

McLENNAN COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005

Prepared by:
STEVEN G. MOORE, CPA
COUNTY AUDITOR

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Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2005

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County Auditor**



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March 30, 2006

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, 2005, 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, 2005, 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, 2005 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 222,500. This is up 4.2% over the 2000 census of 213,517 and 30.3% 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, although the interest rates did improve in 2005. 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 for the year ending September 30, 2005, was 2.33%.

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.

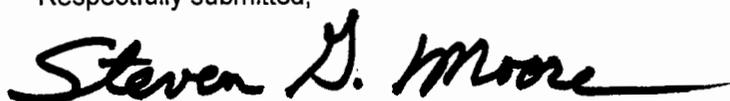
Awards and Acknowledgements

The Government Financial Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to McLennan County, Texas for its comprehensive annual financial report for the fiscal year ended September 30, 2004. This is the twentieth consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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, 2004

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. Zelle

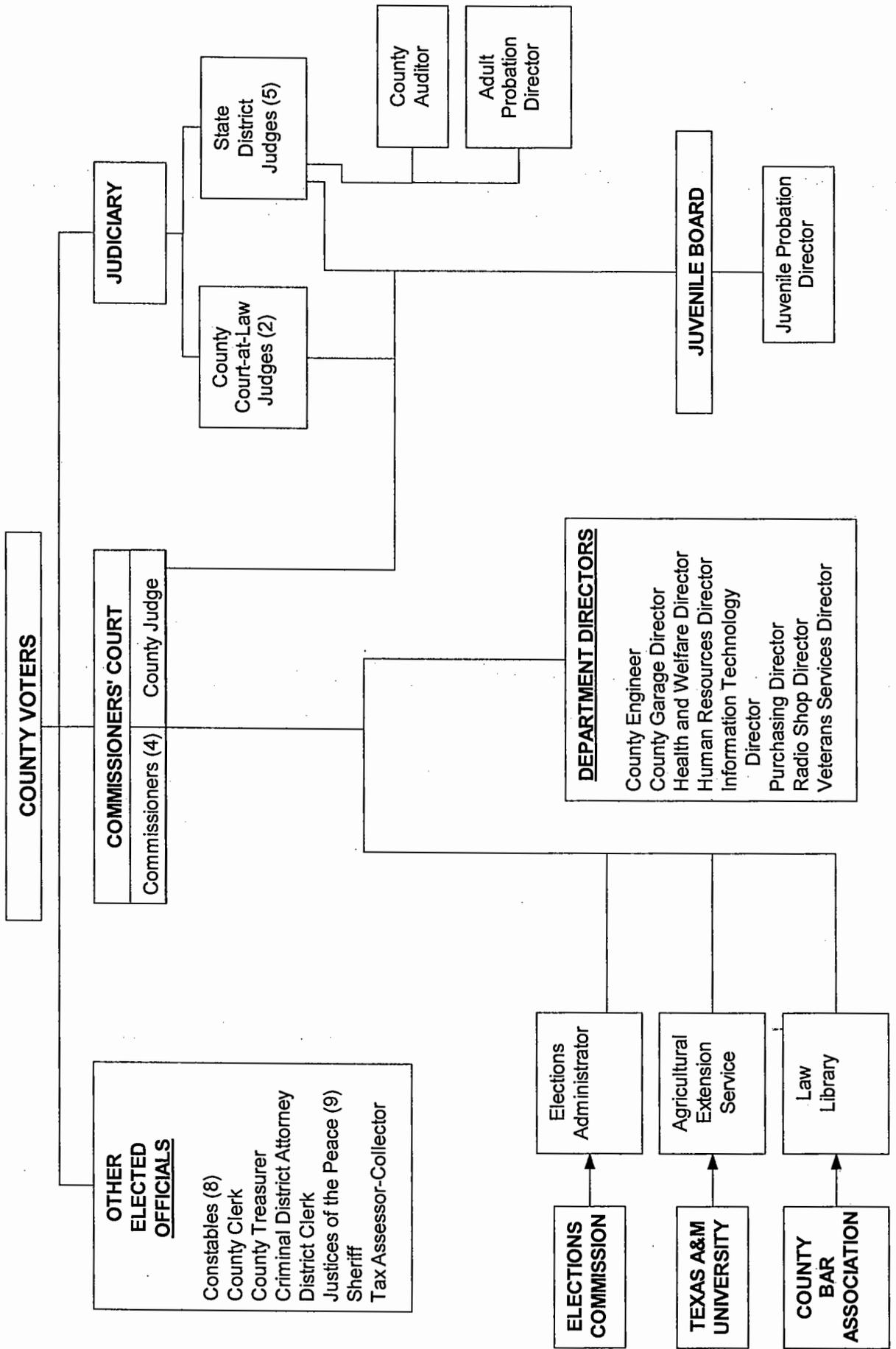
President

Jeffrey R. Emer

Executive Director



McLENNAN COUNTY, TEXAS ORGANIZATION



MCLENNAN COUNTY, TEXAS

PRINCIPAL OFFICIALS
As of September 30, 2005

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
Judge, 414th Judicial District Vicki Menard
Criminal District Attorney John Segrest
District Clerk Karen Matkin

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 Shawn Zweifel
Constable, Precinct 3 David Maler
Constable, Precinct 4 Larry Eschenburg
Constable, Precinct 5 Larry Connally
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 Barbara 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
Elections Director Kathy Van Wolfe

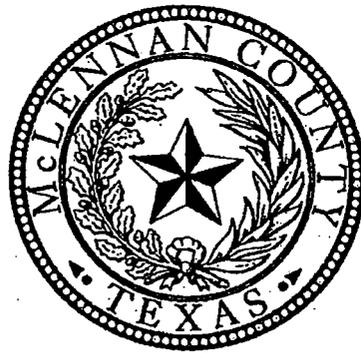
MCLENNAN COUNTY, TEXAS

PRINCIPAL OFFICIALS (continued)

As of September 30, 2005

DEPARTMENTAL DIRECTORS

Purchasing Director	Kenneth Bass
Radio Shop Director	Wayne Canaday
Vehicle Maintenance Director	Charles Garrett
County Engineer	Steve Hendrick
Human Resources Director	Herman Kelly
Health and Welfare Director	Wanda Koon
Mental Health Court Director	Dorothy Lee
Veterans Services Director	William Mahon
Bond Office Director	Sharon Payne
Building Maintenance Director	Bill Pokluda
Information Technology Director	Robert Wasson



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, 2005, 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 opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of McLennan County, Texas, as of September 30, 2005, 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, 2006, 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 schedules, 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 and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical 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, 2006

McLennan County, Texas
Management's Discussion and Analysis
September 30, 2005

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, 2005. 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, 2005, by \$68.1 million. Net assets invested in capital assets (net of depreciation and related debt) account for more than 59.7% of this amount, with a value of \$40.7 million. Restricted net assets totaled \$3.3 million (4.9%). Of the remaining net assets, approximately \$24.1 million (35.4%) may be used to meet the county's ongoing obligations to citizens and creditors, without legal restriction.
- The County's total net assets increased by \$1.6 million for the year ended September 30, 2005 when compared to the total net assets for the year ended September 30, 2004. Income from general sources of revenue totaled more than \$48.3 million, with total expenses in excess of program revenues of \$46.8 million.
- As of September 30, 2005, McLennan County's governmental funds reported combined ending fund balances of \$37.9 million. Of that amount, \$1.9 million was reserved or designated for specific purposes. An amount of \$14.8 million was unreserved and undesignated in the Major and Non-major Special Revenue Funds combined, and \$19.9 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 \$19.9 million at September 30, 2005 was 38.9% of the total \$51.4 million in General Fund expenditures for 2005.
- 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 juvenile detention beds.
- McLennan County's total bonded debt at September 30, 2005, was \$41.4 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

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.

McLennan County, Texas
Management's Discussion and Analysis
September 30, 2005

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 2005. 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 2005, 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 2005.

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 Adult Probation Fund, each 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.

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.

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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. Budgetary comparisons are not presented for the Adult Probation Fund because its budget is determined by a State grantor agency. 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, 2005 and 2004:

Summary of Net Assets		
September 30,		
(\$ in thousands)		
	2005	2004
Current and other assets	\$ 53,510	\$ 52,979
Capital assets (net of accumulated depreciation) and construction in progress	70,165	71,469
Total assets	\$ 123,675	\$ 124,448
Current and other liabilities	\$ 5,579	\$ 5,189
Deferred revenues	329	967
Long-term liabilities	49,647	51,732
Total liabilities	\$ 55,555	\$ 57,888
Net assets:		
Invested in capital assets, net of related debt	\$ 40,692	\$ 40,644
Restricted	3,345	5,514
Unrestricted	24,083	20,402
Total net assets	\$ 68,120	\$ 66,560

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 condition. McLennan County's net assets at September 30, 2005 totaled \$68.1 million, representing a \$1.6 million increase from the September 30, 2004 balance.

McLennan County's total assets were just under \$123.7 million as of September 30, 2005. Of this amount, over \$70.2 million is accounted for by capital assets, which includes net infrastructure of \$9.2 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 \$37.4 million were accounted for in cash, cash equivalents, and investments; \$10.5 million in taxes and accounts receivable; \$4.9 million due from other governments, \$376 thousand in inventories; and \$305 thousand in prepaid expenses.

Cash and cash equivalents decreased \$2.3 million, from \$39.7 million at September 30, 2004 to \$37.4 million at September 30, 2005. \$3.1 million of that decrease is due to the expending of cash provided by the issuance of long term debt in the capital project offset by an increase of \$800 thousand from various sources.

At September 30, 2005 the County had outstanding liabilities of \$55.5 million, with slightly over \$49.6 million in total long-term liabilities. Of the long-term liabilities, \$4.8 million was due within a year, with the remainder of \$44.8 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.

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Included in other liabilities in the summary of net assets is \$4.2 million in accounts payable and accrued liabilities.

A large portion of the County's net assets (more than 59.7%) 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 4.9% 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 \$24.1 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 increased net assets by almost \$1.6 million in 2005. 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 \$73.0 million in 2005 compared to almost \$67.0 million in 2004, for an increase of \$6.0 million.
- Property tax revenue accounted for 47.1% of total revenues, increasing \$3.3 million from \$31.0 million in 2004 to \$34.3 million in 2005.
- Sales tax accounted for 14.4% of total revenues, increasing \$234 thousand from \$10.3 million in 2004 to \$10.5 million in 2005.
- Grants and contributions accounted for 11.0% of total revenues, showing an increase of \$1.3 million from \$6.7 million in 2004 to \$8.0 million in 2005. This is primarily a result of increases in grants provided by the State of Texas and Federal Agencies.
- Charges for services totaling \$16.7 million in 2005 comprised 22.8% of total revenue in 2005, compared to \$15.7 million in charges for services in 2004, which represented 23.5% of total revenue in 2004.
- The remaining 4.7% of revenue was provided by mixed beverage tax, motor fuel tax, interest income, rental revenues and miscellaneous sources.

Expenses for the year totaled about \$71.4 million in 2005 compared to \$72.8 million in 2004. This represents a 1.9% or \$1.3 million decrease in 2005 compared to 2004. However, 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 were 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 2004 was \$5.9 million, compared to only \$938 thousand in 2005. If the effects of the Zoo project were omitted from the expense comparison between 2005 and 2004, the expenses, net of the Zoo transactions would have shown a \$3.6 million increase in all other expenses in 2005 over 2004.

Highlights of the expenses by activity are as follows:

- General administration activities, accounting for 20.9% of expenses in 2005, increasing by \$1.5 million, or 10.9%, in 2005 compared to 2004.
- Judicial activities, accounting for 7.4% of expenses in 2005, increasing by \$150 thousand, or 2.9%, in 2005 compared to 2004.
- Public Safety activities, accounting for 43.4% of expenses in 2005, increasing by \$1.9 million, or 6.7%, in 2005 compared to 2004.

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- Public Transportation activities, accounting for 10.8% of expenses in 2005, increasing by \$522 thousand, or 7.3% in 2005 compared to 2004.
- Health and Welfare activities, accounting for 10.3% of expenses in 2005, decreasing by \$205 thousand or 2.7% from 2004.
- Culture-Recreation activities, accounted for 3.2% of expenses in 2005. Culture-Recreation expenses actually decreased in 2005 compared to 2004 by \$4.9 million. The reason for this decrease is explained on the previous page in the paragraph discussing the Permanent Improvement Bonds of 2001. Excluding the effect of the expenditures related to the Permanent Improvement Bonds of 2001, expenses for Culture-Recreation activities were almost the same in 2005 as they were in 2004, \$1.4 million in 2005 compared to \$1.3 million in 2004.
- All other activities, including conservation, economic development and interest and fiscal charges accounted for 4.1% of expenses in 2005.

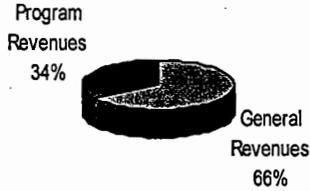
**Summary of Changes in Net Assets
For the Fiscal Years Ended September 30,
(\$ in thousands)**

	2005 Governmental Activities	2004 Governmental Activities	
Revenues			
<i>Program Revenues</i>			
Charges for services	\$ 16,657	\$ 15,726	
Operating grants and contributions	7,739	6,293	
Capital grants and contributions	268	471	\$ 22,490
<i>General Revenues</i>			
Property Taxes	34,379	31,127	
Sales Taxes	10,512	10,278	
Other Taxes	2,273	2,286	
Unrestricted investment earnings	1,048	756	
Miscellaneous	105	77	44,524
Total revenues	72,981	77	67,014
Expenses			
General administration	14,908	13,447	
Judicial	5,286	5,136	
Public safety	30,992	29,054	
Public transportation	7,698	7,176	
Health	4,483	4,718	
Welfare	2,883	2,852	
Culture-Recreation	2,309	7,217	
Conservation	204	192	
Economic development	290	398	
Interest and fiscal charges	2,368	2,561	
Total expenses	71,421	72,751	
Change in net assets	1,560	(5,737)	
Net assets, beginning	66,560	67,916	
Net assets, ending	\$ 68,120	\$ 66,560	

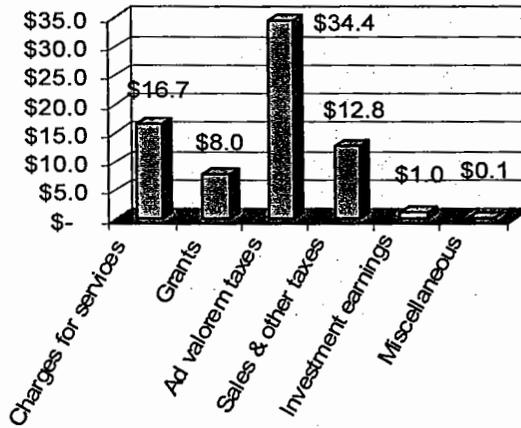
McLennan County, Texas
 Management's Discussion and Analysis
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The following graphic representations show the relationships between various revenue and expense components presented on the Statement of Activities.

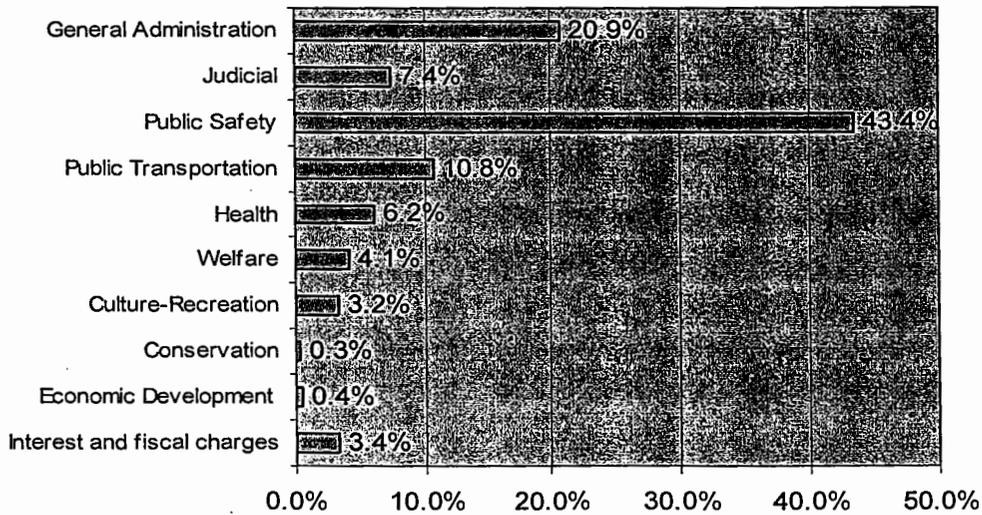
Program vs. General Revenues



Revenues by Source (in millions)



Program Expenses - Government Wide



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

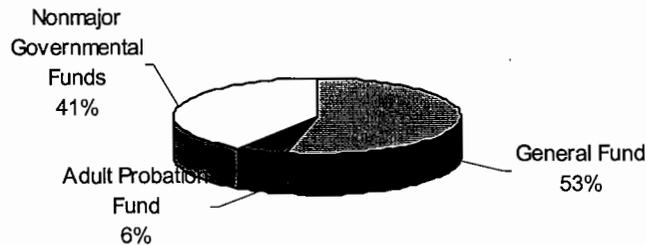
As noted earlier, McLennan County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following is a financial analysis of the County's governmental funds:

Governmental Funds Balance Sheet Analysis

The General Fund and Adult Probation Fund are considered major funds in 2005. Together these two funds account for 59.4% of total governmental fund assets and 57.6% of total governmental fund balance.

A chart showing the relative value of the assets of each major fund, as well as nonmajor governmental funds, is presented in the following chart.

Total Assets - Governmental Funds



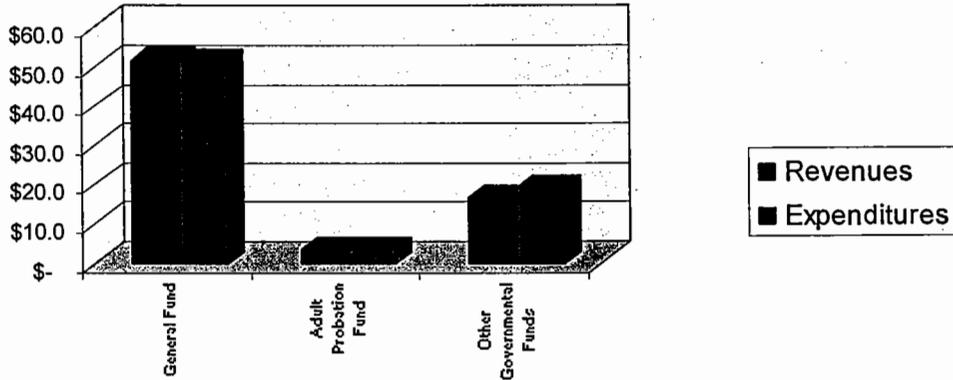
The focus of McLennan County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of September 30, 2005, the County's governmental funds reported combined ending fund balances of nearly \$37.9 million. Of this total amount, over \$19.9 million (52.6%) is unreserved and available for spending without restrictions for general governmental purposes from the General Fund. \$14.8 million (39.1%) 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 \$2.5 million are not available for new spending because they have already been committed to capital projects, debt service and education.

The General Fund is the chief operating fund of McLennan County. On September 30, 2005, total assets in the General Fund amounted to \$25.1 million, accounting for 53.6% of total governmental fund assets. The other major fund, the Adult Probation Fund, had \$2.7million in assets. Together, the major funds account for \$27.9 million (59.4%) of the total assets of \$46.9 million.

Governmental Funds Revenue/Expenditure Analysis

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

**Governmental Fund Revenues and Expenditures
 (in millions)**



The revenue indicators in the chart do not include other financing sources, such as proceeds from new debt or the sale of assets. The General Fund accounts for 71.8% of all governmental fund revenue and 69.7% of expenditures. The Adult Probation Fund is counted as a major fund due to its liabilities of \$837 thousand (11.9%) - its assets were \$2.7 million (6.1%) and its expenditures were \$3.3 million (4.4%).

The net change in fund balance for the General Fund in 2005 was an increase of \$882 thousand. This includes transfers out to other funds of over \$1.1 million, and transfers from other funds of \$204 thousand. There were proceeds from the inception of a lease purchase agreement of \$451 thousand and proceeds from the issuance of notes payable of \$936 thousand. The fund balance of the Adult Probation Fund increased by \$322 thousand.

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, 2005:

McLennan County, Texas
Management's Discussion and Analysis
September 30, 2005
General Fund
Changes in Budget
Fiscal Year Ending September 30, 2005

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original	Final	
Revenues:			
Taxes	\$ 37,329	\$ 37,329	\$ -
Licenses and Permits	87	87	-
Intergovernmental	736	776	40
Charges for Services	5,043	5,393	350
Fines and Forfeits	56	56	-
Miscellaneous:			
Investment Income, Net	308	314	6
Other	4,736	4,774	38
Total Miscellaneous	5,044	5,088	44
Total Revenues	48,295	48,729	434
Expenditures:			
Current:			
General Government	16,130	16,402	(272)
Judicial	5,015	5,408	(393)
Public Safety	24,916	25,112	(196)
Public Transportation	197	204	(7)
Health	5,404	5,545	(141)
Welfare	3,024	3,028	(4)
Culture-Recreation	588	588	-
Conservation	264	264	-
Economic Development and Assistance	186	186	-
Debt Service:			
Principal and Retirements	784	900	(116)
Interest and Fiscal Charges	441	497	(56)
Total Expenditures	56,949	58,134	(1,185)
Excess (Deficiency) of Revenue over Expenditures	(8,654)	(9,405)	(751)
Other Financing Sources (Uses):			
Disposition of Fixed Assets	-	-	-
Notes Payable Proceeds	-	671	671
Lease Purchase Agreement	260	711	451
Operating Transfers In	809	859	50
Operating Transfers Out	(1,725)	(1,789)	(64)
Total Other Financing Sources (Uses)	(656)	452	1,108
Excess (Deficiency) of Revenues and Other Sources over Expenditures	(9,310)	(8,953)	357
Fund Balance at Beginning of Year	16,995	16,995	-
Fund Balance at End of Year	\$ 7,685	\$ 8,042	\$ 357

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Under Texas Local Government Code Section 111.0432, "the county auditor shall certify to the Commissioners' Court the receipt of revenue from a new source not anticipated before the adoption of the budget and not included in the budget for that fiscal year. On certification, the court may adopt a special [supplemental] budget for the limited purpose of spending the revenue for general purposes or for any of its intended purposes." Due to this statute, increases in revenues totaling \$434 thousand were certified and added to anticipated revenues that were in the original budget, \$50 thousand was certified as an addition to transfers from other funds, and \$1.1 million was certified as an addition to proceeds from notes payable and capital leases.

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

- *Regarding the \$272 thousand increase in the General Government function.* McLennan County includes a general contingency line item within the General Government function in each budget year. When appropriations are needed for 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 out of the contingency in the General Government function were \$478 thousand. This reduction in General Government function was offset by increases from the certification of additional proceeds from notes payable for a new mainframe computer in the amount of \$670 thousand (not included in the original budget) for which a supplemental budget line item was created.
- *Regarding the \$393 thousand increase in appropriations for the Judicial function.* Additional revenue was certified for a new capital lease in the amount of \$452 thousand for a new imaging system. A supplemental budget line item was created in the Judicial function providing appropriation for that imaging system.
- *Regarding the \$196 thousand increase in the Public Safety function.* The increase in this function was provided by contingency transfers from the General Government contingency, due to greater funding needs. The increase in the Public Safety function was due primarily to increases in costs of fuel for patrol vehicles, costs of transporting prisoners, and unanticipated costs involved in opening the new juvenile detention center.
- *Regarding the \$141 thousand increase in the Health function.* The increase in this function was provided by contingency transfers from the General Government contingency, due to greater funding needs. The increase in the Health function was primarily due to increased costs for medical care of an increased population of jail inmates.
- *Regarding the \$172 thousand increase in the Debt service.* The increase in this function was provided primarily by contingency transfers from the General Government contingency. The increase in debt service was necessary to provide for debt service related to new notes payable and capital leases issued during 2005.

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, 2005.

McLennan County, Texas
Management's Discussion and Analysis
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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, 2005
(\$ in Thousands)

	Final Budget	Final Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 37,329	\$ 39,085	\$ 1,756
Licenses and Permits	87	84	(3)
Intergovernmental	776	998	222
Charges for Services	5,393	5,770	377
Fines and Forfeits	56	89	33
Miscellaneous:			
Investment Income, Net	314	556	242
Other	4,774	5,205	431
Total Miscellaneous	<u>5,088</u>	<u>5,761</u>	<u>673</u>
Total Revenues	<u>48,729</u>	<u>51,787</u>	<u>3,058</u>
Expenditures:			
Current:			
General Government	16,402	13,540	2,862
Judicial	5,408	5,019	389
Public Safety	25,112	23,226	1,886
Public Transportation	204	199	5
Health	5,545	4,459	1,086
Welfare	3,028	2,850	178
Culture-Recreation	588	570	18
Conservation	264	200	64
Economic Development and Assistance	186	146	40
Debt Service:			
Principal and Retirements	900	800	100
Interest and Fiscal Charges	497	388	109
Total Expenditures	<u>58,134</u>	<u>51,397</u>	<u>6,737</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(9,405)</u>	<u>390</u>	<u>9,795</u>
Other Financing Sources (Uses):			
Disposition of Fixed Assets	-	10	10
Notes Payable Proceeds	671	936	265
Lease Purchase Agreement	711	451	(260)
Operating Transfers In	859	859	-
Operating Transfers Out	(1,789)	(1,764)	25
Total Other Financing Sources	<u>452</u>	<u>492</u>	<u>40</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures	<u>(8,953)</u>	<u>882</u>	<u>9,835</u>
Fund Balance at Beginning of Year	<u>16,995</u>	<u>19,087</u>	<u>2,092</u>
Fund Balance at End of Year	<u>\$ 8,042</u>	<u>\$ 19,969</u>	<u>\$ 11,927</u>

McLennan County, Texas
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Actual Revenues Compared to Estimated Revenues

Actual revenues in the General Fund are about \$3.1 million (5.9%) 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 \$355 thousand, reflecting continued growth. Delinquent collections exceeded the estimate by \$501 thousand.
- Actual sales tax collections reflect the rebounding of retail sales in Texas by exceeding the estimated collections by \$812 thousand, continuing 2004's reversal of the downward sales tax trend experienced in 2002 and 2003, after the 9/11 disaster.
- Intergovernmental revenues collected were \$222 thousand greater than anticipated. \$92 thousand of this was due to larger than expected funding from the State of Texas Tobacco Fund, \$82 thousand was due to larger than expected funding from the State of Texas Indigent Defense Fund and \$34 thousand was due to more than expected collections in shared alcoholic beverage taxes.
- Revenues from Charges for Services exceeded that which was estimated in the budget by \$377 thousand. The primary components of the positive variance was court related fees (\$92 thousand), charges to other entities for collection of their ad valorem taxes (\$63 thousand), motor vehicle licenses and certificates of title (\$31 thousand), delinquency fees (\$21 thousand), charges for keeping Federal prisoners (\$98 thousand), and certified copies (\$21 thousand).
- Investment revenue was \$242 thousand more than anticipated due to improved interest rates.
- Miscellaneous revenue was \$431 thousand more than anticipated. The primary components of this positive variance were \$167 thousand more in rent for the County's old jail facility which housed more prisoners in 2005, \$153 thousand more in reimbursement for indigent health care expenditures, and \$73 thousand more in recovery of attorney fees related to court appointed attorneys due to increased collection efforts.

Actual expenditures were 88.4% of the budget for 2005, compared to 90.4% for 2004. 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 \$5.8 million (86.2%) of the total positive budget variance of \$6.7 million.

The General Government positive budget variance was about \$2.8 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 \$820 thousand, or 28.6% of the positive General Government variance.
- The County routinely includes a contingency item in its appropriations. The unspent portion of that contingency in 2005 was \$777 thousand.
- Expenditures for maintenance of buildings was \$182 thousand less than anticipated.
- Expenditure of the funds budgeted for bank service charges in the amount of \$80 thousand were not needed.
- Expenditures for county legal counsel were \$68 thousand less than anticipated.
- Non salary related election expenditures were \$76 thousand less than anticipated.
- Expenditures budgeted in the Information Technology department for other services and charges and capital outlay in the amount of \$263 thousand were not expended.

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September 30, 2005

The Public Safety positive budget variance was about \$1.8 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 \$362 thousand more than the actual expenditures incurred. This accounted for 19.2% 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 \$1.1 million, or 57.1% of the positive Public Safety variance.

The Health positive budget variance was about \$1.1 million. Under State of Texas statutes, a Texas county is required to bear indigent health costs up to 8% of general tax revenues before reimbursement can be received from the State. The County routinely budgets close to that 8% amount in each years budget, due to its potential exposure. In 2005, the County's actual expenditures relating to indigent healthcare were \$903 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, 2005, amounts to more than \$70.2 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 and equipment were added to capital assets, primarily as replacements to vehicles, computers imaging equipment and road and bridge equipment during the year, at a cost of \$2.2 million.
- Capital expenditures of \$243 thousand were made toward completion of the new Juvenile Center, completed in November 2004. The new Juvenile Center was funded by the Certificates of Obligation Series 2003.
- Capital expenditures of \$971 thousand were made toward completion of additions at the Cameron Park Zoo. The cost of the zoo construction was 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.

Additional information about 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, 2005, McLennan County had slightly more than \$41.4 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 bonds or revenue bonds. McLennan County's total bonded debt had a net decrease of \$2.7 million during 2005.

Debt activity in 2005 included \$2.7 million in scheduled principal payments. 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.

McLennan County, Texas
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September 30, 2005

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 has increased from \$1.2 million in FY 2001 to \$2.4 million in FY 2005. 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 and FY 2006.
- 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.

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, 2005

ASSETS

Pooled Cash and Investments	\$	35,781,551
Non-Pooled Cash		1,585,377
Receivables (net of allowances for estimated uncollectibles):		
Taxes		1,927,366
Accounts		8,606,607
Due from Other Governments		4,927,707
Inventories, at Cost		376,209
Prepaid Assets		305,648
Capital Assets (net of accumulated depreciation)		
Land		1,530,736
Buildings and system		52,153,011
Improvements other than buildings		576,164
Machinery and equipment		6,427,209
Infrastructure		9,183,568
Construction in progress		293,838
Total Assets	\$	<u>123,674,991</u>

LIABILITIES

Accounts Payable	\$	3,780,772
Accrued Interest Payable		392,835
Due to Other Governments		487,375
Funds Held in Escrow		918,309
Deferred Revenue		329,421
Noncurrent liabilities:		
Due within one year		4,830,146
Due in more than one year		44,816,352
Total Liabilities		<u>55,555,210</u>

NET ASSETS

Invested in Capital Assets, net of related debt (GASB)		40,691,733
Restricted Net Assets		
Restricted for Capital Projects		1,503,490
Restricted for Debt Service		1,785,380
Restricted for Education		56,116
Unrestricted		24,083,062
Total Net Assets	\$	<u>68,119,781</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, 2005

Functions/Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General Administration	\$ 14,908,121	\$ 2,623,890	\$ 2,910,948	\$ -	\$ (9,373,283)
Judicial	5,285,769	4,409,914	99,674	-	(776,181)
Public Safety	30,992,140	8,756,883	4,355,292	-	(17,879,965)
Public Transportation	7,697,780	183,626	69,964	-	(7,444,190)
Health	4,482,532	353,967	141,794	-	(3,986,771)
Welfare	2,883,475	328,243	161,582	-	(2,393,650)
Culture-Recreation	2,309,208	-	-	267,486	(2,041,722)
Conservation	204,172	-	-	-	(204,172)
Economic Development and Assistance	290,206	-	-	-	(290,206)
Interest and fiscal charges	2,367,571	-	-	-	(2,367,571)
Total Governmental Activities	\$ 71,420,974	\$ 16,656,523	\$ 7,739,254	\$ 267,486	(46,757,711)
General Revenues:					
Property Taxes					34,379,131
Sales Tax					10,512,117
Alcoholic Beverage Taxes/Other Taxes					2,273,104
Unrestricted Investment Earnings					1,048,467
Miscellaneous					105,043
Total general revenues					48,317,862
Change in net assets					1,560,151
Net assets - beginning					66,559,630
Net assets - ending					\$ 68,119,781

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

MCLENNAN COUNTY, TEXAS

Balance Sheet

Governmental Funds

September 30, 2005

<u>ASSETS</u>	General	Adult Probation Fund	Other Governmental Funds	Total
Pooled Cash and Investments	\$ 18,505,340	\$ 2,540,598	\$ 16,217,991	\$ 37,263,929
Non-Pooled Cash	1,114,233	180,534	290,610	1,585,377
Receivables (net of allowances for estimated uncollectibles):				
Taxes	1,586,493	-	340,873	1,927,366
Accounts	434,481	2,381	50,864	487,726
Due from Other Funds	30,106	-	-	30,106
Due from Other Governments	3,008,540	1,878	1,917,290	4,927,708
Inventories, at Cost	143,090	-	233,119	376,209
Prepaid Assets	305,649	-	-	305,649
Total Assets	\$ 25,127,932	\$ 2,725,391	\$ 19,050,747	\$ 46,904,070
 <u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Overdraft in Pooled Cash Equity	\$ -	\$ -	\$ 1,482,378	\$ 1,482,378
Accounts Payable	2,648,980	30,114	1,101,677	3,780,771
Due to Other Funds	-	-	30,106	30,106
Due to Other Governments	482	486,893	-	487,375
Funds Held in Escrow	912,810	5,498	-	918,308
Deferred Revenue	1,596,494	314,103	346,193	2,256,789
Total Liabilities	5,158,766	836,608	2,960,353	8,955,727
Fund Balance:				
Reserved for:				
Capital Projects	-	-	683,083	683,083
Debt Service	-	-	1,795,381	1,795,381
Education	-	-	55,302	55,302
Unreserved - undesignated:				
General Fund	19,969,166	-	-	19,969,166
Special Revenue Funds	-	1,888,783	12,949,556	14,838,339
Capital Projects Funds	-	-	607,072	607,072
Total Fund Equity	19,969,166	1,888,783	16,090,394	37,948,343
Total Liabilities and Fund Balance	\$ 25,127,932	\$ 2,725,391	\$ 19,050,747	\$ 46,904,070

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, 2005

Total fund balances - governmental funds \$ 37,948,343

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	\$ 1,530,736	
Buildings	52,153,011	
Improvements other than buildings	576,164	
Machinery and equipment	6,427,209	
Infrastructure	9,183,568	
Construction in progress	<u>293,838</u>	
Total capital assets		70,164,526

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.

8,118,881

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.

1,927,365

Total deferred revenues

10,046,246

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	(392,835)	
General obligation bonds	(2,855,000)	
Notes payable	(215,293)	
Capital leases	(457,687)	
Compensated absences	<u>(1,302,166)</u>	
Total current liabilities		(5,222,981)

General obligation bonds	(38,555,000)	
Unamortized Deferred Amount on Refunding	(135,983)	
Unamortized Refunding Bond Cost	90,254	
Notes payable	(591,183)	
Capital leases	(5,508,735)	
Compensated absences	<u>(115,706)</u>	
Total non-current liabilities		<u>(44,816,353)</u>

Net Assets

\$ 68,119,781

The notes to the financial statements are an 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, 2005

	General	Adult Probation Fund	Other Governmental Funds	Total
Revenues:				
Taxes	\$ 39,085,368	\$ -	\$ 5,765,898	\$ 44,851,266
Licenses and Permits	83,663	-	1,702,439	1,786,102
Intergovernmental	998,253	1,446,824	6,048,803	8,493,880
Charges for Services	5,770,456	2,075,194	566,926	8,412,576
Fines and Forfeits	88,441	-	2,044,198	2,132,639
Miscellaneous	5,761,141	49,522	672,332	6,482,995
Total Revenues	51,787,321	3,571,541	16,800,595	72,159,457
Expenditures:				
Current:				
General Government	13,539,597	-	1,669,636	15,209,233
Judicial	5,019,412	-	346,745	5,366,157
Public Safety	23,226,189	3,241,811	3,314,973	29,782,974
Public Transportation	199,346	-	6,629,635	6,828,980
Health	4,458,959	-	-	4,458,959
Welfare	2,849,378	-	-	2,849,378
Culture-Recreation	570,007	-	-	570,007
Conservation	200,154	-	-	200,154
Economic Development and Assistance	146,091	-	144,115	290,206
Capital Projects	-	8,440	2,275,566	2,284,006
Debt Service:				
Principal and Retirements	800,089	-	2,725,000	3,525,089
Interest and Fiscal Charges	387,787	-	1,985,233	2,373,019
Total Expenditures	51,397,008	3,250,251	19,090,903	73,738,162
Excess (Deficiency) of Revenue over Expenditures	390,313	321,290	(2,290,308)	(1,578,706)
Other Financing Sources (Uses):				
Disposition of Fixed Assets	9,938	950	8,855	19,743
Proceeds from Lease Purchase Agreement	451,299	-	-	451,299
Proceeds from Issuance of Note Payable	935,529	-	-	935,529
Transfers In	204,200	-	2,623,697	2,827,897
Transfers Out	(1,109,599)	-	(1,718,298)	(2,827,897)
Total Other Financing Sources	491,367	950	914,254	1,406,571
Excess (Deficiency) of Revenues and Other Sources over Expenditures	881,680	322,240	(1,376,054)	(172,134)
Fund Balance at Beginning of Year	19,087,486	1,566,543	17,466,448	38,120,477
Fund Balance at End of Year	\$ 19,969,166	\$ 1,888,783	\$ 16,090,394	\$ 37,948,343

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, 2005

Net change in fund balances - governmental funds \$ (172,134)

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	\$ 1,106,610
Capital projects - functional activities	2,414,320
Depreciation expense	<u>(4,693,018)</u>

Excess of depreciation expense over capital outlay (1,172,088)

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.	\$ (1,386,828)
Amortization of debt issuance costs	(13,174)
Amortization of deferred refunding amount	19,849
Debt repayment is expenditure in governmental funds, but reduces long-term liabilities in the statement of net assets.	<u>3,525,088</u>

Total long-term debt 2,144,935

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

Property taxes receivable	\$ 39,982
Fines and fees receivable	<u>912,647</u>
Total receivables	952,629

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These expenses are detailed as follows:

Compensated absences	\$ (59,262)
Accrued interest	<u>(1,227)</u>
Total expenses	(60,489)

The loss on the sale of capital assets is only recognized in the statement of activities and is not reported in governmental funds. (112,958)

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. (19,744)

Change in net assets of governmental activities	<u>\$ 1,560,151</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, 2005

	Agency Funds
Assets	
Equity in Pooled Cash	\$ 529,778
Nonpooled Cash	2,145,265
Nonpooled Investments	6,007,008
Accrued Interest	25,106
	<hr/>
	\$ 8,707,157
	<hr/> <hr/>
Liabilities	
Accounts Payable	\$ 4,521,351
Due to Other Governments	409,759
Due to Others	3,776,047
	<hr/>
	\$ 8,707,157
	<hr/> <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, 2005

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 offenders by the judicial system, and 3) grants and contributions that are restricted to meeting the

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2005

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 Adult Probation Fund, 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, 2004 that were due October 1, 2004, have been assessed to finance the budget of the fiscal year ending September 30, 2005. In accordance with the modified accrual basis of accounting, the balances outstanding at September 30, 2005, 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.

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

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.

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2005

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 is not required unless legally mandated or if resources are accumulated for payments maturing in future years.

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

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

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

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2005

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

Receivables are shown net of an allowance for uncollectibles.

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

(3) Inventories and Prepaid Items

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

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

(4) Capital Assets — Primary Government

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

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

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2005

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

(5) Longevity Pay

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

(6) Compensated Absences

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

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

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

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2005

their group term life insurance coverage, subject to reductions in the face amount to \$6,500 at age 65 and to \$5,000 at age 70.

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

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

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

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

(8) Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities. On new bond issues, bond premiums and discounts, as well as issuance costs and deferred gains or losses on refunding of debt, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as 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 \$50,039,334 difference are as follows:

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Interest payable	\$ 392,835
General obligation bonds	2,855,000
Notes payable	215,293
Capital leases	457,687
Compensated absences	1,302,166
Total current liabilities	\$ 5,222,981

General obligation bonds	\$ 38,555,000
Unamortized Deferred Amount on Refunding	135,983
Unamortized Refunding Bond Cost	(90,254)
Notes payable	591,183
Capital leases	5,508,735
Compensated absences	115,706
	\$ 44,816,353

Net adjustment to reduce fund balance — total government funds to arrive at net assets - governmental activities	\$ 50,039,334
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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	\$ 1,530,736
Buildings	52,153,011
Improvements other than buildings	576,164
Machinery and equipment	6,427,209
Infrastructure	9,183,568
Construction in progress	293,838
Net adjustments to increase fund balance - total governmental funds to arrive at net assets — governmental activities	\$ 70,164,526

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	\$ 8,118,881
Property taxes earned in the current fiscal year but not available to provide current financial resources, and therefore are deferred in the funds	1,927,365
Net adjustments to increase fund balance — total governmental funds to arrive at net assets — governmental activities	\$ 10,046,246

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(b) Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances — total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation indicates that capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense on capital outlays for County-owned assets only. The details of this \$1,172,088 difference are as follows:

Capital projects – capital outlay	\$ 1,106,610
Capital projects – functional activities	2,414,320
Depreciation expense	<u>(4,693,018)</u>
Net adjustment to decrease net changes in fund balances — total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (1,172,088)</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, 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 \$2,144,935 difference are as follows:

Debt issued or incurred:	
Issuance of long term debt	\$ (1,386,828)
Amortization of debt issuance costs	(13,174)
Amortization of deferred refunding amount	19,849
Principal Payments:	
General obligation debt	<u>3,525,088</u>
Net adjustments to increase net changes in fund balance — total government funds to arrive at changes in net assets of government activities	<u>\$ 2,144,935</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 \$759,438 difference are as follows:

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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	\$ (112,958)
Proceeds from sale of capital assets	(19,744)
	(132,702)

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

Property taxes receivable	\$ 39,982
Fines and fees receivable	912,647
	952,629

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of this \$60,489 difference are as follows:

Compensated absences	\$ (59,262)
Accrued interest	(1,227)
	(60,489)

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

\$ 759,438

III Detailed Notes on All Funds

(a) Deposits and Investments

As of September 30, 2005, McLennan County had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
U.S. Treasuries	\$ 17,871,376	.644
Local Government Investment Pools	\$ 17,340,994	.075
Money Market Mutual Funds	\$ 553,537	.107
Total Fair Value	\$ 35,765,907	
Portfolio Weighted Average Maturity		.360

Investments in U.S. Treasuries are stated at fair value. Investments in the local government investment pools, TexPool and TexStar, and the money market mutual funds are stated at fair value which is the same as the value of the pool and fund shares.

Regulatory oversight for the operations of these external investment pools is found in the Public Funds Investment Act of the State of Texas. Required oversight for the pools includes compliance with investment guidelines, annual independent audits and the establishment of oversight committees.

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Interest Rate Risk. In accordance with the County's investment policy, exposure to declines in fair values is managed by limiting the weighted average maturity of its investment portfolio to two years for individual securities and 90 days for investment pools.

Credit Risk. The County limits its exposure to credit risk by limiting its investments to (1) obligations of the United States or its agencies; (2) direct obligations of the State of Texas or its agencies; (3) collateralized mortgage obligations directly issued by a Federal agency, the underlying security for which is guaranteed by an agency of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full credit and good faith of the State of Texas or the United States or their respective agencies; (5) obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than an A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code) that are issued by or through an institution that either has its main office or a branch in Texas, and are guaranteed by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for county and district deposits; (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligation described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the state of Texas; (9) certain securities lending programs; (10) certain bankers acceptances with the equivalent with a remaining term of 270 days or less, if rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency; (11) commercial paper with a stated maturity of 270 days or less that is rated at least A-1 or P-1 or the equivalent by two nationally recognized credit rating agencies; (12) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that have a weighted average stated maturity of 90 days or less; (13) no-load mutual funds registered with the Securities and Exchange Commission that have a weighted average maturity of less than two years, invest exclusively in obligations described in this policy and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent; and (14) government investment pools that invest solely in such obligations, provided that the pools are rated no lower than AAA or AAAM or an equivalent by at least one nationally recognized rating service.

Concentration of Credit Risk. The County further limits its credit risk by requiring diversification in the investment portfolio in its investment policy.

Custodial credit risk deposits. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. At September 30, 2005, the carrying amount of the County's deposits was \$447,901, and the bank balance was \$1,135,437. Of the bank balance, \$100,000 was covered by the Federal Depository Insurance Corporation, and the entire remainder, as is required both by State law and County policy, was covered by collateral pledged to the County by the County's depository bank, and held by an independent third party custodian in the County's name. As such, the County has mitigated its exposure to custodial risk with regards to its deposits.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Regarding the County's investment in U.S. Government agency securities, the County has no custodial risk as the securities are held in safekeeping in the County's name in the County's depository bank, which is not a counterparty for the securities.

(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,

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Bruceville- Eddy, China Spring, Connally, Crawford, Gholson, Hallsburg, Lavega, Lorena, Mart, McGregor, Midway, Riesel, Robinson, Waco, West; Special Districts of Castleman Creek, Elm Creek Watershed, McLennan County Water Control District # 2, McLennan and Hill Counties Tehuacana Creek Water Control District #1 Benefit Tax, Downtown Public Improvement District. The County is the only taxing entity controlled by the Commissioners' Court; and the County Tax Assessor/Collector acts only as an intermediary in the collection and distribution of property taxes to the other entities. The County collects and distributes delinquent tax collection fees for law firms.

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

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

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

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

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

Delinquent property taxes receivable (general operating funds)	
General Fund	\$ 1,586,493
Farm to Market Roads Fund	76,315
Debt Service Funds	258,984
Other Governmental Funds	5,574
Total Delinquent Property Taxes Receivable	<u>1,927,366</u>
Due From Other Funds	30,106
Due From Other Governments	4,927,708
Miscellaneous Receivables	487,726
Total Receivables	<u>\$ 7,372,906</u>

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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 uncollectable accounts, as required by GASB 34, are as follows:

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	General Fund	Adult Probation Fund	All Funds Not Included As A Major Fund	Total All Funds
Receivables:				
Taxes	\$ 1,762,770	\$ -	\$ 378,747	\$ 2,141,517
Due from Other Governments	3,008,540	1,878	1,917,290	4,927,708
Due from Other Funds	30,106	-	-	30,106
Miscellaneous	439,306	2,381	50,864	492,551
Gross Receivables	5,240,722	4,259	2,346,901	7,591,882
Less allowance for uncollectibles:				
Taxes	(176,277)	-	(37,874)	(214,151)
Miscellaneous	(4,825)	-	-	(4,825)
Net Receivables	\$ 5,059,620	\$ 4,259	\$ 2,309,027	\$ 7,372,906

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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	\$ 1,481,488	\$ 49,248	\$ -	\$ 1,530,736
Construction in progress	8,489,226	512,277	8,707,665	293,838
Total capital assets, not being depreciated	<u>9,970,714</u>	<u>561,525</u>	<u>8,707,665</u>	<u>1,824,574</u>
Capital assets being depreciated:				
Buildings	68,043,398	9,155,748	-	77,199,146
Improvements, other than buildings	837,829	97,002	123,196	811,635
Machinery and equipment	17,712,701	2,273,428	913,375	19,072,754
Infrastructure	30,231,252	264,088	22,028	30,473,312
Total assets being depreciated	<u>116,825,180</u>	<u>11,790,266</u>	<u>1,058,599</u>	<u>127,556,847</u>
Total capital assets	<u>126,795,894</u>	<u>12,351,791</u>	<u>9,766,264</u>	<u>129,381,421</u>
Less accumulated depreciation for:				
Buildings	22,763,261	2,282,874	-	25,046,135
Improvements, other than buildings	291,864	34,180	89,177	236,867
Machinery and equipment	11,674,453	1,750,371	780,674	12,644,150
Infrastructure	20,597,003	714,768	22,028	21,289,743
Total accumulated depreciation	<u>55,326,581</u>	<u>4,782,193</u>	<u>891,879</u>	<u>59,216,895</u>
Total capital assets being depreciated, net	<u>61,498,599</u>	<u>7,008,073</u>	<u>166,720</u>	<u>68,339,952</u>
Governmental activities, net	<u>\$ 71,469,313</u>	<u>\$ 7,569,598</u>	<u>\$ 8,874,385</u>	<u>\$70,164,526</u>

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Depreciation expense for FY 2005 was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 660,954
Judicial	260,519
Public safety	1,602,927
Public transportation	1,339,668
Health	24,568
Welfare	33,636
Culture and recreation	767,690
Conservation	<u>3,056</u>
Total depreciation expense — governmental activities	<u>\$ 4,693,018</u>

Construction Commitments

McLennan County had no active construction projects as of September 30, 2005.

(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, 2005) was \$50,895,000. The following listing of debt is for general obligation bonds and tax notes outstanding at September 30, 2005; the debt is for governmental activities only:

Description	Interest Rates	Fiscal Year of Issue	Date of Maturity	Bonds Outstanding
Certificates of Obligation Series 1996	4.75 – 6.75%	1997	2017	7,455,000
Refunding Bonds Series 1998	4.4%	1998	2014	1,160,000
Certificates of Obligation Series 2000	5.25 – 6.75%	2000	2020	8,585,000
Permanent Improvement Bonds Series 2001	4.0 – 5.0%	2001	2021	8,315,000
Certificates of Obligation Series 2003	3.0 – 4.25%	2003	2023	7,400,000
Refunding Bonds Series 2003	3.0 – 3.35%	2003	2013	<u>8,495,000</u>
Total General Obligation Debt				<u>\$41,410,000</u>

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.

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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.

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
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	2,940,000	1,329,640	4,269,640
2011 – 2015	13,075,000	4,862,441	17,937,441
2016 – 2020	10,810,000	2,037,325	12,847,325
2021 – 2023	2,380,000	177,789	2,557,789
Total	<u>\$ 41,410,000</u>	<u>\$ 15,051,643</u>	<u>\$ 56,461,643</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

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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. 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 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.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2005, all governmental activities, were as follows:

Fiscal Year Ending September 30,	Obligation
2006	\$ 805,195
2007	748,063
2008	735,534
2009	683,500
2010	630,316
2011– 2015	3,164,122
2016 – 2020	1,739,708
Total minimum lease payments	\$ 8,506,438
Less: amount representing interest	(2,539,998)
Present value of minimum lease payments	\$ 5,966,440

The assets acquired through capital leases are as follows:

	Governmental Activities
Assets:	
Machinery and equipment	\$ 718,731
Buildings	6,237,131
Total Cost	6,955,862
Less: Accumulated depreciation	(489,403)
Total	\$ 6,466,459

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Schedule of Lease-Purchase Agreements Outstanding

At September 30, 2005

Effective Date	Transamerica Financial Services 03-26-02	BankOne Leasing No. 2 02-01-03	BankOne Leasing No. 3 01-14-04	Chase Equipment Leasing 03-30-05
Original Lease Amount	\$6,152,518	\$288,164	\$117,855	\$451,299
Outstanding Principal at September 30, 2005	\$5,464,018	\$50,959	\$ 53,168	\$398,295
Total Future Payments Under Lease Agreement	\$7,975,717	\$51,586	\$55,218	\$423,917
Simple Interest Rate	5.28%	3.23%	3.346%	3.52%
Lease Term	15 years	3 years	3 years	4 years
Property Held Under Lease	Utility Performance Improvement Equipment	Eleven Sheriff's Vehicles	Five Sheriff's Vehicles	District and County Clerk's Imaging System
Debt Service	100% General Fund	100% General Fund	100% General Fund	100% General Fund

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Notes Payable

Under State law, a Texas county can legally obligate the revenue of future years to liquidate notes payable to financial institutions entered into under Chapter 271 of the Local Government Code. The County has entered into two such financing agreements for the acquisition of capital equipment. These notes payable were entered into with local banks and are not collateralized. Accordingly, these acquisitions and liabilities are reflected in the County's assets and liabilities.

The annual debt service for the notes payable is as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total Debt Service
2006	\$ 215,293	\$ 22,789	\$ 238,082
2007	222,231	15,851	238,082
2008	190,710	8,885	199,595
2009	141,965	3,748	145,713
2010	36,277	200	36,477
Total	\$ 806,476	51,473	857,949

A schedule of notes payable existing at September 30, 2005 are as follows:

	First National Bank Of Central Texas	Central National Bank 2005
Effective Date	12/08/2004	04/30/2005
Original Note Amount	\$670,825	\$264,704
Outstanding Principal at September 30, 2005	\$577,117	\$229,359
Total Future Payments under Note Obligation	\$619,329	\$238,620
Simple Interest Rate	3.30%	2.95%
Term of Note	5 Years	3 Years
Purpose of Note	Purchase of Mainframe Computer	Purchase of Sheriff's Vehicles
Debt Service	100% General Fund	100% General Fund

MCLENNAN COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005

Changes in Noncurrent Liabilities

Noncurrent liabilities for the year ended September 30, 2005, all of which were from governmental activities, were as follows:

	General Obligation Bonds	Capital Leases	Notes Payable	Compensated Absences	Total Governmental Activity
PRINCIPAL:					
Beginning balance	\$ 44,135,000	\$ 6,186,160	\$ -	\$ 1,358,611	\$51,679,771
Additions	-	451,299	935,529	1,308,576	2,695,404
Reductions	2,725,000	671,037	129,053	1,249,315	4,774,405
Ending Balance	41,410,000	5,966,422	806,476	1,417,872	49,600,770
UNAMORTIZED REFUNDING COSTS, NET:					
Beginning balance	52,402	-	-	-	52,402
Additions	-	-	-	-	-
Reductions	6,675	-	-	-	6,675
Ending Balance	45,727	-	-	-	45,727
NET	\$ 41,455,727	\$ 5,966,422	\$ 806,476	\$ 1,417,872	\$ 49,646,497
Due within one year	\$ 2,855,000	\$ 457,687	\$ 215,293	\$ 1,302,166	\$ 4,830,146

(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, 2005, is as follows:

	Due from Other Funds	Due to Other Funds
Due to / from other funds:		
General Fund	\$ 30,106	\$ -
Nonmajor Funds	-	30,106
Total	\$ 30,106	\$ 30,106

In the funds statements, during the Fiscal Year Ending September 30, 2005, the General Fund transferred \$1,109,599 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, \$252,027 to the Road and Bridge General Fund and \$74,554 to the Court Reporter Service Fund in support of the operations of those funds. \$13,800 was transferred to Note Payable 2004 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 \$204,200 to the General Fund, as reimbursement for personnel costs of guards used in the inmate

MCLENNAN COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005

roadwork program. Other transfers totaling \$1,514,098 were made between certain Nonmajor Governmental Funds. \$1,156,436 of that amount was a transfer 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 Out:	Transfers In		
	General Fund	Nonmajor Governmental Funds	Total
General Fund	\$ -	\$ 1,109,599	\$ 1,109,599
Nonmajor Governmental Funds	204,200	1,514,098	1,718,298
Total	\$ 204,200	\$ 2,623,697	\$ 2,827,897

(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, 2005 and 2004, are as follows:

	Year ending September 30	
	2005	2004
Number of retiree participants	76	71
Insurance premiums paid by the County	\$ 232,043	\$ 201,419

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.

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

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

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

MCLENNAN COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005

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 2005 compared to 2004.

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, 2005, there were no transactions which are known to have violated these prohibitions.

(d) Subsequent Events

On December 06, 2005, the County issued \$7,355,000 in long-term obligations consisting of General Obligation Refunding Bonds, Series 2005. These bonds are a current refunding of \$6,930,000 of the Certificates of Obligation, Series 2000. The refunding resulted in a present value savings of \$394,020.

On February 1, 2006, the County issued \$4,250,000 of long-term obligations consisting of Certificates of Obligation Series 2006. The proceeds of the obligations will be used for improvements to and renovations of various County buildings; and construction of a new justice of the peace office, a new juvenile shelter home and a new precinct yard and barn for a road and bridge precinct and demolition of one building to be replaced by a parking lot.

On February 1, 2006, the County entered a note payable to a bank in the amount of \$321,379, the proceeds of which were used to purchase Sheriffs vehicles. Debt service for this note will be paid by the General Fund.

MCLENNAN COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005

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 2005. The contribution rate payable by the employee members for the calendar year 2005 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, 2005, the annual pension cost for the TCDRS plan for its employees was \$3,995,755 and the actual contributions were \$3,995,755. 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 2004 and 2005. The December 31, 2004, actuarial valuation is the most recent valuation.

MCLENNAN COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2005

Actuarial Valuation Information			
Actuarial valuation date	12/31/02	12/31/03	12/31/04
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, 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%	\$ -
September 30, 2005	3,995,755	100.00%	\$ -

MCLENNAN COUNTY, TEXAS

Required Supplementary Information

September 30, 2005

Schedule of Funding Progress for the Retirement Plan For the Employees of McLennan County						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a)/c)
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	91,308,170	20,991,993	77.01	27,634,009	75.96
12/31/2004	76,105,475	96,975,480	20,870,005	78.48	28,644,289	72.86

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: Adult Probation Fund, 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

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

General Fund

For the Year Ended September 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 37,329,000	\$ 37,329,000	\$ 39,085,368	\$ 1,756,368
Licenses and Permits	87,300	87,300	83,663	(3,637)
Intergovernmental	735,270	774,959	998,253	223,294
Charges for Services	5,043,053	5,393,053	5,770,456	377,403
Fines and Forfeits	56,100	56,100	88,441	32,341
Miscellaneous:				
Investment Income, Net	307,630	314,230	556,381	242,151
Other	4,736,800	4,774,064	5,204,760	430,696
Total Miscellaneous	5,044,430	5,088,294	5,761,141	672,847
Total Revenues	48,295,153	48,728,706	51,787,321	3,058,615
Expenditures:				
Current:				
General Government	16,130,165	16,402,222	13,539,597	2,862,625
Judicial	5,014,360	5,408,148	5,019,412	388,736
Public Safety	24,915,671	25,111,794	23,226,189	1,885,605
Public Transportation	196,816	203,778	199,346	4,432
Health	5,404,197	5,544,697	4,458,959	1,085,738
Welfare	3,024,156	3,027,768	2,849,378	178,390
Culture-Recreation	588,004	588,004	570,007	17,997
Conservation	264,314	264,314	200,154	64,160
Economic Development and Assistance	186,000	186,000	146,091	39,909
Debt Service:				
Principal and Retirements	784,025	900,196	800,089	100,107
Interest and Fiscal Charges	441,015	497,079	387,787	109,292
Total Expenditures	56,948,723	58,134,000	51,397,008	6,736,992
Excess (Deficiency) of Revenue over Expenditures	(8,653,570)	(9,405,294)	390,313	9,795,607
Other Financing Sources (Uses):				
Disposition of Fixed Assets	-	-	9,938	9,938
Notes Payable Proceeds	-	670,825	935,529	264,704
Lease Purchase Proceeds	260,000	711,299	451,299	(260,000)
Transfers In	809,321	858,925	858,925	-
Transfers Out	(1,725,920)	(1,789,324)	(1,764,324)	25,000
Total Other Financing Sources	(656,599)	451,725	491,367	39,642
Excess (Deficiency) of Revenues and Other Sources over Expenditures	(9,310,169)	(8,953,569)	881,680	9,835,249
Fund Balance at Beginning of Year	16,995,363	16,995,363	19,087,486	2,092,123
Fund Balance at End of Year	\$ 7,685,194	\$ 8,041,794	\$ 19,969,166	\$ 11,927,372

MCLENNAN COUNTY, TEXAS

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund				Variance with
Year Ended September 30, 2005				Final Budget
	Original	Final	Actual	Positive (Negative)
<u>GENERAL GOVERNMENT</u>				
<u>GENERAL ADMINISTRATION</u>				
Commissioners Court:				
Personal Services	\$ 226,046	\$ 226,046	\$ 211,361	\$ 14,685
Supplies	4,400	4,370	1,560	2,810
Other Services & Charges	7,430	7,460	4,933	2,527
Capital Outlay	-	-	-	-
Total Commissioners Court	<u>237,876</u>	<u>237,876</u>	<u>217,854</u>	<u>20,022</u>
County Judge:				
Personal Services	292,231	292,231	278,627	13,604
Supplies	6,150	7,954	3,710	4,244
Other Services & Charges	65,112	63,308	54,942	8,366
Capital Outlay	-	-	-	-
Total County Judge	<u>363,493</u>	<u>363,493</u>	<u>337,279</u>	<u>26,214</u>
Grant Administrator:				
Personal Services	49,300	49,300	29,274	20,026
Supplies	550	1,150	695	455
Other Services & Charges	1,261	661	505	156
Total Grant Administrator	<u>51,111</u>	<u>51,111</u>	<u>30,474</u>	<u>20,637</u>
County Clerk - Recording Department:				
Personal Services	546,155	546,155	483,617	62,538
Supplies	41,250	41,910	40,949	961
Other Services & Charges	154,715	162,303	155,327	6,976
Capital Outlay	290,000	290,000	287,772	2,228
Total County Clerk - Recording Department	<u>1,032,120</u>	<u>1,040,368</u>	<u>967,665</u>	<u>72,703</u>
Personnel Department:				
Personal Services	210,169	210,169	200,179	9,990
Supplies	9,100	9,085	7,464	1,621
Other Services & Charges	6,880	6,895	4,354	2,541
Capital Outlay	-	-	-	-
Total Commissioners Court	<u>226,149</u>	<u>226,149</u>	<u>211,997</u>	<u>14,152</u>
Telephone Department:				
Personal Services	42,057	42,057	40,426	1,631
Supplies	195	195	170	25
Other Services & Charges	62,000	62,000	44,307	17,693
Capital Outlay	15,000	15,000	-	15,000
Total Telephone Department	<u>119,252</u>	<u>119,252</u>	<u>84,903</u>	<u>34,349</u>
Maintenance of Buildings:				
Personal Services	838,323	838,323	798,370	39,953
Supplies	30,115	37,115	30,701	6,414
Other Services & Charges	260,069	260,069	124,588	135,481
Capital Outlay	-	-	-	-
Total Maintenance of Buildings	<u>1,128,507</u>	<u>1,135,507</u>	<u>953,659</u>	<u>181,848</u>

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2005

Variance with
Final Budget
Positive
(Negative)

	Original	Final	Actual	
<u>GENERAL GOVERNMENT (continued)</u>				
<u>GENERAL ADMINISTRATION (continued)</u>				
Inmate Project Crew:				
Personal Services	\$ 49,302	\$ 49,302	\$ 46,178	\$ 3,124
Supplies	1,730	1,830	819	1,011
Other Services & Charges	808	808	271	537
Total Inmate Project Crew	<u>51,840</u>	<u>51,940</u>	<u>47,268</u>	<u>4,672</u>
Maintenance of Equipment:				
Personal Services	136,996	136,996	129,688	7,308
Supplies	10,715	12,335	8,856	3,479
Other Services & Charges	21,645	21,525	13,754	7,771
Capital Outlay	-	-	-	-
Total Maintenance of Equipment	<u>169,356</u>	<u>170,856</u>	<u>152,298</u>	<u>18,559</u>
Engineering Department:				
Personal Services	303,196	303,196	297,282	5,914
Supplies	5,750	8,050	7,078	972
Other Services & Charges	51,812	51,407	46,302	5,105
Capital Outlay	-	5,905	5,813	92
Total Engineering Department	<u>360,758</u>	<u>368,558</u>	<u>356,475</u>	<u>12,083</u>
Custodial Department:				
Supplies	25,550	25,550	22,328	3,222
Other Services & Charges	170,940	170,940	125,386	45,554
Total Custodial Department	<u>196,490</u>	<u>196,490</u>	<u>147,713</u>	<u>48,777</u>
General Expense:				
Personal Services	323,737	323,737	211,573	112,164
Supplies	62,000	62,000	7,821	54,179
Other Services & Charges	1,477,470	1,516,110	874,535	641,575
Capital Outlay	-	-	-	-
Total General Expense	<u>1,863,207</u>	<u>1,901,847</u>	<u>1,093,929</u>	<u>807,918</u>
Non-departmental:				
Other Services & Charges	1,124,000	656,521	300,134	356,387
Total Non-departmental	<u>1,124,000</u>	<u>656,521</u>	<u>300,134</u>	<u>356,387</u>
Total General Administration	<u>6,924,159</u>	<u>6,519,968</u>	<u>4,901,648</u>	<u>1,618,320</u>
LEGAL				
County Legal Counsel:				
Other Services & Charges	200,000	200,000	132,150	67,850
Total County Legal Counsel	<u>200,000</u>	<u>200,000</u>	<u>132,150</u>	<u>67,850</u>
Public Defender:				
Personal Services	-	-	-	-
Supplies	-	-	-	-
Other Services & Charges	-	-	-	-
Capital Outlay	-	-	-	-
Total Public Defender	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund				Variance with Final Budget Positive (Negative)
Year Ended September 30, 2005				
	Original	Final	Actual	
<u>GENERAL GOVERNMENT (continued)</u>				
<u>LEGAL (continued)</u>				
Criminal District Attorney:				
Personal Services	\$ 2,132,509	\$ 2,132,509	\$ 2,001,625	\$ 130,884
Supplies	55,000	56,398	47,867	8,531
Other Services & Charges	113,975	117,500	93,846	23,654
Capital Outlay	-	-	-	-
Total District Attorney	<u>2,301,484</u>	<u>2,306,407</u>	<u>2,143,338</u>	<u>163,069</u>
Victims Services:				
Personal Services	31,412	31,412	13,058	18,354
Supplies	10	10	-	10
Total Victims Services	<u>31,422</u>	<u>31,422</u>	<u>13,058</u>	<u>18,364</u>
Total Legal	<u>2,532,906</u>	<u>2,537,829</u>	<u>2,288,546</u>	<u>249,283</u>
<u>ELECTIONS</u>				
Elections Administration:				
Personal Services	246,764	255,423	248,824	6,599
Supplies	28,523	28,523	22,872	5,651
Other Services & Charges	67,844	66,108	59,759	6,349
Capital Outlay	-	-	-	-
Total Elections Administration	<u>343,131</u>	<u>350,054</u>	<u>331,455</u>	<u>18,599</u>
General Elections:				
Personal Services	89,500	93,265	71,281	21,984
Supplies	38,300	34,535	27,761	6,774
Other Services & Charges	21,000	21,000	7,963	13,037
Total General Elections	<u>148,800</u>	<u>148,800</u>	<u>107,004</u>	<u>41,796</u>
Primary Elections:				
Personal Services	-	-	-	-
Supplies	-	-	-	-
Other Services & Charges	-	-	-	-
Total Primary Elections	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Elections:				
Personal Services	160,796	153,873	47,958	105,915
Supplies	33,610	33,610	11,006	22,604
Other Services & Charges	45,315	45,315	12,011	33,304
Total Other Elections	<u>239,721</u>	<u>232,798</u>	<u>70,976</u>	<u>161,822</u>
Total Elections	<u>731,652</u>	<u>731,652</u>	<u>509,435</u>	<u>222,217</u>

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, 2005			
	Original	Final	Actual	
<u>GENERAL GOVERNMENT (continued)</u>				
<u>FINANCIAL ADMINISTRATION</u>				
County Auditor:				
Personal Services	\$ 1,014,465	\$ 1,014,465	\$ 993,420	\$ 21,045
Supplies	42,600	42,600	23,182	19,418
Other Services & Charges	59,100	59,100	32,378	26,722
Capital Outlay	-	-	-	-
Total County Auditor	<u>1,116,165</u>	<u>1,116,165</u>	<u>1,048,979</u>	<u>67,186</u>
GASB 34 Implementation Team:				
Supplies	-	-	-	-
Other Services & Charges	-	-	-	-
Total GASB 34 Implementation Team	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Information Technology:				
Personal Services	987,827	983,727	896,733	86,994
Supplies	63,490	60,990	50,182	10,808
Other Services & Charges	316,374	337,699	197,228	140,471
Capital Outlay	-	652,000	529,657	122,343
Total Information Technology	<u>1,367,691</u>	<u>2,034,416</u>	<u>1,673,800</u>	<u>360,616</u>
Information Technology Study:				
Supplies	-	-	-	-
Other Services & Charges	130,106	130,606	130,606	0
Capital Outlay	-	-	-	-
Total Information Technology Study	<u>130,106</u>	<u>130,606</u>	<u>130,606</u>	<u>0</u>
Independent Auditing:				
Other Services & Charges	35,000	35,000	31,425	3,575
Total Independent Auditing	<u>35,000</u>	<u>35,000</u>	<u>31,425</u>	<u>3,575</u>
County Treasurer:				
Personal Services	257,670	257,670	252,328	5,342
Supplies	3,825	3,825	2,372	1,453
Other Services & Charges	13,170	13,170	8,502	4,668
Capital Outlay	-	-	-	-
Total County Treasurer	<u>274,665</u>	<u>274,665</u>	<u>263,202</u>	<u>11,463</u>
County Tax Assessor-Collector:				
Personal Services	591,733	591,733	552,496	39,237
Supplies	35,970	35,970	25,745	10,225
Other Services & Charges	69,925	69,925	63,750	6,175
Capital Outlay	-	-	-	-
Total County Tax Assessor-Collector	<u>697,628</u>	<u>697,628</u>	<u>641,991</u>	<u>55,637</u>
Tax Appraisal Services:				
Other Services & Charges	430,661	430,661	410,321	20,341
Total Tax Appraisal Services	<u>430,661</u>	<u>430,661</u>	<u>410,321</u>	<u>20,341</u>

MCLENNAN COUNTY, TEXAS

continued

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

	General Fund			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Year Ended September 30, 2005.				
<u>GENERAL GOVERNMENT (continued)</u>				
<u>FINANCIAL ADMINISTRATION (continued)</u>				
County Tax Office - Auto Department:				
Personal Services	\$ 996,728	\$ 996,728	\$ 925,905	\$ 70,823
Supplies	20,257	20,257	11,422	8,835
Other Services & Charges	39,450	39,450	36,428	3,022
Capital Outlay	-	-	-	-
Total County Tax Office - Auto Department	<u>1,056,435</u>	<u>1,056,435</u>	<u>973,755</u>	<u>82,680</u>
County Tax Office - Lorena Substation:				
Personal Services	47,847	47,847	43,014	4,833
Supplies	525	525	195	330
Other Services & Charges	10,668	10,668	9,913	755
Total County Tax Office - Lorena Substation	<u>59,040</u>	<u>59,040</u>	<u>53,123</u>	<u>5,917</u>
County Tax Office - McGregor Substation:				
Personal Services	52,146	52,146	52,023	123
Supplies	350	350	325	25
Other Services & Charges	3,071	3,071	2,606	465
Total County Tax Office - McGregor Substation	<u>55,567</u>	<u>55,567</u>	<u>54,954</u>	<u>613</u>
County Tax Office - West Substation:				
Personal Services	46,508	46,508	46,288	220
Supplies	350	350	159	191
Other Services & Charges	3,363	3,363	2,666	697
Total County Tax Office - West Substation	<u>50,221</u>	<u>50,221</u>	<u>49,113</u>	<u>1,108</u>
Purchasing Department:				
Personal Services	245,068	245,068	237,387	7,681
Supplies	3,230	3,230	1,612	1,618
Other Services & Charges	4,030	4,030	3,313	717
Capital Outlay	-	-	-	-
Total Purchasing Department	<u>252,328</u>	<u>252,328</u>	<u>242,313</u>	<u>10,015</u>
Records Management Department:				
Personal Services	213,691	221,891	213,446	8,445
Supplies	14,280	25,539	21,086	4,453
Other Services & Charges	17,875	9,032	6,963	2,069
Capital Outlay	31,545	25,029	24,892	138
Total Records Management Department	<u>277,391</u>	<u>281,491</u>	<u>266,386</u>	<u>15,105</u>
Total Financial Administration	<u>5,802,898</u>	<u>6,474,223</u>	<u>5,839,968</u>	<u>634,255</u>
TOTAL GENERAL GOVERNMENT	<u>15,991,615</u>	<u>16,263,672</u>	<u>13,539,597</u>	<u>2,724,075</u>

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund				Variance with Final Budget Positive (Negative)
Year Ended September 30, 2005				
	Original	Final	Actual	
JUDICIAL				
Mental Health Court Services:				
Personal Services	\$ 99,755	\$ 99,755	\$ 99,426	\$ 329
Supplies	1,275	3,075	2,432	643
Other Services & Charges	95,888	95,888	80,879	15,009
Total Mental Health Court Services	196,918	198,718	182,737	15,981
Bonding Office:				
Personal Services	89,360	89,910	88,512	1,398
Supplies	4,910	4,910	3,865	1,045
Other Services & Charges	3,080	2,530	723	1,807
Capital Outlay	-	-	-	-
Total Bonding Office	97,350	97,350	93,099	4,251
McLennan County Bail Bond Board:				
Supplies	150	150	-	150
Other Services & Charges	50	50	25	25
Total McLennan County Bail Bond Board	200	200	25	175
County Clerk - Court Department:				
Personal Services	579,571	579,571	533,452	46,119
Supplies	13,350	13,550	13,477	73
Other Services & Charges	5,600	11,648	5,278	6,370
Capital Outlay	-	199,250	199,250	-
Total County Clerk - Court Department	598,521	804,019	751,458	52,561
County Court at Law No. 1:				
Personal Services	323,749	323,749	316,192	7,557
Supplies	4,450	7,720	7,453	267
Other Services & Charges	26,475	22,455	6,523	15,932
Capital Outlay	-	-	-	-
Total County Court at Law No. 1	354,674	353,924	330,167	23,757
County Court at Law No. 2:				
Personal Services	323,749	323,749	317,856	5,893
Supplies	10,000	10,750	6,970	3,780
Other Services & Charges	28,030	28,030	12,443	15,587
Capital Outlay	-	-	-	-
Total County Court at Law No. 2	361,779	362,529	337,269	25,260
19th District Court:				
Personal Services	244,377	207,906	191,968	15,938
Supplies	16,545	18,038	17,519	519
Other Services & Charges	18,245	10,887	10,672	215
Capital Outlay	-	5,115	5,115	-
Total 19th District Court	279,167	241,946	225,273	16,673

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2005

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
JUDICIAL (continued)				
54th District Court:				
Personal Services	\$ 357,819	\$ 357,819	\$ 324,754	\$ 33,065
Supplies	18,760	19,785	14,400	5,385
Other Services & Charges	55,050	54,025	10,695	43,330
Capital Outlay	-	-	-	-
Total 54th District Court	<u>431,629</u>	<u>431,629</u>	<u>349,849</u>	<u>81,780</u>
74th District Court:				
Personal Services	186,654	223,125	207,744	15,381
Supplies	16,950	19,959	13,529	6,430
Other Services & Charges	14,185	11,926	10,647	1,279
Capital Outlay	-	5,750	5,624	126
Total 74th District Court	<u>217,789</u>	<u>260,760</u>	<u>237,544</u>	<u>23,216</u>
170th District Court:				
Personal Services	177,747	177,747	170,921	6,826
Supplies	6,350	7,748	6,391	1,357
Other Services & Charges	13,790	12,392	6,757	5,635
Capital Outlay	-	-	-	-
Total 170th District Court	<u>197,887</u>	<u>197,887</u>	<u>184,070</u>	<u>13,817</u>
170th District Court - Court Master:				
Supplies	200	200	-	200
Other Services & Charges	1,000	1,000	702	298
Capital Outlay	-	-	-	-
Total 170th District Court - Court Master	<u>1,200</u>	<u>1,200</u>	<u>702</u>	<u>498</u>
Other District Courts - Change of Venue:				
Other Services & Charges	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
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	879,322	879,322	835,660	43,662
Supplies	28,750	28,253	27,224	1,029
Other Services & Charges	78,683	90,557	67,132	23,425
Capital Outlay	130,000	259,511	129,511	130,000
Total District Clerk	<u>1,116,755</u>	<u>1,257,643</u>	<u>1,059,528</u>	<u>198,115</u>
Justice of the Peace - Precinct 1, Place 1:				
Personal Services	191,794	191,794	183,629	8,165
Supplies	6,300	6,929	4,186	2,743
Other Services & Charges	33,139	41,139	40,666	473
Capital Outlay	-	-	-	-
Total Justice of the Peace - Precinct 1, Place 1	<u>231,233</u>	<u>239,862</u>	<u>228,482</u>	<u>11,380</u>

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

	General Fund			Variance with Final Budget Positive (Negative)
	Year Ended September 30, 2005			
	Original	Final	Actual	
JUDICIAL (continued)				
Justice of the Peace - Precinct 1, Place 2:				
Personal Services	\$ 184,762	\$ 184,762	\$ 181,391	\$ 3,371
Supplies	3,875	5,495	5,168	327
Other Services & Charges	35,600	38,863	36,441	2,422
Capital Outlay	-	-	-	-
Total Justice of the Peace - Precinct 1, Place 2	224,237	229,120	223,000	6,120
Justice of the Peace - Precinct 2:				
Personal Services	85,744	85,744	82,843	2,901
Supplies	1,900	1,900	825	1,075
Other Services & Charges	14,979	14,979	14,547	432
Total Justice of the Peace - Precinct 2	102,623	102,623	98,216	4,407
Justice of the Peace - Precinct 3:				
Personal Services	186,968	186,968	181,445	5,523
Supplies	3,776	6,599	5,634	965
Other Services & Charges	48,586	61,951	61,581	370
Capital Outlay	-	-	-	-
Total Justice of the Peace - Precinct 3	239,330	255,518	248,661	6,857
Justice of the Peace - Precinct 4:				
Personal Services	61,659	61,659	56,596	5,063
Supplies	1,700	3,877	3,283	594
Other Services & Charges	14,233	17,277	15,080	2,197
Capital Outlay	-	-	-	-
Total Justice of the Peace - Precinct 4	77,592	82,813	74,959	7,854
Justice of the Peace - Precinct 5:				
Personal Services	70,460	70,460	65,675	4,785
Supplies	943	973	426	547
Other Services & Charges	8,947	9,517	6,313	3,204
Capital Outlay	-	-	-	-
Total Justice of the Peace - Precinct 5	80,350	80,950	72,414	8,536
Justice of the Peace - Precinct 6:				
Personal Services	26,076	26,076	25,799	277
Supplies	850	1,084	948	136
Other Services & Charges	5,951	7,123	7,113	10
Total Justice of the Peace - Precinct 6	32,877	34,283	33,861	422

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund				Variance with
Year Ended September 30, 2005				Final Budget
	Original	Final	Actual	Positive (Negative)
<u>JUDICIAL (continued)</u>				
Justice of the Peace - Precinct 7:				
Personal Services	\$ 128,648	\$ 129,748	\$ 119,927	\$ 9,821
Supplies	3,650	3,768	3,297	471
Other Services & Charges	16,380	16,311	16,098	213
Capital Outlay	-	-	-	-
Total Justice of the Peace - Precinct 7	<u>148,678</u>	<u>149,827</u>	<u>139,322</u>	<u>10,505</u>
Justice of the Peace - Precinct 8:				
Personal Services	114,574	115,750	113,356	2,394
Supplies	3,637	4,271	4,152	119
Other Services & Charges	23,910	23,876	22,551	1,325
Capital Outlay	-	-	-	-
Total Justice of the Peace - Precinct 8	<u>142,121</u>	<u>143,897</u>	<u>140,059</u>	<u>3,838</u>
Tenth Court of Appeals				
Personal Services	4,500	4,500	4,226	274
Other Services & Charges	5,500	5,500	4,492	1,008
Total Tenth Court of Appeals	<u>10,000</u>	<u>10,000</u>	<u>8,718</u>	<u>1,282</u>
Other Court Services				
Other Services & Charges	-	-	-	-
Total Other Court Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Judicial	<u>5,152,910</u>	<u>5,546,698</u>	<u>5,019,412</u>	<u>527,286</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	468,951	469,650	456,351	13,299
Supplies	5,460	9,702	7,313	2,389
Other Services & Charges	66,425	66,355	61,778	4,577
Capital Outlay	-	-	-	-
Total Constable - Precinct 1	<u>540,836</u>	<u>545,707</u>	<u>525,442</u>	<u>20,265</u>
Constable - Precinct 2				
Personal Services	27,470	27,509	25,448	2,061
Supplies	1,860	2,344	714	1,630
Other Services & Charges	10,435	10,435	9,011	1,424
Total Constable - Precinct 2	<u>39,765</u>	<u>40,288</u>	<u>35,173</u>	<u>5,115</u>

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund				Variance with Final Budget Positive (Negative)
Year Ended September 30, 2005				
	Original	Final	Actual	
<u>PUBLIC SAFETY (continued)</u>				
<u>LAW ENFORCEMENT (continued)</u>				
Constable - Precinct 3				
Personal Services	\$ 80,894	\$ 81,016	\$ 79,596	\$ 1,420
Supplies	1,695	1,695	937	758
Other Services & Charges	16,175	16,475	15,067	1,408
Total Constable - Precinct 3	<u>98,764</u>	<u>99,186</u>	<u>95,600</u>	<u>3,586</u>
Constable - Precinct 4				
Personal Services	22,662	22,693	21,697	996
Supplies	1,350	1,285	932	353
Other Services & Charges	12,928	14,977	14,671	306
Total Constable - Precinct 4	<u>36,940</u>	<u>38,955</u>	<u>37,300</u>	<u>1,655</u>
Constable - Precinct 5				
Personal Services	47,039	47,097	38,157	8,940
Supplies	2,750	2,592	2,036	556
Other Services & Charges	16,729	16,887	10,551	6,336
Capital Outlay	-	-	-	-
Total Constable - Precinct 5	<u>66,518</u>	<u>66,576</u>	<u>50,744</u>	<u>15,832</u>
Constable - Precinct 6				
Personal Services	21,906	21,937	18,193	3,744
Supplies	1,450	1,450	454	996
Other Services & Charges	9,145	9,145	7,739	1,406
Total Constable - Precinct 6	<u>32,501</u>	<u>32,532</u>	<u>26,386</u>	<u>6,146</u>
Constable - Precinct 7				
Personal Services	228,623	228,920	223,375	5,545
Supplies	6,375	6,595	6,355	240
Other Services & Charges	39,030	38,810	34,981	3,829
Capital Outlay	-	-	-	-
Total Constable - Precinct 7	<u>274,028</u>	<u>274,325</u>	<u>264,711</u>	<u>9,614</u>
Constable - Precinct 8				
Personal Services	96,722	98,452	87,289	11,163
Supplies	4,750	4,309	3,988	321
Other Services & Charges	12,045	11,362	9,630	1,732
Capital Outlay	-	-	-	-
Total Constable - Precinct 8	<u>113,517</u>	<u>114,123</u>	<u>100,907</u>	<u>13,216</u>
County Sheriff:				
Personal Services	3,646,676	3,650,445	3,501,567	148,878
Supplies	249,657	294,657	274,710	19,947
Other Services & Charges	504,101	516,601	501,855	14,746
Capital Outlay	268,159	272,004	254,945	17,059
Total County Sheriff	<u>4,668,593</u>	<u>4,733,707</u>	<u>4,533,076</u>	<u>200,631</u>

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2005

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
PUBLIC SAFETY (continued)				
LAW ENFORCEMENT (continued)				
D.A.R.E. Program:				
Personal Services	\$ 264,795	\$ 265,199	\$ 250,996	\$ 14,203
Supplies	11,011	14,611	13,832	779
Other Services & Charges	5,584	5,584	4,423	1,161
Total D.A.R.E. Program	<u>281,390</u>	<u>285,394</u>	<u>269,251</u>	<u>16,143</u>
COPS Ahead Program:				
Personal Services	367,896	368,462	351,696	16,766
Supplies	-	-	-	-
Capital Outlay	-	-	-	-
Total COPS Ahead Program	<u>367,896</u>	<u>368,462</u>	<u>351,696</u>	<u>16,766</u>
LLEBG Grants:				
Personal Services	499	499	332	167
Supplies	240	240	101	139
Other Services & Charges	2,078	5,833	4,519	1,314
Capital Outlay	2,168	2,168	2,000	169
Total LLEBG Grants	<u>4,985</u>	<u>8,740</u>	<u>6,951</u>	<u>1,789</u>
Department of Public Safety				
Personal Services	37,179	37,179	36,413	766
Supplies	2,976	2,976	416	2,560
Other Services & Charges	5,516	5,516	5,107	409
Capital Outlay	18,968	18,968	-	18,968
Total Department of Public Safety	<u>64,639</u>	<u>64,639</u>	<u>41,935</u>	<u>22,704</u>
General Law Enforcement:				
Personal Services	-	-	-	-
Supplies	500	500	300	200
Other Services & Charges	371,500	371,500	259,880	111,620
Total General Law Enforcement	<u>372,000</u>	<u>372,000</u>	<u>260,180</u>	<u>111,820</u>
Radio Tower:				
Supplies	1,803	1,803	891	912
Other Services & Charges	23,690	23,690	9,583	14,107
Capital Outlay	-	-	-	-
Total Radio Tower	<u>25,493</u>	<u>25,493</u>	<u>10,475</u>	<u>15,018</u>
Total Law Enforcement	<u>6,987,865</u>	<u>7,070,127</u>	<u>6,609,826</u>	<u>460,301</u>

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund				
Year Ended September 30, 2005				
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<u>PUBLIC SAFETY (continued)</u>				
<u>CORRECTIONS</u>				
Feeding and Care of Prisoners:				
Personal Services	\$ 8,157,431	\$ 8,169,059	\$ 7,713,317	\$ 455,742
Supplies	360,469	365,669	360,162	5,507
Other Services & Charges	1,467,386	1,472,186	1,398,539	73,647
Capital Outlay	31,500	36,400	33,109	3,291
Total Feeding and Care of Prisoners	<u>10,016,786</u>	<u>10,043,314</u>	<u>9,505,127</u>	<u>538,187</u>
Downtown Jail:				
Supplies	-	-	-	-
Other Services & Charges	3,600,000	3,600,000	3,237,986	362,014
Total Downtown Jail	<u>3,600,000</u>	<u>3,600,000</u>	<u>3,237,986</u>	<u>362,014</u>
Juvenile Board:				
Personal Services	14,990	14,990	14,626	364
Total Juvenile Board	<u>14,990</u>	<u>14,990</u>	<u>14,626</u>	<u>364</u>
Juvenile Detention:				
Personal Services	1,647,065	1,649,398	1,372,047	277,352
Supplies	139,741	147,911	130,543	17,368
Other Services & Charges	123,270	164,820	161,948	2,872
Capital Outlay	4,720	35,000	34,835	165
Total Juvenile Detention	<u>1,914,796</u>	<u>1,997,129</u>	<u>1,699,372</u>	<u>297,757</u>
Juvenile Probation:				
Personal Services	1,532,771	1,525,809	1,432,957	92,852
Supplies	33,706	33,507	31,203	2,304
Other Services & Charges	233,196	236,696	176,437	60,259
Capital Outlay	-	-	-	-
Total Juvenile Probation	<u>1,799,673</u>	<u>1,796,012</u>	<u>1,640,597</u>	<u>155,415</u>
Juvenile Accountability Incentive Block Grant:				
Personal Services	14,978	14,978	12,205	2,773
Supplies	-	-	-	-
Other Services & Charges	-	-	-	-
Capital Outlay	-	-	-	-
Total Juvenile Accountability Incentive Block Grant	<u>14,978</u>	<u>14,978</u>	<u>12,205</u>	<u>2,773</u>
Adult Probation:				
Supplies	17,975	18,275	18,013	262
Other Services & Charges	87,330	87,030	75,414	11,616
Capital Outlay	8,053	8,053	8,053	-
Total Adult Probation	<u>113,358</u>	<u>113,358</u>	<u>101,480</u>	<u>11,878</u>
Total Corrections	<u>17,474,581</u>	<u>17,579,781</u>	<u>16,211,392</u>	<u>1,368,389</u>

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund				
Year Ended September 30, 2005				
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
PUBLIC SAFETY (continued)				
OTHER PROTECTION				
Courthouse Security:				
Personal Services	\$ 165,882	\$ 166,116	\$ 159,919	\$ 6,197
Supplies	50	100	73	27
Other Services & Charges	2,000	1,950	1,356	594
Capital Outlay	-	-	-	-
Total Courthouse Security	<u>167,932</u>	<u>168,166</u>	<u>161,349</u>	<u>6,817</u>
Homeland Security:				
Other Services & Charges	-	3,775	3,757	18
Total Homeland Security	<u>-</u>	<u>3,775</u>	<u>3,757</u>	<u>18</u>
Civil Defense:				
Other Services & Charges	42,058	46,631	46,630	1
Total Civil Defense	<u>42,058</u>	<u>46,631</u>	<u>46,630</u>	<u>1</u>
Military Units:				
Other Services & Charges	1,500	1,500	1,500	-
Total Military Units	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>-</u>
Total Other Protection	<u>211,490</u>	<u>220,072</u>	<u>213,236</u>	<u>6,836</u>
ENVIRONMENTAL PROTECTION				
Solid Waste Management:				
Other Services & Charges	30,170	30,170	30,000	170
Total Solid Waste Management	<u>30,170</u>	<u>30,170</u>	<u>30,000</u>	<u>170</u>
Environmental Standards Management:				
Other Services & Charges	54,726	54,726	36,282	18,444
Total Environmental Standards Management	<u>54,726</u>	<u>54,726</u>	<u>36,282</u>	<u>18,444</u>
Stormwater Pollution Abatement:				
Other Services & Charges	5,500	5,500	-	5,500
Total Stormwater Pollution Abatement	<u>5,500</u>	<u>5,500</u>	<u>-</u>	<u>5,500</u>
Litter Abatement Program:				
Personal Services	51,039	51,118	37,643	13,475
Supplies	300	600	310	290
Other Services & Charges	500	200	-	200
Capital Outlay	-	-	-	-
Total Litter Abatement Program	<u>51,839</u>	<u>51,918</u>	<u>37,953</u>	<u>13,965</u>

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

	General Fund			Variance with Final Budget Positive (Negative)
	Year Ended September 30, 2005			
	Original	Final	Actual	
<u>PUBLIC SAFETY (continued)</u>				
<u>ENVIRONMENTAL PROTECTION (continued)</u>				
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	148,335	148,414	104,235	44,179
TOTAL PUBLIC SAFETY	24,915,671	25,111,794	23,226,189	1,885,605
 <u>PUBLIC TRANSPORTATION</u>				
Prisoner Utilization Program - Precinct 1				
Personal Services	49,505	51,258	50,234	1,024
Total Prisoner Utilization Program - Precinct 1	49,505	51,258	50,234	1,024
Prisoner Utilization Program - Precinct 2				
Personal Services	48,938	50,668	49,593	1,075
Total Prisoner Utilization Program - Precinct 1	48,938	50,668	49,593	1,075
Prisoner Utilization Program - Precinct 3				
Personal Services	49,505	51,258	49,995	1,263
Total Prisoner Utilization Program - Precinct 1	49,505	51,258	49,995	1,263
Prisoner Utilization Program - Precinct 4				
Personal Services	48,868	50,594	49,524	1,070
Total Prisoner Utilization Program - Precinct 1	48,868	50,594	49,524	1,070
TOTAL PUBLIC TRANSPORTATION	196,816	203,778	199,346	4,432
 <u>HEALTH</u>				
Health Administration:				
Personal Services	498,499	498,499	461,381	37,118
Supplies	5,900	8,230	7,287	943
Other Services & Charges	65,882	63,552	55,582	7,970
Capital Outlay	-	-	-	-
Total Health Administration	570,281	570,281	524,249	46,032

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund				
Year Ended September 30, 2005				
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<u>HEALTH (continued)</u>				
Direct Aid - Indigent Healthcare:				
Supplies	\$ 2,115	\$ 15,115	\$ 13,776	\$ 1,339
Other Services & Charges	2,249,000	2,236,000	1,333,108	902,892
Total Direct Aid - Indigent Healthcare	<u>2,251,115</u>	<u>2,251,115</u>	<u>1,346,885</u>	<u>904,230</u>
Direct Aid - County Jail Inmates:				
Personal Services	770,497	770,497	674,232	96,265
Supplies	34,768	36,768	34,773	1,995
Other Services & Charges	773,250	911,750	903,535	8,215
Capital Outlay	-	-	-	-
Total Direct Aid - County Jail Inmates	<u>1,578,515</u>	<u>1,719,015</u>	<u>1,612,539</u>	<u>106,476</u>
Public Health:				
Other Services & Charges	113,286	113,286	113,286	-
Total Public Health	<u>113,286</u>	<u>113,286</u>	<u>113,286</u>	<u>-</u>
Rabies and Animal Control:				
Other Services & Charges	31,000	31,000	31,000	-
Total Rabies and Animal Control	<u>31,000</u>	<u>31,000</u>	<u>31,000</u>	<u>-</u>
MHMR Crisis Intervention:				
Other Services & Charges	300,000	300,000	271,000	29,000
Total MHMR Crisis Intervention	<u>300,000</u>	<u>300,000</u>	<u>271,000</u>	<u>29,000</u>
Family Practice Clinic:				
Other Services & Charges	560,000	560,000	560,000	-
Total Family Practice Clinic	<u>560,000</u>	<u>560,000</u>	<u>560,000</u>	<u>-</u>
TOTAL HEALTH	<u>5,404,197</u>	<u>5,544,697</u>	<u>4,458,959</u>	<u>1,085,738</u>
<u>WELFARE</u>				
Welfare Administration:				
Personal Services	35,534	35,534	35,074	460
Total Welfare Administration	<u>35,534</u>	<u>35,534</u>	<u>35,074</u>	<u>460</u>
Welfare - Direct Aid:				
Supplies	-	-	-	-
Other Services & Charges	2,679,995	2,679,995	2,606,133	73,862
Total Welfare - Direct Aid	<u>2,679,995</u>	<u>2,679,995</u>	<u>2,606,133</u>	<u>73,862</u>

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund				Variance with Final Budget Positive (Negative)
Year Ended September 30, 2005				
	Original	Final	Actual	
<u>WELFARE (continued)</u>				
Childrens' Protective Services -				
Direct Aid:				
Supplies	\$ 65,750	\$ 65,750	\$ 19,372	\$ 46,378
Other Services & Charges	17,250	20,862	12,041	8,821
Total Childrens' Protective Services - Direct Aid	<u>83,000</u>	<u>86,612</u>	<u>31,413</u>	<u>55,199</u>
Juvenile Interim Home:				
Personal Services	138,917	138,917	107,485	31,432
Supplies	12,200	12,200	4,579	7,621
Other Services & Charges	13,100	13,100	4,868	8,232
Total Juvenile Interim Home	<u>164,217</u>	<u>164,217</u>	<u>116,932</u>	<u>47,285</u>
Veterans Service Office				
Personal Services	41,722	41,722	41,557	165
Supplies	1,450	1,250	628	622
Other Services & Charges	1,860	2,060	1,263	797
Capital Outlay	-	-	-	-
Total Veterans Service Office	<u>45,032</u>	<u>45,032</u>	<u>43,449</u>	<u>1,584</u>
Aging Program:				
Other Services & Charges	16,378	16,378	16,378	-
Total Aging Program	<u>16,378</u>	<u>16,378</u>	<u>16,378</u>	<u>-</u>
TOTAL WELFARE	<u>3,024,156</u>	<u>3,027,768</u>	<u>2,849,378</u>	<u>178,390</u>
<u>CULTURE-RECREATION</u>				
Parks:				
Personal Services	4,997	4,997	-	4,997
Supplies	3,500	7,000	5,704	1,296
Other Services & Charges	15,894	12,394	4,150	8,244
Capital Outlay	-	-	-	-
Total Parks	<u>24,391</u>	<u>24,391</u>	<u>9,854</u>	<u>14,537</u>
Public Library:				
Other Services & Charges	555,463	555,463	555,463	-
Total Public Library	<u>555,463</u>	<u>555,463</u>	<u>555,463</u>	<u>-</u>
Historical Survey:				
Supplies	150	150	-	150
Other Services & Charges	500	500	-	500
Total Historical Survey	<u>650</u>	<u>650</u>	<u>-</u>	<u>650</u>

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund				
Year Ended September 30, 2005				
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<u>CULTURE-RECREATION (continued)</u>				
Exhibit Buildings and Showbarns:				
Supplies	\$ 1,100	\$ 600	\$ -	\$ 600
Other Services & Charges	6,400	6,900	4,690	2,210
Total Exhibit Buildings and Showbarns	<u>7,500</u>	<u>7,500</u>	<u>4,690</u>	<u>2,810</u>
 TOTAL CULTURE-RECREATION	 <u>588,004</u>	 <u>588,004</u>	 <u>570,007</u>	 <u>17,997</u>
<u>CONSERVATION</u>				
Agricultural Extension Service:				
Personal Services	195,890	195,890	157,732	38,158
Supplies	4,057	4,057	3,242	815
Other Services & Charges	39,367	39,367	36,780	2,587
Total Agricultural Extension Service	<u>239,314</u>	<u>239,314</u>	<u>197,754</u>	<u>41,560</u>
Soil and Water Conservation:				
Other Services & Charges	25,000	25,000	2,400	22,600
Total Soil and Water Conservation	<u>25,000</u>	<u>25,000</u>	<u>2,400</u>	<u>22,600</u>
 TOTAL CONSERVATION	 <u>264,314</u>	 <u>264,314</u>	 <u>200,154</u>	 <u>64,160</u>
<u>ECONOMIC DEVELOPMENT AND ASSISTANCE</u>				
Other Services & Charges	186,000	186,000	146,091	39,909
<u>DEBT SERVICE</u>				
Principal	784,025	900,196	800,089	100,107
Interest	441,015	497,079	387,787	109,292
Total Debt Service	<u>1,225,040</u>	<u>1,397,275</u>	<u>1,187,876</u>	<u>209,399</u>
	<u>\$ 56,948,723</u>	<u>\$ 58,134,000</u>	<u>\$ 51,397,008</u>	<u>\$ 6,736,992</u>



COMBINING AND INDIVIDUAL
FUND STATEMENTS AND
SCHEDULES

MCLENNAN COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds

September 30, 2005

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
\$	12,695,935	\$ 1,796,381	\$ 1,676,941	\$ 48,735	\$ 16,217,991
	290,610	-	-	-	290,610
	76,315	258,984	5,574	-	340,873
	50,864	-	-	-	50,864
	-	-	-	-	-
	1,917,290	-	-	-	1,917,290
	233,119	-	-	-	233,119
Total Assets and Other Debits	\$ 15,264,133	\$ 2,055,365	\$ 1,682,515	\$ 48,735	\$ 19,050,747

ASSETS

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

LIABILITIES AND FUND BALANCE

Liabilities:
 Overdraft in Pooled Cash Equity
 Accounts Payable
 Due to Other Funds
 Due to Other Governments
 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

\$	1,482,378	\$ -	\$ -	\$ -	\$ 1,482,378
	713,892	1,000	386,786	-	1,101,678
	30,106	-	-	-	30,106
	-	-	-	-	-
	81,634	258,984	5,574	-	346,192
	2,308,010	259,984	392,360	-	2,960,353
	-	1,795,381	-	-	1,795,381
	6,567	-	-	48,735	55,302
	12,949,556	-	1,290,155	-	14,239,711
	12,956,123	1,795,381	1,290,155	48,735	16,090,394
Total Liabilities and Fund Balance	\$ 15,264,133	\$ 2,055,365	\$ 1,682,515	\$ 48,735	\$ 19,050,747

MCLENNAN COUNTY, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended September 30, 2005

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
Revenues:					
Taxes	\$ 1,008,515	\$ 4,657,114	\$ 100,269	\$ -	\$ 5,765,898
Licenses and Permits	1,702,439	-	-	-	1,702,439
Intergovernmental	6,045,725	3,013	65	-	6,048,803
Charges for Services	566,926	-	-	-	566,926
Fines and Forfeits	2,044,198	-	-	-	2,044,198
Miscellaneous	539,695	66,737	64,694	1,205	672,332
Total Revenues	11,907,497	4,726,864	165,028	1,205	16,800,595
Expenditures:					
Current:					
General Government	1,661,618	-	8,018	-	1,669,636
Judicial	346,745	-	-	-	346,745
Public Safety	3,314,973	-	-	-	3,314,973
Public Transportation	6,629,635	-	-	-	6,629,635
Economic Development and Assistance	144,115	-	-	-	144,115
Capital Projects	267,486	-	2,008,081	-	2,275,566
Debt Service:					
Principal and Retirements	-	2,725,000	-	-	2,725,000
Interest and Fiscal Charges	-	1,985,233	-	-	1,985,233
Total Expenditures	12,364,572	4,710,233	2,016,099	-	19,090,903
Excess (Deficiency) of Revenue over Expenditures	(457,074)	16,631	(1,851,071)	1,205	(2,290,308)
Other Financing Sources (Uses):					
Proceeds from Issuance of Refunding Bonds	-	-	-	-	-
Paid to Refunding Bond Escrow Agent	-	-	-	-	-
Disposition of Fixed Assets	8,855	-	-	-	8,855
Transfers In	2,174,068	442,411	7,218	-	2,623,697
Transfers Out	(1,289,687)	(428,611)	-	-	(1,718,298)
Total Other Financing Sources	893,236	13,800	7,218	-	914,254
Excess (Deficiency) of Revenues and Other Sources over Expenditures	436,162	30,431	(1,843,853)	1,205	(1,376,054)
Fund Balance at Beginning of Year	12,519,962	1,764,950	3,134,008	47,529	17,466,448
Fund Balance at End of Year	\$ 12,956,123	\$ 1,795,381	\$ 1,290,155	\$ 48,735	\$ 16,090,394



McLENNAN COUNTY, TEXAS

Nonmajor Governmental Funds

Special Revenue Funds – Purpose of Funds

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

Alcohol and Drug Abuse Prevention and Treatment Fund

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

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

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

Available School Fund

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

Court Reporter Service Fund

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

Dispute Resolution Fund

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

District Attorney Fund

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

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

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

District Clerk Errors and Omissions Fund

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

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.

McLENNAN COUNTY, TEXAS

Nonmajor Governmental Funds

Special Revenue Funds – Purpose of Funds

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 five 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.

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.

McLENNAN COUNTY, TEXAS

Nonmajor Governmental Funds

Special Revenue Funds – Purpose of Funds

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, 2005

	Alcohol and Drug Abuse Prevention and Treatment Fund	Available School Fund	Court Reporter Service Fund	Dispute Resolution Fund	District Attorney Administration Fund	District Clerk Errors and Omissions Fund	Economic Development Fund	Federal Programs Fund
\$	19,130	7,381	34,257	10,273	30,694	89,490	4,343,842	19,085
	-	-	-	-	41,605	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	560	-	-	-	-	-	-	10,615
	-	-	-	-	-	-	-	-
\$	19,690	7,381	34,257	10,273	72,300	89,490	4,343,842	29,699

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:
 Overdraft in Pooled Cash Equity
 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, 2005

	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
ASSETS							
Pooled Cash and Investments	\$ 96,814	\$ 804,572	\$ 58,154	\$ 541,576	\$ 123,480	\$ -	\$ 20,000
Non-Pooled Cash and Investments	32,467	1,823	-	2,000	-	-	-
Receivables (net of allowances for estimated uncollectibles):							
Taxes	-	-	-	-	-	-	-
Accounts	5,145	-	-	-	-	-	-
Accrued Interest	9,494	-	-	970	422	37,102	2,265
Due from Other Funds	-	-	-	-	-	-	-
Due from Other Governments	-	74,627	-	169	-	8,424	1,752,931
Inventories	-	-	-	-	-	-	-
Total Assets	\$ 106,308	\$ 881,023	\$ 58,154	\$ 544,715	\$ 123,902	\$ 45,526	\$ 1,775,196

LIABILITIES AND FUND BALANCE

Liabilities:							
Overdraft in Pooled Cash Equity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,242	\$ 1,446,848
Accounts Payable	1,485	191	449	75	4,490	21,244	328,347
Due to Other Funds	-	-	-	-	-	-	-
Due to Other Governments	-	-	-	-	-	-	-
Deferred Revenue	-	5,145	-	-	-	-	-
Total Liabilities	1,485	5,336	449	75	4,490	39,486	1,775,195
Fund Balances:							
Reserved for Education	-	-	-	-	-	-	-
Unreserved Fund Balance	104,823	98,168	57,705	544,639	119,413	6,040	1
Total Fund Balances	104,823	98,168	57,705	544,639	119,413	6,040	1
Total Liabilities and Fund Balance	\$ 106,308	\$ 881,023	\$ 58,154	\$ 544,715	\$ 123,902	\$ 45,526	\$ 1,775,195

continued



(continued)

MCLENNAN COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Government Funds

Nonmajor Special Revenue Funds

September 30, 2005

	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
\$	159,376	14,233	54,373	192,606	932,374	2,231,539	600,960	2,439,443	12,695,935
					256	8,335	847	9,668	290,610
			71,169						76,315
		28			572	10		2	50,864
					17,491	17,491	14,692	20,290	1,917,290
		67,328			27,450	67,657	29,630	41,053	233,119
\$	159,376	81,589	125,543	192,606	978,143	2,325,032	646,129	2,510,456	15,264,133

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:
 Overdraft in Pooled Cash Equity
 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

\$									
		17,288							1,482,378
		9,556							713,892
	106	30,000			3,842	24,578	6,796	107,280	30,106
			71,169						81,634
	106	56,844	71,169		3,842	24,578	6,796	107,280	2,308,009
		24,745	54,373	192,606	974,301	2,300,454	639,333	2,403,176	6,567
	159,270	24,745	54,373	192,606	974,301	2,300,454	639,333	2,403,176	12,949,556
									12,956,123
\$	159,376	81,589	125,543	192,606	978,143	2,325,032	646,129	2,510,456	15,264,133

MCLENNAN COUNTY, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

Year Ended September 30, 2005

	Alcohol and Drug Abuse Prevention and Treatment Fund	Available School Fund	Court Reporter Service Fund	Dispute Resolution Fund	District Attorney Administration Fund	District Clerk Errors and Omissions Fund	Economic Development Fund	Federal Government Programs Fund
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	44,840	-	-	225,026
Charges for Services	5,040	-	55,710	37,288	196,983	2,530	-	-
Fines and Forfeits	-	-	-	-	-	-	-	-
Miscellaneous	427	183	1,258	273	-	2,181	96,308	73
Total Revenues	5,467	183	56,967	37,561	241,823	4,711	96,308	225,100
Expenditures:								
Current:								
General Government	-	-	100	-	221,133	-	-	-
Judicial	-	-	118,953	48,000	-	-	-	-
Public Safety	6,000	-	-	-	-	-	-	225,100
Public Transportation	-	-	-	-	-	-	-	-
Economic Development and Assistance	-	-	-	-	-	-	144,115	-
Capital Projects	-	-	-	-	-	-	-	-
Debt Service:								
Principal and Retirements	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Total Expenditures	6,000	-	119,053	48,000	221,133	-	144,115	225,100
Excess (Deficiency) of Revenue over Expenditures	(533)	183	(62,086)	(10,439)	20,690	4,711	(47,807)	-
Other Financing Sources (Uses):								
Disposition of Fixed Assets	-	-	-	-	-	-	-	-
Transfers In	-	-	74,554	12,000	-	-	750,000	-
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources	-	-	74,554	12,000	-	-	750,000	-
Excess (Deficiency) of Revenues and Other Sources over Expenditures	(533)	183	12,468	1,561	20,690	4,711	702,193	-
Fund Balance at Beginning of Year	20,222	7,199	20,821	8,712	51,610	84,780	3,641,648	-
Fund Balance at End of Year	\$ 19,690	\$ 7,381	\$ 33,289	\$ 10,273	\$ 72,300	\$ 89,490	\$ 4,343,842	\$ -

continued

MCLENNAN COUNTY, TEXAS

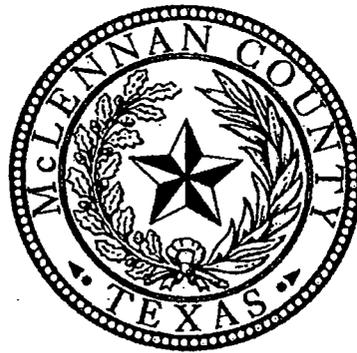
Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

Year Ended September 30, 2005

	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	\$ -	\$ 92,527	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-	-
Intergovernmental	-	60	1,497,521	25,706	16,369	-	182,835	2,484,149
Charges for Services	104,726	6,693	26,530	-	-	131,376	-	-
Fines and Forfeits	-	201	-	-	283,523	-	-	94,584
Miscellaneous	371	1,902	32,026	-	26,971	2,582	-	12,685
Total Revenues	105,097	101,383	1,556,077	25,706	326,863	133,959	182,835	2,591,417
Expenditures:								
Current:								
General Government	-	-	-	175	23,797	73,731	-	1,321,749
Judicial	-	123,055	-	-	-	30,227	-	26,510
Public Safety	116,136	-	1,620,234	19,486	10,558	-	331,989	985,470
Economic Development and Assistance	-	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-	-
Debt Service:	-	-	-	-	-	-	-	267,486
Principal and Retirements	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Total Expenditures	116,136	123,055	1,620,234	19,661	34,355	103,958	331,989	2,601,214
Excess (Deficiency) of Revenue over Expenditures	(11,039)	(21,673)	(64,157)	6,045	292,508	30,001	(149,154)	(9,797)
Other Financing Sources (Uses):								
Disposition of Fixed Assets	-	-	-	-	2,740	-	-	(740)
Transfers In	-	-	-	-	25,884	-	155,194	-
Transfers Out	-	-	-	-	(31,000)	-	-	(150,078)
Total Other Financing Sources	-	-	-	-	(2,377)	-	155,194	(150,817)
Excess (Deficiency) of Revenues and Other Sources over Expenditures	(11,039)	(21,673)	(64,157)	6,045	290,132	30,001	6,040	(160,614)
Fund Balance at Beginning of Year	115,862	119,841	764,970	51,660	254,508	89,412	-	160,615
Fund Balance at End of Year	\$ 104,823	\$ 98,168	\$ 700,812	\$ 57,705	\$ 544,639	\$ 119,413	\$ 6,040	\$ 1



MCLENNAN COUNTY, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds
 Nonmajor Special Revenue Funds
 Year Ended September 30, 2005

	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	Precinct 1 Fund	Precinct 2 Fund	Precinct 3 Fund	Precinct 4 Fund	Nonmajor Special Revenue Funds Total
Revenues:									
Taxes	\$ -	\$ -	\$ 915,988	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,008,515
Licenses and Permits	-	-	-	-	425,610	425,610	357,515	493,704	1,702,439
Intergovernmental	-	-	-	-	392,305	392,305	329,536	455,074	6,045,725
Charges for Services	50	-	-	-	-	-	-	-	566,926
Fines and Forfeits	8,545	-	940	-	414,102	414,102	347,845	480,357	2,044,198
Miscellaneous	13,815	8,517	496	4,748	99,324	76,101	57,884	101,569	539,695
Total Revenues	22,410	8,517	917,424	4,748	1,331,341	1,308,118	1,092,780	1,530,704	11,907,497
Expenditures:									
Current:									
General Government	20,933	-	-	-	-	-	-	-	1,661,618
Judicial	-	-	-	-	-	-	-	-	346,745
Public Safety	-	-	-	-	-	-	-	-	3,314,973
Public Transportation	-	774,073	-	34,060	1,333,198	1,314,068	1,507,688	1,666,547	6,629,635
Economic Development and Assistance	-	-	-	-	-	-	-	-	144,115
Capital Projects	-	-	-	-	-	-	-	-	267,486
Debt Service:									
Principal and Retirements	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Total Expenditures	20,933	774,073	-	34,060	1,333,198	1,314,068	1,507,688	1,666,547	12,364,572
Excess (Deficiency) of Revenue over Expenditures	1,476	(765,556)	917,424	(29,312)	(1,857)	(5,950)	(414,908)	(135,843)	(457,074)
Other Financing Sources (Uses):									
Disposition of Fixed Assets	-	-	-	-	4,600	-	-	2,255	8,855
Transfers In	-	723,743	-	-	-	200,321	-	232,372	2,174,068
Transfers Out	-	-	(904,409)	-	(51,300)	(50,800)	(51,400)	(50,700)	(1,289,687)
Total Other Financing Sources	-	723,743	(904,409)	-	(46,700)	149,521	(51,400)	183,927	893,236
Excess (Deficiency) of Revenues and Other Sources over Expenditures	1,476	(41,813)	13,015	(29,312)	(48,557)	143,571	(466,308)	48,084	436,162
Fund Balance at Beginning of Year	157,794	66,558	41,358	221,917	1,022,858	2,156,883	1,105,641	2,355,093	12,519,962
Fund Balance at End of Year	\$ 159,270	\$ 24,745	\$ 54,373	\$ 192,606	\$ 974,301	\$ 2,300,454	\$ 639,333	\$ 2,403,176	\$ 12,956,123

MCLENNAN COUNTY, TEXAS

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

Available School Fund

Year Ended September 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 600	\$ 600	\$ 183	\$ (417)
Total Revenues	600	600	183	(417)
Expenditures:				
Education				
Other Services & Charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenue over Expenditures	600	600	183	(417)
Other Financing Sources:				
Transfers In	-	-	-	-
Excess (Deficiency) of Revenues and Other Sources over Expenditures	600	600	183	(417)
Fund Balance at Beginning of Year	7,712	7,712	7,199	(513)
Fund Balance at End of Year	\$ 8,312	\$ 8,312	\$ 7,381	\$ (931)

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, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ 49,500	\$ 49,500	\$ 55,710	\$ 6,210
Miscellaneous - Investment Income	100	100	1,258	1,158
Total Revenues	49,600	49,600	56,967	7,367
Expenditures:				
General Government				
Other Services and Charges	5,501	801	100	701
Judicial:				
Other Services and Charges	117,500	122,200	118,953	3,247
Total Expenditures	123,001	123,001	119,053	3,948
Excess (Deficiency) of Revenue over Expenditures	(73,401)	(73,401)	(62,086)	11,315
Other Financing Sources				
Transfers In	74,554	74,554	74,554	-
Revenues and Other Financing Sources over Expenditures	1,153	1,153	12,468	11,315
Fund Balance at Beginning of Year	(1,153)	(1,153)	20,821	21,974
Fund Balance at End of Year	\$ -	\$ -	\$ 33,289	\$ 33,289

MCLENNAN COUNTY, TEXAS

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

Dispute Resolution Fund

Year Ended September 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ 30,000	\$ 30,000	\$ 37,288	\$ 7,288
Miscellaneous - Investment Income	130	130	273	143
Total Revenues	30,130	30,130	37,561	7,431
Expenditures:				
Judicial:				
Other Services and Charges	48,354	48,354	48,000	354
Excess (Deficiency) of Revenue over Expenditures	(18,224)	(18,224)	(10,439)	7,785
Other Financing Sources:				
Transfers In	12,000	12,000	12,000	-
Excess (Deficiency) of Revenues and Other Sources over Expenditures	(6,224)	(6,224)	1,561	7,785
Fund Balance at Beginning of Year	6,224	6,224	8,712	2,488
Fund Balance at End of Year	\$ -	\$ -	\$ 10,273	\$ 10,273

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, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ 2,500	\$ 2,500	\$ 2,530	\$ 30
Miscellaneous - Investment Income	1,200	1,200	2,181	981
Total Revenues	3,700	3,700	4,711	1,011
Expenditures:				
Judicial:				
Other Services and Charges	88,541	88,541	-	88,541
Excess (Deficiency) of Revenue over Expenditures	(84,841)	(84,841)	4,711	89,552
Fund Balance at Beginning of Year	84,841	84,841	84,780	(61)
Fund Balance at End of Year	\$ -	\$ -	\$ 89,490	\$ 89,490

MCLENNAN COUNTY, TEXAS

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

Economic Development Fund

Year Ended September 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous -				
Investment Income	\$ 45,000	\$ 45,000	\$ 96,308	\$ 51,308
Other - Recovery of Expenditures	-	-	-	-
Total Revenue	<u>45,000</u>	<u>45,000</u>	<u>96,308</u>	<u>51,308</u>
Expenditures:				
Economic Development -				
Other Services and Charges	<u>4,333,818</u>	<u>4,333,818</u>	<u>144,115</u>	<u>4,189,703</u>
Excess (Deficiency) of Revenue over Expenditures	(4,288,818)	(4,288,818)	(47,807)	4,241,011
Other Financing Sources:				
Transfers In	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures	(3,538,818)	(3,538,818)	702,193	4,241,011
Fund Balance at Beginning of Year	<u>3,538,818</u>	<u>3,538,818</u>	<u>3,641,648</u>	<u>102,830</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,343,842</u>	<u>\$ 4,343,842</u>

MCLENNAN COUNTY, TEXAS

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

Jury Fund

Year Ended September 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 88,052	\$ 88,052	\$ 92,527	\$ 4,475
Intergovernmental -				
Payment in Lieu of Taxes	11	11	60	49
Fines and Forfeitures	-	-	201	201
Charges for Services				
Jury Fees	9,860	9,860	6,693	(3,167)
Miscellaneous - Investment Income	1,400	1,400	1,902	502
Total Revenues	99,323	99,323	101,383	2,059
Expenditures:				
Judicial:				
Jury Service:				
Personal Services	180,000	180,000	106,120	73,880
Supplies	3,150	6,150	4,501	1,649
Other Services and Charges	36,800	33,800	12,434	21,366
Total Expenditures	219,950	219,950	123,055	96,895
Excess (Deficiency) of Revenue over Expenditures	(120,627)	(120,627)	(21,673)	98,954
Fund Balance at Beginning of Year	120,627	120,627	119,841	(786)
Fund Balance at End of Year	\$ -	\$ -	\$ 98,168	\$ 98,168

MCLENNAN COUNTY, TEXAS

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

Law Library Fund

Year Ended September 30, 2005

	Budget		Actual	Variance with Final Budget positive (negative)
	Original	Final		
Revenues:				
Charges for Services -				
Law Library Fees	\$ 122,000	\$ 122,000	\$ 131,376	\$ 9,376
Miscellaneous:				
Investment Income	900	900	2,582	1,682
Other	-	-	-	-
Total Miscellaneous	<u>900</u>	<u>900</u>	<u>2,582</u>	<u>1,682</u>
Total Revenues	<u>122,900</u>	<u>122,900</u>	<u>133,959</u>	<u>11,059</u>
Expenditures:				
General Government:				
Law Library				
Personal Services	31,351	31,351	29,579	1,772
Supplies	58,150	58,150	42,928	15,222
Other Services and Charges	55,887	54,887	1,224	53,663
Capital Outlay	<u>7,200</u>	<u>7,200</u>	<u>-</u>	<u>7,200</u>
Total Law Library	<u>152,588</u>	<u>151,588</u>	<u>73,731</u>	<u>77,857</u>
Judicial				
Supplies	<u>39,898</u>	<u>40,898</u>	<u>30,227</u>	<u>10,671</u>
Total Expenditures	<u>192,486</u>	<u>192,486</u>	<u>103,958</u>	<u>88,528</u>
Excess (Deficiency) of Revenue over Expenditures	(69,586)	(69,586)	30,001	99,587
Fund Balance at Beginning of Year	<u>69,586</u>	<u>69,586</u>	<u>89,412</u>	<u>19,826</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 119,413</u>	<u>\$ 119,413</u>

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, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous:				
Investment Income, Net	\$ 3,200	\$ 3,200	\$ 8,537	\$ 5,337
Other	-	-	(20)	(20)
Total Revenues	3,200	3,200	8,517	5,317
Expenditures:				
Public Transportation:				
County Engineer				
Personal Services	100,200	100,200	99,929	271
Total County Engineer	100,200	100,200	99,929	271
County Garage				
Personal Services	320,728	325,333	324,299	1,034
Supplies	233,750	239,898	239,350	548
Other Services & Charges	82,575	71,822	68,200	3,622
Capital Outlay	-	-	-	-
Total County Garage	637,053	637,053	631,848	5,205
Sign Shop				
Personal Services	44,070	44,607	41,778	2,829
Supplies	14,300	13,763	282	13,481
Other Services & Charges	340	340	236	104
Total Sign Shop	58,710	58,710	42,296	16,414
Total Expenditures	795,963	795,963	774,073	21,890
Excess (Deficiency) of Revenue over Expenditures	(792,763)	(792,763)	(765,556)	27,207
Other Financing Sources (Uses):				
Disposition of Fixed Assets	-	-	-	-
Transfers In	723,743	723,743	723,743	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	723,743	723,743	723,743	-
Excess (Deficiency) of Revenues and Other Sources over Expenditures	(69,020)	(69,020)	(41,813)	27,207
Fund Balance at Beginning of Year	69,020	69,020	66,558	
Fund Balance at End of Year	\$ -	\$ -	\$ 24,745	\$ 24,745

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, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 880,985	\$ 880,985	\$ 915,988	\$ 35,003
Fines and Forfeits	-	-	940	940
Miscellaneous - Investment Income	100	100	496	396
Total Revenues	<u>881,085</u>	<u>881,085</u>	<u>917,424</u>	<u>36,339</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	
Excess (Deficiency) of Revenue over Expenditures	881,085	881,085	917,424	36,339
Other Financing Uses:				
Transfers Out:	<u>904,409</u>	<u>904,409</u>	<u>904,409</u>	
Excess (Deficiency) of Revenues and Other Uses over Expenditures	(23,324)	(23,324)	13,015	36,339
Fund Balance at Beginning of Year	<u>23,324</u>	<u>23,324</u>	<u>41,358</u>	<u>18,034</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,373</u>	<u>\$ 54,373</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, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous:				
Investment Income, Net	\$ 2,700	\$ 2,700	\$ 4,748	\$ 2,048
Other	-	-	-	-
Total Revenues	<u>2,700</u>	<u>2,700</u>	<u>4,748</u>	<u>2,048</u>
Expenditures:				
Public Transportation:				
Other Services and Charges	-	-	-	-
Capital Outlay	<u>223,926</u>	<u>223,926</u>	<u>34,060</u>	<u>189,866</u>
Total Expenditures	<u>223,926</u>	<u>223,926</u>	<u>34,060</u>	<u>189,866</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(221,226)</u>	<u>(221,226)</u>	<u>(29,312)</u>	<u>191,914</u>
Other Financing Sources:				
Transfers In	-	-	-	-
Excess (Deficiency) of Revenues and Other Sources over Expenditures	<u>(221,226)</u>	<u>(221,226)</u>	<u>(29,312)</u>	<u>191,914</u>
Fund Balance at Beginning of Year	<u>221,226</u>	<u>221,226</u>	<u>221,917</u>	<u>691</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 192,606</u>	<u>\$ 192,606</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, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and Permits	\$ 410,000	\$ 410,000	\$ 425,610	\$ 15,610
Intergovernmental -				
State Shared Revenues	383,000	383,000	392,305	9,305
Fines and Forfeits	448,500	448,500	414,102	(34,398)
Miscellaneous:				
Investment Income, Net	13,000	13,000	22,660	9,660
Sale of Supplies	12,100	12,100	8,884	(3,216)
Other	100	100	67,780	67,680
Total Miscellaneous	25,200	25,200	99,324	74,124
Total Revenues	1,266,700	1,266,700	1,331,341	64,641
Expenditures:				
Public Transportation:				
Personal Services	963,565	967,409	823,131	144,278
Supplies	671,100	701,100	423,932	277,168
Other Services and Charges	328,855	295,011	24,846	270,165
Capital Outlay	185,000	185,000	61,290	123,710
Total Public Transportation	2,148,520	2,148,520	1,333,198	815,322
Debt Service:				
Principal and Retirements	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	2,148,520	2,148,520	1,333,198	815,322
Excess (Deficiency) of Revenue over Expenditures	(881,820)	(881,820)	(1,857)	879,963
Other Financing Sources (Uses):				
Disposition of Fixed Assets	-	-	4,600	4,600
Transfers In	-	-	-	-
Transfers Out	(51,300)	(51,300)	(51,300)	-
Total Other Financing Sources	(51,300)	(51,300)	(46,700)	4,600
Excess (Deficiency) of Revenues and Other Sources over Expenditures	(933,120)	(933,120)	(48,557)	884,563
Fund Balance at Beginning of Year	933,120	933,120	1,022,858	89,738
Fund Balance at End of Year	\$ -	\$ -	\$ 974,301	\$ 974,301

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, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and Permits	\$ 410,000	\$ 410,000	\$ 425,610	\$ 15,610
Intergovernmental -				
State Shared Revenues	383,000	383,000	392,305	9,305
Charges for Services	-	-	-	-
Fines and Forfeits	448,500	448,500	414,102	(34,398)
Miscellaneous:				
Investment Income, Net	29,000	29,000	50,189	21,189
Sale of Supplies	10,200	10,200	8,369	(1,831)
Other	260	260	17,543	17,283
Total Miscellaneous	<u>39,460</u>	<u>39,460</u>	<u>76,101</u>	<u>36,641</u>
Total Revenues	<u>1,280,960</u>	<u>1,280,960</u>	<u>1,308,118</u>	<u>27,158</u>
Expenditures:				
Public Transportation:				
Personal Services	1,021,468	1,025,203	842,970	182,233
Supplies	631,243	632,743	280,969	351,774
Other Services and Charges	1,219,870	1,201,635	64,623	1,137,012
Capital Outlay	<u>196,000</u>	<u>209,000</u>	<u>125,505</u>	<u>83,495</u>
Total Public Transportation	<u>3,068,581</u>	<u>3,068,581</u>	<u>1,314,068</u>	<u>1,754,513</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(1,787,621)</u>	<u>(1,787,621)</u>	<u>(5,950)</u>	<u>1,781,671</u>
Other Financing Sources (Uses):				
Disposition of Fixed Assets	-	-	-	-
Transfers In	200,321	200,321	200,321	-
Transfers Out	<u>(50,800)</u>	<u>(50,800)</u>	<u>(50,800)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>149,521</u>	<u>149,521</u>	<u>149,521</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures	<u>(1,638,100)</u>	<u>(1,638,100)</u>	<u>143,571</u>	<u>1,781,671</u>
Fund Balance at Beginning of Year	<u>1,638,100</u>	<u>1,638,100</u>	<u>2,156,883</u>	<u>518,783</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,300,454</u>	<u>\$ 2,300,454</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, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and Permits	\$ 331,800	\$ 331,800	\$ 357,515	\$ 25,715
Intergovernmental -				
State Shared Revenues	321,440	321,440	329,536	8,096
Fines and Forfeits	373,074	373,074	347,845	(25,229)
Miscellaneous:				
Investment Income, Net	18,000	18,000	20,759	2,759
Sale of Supplies	15,200	15,200	18,847	3,647
Other	210	210	18,278	18,068
Total Miscellaneous	<u>33,410</u>	<u>33,410</u>	<u>57,884</u>	<u>24,474</u>
Total Revenues	<u>1,059,724</u>	<u>1,059,724</u>	<u>1,092,780</u>	<u>33,056</u>
Expenditures:				
Public Transportation:				
Personal Services	795,104	798,182	705,672	92,510
Supplies	643,426	732,426	542,840	189,586
Other Services and Charges	288,055	244,477	25,073	219,404
Capital Outlay	<u>385,364</u>	<u>336,864</u>	<u>234,103</u>	<u>102,761</u>
Total Public Transportation	<u>2,111,949</u>	<u>2,111,949</u>	<u>1,507,688</u>	<u>604,261</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(1,052,225)</u>	<u>(1,052,225)</u>	<u>(414,908)</u>	<u>(637,317)</u>
Other Financing Sources (Uses):				
Disposition of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	<u>(51,400)</u>	<u>(51,400)</u>	<u>(51,400)</u>	<u>-</u>
Total Other Financing Sources	<u>(51,400)</u>	<u>(51,400)</u>	<u>(51,400)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures	<u>(1,103,625)</u>	<u>(1,103,625)</u>	<u>(466,308)</u>	<u>637,317</u>
Fund Balance at Beginning of Year	<u>1,103,625</u>	<u>1,103,625</u>	<u>1,105,641</u>	<u>2,016</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 639,333</u>	<u>\$ 639,333</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, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and Permits	\$ 480,000	\$ 480,000	\$ 493,704	\$ 13,704
Intergovernmental -				
State Shared Revenues	444,560	444,560	455,074	10,514
Fines and Forfeits	519,500	519,500	480,357	(39,143)
Miscellaneous:				
Investment Income, Net	30,000	30,000	57,368	27,368
Sale of Supplies	12,100	12,100	13,011	911
Other	300	300	31,190	30,890
Total Miscellaneous	<u>42,400</u>	<u>42,400</u>	<u>101,569</u>	<u>59,169</u>
Total Revenues	<u>1,486,460</u>	<u>1,486,460</u>	<u>1,530,704</u>	<u>44,244</u>
Expenditures:				
Public Transportation:				
Personal Services	1,020,516	1,028,493	829,236	199,257
Supplies	1,113,100	1,184,812	569,817	614,995
Other Services and Charges	899,300	789,611	76,390	713,221
Capital Outlay	275,685	305,685	191,103	114,582
Total Public Transportation	<u>3,308,601</u>	<u>3,308,601</u>	<u>1,666,547</u>	<u>1,642,054</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(1,822,141)</u>	<u>(1,822,141)</u>	<u>(135,843)</u>	<u>1,686,298</u>
Other Financing Sources (Uses):				
Disposition of Fixed Assets	-	-	2,255	2,255
Transfers In	232,372	232,372	232,372	-
Transfers Out	(50,700)	(50,700)	(50,700)	-
Total Other Financing Sources (Uses)	<u>181,672</u>	<u>181,672</u>	<u>183,927</u>	<u>2,255</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures	<u>(1,640,469)</u>	<u>(1,640,469)</u>	<u>48,084</u>	<u>1,688,553</u>
Fund Balance at Beginning of Year	<u>1,640,469</u>	<u>1,640,469</u>	<u>2,355,093</u>	<u>714,624</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,403,176</u>	<u>\$ 2,403,176</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.

Debt Service Fund – Note Payable 2004

The Debt Service Fund Note Payable 2004 was established to account for the accumulation of resources for, and the payment of, a bank note issued under Chapter 271 of the Texas Local Government Code, issued to generate proceeds for acquisition of a mainframe computer.

MCLENNAN COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds

Nonmajor Debt Service Funds

September 30, 2005

	Certificates of Series 1993	Refunding Series 1994	Certificates of Series 1994-A	Certificates of Series 1996	Refunding Series 1998	Certificates of Series 2000	Permanent Series 2001	Certificates of Series 2003	Refunding Series 2003	Note Payable 2004	Nonmajor Debt Service Funds Total
Pooled Cash and Investments	\$ 21,999	\$ 19,571	\$ 2,384	\$ 300,276	\$ 91,063	\$ 363,315	\$ 289,192	\$ 240,119	\$ 474,362	\$ 14,099	\$ 1,796,381
Non-Pooled Cash and Investments	-	-	-	-	-	-	-	-	-	-	-
Receivables (net of allowances for estimated uncollectibles):	-	-	-	45,880	9,004	47,595	40,305	31,730	84,470	-	258,984
Taxes	-	-	-	-	-	-	-	-	-	-	-
Due from Other Governments	-	-	-	-	-	-	-	-	-	-	-
Total Assets	\$ 21,999	\$ 19,571	\$ 2,384	\$ 346,156	\$ 100,067	\$ 410,909	\$ 309,497	\$ 271,849	\$ 558,832	\$ 14,099	\$ 2,055,365

ASSETS

LIABILITIES AND FUND BALANCE

Liabilities:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000.00	\$ -	\$ -	\$ 1,000.00
Accounts Payable	-	-	-	-	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	45,879.61	9,004.41	47,594.76	40,305.44	31,729.82	84,469.93	-	258,983.97
Total Liabilities	-	-	-	45,880	9,004	47,595	40,305	32,730	84,470	-	259,984
Fund Balance Reserved for Debt Service	21,999	19,571	2,384	300,276	91,063	363,315	269,192	239,119	474,362	14,099	1,796,381
Total Liabilities and Fund Balance	\$ 21,999	\$ 19,571	\$ 2,384	\$ 346,156	\$ 100,067	\$ 410,909	\$ 309,497	\$ 271,849	\$ 558,832	\$ 14,099	\$ 2,055,365

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, 2005

	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	Computer Note 2004	Nonmajor Debt Service Funds Total
Revenues:											
Taxes	0	0	(0)	825,023	161,952	855,863	724,785	570,577	1,518,913	-	4,687,114
Licenses and Permits	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	534	105	554	469	369	983	-	3,013
Charges for Services	-	-	-	-	-	-	-	-	-	-	-
Fines and Forfeits	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	200	104	1	10,996	3,256	12,046	9,527	8,194	22,116	299	66,737
Total Revenues	200	104	0	836,552	165,313	868,463	734,781	579,140	1,542,012	299	4,726,864
Expenditures:											
General Government	-	-	-	-	-	-	-	-	-	-	-
Debt Service:											
Principal and Retirements	-	-	-	425,000	105,000	355,000	320,000	280,000	1,240,000	-	2,725,000
Interest and Fiscal Charges	-	-	-	407,050	66,660	512,343	418,575	293,400	297,205	-	1,985,233
Total Expenditures	-	-	-	832,050	161,660	867,343	738,575	573,400	1,537,205	-	4,710,233
Excess (Deficiency) of Revenue over Expenditures	200	104	0	4,502	3,653	1,121	(3,794)	5,740	4,807	299	16,632
Other Financing Sources (Uses):											
Proceeds from Issuance of Refunding Bonds	-	-	-	-	-	-	-	-	-	-	-
Paid to Refunding Bond Escrow Agent	-	-	-	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-	-	13,800	442,411
Transfers Out	(220,396)	(187,922)	(20,293)	-	-	-	-	-	428,811	-	(428,811)
Total Other Financing Sources (Uses)	(220,396)	(187,922)	(20,293)	-	-	-	-	-	428,811	13,800	13,800
Excess (Deficiency) of Revenue and Other Financing Sources over Expenditures and Other Financing Uses	(220,196)	(187,818)	(20,293)	4,502	3,653	1,121	(3,794)	5,740	433,418	14,099	30,431
Fund Balance at Beginning of Year	242,195	207,389	22,677	285,774	87,410	362,194	272,986	233,380	40,945	-	1,764,950
Fund Balance at End of Year	\$ 21,999	\$ 19,571	\$ 2,384	\$ 300,276	\$ 81,063	\$ 363,315	\$ 269,192	\$ 239,119	\$ 474,362	\$ 14,099	\$ 1,795,381

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, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ 0	\$ 0
Intergovernmental	-	-	-	-
Miscellaneous	-	-	200	200
Total Revenues	-	-	200	200
Expenditures:				
Debt Service:				
Principal and Retirements	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenue over Expenditures	-	-	200	200
Other Financing Uses				
Transfers Out	(220,396)	(220,396)	(220,396)	-
Excess (Deficiency) of Revenues over Expenditures and other Transfers Out	(220,396)	(220,396)	(220,196)	200
Fund Balance at Beginning of Year	220,396	220,396	242,195	21,799
Fund Balance at End of Year	\$ -	\$ -	\$ 21,999	\$ 21,999

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, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ 0	\$ 0
Intergovernmental	-	-	-	-
Miscellaneous	-	-	104	104
Total Revenues	-	-	104	104
Expenditures:				
Debt Service:				
Principal and Retirements	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenue over Expenditures	-	-	104	104
Other Financing Uses				
Transfers Out	(187,922)	(187,922)	(187,922)	-
Excess (Deficiency) of Revenues over Exenditures and Other Financing Uses	(187,922)	(187,922)	(187,818)	104
Fund Balance at Beginning of Year	187,922	187,922	207,389	19,467
Fund Balance at End of Year	\$ -	\$ -	\$ 19,571	\$ 19,571

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, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ (0)	\$ (0)
Intergovernmental	-	-	-	-
Miscellaneous	-	-	1	1
Total Revenues	-	-	0	0
Expenditures:				
Debt Service:				
Principal and Retirements	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenue over Expenditures	-	-	0	0
Other Financing Uses:				
Transfers Out	(20,293)	(20,293)	(20,293)	-
Excess (Deficiency) of Revenues over Expenditures and Other Financing Uses	(20,293)	(20,293)	(20,293)	0
Fund Balance at Beginning of Year	20,293	20,293	22,677	2,384
Fund Balance at End of Year	\$ -	\$ -	\$ 2,384	\$ 2,384

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, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 840,550	\$ 840,550	\$ 825,023	\$ (15,527)
Intergovernmental	420	420	534	114
Miscellaneous	5,000	5,000	10,996	5,996
Total Revenues	<u>845,970</u>	<u>845,970</u>	<u>836,552</u>	<u>(9,418)</u>
Expenditures:				
Debt Service:				
Principal and Retirements	425,000	425,000	425,000	-
Interest and Fiscal Charges	407,050	407,050	407,050	-
Total Expenditures	<u>832,050</u>	<u>832,050</u>	<u>832,050</u>	<u>-</u>
Excess (Deficiency) of Revenue over Expenditures	13,920	13,920	4,502	(9,418)
Fund Balance at Beginning of Year	<u>273,710</u>	<u>273,710</u>	<u>295,774</u>	<u>22,064</u>
Fund Balance at End of Year	<u>\$ 287,630</u>	<u>\$ 287,630</u>	<u>\$ 300,276</u>	<u>\$ 12,646</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, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 163,360	\$ 163,360	\$ 161,952	\$ (1,408)
Intergovernmental	50	50	105	55
Miscellaneous	1,200	1,200	3,256	2,056
Total Revenues	<u>164,610</u>	<u>164,610</u>	<u>165,313</u>	<u>703</u>
Expenditures:				
Debt Service:				
Principal and Retirements	105,000	105,000	105,000	-
Interest and Fiscal Charges	56,660	56,660	56,660	-
Total Expenditures	<u>161,660</u>	<u>161,660</u>	<u>161,660</u>	<u>-</u>
Excess (Deficiency) of Revenue over Expenditures	2,950	2,950	3,653	703
Fund Balance at Beginning of Year	<u>86,109</u>	<u>86,109</u>	<u>87,410</u>	<u>1,301</u>
Fund Balance at End of Year	<u>\$ 89,059</u>	<u>\$ 89,059</u>	<u>\$ 91,063</u>	<u>\$ 2,004</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, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 878,342	\$ 878,342	\$ 855,863	\$ (22,479)
Intergovernmental	420	420	554	134
Miscellaneous	7,063	7,063	12,046	4,983
Total Revenues	<u>885,825</u>	<u>885,825</u>	<u>868,463</u>	<u>(17,362)</u>
Expenditures:				
Debt Service:				
Principal and Retirements	355,000	355,000	355,000	-
Interest and Fiscal Charges	512,342	512,342	512,343	(1)
Total Expenditures	<u>867,342</u>	<u>867,342</u>	<u>867,343</u>	<u>(1)</u>
Excess (Deficiency) of Revenue over Expenditures	18,483	18,483	1,121	(17,362)
Fund Balance at Beginning of Year	<u>340,810</u>	<u>340,810</u>	<u>362,194</u>	<u>21,384</u>
Fund Balance at End of Year	<u>\$ 359,293</u>	<u>\$ 359,293</u>	<u>\$ 363,315</u>	<u>\$ 4,022</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, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 755,775	\$ 755,775	\$ 724,785	\$ (30,990)
Intergovernmental	420	420	469	49
Miscellaneous	4,500	4,500	9,527	5,027
Total Revenues	<u>760,695</u>	<u>760,695</u>	<u>734,781</u>	<u>(25,914)</u>
Expenditures:				
Debt Service:				
Principal and Retirements	320,000	320,000	320,000	-
Interest and Fiscal Charges	418,575	418,575	418,575	-
Total Expenditures	<u>738,575</u>	<u>738,575</u>	<u>738,575</u>	<u>-</u>
Excess (Deficiency) of Revenue over Expenditures	22,120	22,120	(3,794)	(25,914)
Fund Balance at Beginning of Year	<u>255,852</u>	<u>255,852</u>	<u>272,986</u>	<u>17,134</u>
Fund Balance at End of Year	<u>\$ 277,972</u>	<u>\$ 277,972</u>	<u>\$ 269,192</u>	<u>\$ (8,780)</u>

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, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 585,100	\$ 585,100	\$ 570,577	\$ (14,523)
Intergovernmental	400	400	369	(31)
Miscellaneous	4,000	4,000	8,194	4,194
Total Revenues	589,500	589,500	579,140	(10,360)
Expenditures:				
Debt Service:				
Principal and Retirements	280,000	280,000	280,000	-
Interest and Fiscal Charges	293,400	293,400	293,400	-
Total Expenditures	573,400	573,400	573,400	-
Excess (Deficiency) of Revenue over Expenditures	16,100	16,100	5,740	(10,360)
Fund Balance at Beginning of Year	219,060	219,060	233,380	14,320
Fund Balance at End of Year	\$ 235,160	\$ 235,160	\$ 239,119	\$ 3,959

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, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 1,548,905	\$ 1,548,905	\$ 1,518,913	\$ (29,992)
Intergovernmental	400	400	983	583
Miscellaneous	3,000	3,000	22,116	19,116
Total Revenues	1,552,305	1,552,305	1,542,012	(10,293)
Expenditures:				
General Government:				
Other Services and Charges	-	-	-	-
Debt Service:				
Principal and Retirements	1,240,000	1,240,000	1,240,000	-
Interest and Fiscal Charges	297,205	297,205	297,205	-
	<u>1,537,205</u>	<u>1,537,205</u>	<u>1,537,205</u>	<u>-</u>
Total Expenditures	1,537,205	1,537,205	1,537,205	-
Excess (Deficiency) of Revenue over Expenditures	15,100	15,100	4,807	(10,293)
Other Financing Sources (Uses):				
Proceeds from Issuance of Refunding Bonds	-	-	-	-
Paid to Refunding Bond Escrow Agent	-	-	-	-
Transfers In	428,611	428,611	428,611	-
Total Other Financing Sources (Uses)	428,611	428,611	428,611	-
Excess (Deficiency) of Revenue and Other Financing Sources over Expenditures and Other Financing Uses	443,711	443,711	433,418	(10,293)
Fund Balance at Beginning of Year	40,720	40,720	40,945	225
Fund Balance at End of Year	\$ 484,431	\$ 484,431	\$ 474,362	\$ (10,069)

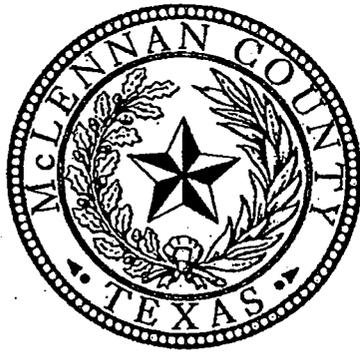
MCLENNAN COUNTY, TEXAS

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

Computer Note 2004

Year Ended September 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Miscellaneous	-	-	299	299
Total Revenues	-	-	299	299
Expenditures:				
General Government:				
Other Services and Charges	-	-	-	-
Debt Service:				
Principal and Retirements	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenue over Expenditures	-	-	299	299
Other Financing Sources (Uses):				
Proceeds from Issuance of Refunding Bonds	-	-	-	-
Paid to Refunding Bond Escrow Agent	-	-	-	-
Transfers In	-	-	13,800	13,800
Total Other Financing Sources (Uses)	-	-	13,800	13,800
Excess (Deficiency) of Revenue and Other Financing Sources over Expenditures and Other Financing Uses	-	-	14,099	14,099
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	\$ -	\$ -	\$ 14,099	\$ 14,099



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

The 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.

Permanent Improvement Bonds - Series 2001

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

Certificates of Obligation Fund – Series 2003

The 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, 2005

	Permanent Improvement Fund	Certificates of Obligation Series 1996	Certificates of Obligation Series 2000	Certificates of Obligation Series 2001	Certificates of Obligation Series 2003	Road Bonds Series 1961	Nonmajor Capital Projects Funds Total
Pooled Cash and Investments	\$ 780,522	\$ 202,591	\$ 27,866	\$ 537,210	\$ 121,972	\$ 6,779	\$ 1,676,941
Non-Pooled Cash	-	-	-	-	-	-	-
Receivables (net of allowances for estimated uncollectibles):	5,574	-	-	-	-	-	5,574
Taxes	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-
Due from Other Governments	-	-	-	-	-	-	-
Total Assets and Other Debits	\$ 786,096	\$ 202,591	\$ 27,866	\$ 537,210	\$ 121,972	\$ 6,779	\$ 1,682,515

ASSETS

LIABILITIES AND FUND BALANCE

Liabilities:							
Accounts Payable	\$ 173,450	\$ 183,911	\$ 24,089	\$ 4,411	\$ 925	\$ -	\$ 386,786
Deferred Revenue	5,574	-	-	-	-	-	5,574
Total Liabilities	179,024	183,911	24,089	4,411	925	-	392,360
Fund Balance:							
Reserved for:							
Capital Projects	607,072	18,680	3,777	532,799	121,047	6,779	683,083
Unreserved - Undesignated	607,072	18,680	3,777	532,799	121,047	6,779	607,072
Total Fund Equity and Other Credits	\$ 786,096	\$ 202,591	\$ 27,866	\$ 537,210	\$ 121,972	\$ 6,779	\$ 1,682,515
Total Liabilities and Fund Balance							

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, 2005

	Permanent Improvement Fund	Certificates of Obligation Series 1996	Certificates of Obligation Series 2000	Certificates of Obligation Series 2001	Certificates of Obligation Series 2003	Road Bonds Series 1961	Nonmajor Capital Project Funds Total
Revenues:							
Taxes	\$ 100,269	\$ -	\$ -	\$ -	\$ -	\$ -	100,269
Intergovernmental	65	-	-	-	-	-	65
Miscellaneous	20,507	4,212	934	33,338	5,535	168	64,694
Total Revenues	120,841	4,212	934	33,338	5,535	168	165,028
Expenditures:							
Current:							
Other Services & Charges	8,018	-	-	-	-	-	8,018
Capital Projects	574,142	183,911	35,841	971,512	242,675	-	2,008,081
Total Expenditures	582,160	183,911	35,841	971,512	242,675	-	2,016,099
Excess (Deficiency) of Revenue over Expenditures	(461,319)	(179,699)	(34,907)	(938,174)	(237,141)	168	(1,851,071)
Other Financing Sources (Uses):							
Transfers In	7,218	-	-	-	-	-	7,218
Transfers Out	-	-	-	-	-	-	-
Total Financing Sources (Uses)	7,218	-	-	-	-	-	7,218
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(454,101)	(179,699)	(34,907)	(938,174)	(237,141)	168	(1,843,853)
Fund Balance at Beginning of Year	1,061,173	198,379	38,684	1,470,973	358,188	6,611	3,134,008
Fund Balance at End of Year	\$ 607,072	\$ 18,680	\$ 3,777	\$ 532,799	\$ 121,047	\$ 6,779	\$ 1,290,155

MCLENNAN COUNTY, TEXAS

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

Permanent Improvement Fund

Year Ended September 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 92,590	\$ 92,590	\$ 100,269	\$ 7,679
Intergovernmental	420	420	\$ 65	(355)
Miscellaneous - Investment Income	16,001	16,001	20,507	4,506
Total Revenues	109,011	109,011	120,841	11,830
Expenditures:				
Other Services and Charges	53,500	57,300	8,018	49,282
Capital Projects:				
Land Purchases	-	26,104	49,248	(23,144)
Building Purchases	-	-	-	-
Improvements Other than Buildings	100,107	100,107	97,003	3,104
Construction and Renovation Projects:				
Administrative Costs	-	-	-	-
Construction Costs	1,052,200	897,169	312,412	584,757
Architects, Engineers and Other	-	132,345	115,479	16,866
Total Construction Projects	1,052,200	1,029,514	427,891	601,623
Total Expenditures	1,205,807	1,213,025	582,160	630,865
Excess (Deficiency) of Revenue over Expenditures	(1,096,796)	(1,104,014)	(461,319)	642,695
Other Financing Sources:				
Transfers In	-	7,218	7,218	-
Excess (Deficiency) of Revenues over Expenditures and Other Financing Uses	(1,096,796)	(1,096,796)	(454,101)	642,695
Fund Balance at Beginning of Year	1,096,796	1,096,796	1,061,173	(35,623)
Fund Balance at End of Year	\$ -	\$ -	\$ 607,072	\$ 607,072

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, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous - Investment Income	\$ 50	\$ 50	\$ 4,212	\$ 4,162
Total Revenues	50	50	4,212	4,162
Expenditures:				
Other Services and Charges	-	-	-	-
Capital Projects:				
Construction and Renovation Projects:				
Construction Costs	204,867	204,867	183,911	20,956
Total Expenditures	204,867	204,867	183,911	20,956
Excess (Deficiency) of Revenue over Expenditures	(204,817)	(204,817)	(179,699)	25,118
Fund Balance at Beginning of Year	204,817	204,817	198,379	(6,438)
Fund Balance at End of Year	\$ -	\$ -	\$ 18,680	\$ 18,680

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, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous - Investment Income	\$ 20	\$ 20	\$ 934	\$ 914
Total Revenues	20	20	934	914
Expenditures:				
Other Services and Charges	-	-	-	-
Capital Projects:				
Construction and Renovation Projects:				
Construction Costs	35,841	35,841	35,841	-
Total Expenditures	35,841	35,841	35,841	-
Excess (Deficiency) of Revenue over Expenditures	(35,821)	(35,821)	(34,907)	914
Fund Balance at Beginning of Year	35,821	35,821	38,684	2,863
Fund Balance at End of Year	\$ -	\$ -	\$ 3,777	\$ 3,777

MCLENNAN COUNTY, TEXAS

Required 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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Adopted	Final		
Revenues:				
Miscellaneous	\$ 10,000	\$ 10,000	\$ 33,338	\$ 23,338
Total Revenues	10,000	10,000	33,338	23,338
Expenditures:				
Capital Projects:				
Construction and Renovation Projects:				
Construction Costs	2,386,551	2,386,551	971,512	1,415,039
Architects, Engineers and Other	-	-	-	-
Total Expenditures	2,386,551	2,386,551	971,512	1,415,039
Excess (Deficiency) of Revenue over Expenditures	(2,376,551)	(2,376,551)	(938,174)	1,438,377
Fund Balance at Beginning of Year	2,376,551	2,376,551	1,470,973	(905,578)
Fund Balance at End of Year	\$ -	\$ -	\$ 532,799	\$ 532,799

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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Adopted	Final		
Revenues:				
Miscellaneous - Investment Income	\$ 5,000	\$ 5,000	\$ 5,535	\$ 535
Total Revenues	5,000	5,000	5,535	535
Expenditures:				
Capital Projects:				
Construction and Renovation Projects:				
Constructions Administration Costs	-	-	-	-
Architectural and Engineering	25,000	33,200	33,190	10
Construction Costs	1,264,929	1,256,729	209,486	1,047,243
Total Expenditures	1,289,929	1,289,929	242,675	1,047,254
Excess (Deficiency) of Revenue over Expenditures	(1,284,929)	(1,284,929)	(237,141)	1,047,788
Fund Balance at Beginning of Year	1,284,929	1,284,929	358,188	(926,741)
Fund Balance at End of Year	\$ -	\$ -	\$ 121,047	\$ 121,047

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, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous - Investment Income	\$ 70	\$ 70	\$ 168	\$ 98
Total Revenues	70	70	168	98
Expenditures:				
Supplies	6,656	6,656	-	6,656
Capital Projects:				
Construction and Renovation Projects:				
Construction Costs	-	-	-	-
Total Expenditures	6,656	6,656	-	6,656
Excess (Deficiency) of Revenue over Expenditures	(6,586)	(6,586)	168	6,754
Fund Balance at Beginning of Year	6,586	6,586	6,611	25
Fund Balance at End of Year	\$ -	\$ -	\$ 6,779	\$ 6,779



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, 2005

ASSETS

Pooled Cash and Investments	\$ 48,735
Total Assets and Other Debits	\$ 48,735

LIABILITIES AND FUND BALANCE

Total Liabilities	\$ -
Reserved for Debt Service	
Reserved for Education	48,735
Unreserved - Undesignated	-
Total Fund Equity and Other Credits	48,735
Total Liabilities and Fund Balance	\$ 48,735

Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget (GAAP Basis) and Actual
 Permanent School Fund
 Year Ended September 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous - Investment Income	\$ -	\$ -	\$ 1,205	\$ 1,205
Total Revenues	-	-	1,205	1,205
Expenditures:				
Education				
Other Services & Charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenue over Expenditures	-	-	1,205	1,205
Fund Balance at Beginning of Year	47,529	47,529	47,529	-
Fund Balance at End of Year	\$ 47,529	\$ 47,529	\$ 48,735	\$ 1,205

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, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Capital Assets:		
Land	\$ 1,530,736	\$ 1,481,488
Buildings	77,199,146	68,043,398
Improvements Other than Buildings	811,635	837,829
Machinery and Equipment	19,083,254	17,712,701
Infrastructure	30,473,312	30,231,252
Construction in Progress	<u>293,838</u>	<u>8,489,226</u>
Total Capital Assets	<u>\$ 129,391,921</u>	<u>\$ 126,795,894</u>
Investment in Capital Assets:		
General Fund Revenues	\$ 9,881,049	\$ 9,052,066
Special Revenue Fund Revenues	40,813,284	39,874,809
Capital Projects Funds:		
General Obligation Bonds	58,361,356	58,106,928
Permanent Improvement Fund	12,934,373	12,360,232
Performance Improvement Fund	6,237,131	6,237,131
Donations	1,148,912	1,148,912
Other Sources	<u>15,816</u>	<u>15,816</u>
Total Investment in Capital Assets	<u>\$ 129,391,921</u>	<u>\$ 126,795,894</u>

MCLENNAN COUNTY, TEXAS

Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
As of September 30, 2005

Function and Activity	Total	Land	Buildings	Improvements other than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress
General Government:							
General Administration	\$ 5,212,106	\$ 1,132,772	\$ 2,740,892	\$ 277,001	\$ 1,057,120	\$ 262	\$ 4,059
Legal	1,345,257	-	1,319,109	-	26,148	-	-
Elections	851,338	-	592,877	-	258,461	-	-
Financial Administration	4,538,112	-	2,288,925	-	2,249,187	-	-
Total General Government	11,946,813	1,132,772	6,941,803	277,001	3,590,916	262	4,059
Public Safety:							
Fire Protection	23,000	-	-	-	23,000	-	-
Law Enforcement	6,682,573	-	2,393,872	-	4,287,551	-	1,150
Corrections	35,503,582	111,972	34,307,608	262,585	698,483	122,934	-
Other Protection	348,881	-	46,674	-	235,317	66,890	-
Environmental Protection	16,985	-	-	-	16,985	-	-
Public Safety	-	-	-	-	-	-	-
Total Public Safety	42,575,021	111,972	36,748,154	262,585	5,261,336	189,824	1,150
Public Transportation:							
Engineering	32,370	-	-	-	32,370	-	-
Maintenance	10,317,257	70,148	458,423	160,197	9,626,373	-	2,116
Infrastructure	30,283,226	-	-	-	-	30,283,226	-
Total Public Transportation	40,632,853	70,148	458,423	160,197	9,658,743	30,283,226	2,116
Judicial Health Welfare Culture-Recreation Conservation:							
Judicial	7,028,572	126,796	6,343,658	6,890	550,078	-	1,150
Health	749,241	16,487	712,396	9,232	11,126	-	-
Welfare	1,516,388	39,781	1,463,562	13,045	-	-	-
Culture-Recreation	24,767,884	17,780	24,380,537	79,198	5,006	-	285,363
Conservation	175,149	15,000	150,613	3,487	6,049	-	-
Total Capital Assets	\$ 129,391,921	\$ 1,530,736	\$ 77,199,146	\$ 811,635	\$ 19,083,254	\$ 30,473,312	\$ 293,838

MCLENNAN COUNTY, TEXAS

Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes by Function and Activity
 Year Ended September 30, 2005

Function and Activity	General Capital Assets October 1, 2004	Additions	Reductions	General Capital Assets September 30, 2005
General Government:				
General Administration	\$ 5,017,022	\$ 321,737	\$ 126,653	\$ 5,212,106
Legal	1,342,469	2,788		1,345,257
Elections	756,547	94,791		851,338
Financial Administration	4,004,665	587,962	54,515	4,538,112
Total General Government	11,120,703	1,007,278	181,168	11,946,813
Public Safety:				
Fire Protection	23,000			23,000
Law Enforcement	6,595,304	278,698	191,429	6,682,573
Corrections	34,835,288	9,588,173	8,919,879	35,503,582
Other Protection	281,625	67,256		348,881
Environmental Protection	16,985			16,985
Total Public Safety	41,752,202	9,934,127	9,111,308	42,575,021
Public Transportation:				
Engineering	32,370			32,370
Maintenance	9,782,434	601,825	67,002	10,317,257
Infrastructure	30,231,252	74,002	22,028	30,283,226
Total Public Transportation	40,046,056	675,827	89,030	40,632,853
Judicial	7,001,450	406,297	379,175	7,028,572
Health	732,674	16,567		749,241
Welfare	1,480,926	35,462		1,516,388
Culture - Recreation	24,481,151	286,733		24,767,884
Conservation	180,732		5,583	175,149
Total Governmental Funds Capital Assets	\$ 126,795,894	\$ 12,362,291	\$ 9,766,264	\$ 129,391,921

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
2005	\$ 14,908,121	\$ 5,285,769	\$ 30,992,140	\$ 7,697,780	\$ 4,482,532	\$ 2,883,475	\$ 2,309,208	\$ 204,172	\$ 290,206	\$ 2,367,571	\$ 71,420,974

Data in this table is presented only since 2003, the date the County implemented GASB 34 reporting requirements. Corresponding data for the years before that date have not been developed.

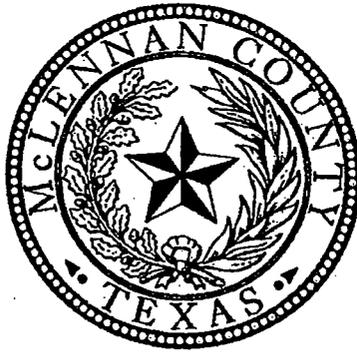
McLENNAN COUNTY, TEXAS

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	\$ 15,726,078	\$ 6,292,629	\$ 471,732	\$ 22,490,439	\$ 43,691,126	\$ -	\$ 756,094	\$ -	\$ 76,729	\$ 67,014,388
2005	\$ 16,656,523	\$ 7,739,254	\$ 267,486	\$ 24,663,263	\$ 47,164,352	\$ -	\$ 1,048,467	\$ -	\$ 105,043	\$ 72,981,125

Data in this table is presented only since 2003, the date the County implemented GASB 34 reporting requirements. Corresponding data for the years before that date have not been developed.



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
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
2005	15,209,233	5,366,157	29,782,974	6,828,980	4,458,959	2,849,378	570,007

Source: Comprehensive Annual Financial Report

Education	Conservation of Natural Resources	Economic Development and Assistance	Capital Projects	Debt Service	Total
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	72,431,146
-	194,064	398,113	13,511,774	5,985,612	80,289,574
-	200,154	290,206	2,284,006	5,898,108	73,738,162

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>
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
2005	44,851,266	1,786,102	8,493,880	8,412,576

Source: Comprehensive Annual Financial Report

<u>Fines and Forfeits</u>	<u>Bond Proceeds</u>	<u>Capital Lease and Note Payable Proceeds</u>	<u>Other</u>	<u>Total</u>
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
2,132,639	-	1,386,828	6,502,738	73,566,029



McLENNAN COUNTY, TEXAS

Tax Rate Distribution

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Maintenance and Operating Funds	Debt Service Funds	Road and Bridge Funds	Total Tax Rate
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
2005	0.3712	0.0617	0.0120	0.4449

Source: Applicable Commissioners' Court Order

McLENNAN COUNTY, TEXAS

Calculation of Tax Levy for General Government Services
Last Ten Fiscal Years
(Unaudited)

Exemptions							
Fiscal Year	Tax Roll October 1	Total Assessed Value (1)	Veterans	State-Granted Homestead	Owners Over 65 or Disabled	Percentage Homestead	Open-Space Land and Timberland
1996	1995	\$5,408,272,994	\$ 3,675,479	\$ -	\$ 326,543,225	\$ 382,219,370	\$ 267,868,379
1997	1996	5,636,683,079	14,554,718	-	332,886,300	393,004,306	270,044,451
1998	1997	5,846,109,475	15,025,224	-	341,416,312	407,846,738	271,114,117
1999	1998	6,078,757,368	16,558,722	-	381,019,661	387,124,685	274,197,419
2000	1999	6,452,756,982	18,402,806	-	396,456,479	422,216,236	279,851,524
2001	2000	6,889,188,626	15,188,377	-	420,328,863	458,276,733	280,815,960
2002	2001	7,168,464,358	15,647,695	-	391,529,989	517,829,214	284,805,955
2003	2002	8,859,472,583	25,069,424	-	463,437,816	592,530,210	620,010,684
2004	2003	9,208,393,052	26,185,000	-	481,201,506	687,837,220	561,972,920
2005	2004	10,119,983,820	26,897,167	-	493,435,635	759,174,637	586,882,258

(1) Includes market value of all property except property which is totally exempt from ad valorem taxation.

(2) The difference between the calculated tax levy and the actual tax levy is the result of adjustments, rounding of fractions and the the fact that the County does not bill for nor include in the tax roll any amounts less than \$1.00.

Property Redevelopment and Tax Abatement Act	Tax Increment Financing, Pollution Control and Other	Freeport	Net Taxable Values	Tax Rate per \$100	Net Taxable Values Multiplied By Tax Rate	Actual Levy Percentage Tax Roll (2)
\$ 21,574,575	\$ 19,142,401	\$ -	\$ 4,387,249,565	0.4037	\$ 17,711,326	\$ 17,711,325
27,568,900	25,222,715	-	4,573,401,689	0.3920	17,927,735	17,927,735
28,291,726	31,286,744	-	4,751,128,614	0.3973	18,876,234	18,876,237
22,884,470	43,660,670	-	4,953,311,741	0.4009	19,857,827	19,857,826
37,830,088	58,912,929	-	5,239,086,920	0.4157	21,778,884	21,778,884
50,141,548	59,130,358	-	5,605,306,787	0.4464	25,022,089	25,022,092
46,202,657	54,542,475	110,189,710	5,747,716,663	0.4579	26,318,795	26,318,799
32,309,095	325,116,017	124,042,440	6,676,956,897	0.4171	27,849,587	27,849,587
27,797,719	221,211,179	113,188,320	7,088,999,188	0.4314	30,581,942	30,581,944
38,900,797	199,662,810	135,189,625	7,879,840,891	0.4329	34,111,831	34,111,831

McLENNAN COUNTY, TEXAS

Calculation of Tax Levy for Farm-to-Market Roads
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Tax Roll October 1	Total Assessed Value (1)	Exemptions				
			Veterans	State-Granted Homestead	Owners Over 65 or Disabled	Percentage Homestead	Open-Space Land and Timberland
1996	1995	\$5,408,272,994	\$ 3,633,966	\$ 67,343,799	\$ 326,543,225	\$ 381,166,637	\$ 267,868,379
1997	1996	5,636,683,079	14,385,789	68,002,532	332,886,300	391,998,554	270,044,451
1998	1997	5,846,109,475	14,842,742	69,579,147	341,416,312	406,851,507	271,114,117
1999	1998	6,078,757,368	16,001,546	70,697,802	343,116,266	425,398,228	274,197,419
2000	1999	6,452,756,982	17,841,512	71,851,941	361,230,242	457,850,513	279,851,524
2001	2000	6,889,188,626	15,046,535	73,503,563	384,558,758	494,046,838	280,815,960
2002	2001	7,168,464,358	15,517,335	77,777,454	430,016,159	478,433,816	284,805,955
2003	2002	8,859,472,583	18,395,107	82,249,219	468,165,188	593,595,659	620,010,684
2004	2003	9,208,393,052	19,995,232	85,982,917	485,178,830	689,234,127	561,972,920
2005	2004	10,119,983,820	21,667,790	86,941,713	496,642,512	760,565,653	586,882,258

(1) Includes market value of all property except property which is totally exempt from ad valorem taxation.

(2) The difference between the calculated tax levy and the actual tax levy is the result of adjustments, rounding of fractions and the the fact that the County does not bill for nor include in the tax roll any amounts less than \$1.00.

Property Redevelop- ment and Tax Abatement Act	Tax Increment Financing, Pollution Control and Other	Freeport	Net Taxable Values	Tax Rate per \$100	Net Taxable Values Multiplied By Tax Rate	Actual Levy Percentage Tax Roll (2)
\$ 21,574,575	\$ 19,121,840	\$ -	\$ 4,321,020,573	0.0282	\$ 1,218,528	\$ 1,218,530
27,568,900	25,207,575	-	4,506,588,978	0.0273	1,230,299	1,230,301
28,291,726	24,314,919	-	4,689,699,005	0.0218	1,022,354	1,020,840
22,884,470	43,633,530	-	4,882,828,107	0.0182	888,675	888,675
37,830,088	58,890,386	-	5,167,410,776	0.0205	1,059,319	1,059,319
50,141,548	59,130,358	-	5,531,945,066	0.0102	564,258	564,262
46,202,657	54,543,321	108,277,080	5,672,890,581	0.0117	663,728	663,732
32,309,095	325,116,017	121,961,430	6,597,670,184	0.0115	758,732	758,732
27,797,719	221,211,179	113,188,320	7,003,831,808	0.0093	651,356	651,362
38,900,797	165,476,648	135,189,625	7,827,716,824	0.0120	939,326	935,224

McLENNAN COUNTY, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Through June 30 Fiscal Year		Delinquent Tax Collections and Cancellations		Total Tax Collections and Cancellations		Total Collections and Cancellations As Percentage Roll Levy		Roll Year through September 30, 2005		Outstanding Delinquent Taxes as Percent of Total Tax Levy
	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections and Cancellations	Total Tax Collections and Cancellations	Total Collections and Cancellations As Percentage Roll Levy	Outstanding Taxes Receivable September 30, 2005	Outstanding Taxes Receivable September 30, 2005			
1996	\$ 18,929,855	\$ 18,346,324	96.92%	\$ 502,743	\$ 18,849,067	99.57%	\$ 1,456,242	\$ 1,456,242	7.69%		
1997	19,158,036	18,565,945	96.91%	477,015	19,042,960	99.40%	1,451,205	1,451,205	7.57%		
1998	19,897,077	19,116,976	96.08%	508,503	19,625,479	98.63%	1,646,327	1,646,327	8.27%		
1999	20,746,501	20,041,868	96.60%	546,591	20,588,459	99.24%	1,661,703	1,661,703	8.01%		
2000	22,838,203	22,024,420	96.44%	741,977	22,766,397	99.69%	1,491,245	1,491,245	6.53%		
2001	25,586,354	24,657,462	96.37%	579,958	25,237,420	98.64%	1,708,305	1,708,305	6.68%		
2002	26,982,531	25,877,949	95.91%	542,683	26,420,632	97.92%	1,949,186	1,949,186	7.22%		
2003	28,604,693	27,218,896	95.16%	767,544	27,986,440	97.84%	2,080,153	2,080,153	7.27%		
2004	31,233,306	30,272,749	96.92%	575,551	30,848,300	98.77%	2,097,093	2,097,093	6.71%		
2005	35,047,055	33,409,321	95.33%	560,371	33,765,773	96.34%	2,141,517	2,141,517	6.11%		

MCLENNAN COUNTY, TEXAS

Estimated Market Value and Estimated Actual Value of Taxable Property.

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Estimated Property Value										Ratio of Assessed to Estimated Actual Value
	Land (1)	City Property (1)	Personal Property	Telegraph, Telephone, Pipe Lines, Railroads	Total	Estimated Actual Value					
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	6,884,455,526	6,884,455,526	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	1,854,450,343	222,952,883	8,859,472,583	8,859,472,583	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%				
2005	1,013,670,255	6,909,324,513	1,776,342,286	420,646,766	10,119,983,820	10,119,983,820	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									
	1996 1995	1997 1996	1998 1997	1999 1998	2000 1999	2001 2000	2002 2001	2003 2002	2004 2003	2005 2004
Fiscal Year Ending Date - September 30										
Tax Roll Date - October 1 (2)										
County-wide Taxing Entities:										
McLennan County	\$ 0.4319	\$ 0.4193	\$ 0.4191	\$ 0.4191	\$ 0.4362	\$ 0.4566	\$ 0.4696	\$ 0.4286	\$ 0.4407	\$ 0.4449
McLennan County College District	0.0722	0.0780	0.0835	0.0892	0.1136	0.1174	0.1197	0.1165	0.1261	0.1261
	0.0243	0.02419	0.02419	0.0219	0.0221	0.0221	0.0241	0.0241	0.0283	0.0283
Special Districts:										
County-Line Special Districts:										
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										
	0.0800	0.1000	0.1000	0.1000	0.1000	0.1000	0.1200	0.1200	0.1370	0.1370
	0.0400	0.0360	0.0360	0.0340	0.0340	0.0300	0.0280	0.0275	0.0286	0.0286
Other Special Districts:										
Castlemans Creek Special Improvement District										
Downtown Special Improvement District										
Elim Creek Watershed Authority										
McLennan County Water Control and Improvement District No. 2										
Tax Increment District No. 1	0.5108									
Tax Increment District No. 2	0.5108									
	0.3675	0.3705	0.3711	0.3652	0.3647	0.3584	0.3529	0.3107	0.3103	0.3052
Bellmead	0.4420									0.2500
Beverly Hills		0.4403	0.4516	0.4597	0.4597	0.4929	0.4929	0.4644	0.4338	0.4239
Bruceville-Eddy		0.4341	0.4200	0.3845	0.4338	0.4259	0.4557	0.3678	0.3543	0.3341
Crawford							0.2500	0.2334	0.2454	0.2454
Gholson	0.393	0.418	0.4649	0.5000	0.5000	0.5000	0.5000	0.4550	0.4842	0.4842
Hewitt	0.2359	0.2359	0.2539	0.2539	0.2539	0.2715	0.3033	0.2883	0.2927	0.2810
Lacy-Lakeview	0.412	0.4245	0.4117	0.4208	0.4208	0.4208	0.4239	0.4234	0.4314	0.4353
Lorena	0.7011	0.7011	0.7011	0.7011	0.8076	0.9000	0.9085	0.8000	0.8000	0.7099
Mart	0.5256	0.5257	0.5394	0.5394	0.5367	0.5533	0.5567	0.5402	0.5349	0.5400
McGregor	0.4261	0.4600	0.4897	0.5216	0.5213	0.5508	0.6010	0.6010	0.5973	0.6130
Moody	0.2622	0.3168	0.3225	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Northcrest	0.1038	0.1200	0.2334	0.2776	0.3300	0.3300	0.3960	0.3590	0.3570	0.3570
Robinson	0.6676	0.6676	0.6876	0.6876	0.7148	0.7148	0.7148	0.7148	0.6997	0.6997
Waco	0.3158	0.3168	0.3208	0.3208	0.3208	0.3208	0.3247	0.6925	0.2990	0.3390
West	0.4436	0.4436	0.4646	0.4646	0.4646	0.4646	0.4829	0.2900	0.4572	0.4572
Woodway										
(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									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Fiscal Year Ending Date - September 30	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Tax Roll Date - October 1 (2)	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
School Districts:										
County-Line School Districts:										
Axtell Independent School District	1.1598	1.1700	1.2000	1.2800	1.3050	1.3700	1.4200	1.3800	1.5000	1.4970
Bruceville-Eddy Independent School District	1.3200	1.3200	1.3200	1.3200	1.3200	1.3500	1.3800	1.4100	1.4100	1.4500
China Spring Independent School District	1.4500	1.4575	1.4575	1.5875	1.4777	1.5000	1.5000	1.5600	1.5725	1.5380
Crawford Independent School District	1.2660	1.3376	1.4398	1.3770	1.3918	1.4979	1.5299	1.5299	1.5492	1.5492
Lorena Independent School District	1.3534	1.5400	1.5632	1.5702	1.5070	1.5710	1.5910	1.6894	1.6894	1.7546
Mart Independent School District	1.2500	1.3000	1.3000	1.3974	1.5002	1.6150	1.6850	1.6500	1.6500	1.6329
Moody Independent School District	1.3300	1.3300	1.3300	1.3300	1.3800	1.3800	1.3800	1.3800	1.4200	1.4200
Oglesby Independent School District	1.1981	1.1981	1.1981	1.3481	1.4000	1.4000	1.4000	1.5000	1.5000	1.5000
Riesel Independent School District	1.2500	1.3000	1.3700	1.4600	1.4700	1.4322	1.5537	1.6486	1.6334	1.6271
Robinson Independent School District	1.4256	1.4414	1.4814	1.4814	1.6102	1.6615	1.6615	1.6403	1.6571	1.6510
Valley Mills Independent School District	1.3122	1.3122	1.3122	1.3314	1.6500	1.6400	1.6400	1.6950	1.6750	1.6750
West Independent School District	1.2966	1.3030	1.3800	1.5000	1.5000	1.5000	1.5800	1.4974	1.6293	1.6964
Other School Districts:										
Bosqueville Independent School District	1.4500	1.4438	1.5000	1.5000	1.4185	1.4947	1.4989	1.5910	1.5898	1.4921
Connally Independent School District	1.4000	1.4190	1.4398	1.4664	1.5269	1.5105	1.6496	1.4985	1.6243	1.6470
Gholson Independent School District	1.0608	1.1104	1.1904	1.2711	1.3671	1.4273	1.5000	1.4052	1.4500	1.4524
Hallsburg Independent School District	1.0422	1.0365	1.1046	1.1999	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000
LaVega Independent School District	1.5060	1.5060	1.5060	1.5060	1.5360	1.5360	1.5360	1.5080	1.5400	1.7200
McGregor Independent School District	1.3099	1.3099	1.3099	1.4300	1.5200	1.5100	1.6500	1.6500	1.6500	1.6500
Midway Independent School District	1.4700	1.4700	1.4900	1.5000	1.5000	1.6400	1.6400	1.6020	1.6220	1.6220
Waco Independent School District	1.4200	1.4700	1.5023	1.5130	1.5130	1.5812	1.5920	1.4850	1.5242	1.5383

(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, 2005

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2004 Tax Roll* Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Baylor University	Higher Education	\$ 173,029,827	1.7098%
Oncor Electric Company	Electric Utility	104,937,961	1.0369%
Masterfood USA	Candy Manufacturer	86,425,360	0.8540%
Southwestern Bell Telephone Company	Telephone Utility	73,296,150	0.7243%
Coca-Cola Company	Beverage Manufacturer/Distributor	61,435,490	0.6071%
Owens- Brockway Glass Services	Glass Manufacturer	37,794,745	0.3735%
Tyco Healthcare	Health	39,774,350	0.3930%
Richland Mall	Shopping Center	38,831,491	0.3837%
Pilgrim's Pride Corporation	Food Production	34,279,820	0.3387%
L-3 Communication (prev. Raytheon E-S Aerospace Services)		<u>30,334,672</u>	<u>0.2998%</u>
		<u>\$ 680,139,866</u>	<u>6.7208%</u>

Based on 2004 Taxable Assessed Valuation of:

\$ 10,119,983,820

* The 2004 Tax Roll provided funds for the Fiscal Year ended September 30, 2005

McLENNAN COUNTY, TEXAS

Computation of Legal Debt Margin

Limited Tax Bonds Issued Under Texas General Laws

September 30, 2005
(Unaudited)

Assessed Value of All Taxable Property		\$ 10,119,983,820
Debt Limit Rate - 5% of Assessed Value of All Taxable Property	X	<u>5%</u>
Amount of Debt Limit		505,999,191
Amount of Outstanding Bonds Applicable to General Law Debt Limit:		
Total General Obligation Bonds Outstanding	\$ 41,410,000	
Less Assets in Debt Service Funds Available for Payment of Principal	1,795,381	<u>39,614,619</u>
Legal Debt Margin		<u>\$ 466,384,572</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, \$.0604 was levied for debt service on limited tax bonds for the fiscal year ended September 30, 2005.



McLENNAN COUNTY, TEXAS

Computation of Legal Debt Margin

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

September 30, 2005
(Unaudited)

Assessed Value of Real Property	\$ 6,296,343,621
Debt Limit Rate - One-fourth of Assessed Value of Real Property	x <u>25%</u>
Amount of Debt Limit	1,574,085,905
Road Bonds Outstanding	<u>-</u>
Legal Debt Margin	<u><u>\$ 1,574,085,905</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, 2005, 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>
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	6,884,455,526
2002	216,517	2001	7,168,464,358
2003	216,517	2002	8,859,472,583
2004	219,807	2003	9,208,393,052
2005	222,500	2004	10,119,983,820

(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>
\$ 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	0.6162%	198.67
40,925,000	1,169,147	39,755,853	0.5546%	183.62
46,780,000	1,444,655	45,335,345	0.5117%	209.38
44,135,000	1,764,950	42,370,050	0.4601%	192.76
41,410,000	1,795,381	39,614,619	0.3914%	178.04



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>
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%
2005	3,525,089	2,373,019	5,898,108	73,738,162	7.999%

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

McLENNAN COUNTY, TEXAS

Computation of Direct and Overlapping Debt

September 30, 2005
(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)	9/30/05	\$ 39,614,619	100%	\$ 39,614,619
McLennan County College District	8/31/05	14,105,000	100%	14,105,000
<u>Special Districts:</u>				
County-Line Special Districts:				
Aquilla-Hackberry Creek Conservation District	9/30/05	-	25%	-
McLennan and Hill Counties Tehuacana Creek Water Control and Improvement District No. 1	9/30/05	-	99.46%	-
McLennan and Hill Counties Tehuacana Creek Water Control and Improvement District - Benefit Tax	9/30/05	-	79.87%	-
Other Special Districts:				
Elm Creek Watershed Authority	9/30/05	-	100%	-
McLennan County Water Control and Improvement District No. 2	9/30/05	-	100%	-
Tax Increment District No. 1	9/30/05	-	100%	-
Tax Increment District No. 2	9/30/05	-	100%	-
<u>Cities:</u>				
Bellmead	9/30/05	1,940,000	100%	1,940,000
Beverly Hills	9/30/05	-	100%	-
Bruceville-Eddy	9/30/05	-	100%	-
Crawford	10/31/03	-	100%	-
Hewitt	9/30/05	7,452,674	100%	7,452,674
Lacy-Lakeview	9/30/05	1,310,000	100%	1,310,000
Lorena	9/30/05	606,568	100%	606,568
Mart	9/30/05	-	100%	-
McGregor	9/30/05	3,614,229	100%	3,614,229
Moody	9/30/05	-	100%	-
Riesel	9/30/05	-	100%	-
Robinson	9/30/05	1,949,170	100%	1,949,170
Waco	9/30/05	46,793,592	100%	46,793,592
West	9/30/05	4,720,000	100%	4,720,000
Woodway	9/30/05	6,625,000	100%	6,625,000

(continued)

McLENNAN COUNTY, TEXAS

Continued

Computation of Direct and Overlapping Debt

September 30, 2005
(Unaudited)

Jurisdiction	As of	Net Debt Outstanding (1)	Percentage Applicable to County (2)	Amount Applicable to County
<u>School Districts:</u>				
County-Line School Districts:				
Axtell Independent School District	8/31/05	\$ -	93.41%	\$ -
Bruceville-Eddy Independent School District	6/30/05	-	97.41%	-
China Spring Independent School District	6/30/05	16,907,129	97.01%	16,401,606
Crawford Independent School District	8/31/05	3,520,000	96.64%	3,401,728
Lorena Independent School District	8/31/05	15,671,428	97.98%	15,354,865
Mart Independent School District	8/31/05	3,880,000	79.04%	3,066,752
Moody Independent School District	8/31/05	-	53.77%	-
Oglesby Independent School District	8/31/05	960,000	7.11%	68,256
Riesel Independent School District	8/31/05	2,780,000	49.98%	1,389,444
Robinson Independent School District	8/31/05	13,524,988	98.51%	13,323,466
Valley Mills Independent School District	8/31/05	1,450,000	46.38%	672,510
West Independent School District	8/31/05	10,243,690	98.48%	10,087,986
Other School Districts:				
Bosqueville Independent School District	8/31/05	2,416,765	100%	2,416,765
Connally Independent School District	8/31/05	12,401,314	100%	12,401,314
Gholson Independent School District	8/31/05	-	100%	-
Hallsburg Independent School District	6/30/05	-	100%	-
LaVega Independent School District	8/31/05	24,160,000	100%	24,160,000
McGregor Independent School District	8/31/05	8,883,605	100%	8,883,605
Midway Independent School District	8/31/05	61,149,874	100%	61,149,874
Waco Independent School District	8/31/05	81,698,349	100%	81,698,349
		<u>\$388,377,994</u>		<u>\$ 383,207,372</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
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%
2005	222,500	37,897	4.7%	5.3%

(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
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
2005	2004	38	20,374,123	471	72,434,931

(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>
\$ 1,573,640,164	\$ 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
1,626,651,147	6,296,343,621	932,122,859

McLENNAN COUNTY, TEXAS

Salaries and Surety Bonds of County Officials

Year Ended September 30, 2005
(Unaudited)

<u>Official Title</u>	<u>Officer's Name</u>	<u>Annual Salary (1)</u>	<u>Surety Bond</u>
County Judge	James H. Lewis	\$ 106,258	\$ 10,000
Commissioner, Precinct 1	Wendall C. Crunk	69,645	4,000
Commissioner, Precinct 2	Lester Gibson	69,645	4,000
Commissioner, Precinct 3	Joseph A. Mashek	69,645	4,000
Commissioner, Precinct 4	Alton R. Meadows	69,645	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	72,314	5,000
District Clerk	Karen Matkin	72,314	5,000
Criminal District Attorney	John Segrest (2)	10,917	5,000
County Auditor	Steven G. Moore	105,312	5,000
County Treasurer	William E. Helton	59,392	10,000
Tax Assessor-Collector	A.F. "Buddy" Skeen	80,127	200,000
Sheriff	Larry Lynch	80,127	15,000
Adult Probation Director	Curtis Hand	77,497	-
Chief Juvenile Probation Officer	Rodney Davidson	77,531	-
Elections Administrator	Kathy E. Van Wolfe	66,117	5,000
Justices of the Peace:			
Precinct 1, Place 1	Joe N. Meadows	52,398	1,000
Precinct 1, Place 2	William D. Martin, III	52,398	1,000
Precinct 2	Belinda Summers	36,565	1,000
Precinct 3	David W. Pareya	52,398	1,000

(Continued)

McLENNAN COUNTY, TEXAS

Continued

Salaries and Surety Bonds of County Officials

Year Ended September 30, 2005
(Unaudited)

Official Title	Officer's Name	Annual Salary (1)	Surety Bond
Justices of the Peace: (Continued)			
Precinct 4	Barbara Rusling	\$ 24,215	\$ 1,000
Precinct 5	Franklin Culpepper	24,772	1,000
Precinct 6	Raymond N. Britton	17,840	1,000
Precinct 7	E. Jean Laster	39,262	1,000
Precinct 8	Fernando M. Villarreal	32,559	1,000
Constables:			
Precinct 1	Clyde T. Bailey	52,398	1,500
Precinct 2	Shawn Zweifel	18,234	1,500
Precinct 3	David Maler	31,055	1,500
Precinct 4	Larry Eschenburg	14,420	1,500
Precinct 5	Larry Connally	27,409	1,500
Precinct 6	Kenneth L. Brown	14,420	1,000
Precinct 7	John W. Johnson	39,262	1,000
Precinct 8	J. F. Suarez	31,055	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, 2005
(Unaudited)

<u>Policy Number</u>	<u>Insurer</u>	<u>Expiration Date</u>
	Texas Association of Counties Self Insurance Program	9/30/06
	Texas Association of Counties Self Insurance Program	9/30/06
	Texas Association of Counties Self Insurance Program	9/30/06
	Texas Association of Counties Self Insurance Program	9/30/06
	Texas Association of Counties Self Insurance Program	9/30/06
	Texas Association of Counties Self Insurance Program	9/30/06
	Texas Association of Counties Self Insurance Program	9/30/06
CCP0029015 09	Fidelity and Deposit Co.	1/5/06
ACN981370-002	ACE-USA	10/1/06

Risks Concerned	Amount of Coverage
Fire and extended coverage: County buildings and contents	\$86,736,313
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>
1996	166,190	1999	177,581	2002	180,431
1997	168,461	2000	173,326	2003	182,713
1998	169,259	2001	182,732	2004	188,837

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	-	-	-	-	-
Black Top	169.2	142.2	154.3	293.4	759.1
Gravel	63.4	65.6	70.7	94.1	293.8
Unimproved	-	-	-	-	-
Total	232.6	207.8	225.0	387.5	1,052.9

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

