.0300	0.0280	0.0275
McLennan County Water Control and Improvement District No. 2	0.2208	-	-	-	-	-	-	-	-	-
Tax Increment District No. 1	0.4795	0.5108	0.5108	-	-	-	-	-	-	-
Tax Increment District No. 2	0.4795	0.5108	0.5108	-	-	-	-	-	-	-
<u>Cities:</u>										
Bellmead	0.3649	0.3705	0.3675	0.3705	0.3711	0.3652	0.3647	0.3584	0.3529	0.3107
Beverly Hills	0.4500	0.4500	0.4420	-	-	-	-	-	-	-
Bruceville-Eddy	-	-	-	0.4403	0.4516	0.4597	0.4597	0.4929	0.4929	0.4644
Crawford	0.3486	0.356	0.4341	0.4323	0.4200	0.3845	0.4338	0.4259	0.4557	0.3678
Gholson	-	-	-	-	-	-	-	-	0.2500	0.2334
Hewitt	0.3669	0.3869	0.393	0.418	0.4649	0.5000	0.5000	0.5000	0.5000	0.4550
Lacy-Lakeview	0.1939	0.1939	0.2359	0.2359	0.2539	0.2539	0.2539	0.2715	0.3033	0.2883
Lorena	0.4341	0.4424	0.412	0.4245	0.4117	0.4208	0.4208	0.4208	0.4239	0.4234
Mart	0.7011	0.7011	0.7011	0.7011	0.7011	0.7011	0.8076	0.9000	0.9085	0.8000
McGregor	0.5281	0.5275	0.5256	0.5257	0.5394	0.5394	0.5367	0.5533	0.5567	0.5402
Moody	0.3903	0.426	0.4261	0.4600	0.4897	0.5216	0.5213	0.5508	0.6010	0.6010
Northcrest	0.2500	0.2500	0.2622	0.3168	0.3225	(3)	(3)	(3)	(3)	(3)
Robinson	0.1513	0.0214	0.1038	0.1200	0.2334	0.2776	0.3300	0.3300	0.3960	0.3590
Waco	0.6676	0.6676	0.6676	0.6676	0.6876	0.6876	0.7148	0.7148	0.7148	0.7148
West	0.3194	0.3158	0.3158	0.3168	0.3208	0.3208	0.3208	0.3208	0.3247	0.6925
Woodway	0.4556	0.4556	0.4436	0.4436	0.4646	0.4646	0.4646	0.4646	0.4829	0.2900

(Continued)

McLENNAN COUNTY, TEXAS

Property Tax Rates - Direct and Overlapping Governments
(Per \$100 of Assessed Value) (1)

Last Ten Fiscal Years
(Unaudited)

School Districts:	Jurisdiction									
	1994 1993	1995 1994	1996 1995	1997 1996	1998 1997	1999 1998	2000 1999	2001 2000	2002 2001	2003 2002
County-Line School Districts:										
Axtell Independent School District	1,180	1,180	1,159	1,170	1,200	1,280	1,305	1,370	1,420	1,380
Bruceville-Eddy Independent School District	1,320	1,320	1,320	1,320	1,320	1,320	1,320	1,350	1,380	1,410
China Spring Independent School District	1,420	1,450	1,450	1,475	1,475	1,587	1,477	1,500	0,150	1,560
Crawford Independent School District	1,313	1,292	1,266	1,375	1,438	1,370	1,391	1,487	1,529	1,529
Lorena Independent School District	1,378	1,425	1,353	1,540	1,562	1,570	1,570	1,570	1,590	1,689
Marl Independent School District	1,170	1,230	1,250	1,300	1,300	1,394	1,502	1,615	1,685	1,650
Moody Independent School District	1,360	1,360	1,330	1,330	1,330	1,330	1,380	1,380	1,380	1,380
Oglesby Independent School District	1,181	1,181	1,181	1,181	1,181	1,348	1,400	1,400	1,400	1,500
Riesel Independent School District	1,250	1,250	1,250	1,300	1,370	1,460	1,470	1,432	1,557	1,686
Robinson Independent School District	1,380	1,428	1,425	1,441	1,481	1,481	1,612	1,661	1,661	1,640
Valley Mills Independent School District	1,300	1,300	1,312	1,312	1,312	1,331	1,650	1,640	1,640	1,650
West Independent School District	1,300	1,310	1,296	1,303	1,380	1,500	1,500	1,500	1,580	1,497
Other School Districts:										
Bosqueville Independent School District	1,378	1,378	1,450	1,443	1,500	1,500	1,418	1,497	1,498	1,591
Connally Independent School District	1,380	1,380	1,400	1,419	1,438	1,464	1,526	1,515	1,646	1,485
Gholson Independent School District	1,061	1,068	1,068	1,110	1,190	1,271	1,367	1,427	1,500	1,402
Hallsburg Independent School District	0,919	0,953	1,042	1,035	1,104	1,199	1,500	1,500	1,500	1,500
LaVega Independent School District	1,506	1,506	1,506	1,506	1,506	1,506	1,536	1,536	1,536	1,508
McGregor Independent School District	1,309	1,309	1,309	1,309	1,309	1,430	1,520	1,510	1,650	1,650
Midway Independent School District	1,450	1,475	1,470	1,470	1,490	1,500	1,500	1,640	1,640	1,620
Waco Independent School District	1,420	1,420	1,420	1,470	1,502	1,513	1,513	1,581	1,592	1,485

- (1) Source - Tax Rates obtained by direct contact with the individual taxing entities.
- (2) The tax roll generally provides funds for use in the fiscal year ending in the following calendar year.
- (3) The City of Northcrest was annexed by the City of Lacy-Lakeview effective October 1, 1998.



McLENNAN COUNTY, TEXAS

PRINCIPAL TAXPAYERS

Year Ended September 30, 2003

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2002 Tax Roll* Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Oncor (previously TXU Electric Company)	Electric Utility	\$ 130,858,580	1.5319%
Southwestern Bell Telephone Company	Telephone Utility	89,603,420	1.0489%
Masterfood USA (previously M & M Mars)	Candy Manufacturer	84,815,040	0.9929%
Owens- Brockway Glass Services	Glass Manufacturer	59,462,110	0.6961%
Coca-Cola Company	Beverage Manufacturer/Distributor	57,479,100	0.6729%
Raytheon E-Systems, Inc.	Aerospace Services	55,923,649	0.6547%
Huck International, Inc.	Fabrigated Steel Products	41,952,270	0.4911%
Allergan, Inc.	Optical Products	39,442,340	0.4617%
Paragon Trade Brands, Inc.	Baby Diaper Manufacturer	35,011,530	0.4099%
Sherwin Williams Company, Inc.	Distribution Center	<u>30,747,010</u>	<u>0.3599%</u>
		<u>\$ 625,295,049</u>	<u>7.3199%</u>

Based on 2002 Taxable Assessed Valuation of:

\$ 8,542,415,830

* The 2002 Tax Roll provided funds for the Fiscal Year ended September 30, 2003.

McLENNAN COUNTY, TEXAS

Computation of Legal Debt Margin

Limited Tax Bonds Issued Under Texas General Laws

September 30, 2003
(Unaudited)

Assessed Value of All Taxable Property		\$ 8,542,415,830
Debt Limit Rate - 5% of Assessed Value of All Taxable Property	X	<u>5%</u>
Amount of Debt Limit		427,120,792
Amount of Outstanding Bonds Applicable to General Law Debt Limit:		
Total General Obligation Bonds Outstanding	\$ 46,780,000	
Less Assets in Debt Service Funds Available for Payment of Principal	1,444,655	<u>45,335,345</u>
Legal Debt Margin		<u>\$ 381,785,447</u>

Article 722, Vernon's Annotated Texas Statutes, provides that the total bonded indebtedness of the County for certain authorized purposes may not exceed 5% of the County's total taxable values.

As to bonds issued under the Texas general laws, there is, in addition to the debt limit of 5% of the value of all taxable property, a constitutional limit on the tax rate which may be levied to service general law debt and provide for the general operation of the County. This limit for McLennan County is \$.80 annually per \$100 of assessed value.

Article 8, Section 9, Vernon's Constitution of the State of Texas, as amended, provides that the Commissioner's Court "shall levy whatever tax rate may be needed for the four (4) constitutional purposes; namely, general fund, permanent improvement fund, road and bridge fund, and jury fund so long as the total of the foregoing tax levies does not exceed eighty cents (\$.80) on the one hundred dollars (\$100) valuation in any one (1) year."

The Attorney General of Texas will not approve limited tax bonds in an amount which produces debt service requirements exceeding that which can be paid from \$.40 of the foregoing \$.80 maximum rate.

Of the \$.80 tax rate limit, \$.0828 was levied for debt service on limited tax bonds for the fiscal year ended September 30, 2003.

McLENNAN COUNTY, TEXAS

Computation of Legal Debt Margin

Road Bonds Issued Under Article 3, Section 52, of the Texas Constitution

September 30, 2003
(Unaudited)

Assessed Value of Real Property	\$ 6,782,069,357
Debt Limit Rate - One-fourth of Assessed Value of Real Property	x <u>25%</u>
Amount of Debt Limit	1,695,517,339
Road Bonds Outstanding	<u>-</u>
Legal Debt Margin	<u>\$ 1,695,517,339</u>

Article 3, Section 52, Vernon's Constitution of the State of Texas, as amended, provides that "... bonds may be issued by any county in an amount not to exceed one-fourth of the assessed valuation of the real property in the county, for the construction, maintenance, and operation of macadamized, gravelled, or paved roads...upon a vote of a majority of the resident property taxpayers voting thereon who are qualified electors of the county..."

At September 30, 2003, the County had no outstanding indebtedness for bonds issued under this constitutional provision.

McLENNAN COUNTY, TEXAS

**Ratio of Net General Bonded Debt to Assessed
Value and Net Bonded Debt Per Capita**

**Last Ten Fiscal Years
(Unaudited)**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Tax Roll October 1</u>	<u>Assessed Value (2)</u>
1994	196,511	1993	5,040,044,376
1995	200,111	1994	5,123,784,318
1996	200,111	1995	5,408,272,994
1997	201,779	1996	5,636,683,078
1998	201,779	1997	5,846,109,475
1999	203,446	1998	6,078,757,368
2000	213,517	1999	6,452,756,982
2001	213,517	2000	6,889,188,626
2002	216,517	2001	7,168,464,358
2003	216,517	2002	8,542,415,830

(1) Source - Official decennial census figures for 1990 and 2000 - Figures for other years are based upon the appropriate decennial census as revised by subsequent estimates of the Bureau of the Census. When figures are not available, figures for the preceding year are used.

(2) Source - Tax roll providing current tax revenues for the corresponding fiscal year. This roll is dated October 1 of the calendar year immediately preceding the calendar year during which the fiscal year ends.

<u>Gross Bonded Debt</u>	<u>Less Debt Service Funds</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
25,330,000	721,443	24,608,557	0.4883%	125.23
24,020,000	599,773	23,420,227	0.4571%	117.04
22,615,000	669,779	21,945,221	0.4058%	109.67
31,125,000	1,340,941	29,784,059	0.5284%	147.61
29,735,000	1,403,754	28,331,246	0.4846%	140.41
27,665,000	1,058,635	26,606,365	0.4377%	130.78
35,905,000	872,891	35,032,109	0.5429%	164.07
43,450,000	1,031,364	42,418,636	0.6157%	198.67
40,925,000	1,169,147	39,755,853	0.5546%	183.62
46,780,000	1,444,655	45,335,345	0.5307%	209.38



McLENNAN COUNTY, TEXAS

Ratio of Annual Debt Service Expenditures for

General Obligation Debt to Total General Governmental Expenditures

Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures (1)</u>	<u>Ratio of Debt Service to Total General Expenditures</u>
1994	\$ 1,468,867	\$ 1,271,420	\$ 2,740,287 (2)	\$ 47,183,905	5.808%
1995	1,588,179	1,494,175	3,082,354	47,183,905	6.533%
1996	1,457,015	1,364,759	2,821,774	43,385,006	6.504%
1997	1,546,192	1,270,039	2,816,231	46,321,434	6.080%
1998	1,667,937	2,009,750	3,677,687	51,544,495	7.135%
1999	2,251,721	1,556,187	3,807,908	57,692,160	6.600%
2000	2,007,545	1,491,089	3,498,634	56,324,283	6.212%
2001	2,243,527	2,109,681	4,353,208	66,919,004	6.505%
2002	4,345,079	2,386,772	6,731,851	69,298,576	9.714%
2003	2,771,384	2,249,163	5,020,547	72,431,145	6.931%

(1) Includes all Governmental Fund Types and Expendable Trust Funds.

(2) Excludes \$127,462 in bond issuance costs of Refunding Bonds - Series 1994.

McLENNAN COUNTY, TEXAS

Computation of Direct and Overlapping Debt

September 30, 2003
(Unaudited)

Jurisdiction	As of	Net Debt Outstanding (1)	Percentage Applicable to County (2)	Amount Applicable to County
<u>County-Wide Taxing Entities:</u>				
McLennan County (3)	9/30/03	\$ 55,349,559	100%	\$ 55,349,559
McLennan County College District	8/31/03	16,100,000	100%	16,100,000
<u>Special Districts:</u>				
County-Line Special Districts:				
Aquilla-Hackberry Creek Conservation District	9/30/03	-	25%	-
McLennan and Hill Counties Tehuacana Creek Water Control and Improvement District No. 1	9/30/03	-	99.46%	-
McLennan and Hill Counties Tehuacana Creek Water Control and Improvement District - Benefit Tax	9/30/03	-	79.87%	-
Other Special Districts:				
Elm Creek Watershed Authority	9/30/03	-	100%	-
McLennan County Water Control and Improvement District No. 2	9/30/03	-	100%	-
Tax Increment District No. 1	9/30/03	-	100%	-
Tax Increment District No. 2	9/30/03	-	100%	-
<u>Cities:</u>				
Bellmead	9/30/03	15,635	100%	15,635
Beverly Hills	9/30/03	-	100%	-
Bruceville-Eddy	9/30/03	-	100%	-
Crawford	10/31/02	-	100%	-
Hewitt	9/30/03	7,880,000	100%	7,880,000
Lacy-Lakeview	9/30/03	1,300,000	100%	1,300,000
Lorena	9/30/03	621,500	100%	621,500
Mart	9/30/03	74,764	100%	74,764
McGregor	9/30/03	2,297,573	100%	2,297,573
Moody	9/30/03	-	100%	-
Riesel	9/30/03	631,555	100%	631,555
Robinson	9/30/03	2,401,292	100%	2,401,292
Waco	9/30/03	48,876,901	100%	48,876,901
West	9/30/03	4,980,000	100%	4,980,000
Woodway	9/30/03	7,001,000	100%	7,001,000

(continued)

McLENNAN COUNTY, TEXAS

Continued

Computation of Direct and Overlapping Debt

September 30, 2003
(Unaudited)

Jurisdiction	As of	Net Debt Outstanding (1)	Percentage Applicable to County (2)	Amount Applicable to County
School Districts:				
County-Line School Districts:				
Axtell Independent School District	8/31/03	\$ -	89.54%	\$ -
Bruceville-Eddy Independent School District	6/30/03	165,000	80.46%	132,759
China Spring Independent School District	6/30/03	17,943,409	96.39%	17,295,652
Crawford Independent School District	8/31/03	3,000,755	95.15%	2,855,218
Lorena Independent School District	8/31/03	16,746,304	97.65%	16,352,766
Mart Independent School District	8/31/03	4,115,000	57.26%	2,356,249
Moody Independent School District	8/31/03	-	53.76%	-
Oglesby Independent School District	8/31/03	1,170,400	7.10%	83,098
Riesel Independent School District	8/31/03	3,284,700	63.12%	2,073,303
Robinson Independent School District	8/31/03	13,753,621	98.32%	13,522,560
Valley Mills Independent School District	8/31/03	235,416	26.25%	61,797
West Independent School District	8/31/03	11,548,690	97.97%	11,314,252
Other School Districts:				
Bosqueville Independent School District	8/31/03	2,360,000	100%	2,360,000
Connally Independent School District	8/31/03	15,749,744	100%	15,749,744
Gholson Independent School District	8/31/03	-	100%	-
Hallsburg Independent School District	6/30/03	-	100%	-
LaVega Independent School District	8/31/03	8,455,000	100%	8,455,000
McGregor Independent School District	8/31/03	7,855,053	100%	7,855,053
Midway Independent School District	8/31/03	59,352,833	100%	59,352,833
Waco Independent School District	8/31/03	60,678,936	100%	60,678,936
		<u>\$373,944,640</u>		<u>\$ 368,028,999</u>

- (1) Source - Except as otherwise indicated, the net debt information in this table was obtained by direct contact with individual jurisdictions without further verification.
- (2) Source - The portion of the debt of any jurisdiction which is considered to be applicable to McLennan County is determined by the ratio of the total assessed value of property of the jurisdiction located within McLennan County to the total assessed value of all property taxed by the entity. This information is obtained by direct contact with the various appraisal districts.
- (3) Source - Information derived from Schedule G-1 of the Financial Section of this report.



McLENNAN COUNTY, TEXAS

Demographic Statistics

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Population (2)	School Enrollment (4)	Unemployment Rate (1)	
			McLennan County (5)	State of Texas
1994	196,555	36,079	4.6%	5.8%
1995	200,111	30,298	4.8%	6.0%
1996	200,111	38,504	4.4%	5.6%
1997	201,779	39,251	4.6%	5.4%
1998	201,779	39,420	3.2%	4.4%
1999	203,446	36,467	3.8%	4.9%
2000	213,517	39,430	3.3%	3.7%
2001	213,517	39,327	3.9%	5.2%
2002	216,517	39,680	4.0%	6.1%
2003	216,517	39,916	4.7%	6.8%

(1) Source - Unemployment statistics furnished by the Texas Workforce Commission (formerly the Texas Employment Commission) for the calendar year ended during the indicated County fiscal year for years prior to 1998. The Texas Labor Market Information Office provided the 1998 data.

(2) Source - Population figures are based upon the appropriate decennial census as revised by subsequent estimates of the U.S. Department of Commerce, Bureau of the Census, as of the July 1 date occurring during the indicated County fiscal year. When figures are unavailable, figures for the preceding year are used.

(4) Source - Average daily attendance as reported by the Texas Education Agency Public Information Office for the school year ended during the indicated County fiscal year.

(5) Texas Metropolitan Statistical Area which includes McLennan County.

McLENNAN COUNTY, TEXAS

Property Value, Construction, and Bank Deposits

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Tax Roll October 1	Non-Residential Construction (1)		Residential Construction (1)	
		Number of Units	Value	Number of Units	Value
1994	1993	27	\$ 21,573,232	169	15,448,350
1995	1994	21	16,825,400	133	14,672,934
1996	1995	34	26,889,048	170	14,262,400
1997	1996	29	36,815,290	320	22,936,940
1998	1997	29	31,980,060	594	28,527,760
1999	1998	44	68,992,000	253	24,405,400
2000	1999	45	44,815,622	323	35,095,500
2001	2000	36	91,883,768	360	53,074,186
2002	2001	24	57,727,500	570	50,029,020
2003	2002	44	55,849,253	371	56,991,625

(1) Source - Compiled from City of Waco Building Permit Records for the fiscal year indicated. Figures shown are for the City of Waco whose population is approximately two-thirds of the total County population. Figures for the remaining portion of the County are not available.

(2) Source - Bank deposits at the end of the calendar year ending during the fiscal year indicated as obtained from published statements or by direct contact with individual financial institutions.

(3) Source - Estimated total actual values are based on the ratio of assessed values to actual values as calculated by the Texas State Property Tax Board.

Bank Deposits	Estimated Total Value - All Real Property		
	Non-Residential (3)	Residential (3)	Nontaxable (4)
\$ 981,301,228 (5)	\$ 1,507,734,129	\$ 2,359,478,017	\$ 543,672,321
994,855,801 (5)	1,511,176,205	2,418,904,566	569,848,496
- (6)	1,573,640,164	2,596,149,341	584,776,023
- (6)	1,583,609,645	2,649,080,634	596,391,991
- (6)	1,636,031,852	2,753,762,392	625,215,490
- (6)	1,685,156,098	2,842,027,298	636,610,717
- (6)	1,740,754,871	3,117,664,080	651,977,720
- (6)	1,813,049,264	3,247,093,813	691,174,517
- (6)	2,226,652,879	3,323,203,379	691,111,927
- (6)	1,502,454,991	5,279,614,366	793,775,150

(4) Source - Figures supplied by the McLennan County Tax Department.

(5) Bank of America (formerly NationsBank) does not publish bank deposit information for McLennan County and has declined to furnish such information for this report. Bank deposit information shown above for fiscal years after 1988, therefore, includes all banks in the County except Bank of America.

(6) Bank deposit figures are no longer available due to the fact that several major banks have declined to furnish information.

McLENNAN COUNTY, TEXAS

Salaries and Surety Bonds of County Officials

Year Ended September 30, 2003
(Unaudited)

<u>Official Title</u>	<u>Officer's Name</u>	<u>Annual Salary (1)</u>	<u>Surety Bond</u>
County Judge	James H. Lewis	\$ 101,353	\$ 10,000
Commissioner, Precinct 1	Wendall C. Crunk	66,096	4,000
Commissioner, Precinct 2	Lester Gibson	66,096	4,000
Commissioner, Precinct 3	Joseph A. Mashek	66,096	4,000
Commissioner, Precinct 4	Alton R. Meadows	66,096	4,000
Judge, County Court-at-Law	Tom L. Ragland	110,000	2,500
Judge, County Court-at-Law No. 2	Mike B. Gassaway	110,000	2,500
County Clerk	Jack A. "Andy" Harwell	68,629	5,000
District Clerk	Joe Johnson	68,629	5,000
Criminal District Attorney	John Segrest (2)	10,361	5,000
County Auditor	Steven G. Moore	99,948	5,000
County Treasurer	William E. Helton	56,366	10,000
Tax Assessor-Collector	A.F. "Buddy" Skeen	76,045	200,000
Sheriff	Larry Lynch	76,045	15,000
Adult Probation Director	Curtis Hand	75,048	-
Chief Juvenile Probation Officer	Rodney Davidson	73,580	-
Elections Administrator	Kathy E. Van Wolfe	62,749	5,000
Justices of the Peace:			
Precinct 1, Place 1	Joe N. Meadows	49,728	1,000
Precinct 1, Place 2	William D. Martin, III	49,728	1,000
Precinct 2	Belinda Summers	34,702	1,000
Precinct 3	David W. Pareya	49,728	1,000

(Continued)

McLENNAN COUNTY, TEXAS

Continued

Salaries and Surety Bonds of County Officials

Year Ended September 30, 2003
(Unaudited)

<u>Official Title</u>	<u>Officer's Name</u>	<u>Annual Salary (1)</u>	<u>Surety Bond</u>
Justices of the Peace: (Continued)			
Precinct 4	Robert B. Rusling	\$ 11,166	\$ 1,000
Precinct 5	Franklin Culpepper	23,510	1,000
Precinct 6	Raymond N. Britton	16,931	1,000
Precinct 7	E. Jean Laster	37,261	1,000
Precinct 8	Fernando M. Villarreal	30,900	1,000
Constables:			
Precinct 1	Clyde T. Bailey	49,728	1,500
Precinct 2	John T. Bays	17,305	1,500
Precinct 3	David Maler	29,472	1,500
Precinct 4	Larry Eschenburg	10,406	1,500
Precinct 5	Dewey F. Howze	26,013	1,500
Precinct 6	Kenneth L. Brown	13,685	1,000
Precinct 7	John W. Johnson	37,261	1,000
Precinct 8	J. F. Suarez	29,473	1,000

(1) Each official (and each regular salaried employee) receives longevity pay at the rate of \$5.00 per month for each full year of service in addition to their salary.

(2) The salary of the Criminal District Attorney is paid by the State of Texas. The amount shown in this table is the supplemental salary paid by the County.

McLENNAN COUNTY, TEXAS

Schedule of Insurance in Force

Year Ended September 30, 2003
(Unaudited)

<u>Policy Number</u>	<u>Insurer</u>	<u>Expiration Date</u>
FBP7320816	Hartford Steam Boiler Insurance Co.	9/30/04
	Texas Association of Counties Self Insurance Program	9/30/04
	Texas Association of Counties Self Insurance Program	9/30/04
	Texas Association of Counties Self Insurance Program	9/30/04
	Texas Association of Counties Self Insurance Program	9/30/04
	Texas Association of Counties Self Insurance Program	9/30/04
	Texas Association of Counties Self Insurance Program	9/30/04
CCP0029015	Fidelity and Deposit Co.	1/5/04
HL 23506	Old Republic Insurance Co.	10/1/04

Risks Concerned	Amount of Coverage
Equipment breakdown:	
Courthouse, garage, Bell building, Records building, data processing and jail boilers	\$ 2,000,000
Fire and extended coverage:	
County buildings and contents	78,163,482
Comprehensive general liability:	
Bodily injury - per person	100,000
Bodily injury - per occurrence	300,000
Property damage - per occurrence	100,000
Automobile liability:	
Bodily injury - per person	100,000
Bodily injury - per occurrence	300,000
Property damage - per occurrence	100,000
Uninsured/Underinsured Motorists:	
Bodily injury - per person	25,000
Bodily injury - per occurrence	100,000
Property damage - per occurrence	45,000
Public Officials Liability	2,000,000
Law Enforcement Liability	2,000,000
Commercial Crime	100,000
Aircraft liability:	
Single Limit	1,000,000

McLENNAN COUNTY, TEXAS

Miscellaneous Statistics
(Unaudited)

Date of Incorporation

Created in 1850 by
State Legislature

Form of Government

Commissioners Court, composed
of four Commissioners Presided
over by the County Judge

General Election - Presidential Election Years:

	<u>1996</u>	<u>2000</u>	<u>2002</u>
Registered Voters	117,593	127,246	128,776
Votes cast in General Election	62,420	69,111	52,813
Percentage of Registered Voters Voting	53.08%	54.31%	41.01%

Vehicle Registrations - Automobile, Truck and all other:

<u>Year</u>	<u>Registrations</u>	<u>Year</u>	<u>Registrations</u>	<u>Year</u>	<u>Registrations</u>
1994	166,094	1997	168,461	2000	173,326
1995	166,190	1998	169,259	2001	182,732
1996	166,190	1999	177,581	2002	180,431

Mileage of County Maintained Roads - By Precinct:

<u>Type</u>	<u>Precinct 1</u>	<u>Precinct 2</u>	<u>Precinct 3</u>	<u>Precinct 4</u>	<u>Total</u>
Concrete	-	-	-	2.8	2.8
Black Top	176.3	129.5	116.9	349.0	771.7
Gravel	63.6	83.6	123.4	31.7	302.3
Unimproved	-	-	-	-	-
Total	<u>239.9</u>	<u>213.1</u>	<u>240.3</u>	<u>383.5</u>	<u>1,076.8</u>

Information in this table has been compiled by County Engineer's department.