

McLENNAN COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

Prepared by:
STEVEN G. MOORE, CPA
COUNTY AUDITOR

McLENNAN COUNTY, TEXAS
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2004

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County Auditor**



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March 30, 2005

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, 2004, 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, 2004, 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, 2004 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 219,087. This is up 2.6% over the 2000 census of 213,517 and 28.3% over the 1980 census of 170,755. The County has a land area of 1,042 square miles. The decennial census levels in Texas determine which of the various State statutes apply to each particular Texas County. 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 decennial 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, 2004, was 2.0%.

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, 2003. 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.

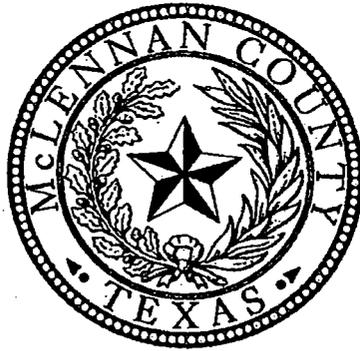
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

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, 2003

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.



Nancy L. Zjelke

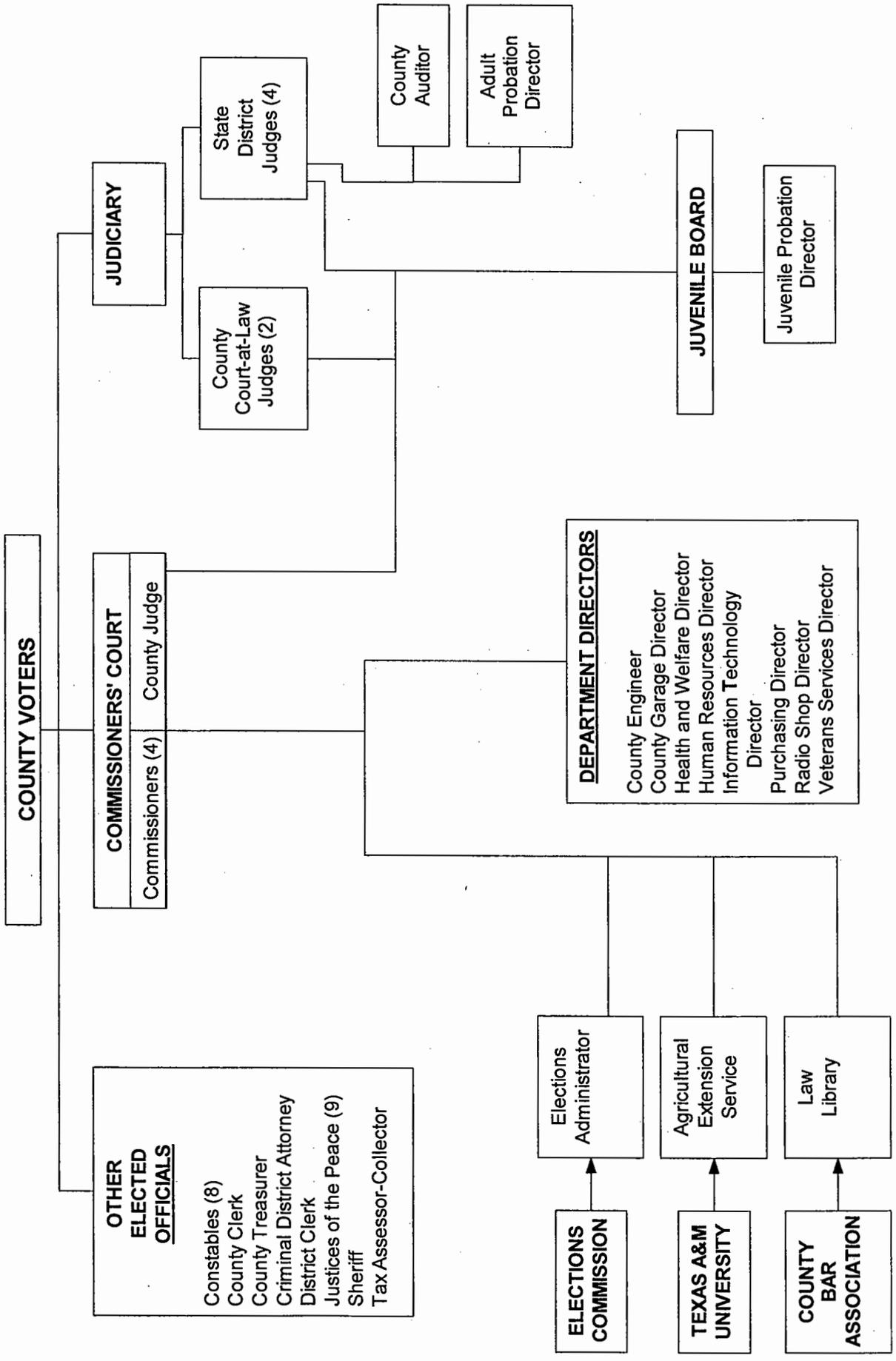
President

Jeffrey R. Emer

Executive Director



McLENNAN COUNTY, TEXAS ORGANIZATION



MCLENNAN COUNTY, TEXAS

PRINCIPAL OFFICIALS
As of September 30, 2004

ELECTED OFFICIALS

District Officials

Judge, 19th Judicial District Ralph Strother
Judge, 54th Judicial District George Allen
Judge, 74th Judicial District Alan Mayfield
Judge, 170th 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, 2004

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	William Mahon





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 McLennan County, Texas, as of and for the year ended September 30, 2004, 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 the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of McLennan County, Texas, as of September 30, 2004, and the respective changes in financial position, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 30, 2005, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 13 through 27 and pages 62 through 79 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 nonmajor 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 nonmajor 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.

Pattillo, Brown + Hill, L.L.P.

March 30, 2005

MCLENNAN COUNTY, TEXAS
Management's Discussion and Analysis
September 30, 2004

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 that ended September 30, 2004. 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).

FINANCIAL HIGHLIGHTS

- The assets of McLennan County exceeded its liabilities at September 30, 2004, by \$66.6 million. Net assets invested in capital assets (net of depreciation and related debt) account for more than 61.1% of this amount, with a value of \$40.6 million. Restricted net assets totaled \$5.5 million (8.3%). Of the remaining net assets, approximately \$20.4 million (30.7%) may be used to meet the county's ongoing obligations to citizens and creditors, without legal restriction.
- The County restated its beginning total net assets with two prior period adjustments that increased the beginning total net assets by \$4.35 million from \$67.9 million to \$72.3 million. One restatement decreased the total net assets by \$650 thousand, to correct the balance of accumulated depreciation at September 30, 2003 and the other restatement increased total net assets by \$5.0 million to restate the allowance for uncollectable accounts receivable.
- The County's total net assets decreased by \$5.7 million for the year ended September 30, 2004 when compared to the total net assets, as restated by prior period adjustments, for the year ended September 30, 2004. Income from general sources of revenue totaled more than \$48.1 million, with total expenses in excess of program revenues of \$53.8 million.
- As of September 30, 2004, McLennan County's governmental funds reported combined ending fund balances of \$38.1 million. Of that amount, \$1.8 million was reserved or designated for specific purposes. An amount of \$14.1 million was unreserved and undesignated in the Special Revenue Funds, and \$19.1 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 \$19.1 million at September 30, 2004 was 39.1% of total General Fund expenditures for 2004.
- In Fiscal Year 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 was completed and occupied in November 2004. The facility includes new offices for the Juvenile Probation Department, a juvenile courtroom, educational rooms and an increase in detention beds.
- The County issued \$9.76 million in refunding bonds in December 2003 to refund earlier bond issuances, resulting in savings to the County of more than \$829 thousand.
- McLennan County's total bonded debt at September 30, 2004, was \$44.1 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, 2004

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 2004. 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 2004, 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 2004.

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 and the Permanent Improvement Bonds Series 2001 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 and the Permanent Improvement Bonds Series 2001 Capital Project Fund. 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.

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GOVERNMENT-WIDE FINANCIAL STATEMENT ANALYSIS

Statement of Net Assets

The following table is a condensed Government-wide Summary of Net Assets as of September 30, 2004 and 2003:

Summary of Net Assets		
September 30,		
(\$ in thousands)		
	2004	2003
Current and other assets	\$ 52,979	\$ 62,114
Capital assets (net of accumulated depreciation) and construction in progress	71,469	68,451
Total assets	\$ 124,448	\$ 130,565
Current and other liabilities	\$ 5,189	\$ 5,699
Deferred revenues	967	1,438
Long-term liabilities	51,732	55,512
Total liabilities	\$ 57,888	\$ 62,649
Net assets:		
Invested in capital assets, net of related debt	\$ 40,644	\$ 34,250
Restricted	5,514	18,459
Unrestricted	20,402	15,207
Total net assets	\$ 66,560	\$ 67,916

As noted earlier, 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 September 30, 2003 net assets were restated upwardly by two prior period adjustments totaling \$4.35 million, increasing them from \$67.9 million to \$72.3 million. McLennan County's net assets at September 30, 2004 totaled \$66.6 million, representing a \$5.7 million decrease from the restated September 30, 2003 balance.

McLennan County's total assets exceed \$124.4 million as of September 30, 2004. Of this amount, over \$71.4 million is accounted for by capital assets, which includes net infrastructure of \$9.6 million and construction in progress of \$8.5 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.

Of the remaining County assets, approximately \$39.7 million were accounted for in cash, cash equivalents, and investments; \$4.1 million in taxes and accounts receivable; \$3.1 million due from other governments, \$314 thousand in inventories; and \$330 thousand in prepaid expenses.

Cash and cash equivalents decreased \$14.2 million, from \$53.9 million at September 30, 2003 to \$39.7 million at September 30, 2004. \$13.05 million of that decrease is due to the expending of cash provided by the issuance of long term debt in the capital project funds entitled Permanent Improvement Bonds Series 2001 (a major fund), the Utility Performance Improvement Project Fund and the Certificates of Obligation Series 2003 Fund (both nonmajor funds).

At September 30, 2004 the County had outstanding liabilities of \$57.8 million, with slightly over \$51.7 million in total

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long-term liabilities. Of the long-term liabilities, \$4.4 million was due within a year, with the remainder of \$47.3 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 is \$4.3 million in accounts payable and accrued liabilities.

A large portion of the County's net assets (more than 54.8%) 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.

An amount representing 8.3% of the County's net assets is subject to restrictions on how they may be used (restricted by either statute or contractual agreement). The remaining balance of over \$24.5 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 \$5.7 million in 2004. Key elements in changes in net assets are shown in the table and graphs on the following pages.

- Total revenues from all governmental activities for McLennan County were almost \$67.0 million in 2004 compared to \$64.4 million in 2003, for an increase of \$2.6 million.
- Property tax revenue accounted for 46.4% of total revenues, increasing \$3.0 million from \$28.0 million in 2003 to \$31 million in 2004.
- Sales tax accounted for 15.3% of total revenues, increasing \$615 thousand from \$9.7 million in 2003 to \$10.3 million in 2004.
- Grants and contributions accounted for 10.1% of total revenues, showing a decrease of \$1.4 million from \$8.1 million in 2003 to \$6.7 million in 2004. This is primarily a result of decreases in grant funds provided by the State of Texas and Federal Agencies.
- Charges for services provided 18% of total revenue in 2004, the same percentage of total revenues as in 2003.
- In 2004 the County had a net loss on the disposal of capital assets in the amount of \$535 thousand, primarily as the result of the cancellation (through nonappropriation) of a capital lease which was secured by building and land with a net book value that exceeded the balance of the lease balance by \$527 thousand.
- The remaining 10.2% of revenue was provided by mixed beverage tax, motor fuel tax, interest income, rental revenues and miscellaneous sources.

Expenses for the year totaled about \$72.8 million in 2004 compared to \$67.8 million in 2003. This represents a 7.3% or \$5 million increase in 2004 compared to 2003. It is important to note that the expenses in 2004 included \$5.9 million in expenditures made from the Permanent Improvement Bonds Series 2001. Proceeds from the Permanent Improvement Bonds Series 2001 are being spent in accordance with an interlocal agreement with the City of Waco for constructing additions to the Cameron Park Zoo. The bonds, approved by the voters of McLennan, and the interlocal agreement provide that all rights of ownership of the Zoo property is vested in the City of Waco. Therefore funds spent from those bond proceeds become an expense of the County rather than a capital asset of the County. The amount spent and expensed from those bond proceeds in 2003 was \$1.9 million. Thus, if the effects of the Zoo project were omitted from the expense comparison between 2004 and 2003, the expenses, net of the Zoo transactions increased by only \$1.0 million in 2004 or 1.5% over 2003.

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Highlights of the expenses by activity are as follows:

- General administration activities, accounting for 18.4% of expenses in 2004, increased by \$365 thousand, or 2.7%, in 2004 compared to 2003.
- Judicial activities, accounting for 7% of expenses in 2004, increased by \$172 thousand, or 3.5%, in 2004 compared to 2003.
- Public Safety activities, accounting for 39.9% of expenses in 2004, increased by \$595 thousand, or 2.1%, in 2004 compared to 2003.
- Public Transportation activities, accounting for 9.8% of expenses in 2004, decreased by \$324 thousand, or 4.32% in 2004 compared to 2003.
- Health and Welfare activities, accounting for 10.4% of expenses in 2004, increased by \$608 thousand or 8.7%, primarily due to increased indigent defense costs mandated by the State of Texas.
- Culture–Recreation activities, accounted for 9.9% of expenses in 2004. As explained on the previous page, \$5.9 million of the expenses in culture-recreation were due to expenditures related to a bond issue, and will cease when the bond funds are expended. Excluding the bond related (Zoo) expenses, culture-recreation expenses were \$1.3 million or 1.9% of expenses in 2004, the same percentage of expenses as associated with culture-recreation activities in 2003.
- All other activities, including conservation, economic development and interest and fiscal charges accounted for 4.3% of expenses in 2004.

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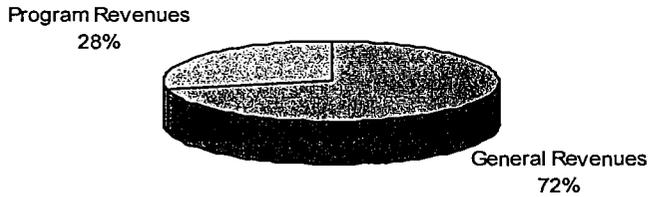
Summary of Changes in Net Assets
For the Fiscal Years Ended September 30,
(\$ in thousands)

	2004		2003
	Governmental Activities		Governmental Activities
Revenues			
<i>Program Revenues</i>			
Charges for services	\$ 12,174		\$ 11,559
Operating grants and contributions	6,293		8,097
Capital grants and contributions	471	\$ 18,938	-
	471		-
			\$ 19,656
<i>General Revenues</i>			
Property Taxes	31,127		28,162
Sales Taxes	10,278		9,663
Other Taxes	2,286		1,785
Unrestricted investment earnings	756		924
Rental revenue	4,087		3,184
Gain (loss) on sale of capital assets	(535)		30
Miscellaneous	77	48,076	955
Total revenues	67,014		64,359
Expenses			
General administration	13,447		13,082
Judicial	5,136		4,964
Public safety	29,054		28,459
Public transportation	7,176		7,500
Health	4,718		4,313
Welfare	2,852		2,649
Culture-Recreation	7,217		3,168
Conservation	192		181
Economic development	398		1,183
Interest and fiscal charges	2,561		2,298
Total expenses	72,751		67,797
Change in net assets	(5,737)		(3,438)
Net assets, beginning	67,916		71,354
Prior Period Adjustments	4,381		-
Net assets, beginning, as adjusted	72,297		71,354
Net assets, ending	\$ 66,560		\$ 67,916

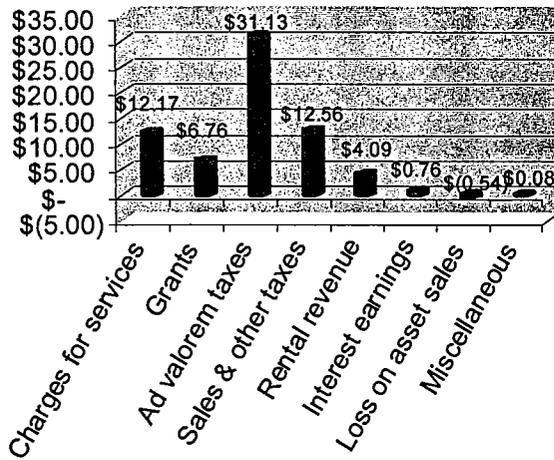
MCLENNAN COUNTY, TEXAS
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The following graphic representations show the relationships between various revenue and expense components presented on the Statement of Activities.

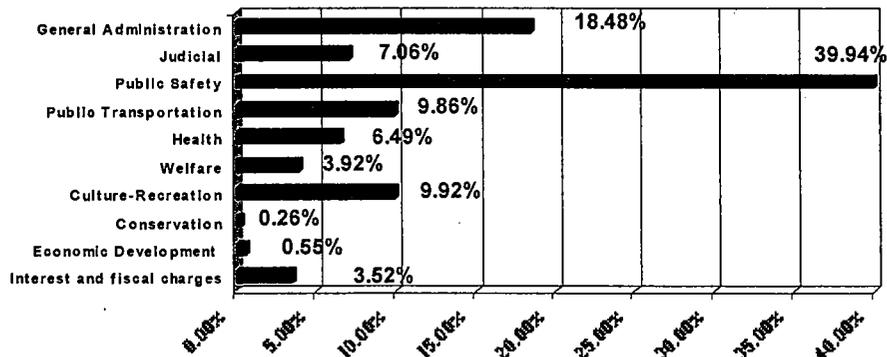
Program vs. General Revenues



Revenue by Source (in millions)



Program Expenses - Government-Wide



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FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

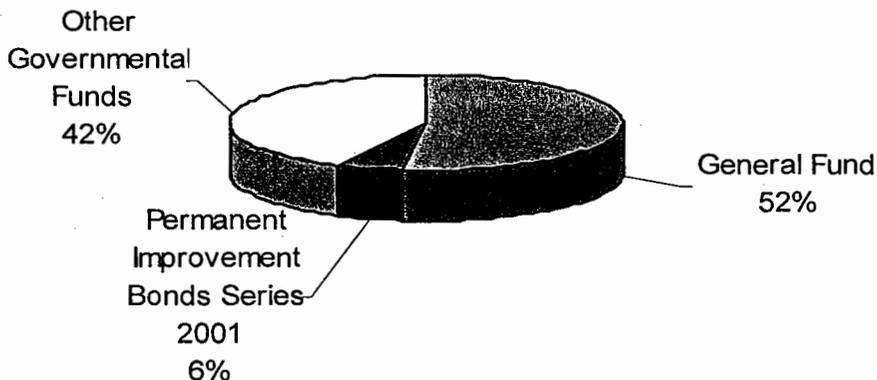
As noted earlier, McLennan County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following is a financial analysis of the County's governmental funds:

Governmental Funds Balance Sheet Analysis

The General Fund and Permanent Improvement Bonds Series 2001 Capital Project Fund are considered major funds in 2004. Together these two funds account for 58% of total governmental fund assets and 54% 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, 2004, the County's governmental funds reported combined ending fund balances of nearly \$38.1 million. Of this total amount, over \$19.1 million (50.1%) is unreserved and available for spending without restrictions for General Governmental Purposes. \$14.1 million (37.0%) is available for general governmental purposes in the Special Revenue Funds, subject to the expenditures being for the stated activities of the individual special revenue funds. Reserved fund balances in the amount of \$3.9 million is not available for new spending because it has already been committed to capital projects, debt service and education.

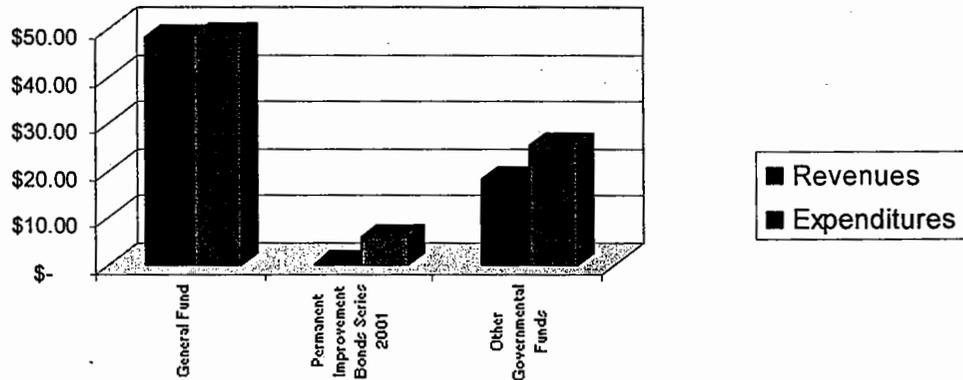
The General Fund is the chief operating fund of McLennan County. On September 30, 2004, total assets in the General Fund amounted to \$23.8 million, accounting for 52.0% of total governmental fund assets. The other major fund, the Permanent Improvement Bonds Series 2001 Capital Project Fund had \$2.6 million in assets. Together, the major funds account for \$26.4 million (57.6%) of the total assets of \$45.8 million.

Governmental Funds Revenue/Expenditure Analysis

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

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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 72.6% of all governmental fund revenue and 60.8% of expenditures. The Permanent Improvement Bonds Series 2001 Fund is counted as a major fund due to its liabilities of \$1.1 million (14.1%) - its assets were \$2.6 million (5.6%) and its expenditures were \$5.9 million (7.3%).

The net change in fund balance for the General Fund in 2004 was a decrease of \$1.1 million. This decrease includes transfers out to other funds of over \$1.4 million, and transfers from other funds of \$642 thousand. There were proceeds from the inception of a lease purchase agreement of \$118 thousand. The Permanent Improvement Bonds Series 2001 Fund decreased its fund balance by about \$5.8 million, due to payments made for the purpose of a capital project (Cameron Park Zoo) for which the related debt was issued.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original Adopted Budget Compared to Final Budget

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, 2004.

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General Fund
Changes in Budget
Fiscal Year Ending September 30, 2004
(\$ in Thousands)

	Budgeted Amounts		Variance with Final Budget Increase (Decrease)
	Original	Final	
Revenues:			
Taxes	\$ 33,249	\$ 33,249	\$ -
Licenses and Permits	83	83	-
Intergovernmental	726	757	31
Charges for Services	5,139	5,139	-
Fines and Forfeits	33	33	-
Miscellaneous:			
Investment Income, Net	370	370	-
Other	4,979	4,979	-
Total Miscellaneous	<u>5,349</u>	<u>5,349</u>	<u>-</u>
Total Revenues	<u>44,579</u>	<u>44,610</u>	<u>31</u>
Expenditures:			
Current:			
General Government	16,130	14,508	(1,622)
Judicial	4,785	4,967	182
Public Safety	22,524	23,535	1,011
Public Transportation	198	198	-
Health	5,231	5,501	270
Welfare	2,829	2,940	111
Culture-Recreation	565	573	8
Conservation	259	257	(2)
Economic Development and Assistance	185	187	2
Debt Service:			
Principal and Retirements	855	892	37
Interest and Fiscal Charges	448	433	(15)
Total Expenditures	<u>54,009</u>	<u>53,991</u>	<u>(18)</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(9,430)</u>	<u>(9,381)</u>	<u>49</u>
Other Financing Sources (Uses):			
Lease Purchase Agreement	125	125	-
Operating Transfers In	1,265	1,285	20
Operating Transfers Out	(1,988)	(2,061)	73
Total Other Financing Sources (Uses)	<u>(598)</u>	<u>(651)</u>	<u>(53)</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures	<u>(10,028)</u>	<u>(10,032)</u>	<u>(4)</u>
Fund Balance at Beginning of Year	<u>16,181</u>	<u>16,181</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 6,153</u>	<u>\$ 6,149</u>	<u>\$ (4)</u>

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 \$31 thousand were certified and added to anticipated revenues that were in the original budget and \$20 thousand was certified as an addition to transfers from other funds.

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The increases in the original expenditure appropriations and the final appropriations is explained below:

- McLennan County includes a general 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 \$333 thousand of the \$1.6 million reduction in the General Government function, and for a like amount of the increases shown in the other activities.
- When McLennan County's budget is adopted the amount for salary and benefit increases is placed in an unallocated salary and benefit appropriation. Very soon after the beginning of the year, the allocation is made to the respective operating departments based on the salary and related benefit increases they are to receive. That unallocated salary and benefit appropriation is included in the General Government appropriation, and represents \$1.3 million of the \$1.6 million decrease in the amount appropriated for General Government and for a like amount of the increase shown in other activities.

Actuals compared to Final Budget

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, 2004.

Actual Revenues Compared to Estimated Revenues

Actual revenues in the General Fund are about \$3.7 million (8.3%) above estimated revenues in the budget. Highlights of these differences are as follows:

- Collections on ad valorem taxes exceeded the estimate. Current collections exceeded the estimate by \$1.2 million, reflecting continued growth. Delinquent collections exceeded the estimate by \$555 thousand.
- Actual sales tax collections reflect the rebounding of retail sales in Texas by exceeding the estimated collections by \$828 thousand, reversing the downward trend experienced in 2003.
- Intergovernmental revenues collected were \$290 thousand greater than anticipated. \$158 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 a distribution from the State's Tobacco fund. Additionally, the County received \$110 thousand in additional grant funds from a new United States Department of Justice grant program.
- Revenues from Charges for Services exceeded that which was estimated in the budget by \$618 thousand. The primary components of the positive variance was court related fees (\$161 thousand), charges to other entities for collection of their ad valorem taxes (\$75 thousand), motor vehicle licenses and certificates of title (\$73 thousand), delinquency fees (\$30 thousand), charges for keeping Federal prisoners (\$71 thousand), and certified copies (\$20 thousand).
- Interest revenue was \$31 thousand less than anticipated due to continuing low interest rates.

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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, 2004

	Final Budget	Final Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 33,249	\$ 35,828	\$ 2,579
Licenses and Permits	83	89	6
Intergovernmental	757	1,047	290
Charges for Services	5,139	5,757	618
Fines and Forfeits	33	55	22
Miscellaneous:			
Investment Income, Net	370	339	(31)
Other	4,979	5,193	214
Total Miscellaneous	<u>5,349</u>	<u>5,532</u>	<u>183</u>
Total Revenues	<u>44,610</u>	<u>48,308</u>	<u>3,698</u>
Expenditures:			
Current:			
General Government	14,508	12,380	2,128
Judicial	4,967	4,579	388
Public Safety	23,535	22,002	1,533
Public Transportation	198	195	3
Health	5,501	4,706	795
Welfare	2,940	2,819	121
Culture-Recreation	573	544	29
Conservation	257	194	63
Economic Development and Assistance	187	146	41
Debt Service:			
Principal and Retirements	892	810	82
Interest and Fiscal Charges	433	422	11
Total Expenditures	<u>53,991</u>	<u>48,797</u>	<u>5,194</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(9,381)</u>	<u>(489)</u>	<u>8,892</u>
Other Financing Sources (Uses):			
Lease Purchase Agreement	125	118	(7)
Operating Transfers In	1,285	1,283	(2)
Operating Transfers Out	(2,061)	(2,051)	10
Total Other Financing Sources (Uses)	<u>(651)</u>	<u>(650)</u>	<u>1</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures	<u>(10,032)</u>	<u>(1,139)</u>	<u>8,893</u>
Fund Balance at Beginning of Year	<u>16,181</u>	<u>20,226</u>	<u>4,045</u>
Fund Balance at End of Year	<u>\$ 6,149</u>	<u>\$ 19,087</u>	<u>\$ 12,938</u>

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Actual expenditures were 90.4% of the budget for 2004, compared to 87.5% for 2003. 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 \$4.5 million (85.8%) of the total positive budget variance of \$5.1 million.

The General Government positive budget variance was about \$2.1 million. That positive variance was primarily composed of the following items:

- 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 \$962 thousand, or 45.2% of the positive General Government variance.
- The County routinely includes a contingency item in its appropriations. The unspent portion of that contingency in 2004 was \$503 thousand.
- Expenditures for other services and charges in the County Clerk's office records preservation and management contains \$164 thousand that serves as a contingency and also contained an appropriation for \$50 thousand in capital equipment that was not expended.
- Expenditures for maintenance of buildings was \$174 thousand less than anticipated.
- Expenditure of the funds budgeted for phone system work in the amount of \$35 thousand was not needed.

The Public Safety positive budget variance was about \$1.5 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 \$384 thousand more than the actual expenditures incurred due to lower utilization of the facility by the Federal Government in 2004. This accounted for 25.7% 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 \$817 thousand, or 53.3% of the positive Public Safety variance.

The Health positive budget variance was about \$795 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 year's budget. In 2004, the County's actual expenditures relating to indigent healthcare were \$627 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, 2004, amounts to more than \$71.5 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. Major capital asset events during the current fiscal year included the following:

- Vehicles, equipment and trailers were added to the fleet as either new equipment or replacements during the year, at a cost of \$886 thousand.
- Capital expenditures of \$6.8 million were made for the new McLennan County Juvenile Services Center in 2004. The cost of the new Center is being funded through the proceeds of the Certificates of Obligation Series 2003, and construction of the facility was completed and occupied in November 2004.
- Capital expenditures of \$5.9 million were made towards additions at the Cameron Park Zoo. The cost of the zoo construction is being funded through the proceeds of the Permanent Improvement Bonds Series 2001. The facilities and improvements are not a capital asset of the County pursuant to an interlocal agreement with the City of Waco and the costs are expensed as a component of the Culture-Recreation activity in the entity-wide financial statements.

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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, 2004, McLennan County had slightly less than \$44.1 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 decrease of \$2.6 million during 2004.

Debt activity in 2004 included \$2.6 million in scheduled principal payments and the issuance of Refunding Bonds Series 2003 in the amount of \$9.8 million 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, for FY 2003 it was almost \$2.1 million, and for 2004 it was \$2.5 million. The County feels that the level of annual increases has now reached a point where they will be leveling.
- 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.
- The McLennan County Juvenile Services Center opened in late November of 2004 (FY 2005). In 2005 and the future, this opening will result in additional operating costs for personnel, supplies, food and utilities that was 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 beginning in 2002 (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 to \$20.2 million at the end of FY 2003, and to \$19.1 at the end of FY 2004. It is the intention of the Commissioners' Court with the adoption of the FY 2005 to stop the draw-down over the budget years for FY 2005 and FY 2006, and make every effort to maintain that new level from that point forward.

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, 2004

ASSETS

Pooled Cash and Investments	\$	38,627,297
Non-Pooled Cash		1,099,033
Receivables (net of allowances for estimated uncollectibles):		
Taxes		1,887,383
Accounts		7,635,174
Due from Other Governments		3,085,679
Inventories, at Cost		314,464
Prepaid Assets		329,657
Capital Assets (net of accumulated depreciation)		
Land		1,481,488
Buildings and system		45,280,137
Improvements other than buildings		545,965
Machinery and equipment		6,038,248
Infrastructure		9,634,249
Construction in progress		8,489,226
Total Assets	\$	<u>124,448,000</u>

LIABILITIES

Accounts Payable	\$	3,949,943
Accrued Interest Payable		391,607
Funds Held in Escrow		847,834
Deferred Revenue		966,813
Noncurrent liabilities:		
Due within one year		4,433,277
Due in more than one year		47,298,896
Total Liabilities		<u>57,888,370</u>

NET ASSETS

Invested in Capital Assets, net of related debt (GASB)		40,643,659
Restricted Net Assets		
Restricted for Capital Projects		3,694,754
Reserved for Debt Service		1,764,950
Reserved for Education		54,728
Unrestricted		20,401,539
Total Net Assets	\$	<u>66,559,630</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, 2004

Functions/Programs:	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
General Administration	\$ 13,447,122	\$ 2,740,396	\$ 1,686,422	\$ (9,020,304)
Judicial	5,135,561	3,851,094	114,607	(1,169,860)
Public Safety	29,053,807	4,795,797	4,306,235	(19,951,775)
Public Transportation	7,175,631	284,537	-	(6,891,094)
Health	4,718,525	388,542	81,874	(4,248,109)
Welfare	2,852,400	113,635	103,491	(2,635,274)
Culture-Recreation	7,217,311	-	-	(6,745,579)
Conservation	191,524	-	471,732	(191,524)
Economic Development and Assistance	398,113	-	-	(398,113)
Interest and fiscal charges	2,561,584	-	-	(2,561,584)
Total Governmental Activities	\$ 72,751,578	\$ 12,174,001	\$ 6,292,629	\$ (53,813,216)
			\$ 471,732	
				\$ 66,559,630

General Revenues:	
Property Taxes	31,126,569
Sales Tax	10,278,307
Alcoholic Beverage Taxes/Other Taxes	2,286,250
Rental Revenue	4,087,497
Unrestricted Investment Earnings	756,094
Gain (Loss) on Sale of Capital Assets	(535,420)
Miscellaneous	76,729
Total general revenues	48,076,026
Change in net assets	(5,737,190)
Net assets - beginning	67,916,010
Prior period adjustment	(649,992)
Adjustment of accumulated depreciation at September 30, 2003	5,030,802
Adjustment of allowance for estimated uncollectibles	72,296,820
Adjusted net assets - beginning	
Net assets - ending	\$ 66,559,630

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

MCLENNAN COUNTY, TEXAS

Balance Sheet

Governmental Funds

September 30, 2004

<u>ASSETS</u>	<u>General</u>	<u>Permanent Improvement Bonds Series 2001 Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Pooled Cash and Investments	\$ 17,846,536	\$ 2,574,197	\$ 18,206,564	\$ 38,627,297
Non-Pooled Cash	660,881	-	438,152	1,099,033
Receivables (net of allowances for estimated uncollectibles):				
Taxes	1,520,578	-	366,805	1,887,383
Accounts	416,399	-	12,542	428,940
Due from Other Funds	30,000	-	-	30,000
Due from Other Governments	2,816,275	-	269,403	3,085,678
Inventories, at Cost	160,276	-	154,188	314,463
Prepaid Assets	329,657	-	-	329,657
Total Assets	\$ 23,780,601	\$ 2,574,197	\$ 19,447,654	\$ 45,802,452
 <u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ 1,953,509	\$ 1,103,224	\$ 897,633	\$ 3,954,366
Due to Other Funds	-	-	30,000	30,000
Funds Held in Escrow	843,411	-	-	843,411
Deferred Revenue	1,896,195	-	958,002	2,854,197
Total Liabilities	4,693,115	1,103,224	1,885,635	7,681,975
Fund Balance:				
Reserved for:				
Capital Projects	-	1,470,973	601,862	2,072,835
Debt Service	-	-	1,764,950	1,764,950
Education	-	-	54,000	54,000
Unreserved - undesignated				
General Fund	19,087,486	-	-	19,087,486
Special Revenue Funds	-	-	14,080,033	14,080,033
Capital Projects Funds	-	-	1,061,173	1,061,173
Total Fund Equity	19,087,486	1,470,973	17,562,018	38,120,477
Total Liabilities and Fund Balance	\$ 23,780,601	\$ 2,574,197	\$ 19,447,653	\$ 45,802,452

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, 2004

Total fund balances - governmental funds \$ 38,120,477

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	\$ 1,481,488	
Buildings	45,280,137	
Improvements other than buildings	545,965	
Machinery and equipment	6,038,248	
Infrastructure	9,634,249	
Construction in progress	<u>8,489,226</u>	
Total capital assets		71,469,313

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.

7,206,236

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.

1,887,385

Total deferred revenues

9,093,621

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	(391,608)	
General obligation bonds	(2,725,000)	
Capital leases	(507,276)	
Compensated absences	<u>(1,201,001)</u>	
Total current liabilities		(4,824,885)
General obligation bonds	(41,410,000)	
Unamortized Deferred Amount on Refunding	(155,832)	
Unamortized Refunding Bond Cost	103,429	
Capital leases	(5,678,883)	
Compensated absences	<u>(157,610)</u>	
Total non-current liabilities		<u>(47,298,896)</u>

Net Assets

\$ 66,559,630

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, 2004

	General	Permanent Improvement Bonds Series 2001 Capital Project Fund	Other Governmental Funds	Total
Revenues:				
Taxes	\$ 35,828,422	\$ -	\$ 5,561,208	\$ 41,389,630
Licenses and Permits	89,265	-	1,721,710	1,810,976
Intergovernmental	1,047,019	-	5,840,067	6,887,086
Charges for Services	5,757,244	-	2,537,657	8,294,901
Fines and Forfeits	54,544	-	2,002,558	2,057,102
Miscellaneous	5,532,140	81,865	520,182	6,134,187
Total Revenues	48,308,635	81,865	18,183,382	66,573,881
Expenditures:				
Current:				
General Government	12,380,174	-	542,508	12,922,682
Judicial	4,579,166	-	346,976	4,926,142
Public Safety	22,002,462	-	5,835,214	27,837,675
Public Transportation	194,660	-	6,250,157	6,444,817
Health	4,705,664	-	-	4,705,664
Welfare	2,819,041	-	-	2,819,041
Culture-Recreation	543,990	-	-	543,990
Conservation	194,064	-	-	194,064
Economic Development and Assistance	145,506	-	252,607	398,113
Capital Projects	-	5,915,442	7,596,331	13,511,774
Debt Service:				
Principal and Retirements	810,486	-	2,600,000	3,410,486
Interest and Fiscal Charges	422,261	-	2,152,865	2,575,126
Total Expenditures	48,797,473	5,915,442	25,576,658	80,289,574
Excess (Deficiency) of Revenue over Expenditures	(488,839)	(5,833,578)	(7,393,276)	(13,715,693)
Other Financing Sources (Uses):				
Disposition of Fixed Assets	-	-	-	-
Lease Purchase Agreement	117,855	-	-	117,855
Proceeds from Issuance of Refunding Bonds	-	-	9,916,232	9,916,232
Paid to Refunding Bond Escrow Agent	-	-	(9,805,000)	(9,805,000)
Operating Transfers In	641,934	-	2,657,560	3,299,494
Operating Transfers Out	(1,410,173)	-	(1,889,322)	(3,299,494)
Total Other Financing Sources	(650,384)	-	879,470	229,087
Excess (Deficiency) of Revenues and Other Sources over Expenditures	(1,139,223)	(5,833,578)	(6,513,806)	(13,486,606)
Fund Balance at Beginning of Year	20,226,709	7,304,551	24,075,824	51,607,084
Fund Balance at End of Year	\$ 19,087,486	\$ 1,470,973	\$ 17,562,018	\$ 38,120,477

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, 2004

Net change in fund balances - governmental funds \$ (13,486,606)

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	\$ 7,596,331
Capital projects - functional activities	811,876
Depreciation expense	<u>(4,457,164)</u>

Excess of capital outlay over depreciation expense	3,951,043
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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.	\$ (10,034,087)
Debt issuance costs	103,429
Amortization of deferred refunding amount	400
Debt repayment is expenditure in governmental funds, but reduces long-term liabilities in the statement of net assets.	3,410,486
Interest accreted on capital appreciation debt is not reported as an expenditure in the governmental funds.	13,407
Payment to escrow agent for refunding	<u>9,805,000</u>

Total long-term debt	3,298,635
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Property taxes receivable	\$ 15,246
Fines and fees receivable	<u>273,509</u>
Total receivables	288,755

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.	41,230
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Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	705,173
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The loss on the sale of capital assets is only recognized in the statement of activities and is not reported in governmental funds.	(534,920)
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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.	(500)
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Change in net assets of governmental activities	<u><u>\$ (5,737,190)</u></u>
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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, 2004

	Agency Funds
Assets	
Equity in Pooled Cash	\$ 505,888
Nonpooled Cash	2,126,990
Nonpooled Investments	5,241,931
Accounts Receivable	476
Accrued Interest	21,764
	<hr/>
	\$ 7,897,049
	<hr/>
Liabilities	
Due to Other Governments	\$ 519,523
Due to Others	7,377,526
	<hr/>
	\$ 7,897,049
	<hr/>

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

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2004

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 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. 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.

The McLennan County Community Supervision and Corrections Department (also referred to as the Adult Probation Department and CSCD) is governed by the McLennan County Board of District Judges, who 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 segment 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

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2004

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 and Permanent Improvement Bonds Series 2001, 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, 2003 that were due October 1, 2003, have been assessed to finance the budget of the fiscal year beginning October 1, 2003. In accordance with the modified accrual basis of accounting, the balances outstanding at September 30, 2004, 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-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.

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.

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

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2004

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. Most of these funds are held for legal reasons. Those reasons vary from funds held in trust for minors to funds placed in escrow awaiting a decision and order by the presiding court. Additional agency funds are used to account for cash on hand for tax collections for other governmental entities or for fees collected on behalf of the State and other governmental entities. As a result, all assets reported in the agency funds are offset by a liability to the party or entity 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.

(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

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2004

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:

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

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2004

(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.

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 paid from the same respective governmental operating funds as the ones from which the related employees' salaries were paid.

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,

MCLENNAN COUNTY, TEXAS
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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 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 \$52,123,781 difference are as follows:

Interest payable	\$ 391,608
General obligation bonds	2,725,000
Capital leases	507,276
Compensated absences	1,201,001
Total current liabilities	\$ 4,824,885
General obligation bonds	\$ 41,410,000
Unamortized Deferred Amount on Refunding	155,832
Unamortized Refunding Bond Cost	(103,429)
Capital leases	5,678,883
Compensated absences	157,610
	\$ 47,298,896
Net adjustment to reduce fund balance — total government funds to arrive at net assets - governmental activities	\$ 52,123,781

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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	\$ 1,481,488
Buildings	45,280,137
Improvements other than buildings	545,965
Machinery and equipment	6,038,248
Infrastructure	9,634,249
Construction in progress	<u>8,489,226</u>
Net adjustments to increase fund balance - total governmental funds to arrive at net assets — governmental activities	<u>\$ 71,469,313</u>

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.

Other miscellaneous elements are shown below:

Fines and fees earned in the current fiscal year collected in the future	\$ 7,206,234
Property taxes earned in the current fiscal year but not available to provide Current financial resources, and therefore are deferred in the funds	<u>1,887,384</u>
Net adjustments to increase fund balance — total governmental funds to arrive at net assets — governmental activities	<u>\$ 9,093,618</u>

(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 \$3,951,042 difference are as follows:

Capital projects – capital outlay	\$ 7,596,331
Capital projects – functional activities	811,876
Depreciation expense	<u>(4,457,165)</u>
Net adjustment to increase net changes in fund balances — total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 3,951,042</u>

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,

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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 \$3,298,635 difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	\$ (10,034,087)
Debt Issuance Costs	103,429
Amortization of Deferred Refunding Amount	400
Principal Payments:	
General obligation debt	3,410,486
Interest accreted on capital appreciation debt	13,407
Payment to escrow agent for refunding	<u>9,805,000</u>
Net adjustments to decrease net changes in fund balance — total government funds to arrive at changes in net assets of government activities	<u>\$ 3,298,635</u>

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 \$499,737 difference are as follows:

The loss on disposal of capital assets is reported in the statement of activities but the proceeds from any sales increase financial resources in the governmental funds:

Loss on disposal of capital assets	\$ (534,920)
Proceeds from sale of capital assets	<u>(500)</u>
	(535,420)

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

Property taxes receivable	15,246
Fines and fees receivable	<u>273,509</u>
	288,755

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

705,172

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.

41,230

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

\$ 499,737

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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 2004, 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, 2004, the carrying amount of cash and cash equivalents in governmental fund deposits was \$17,797,548. Governmental funds bank balances held by the Depository was made up of \$(534,129) in cash. Book balances for fiduciary funds cash and cash equivalents were made up of \$2,105,601 in cash and \$240,083 in cash equivalents. Investments were held by the Depository in certificates of deposits in the amount of \$6,043,193. Court ordered investments in the Fiduciary Funds are held at numerous banks in the County. Total bank balances requiring collateralization were \$1,571,472 in cash, \$6,122,339 in certificates of deposit, and \$4,685,092 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 follows:

	Governmental Funds	Fiduciary Funds	Total
Cash in bank	\$ (534,129)	\$ 2,105,601	\$ 1,571,472
Cash equivalents (2a-7 investment pools)	18,331,677	240,083	18,571,760
Sub-total cash	17,797,548	2,345,684	20,143,232
Investments:			
U.S. agency securities	15,885,589	787,127	16,672,716
Certificates of deposits	6,043,193	79,146	6,122,339
Court ordered investments	-	4,685,092	4,685,092
Total investments	21,928,782	5,551,365	27,480,147
 Total cash and investments - Statement of net assets	 \$ 39,726,330	 \$ 7,897,049	 \$ 47,623,379

The \$18,571,760 in the 2a-7 investment pools we consider cash equivalents since the funds are available on demand.

MCLENNAN COUNTY, TEXAS
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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 table summarizes investment categorization under GASB Statement No. 3.

	Category			Reported amount/ fair value
	1	2	3	
U.S. agency securities	\$ 16,672,716	\$ -	\$ -	\$ 16,672,716
Certificates of deposits	6,122,339	-	-	6,122,339
Court ordered investments	4,685,092			4,685,092
<hr/>				
Individual investment				
Total	\$ 27,480,147		\$ -	27,480,147
<hr/>				
Investments not subject To categorization:				
2a-7 investment pools				<u>18,571,760</u>
				<u>\$ 46,051,907</u>

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 \$27,480,147 at September 30, 2004. 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, 2004, 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.

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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:

Delinquent property taxes receivable (general operating funds)	
General Fund	\$ 1,520,578
Farm to Market Roads Fund	74,791
Debt Service Funds	286,553
Other Governmental Funds	5,461
Total Delinquent Property Taxes Receivable	<u>1,887,383</u>
Due From Other Funds	30,000
Due From Other Governments	3,085,678
Miscellaneous Receivables	428,940
Total Receivables	<u>\$ 5,432,001</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	Permanent Improvement Bonds Series 2001 Capital Projects Fund	All Funds Not Included As A Major Fund
Receivables:			
Taxes	1,689,532	-	407,561
Due from Other Governments	2,816,275	-	269,403
Due from Other Funds	30,000	-	-
Miscellaneous	421,223	-	12,542
Gross Receivables	4,957,030	-	689,506
Less allowance for uncollectibles:			
Taxes	(168,953)	-	(40,756)
Miscellaneous	(4,825)	-	
Net Receivables	4,783,252	-	648,750

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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 are a result of the following events: The decrease in construction in progress is due to the completion of the energy conservation program, which was transferred to buildings. Land and buildings decreased due to the disposition of the CRTC building. The decrease in improvements other than buildings is due to the loss of a carport during a storm. The decrease in machinery and equipment relates to two assets, one of which was donated to another entity and the other which was used as a trade in. Infrastructure decreased due to a bridge being converted to a culvert and another bridge being removed prior to a new one being built.

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 1,524,888	\$ 1,600	\$ 45,000	\$ 1,481,488
Construction in progress	7,570,830	7,155,527	6,237,131	8,489,226
Total capital assets, not being depreciated	9,095,718	7,157,127	6,282,131	9,970,714
Capital assets being depreciated:				
Buildings	62,417,416	7,058,632	1,432,650	68,043,398
Improvements, other than buildings	767,667	71,557	1,395	837,829
Machinery and equipment	16,859,860	886,606	33,765	17,712,701
Infrastructure	30,072,272	176,588	17,608	30,231,252
Total assets being depreciated	110,117,215	8,193,383	1,485,418	116,825,180
Total capital assets	119,212,933	15,350,510	7,767,549	126,795,894
Less accumulated depreciation for:				
Buildings	21,218,731	2,041,495	496,965	22,763,261
Improvements, other than buildings	255,033	36,831	-	291,864
Machinery and equipment	9,967,575	1,734,530	27,652	11,674,453
Infrastructure	19,970,301	644,310	17,608	20,597,003
Total accumulated depreciation	51,411,640	4,457,166	542,225	55,326,581
Total capital assets being depreciated, net	58,705,575	3,736,217	943,193	61,498,599
Governmental activities, net	\$ 67,801,293	\$ 10,893,344	\$ 7,225,324	\$ 71,469,313

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Depreciation expense for FY2004 was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 615,574
Judicial	226,424
Public safety	1,445,941
Public transportation	1,351,931
Health	23,977
Welfare	32,828
Culture and recreation	757,879
Conservation	<u>2,610</u>
Total depreciation expense — governmental activities	<u>\$ 4,457,164</u>

Construction Commitments

McLennan County has active construction projects as of September 30, 2004. The projects consist of additions to the Cameron Park Zoo and construction of the McLennan County Juvenile Center. 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	\$ 1,470,973
McLennan County Juvenile Center	<u>602,322</u>
Total	<u>\$ 2,073,295</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 at September 30, 2004) was \$52,845,000. The following listing of debt is for general obligation bonds and tax notes outstanding at September 30, 2004; the debt is for governmental activities only:

<u>Description</u>	<u>Interest Rates</u>	<u>Fiscal Year of Issue</u>	<u>Date of Maturity</u>	<u>Bonds Outstanding</u>
Certificates of Obligation Series 1996	4.75 – 6.75%	1997	2017	7,880,000
Refunding Bonds Series 1998	4.4%	1998	2014	1,265,000
Certificates of Obligation Series 2000	5.25 – 6.75%	2000	2020	8,940,000
Permanent Improvement Bonds Series 2001	4.0 – 5.0%	2001	2021	8,635,000
Certificates of Obligation Series 2003	3.0 – 4.25%	2003	2023	7,680,000
Refunding Bonds Series 2003	3.0 – 3.35%	2003	2013	<u>9,735,000</u>
Total General Obligation Debt				<u>\$44,135,000</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%. These bonds were defeased through an advanced refunding through the issuance of Refunding Bonds Series 2003.

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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. These Refunding Bonds Series 1994 were defeased through an advanced refunding through the issuance of Refunding Bonds Series 2003.

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%.

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%.

Refunding Bonds Series 2003 totaling \$9,760,000, dated November 18, 2003 were issued to advance refund general obligation bonds issued by the County. These bonds were issued at an effective rate of 2.88%. The proceeds were deposited with an escrow agent in an irrevocable trust for the purpose of redeeming the refunded bonds on December 22, 2003. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. The net carrying amount of the old debt exceeded the reacquisition price by \$45,000. This amount is being netted against the new debt and amortized over the remaining lives of the refunded debt, which is the same as the new debt. This advance refunding was undertaken to reduce total debt service payments through the year 2013 by \$1,007,103 and resulted in an economic gain of \$828,842.

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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
2005	2,725,000	1,979,232	4,704,232
2006	2,855,000	1,857,041	4,712,041
2007	2,970,000	1,728,559	4,698,559
2008	3,115,000	1,595,458	4,710,458
2009	3,265,000	1,463,390	4,728,390
2010 – 2014	13,700,000	5,453,876	19,153,876
2015 – 2019	11,090,000	2,568,667	13,658,667
2020 – 2024	4,415,000	384,652	4,799,652
Total	<u>\$ 44,135,000</u>	<u>\$ 17,030,875</u>	<u>\$ 61,165,875</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 2004. 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, 2004 and will be payable quarterly for fifteen years from that date.

The County exercised the non-appropriation clause on a capital lease with a remaining balance of \$452,773 during 2004. A clause in the lease provided that the only mandatory source of funds to be used in making the lease payments was the continued provision of same through a grant from the State of Texas. The State funding source ceased in July 2003, and the County continued making the payments from its general fund, until September 2004, at which time the non-appropriation clause was exercised. The book value of the capital asset (a building) securing the lease was \$980,685, net of accumulated depreciation. A loss on disposal in the amount of \$527,912 was recognized in 2004.

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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September 30, 2004

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2004, all governmental activities, were as follows:

Fiscal Year Ending September 30,	Obligation
2005	\$ 871,708
2006	797,299
2007	626,943
2008	614,415
2009	622,940
2010 – 2014	3,161,613
2015 - 2019	2,372,534
Total minimum lease payments	\$ 9,067,452
Less: amount representing interest	(2,881,292)
Present value of minimum lease payments	\$ 6,186,160

The assets acquired through capital leases are as follows:

	Governmental Activities
Assets:	
Machinery and equipment	\$ 1,407,327
Buildings	6,237,131
Total Cost	7,644,458
Less: Accumulated depreciation	(350,920)
Total	\$ 7,293,538

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2004

Schedule of Lease-Purchase Agreements Outstanding

At September 30, 2004

	Hart Imaging Systems 06-01-01	BankOne Leasing No. 2 02-01-03	Transamerica Financial Services 03-26-02	BankOne Leasing No. 3 01-14-04
Effective Date				
Original Lease Amount	\$613,404	\$288,164	\$6,152,518	\$117,855
Outstanding Principal at September 30, 2004	\$234,857	\$151,028	\$5,701,257	\$ 99,018
Total Future Payments Under Lease Agreement	\$247,369	\$154,758	\$8,561,839	\$104,044
Simple Interest Rate	5.721%	3.23%	5.28%	3.346%
Lease Term	5 years	3 years	15 years	3 years
Property Held Under Lease	Imaging and Cashiering System	Eleven Sheriff's Vehicles	Utility Performance Improvement Equipment	Five Sheriff's Vehicles
Debt Service	100% General Fund	100% General Fund	100% General Fund	100% General Fund

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2004

Changes in Noncurrent Liabilities

Noncurrent liabilities for the year ended September 30, 2004, all of which were from governmental activities, were as follows:

	General Obligation Bonds	Capital Leases	Compensated Absences	Total Governmental Activity
PRINCIPAL:				
Beginning balance	\$ 46,780,000	\$ 7,331,564	\$ 1,399,840	\$ 55,511,404
Additions	9,760,000	117,855	1,189,459	11,067,314
Reductions	12,405,000	1,263,259	1,230,688	14,898,947
Ending Balance	44,135,000	6,186,160	1,358,611	51,679,771
UNAMORTIZED REFUNDING COSTS, NET:				
Beginning balance	-	-	-	-
Additions	52,537	-	-	52,537
Reductions	135	-	-	135
Ending Balance	52,402	-	-	52,402
NET	\$ 44,187,402	\$ 6,186,160	\$ 1,358,611	\$ 51,732,173
Due within one year	\$ 2,725,000	\$ 507,275	\$ 1,201,002	\$ 4,433,277

(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, 2004, is as follows:

	Due from other funds	Due to other funds
Due to/from other funds:		
General Fund	\$ 30,000	\$ -
Nonmajor funds	-	30,000
Total	30,000	30,000

In the funds statements, during the Fiscal Year Ending September 30, 2004, the General Fund transferred \$1,410,173 to Nonmajor Governmental Funds. \$750,000 was transferred to the Economic Development Fund to be accumulated and expended on economic development projects; \$12,000 was transferred to the Dispute Resolution Fund, \$354,288 to the Road and Bridge General Fund and \$83,885 to the Court Reporter Service Fund in support of the operations of those funds. \$210,000 was transferred to Certificates of Obligation Series 2003 Debt Service Fund in satisfaction of the interest and sinking fund requirements. Nonmajor Governmental Funds, Road and Bridge Precinct 1, Precinct 2, Precinct 3 and Precinct 4 Funds transferred a total of \$198,390 to the General Fund, as reimbursement for personnel costs of guards used in the inmate roadwork program. The Permanent Improvement Fund transferred \$416,000 to the General Fund in support of certain expenditures incurred by the General Fund. Other transfers totaling \$1,026,934

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2004

were made between certain Nonmajor Governmental Funds. \$663,998 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.

	Transfers In		
	General Fund	Nonmajor Governmental Funds	Total
Transfers Out:			
General Fund	\$ -	\$ 1,410,173	\$ 1,410,173
Nonmajor Governmental Funds	641,934	1,247,387	1,889,321
Total	\$ 641,934	\$ 2,657,560	\$ 3,299,494

(g) Other Postemployment Benefits

Employees who retire through the Texas County and District Retirement System and have 20 years of continuous service and elected officials with 12 years of continuous service qualify for the County's retiree health insurance benefits. Such retirees 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, 2004 and 2003, are as follows:

	Year ending September 30	
	2004	2003
Number of retiree participants	71	68
Insurance premiums paid by the County	\$ 201,419	\$ 192,738

(h) Prior Period Adjustments

Adjustment due to change in beginning accumulated depreciation

An adjustment was made to correct the accumulated depreciation on bridges, a component of infrastructure as of September 30, 2003. This adjustment increased accumulated depreciation on bridges at September 30, 2003 by \$649,992 and resulted in a corresponding decrease in net assets at September 30, 2003.

Adjustment due to change in beginning allowance for uncollectable accounts

The County first implemented GASB 34 for the year ending September 30, 2003. At that time an estimate for uncollectable accounts was computed using the best available data. Since that time additional data has been assembled to generate a more accurate estimate for uncollectable accounts. Recomputing the allowance for uncollectable accounts lowered the allowance for uncollectable accounts at September 30, 2003 by \$5,030,802 and resulted in a corresponding increase to the net assets at September 30, 2003.

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 risk management programs, as discussed on the following page.

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2004

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.

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 2004 compared to 2003.

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, 2004, there were no transactions which are known to have violated these prohibitions.

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2004

(d) Subsequent Events

On December 10, 2004, the County issued a note payable to a bank in the amount of \$670,825, the proceeds of which were used to purchase a new mainframe computer. Debt service for this note will be paid by the General Fund.

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. 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 13.91% for the months of the calendar year in 2004. The contribution rate payable by the employee members for the calendar year 2004 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

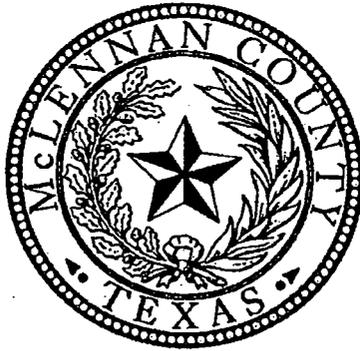
For the employer's accounting year ended September 30, 2004, the annual pension cost for the TCDRS plan for its employees was \$3,933,795 and the actual contributions were \$3,933,795. The actual contributions was actuarially determined as a percentage of the covered payroll of the participating employees, 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 2003 and 2004. The December 31, 2003, actuarial valuation is the most recent valuation.

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2004

Actuarial Valuation Information			
Actuarial valuation date	12/31/01	12/31/02	12/31/03
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⁾	5.5%	5.5%	5.5%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

⁽¹⁾Includes inflation at the stated rate

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, 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%	\$ -
September 30, 2004	3,933,795	100.00%	\$ -



MCLENNAN COUNTY, TEXAS

Required Supplementary Information

September 30, 2004

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	76,978,472	19,039,235	75.26	24,007,429	79.30
12/31/2002	62,279,842	82,646,559	20,366,717	75.35	25,776,251	79.01
12/31/2003	70,316,177	89,755,153	19,438,976	78.34	27,634,009	70.34

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 capital 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

Required Supplementary Information

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

General Fund

For the Year Ended September 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 33,248,865	\$ 33,248,865	\$ 35,828,422	\$ 2,579,557
Licenses and Permits	83,300	83,300	89,265	5,965
Intergovernmental	725,500	757,122	1,047,019	289,897
Charges for Services	5,139,147	5,139,147	5,757,244	618,097
Fines and Forfeits	32,900	32,900	54,544	21,644
Miscellaneous:				
Investment Income, Net	369,854	369,854	338,686	(31,168)
Other	4,979,518	4,979,518	5,193,454	213,936
Total Miscellaneous	5,349,372	5,349,372	5,532,140	182,768
Total Revenues	44,579,084	44,610,706	48,308,635	3,697,929
Expenditures:				
Current:				
General Government	16,129,709	14,507,852	12,380,174	2,127,678
Judicial	4,785,216	4,966,878	4,579,166	387,712
Public Safety	22,523,966	23,535,109	22,002,462	1,532,647
Public Transportation	198,390	198,390	194,660	3,730
Health	5,230,572	5,500,901	4,705,664	795,237
Welfare	2,828,841	2,939,915	2,819,041	120,874
Culture-Recreation	565,015	572,515	543,990	28,525
Conservation	259,355	256,811	194,064	62,747
Economic Development and Assistance	185,000	187,000	145,506	41,494
Debt Service:				
Principal and Retirements	854,850	892,116	810,486	81,630
Interest and Fiscal Charges	448,030	433,830	422,261	11,569
Total Expenditures	54,008,944	53,991,317	48,797,473	5,193,844
Excess (Deficiency) of Revenue over Expenditures	(9,429,860)	(9,380,611)	(488,839)	8,891,772
Other Financing Sources (Uses):				
Lease Purchase Agreement	125,000	125,000	117,855	(7,145)
Operating Transfers In	1,264,605	1,284,911	1,282,900	(2,011)
Operating Transfers Out	(1,988,150)	(2,061,150)	(2,051,139)	10,011
Total Other Financing Sources	(598,545)	(651,239)	(650,384)	855
Excess (Deficiency) of Revenues and Other Sources over Expenditures	(10,028,405)	(10,031,850)	(1,139,223)	8,892,627
Fund Balance at Beginning of Year	16,181,536	16,181,536	20,226,709	4,045,173
Fund Balance at End of Year	\$ 6,153,131	\$ 6,149,686	\$ 19,087,486	\$ 12,937,800

MCLENNAN COUNTY, TEXAS

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund				Variance with
Year Ended September 30, 2004				Final Budget
	Original	Final	Actual	Positive (Negative)
GENERAL GOVERNMENT				
GENERAL ADMINISTRATION				
Commissioners Court:				
Personal Services	\$ 209,053	\$ 212,053	\$ 206,672	\$ 5,381
Supplies	4,400	4,400	2,413	1,987
Other Services & Charges	7,880	7,880	4,901	2,979
Capital Outlay	-	-	-	-
Total Commissioners Court	<u>221,333</u>	<u>224,333</u>	<u>213,986</u>	<u>10,347</u>
County Judge:				
Personal Services	283,067	283,067	270,201	12,866
Supplies	5,740	9,440	8,899	541
Other Services & Charges	69,706	66,006	40,304	25,702
Capital Outlay	-	-	-	-
Total County Judge	<u>358,513</u>	<u>358,513</u>	<u>319,405</u>	<u>39,108</u>
Grant Administrator:				
Personal Services	47,955	47,955	44,370	3,585
Supplies	1,000	1,000	412	588
Other Services & Charges	2,000	2,000	307	1,693
Total Grant Administrator	<u>50,955</u>	<u>50,955</u>	<u>45,089</u>	<u>5,866</u>
County Clerk - Recording Department:				
Personal Services	529,267	529,267	477,099	52,168
Supplies	54,925	53,555	29,427	24,128
Other Services & Charges	321,130	322,500	157,665	164,835
Capital Outlay	50,000	50,000	-	50,000
Total County Clerk - Recording Department	<u>955,322</u>	<u>955,322</u>	<u>664,192</u>	<u>291,130</u>
Personnel Department:				
Personal Services	204,360	204,360	198,014	6,346
Supplies	10,455	11,155	8,656	2,499
Other Services & Charges	8,210	7,510	4,560	2,950
Capital Outlay	-	-	-	-
Total Commissioners Court	<u>223,025</u>	<u>223,025</u>	<u>211,231</u>	<u>11,794</u>
Telephone Department:				
Personal Services	43,162	43,162	39,378	3,784
Supplies	150	5,150	3,860	1,290
Other Services & Charges	61,000	61,000	54,475	6,525
Capital Outlay	40,000	35,000	-	35,000
Total Telephone Department	<u>144,312</u>	<u>144,312</u>	<u>97,713</u>	<u>46,599</u>
Maintenance of Buildings:				
Personal Services	770,486	770,486	756,273	14,213
Supplies	31,645	36,945	22,949	13,996
Other Services & Charges	267,869	265,169	120,230	144,939
Capital Outlay	16,000	16,000	14,800	1,200
Total Maintenance of Buildings	<u>1,086,000</u>	<u>1,088,600</u>	<u>914,252</u>	<u>174,348</u>

(continued)

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund				Variance with Final Budget Positive (Negative)
Year Ended September 30, 2004				
	Original	Final	Actual	
GENERAL GOVERNMENT (continued)				
GENERAL ADMINISTRATION (continued)				
Inmate Project Crew:				
Personal Services	\$ 47,784	\$ 48,589	\$ 47,779	\$ 810
Supplies	2,130	1,325	780	545
Other Services & Charges	858	858	291	567
Total Inmate Project Crew	<u>50,772</u>	<u>50,772</u>	<u>48,850</u>	<u>1,922</u>
Maintenance of Equipment:				
Personal Services	132,362	132,362	124,464	7,898
Supplies	10,266	15,866	8,270	7,596
Other Services & Charges	23,922	22,772	13,311	9,461
Capital Outlay	3,750	-	-	-
Total Maintenance of Equipment	<u>170,300</u>	<u>171,000</u>	<u>146,045</u>	<u>24,955</u>
Engineering Department:				
Personal Services	294,266	294,266	280,510	13,756
Supplies	7,060	8,590	6,734	1,856
Other Services & Charges	19,340	18,410	10,684	7,726
Capital Outlay	-	-	-	-
Total Engineering Department	<u>320,666</u>	<u>321,266</u>	<u>297,929</u>	<u>23,337</u>
Custodial Department:				
Supplies	25,850	25,850	16,825	9,025
Other Services & Charges	172,240	172,240	124,283	47,957
Total Custodial Department	<u>198,090</u>	<u>198,090</u>	<u>141,108</u>	<u>56,982</u>
General Expense:				
Personal Services	273,600	293,600	204,322	89,278
Supplies	61,000	62,000	16,116	45,884
Other Services & Charges	1,328,429	1,322,493	784,555	537,938
Capital Outlay	-	-	-	-
Total General Expense	<u>1,663,029</u>	<u>1,678,093</u>	<u>1,004,994</u>	<u>673,099</u>
Non-departmental:				
Other Services & Charges	1,050,000	434,921	367,503	67,418
Total Non-departmental	<u>1,050,000</u>	<u>434,921</u>	<u>367,503</u>	<u>67,418</u>
Total General Administration	<u>6,492,317</u>	<u>5,899,202</u>	<u>4,472,296</u>	<u>1,426,906</u>
LEGAL				
County Legal Counsel:				
Other Services & Charges	200,000	200,000	132,429	67,571
Total County Legal Counsel	<u>200,000</u>	<u>200,000</u>	<u>132,429</u>	<u>67,571</u>

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

	General Fund			Variance with Final Budget Positive (Negative)
	Year Ended September 30, 2004			
	Original	Final	Actual	
<u>GENERAL GOVERNMENT (continued)</u>				
LEGAL (continued)				
Criminal District Attorney:				
Personal Services	\$ 2,079,594	\$ 2,079,594	\$ 1,935,488	\$ 144,106
Supplies	39,500	41,000	36,349	4,651
Other Services & Charges	115,675	131,575	104,857	26,718
Capital Outlay	2,500	-	-	-
Total District Attorney	<u>2,237,269</u>	<u>2,252,169</u>	<u>2,076,694</u>	<u>175,475</u>
Victims Services:				
Personal Services	31,412	31,412	16,826	14,586
Supplies	10	10	-	10
Total Victims Services	<u>31,422</u>	<u>31,422</u>	<u>16,826</u>	<u>14,596</u>
Total Legal	<u>2,468,691</u>	<u>2,483,591</u>	<u>2,225,949</u>	<u>257,642</u>
ELECTIONS				
Elections Administration:				
Personal Services	238,083	238,648	238,172	476
Supplies	24,218	24,693	15,666	9,027
Other Services & Charges	93,807	93,807	86,733	7,074
Capital Outlay	1,040	-	-	-
Total Elections Administration	<u>357,148</u>	<u>357,148</u>	<u>340,571</u>	<u>16,577</u>
General Elections:				
Personal Services	-	-	-	-
Supplies	22,000	21,900	18,822	3,078
Other Services & Charges	-	100	2,264	(2,164)
Total General Elections	<u>22,000</u>	<u>22,000</u>	<u>21,085</u>	<u>915</u>
Primary Elections:				
Personal Services	61,775	61,775	32,822	28,953
Supplies	3,900	3,900	628	3,272
Other Services & Charges	6,926	6,926	3,964	2,962
Total Primary Elections	<u>72,601</u>	<u>72,601</u>	<u>37,415</u>	<u>35,186</u>
Other Elections:				
Personal Services	168,146	168,146	49,523	118,623
Supplies	64,600	64,600	31,447	33,153
Other Services & Charges	64,800	64,800	24,850	39,950
Total Other Elections	<u>297,546</u>	<u>297,546</u>	<u>105,820</u>	<u>191,726</u>
Total Elections	<u>749,295</u>	<u>749,295</u>	<u>504,891</u>	<u>244,404</u>

MCLENNAN COUNTY, TEXAS

continued

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2004

Variance with
Final Budget
Positive
(Negative)

GENERAL GOVERNMENT (continued)

FINANCIAL ADMINISTRATION

County Auditor:

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Personal Services	\$ 984,922	\$ 984,922	\$ 969,426	\$ 15,496
Supplies	42,600	49,600	28,799	20,801
Other Services & Charges	64,100	64,100	46,830	17,270
Capital Outlay	7,000	-	-	-
Total County Auditor	<u>1,098,622</u>	<u>1,098,622</u>	<u>1,045,055</u>	<u>53,567</u>

GASB 34 Implementation Team:

Supplies	1,250	1,250	-	1,250
Other Services & Charges	23,000	23,000	-	23,000
Total GASB 34 Implementation Team	<u>24,250</u>	<u>24,250</u>	<u>-</u>	<u>24,250</u>

Information Technology:

Personal Services	960,760	960,760	888,948	71,812
Supplies	51,012	52,512	41,389	11,123
Other Services & Charges	304,100	324,400	249,951	74,449
Capital Outlay	7,000	-	-	-
Total Information Technology	<u>1,322,872</u>	<u>1,337,672</u>	<u>1,180,288</u>	<u>157,384</u>

Information Technology Study:

Supplies	-	-	-	-
Other Services & Charges	130,108	130,108	125,731	4,377
Capital Outlay	-	-	-	-
Total Information Technology Study	<u>130,108</u>	<u>130,108</u>	<u>125,731</u>	<u>4,377</u>

Independent Auditing:

Other Services & Charges	35,000	35,000	24,500	10,500
Total Independent Auditing	<u>35,000</u>	<u>35,000</u>	<u>24,500</u>	<u>10,500</u>

County Treasurer:

Personal Services	250,177	250,177	247,674	2,503
Supplies	4,875	5,225	4,339	886
Other Services & Charges	15,610	15,260	10,738	4,522
Capital Outlay	-	-	-	-
Total County Treasurer	<u>270,662</u>	<u>270,662</u>	<u>262,751</u>	<u>7,911</u>

County Tax Assessor-Collector:

Personal Services	574,799	574,799	553,086	21,713
Supplies	28,770	35,970	24,094	11,876
Other Services & Charges	65,679	65,679	59,246	6,433
Capital Outlay	1,200	-	-	-
Total County Tax Assessor- Collector	<u>670,448</u>	<u>676,448</u>	<u>636,426</u>	<u>40,022</u>

Tax Appraisal Services:

Other Services & Charges	390,961	391,578	387,944	3,634
Total Tax Appraisal Services	<u>390,961</u>	<u>391,578</u>	<u>387,944</u>	<u>3,634</u>

(continued)

MCLENNAN COUNTY, TEXAS

continued

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund				Variance with Final Budget Positive (Negative)
Year Ended September 30, 2004				
	Original	Final	Actual	
GENERAL GOVERNMENT (continued)				
FINANCIAL ADMINISTRATION (continued)				
County Tax Office - Auto Department:				
Personal Services	\$ 971,443	\$ 970,523	\$ 852,885	\$ 117,638
Supplies	32,031	26,031	7,798	18,233
Other Services & Charges	40,199	40,199	35,429	4,770
Capital Outlay	-	-	-	-
Total County Tax Office - Auto Department	<u>1,043,673</u>	<u>1,036,753</u>	<u>896,112</u>	<u>140,641</u>
County Tax Office - Lorena Substation:				
Personal Services	46,334	46,664	46,590	74
Supplies	970	640	107	533
Other Services & Charges	10,835	10,835	9,329	1,506
Total County Tax Office - Lorena Substation	<u>58,139</u>	<u>58,139</u>	<u>56,026</u>	<u>2,113</u>
County Tax Office - McGregor Substation:				
Personal Services	49,618	50,843	50,781	62
Supplies	820	820	201	619
Other Services & Charges	3,308	3,003	2,045	958
Total County Tax Office - McGregor Substation	<u>53,746</u>	<u>54,666</u>	<u>53,028</u>	<u>1,638</u>
County Tax Office - West Substation:				
Personal Services	45,063	45,063	44,996	67
Supplies	1,070	1,070	83	987
Other Services & Charges	4,024	4,024	2,243	1,781
Total County Tax Office - West Substation	<u>50,157</u>	<u>50,157</u>	<u>47,323</u>	<u>2,834</u>
Purchasing Department:				
Personal Services	237,937	237,937	231,498	6,439
Supplies	4,455	7,530	3,017	4,513
Other Services & Charges	6,700	6,700	3,400	3,300
Capital Outlay	3,075	-	-	-
Total Purchasing Department	<u>252,167</u>	<u>252,167</u>	<u>237,915</u>	<u>14,252</u>
Records Management Department:				
Personal Services	206,899	206,899	194,419	12,480
Supplies	9,900	18,450	15,460	2,990
Other Services & Charges	22,750	19,200	14,061	5,139
Capital Outlay	3,500	-	-	-
Total Records Management Department	<u>243,049</u>	<u>244,549</u>	<u>223,940</u>	<u>20,609</u>
Total Financial Administration	<u>5,643,854</u>	<u>5,660,771</u>	<u>5,177,038</u>	<u>483,733</u>
TOTAL GENERAL GOVERNMENT	<u>15,354,157</u>	<u>14,792,859</u>	<u>12,380,174</u>	<u>2,412,685</u>

(continued)

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

	General Fund			Variance with
	Year Ended September 30, 2004			Final Budget
	Original	Final	Actual	Positive (Negative)
JUDICIAL				
Mental Health Court Services:				
Personal Services	\$ 96,736	\$ 97,141	\$ 96,960	\$ 181
Supplies	1,275	1,275	543	732
Other Services & Charges	95,630	95,225	78,399	16,826
Total Mental Health Court Services	193,641	193,641	175,901	17,740
Bonding Office:				
Personal Services	86,633	86,633	86,319	314
Supplies	2,380	2,380	865	1,515
Other Services & Charges	3,501	3,501	1,212	2,289
Capital Outlay	-	-	-	-
Total Bonding Office	92,514	92,514	88,396	4,118
McLennan County Bail Bond Board:				
Supplies	150	150	50	100
Other Services & Charges	50	50	-	50
Total McLennan County Bail Bond Board	200	200	50	150
County Clerk - Court Department:				
Personal Services	571,726	571,726	513,879	57,847
Supplies	25,850	25,850	7,210	18,640
Other Services & Charges	104,330	104,330	10,288	94,042
Capital Outlay	-	-	-	-
Total County Clerk - Court Department	701,906	701,906	531,377	170,529
County Court at Law No. 1:				
Personal Services	316,382	316,382	304,998	11,384
Supplies	5,350	21,947	18,143	3,804
Other Services & Charges	25,773	24,766	10,029	14,737
Capital Outlay	13,569	-	-	-
Total County Court at Law No. 1	361,074	363,095	333,171	29,925
County Court at Law No. 2:				
Personal Services	316,382	316,382	306,522	9,860
Supplies	5,350	12,170	9,960	2,210
Other Services & Charges	25,423	22,516	10,560	11,956
Capital Outlay	3,184	-	-	-
Total County Court at Law No. 2	350,339	351,068	327,042	24,026
19th District Court:				
Personal Services	237,893	237,893	214,988	22,905
Supplies	10,912	18,959	18,811	148
Other Services & Charges	16,914	11,503	10,460	1,043
Capital Outlay	2,576	-	-	-
Total 19th District Court	268,295	268,355	244,259	24,096

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund				Variance with
Year Ended September 30, 2004				Final Budget
	Original	Final	Actual	Positive (Negative)
<u>JUDICIAL (continued)</u>				
54th District Court:				
Personal Services	\$ 347,698	\$ 347,698	\$ 324,000	\$ 23,698
Supplies	9,550	15,040	9,638	5,402
Other Services & Charges	48,950	50,660	20,558	30,102
Capital Outlay	-	-	-	-
Total 54th District Court	<u>406,198</u>	<u>413,398</u>	<u>354,195</u>	<u>59,203</u>
74th District Court:				
Personal Services	182,383	182,383	165,259	17,124
Supplies	6,450	12,450	2,210	10,240
Other Services & Charges	15,113	15,113	8,188	6,925
Capital Outlay	6,000	-	-	-
Total 74th District Court	<u>209,946</u>	<u>209,946</u>	<u>175,657</u>	<u>34,289</u>
170th District Court:				
Personal Services	172,650	172,650	165,676	6,974
Supplies	8,725	15,965	13,584	2,381
Other Services & Charges	14,470	14,350	7,385	6,965
Capital Outlay	6,000	-	-	-
Total 170th District Court	<u>201,845</u>	<u>202,965</u>	<u>186,645</u>	<u>16,320</u>
170th District Court - Court Master:				
Supplies	200	260	50	210
Other Services & Charges	1,000	2,115	1,761	354
Capital Outlay	-	5,601	5,600	1
Total 170th District Court - Court Master	<u>1,200</u>	<u>7,976</u>	<u>7,411</u>	<u>565</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>
District Clerk:				
Personal Services	865,829	865,829	835,327	30,502
Supplies	31,200	32,775	27,362	5,413
Other Services & Charges	82,099	80,590	63,697	16,893
Capital Outlay	11,100	9,525	8,053	1,472
Total District Clerk	<u>990,228</u>	<u>988,719</u>	<u>934,439</u>	<u>54,280</u>
Justice of the Peace - Precinct 1, Place 1:				
Personal Services	186,140	186,140	172,762	13,378
Supplies	4,700	6,960	2,401	4,559
Other Services & Charges	33,289	37,889	36,621	1,268
Capital Outlay	2,200	-	-	-
Total Justice of the Peace - Precinct 1, Place 1	<u>226,329</u>	<u>230,989</u>	<u>211,784</u>	<u>19,205</u>

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2004

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<u>JUDICIAL (continued)</u>				
Justice of the Peace - Precinct 1, Place 2:				
Personal Services	\$ 179,258	\$ 178,158	\$ 177,028	\$ 1,130
Supplies	3,875	3,835	3,833	2
Other Services & Charges	36,490	42,630	42,613	17
Capital Outlay	-	-	-	-
Total Justice of the Peace - Precinct 1, Place 2	<u>219,623</u>	<u>224,623</u>	<u>223,474</u>	<u>1,149</u>
Justice of the Peace - Precinct 2:				
Personal Services	83,101	83,101	80,726	2,375
Supplies	1,900	3,223	2,159	1,065
Other Services & Charges	15,005	15,005	14,279	726
Total Justice of the Peace - Precinct 2	<u>100,006</u>	<u>101,329</u>	<u>97,164</u>	<u>4,165</u>
Justice of the Peace - Precinct 3:				
Personal Services	181,223	181,223	179,919	1,304
Supplies	3,215	5,421	5,106	315
Other Services & Charges	49,370	58,355	56,405	1,950
Capital Outlay	-	-	-	-
Total Justice of the Peace - Precinct 3	<u>233,808</u>	<u>244,999</u>	<u>241,430</u>	<u>3,569</u>
Justice of the Peace - Precinct 4:				
Personal Services	51,921	52,181	48,112	4,069
Supplies	1,605	2,330	1,624	706
Other Services & Charges	14,828	15,368	13,173	2,195
Capital Outlay	-	-	-	-
Total Justice of the Peace - Precinct 4	<u>68,354</u>	<u>69,879</u>	<u>62,909</u>	<u>6,970</u>
Justice of the Peace - Precinct 5:				
Personal Services	68,264	68,264	64,038	4,226
Supplies	1,365	1,950	1,055	895
Other Services & Charges	9,116	10,516	6,475	4,041
Capital Outlay	-	-	-	-
Total Justice of the Peace - Precinct 5	<u>78,745</u>	<u>80,730</u>	<u>71,567</u>	<u>9,163</u>
Justice of the Peace - Precinct 6:				
Personal Services	25,161	25,161	25,016	145
Supplies	1,300	620	396	224
Other Services & Charges	6,205	7,785	7,339	446
Total Justice of the Peace - Precinct 6	<u>32,666</u>	<u>33,566</u>	<u>32,752</u>	<u>814</u>

MCLENNAN COUNTY, TEXAS

continued

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2004

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<u>JUDICIAL (continued)</u>				
Justice of the Peace - Precinct 7:				
Personal Services	\$ 124,484	\$ 124,484	\$ 120,531	\$ 3,953
Supplies	3,650	4,135	2,721	1,414
Other Services & Charges	15,485	16,995	15,973	1,022
Capital Outlay	-	-	-	-
Total Justice of the Peace - Precinct 7	<u>143,619</u>	<u>145,614</u>	<u>139,226</u>	<u>6,388</u>
Justice of the Peace - Precinct 8:				
Personal Services	111,082	111,082	109,345	1,737
Supplies	2,650	2,710	1,916	794
Other Services & Charges	28,458	28,458	20,698	7,760
Capital Outlay	-	-	-	-
Total Justice of the Peace - Precinct 8	<u>142,190</u>	<u>142,250</u>	<u>131,958</u>	<u>10,292</u>
Tenth Court of Appeals				
Personal Services	4,500	4,450	3,858	592
Other Services & Charges	4,500	4,550	4,502	48
Total Tenth Court of Appeals	<u>9,000</u>	<u>9,000</u>	<u>8,359</u>	<u>641</u>
Other Court Services				
Other Services & Charges	-	-	-	-
Total Other Court Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Judicial	<u>5,041,726</u>	<u>5,086,762</u>	<u>4,579,166</u>	<u>507,596</u>
<u>PUBLIC SAFETY</u>				
<u>FIRE PROTECTION</u>				
Other Services & Charges	93,400	93,400	87,500	5,900
Capital Outlay	-	-	-	-
Total Fire Protection	<u>93,400</u>	<u>93,400</u>	<u>87,500</u>	<u>5,900</u>
<u>LAW ENFORCEMENT</u>				
Constable - Precinct 1				
Personal Services	455,332	456,030	449,242	6,788
Supplies	7,075	6,775	6,260	515
Other Services & Charges	65,335	64,637	62,230	2,407
Capital Outlay	-	300	-	300
Total Constable - Precinct 1	<u>527,742</u>	<u>527,742</u>	<u>517,732</u>	<u>10,010</u>
Constable - Precinct 2				
Personal Services	26,485	26,485	22,765	3,720
Supplies	1,860	1,860	334	1,526
Other Services & Charges	10,435	10,435	8,467	1,968
Total Constable - Precinct 2	<u>38,780</u>	<u>38,780</u>	<u>31,566</u>	<u>7,214</u>

(continued)

MCLENNAN COUNTY, TEXAS

continued

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

	General Fund			Variance with Final Budget Positive (Negative)
	Year Ended September 30, 2004			
	Original	Final	Actual	
PUBLIC SAFETY (continued)				
LAW ENFORCEMENT (continued)				
Constable - Precinct 3				
Personal Services	\$ 78,454	\$ 78,454	\$ 77,405	\$ 1,049
Supplies	1,695	1,695	1,265	430
Other Services & Charges	16,175	16,175	14,187	1,988
Total Constable - Precinct 3	<u>96,324</u>	<u>96,324</u>	<u>92,858</u>	<u>3,466</u>
Constable - Precinct 4				
Personal Services	21,768	21,768	21,000	768
Supplies	1,350	950	426	524
Other Services & Charges	12,628	13,028	12,945	83
Total Constable - Precinct 4	<u>35,746</u>	<u>35,746</u>	<u>34,371</u>	<u>1,375</u>
Constable - Precinct 5				
Personal Services	48,608	49,888	44,208	5,680
Supplies	2,250	2,250	353	1,897
Other Services & Charges	17,004	17,004	12,313	4,691
Capital Outlay	-	-	-	-
Total Constable - Precinct 5	<u>67,862</u>	<u>69,142</u>	<u>56,874</u>	<u>12,268</u>
Constable - Precinct 6				
Personal Services	21,151	21,151	17,801	3,350
Supplies	1,350	1,250	510	741
Other Services & Charges	8,785	8,885	7,343	1,542
Total Constable - Precinct 6	<u>31,286</u>	<u>31,286</u>	<u>25,653</u>	<u>5,633</u>
Constable - Precinct 7				
Personal Services	223,950	223,950	216,320	7,630
Supplies	3,800	4,306	4,211	95
Other Services & Charges	37,780	38,284	35,267	3,017
Capital Outlay	-	-	-	-
Total Constable - Precinct 7	<u>265,530</u>	<u>266,540</u>	<u>255,798</u>	<u>10,742</u>
Constable - Precinct 8				
Personal Services	90,736	90,736	84,894	5,842
Supplies	4,350	4,425	4,127	298
Other Services & Charges	10,720	11,845	10,655	1,190
Capital Outlay	-	-	-	-
Total Constable - Precinct 8	<u>105,806</u>	<u>107,006</u>	<u>99,675</u>	<u>7,331</u>
County Sheriff:				
Personal Services	3,558,783	3,558,783	3,455,301	103,482
Supplies	202,116	256,685	223,647	33,038
Other Services & Charges	486,490	485,490	478,449	7,041
Capital Outlay	131,424	117,855	116,427	1,428
Total County Sheriff	<u>4,378,813</u>	<u>4,418,813</u>	<u>4,273,824</u>	<u>144,989</u>

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2004

Variance with
Final Budget
Positive
(Negative)

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
PUBLIC SAFETY (continued)				
LAW ENFORCEMENT (continued)				
D.A.R.E. Program:				
Personal Services	\$ 256,809	\$ 256,809	\$ 251,812	\$ 4,997
Supplies	7,850	13,450	12,921	529
Other Services & Charges	6,000	6,000	4,252	1,748
Total D.A.R.E. Program	<u>270,659</u>	<u>276,259</u>	<u>268,985</u>	<u>7,274</u>
COPS Ahead Program:				
Personal Services	228,554	228,554	219,165	9,389
Supplies	-	-	-	-
Capital Outlay	-	-	-	-
Total COPS Ahead Program	<u>228,554</u>	<u>228,554</u>	<u>219,165</u>	<u>9,389</u>
LLEBG Grants:				
Personal Services	-	600	261	339
Supplies	356	1,765	1,523	242
Other Services & Charges	996	4,908	3,724	1,184
Capital Outlay	-	3,798	1,630	2,168
Total LLEBG Grants	<u>1,352</u>	<u>11,071</u>	<u>7,138</u>	<u>3,933</u>
Department of Public Safety				
Personal Services	35,948	35,948	35,449	499
Supplies	5,250	23,713	18,596	5,117
Other Services & Charges	5,800	5,800	4,160	1,640
Capital Outlay	18,968	505	-	505
Total Department of Public Safety	<u>65,966</u>	<u>65,966</u>	<u>58,204</u>	<u>7,762</u>
General Law Enforcement:				
Personal Services	-	-	-	-
Supplies	500	500	204	297
Other Services & Charges	296,500	321,500	319,994	1,506
Total General Law Enforcement	<u>297,000</u>	<u>322,000</u>	<u>320,197</u>	<u>1,803</u>
Radio Tower:				
Supplies	1,803	1,803	874	929
Other Services & Charges	23,690	32,590	20,374	12,216
Capital Outlay	-	-	-	-
Total Radio Tower	<u>25,493</u>	<u>34,393</u>	<u>21,248</u>	<u>13,145</u>
Total Law Enforcement	<u>6,436,913</u>	<u>6,529,622</u>	<u>6,283,291</u>	<u>246,331</u>
CORRECTIONS				
Feeding and Care of Prisoners:				
Personal Services	7,967,945	7,967,945	7,579,500	388,445
Supplies	383,125	407,492	403,829	3,663
Other Services & Charges	1,433,045	1,449,795	1,348,144	101,651
Capital Outlay	36,862	21,565	21,333	233
Total Feeding and Care of Prisoners	<u>9,820,977</u>	<u>9,846,797</u>	<u>9,352,805</u>	<u>493,992</u>

(continued)

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund				Variance with Final Budget Positive (Negative)
Year Ended September 30, 2004				
	Original	Final	Actual	
PUBLIC SAFETY (continued)				
CORRECTIONS (continued)				
Downtown Jail:				
Supplies	\$ -	\$ 3,300	\$ 3,300	\$ -
Other Services & Charges	3,600,000	3,600,000	3,215,703	384,297
Total Downtown Jail	<u>3,600,000</u>	<u>3,603,300</u>	<u>3,219,003</u>	<u>384,297</u>
Juvenile Board:				
Personal Services	14,990	14,990	14,471	519
Total Juvenile Board	<u>14,990</u>	<u>14,990</u>	<u>14,471</u>	<u>519</u>
Juvenile Detention:				
Personal Services	1,083,390	1,083,390	998,364	85,026
Supplies	93,714	95,074	93,649	1,425
Other Services & Charges	78,285	76,925	68,451	8,474
Capital Outlay	-	-	-	-
Total Juvenile Detention	<u>1,255,389</u>	<u>1,255,389</u>	<u>1,160,464</u>	<u>94,925</u>
Juvenile Probation:				
Personal Services	1,454,204	1,454,204	1,293,995	160,209
Supplies	33,824	36,352	26,818	9,534
Other Services & Charges	233,393	233,425	201,381	32,044
Capital Outlay	1,500	-	-	-
Total Juvenile Probation	<u>1,722,921</u>	<u>1,723,981</u>	<u>1,522,193</u>	<u>201,788</u>
Juvenile Accountability Incentive Block Grant:				
Personal Services	4,611	5,006	4,996	10
Supplies	-	-	-	-
Other Services & Charges	-	-	-	-
Capital Outlay	-	-	-	-
Total Juvenile Accountability Incentive Block Grant	<u>4,611</u>	<u>5,006</u>	<u>4,996</u>	<u>10</u>
Adult Probation:				
Supplies	12,237	19,487	15,930	3,557
Other Services & Charges	85,386	85,386	75,656	9,730
Capital Outlay	7,250	-	-	-
Total Adult Probation	<u>104,873</u>	<u>104,873</u>	<u>91,586</u>	<u>13,287</u>
Total Corrections	<u>16,523,761</u>	<u>16,554,336</u>	<u>15,365,518</u>	<u>1,188,818</u>
OTHER PROTECTION				
Courthouse Security:				
Personal Services	157,641	157,641	155,820	1,821
Supplies	75	75	16	59
Other Services & Charges	2,200	2,200	1,444	756
Capital Outlay	-	-	-	-
Total Courthouse Security	<u>159,916</u>	<u>159,916</u>	<u>157,280</u>	<u>2,636</u>

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund				Variance with
Year Ended September 30, 2004				Final Budget
	Original	Final	Actual	Positive (Negative)
PUBLIC SAFETY (continued)				
OTHER PROTECTION (continued)				
Civil Defense:				
Other Services & Charges	\$ 47,000	\$ 47,000	\$ 41,214	\$ 5,786
Total Civil Defense	47,000	47,000	41,214	5,786
Military Units:				
Other Services & Charges	1,500	1,500	1,500	-
Total Military Units	1,500	1,500	1,500	-
Total Other Protection	208,416	208,416	199,994	8,422
ENVIRONMENTAL PROTECTION				
Solid Waste Management:				
Other Services & Charges	30,170	30,170	30,000	170
Total Solid Waste Management	30,170	30,170	30,000	170
Environmental Standards Management:				
Other Services & Charges	54,726	54,726	11,840	42,886
Total Environmental Standards Management	54,726	54,726	11,840	42,886
Stormwater Pollution Abatement:				
Other Services & Charges	5,500	5,500	-	5,500
Total Stormwater Pollution Abatement	5,500	5,500	-	5,500
Litter Abatement Program:				
Personal Services	51,039	51,039	23,057	27,982
Supplies	800	400	248	152
Other Services & Charges	1,000	1,400	1,015	385
Capital Outlay	-	-	-	-
Total Litter Abatement Program	52,839	52,839	24,319	28,520
Other Environmental Protection:				
Other Services & Charges	6,100	6,100	-	6,100
Total Other Environmental Protection	6,100	6,100	-	6,100
Total Environmental Protection	149,335	149,335	66,159	83,176
TOTAL PUBLIC SAFETY	23,411,825	23,535,109	22,002,462	1,532,647

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund				
Year Ended September 30, 2004				
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<u>PUBLIC TRANSPORTATION</u>				
Prisoner Utilization Program - Precinct 1				
Personal Services	\$ 49,931	\$ 49,931	\$ 49,053	\$ 878
Total Prisoner Utilization Program - Precinct 1	49,931	49,931	49,053	878
Prisoner Utilization Program - Precinct 2				
Personal Services	49,303	49,303	48,422	881
Total Prisoner Utilization Program - Precinct 2	49,303	49,303	48,422	881
Prisoner Utilization Program - Precinct 3				
Personal Services	49,931	49,931	48,835	1,096
Total Prisoner Utilization Program - Precinct 3	49,931	49,931	48,835	1,096
Prisoner Utilization Program - Precinct 4				
Personal Services	49,225	49,225	48,350	875
Total Prisoner Utilization Program - Precinct 4	49,225	49,225	48,350	875
TOTAL PUBLIC TRANSPORTATION	198,390	198,390	194,660	3,730
<u>HEALTH</u>				
Health Administration:				
Personal Services	483,613	483,613	448,888	34,725
Supplies	8,400	14,000	11,066	2,934
Other Services & Charges	29,564	29,564	14,466	15,098
Capital Outlay	4,600	-	-	-
Total Health Administration	526,177	527,177	474,420	52,757
Direct Aid - Indigent Healthcare:				
Supplies	5,000	5,000	1,946	3,054
Other Services & Charges	2,277,455	2,277,455	1,652,935	624,520
Total Direct Aid - Indigent Healthcare	2,282,455	2,282,455	1,654,881	627,574
Direct Aid - County Jail Inmates:				
Personal Services	741,296	745,536	698,425	47,111
Supplies	34,680	39,057	36,033	3,024
Other Services & Charges	645,960	880,960	867,189	13,771
Capital Outlay	4,617	-	-	-
Total Direct Aid - County Jail Inmates	1,426,553	1,665,553	1,601,646	63,907
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

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2004

Variance with
Final Budget
Positive
(Negative)

HEALTH (continued)

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Public Health:				
Other Services & Charges	\$ 112,716	\$ 112,716	\$ 112,716	\$ -
Total Public Health	112,716	112,716	112,716	-
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	5,260,901	5,500,901	4,705,664	795,237

WELFARE

Welfare Administration:

Personal Services	34,492	34,622	34,482	140
Total Welfare Administration	34,492	34,622	34,482	140

Welfare - Direct Aid:

Supplies	5,500	5,500	-	5,500
Other Services & Charges	2,477,100	2,580,800	2,531,795	49,005
Total Welfare - Direct Aid	2,482,600	2,586,300	2,531,795	54,505

Childrens' Protective Services -

Direct Aid:				
Supplies	68,250	63,950	35,656	28,294
Other Services & Charges	14,750	19,050	15,984	3,066
Total Childrens' Protective Services - Direct Aid	83,000	83,000	51,640	31,360

Juvenile Interim Home:

Personal Services	135,446	135,446	122,237	13,209
Supplies	14,600	14,600	6,129	8,471
Other Services & Charges	13,400	13,400	8,293	5,107
Total Juvenile Interim Home	163,446	163,446	136,659	26,787

Veterans Service Office

Personal Services	52,718	52,718	46,814	5,904
Supplies	1,700	1,600	760	840
Other Services & Charges	1,751	1,851	514	1,337
Capital Outlay	-	-	-	-
Total Veterans Service Office	56,169	56,169	48,087	8,082

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2004

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<u>WELFARE (continued)</u>				
Aging Program:				
Other Services & Charges	\$ 15,000	\$ 16,378	\$ 16,378	\$ -
Total Aging Program	15,000	16,378	16,378	-
 TOTAL WELFARE	 2,834,707	 2,939,915	 2,819,041	 120,874
<u>CULTURE-RECREATION</u>				
Parks:				
Personal Services	4,997	4,997	-	4,997
Supplies	3,640	5,640	2,717	2,923
Other Services & Charges	17,094	16,094	2,407	13,687
Capital Outlay	1,000	-	-	-
Total Parks	26,731	26,731	5,124	21,607
Public Library:				
Other Services & Charges	537,634	537,634	537,634	-
Total Public Library	537,634	537,634	537,634	-
Historical Survey:				
Supplies	150	150	-	150
Other Services & Charges	500	500	500	-
Total Historical Survey	650	650	500	150
 TOTAL CULTURE-RECREATION	 565,015	 565,015	 543,258	 21,757
<u>CONSERVATION</u>				
Agricultural Extension Service:				
Personal Services	189,376	189,376	141,647	47,729
Supplies	4,850	6,305	5,851	454
Other Services & Charges	35,960	36,130	34,867	1,263
Total Agricultural Extension Service	230,186	231,811	182,364	49,447
Exhibit Buildings and Showbarns:				
Supplies	1,100	1,100	-	1,100
Other Services & Charges	6,400	6,400	731	5,669
Total Exhibit Buildings and Showbarns	7,500	7,500	731	6,769
Soil and Water Conservation:				
Other Services & Charges	25,000	25,000	11,700	13,300
Total Soil and Water Conservation	25,000	25,000	11,700	13,300
 TOTAL CONSERVATION	 262,686	 264,311	 194,796	 69,515

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2004

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<u>ECONOMIC DEVELOPMENT AND ASSISTANCE</u>				
Other Services & Charges	\$ 185,000	\$ 187,000	\$ 145,506	\$ 41,494
<u>DEBT SERVICE</u>				
Principal	904,850	892,116	810,486	81,630
Interest	398,030	433,830	422,261	11,569
Total Debt Service	<u>1,302,880</u>	<u>1,325,946</u>	<u>1,232,748</u>	<u>93,198</u>
	<u>\$ 54,417,287</u>	<u>\$ 54,396,208</u>	<u>\$ 48,797,473</u>	<u>\$ 5,598,735</u>



MCLENNAN COUNTY, TEXAS

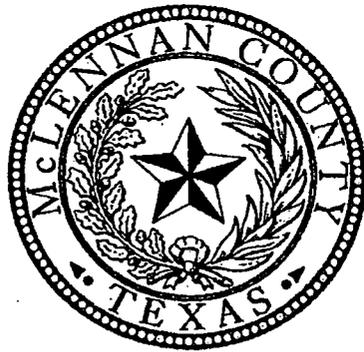
Supplementary Information

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

Permanent Improvement Bonds Fund - Series 2001

For the Year Ended September 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Adopted	Final		
Revenues:				
Miscellaneous	\$ 60,000	\$ 60,000	\$ 81,865	\$ 21,865
Total Revenues	<u>60,000</u>	<u>60,000</u>	<u>81,865</u>	<u>21,865</u>
Expenditures:				
Capital Projects:				
Construction and Renovation Projects:				
Construction Costs	7,784,415	7,784,415	5,915,442	1,868,973
Architects, Engineers and Other	-	-	-	-
Total Expenditures	<u>7,784,415</u>	<u>7,784,415</u>	<u>5,915,442</u>	<u>1,868,973</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(7,724,415)</u>	<u>(7,724,415)</u>	<u>(5,833,578)</u>	<u>1,890,837</u>
Fund Balance at Beginning of Year	<u>7,724,415</u>	<u>7,724,415</u>	<u>7,304,551</u>	<u>419,864</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,470,973</u>	<u>\$ 1,470,973</u>



COMBINING AND INDIVIDUAL
FUND STATEMENTS AND
SCHEDULES

MCLENNAN COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds

September 30, 2004

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
\$	14,148,268	\$ 1,764,950	\$ 2,245,817	\$ 47,529	\$ 18,206,564
	438,152	-	-	-	438,152
	80,252	286,553	-	-	366,805
	12,267	-	275	-	12,542
	269,403	-	-	-	269,403
	154,188	-	-	-	154,188
\$	15,102,530	\$ 2,051,502	\$ 2,246,092	\$ 47,529	\$ 19,447,654

ASSETS

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

LIABILITIES AND FUND BALANCE

\$	314,577	\$ -	\$ 583,057	\$ -	\$ 897,634
	30,000	-	-	-	30,000
	671,449	286,553	-	-	958,002
	1,016,026	286,553	583,057	-	1,885,636
Fund Balance:					
Reserved for:					
Reserved for Capital Projects		1,764,950	601,862		601,862
Reserved for Debt Service				47,529	1,764,950
Reserved for Education	6,471				54,000
Unreserved - Undesignated	14,080,034		1,061,173		15,141,207
Total Fund Equity and Other Credits	14,086,505	1,764,950	1,663,035	47,529	17,562,019
\$	15,102,530	\$ 2,051,502	\$ 2,246,092	\$ 47,529	\$ 19,447,654

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

MCLENNAN COUNTY, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended September 30, 2004

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
Revenues:					
Taxes	\$ 746,907	\$ 4,814,684	\$ (384)	\$ -	\$ 5,561,208
Licenses and Permits	1,721,710	-	-	-	1,721,710
Intergovernmental	5,836,711	3,356	-	-	5,840,067
Charges for Services	2,537,657	-	-	-	2,537,657
Fines and Forfeits	2,002,558	-	-	-	2,002,558
Miscellaneous	396,595	37,582	85,320	685	520,182
Total Revenues	13,242,138	4,855,623	84,936	685	18,183,382
Expenditures:					
Current:					
General Government	405,268	103,694	33,546	-	542,508
Judicial	346,976	-	-	-	346,976
Public Safety	5,835,214	-	-	-	5,835,214
Public Transportation	6,250,157	-	-	-	6,250,157
Economic Development and Assistance	252,607	-	-	-	252,607
Capital Projects	17,878	-	7,578,453	-	7,596,331
Debt Service:					
Principal and Retirements	-	2,600,000	-	-	2,600,000
Interest and Fiscal Charges	-	2,152,865	-	-	2,152,865
Total Expenditures	13,108,100	4,856,559	7,611,999	-	25,576,658
Excess (Deficiency) of Revenue over Expenditures	134,038	(937)	(7,527,063)	685	(7,393,276)
Other Financing Sources (Uses):					
Proceeds from Issuance of Refunding Bonds	-	9,916,232	-	-	9,916,232
Paid to Refunding Bond Escrow Agent	-	(9,805,000)	-	-	(9,805,000)
Disposition of Fixed Assets	-	-	-	-	-
Operating Transfers In	2,037,560	400,000	220,000	-	2,657,560
Operating Transfers Out	(1,043,015)	(190,000)	(656,306)	-	(1,889,322)
Total Other Financing Sources	994,545	321,232	(436,306)	-	879,471
Excess (Deficiency) of Revenues and Other Sources over Expenditures	1,128,584	320,295	(7,963,370)	685	(6,513,806)
Fund Balance at Beginning of Year	12,957,921	1,444,655	9,626,404	46,844	24,075,824
Fund Balance at End of Year	\$ 14,086,505	\$ 1,764,950	\$ 1,663,035	\$ 47,529	\$ 17,562,018



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:

Adult Probation Fund

The 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.

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.

McLENNAN COUNTY, TEXAS

Nonmajor Governmental Funds

Special Revenue Funds – Purpose of Funds

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.

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.

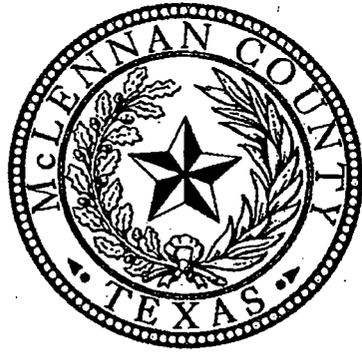
Road and Bridge Right-of-Way Acquisition Fund

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, 2004

	Adult Probation Fund	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
\$	1,916,549	20,222	7,199	-	21,971	8,712	19,279	84,780	3,641,648
	156,753	-	-	-	-	-	32,331	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	897	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
\$	2,074,199	20,222	7,199	-	21,971	8,712	51,610	84,780	3,641,648

ASSETS

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

LIABILITIES AND FUND BALANCE

Liabilities:
 Accounts Payable
 Due to Other Funds
 Due to Other Governments
 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, 2004

	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
\$	(27,618)	108,883	82,047	901,722	52,070	252,412	96,030	(1,605)	93,706
	-	-	38,587	2,354	-	2,000	-	-	20,000
	-	-	5,461	-	-	-	-	-	-
	-	6,978	-	-	-	-	58	4,283	-
	-	-	-	-	-	-	-	-	-
	64,085	-	-	-	-	258	-	8,515	119,218
	-	-	-	-	-	-	-	-	-
Total Assets	\$ 36,466	\$ 115,862	\$ 126,095	\$ 904,076	\$ 52,070	\$ 254,670	\$ 96,088	\$ 11,193	\$ 232,925

ASSETS

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

LIABILITIES AND FUND BALANCE

Liabilities:
 Accounts Payable
 Due to Other Funds
 Due to Other Governments
 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, 2004

	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
\$	-	28,790	41,358	221,917	1,009,868	2,134,678	1,108,040	2,325,609	14,148,268
	157,794	-	-	-	7,083	7,083	5,947	8,220	438,152
	-	-	74,791	-	-	-	-	-	80,252
	-	28	-	-	703	7	1	210	12,267
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	18,449	17,997	16,980	23,003	269,403
	-	77,524	-	-	18,419	13,438	18,179	26,628	154,188
\$	157,794	106,342	116,149	221,917	1,054,522	2,173,204	1,149,146	2,383,671	15,102,530

ASSETS

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

LIABILITIES AND FUND BALANCE

Liabilities:
 Accounts Payable
 Due to Other Funds
 Due to Other Governments
 Deferred Revenue
 Total Liabilities

Fund Balances:
 Reserved for Education
 Unreserved Fund Balance
 Total Fund Balances

Total Liabilities and Fund Balance

\$	-	9,784	-	-	31,664	16,320	43,505	28,578	314,577
	-	30,000	-	-	-	-	-	-	30,000
	-	-	-	-	-	-	-	-	-
	-	-	74,791	-	-	-	-	-	671,449
	-	39,784	74,791	-	31,664	16,320	43,505	28,578	1,016,026
	157,794	66,558	41,358	221,917	1,022,858	2,156,883	1,105,641	2,355,093	6,471
	157,794	66,558	41,358	221,917	1,022,858	2,156,883	1,105,641	2,355,093	14,080,034
	157,794	106,342	116,149	221,917	1,054,522	2,173,204	1,149,146	2,383,671	15,102,530



MCLENNAN COUNTY, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

Year Ended September 30, 2004

	Adult Probation Fund	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
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-	-	-
Intergovernmental	2,041,260	-	-	-	-	-	22,420	-	-
Charges for Services	1,988,346	840	-	-	53,522	35,491	201,469	2,438	-
Fines and Forfeits	-	-	-	-	-	-	-	-	-
Miscellaneous	24,112	326	86	-	167	127	-	1,200	50,438
Total Revenues	4,053,718	1,166	86	-	53,689	35,618	223,889	3,638	50,438
Expenditures:									
Current:									
General Government	-	-	-	-	53	-	253,386	-	-
Judicial	-	-	-	-	140,313	48,000	-	-	-
Public Safety	3,255,340	5,500	-	-	-	-	-	-	-
Public Transportation	-	-	-	-	-	-	-	-	-
Economic Development and Assistance	-	-	-	-	-	-	-	-	252,607
Capital Projects	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal and Retirements	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Total Expenditures	3,255,340	5,500	-	-	140,365	48,000	253,386	-	252,607
Excess (Deficiency) of Revenue over Expenditures	798,378	(4,334)	86	-	(86,676)	(12,382)	(29,497)	3,638	(202,169)
Other Financing Sources (Uses):									
Disposition of Fixed Assets	-	-	-	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	83,885	12,000	-	-	750,000
Operating Transfers Out	-	-	-	(7,238)	-	-	-	-	-
Total Other Financing Sources	-	-	-	(7,238)	83,885	12,000	-	-	750,000
Excess (Deficiency) of Revenues and Other Sources over Expenditures	798,378	(4,334)	86	(7,238)	(2,791)	(382)	(29,497)	3,638	547,831
Fund Balance at Beginning of Year	768,165	24,556	7,112	7,238	23,612	9,094	81,108	81,141	3,093,818
Fund Balance at End of Year	\$ 1,566,543	\$ 20,222	\$ 7,199	\$ -	\$ 20,821	\$ 8,712	\$ 51,610	\$ 84,780	\$ 3,641,648

(continued)

continued

MCLENNAN COUNTY, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

Year Ended September 30, 2004

	Federal Government Programs Fund	Jail Commissary Fund	Jury Fund	Juvenile Probation Fund	Enforcement Standards and Education Fund	Law Enforcement Special Fund	Law Library Fund	Local Government Programs Fund	State Programs Fund
Revenues:									
Taxes	\$ -	\$ -	\$ 91,769	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-	-	-
Intergovernmental	233,339	-	64	1,101,941	24,763	7,765	-	150,560	668,662
Charges for Services	-	88,146	9,906	27,113	-	-	130,094	-	-
Fines and Forfeits	-	-	669	-	-	62,652	-	-	183,028
Miscellaneous	46	-	1,473	12,882	-	21,415	1,990	-	3,374
Total Revenues	233,385	88,146	103,881	1,141,936	24,763	91,832	132,084	150,560	855,064

Expenditures:

Current:									
General Government	-	-	-	-	1,069	19,336	81,990	-	44,801
Judicial	-	-	118,031	-	-	-	40,632	-	-
Public Safety	233,385	132,359	-	1,251,736	11,812	10,912	-	328,187	605,982
Public Transportation	-	-	-	-	-	-	-	-	-
Economic Development and Assistance	-	-	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-	-	17,878
Debt Service:									
Principal and Retirements	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Total Expenditures	233,385	132,359	118,031	1,251,736	12,881	30,247	122,622	328,187	668,661
Excess (Deficiency) of Revenue over Expenditures	-	(44,213)	(14,149)	(109,800)	11,882	61,585	9,461	(177,627)	186,403

Other Financing Sources (Uses):

Disposition of Fixed Assets	-	-	-	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	1,528	-	171,862	-
Operating Transfers Out	-	-	-	-	-	(9,605)	-	-	(163,784)
Total Other Financing Sources	-	-	-	-	-	(8,078)	-	171,862	(163,784)

Excess (Deficiency) of Revenues and Other Sources over Expenditures

Fund Balance at Beginning of Year	-	(44,213)	(14,149)	(109,800)	11,882	53,508	9,461	(5,765)	22,619
Fund Balance at End of Year	\$ -	\$ 115,862	\$ 119,841	\$ 764,970	\$ 51,660	\$ 254,508	\$ 89,412	\$ -	\$ 160,615

(continued)

continued

MCLENNAN COUNTY, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

Year Ended September 30, 2004

	Tax Office Administration Fund	Road and Bridge General Fund	Road and Bridge Farm to Market Roads Fund	Road and Bridge Acquisition Fund	Precinct 1 Fund	Precinct 2 Fund	Precinct 3 Fund	Precinct 4 Fund	Nonmajor Special Revenue Funds Total
Revenues:									
Taxes	\$ -	\$ -	\$ 655,138	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 746,907
Licenses and Permits	-	-	-	-	430,428	430,428	361,559	499,296	1,721,710
Intergovernmental	-	-	-	-	384,234	384,234	322,757	494,712	5,836,711
Charges for Services	291	-	-	-	-	-	-	-	2,537,657
Fines and Forfeits	7,198	-	-	-	437,253	437,253	367,292	507,213	2,002,558
Miscellaneous	5,042	3,863	338	3,191	35,584	47,130	104,455	79,354	396,595
Total Revenues	12,532	3,863	655,476	3,191	1,287,499	1,299,045	1,156,063	1,580,574	13,242,138
Expenditures:									
Current:									
General Government	4,634	-	-	-	-	-	-	-	405,268
Judicial	-	-	-	-	-	-	-	-	346,976
Public Safety	-	-	-	-	-	-	-	-	5,835,214
Public Transportation	-	740,450	-	-	1,173,772	1,358,117	1,573,941	1,403,878	6,250,157
Economic Development and Assistance	-	-	-	-	-	-	-	-	252,607
Capital Projects	-	-	-	-	-	-	-	-	17,878
Debt Service:									
Principal and Retirements	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Total Expenditures	4,634	740,450	-	-	1,173,772	1,358,117	1,573,941	1,403,878	13,108,100
Excess (Deficiency) of Revenue over Expenditures	7,898	(736,587)	655,476	3,191	113,726	(59,073)	(417,877)	176,697	134,038
Other Financing Sources (Uses):									
Disposition of Fixed Assets	-	-	-	-	-	-	-	-	-
Operating Transfers In	-	782,244	-	-	-	109,279	-	126,763	2,037,560
Operating Transfers Out	-	-	(663,998)	-	(49,931)	(49,303)	(49,931)	(49,225)	(1,043,015)
Total Other Financing Sources	-	782,244	(663,998)	-	(49,931)	59,976	(49,931)	77,538	994,545
Excess (Deficiency) of Revenues and Other Sources over Expenditures	7,898	45,657	(8,522)	3,191	63,795	903	(467,808)	254,235	1,128,584
Fund Balance at Beginning of Year	149,896	20,901	49,881	218,726	959,063	2,155,980	1,573,449	2,100,858	12,957,921
Fund Balance at End of Year	\$ 157,794	\$ 66,558	\$ 41,358	\$ 221,917	\$ 1,022,858	\$ 2,156,883	\$ 1,105,641	\$ 2,355,093	\$ 14,086,505



MCLENNAN COUNTY, TEXAS

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

Available School Fund

Year Ended September 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ -	\$ -	\$ 86	\$ 86
Total Revenues	-	-	86	86
Expenditures:				
Education				
Other Services & Charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenue over Expenditures	-	-	86	86
Other Financing Sources:				
Operating Transfers In	-	-	-	-
Excess (Deficiency) of Revenues and Other Sources over Expenditures	-	-	86	86
Fund Balance at Beginning of Year	-	-	7,112	7,112
Fund Balance at End of Year	\$ -	\$ -	\$ 7,199	\$ 7,199

MCLENNAN COUNTY, TEXAS

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

Child Support Fund

Year Ended September 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures:				
Judicial				
Personal Services	-	-	-	-
Supplies	-	-	-	-
Other Services & Charges	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenue over Expenditures	-	-	-	-
Other Financing Sources (Uses):				
Operating Transfers Out	(9,249)	(9,249)	(7,238)	2,011
Excess (Deficiency) of Revenues over Expenditures and Other Uses	(9,249)	(9,249)	(7,238)	2,011
Fund Balance at Beginning of Year	9,249	9,249	7,238	(2,011)
Fund Balance at End of Year	\$ -	\$ -	\$ -	\$ -

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, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ 52,000	\$ 52,000	\$ 53,522	\$ 1,522
Miscellaneous - Investment Income	900	900	167	(733)
Total Revenues	<u>52,900</u>	<u>52,900</u>	<u>53,689</u>	<u>789</u>
Expenditures:				
General Government				
Other Services and Charges	5,000	500	53	448
Judicial:				
Other Services and Charges	<u>98,000</u>	<u>165,500</u>	<u>140,313</u>	<u>25,187</u>
Total Expenditures	<u>103,000</u>	<u>166,000</u>	<u>140,365</u>	<u>25,635</u>
Excess (Deficiency) of Revenue over Expenditures	(50,100)	(113,100)	(86,676)	26,424
Other Financing Sources				
Operating Transfers In	<u>20,885</u>	<u>83,885</u>	<u>83,885</u>	<u>-</u>
Revenues and Other Financing Sources over Expenditures	(29,215)	(29,215)	(2,791)	26,424
Fund Balance at Beginning of Year	<u>29,215</u>	<u>29,215</u>	<u>23,612</u>	<u>(5,603)</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,821</u>	<u>\$ 20,821</u>

MCLENNAN COUNTY, TEXAS

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

Dispute Resolution Fund

Year Ended September 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ 33,000	\$ 33,000	\$ 35,491	\$ 2,491
Miscellaneous - Investment Income	130	130	127	(3)
Total Revenues	<u>33,130</u>	<u>33,130</u>	<u>35,618</u>	<u>2,488</u>
Expenditures:				
Judicial:				
Other Services and Charges	<u>51,965</u>	<u>51,965</u>	<u>48,000</u>	<u>3,965</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(18,835)</u>	<u>(18,835)</u>	<u>(12,382)</u>	<u>6,453</u>
Other Financing Sources:				
Operating Transfers In	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures	<u>(6,835)</u>	<u>(6,835)</u>	<u>(382)</u>	<u>6,453</u>
Fund Balance at Beginning of Year	<u>6,835</u>	<u>6,835</u>	<u>9,094</u>	<u>2,259</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,712</u>	<u>\$ 8,712</u>

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, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ -	\$ -	\$ 2,438	\$ 2,438
Miscellaneous - Investment Income	-	-	1,200	1,200
Total Revenues	-	-	3,638	3,638
Expenditures:				
Judicial:				
Other Services and Charges	-	-	-	-
Excess (Deficiency) of Revenue over Expenditures	-	-	3,638	3,638
Fund Balance at Beginning of Year	-	-	81,141	81,141
Fund Balance at End of Year	\$ -	\$ -	\$ 84,780	\$ 84,780

MCLENNAN COUNTY, TEXAS

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

Economic Development Fund

Year Ended September 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous -				
Investment Income	\$ 48,000	\$ 48,000	\$ 50,438	\$ 2,438
Other - Recovery of Expenditures	-	-	-	-
Total Revenue	<u>48,000</u>	<u>48,000</u>	<u>50,438</u>	<u>2,438</u>
Expenditures:				
Economic Development -				
Other Services and Charges	<u>3,609,931</u>	<u>3,609,931</u>	<u>252,607</u>	<u>3,357,324</u>
Excess (Deficiency) of Revenue over Expenditures	(3,561,931)	(3,561,931)	(202,169)	3,359,762
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	(2,811,931)	(2,811,931)	547,831	3,359,762
Fund Balance at Beginning of Year	<u>2,811,931</u>	<u>2,811,931</u>	<u>3,093,818</u>	<u>281,887</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,641,648</u>	<u>\$ 3,641,648</u>

MCLENNAN COUNTY, TEXAS

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

Jury Fund

Year Ended September 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 88,759	\$ 88,759	\$ 91,769	\$ 3,010
Intergovernmental -				
Payment in Lieu of Taxes	-	-	64	64
Fines and Forfeitures	-	-	669	669
Charges for Services				
Jury Fees	11,370	11,370	9,906	(1,464)
Miscellaneous - Investment Income	2,000	2,000	1,473	(527)
Total Revenues	102,129	102,129	103,881	1,752
Expenditures:				
Judicial:				
Jury Service:				
Personal Services	180,000	180,000	103,703	76,298
Supplies	3,200	4,200	3,895	305
Other Services and Charges	36,600	35,600	10,434	25,166
Total Expenditures	219,800	219,800	118,031	101,769
Excess (Deficiency) of Revenue over Expenditures	(117,671)	(117,671)	(14,149)	103,522
Fund Balance at Beginning of Year	117,671	117,671	133,990	16,319
Fund Balance at End of Year	\$ -	\$ -	\$ 119,841	\$ 119,841

MCLENNAN COUNTY, TEXAS

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

Law Library Fund

Year Ended September 30, 2004

	Budget		Actual	Variance with Final Budget positive (negative)
	Original	Final		
Revenues:				
Charges for Services -				
Law Library Fees	\$ 124,000	\$ 124,000	\$ 130,094	\$ 6,094
Miscellaneous:				
Investment Income	800	800	1,108	308
Other	-	-	882	882
Total Miscellaneous	800	800	1,990	1,190
Total Revenues	124,800	124,800	132,084	7,284
Expenditures:				
General Government:				
Law Library				
Personal Services	30,151	30,151	28,746	1,405
Supplies	66,202	73,312	51,920	21,392
Other Services and Charges	36,844	15,634	1,324	14,310
Capital Outlay	10,000	10,800	-	10,800
Total Law Library	143,197	129,897	81,990	47,907
Judicial				
Supplies	39,000	52,300	40,632	11,668
Total Expenditures	182,197	182,197	122,622	59,575
Excess (Deficiency) of Revenue over Expenditures	(57,397)	(57,397)	9,461	66,858
Fund Balance at Beginning of Year	57,397	57,397	79,951	22,554
Fund Balance at End of Year	\$ -	\$ -	\$ 89,412	\$ 89,412

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, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous:				
Investment Income, Net	\$ 1,050	\$ 1,050	\$ 3,863	\$ 2,813
Other	-	5,507	-	(5,507)
Total Revenues	1,050	6,557	3,863	(2,694)
Expenditures:				
Public Transportation:				
County Engineer				
Personal Services	96,700	96,700	97,554	(854)
Total County Engineer	96,700	96,700	97,554	(854)
County Garage				
Personal Services	309,528	309,528	309,466	62
Supplies	217,100	228,500	227,635	865
Other Services & Charges	81,175	86,682	68,848	17,834
Capital Outlay	1,400	-	-	-
Total County Garage	609,203	624,710	605,949	18,761
Sign Shop				
Personal Services	42,670	42,670	36,015	6,655
Supplies	14,300	14,300	673	13,627
Other Services & Charges	490	490	259	231
Total Sign Shop	57,460	57,460	36,947	20,513
Total Expenditures	763,363	778,870	740,450	38,420
Excess (Deficiency) of Revenue over Expenditures	(762,313)	(772,313)	(736,587)	35,726
Other Financing Sources (Uses):				
Disposition of Fixed Assets	-	-	-	-
Operating Transfers In	782,255	792,255	782,244	(10,011)
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	782,255	792,255	782,244	(10,011)
Excess (Deficiency) of Revenues and Other Sources over Expenditures	19,942	19,942	45,657	25,715
Fund Balance at Beginning of Year	11,258	11,258	20,901	9,643
Fund Balance at End of Year	\$ 31,200	\$ 31,200	\$ 66,558	\$ 35,358

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, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 613,570	\$ 613,570	\$ 655,138	\$ 41,568
Miscellaneous - Investment Income	700	700	338	(362)
Total Revenues	<u>614,270</u>	<u>614,270</u>	<u>655,476</u>	<u>41,206</u>
Expenditures	-	-	-	-
Excess (Deficiency) of Revenue over Expenditures	614,270	614,270	655,476	41,206
Other Financing Uses:				
Operating Transfers Out:	<u>(663,998)</u>	<u>(663,998)</u>	<u>(663,998)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Uses over Expenditures	(49,728)	(49,728)	(8,522)	41,206
Fund Balance at Beginning of Year	<u>49,728</u>	<u>49,728</u>	<u>49,881</u>	<u>153</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,358</u>	<u>\$ 41,358</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, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous:				
Investment Income, Net	\$ 1,000	\$ 1,000	\$ 3,191	\$ 2,191
Other	-	-	-	-
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>3,191</u>	<u>2,191</u>
Expenditures:				
Public Transportation:				
Other Services and Charges	-	-	-	-
Capital Outlay	218,817	218,817	-	218,817
Total Expenditures	<u>218,817</u>	<u>218,817</u>	<u>-</u>	<u>218,817</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(217,817)</u>	<u>(217,817)</u>	<u>3,191</u>	<u>221,008</u>
Other Financing Sources:				
Operating Transfers In	-	-	-	-
Excess (Deficiency) of Revenues and Other Sources over Expenditures	<u>(217,817)</u>	<u>(217,817)</u>	<u>3,191</u>	<u>221,008</u>
Fund Balance at Beginning of Year	<u>217,817</u>	<u>217,817</u>	<u>218,726</u>	<u>909</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 221,917</u>	<u>\$ 221,917</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, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and Permits	\$ 410,000	\$ 410,000	\$ 430,428	\$ 20,428
Intergovernmental -				
State Shared Revenues	407,000	407,000	384,234	(22,766)
Fines and Forfeits	400,500	400,500	437,253	36,753
Miscellaneous:				
Investment Income, Net	16,000	16,000	14,853	(1,147)
Sale of Supplies	12,100	12,100	14,446	2,346
Other	100	100	6,285	6,185
Total Miscellaneous	<u>28,200</u>	<u>28,200</u>	<u>35,584</u>	<u>7,384</u>
Total Revenues	<u>1,245,700</u>	<u>1,245,700</u>	<u>1,287,499</u>	<u>41,799</u>
Expenditures:				
Public Transportation:				
Personal Services	931,665	931,665	802,311	129,354
Supplies	671,100	671,100	322,149	348,951
Other Services and Charges	185,190	185,190	24,412	160,778
Capital Outlay	185,169	185,169	24,900	160,269
Total Public Transportation	<u>1,973,124</u>	<u>1,973,124</u>	<u>1,173,772</u>	<u>799,352</u>
Debt Service:				
Principal and Retirements	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>1,973,124</u>	<u>1,973,124</u>	<u>1,173,772</u>	<u>799,352</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(727,424)</u>	<u>(727,424)</u>	<u>113,726</u>	<u>841,150</u>
Other Financing Sources (Uses):				
Disposition of Fixed Assets	-	-	-	-
Operating Transfers In	-	-	-	-
Operating Transfers Out	(49,931)	(49,931)	(49,931)	-
Total Other Financing Sources	<u>(49,931)</u>	<u>(49,931)</u>	<u>(49,931)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures	<u>(777,355)</u>	<u>(777,355)</u>	<u>63,795</u>	<u>841,150</u>
Fund Balance at Beginning of Year	<u>777,355</u>	<u>777,355</u>	<u>959,063</u>	<u>181,708</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,022,858</u>	<u>\$ 1,022,858</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, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and Permits	\$ 410,000	\$ 410,000	\$ 430,428	\$ 20,428
Intergovernmental -				
State Shared Revenues	407,000	407,000	384,234	(22,766)
Charges for Services	-	-	-	-
Fines and Forfeits	400,500	400,500	437,253	36,753
Miscellaneous:				
Investment Income, Net	28,000	28,000	31,712	3,712
Sale of Supplies	10,600	10,600	13,201	2,601
Other	180	180	2,217	2,037
Total Miscellaneous	<u>38,780</u>	<u>38,780</u>	<u>47,130</u>	<u>8,350</u>
Total Revenues	<u>1,256,280</u>	<u>1,256,280</u>	<u>1,299,045</u>	<u>42,765</u>
Expenditures:				
Public Transportation:				
Personal Services	989,188	989,188	867,012	122,176
Supplies	607,388	600,878	243,111	357,767
Other Services and Charges	1,158,375	1,159,885	70,132	1,089,753
Capital Outlay	<u>260,373</u>	<u>265,373</u>	<u>177,862</u>	<u>87,511</u>
Total Public Transportation	<u>3,015,324</u>	<u>3,015,324</u>	<u>1,358,117</u>	<u>1,657,207</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(1,759,044)</u>	<u>(1,759,044)</u>	<u>(59,073)</u>	<u>1,699,971</u>
Other Financing Sources (Uses):				
Disposition of Fixed Assets	-	-	-	-
Operating Transfers In	109,279	109,279	109,279	-
Operating Transfers Out	<u>(49,303)</u>	<u>(49,303)</u>	<u>(49,303)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>59,976</u>	<u>59,976</u>	<u>59,976</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures	<u>(1,699,068)</u>	<u>(1,699,068)</u>	<u>903</u>	<u>1,699,971</u>
Fund Balance at Beginning of Year	<u>1,699,068</u>	<u>1,699,068</u>	<u>2,155,980</u>	<u>456,912</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,156,883</u>	<u>\$ 2,156,883</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, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and Permits	\$ 331,800	\$ 331,800	\$ 361,559	\$ 29,759
Intergovernmental -				
State Shared Revenues	341,300	341,300	322,757	(18,543)
Fines and Forfeits	318,080	318,080	367,292	49,212
Miscellaneous:				
Investment Income, Net	25,000	25,000	20,011	(4,989)
Sale of Supplies	15,250	15,150	65,546	50,396
Other	210	310	18,898	18,588
Total Miscellaneous	<u>40,460</u>	<u>40,460</u>	<u>104,455</u>	<u>63,995</u>
Total Revenues	<u>1,031,640</u>	<u>1,031,640</u>	<u>1,156,063</u>	<u>124,423</u>
Expenditures:				
Public Transportation:				
Personal Services	769,004	769,004	684,594	84,410
Supplies	578,626	822,126	578,595	243,531
Other Services and Charges	277,071	278,721	28,029	250,692
Capital Outlay	<u>621,000</u>	<u>375,850</u>	<u>282,723</u>	<u>93,127</u>
Total Public Transportation	<u>2,245,701</u>	<u>2,245,701</u>	<u>1,573,941</u>	<u>671,760</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(1,214,061)</u>	<u>(1,214,061)</u>	<u>(417,877)</u>	<u>(796,184)</u>
Other Financing Sources (Uses):				
Disposition of Fixed Assets	-	-	-	-
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>(49,931)</u>	<u>(49,931)</u>	<u>(49,931)</u>	<u>-</u>
Total Other Financing Sources	<u>(49,931)</u>	<u>(49,931)</u>	<u>(49,931)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures	<u>(1,263,992)</u>	<u>(1,263,992)</u>	<u>(467,808)</u>	<u>796,184</u>
Fund Balance at Beginning of Year	<u>1,263,992</u>	<u>1,263,992</u>	<u>1,573,449</u>	<u>309,457</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,105,641</u>	<u>\$ 1,105,641</u>

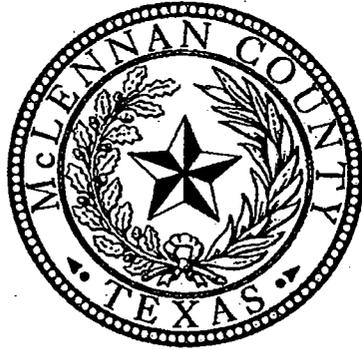
MCLENNAN COUNTY, TEXAS

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

Road and Bridge Precinct 4 Fund

Year Ended September 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and Permits	\$ 480,000	\$ 480,000	\$ 499,296	\$ 19,296
Intergovernmental -				
State Shared Revenues	471,300	471,300	494,712	23,412
Fines and Forfeits	443,420	443,420	507,213	63,793
Miscellaneous:				
Investment Income, Net	31,000	31,000	34,190	3,190
Sale of Supplies	6,800	6,700	19,903	13,203
Other	200	300	25,261	24,961
Total Miscellaneous	<u>38,000</u>	<u>38,000</u>	<u>79,354</u>	<u>41,354</u>
Total Revenues	<u>1,432,720</u>	<u>1,432,720</u>	<u>1,580,574</u>	<u>147,854</u>
Expenditures:				
Public Transportation:				
Personal Services	984,516	984,516	842,050	142,466
Supplies	989,600	970,900	454,970	515,930
Other Services and Charges	1,285,264	1,210,464	60,039	1,150,425
Capital Outlay	<u>54,885</u>	<u>148,385</u>	<u>46,818</u>	<u>101,567</u>
Total Public Transportation	<u>3,314,265</u>	<u>3,314,265</u>	<u>1,403,878</u>	<u>1,910,387</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(1,881,545)</u>	<u>(1,881,545)</u>	<u>176,697</u>	<u>2,058,242</u>
Other Financing Sources (Uses):				
Disposition of Fixed Assets	-	-	-	-
Operating Transfers In	126,763	126,763	126,763	-
Operating Transfers Out	<u>(49,225)</u>	<u>(49,225)</u>	<u>(49,225)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>77,538</u>	<u>77,538</u>	<u>77,538</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures	<u>(1,804,007)</u>	<u>(1,804,007)</u>	<u>254,235</u>	<u>2,058,242</u>
Fund Balance at Beginning of Year	<u>1,804,007</u>	<u>1,804,007</u>	<u>2,100,858</u>	
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,355,093</u>	<u>\$ 2,355,093</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.

Debt Service Fund – Refunding Bonds – 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, 2004

	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	Refunding Bonds Series 2003	Nonmajor Debt Service Funds Total
ASSETS									
Pooled Cash and Investments	\$ 242,195	\$ 207,389	\$ 22,677	\$ 295,774	\$ 87,410	\$ 362,194	\$ 272,986	\$ 40,945	\$ 1,764,950
Non-Pooled Cash and Investments	-	-	-	-	-	-	-	-	-
Receivables (net of allowances for estimated uncollectibles):									
Taxes	45,378	50,840	5,882	50,000	3,781	52,101	44,117	-	286,553
Due from Other Governments	-	-	-	-	-	-	-	-	-
Total Assets	\$ 287,574	\$ 258,229	\$ 28,559	\$ 345,775	\$ 91,191	\$ 414,295	\$ 317,103	\$ 40,945	\$ 2,051,502
LIABILITIES AND FUND BALANCE									
Liabilities:									
Deferred Revenue	\$ 45,378	\$ 50,840	\$ 5,882	\$ 50,000	\$ 3,781	\$ 52,101	\$ 44,117	\$ 34,454	\$ 286,553
Total Liabilities	45,378	50,840	5,882	50,000	3,781	52,101	44,117	34,454	286,553
Unreserved Fund Balance	242,195	207,389	22,677	295,774	87,410	362,194	272,986	40,945	1,764,950
Total Liabilities and Fund Balance	\$ 287,574	\$ 258,229	\$ 28,559	\$ 345,775	\$ 91,191	\$ 414,295	\$ 317,103	\$ 40,945	\$ 2,051,502

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, 2004

	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	Refunding Bonds Series 2003	Nonmajor Debt Service Funds Total
Revenues:										
Taxes	762,400	854,152	98,818	840,057	63,527	875,352	741,207	579,172	-	4,814,684
Licenses and Permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	531	595	69	586	44	610	517	404	-	3,356
Charges for Services	-	-	-	-	-	-	-	-	-	-
Fines and Forfeits	-	-	-	-	-	-	-	-	-	-
Miscellaneous	5,638	5,792	697	6,343	1,370	7,125	5,630	4,624	-	37,582
Total Revenues	766,569	860,539	99,564	846,986	64,941	883,086	747,354	584,199	364	4,855,623
Expenditures:										
General Government	-	-	-	-	-	-	-	-	-	103,694
Debt Service:										
Principal and Retirements	490,000	625,000	90,000	400,000	10,000	335,000	305,000	320,000	25,000	2,600,000
Interest and Fiscal Charges	159,740	139,591	5,815	434,050	57,100	534,788	433,825	256,000	131,956	2,152,865
Total Expenditures	649,740	764,591	95,815	834,050	67,100	869,788	738,825	576,000	260,651	4,856,559
Excess (Deficiency) of Revenue over Expenditures	118,829	95,948	3,769	12,936	(2,159)	13,299	8,529	8,199	(260,287)	(937)
Other Financing Sources (Uses):										
Proceeds from Issuance of Refunding Bonds	-	-	-	-	-	-	-	-	9,916,232	9,916,232
Paid to Refunding Bond Escrow Agent	-	-	-	-	-	-	-	-	(9,805,000)	(9,805,000)
Operating Transfers In	(100,000)	(90,000)	-	-	-	-	-	210,000	190,000	400,000
Operating Transfers Out	(100,000)	(90,000)	-	-	-	-	-	-	-	(190,000)
Total Other Financing Sources (Uses)	(100,000)	(90,000)	-	-	-	-	-	210,000	190,000	400,000
Excess (Deficiency) of Revenue and Other Financing Sources over Expenditures and Other Financing Uses	18,829	5,948	3,769	12,936	(2,159)	13,299	8,529	218,199	40,945	320,295
Fund Balance at Beginning of Year	223,366	201,441	18,908	282,838	89,569	348,895	264,457	15,180	-	1,444,655
Fund Balance at End of Year	242,195	207,389	22,677	295,774	87,410	362,194	272,986	233,380	40,945	1,764,950

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, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 711,187	\$ 711,187	\$ 762,400	\$ 51,213
Intergovernmental	400	400	531	131
Miscellaneous	5,000	5,000	5,638	638
Total Revenues	<u>716,587</u>	<u>716,587</u>	<u>768,569</u>	<u>51,982</u>
Expenditures:				
Debt Service:				
Principal and Retirements	490,000	490,000	490,000	-
Interest and Fiscal Charges	270,628	169,297	159,740	9,557
Total Expenditures	<u>760,628</u>	<u>659,297</u>	<u>649,740</u>	<u>9,557</u>
Excess (Deficiency) of Revenue over Expenditures	(44,041)	57,290	118,829	61,539
Other Financing Uses				
Operating Transfers Out	-	(100,000)	(100,000)	-
Excess (Deficiency) of Revenues over Expenditures and other Transfers Out	(44,041)	(42,710)	18,829	61,539
Fund Balance at Beginning of Year	<u>222,630</u>	<u>222,630</u>	<u>223,366</u>	<u>736</u>
Fund Balance at End of Year	<u>\$ 178,589</u>	<u>\$ 179,920</u>	<u>\$ 242,195</u>	<u>\$ 62,275</u>

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, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 798,733	\$ 798,733	\$ 854,152	\$ 55,419
Intergovernmental	400	400	595	195
Miscellaneous	5,200	5,200	5,792	592
Total Revenues	<u>804,333</u>	<u>804,333</u>	<u>860,539</u>	<u>56,206</u>
Expenditures:				
Debt Service:				
Principal and Retirements	625,000	625,000	625,000	-
Interest and Fiscal Charges	229,260	140,591	139,591	1,000
Total Expenditures	<u>854,260</u>	<u>765,591</u>	<u>764,591</u>	<u>1,000</u>
Excess (Deficiency) of Revenue over Expenditures	(49,927)	38,742	95,948	57,206
Other Financing Uses				
Operating Transfers Out	-	(90,000)	(90,000)	-
Excess (Deficiency) of Revenues over Exenditures and Other Financing Uses	(49,927)	(51,258)	5,948	57,206
Fund Balance at Beginning of Year	<u>199,519</u>	<u>199,519</u>	<u>201,441</u>	<u>1,922</u>
Fund Balance at End of Year	<u>\$ 149,592</u>	<u>\$ 148,261</u>	<u>\$ 207,389</u>	<u>\$ 59,128</u>

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, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 89,587	\$ 89,587	\$ 98,818	\$ 9,231
Intergovernmental	70	70	69	(1)
Miscellaneous	200	200	697	497
Total Revenues	<u>89,857</u>	<u>89,857</u>	<u>99,584</u>	<u>9,727</u>
Expenditures:				
Debt Service:				
Principal and Retirements	90,000	90,000	90,000	-
Interest and Fiscal Charges	<u>5,815</u>	<u>5,815</u>	<u>5,815</u>	<u>-</u>
Total Expenditures	<u>95,815</u>	<u>95,815</u>	<u>95,815</u>	<u>-</u>
Excess (Deficiency) of Revenue over Expenditures	(5,958)	(5,958)	3,769	9,727
Fund Balance at Beginning of Year	<u>15,440</u>	<u>15,440</u>	<u>18,908</u>	<u>3,468</u>
Fund Balance at End of Year	<u>\$ 9,482</u>	<u>\$ 9,482</u>	<u>\$ 22,677</u>	<u>\$ 13,195</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, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 779,837	\$ 779,837	\$ 840,057	\$ 60,220
Intergovernmental	400	400	586	186
Miscellaneous	5,000	5,000	6,343	1,343
Total Revenues	<u>785,237</u>	<u>785,237</u>	<u>846,986</u>	<u>61,749</u>
Expenditures:				
Debt Service:				
Principal and Retirements	400,000	400,000	400,000	-
Interest and Fiscal Charges	434,050	434,050	434,050	-
Total Expenditures	<u>834,050</u>	<u>834,050</u>	<u>834,050</u>	<u>-</u>
Excess (Deficiency) of Revenue over Expenditures	(48,813)	(48,813)	12,936	61,749
Fund Balance at Beginning of Year	<u>252,086</u>	<u>252,086</u>	<u>282,838</u>	<u>30,752</u>
Fund Balance at End of Year	<u>\$ 203,273</u>	<u>\$ 203,273</u>	<u>\$ 295,774</u>	<u>\$ 92,501</u>

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, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 62,739	\$ 62,739	\$ 63,527	\$ 788
Intergovernmental	100	100	44	(56)
Miscellaneous	1,200	1,200	1,370	170
Total Revenues	<u>64,039</u>	<u>64,039</u>	<u>64,941</u>	<u>902</u>
Expenditures:				
Debt Service:				
Principal and Retirements	10,000	10,000	10,000	-
Interest and Fiscal Charges	57,100	57,100	57,100	-
Total Expenditures	<u>67,100</u>	<u>67,100</u>	<u>67,100</u>	<u>-</u>
Excess (Deficiency) of Revenue over Expenditures	(3,061)	(3,061)	(2,159)	902
Fund Balance at Beginning of Year	<u>87,832</u>	<u>87,832</u>	<u>89,569</u>	<u>1,737</u>
Fund Balance at End of Year	<u>\$ 84,771</u>	<u>\$ 84,771</u>	<u>\$ 87,410</u>	<u>\$ 2,639</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, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 813,252	\$ 813,252	\$ 875,352	\$ 62,100
Intergovernmental	400	400	610	210
Miscellaneous	5,500	5,500	7,125	1,625
Total Revenues	<u>819,152</u>	<u>819,152</u>	<u>883,086</u>	<u>63,934</u>
Expenditures:				
Debt Service:				
Principal and Retirements	335,000	335,000	335,000	-
Interest and Fiscal Charges	534,788	534,788	534,788	1
Total Expenditures	<u>869,788</u>	<u>869,788</u>	<u>869,788</u>	<u>1</u>
Excess (Deficiency) of Revenue over Expenditures	(50,636)	(50,636)	13,299	63,935
Fund Balance at Beginning of Year	<u>318,931</u>	<u>318,931</u>	<u>348,895</u>	<u>29,964</u>
Fund Balance at End of Year	<u>\$ 268,295</u>	<u>\$ 268,295</u>	<u>\$ 362,194</u>	<u>\$ 93,899</u>

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, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 690,801	\$ 690,801	\$ 741,207	\$ 50,406
Intergovernmental	400	400	517	117
Miscellaneous	4,500	4,500	5,630	1,130
Total Revenues	695,701	695,701	747,354	51,653
Expenditures:				
Debt Service:				
Principal and Retirements	305,000	305,000	305,000	-
Interest and Fiscal Charges	433,825	433,825	433,825	-
Total Expenditures	738,825	738,825	738,825	-
Excess (Deficiency) of Revenue over Expenditures	(43,124)	(43,124)	8,529	51,653
Fund Balance at Beginning of Year	223,700	223,700	264,457	40,757
Fund Balance at End of Year	\$ 180,576	\$ 180,576	\$ 272,986	\$ 92,410

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, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 549,780	\$ 549,780	\$ 579,172	\$ 29,392
Intergovernmental	400	400	404	4
Miscellaneous	6,000	6,000	4,624	(1,376)
Total Revenues	556,180	556,180	584,199	28,019
Expenditures:				
Debt Service:				
Principal and Retirements	320,000	320,000	320,000	-
Interest and Fiscal Charges	256,000	256,000	256,000	-
Total Expenditures	576,000	576,000	576,000	-
Excess (Deficiency) of Revenue over Expenditures	(19,820)	(19,820)	8,199	28,019
Other Financing Sources				
Operating Transfers In	-	210,000	210,000	-
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures	(19,820)	190,180	218,199	28,019
Fund Balance at Beginning of Year	-	-	15,180	15,180
Fund Balance at End of Year	\$ (19,820)	\$ 190,180	\$ 233,380	\$ 43,200

MCLENNAN COUNTY, TEXAS

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

Refunding Bonds, Series 2003

Year Ended September 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Miscellaneous	-	-	364	364
Total Revenues	-	-	364	364
Expenditures:				
General Government:				
Other Services and Charges	-	110,232	103,694	6,538
Debt Service:				
Principal and Retirements	-	25,000	25,000	-
Interest and Fiscal Charges	-	150,253	131,956	18,297
	-	175,253	156,956	18,297
Total Expenditures	-	285,485	260,651	24,834
Excess (Deficiency) of Revenue over Expenditures	-	(285,485)	(260,287)	25,198
Other Financing Sources (Uses):				
Proceeds from Issuance of Refunding Bonds	-	9,916,232	9,916,232	-
Paid to Refunding Bond Escrow Agent	-	(9,805,000)	(9,805,000)	-
Operating Transfers In	-	190,000	190,000	-
Total Other Financing Sources (Uses)	-	301,232	301,232	-
Excess (Deficiency) of Revenue and Other Financing Sources over Expenditures and Other Financing Uses	-	15,747	40,945	25,198
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	\$ -	\$ 15,747	\$ 40,945	\$ 25,198

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.

Certificates of Obligation Fund – Series 2003

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.

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, 2004

	Permanent Improvement Fund	Certificates of Obligation Series 1996	Certificates of Obligation Series 2000	Utility Performance Improvement Project	Certificates of Obligation Series 2003	Road Bonds Series 1961	Nonmajor Capital Projects Funds Total
Pooled Cash and Investments	\$ 1,083,208	\$ 198,379	\$ 222,824	\$ -	\$ 734,794	\$ 6,611	\$ 2,245,817
Non-Pooled Cash	-	-	-	-	-	-	-
Receivables (net of allowances for estimated uncollectibles):	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-
Accounts	275	-	-	-	-	-	275
Due from Other Governments	-	-	-	-	-	-	-
Total Assets and Other Debits	\$ 1,083,483	\$ 198,379	\$ 222,824	\$ -	\$ 734,794	\$ 6,611	\$ 2,246,092

LIABILITIES AND FUND BALANCE

Liabilities:							
Accounts Payable	\$ 22,310	\$ -	\$ 184,140	\$ -	\$ 376,606	\$ -	\$ 583,057
Deferred Revenue	-	-	-	-	-	-	-
Total Liabilities	22,310	-	184,140	-	376,606	-	583,057
Fund Balance:							
Reserved for:							
Capital Projects		198,379	38,684		358,188	6,611	601,862
Unreserved - Undesignated	1,061,173	-	-	-	-	-	1,061,173
Total Fund Equity and Other Credits	1,061,173	198,379	38,684	-	358,188	6,611	1,663,035
Total Liabilities and Fund Balance	\$ 1,083,483	\$ 198,379	\$ 222,824	\$ -	\$ 734,794	\$ 6,611	\$ 2,246,091

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, 2004

	Permanent Improvement Fund	Certificates of Obligation Series 1996	Certificates of Obligation Series 2000	Utility Performance Improvement Project	Certificates of Obligation Series 2003	Road Bonds Series 1961	Nonmajor Capital Project Funds Total
Revenues:							
Taxes	(384)	\$ -	\$ -	\$ -	\$ -	\$ -	(384)
Intergovernmental	18,598	-	-	-	-	-	-
Miscellaneous	18,214	2,873	4,685	238	58,831	95	85,320
Total Revenues	18,214	2,873	4,685	238	58,831	95	84,936
Expenditures:							
Current:							
Other Services & Charges	30,021	2,000	1,525	-	-	-	33,546
Capital Projects	140,396	5,411	297,297	310,000	6,825,349	-	7,578,453
Total Expenditures	170,417	7,411	298,822	310,000	6,825,349	-	7,611,999
Excess (Deficiency) of Revenue over Expenditures	(152,203)	(4,538)	(294,138)	(309,762)	(6,766,518)	95	(7,527,063)
Other Financing Sources (Uses):							
Transfers In	-	-	-	-	220,000	-	220,000
Transfers Out	(636,000)	-	-	(20,306)	-	-	(656,306)
Total Financing Sources (Uses)	(636,000)	-	-	(20,306)	220,000	-	(436,306)
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(788,203)	(4,538)	(294,138)	(330,068)	(6,546,518)	95	(7,963,370)
Fund Balance at Beginning of Year	1,849,375	202,917	332,822	330,068	6,904,706	6,516	9,626,404
Fund Balance at End of Year	1,061,173	198,379	38,684	-	358,188	6,611	1,663,035

MCLENNAN COUNTY, TEXAS

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

Permanent Improvement Fund

Year Ended September 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ (384)	\$ (384)
Intergovernmental	400	400	-	(400)
Miscellaneous - Investment Income	20,001	20,001	18,598	(1,403)
Total Revenues	20,401	20,401	18,214	(2,187)
Expenditures:				
Other Services and Charges	-	34,335	30,021	4,314
Capital Projects:				
Land Purchases	1,000	2,600	1,600	1,000
Building Purchases	-	-	-	-
Improvements Other than Buildings	374,105	372,309	71,557	300,752
Construction and Renovation Projects:				
Administrative Costs	-	-	-	-
Construction Costs	827,297	773,158	67,239	705,919
Architects, Engineers and Other	-	-	-	-
Total Construction Projects	827,297	773,158	67,239	705,919
Total Expenditures	1,202,402	1,182,402	170,417	1,011,985
Excess (Deficiency) of Revenue over Expenditures	(1,182,001)	(1,162,001)	(152,203)	1,009,798
Other Financing Uses:				
Operating Transfers Out	(616,000)	(636,000)	(636,000)	-
Excess (Deficiency) of Revenues over Expenditures and Other Financing Uses	(1,798,001)	(1,798,001)	(788,203)	1,009,798
Fund Balance at Beginning of Year	1,798,001	1,798,001	1,849,375	51,374
Fund Balance at End of Year	\$ -	\$ -	\$ 1,061,173	\$ 1,061,173

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, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous - Investment Income	\$ 300	\$ 300	\$ 2,873	\$ 2,573
Total Revenues	300	300	2,873	2,573
Expenditures:				
Other Services and Charges	-	2,000	2,000	-
Capital Projects:				
Construction and Renovation Projects:				
Construction Costs	202,630	200,630	5,411	195,220
Total Expenditures	202,630	202,630	7,411	195,220
Excess (Deficiency) of Revenue over Expenditures	(202,330)	(202,330)	(4,538)	197,792
Fund Balance at Beginning of Year	202,330	202,330	202,917	587
Fund Balance at End of Year	\$ -	\$ -	\$ 198,379	\$ 198,379

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, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous - Investment Income	\$ 500	\$ 500	\$ 4,685	\$ 4,185
Total Revenues	<u>500</u>	<u>500</u>	<u>4,685</u>	<u>4,185</u>
Expenditures:				
Other Services and Charges	-	1,525	1,525	-
Capital Projects:				
Construction and Renovation Projects:				
Construction Costs	<u>333,276</u>	<u>331,751</u>	<u>297,297</u>	<u>34,454</u>
Total Expenditures	<u>333,276</u>	<u>333,276</u>	<u>298,822</u>	<u>34,454</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(332,776)</u>	<u>(332,776)</u>	<u>(294,138)</u>	<u>38,638</u>
Fund Balance at Beginning of Year	<u>332,776</u>	<u>332,776</u>	<u>332,822</u>	<u>46</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,684</u>	<u>\$ 38,684</u>

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, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous - Investment Income	\$ -	\$ -	\$ 238	\$ 238
Total Revenues	-	-	238	238
Expenditures:				
Capital Projects:				
Construction and Renovation Projects:				
Construction Costs	330,741	310,434	310,000	434
Total Expenditures	330,741	310,434	310,000	434
Excess (Deficiency) of Revenue over Expenditures	(330,741)	(310,434)	(309,762)	672
Other Financing Uses:				
Operating Transfers Out	-	(20,307)	(20,306)	(1)
Excess (Deficiency) of Revenues over Expenditures and Other Financing Uses	(330,741)	(330,741)	(330,068)	671
Fund Balance at Beginning of Year	330,741	330,741	330,068	(673)
Fund Balance at End of Year	\$ -	\$ -	\$ -	\$ (1)

MCLENNAN COUNTY, TEXAS

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

Certificates of Obligation Fund - Series 2003

For the Year Ended September 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Adopted	Final		
Revenues:				
Miscellaneous - Investment Income	\$ 55,000	\$ 55,000	\$ 58,831	\$ 3,831
Total Revenues	55,000	55,000	58,831	3,831
Expenditures:				
Capital Projects:				
Construction and Renovation Projects:				
Constructions Administration Costs	-	-	-	-
Architectural and Engineering	165,000	165,000	112,320	52,680
Construction Costs	7,500,000	7,520,000	6,713,030	806,970
Total Expenditures	7,665,000	7,685,000	6,825,349	859,651
Excess (Deficiency) of Revenue over Expenditures	(7,610,000)	(7,630,000)	(6,766,518)	863,482
Other Financing Sources:				
Operating Transfers In	200,000	220,000	220,000	-
Total Other Financing Sources	200,000	220,000	220,000	-
Excess (Deficiency) of Revenues and Other Sources over Expenditures	(7,410,000)	(7,410,000)	(6,546,518)	863,482
Fund Balance at Beginning of Year	7,410,000	7,410,000	6,904,706	(505,294)
Fund Balance at End of Year	\$ -	\$ -	\$ 358,188	\$ 358,188

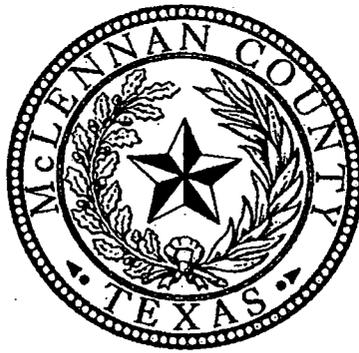
MCLENNAN COUNTY, TEXAS

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

Road Bonds Series 1961

Year Ended September 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous - Investment Income	\$ 20	\$ 20	\$ 95	\$ 75
Total Revenues	20	20	95	75
Expenditures:				
Supplies	6,527	6,527	-	6,527
Capital Projects:				
Construction and Renovation Projects:				
Construction Costs	-	-	-	-
Total Expenditures	6,527	6,527	-	6,527
Excess (Deficiency) of Revenue over Expenditures	(6,507)	(6,507)	95	6,602
Fund Balance at Beginning of Year	6,507	6,507	6,516	9
Fund Balance at End of Year	\$ -	\$ -	\$ 6,611	\$ 6,611



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, 2004

ASSETS

Pooled Cash and Investments	\$	47,529
Non-Pooled Cash		-
Receivables (net of allowances for estimated uncollectibles):		
Taxes		-
Accounts		-
Due from Other Funds		-
Due from Other Governments		-
Inventories, at Cost		-
		<hr/>
Total Assets and Other Debits	\$	<u>47,529</u>

LIABILITIES AND FUND BALANCE

Liabilities:		
Accounts Payable	\$	-
Due to Other Funds		-
Due to Other Governments		-
Deferred Revenue		-
Total Liabilities		<hr/> <u>-</u>
Fund Balance:		
Reserved for Debt Service		
Reserved for Education		47,529
Unreserved - Undesignated		
Total Fund Equity and Other Credits		<hr/> <u>47,529</u>
Total Liabilities and Fund Balance	\$	<u>47,529</u>

MCLENNAN COUNTY, TEXAS

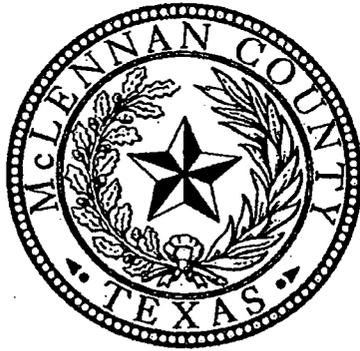
Nonmajor Governmental Funds

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

Permanent School Fund

Year Ended September 30, 2004

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous - Investment Income	\$ -	\$ -	\$ 685	\$ 685
Total Revenues	-	-	685	685
Expenditures:				
Education				
Other Services & Charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenue over Expenditures	-	-	685	685
Other Financing Uses:				
Operating Transfers Out	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures and Other Uses	-	-	685	685
Fund Balance at Beginning of Year	-	-	46,844	46,844
Fund Balance at End of Year	\$ -	\$ -	\$ 47,529	\$ 47,529



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, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Capital Assets:		
Land	\$ 1,481,488	\$ 1,524,888
Buildings	68,043,398	62,417,416
Improvements Other than Buildings	837,829	767,667
Machinery and Equipment	17,712,701	16,859,860
Infrastructure	30,231,252	30,072,272
Construction in Progress	<u>8,489,226</u>	<u>7,570,830</u>
 Total Capital Assets	 <u>\$ 126,795,894</u>	 <u>\$ 119,212,933</u>
Investment in Capital Assets:		
General Fund Revenues	\$ 9,052,066	\$ 8,894,478
Special Revenue Fund Revenues	39,874,809	39,290,474
Capital Projects Funds:		
General Obligation Bonds	58,106,928	50,978,871
Permanent Improvement Fund	12,360,232	13,411,105
Performance Improvement Fund	6,237,131	5,927,131
Donations	1,148,912	695,058
Other Sources	<u>15,816</u>	<u>15,816</u>
 Total Investment in Capital Assets	 <u>\$ 126,795,894</u>	 <u>\$ 119,212,933</u>

MCLENNAN COUNTY, TEXAS

Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
As of September 30, 2004

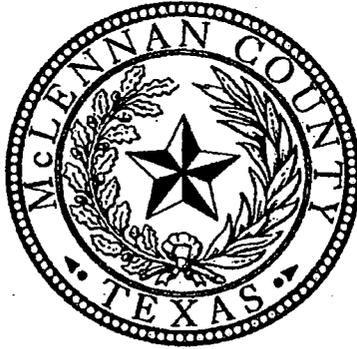
Function and Activity	Total	Land	Buildings	Improvements other than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress
General Government:							
General Administration	\$ 5,017,022	\$ 1,121,200	\$ 2,732,221	\$ 269,616	\$ 889,926	\$ -	\$ 4,059
Legal	1,342,469	-	1,316,321	-	26,148	-	-
Elections	756,547	-	591,043	-	165,504	-	-
Financial Administration	4,004,665	-	2,280,583	-	1,724,082	-	-
Total General Government	11,120,703	1,121,200	6,920,168	269,616	2,805,660	-	4,059
Public Safety:							
Fire Protection	23,000	-	-	-	23,000	-	-
Law Enforcement	6,595,304	-	2,391,799	-	4,202,355	-	1,150
Corrections	34,835,288	86,809	25,282,609	299,385	701,495	-	8,464,990
Other Protection	281,625	-	46,308	-	235,317	-	-
Environmental Protection	16,985	-	-	-	16,985	-	-
Public Safety	-	-	-	-	-	-	-
Total Public Safety	41,752,202	86,809	27,720,716	299,385	5,179,152	-	8,466,140
Public Transportation:							
Engineering	32,370	-	-	-	32,370	-	-
Maintenance	9,782,434	70,148	456,782	160,197	9,095,307	-	-
Infrastructure	30,231,252	-	-	-	-	30,231,252	-
Total Public Transportation	40,046,056	70,148	456,782	160,197	9,127,677	30,231,252	-
Judicial							
Health	7,001,450	115,224	6,305,738	6,890	572,448	-	1,150
Welfare	732,674	15,546	699,991	6,011	11,126	-	-
Culture-Recreation	1,480,926	39,781	1,428,100	13,045	-	-	-
Conservation	24,481,151	17,780	24,361,290	79,198	5,006	-	17,877
	180,732	15,000	150,613	3,487	11,632	-	-
Total Capital Assets	\$ 126,795,894	\$ 1,481,488	\$ 68,043,398	\$ 837,829	\$ 17,712,701	\$ 30,231,252	\$ 8,489,226



MCLENNAN COUNTY, TEXAS

Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes by Function and Activity
 Year Ended September 30, 2004

Function and Activity	General Capital Assets October 1, 2003	Additions	Reductions	General Capital Assets September 30, 2004
General Government:				
General Administration	\$ 6,093,642	\$ 1,298,344	\$ 2,374,964	\$ 5,017,022
Legal	1,320,250	364,888	342,669	1,342,469
Elections	756,068	96,463	95,984	756,547
Financial Administration	4,004,665	341,256	341,256	4,004,665
Total General Government	12,174,625	2,100,951	3,154,873	11,120,703
Public Safety:				
Fire Protection	23,000	-	-	23,000
Law Enforcement	6,433,843	595,906	434,445	6,595,304
Corrections	28,277,552	8,193,711	1,635,975	34,835,288
Other Protection	43,597	261,033	23,005	281,625
Environmental Protection	16,985	-	-	16,985
Total Public Safety	34,794,977	9,050,650	2,093,425	41,752,202
Public Transportation:				
Engineering	32,370	-	-	32,370
Maintenance	9,323,829	483,015	24,410	9,782,434
Infrastructure	30,072,272	176,588	17,608	30,231,252
Total Public Transportation	39,428,471	659,603	42,018	40,046,056
Judicial	6,729,515	2,699,817	2,427,882	7,001,450
Health	728,107	18,401	13,834	732,674
Welfare	1,479,334	13,136	11,544	1,480,926
Culture - Recreation	23,721,145	783,979	23,973	24,481,151
Conservation	156,759	23,973	-	180,732
Total Governmental Funds Capital Assets	\$ 119,212,933	\$ 15,350,510	\$ 7,767,549	\$ 126,795,894



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
2004	\$ 13,447,122	\$ 5,135,561	\$ 29,053,807	\$ 7,175,631	\$ 4,718,525	\$ 2,852,400	\$ 7,217,311	\$ 191,524	\$ 398,113	\$ 2,561,584	\$ 72,751,578

McLENNAN COUNTY, TEXAS

Government-wide Revenues

Current Fiscal Year
(Unaudited)

Fiscal Year	Program revenues			General revenues					Total	
	Charges for Services	Operating Grants and Contributions	Capital 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
2004	\$ 12,174,001	\$ 6,292,629	\$ 471,732	\$ 18,938,362	\$ 43,691,126	\$ 4,087,497	\$ 756,094	\$ (535,420)	\$ 76,729	\$ 67,014,388



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
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
2004	12,922,682	4,926,142	27,837,675	6,444,817	4,705,664	2,819,041	543,990

Source: Comprehensive Annual Financial Report

Education	Conservation of Natural Resources	Economic Development and Assistance	Capital Projects	Debt Service	Total
\$ -	\$ 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
-	194,064	398,113	13,511,774	5,985,612	80,289,574

McLENNAN COUNTY, TEXAS

GENERAL GOVERNMENTAL REVENUES AND OTHER SOURCES BY SOURCE

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Inter-Governmental Revenue</u>	<u>Charges for Services</u>
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
2004	41,389,630	1,810,976	6,887,086	8,294,901

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>
\$ 1,353,551	\$ -	\$ -	\$ 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
2,057,102	9,916,232	117,855	6,134,187	76,607,969

McLENNAN COUNTY, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Roll Year through September 30, 2004										
	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 Receivable September 30, 2004		Outstanding Delinquent Taxes as Percent of Total Tax Levy
	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Total Tax Collections and Cancellations	Delinquent Tax Collections and Cancellations	Total Tax Collections and Cancellations	Total Collections and Cancellations As Percentage Roll Levy	Outstanding Taxes Receivable	September 30, 2004		
1995	\$ 18,170,717	\$ 17,557,864	96.63%	\$ 18,119,049	\$ 561,185	\$ 18,119,049	99.72%	\$ 1,406,961		7.74%	
1996	18,929,855	18,346,324	96.92%	18,849,067	502,743	18,849,067	99.57%	1,456,242		7.69%	
1997	19,158,036	18,565,945	96.91%	19,042,960	477,015	19,042,960	99.40%	1,451,205		7.57%	
1998	19,897,077	19,116,976	96.08%	19,625,479	508,503	19,625,479	98.63%	1,646,327		8.27%	
1999	20,746,501	20,041,868	96.60%	20,588,459	546,591	20,588,459	99.24%	1,661,703		8.01%	
2000	22,838,203	22,024,420	96.44%	22,766,397	741,977	22,766,397	99.69%	1,491,245		6.53%	
2001	25,586,354	24,657,462	96.37%	25,237,420	579,958	25,237,420	98.64%	1,708,305		6.68%	
2002	26,982,531	25,877,949	95.91%	26,420,632	542,683	26,420,632	97.92%	1,949,186		7.22%	
2003	28,604,693	27,218,896	95.16%	27,986,440	767,544	27,986,440	97.84%	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
1995	\$ 5,123,784,318	100%	\$ 5,123,784,318	0.4408	\$ 2,258,564,127
1996	5,408,272,994	100%	5,408,272,994	0.4319	2,335,833,106
1997	5,636,683,079	100%	5,636,683,079	0.4193	2,363,461,215
1998	5,846,109,475	100%	5,846,109,475	0.4101	2,397,489,496
1999	6,078,757,368	100%	6,078,757,368	0.4191	2,547,607,213
2000	6,452,756,982	100%	6,452,756,982	0.4567	2,946,974,114
2001	6,889,188,626	100%	6,889,188,626	0.4566	3,145,603,527
2002	7,168,464,358	100%	7,168,464,358	0.4696	3,366,310,863
2003	8,542,415,830	100%	8,542,415,830	0.4286	3,661,279,425
2004	9,208,393,052	100%	9,208,393,052	0.4407	4,058,138,818

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
1995	\$ 0.3517	\$ 0.0609	\$ 0.0282	\$ 0.4408
1996	0.3328	0.0709	0.0282	0.4319
1997	0.3184	0.0736	0.0273	0.4193
1998	0.3147	0.0736	0.0218	0.4101
1999	0.3384	0.0625	0.0182	0.4191
2000	0.3816	0.0546	0.0205	0.4567
2001	0.3735	0.0729	0.0102	0.4566
2002	0.3759	0.0820	0.0117	0.4696
2003	0.3493	0.0678	0.0115	0.4286
2004	0.3632	0.0682	0.0093	0.4407

Source: Applicable Commissioners' 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					Estimated Actual Value	Ratio of Assessed to Estimated Actual Value
	Land (1)	City Property (1)	Personal Property	Telegraph, Telephone, Pipe Lines, Railroads	Total		
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	4,422,033,655	1,436,226,644	388,085,805	6,889,188,626	6,889,188,626	100%
2002	659,355,207	4,890,501,051	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%
2004	943,196,470	6,270,140,443	1,582,100,778	412,955,361	9,208,393,052	9,208,393,052	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									
	1995 1994	1996 1995	1997 1996	1998 1997	1999 1998	2000 1999	2001 2000	2002 2001	2003 2002	2004 2003
Fiscal Year Ending Date - September 30										
Tax Roll Date - October 1 (2)										
<u>County-wide Taxing Entities:</u>										
McLennan County	\$ 0.4408	\$ 0.4319	\$ 0.4193	\$ 0.4191	\$ 0.4191	\$ 0.4362	\$ 0.4566	\$ 0.4696	\$ 0.4286	\$ 0.4407
McLennan County College District	0.0699	0.0722	0.0780	0.0835	0.0892	0.1136	0.1174	0.1197	0.1165	0.1261
	0.0067	0.0243	0.02419	0.02419	0.0219	0.0221	0.0221	0.0241	0.0241	0.0283
<u>Special Districts:</u>										
<u>County-Line Special Districts:</u>										
McLennan and Hill Counties Tehuacana										
Creek Water Control and Improvement District No. 1	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000
McLennan and Hill Counties Tehuacana										
Creek Water Control and Improvement District - Benefit Tax										
<u>Other Special Districts:</u>										
Castleman Creek Special Improvement District	0.0800	0.0800	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
Downtown Special Improvement District	0.0450	0.0400	0.0360	0.0360	0.0340	0.0340	0.0300	0.0280	0.0275	0.0286
Elm Creek Watershed Authority										
McLennan County Water Control and Improvement District No. 2										
Tax Increment District No. 1	0.5108	0.5108	-	-	-	-	-	-	-	-
Tax Increment District No. 2	0.5108	0.5108	-	-	-	-	-	-	-	-
<u>Cities:</u>										
Bellmead	0.3705	0.3675	0.3705	0.3711	0.3652	0.3647	0.3584	0.3529	0.3107	0.3103
Beverly Hills	0.4500	0.4420	-	-	-	-	-	-	-	-
Bruceville-Eddy			0.4403	0.4516	0.4597	0.4597	0.4929	0.4929	0.4644	0.4338
Crawford	0.356	0.4341	0.4323	0.4200	0.3845	0.4338	0.4259	0.4557	0.3678	0.3543
Gholson			-	-	-	-	-	0.2500	0.2334	0.2454
Hewitt	0.3869	0.393	0.418	0.4649	0.5000	0.5000	0.5000	0.5000	0.4550	0.4842
Lacy-Lakeview	0.1939	0.2359	0.2359	0.2539	0.2539	0.2539	0.2715	0.3033	0.2883	0.2927
Lorena	0.4424	0.412	0.4245	0.4117	0.4208	0.4208	0.4208	0.4239	0.4234	0.4314
Mart	0.7011	0.7011	0.7011	0.7011	0.7011	0.8076	0.9000	0.9085	0.8000	0.3448
McGregor	0.5275	0.5256	0.5257	0.5394	0.5394	0.5367	0.5533	0.5567	0.5402	0.5349
Moody	0.426	0.4261	0.4600	0.4897	0.5216	0.5213	0.5508	0.6010	0.6010	0.5973
Northcrest	0.2500	0.2622	0.3168	0.3225	(3)	(3)	(3)	(3)	(3)	(3)
Robinson	0.0214	0.1038	0.1200	0.2334	0.2776	0.3300	0.3300	0.3960	0.3590	0.3570
Waco	0.6676	0.6676	0.6676	0.6876	0.6876	0.7148	0.7148	0.7148	0.7148	0.6997
West	0.3158	0.3158	0.3168	0.3208	0.3208	0.3208	0.3208	0.3247	0.6925	0.2990
Woodway	0.4556	0.4436	0.4436	0.4646	0.4646	0.4646	0.4646	0.4829	0.2900	0.4572

(Continued)

Continued

MCLENNAN COUNTY, TEXAS

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

Last Ten Fiscal Years
(Unaudited)

Jurisdiction	Fiscal Year										
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	
Fiscal Year Ending Date - September 30	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Tax Roll Date - October 1 (2)											
School Districts:											
County-Line School Districts:											
Axtell Independent School District	1,1800	1,1598	1,1700	1,2000	1,2800	1,3050	1,3700	1,4200	1,3800	1,5000	
Bruceville-Eddy Independent School District	1,3200	1,3200	1,3200	1,3200	1,3200	1,3200	1,3500	1,3800	1,4100	1,4100	
China Spring Independent School District	1,4500	1,4500	1,4575	1,4575	1,5875	1,4777	1,5000	1,5000	1,5600	1,5725	
Crawford Independent School District	1,2926	1,2660	1,3376	1,4398	1,3770	1,3918	1,4979	1,5299	1,5299	1,5492	
Lorena Independent School District	1,4265	1,3534	1,5400	1,5632	1,5702	1,5070	1,5710	1,5910	1,6894	1,6894	
Mart Independent School District	1,2300	1,2500	1,3000	1,3000	1,3974	1,5002	1,6150	1,6850	1,6500	1,6500	
Moody Independent School District	1,3600	1,3300	1,3300	1,3300	1,3300	1,3800	1,3800	1,3800	1,3800	1,4200	
Oglesby Independent School District	1,1981	1,1981	1,1981	1,1981	1,3481	1,4000	1,4000	1,4000	1,5000	1,5000	
Riesel Independent School District	1,2500	1,2500	1,3000	1,3700	1,4600	1,4700	1,4322	1,5537	1,6486	1,6334	
Robinson Independent School District	1,4238	1,4256	1,4414	1,4814	1,4814	1,6102	1,6615	1,6615	1,6403	1,6571	
Valley Mills Independent School District	1,3000	1,3122	1,3122	1,3122	1,3314	1,6500	1,6400	1,6400	1,6950	1,6750	
West Independent School District	1,3100	1,2966	1,3030	1,3800	1,5000	1,5000	1,5000	1,5800	1,4974	1,6293	
Other School Districts:											
Bosqueville Independent School District	1,3718	1,4500	1,4438	1,5000	1,5000	1,4185	1,4947	1,4989	1,5910	1,5898	
Connally Independent School District	1,3800	1,4000	1,4190	1,4398	1,4664	1,5269	1,5105	1,6496	1,4985	1,6243	
Gholson Independent School District	1,0608	1,0608	1,1104	1,1904	1,2711	1,3671	1,4273	1,5000	1,4052	1,4500	
Hallsburg Independent School District	0,9534	1,0422	1,0365	1,1046	1,1999	1,5000	1,5000	1,5000	1,5000	1,5000	
LaVega Independent School District	1,5060	1,5060	1,5060	1,5060	1,5060	1,5360	1,5360	1,5360	1,5080	1,5400	
McGregor Independent School District	1,3099	1,3099	1,3099	1,3099	1,4300	1,5200	1,5100	1,6500	1,6500	1,6500	
Midway Independent School District	1,4750	1,4700	1,4700	1,4900	1,5000	1,5000	1,6400	1,6400	1,6020	1,6220	
Waco Independent School District	1,4200	1,4200	1,4700	1,5023	1,5130	1,5130	1,5812	1,5920	1,4850	1,5242	

(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, 2004

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2003 Tax Roll* Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Baylor University	Higher Education	\$ 173,029,827	1.8790%
Oncor Electric Company	Electric Utility	104,937,961	1.1396%
Masterfood USA	Candy Manufacturer	86,425,360	0.9385%
Southwestern Bell Telephone Company	Telephone Utility	73,296,150	0.7960%
Coca-Cola Company	Beverage Manufacturer/Distributor	61,435,490	0.6672%
Owens- Brockway Glass Services	Glass Manufacturer	37,794,745	0.4104%
Tyco Healthcare	Health	39,774,350	0.4319%
Richland Mall	Shopping Center	38,831,491	0.4217%
Pilgrim's Pride Corporation	Food Production	34,279,820	0.3723%
L-3 Communication (prev. Raytheon E-S Aerospace Services)		<u>30,334,672</u>	<u>0.3294%</u>
		<u>\$ 680,139,866</u>	<u>7.3861%</u>

Based on 2003 Taxable Assessed Valuation of: \$ 9,208,393,052

* The 2003 Tax Roll provided funds for the Fiscal Year ended September 30, 2004

McLENNAN COUNTY, TEXAS

Computation of Legal Debt Margin

Limited Tax Bonds Issued Under Texas General Laws

September 30, 2004
(Unaudited)

Assessed Value of All Taxable Property		\$ 9,208,393,052
Debt Limit Rate - 5% of Assessed Value of All Taxable Property	X	<u>5%</u>
Amount of Debt Limit		460,419,653
Amount of Outstanding Bonds Applicable to General Law Debt Limit:		
Total General Obligation Bonds Outstanding	\$ 44,135,000	
Less Assets in Debt Service Funds Available for Payment of Principal	1,764,950	<u>42,370,050</u>
Legal Debt Margin		<u><u>\$ 418,049,603</u></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, 2004.

McLENNAN COUNTY, TEXAS

Computation of Legal Debt Margin

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

September 30, 2004
(Unaudited)

Assessed Value of Real Property	\$ 5,744,232,503
Debt Limit Rate - One-fourth of Assessed Value of Real Property	x <u>25%</u>
Amount of Debt Limit	1,436,058,126
Road Bonds Outstanding	<u>-</u>
Legal Debt Margin	<u><u>\$ 1,436,058,126</u></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, 2004, 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

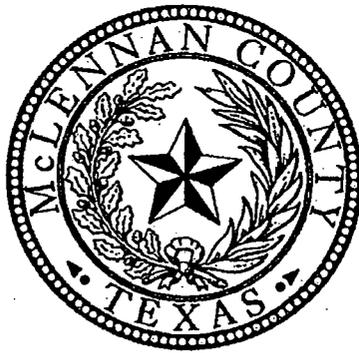
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Tax Roll October 1</u>	<u>Assessed Value (2)</u>
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
2004	219,807	2003	9,208,393,052

(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>
\$ 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
44,135,000	1,764,950	42,370,050	0.4601%	192.76



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>
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%
2004	3,410,486	2,575,126	5,985,612	80,289,574	7.455%

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

McLENNAN COUNTY, TEXAS

Computation of Direct and Overlapping Debt

September 30, 2004
(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)	9/30/04	\$ 42,370,050	100%	\$ 42,370,050
McLennan County College District	8/31/04	14,955,000	100%	14,955,000
<u>Special Districts:</u>				
County-Line Special Districts:				
Aquilla-Hackberry Creek Conservation District	9/30/04	-	25%	-
McLennan and Hill Counties Tehuacana Creek Water Control and Improvement District No. 1	9/30/04	-	99.46%	-
McLennan and Hill Counties Tehuacana Creek Water Control and Improvement District - Benefit Tax	9/30/04	-	79.87%	-
Other Special Districts:				
Elm Creek Watershed Authority	9/30/04	-	100%	-
McLennan County Water Control and Improvement District No. 2	9/30/04	-	100%	-
Tax Increment District No. 1	9/30/04	-	100%	-
Tax Increment District No. 2	9/30/04	-	100%	-
<u>Cities:</u>				
Bellmead	9/30/04	2,080,000	100%	2,080,000
Beverly Hills	9/30/04	-	100%	-
Bruceville-Eddy	9/30/04	-	100%	-
Crawford	10/31/03	-	100%	-
Hewitt	9/30/04	7,680,000	100%	7,680,000
Lacy-Lakeview	9/30/04	1,320,000	100%	1,320,000
Lorena	9/30/04	741,125	100%	741,125
Mart	9/30/04	142,750	100%	142,750
McGregor	9/30/04	1,455,000	100%	1,455,000
Moody	9/30/04	-	100%	-
Riesel	9/30/04	-	100%	-
Robinson	9/30/04	2,118,216	100%	2,118,216
Waco	9/30/04	47,627,127	100%	47,627,127
West	9/30/04	4,700,000	100%	4,700,000
Woodway	9/30/04	6,990,000	100%	6,990,000

(continued)

McLENNAN COUNTY, TEXAS

Continued

Computation of Direct and Overlapping Debt

September 30, 2004

(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	8/31/2004	\$ -	93.41%	\$ -
Bruceville-Eddy Independent School District	6/30/2004	\$ 498,000	97.41%	485,102
China Spring Independent School District	6/30/2004	17,467,391	97.01%	16,945,116
Crawford Independent School District	8/31/2004	3,575,000	96.64%	3,454,880
Lorena Independent School District	8/31/2004	16,173,327	97.98%	15,846,626
Mart Independent School District	8/31/2004	4,115,000	79.04%	3,252,496
Moody Independent School District	8/31/2004	-	53.77%	-
Oglesby Independent School District	8/31/2004	1,055,000	7.11%	75,011
Riesel Independent School District	8/31/2004	3,155,000	49.98%	1,576,869
Robinson Independent School District	8/31/2004	13,741,686	98.51%	13,536,935
Valley Mills Independent School District	8/31/2004	351,891	46.38%	163,207
West Independent School District	8/31/2004	12,972,333	98.48%	12,775,154
Other School Districts:				
Bosqueville Independent School District	8/31/2004	2,200,000	100%	2,200,000
Connally Independent School District	8/31/2004	14,827,785	100%	14,827,785
Gholson Independent School District	8/31/2004	-	100%	-
Hallsburg Independent School District	6/30/2004	-	100%	-
LaVega Independent School District	8/31/2004	24,305,000	100%	24,305,000
McGregor Independent School District	8/31/2004	9,539,484	100%	9,539,484
Midway Independent School District	8/31/2004	63,801,844	100%	63,801,844
Waco Independent School District	8/31/2004	62,675,000	100%	62,675,000
		<u>\$382,633,009</u>		<u>\$ 377,639,777</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
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%
2004	219,807	40,491	4.0%	6.4%

(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 and Construction

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
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
2004	2003	41	35,867,398	521	100,166,276

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

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

Estimated Total Value - All Real Property

<u>Non-Residential (2)</u>	<u>Residential (2)</u>	<u>Nontaxable (3)</u>
\$ 1,511,176,205	\$ 2,418,904,566	\$ 568,848,496
1,573,640,164	2,596,149,341	584,776,023
1,583,609,645	2,649,080,634	596,391,991
1,636,031,852	2,753,762,392	625,215,490
1,685,156,098	2,842,027,298	636,610,717
1,740,754,871	3,117,664,080	651,977,720
1,813,049,264	3,247,093,813	691,174,517
2,226,652,879	3,323,203,379	691,111,927
1,502,454,991	5,279,614,366	793,775,150
1,469,104,410	5,744,232,503	847,004,120

McLENNAN COUNTY, TEXAS

Salaries and Surety Bonds of County Officials

Year Ended September 30, 2004
(Unaudited)

<u>Official Title</u>	<u>Officer's Name</u>	<u>Annual Salary (1)</u>	<u>Surety Bond</u>
County Judge	James H. Lewis	\$ 104,094	\$ 10,000
Commissioner, Precinct 1	Wendall C. Crunk	68,079	4,000
Commissioner, Precinct 2	Lester Gibson	68,079	4,000
Commissioner, Precinct 3	Joseph A. Mashek	68,079	4,000
Commissioner, Precinct 4	Alton R. Meadows	68,079	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	70,688	5,000
District Clerk	Joe Johnson	70,688	5,000
Criminal District Attorney	John Segrest (2)	10,671	5,000
County Auditor	Steven G. Moore	102,948	5,000
County Treasurer	William E. Helton	58,057	10,000
Tax Assessor-Collector	A.F. "Buddy" Skeen	78,326	200,000
Sheriff	Larry Lynch	78,326	15,000
Adult Probation Director	Curtis Hand	75,236	-
Chief Juvenile Probation Officer	Rodney Davidson	75,787	-
Elections Administrator	Kathy E. Van Wolfe	64,631	5,000
Justices of the Peace:			
Precinct 1, Place 1	Joe N. Meadows	51,220	1,000
Precinct 1, Place 2	William D. Martin, III	51,220	1,000
Precinct 2	Belinda Summers	35,743	1,000
Precinct 3	David W. Pareya	51,220	1,000

(Continued)

McLENNAN COUNTY, TEXAS

Continued

Salaries and Surety Bonds of County OfficialsYear Ended September 30, 2004
(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	\$ 17,439	\$ 1,000
Precinct 5	Franklin Culpepper	24,215	1,000
Precinct 6	Raymond N. Britton	17,439	1,000
Precinct 7	E. Jean Laster	38,379	1,000
Precinct 8	Fernando M. Villarreal	31,827	1,000
Constables:			
Precinct 1	Clyde T. Bailey	51,220	1,500
Precinct 2	John T. Bays	17,824	1,500
Precinct 3	David Maler	30,356	1,500
Precinct 4	Larry Eschenburg	14,096	1,500
Precinct 5	Dewey F. Howze	26,793	1,500
Precinct 6	Kenneth L. Brown	14,096	1,000
Precinct 7	John W. Johnson	38,379	1,000
Precinct 8	J. F. Suarez	30,357	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, 2004
(Unaudited)

<u>Policy Number</u>	<u>Insurer</u>	<u>Expiration Date</u>
	Texas Association of Counties Self Insurance Program	9/30/2005
	Texas Association of Counties Self Insurance Program	9/30/2005
	Texas Association of Counties Self Insurance Program	9/30/2005
	Texas Association of Counties Self Insurance Program	9/30/2005
	Texas Association of Counties Self Insurance Program	9/30/2005
	Texas Association of Counties Self Insurance Program	9/30/2005
	Texas Association of Counties Self Insurance Program	9/30/2005
CCP0029015 09	Fidelity and Deposit Co.	1/5/2005
ACN981370-001	ACE-USA	10/1/2005

<u>Risks Concerned</u>	<u>Amount of Coverage</u>
Fire and extended coverage:	
County buildings and contents	\$86,784,018
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
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>2000</u>	<u>2002</u>	<u>2004</u>
Registered Voters	127,246	128,776	134,650
Votes cast in General Election	69,111	52,813	79,671
Percentage of Registered Voters Voting	54.31%	41.01%	59.17%

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>
1995	166,190	1998	169,259	2001	182,732
1996	166,190	1999	177,581	2002	180,431
1997	168,461	2000	173,326	2003	182,713

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	176.4	129.5	116.7	350.6	773.2
Gravel	62.0	83.6	121.9	31.7	299.2
Unimproved	-	-	-	-	-
Total	<u>238.4</u>	<u>213.1</u>	<u>238.6</u>	<u>385.1</u>	<u>1,075.2</u>

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