

McLENNAN COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

Prepared by:
STEVEN G. MOORE, CPA
COUNTY AUDITOR

McLENNAN COUNTY, TEXAS
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2006

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INTRODUCTORY SECTION

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County Auditor**



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March 30, 2007

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, 2006, 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, 2006, 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, 2006 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 224,668. This is up 5.2% over the 2000 census of 213,517 and 31.6% 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.

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, 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.

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, 2006, was 4.779%.

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, 2005. This is the twenty-first 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,

A handwritten signature in black ink that reads "Steven G. Moore". The signature is written in a cursive style and is underlined with a horizontal line.

Steven G. Moore
McLennan County Auditor



Certificate of Achievement for Excellence in Financial Reporting

Presented to

McLennan County
Texas

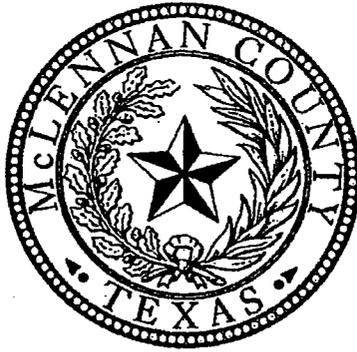
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2005

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

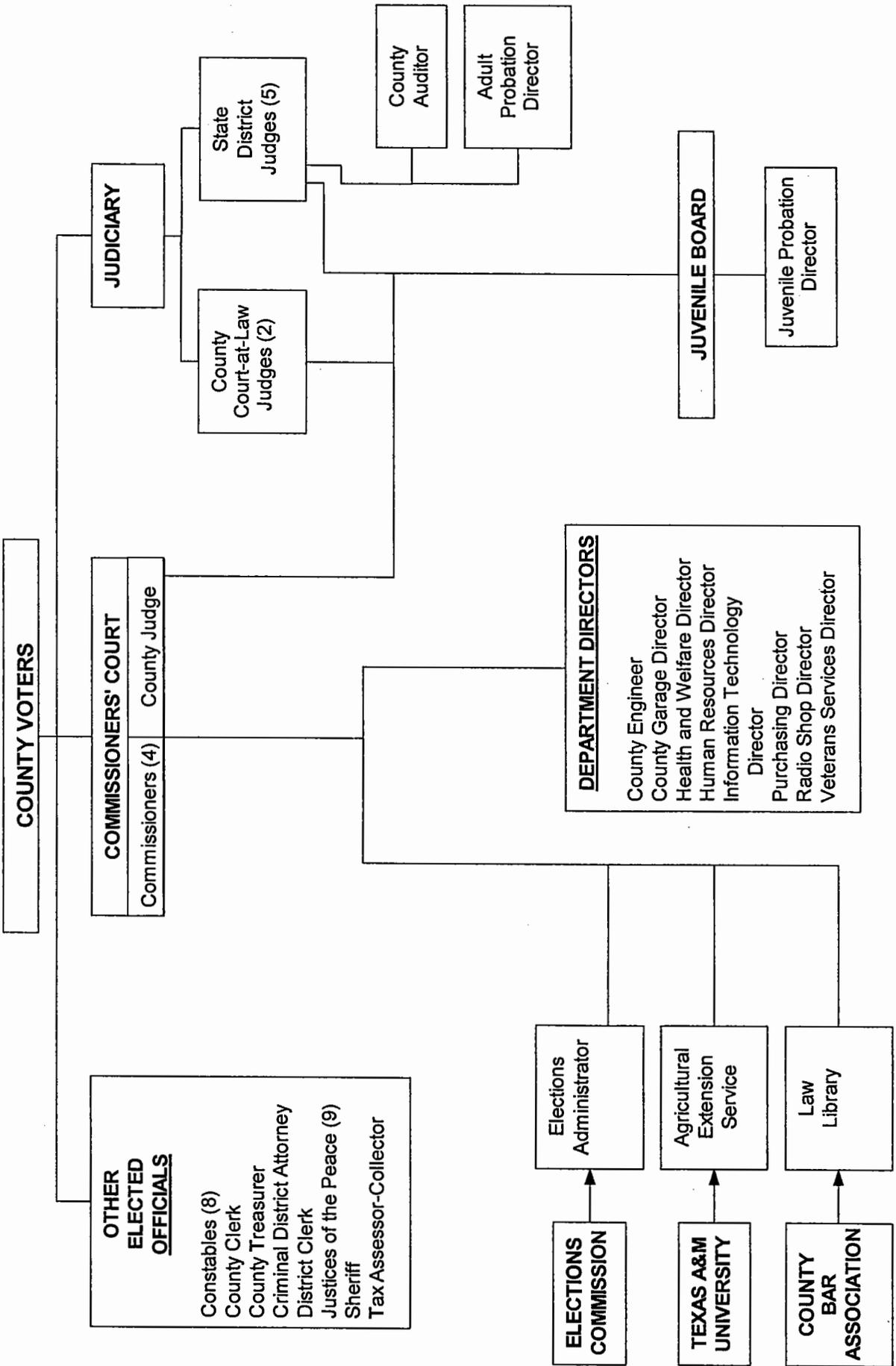


President

Executive Director



McLENNAN COUNTY, TEXAS ORGANIZATION



MCLENNAN COUNTY, TEXAS

PRINCIPAL OFFICIALS

As of September 30, 2006

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 Scott Geiger
Constable, Precinct 6 Kenneth Brown
Constable, Precinct 7 John Johnson
Constable, Precinct 8 Sal Romero
Justice of the Peace, Precinct 1, Place 1 Kristi DeCluitt
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

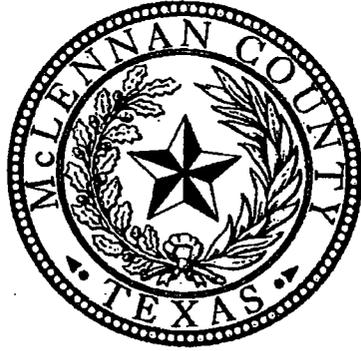
MCLENNAN COUNTY, TEXAS

PRINCIPAL OFFICIALS (continued)

As of September 30, 2006

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



FINANCIAL SECTION



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, 2006, 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, 2006, and the respective changes in financial position 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, 2007, 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 77 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required 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 section 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 and statistical sections 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 LLP

March 30, 2007

McLennan County, Texas
Management's Discussion and Analysis
September 30, 2006

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, 2006. 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, 2006, by \$74.2 million. Net assets invested in capital assets (net of depreciation and related debt) account for almost 52.4% of this amount, with a value of \$38.9 million. Restricted net assets totaled \$7.5 million (10%). Of the remaining net assets, approximately \$27.9 million (37.6%) 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 \$6.1 million for the year ended September 30, 2006 when compared to the total net assets for the year ended September 30, 2005. Income from general sources of revenue totaled more than \$53.7 million, with total expenses in excess of program revenues of \$47.6 million.
- As of September 30, 2006, McLennan County's governmental funds reported combined ending fund balances of \$47.8 million. Of that amount, \$2.0 million was reserved or designated for specific purposes. An amount of \$16.6 million was unreserved and undesignated in the Major and Non-major Special Revenue Funds combined, and \$23.8 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 \$23.8 million at September 30, 2006 was 44.6% of the total \$53.4 million in Fiscal Year 2006 General Fund expenditures.
- In Fiscal Year 2006, the County issued \$4.25 million in Certificates of Obligation for various renovations and additions to existing County buildings and construction of some additional county facilities. McLennan County's total bonded debt at September 30, 2006, was \$43.5 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.

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,

McLennan County, Texas
Management's Discussion and Analysis
September 30, 2006

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 2006. 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 2006, 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 2006.

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 presents a separate column of financial data for the General Fund, as the only major fund. 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.

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

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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.

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, 2006 and 2005:

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Summary of Net Assets
September 30,
(\$ in thousands)

	2006	2005
Current and other assets	\$ 62,222	\$ 53,510
Capital assets (net of accumulated depreciation and construction in progress)	67,243	70,165
Total assets	\$ 129,465	\$ 123,675
Current and other liabilities	\$ 4,028	\$ 5,579
Unearned revenues	441	329
Long-term liabilities	50,768	49,647
Total liabilities	\$ 55,237	\$ 55,555
Net assets:		
Invested in capital assets, net of related debt	\$ 38,878	\$ 40,692
Restricted	7,465	3,345
Unrestricted	27,885	24,083
Total net assets	\$ 74,228	\$ 68,120

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, 2006 totaled \$74.2 million, representing a \$6.1 million increase from the September 30, 2005 balance.

McLennan County's total assets were just under \$129.5 million as of September 30, 2006. Of this amount, over \$67.2 million is accounted for by capital assets, which includes net infrastructure of \$9.3 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 \$47.3 million were accounted for in cash, cash equivalents, and investments; \$10.8 million in taxes and accounts receivable; \$3.5 million due from other governments, \$387 thousand in inventories; and \$212 thousand in prepaid expenses.

Cash and cash equivalents increased \$9.9 million, from \$37.4 million at September 30, 2005 to \$47.3 million at September 30, 2006. \$4.0 million of that increase is due to the expending of cash provided by the issuance of Certificates of Obligation, Series 2006 and an increase in cash in the General Fund of \$3.6 million due to \$3.8 million excess of revenues and other sources over expenditures.

At September 30, 2006 the County had outstanding liabilities of \$55.2 million, with slightly over \$50.8 million in total long-term liabilities. Of the long-term liabilities, \$5.3 million was due within a year, with the remainder of \$45.5 million due over an extended period of time. There is a more in-depth discussion of long-term debt in the notes to the financial statements.

Included in other liabilities in the summary of net assets is \$3.1 million in accounts payable and accrued liabilities.

A large portion of the County's net assets (almost 52.3%) reflects its investment in capital assets, such as equipment, facilities, infrastructure, etc., less any outstanding related debt used to acquire those assets. Capital assets are used to provide services to citizens.

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An amount representing 10.1% 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 almost \$27.9 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 \$6.1 million in 2006. 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 \$79.9 million in 2006 compared to almost \$73.0 million in 2005, for an increase of \$6.9 million.
- Property tax revenue accounted for 47.1% of total revenues, increasing \$3.2 million from \$34.4 million in 2005 to \$37.6 million in 2006.
- Sales tax accounted for 14.4% of total revenues, increasing \$1 million from \$10.5 million in 2005 to \$11.5 million in 2006.
- Grants and contributions accounted for 10.7% of total revenues, showing an increase of \$600 thousand from \$8.0 million in 2005 to \$8.6 million in 2006. This is primarily a result of increases in grants provided by the State of Texas and Federal Agencies.
- Charges for services totaling \$17.6 million in 2006 comprised 22.0% of total revenue in 2006, compared to \$16.7 million in charges for services in 2005, which represented 22.8% of total revenue in 2005.
- The remaining 5.9% of revenue was provided by interest income, rental revenues and miscellaneous sources.

Expenses for the year totaled about \$73.8 million in 2006 compared to \$71.4 million in 2005. This represents a 3.4% or \$2.3 million increase in 2006 compared to 2005.

Highlights of the expenses by activity are as follows:

- General administration activities, accounting for 19.6% of expenses in 2006, decreasing by \$472 thousand, or 2.2%, in 2006 compared to 2005.
- Judicial activities, accounting for 7.8% of expenses in 2006, increasing by \$466 thousand, or 8.8%, in 2006 compared to 2005. Almost \$200 thousand of this increase was due to the addition of another District Court in the County.
- Public Safety activities, accounting for 43.8% of expenses in 2006, increasing by \$1.3 million, or 4.3%, in 2006 compared to 2005.
- Public Transportation activities, accounting for 9.9% of expenses in 2006, decreasing by \$385 thousand, or 5% in 2006 compared to 2005.
- Health and Welfare activities, accounting for 10.4% of expenses in 2006, increasing by \$299 thousand or 4.1% from 2005.
- Culture–Recreation activities, accounted for 3.8% of expenses in 2006. Culture-Recreation expenses increased in 2006 compared to 2005 by \$483 thousand.
- All other activities, including conservation, economic development and interest and fiscal charges accounted for 4.5% of expenses in 2006 compared to 4.0% of expenses in 2005.

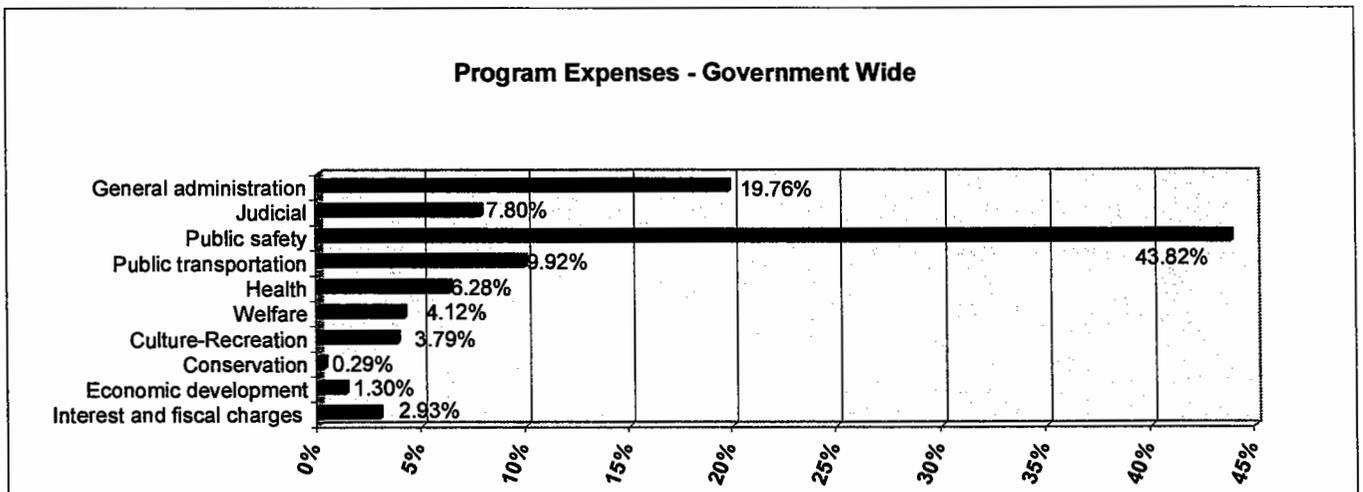
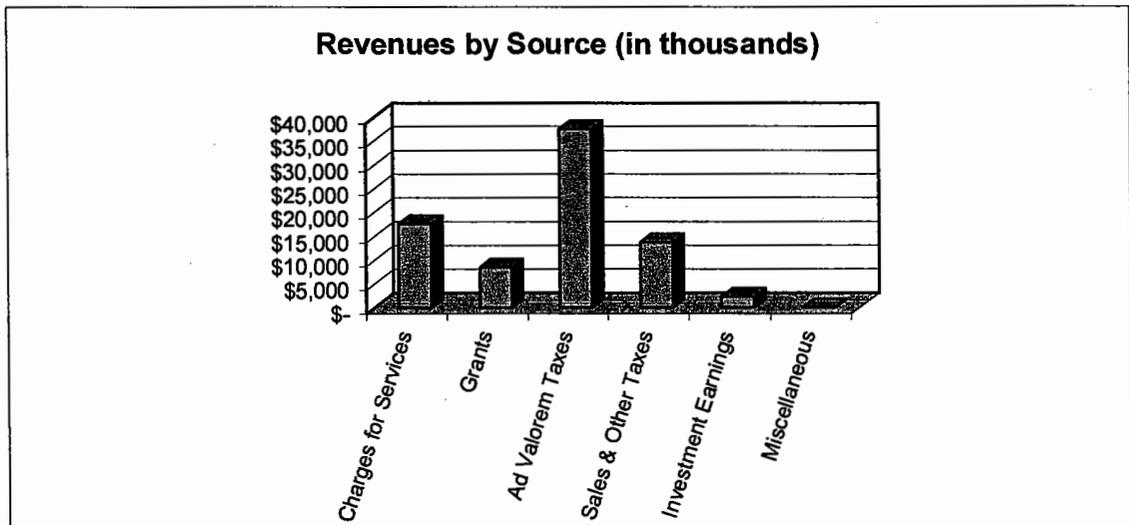
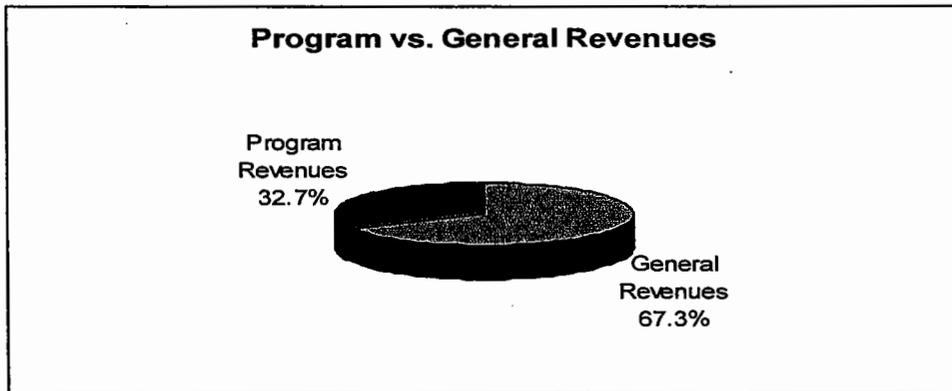
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Summary of Changes in Net Assets
For the Fiscal Years Ended September 30,
(\$ in thousands)

	2006	2005
	Governmental Activities	Governmental Activities
Revenues		
<i>Program Revenues</i>		
Charges for services	\$ 17,571	\$ 16,657
Operating grants and contributions	6,882	7,739
Capital grants and contributions	1,678	268
	\$ 26,131	\$ 24,664
<i>General Revenues</i>		
Property Taxes	37,573	34,379
Sales Taxes	11,459	10,512
Other Taxes	2,307	2,273
Unrestricted investment earnings	2,362	1,048
Miscellaneous	14	105
Total revenues	79,846	72,981
Expenses		
General administration	14,436	14,908
Judicial	5,752	5,286
Public safety	32,311	30,992
Public transportation	7,313	7,698
Health	4,629	4,483
Welfare	3,036	2,883
Culture-Recreation	2,792	2,309
Conservation	213	204
Economic development	959	290
Interest and fiscal charges	2,297	2,368
Total expenses	73,738	71,421
Change in net assets	6,108	1,560
Net assets, beginning	68,120	66,560
Net assets, ending	\$ 74,228	\$ 68,120

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



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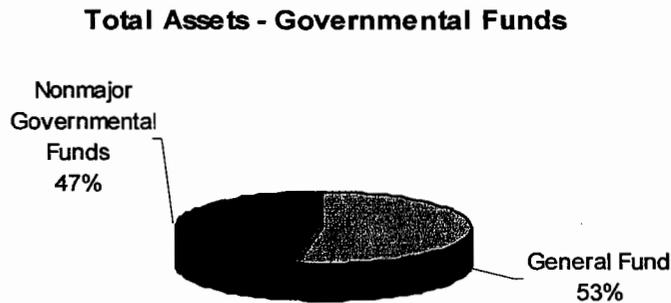
FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental Funds Balance Sheet Analysis

The General Fund is the only fund considered to be a major fund in 2006. The General Fund accounted for 52.7% of total governmental fund assets and 49.8% of the governmental fund balances.

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.



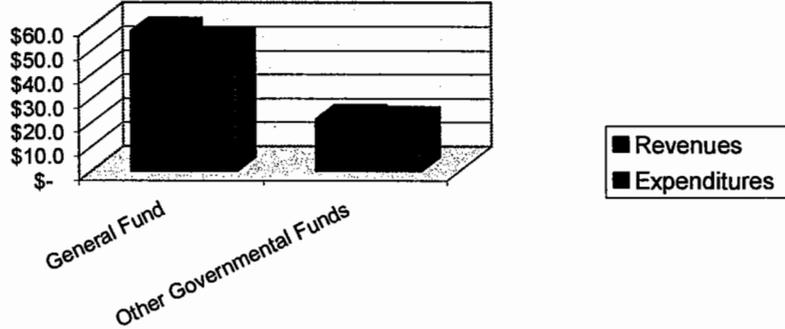
The focus of McLennan County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of September 30, 2006, the County's governmental funds reported combined ending fund balances of nearly \$47.9 million. Of this total amount, over \$23.8 million (49.8%) is unreserved and available for spending without restrictions for general governmental purposes from the General Fund. \$16.6 million (34.6%) 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 \$6.7 million are not available for new spending because they have already been committed to capital projects, debt service and education.

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:

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



The revenue indicators in the chart do not include other financing sources, such as proceeds from new debt or the sale of assets. The General Fund accounts for 57.7% of all governmental fund revenue and 53.4% of expenditures.

The net change in fund balance for the General Fund in 2006 was an increase of \$3.9 million. This includes an excess of revenues over expenditures of \$4.3 million, transfers out to other funds of over \$1.1 million, transfers from other funds of \$212 thousand and proceeds from the issuance of a note payable of \$321 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, 2006:

**McLennan County, Texas
Management's Discussion and Analysis
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**General Fund
Changes in Budget
Fiscal Year Ending September 30, 2006
(\$ in Thousands)**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original	Final	
Revenues:			
Taxes	\$ 41,530	\$ 41,530	\$ -
Licenses and Permits	74	74	-
Intergovernmental	822	861	39
Charges for Services	5,929	6,264	335
Fines and Forfeits	54	54	-
Miscellaneous:			
Investment Income, Net	456	468	12
Other	4,841	4,846	5
Total Miscellaneous	<u>5,297</u>	<u>5,314</u>	<u>17</u>
Total Revenues	<u>53,706</u>	<u>54,097</u>	<u>391</u>
Expenditures:			
Current:			
General Government	17,129	16,564	565
Judicial	5,480	5,629	(149)
Public Safety	26,387	26,571	(184)
Public Transportation	212	212	-
Health	6,088	6,267	(179)
Welfare	4,546	4,548	(2)
Culture-Recreation	629	629	-
Conservation	275	275	-
Economic Development and Assistance	186	186	-
Debt Service:			
Principal and Retirements	680	742	(62)
Interest and Fiscal Charges	371	376	(5)
Total Expenditures	<u>61,983</u>	<u>61,999</u>	<u>(16)</u>
Excess (Deficiency) of Revenue over Expenditures	(8,277)	(7,902)	375
Other Financing Sources (Uses):			
Disposition of Capital Assets	1	1	-
Issuance of Notes Payable	-	-	-
Inception of Capital Lease	292	292	-
Operating Transfers In	979	979	-
Operating Transfers Out	(1,840)	(1,864)	(24)
Total Other Financing Sources (Uses)	<u>(568)</u>	<u>(592)</u>	<u>(24)</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures	(8,845)	(8,494)	351
Fund Balance at Beginning of Year	<u>17,327</u>	<u>17,327</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 8,482</u>	<u>\$ 8,833</u>	<u>\$ 351</u>

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Under Texas Local Government Code Section 111.042 through 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 (or may not, at their option) adopt a special supplemental budget amendment for the purpose of spending the revenue for general purposes or for any of its intended purposes." Due to this statute, increases in revenues totaling \$391 thousand were certified in the General Fund and added to anticipated revenues that were in the original budget.

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

- *Regarding the \$565 thousand decrease in the General Government function.* The primary contingency line item for McLennan County is maintained within the General Government function 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 \$639 thousand. The difference of \$74 thousand was due to the fact that some of the transfers out of the contingency were transferred to accounts within the General Government function.
- *Regarding the \$149 thousand increase in appropriations for the Judicial function.* This increase was primarily the result of transfers from the contingency line item in the General Government function. \$123 thousand was for funds needed for the delinquent fine/fee collection attorney firm, whose fees are based on collections and \$26 thousand was transferred to replace equipment in the district courts.
- *Regarding the \$184 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 jail utilities in the amount of \$88 thousand, additional jail food costs of \$46 thousand and building repairs in the amount of \$10 thousand. Additionally, an additional \$24 thousand in funding was provided to the County's volunteer fire departments due to drought-driven wildfires depleting the departments' supplies and equipment.
- *Regarding the \$179 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 increasing population of jail inmates.
- *Regarding the \$68 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 2006.

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, 2006:

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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	\$ 41,530	\$ 42,643	\$ 1,113
Licenses and Permits	74	76	2
Intergovernmental	861	1,283	422
Charges for Services	6,264	6,559	295
Fines and Forfeits	54	89	35
Miscellaneous:			
Investment Income, Net	468	1,234	766
Other	4,846	5,828	982
Total Miscellaneous	<u>5,314</u>	<u>7,062</u>	<u>1,748</u>
Total Revenues	<u>54,097</u>	<u>57,712</u>	<u>3,615</u>
Expenditures:			
Current:			
General Government	16,564	13,530	3,034
Judicial	5,629	5,093	536
Public Safety	26,571	24,880	1,691
Public Transportation	212	198	14
Health	6,267	4,613	1,654
Welfare	4,548	3,003	1,545
Culture-Recreation	629	603	26
Conservation	275	210	65
Economic Development and Assistance	186	146	40
Debt Service:			
Principal and Retirements	742	733	9
Interest and Fiscal Charges	376	376	-
Total Expenditures	<u>61,999</u>	<u>53,385</u>	<u>8,614</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(7,902)</u>	<u>4,327</u>	<u>12,229</u>
Other Financing Sources (Uses):			
Disposition of Capital Assets	1	91	90
Issuance of Notes Payable	-	321	321
Inception of Capital Lease	292	-	(292)
Operating Transfers In	979	979	-
Operating Transfers Out	(1,864)	(1,864)	-
Total Other Financing Sources	<u>(592)</u>	<u>(473)</u>	<u>119</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures	<u>(8,494)</u>	<u>3,854</u>	<u>12,348</u>
Fund Balance at Beginning of Year	<u>17,327</u>	<u>19,969</u>	<u>2,642</u>
Fund Balance at End of Year	<u>\$ 8,833</u>	<u>\$ 23,823</u>	<u>\$ 14,990</u>

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Actual Revenues Compared to Estimated Revenues

Actual revenues in the General Fund are about \$3.6 million (6.7%) above estimated revenues in the budget. Highlights of these differences are as follows:

- Collections on ad valorem taxes exceeded the estimate by \$854 thousand. Current collections exceeded the estimate by \$565 thousand, reflecting continued growth. Delinquent collections exceeded the estimate by \$288 thousand.
- Actual sales tax collections reflect the rebounding of retail sales in Texas by exceeding the estimated collections by \$259 thousand, continuing 2005's reversal of the downward sales tax trend experienced in 2002 and 2003, after the 9/11 disaster.
- Intergovernmental revenues collected were \$293 thousand greater than anticipated. \$128 thousand of this was due to larger than expected funding from the State of Texas Tobacco Fund, \$69 thousand was due to larger than expected funding from the State of Texas Indigent Defense Fund and \$118 thousand was due to a change at the State level in funding Vehicle Sales Tax Commissions. This \$118 thousand was formerly allocated among the Road and Bridge Special Revenue Funds, but it is now a General Fund revenue.
- Revenues from Charges for Services exceeded that which was estimated in the budget by \$295 thousand. The primary components of the positive variance was court related criminal fees (\$65 thousand), court related civil fees (\$193 thousand), and charges for keeping Federal prisoners (\$124 thousand). Charges for guard services and support of other prisoners was \$51 thousand less than anticipated.
- Investment revenue was \$766 thousand more than anticipated due to vastly improved interest rates.
- Miscellaneous revenue was \$982 thousand more than anticipated. The primary components of this positive variance were \$559 thousand more in rent for the County's old jail facility which housed more prisoners in 2006 (the rent is based on the number of inmates), \$243 thousand more in reimbursement for indigent health care expenditures, \$68 thousand more in inmate telephone commissions, \$68 thousand more in recovery of attorney fees related to court appointed attorneys due to increased collection efforts.

Actual expenditures were 86.1% of the budget for 2006, compared to 88.4% for 2005. All functions were within budget. The four largest positive variances were in the functions of General Government, Public Safety, Health and Welfare. Together they accounted for \$7.9 million (91.9%) of the total positive budget variance of \$8.6 million.

The General Government positive budget variance was about \$3 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 a little over \$1million, or 34.0% of the positive General Government variance.
- The County routinely includes a contingency item in its appropriations. The unspent portion of that contingency in 2006 was \$510 thousand or 16.8% of the positive General Government variance.
- Expenditures for maintenance of buildings was \$135 thousand less than anticipated.
- Expenditures for the County Clerks' records management and preservation program were \$176 thousand less than anticipated.
- Expenditures for county legal counsel were \$65 thousand less than anticipated.
- Non salary related election expenditures were \$89 thousand less than anticipated.
- Telephone system capital outlays were budgeted for \$40,000, but were not incurred.
- Outsourced custodial services were \$114 thousand less than anticipated.

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- Expenditures budgeted in the Information Technology department for supplies, other services and charges and capital outlay in the amount of \$188 thousand were not expended.
- Expenditures for property and liability insurance was \$115 thousand less than anticipated.

The Public Safety positive budget variance was about \$1.7 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 \$82 thousand more than the actual expenditures incurred.
- 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 \$1.2 million, or 71.0% of the positive Public Safety variance.
- Expenditures for travel to retrieve fugitives was \$59 thousand less than budgeted.

The Health positive budget variance was about \$1.7million. 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 year's budget, due to its potential exposure. In 2006, the County's actual expenditures relating to indigent healthcare were \$1.5 million less than the amount budgeted.

The Welfare positive budget variance was \$1.5 million. New State legislation regarding court appointed attorneys was enacted in Texas before the 2006 Budget was adopted, and the fiscal effect of that legislation was not indeterminable. As a cautionary measure, the County budgeted \$4.2 million for indigent court appointed attorneys, but actual expenditures were only \$2.8 million, creating a \$1.4 million positive variance.

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, 2006, amounts to more than \$67.2 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 almost \$800 thousand.
- Six bridges originally built in the early 1900's had to be replaced at a cost of \$705 thousand. Two of those bridges were replaced through the State of Texas bridge replacement program.
- Capital expenditures of \$1.13 million were made to complete an athletic and park complex in Mart. The cost of the complex was funded through a \$500 thousand Texas Parks and Wildlife grant and Mart Independent School District (MISD) was required to provide the remaining funding. The complex is not a capital asset of the County because MISD is responsible for all maintenance, repair and future improvement to the Complex 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, 2006, McLennan County had slightly more than \$43.2 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

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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 increase of \$1.7 million during 2006.

Debt activity in 2006 included \$2.9 million in scheduled principal payments, the issuance of Refunding Bonds, Series 2005, resulting in the defeasance of \$6.93 million of previously issued debt, and the issuance of Certificates of Obligation, Series 2006 in the amount of \$4.25 million. McLennan County maintains a real credit rating of Aa2 from Moody's Investor Services.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

- 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.
- The 80th Session of the Texas State legislature meets in regular session between January and May of 2007. At this time there is much discussion regarding tax appraisal caps, revenue caps and spending caps. In addition, the possibility of unfunded mandates from the State to Texas counties is always a real threat, including, but not limited to regionalization and cost-sharing of indigent healthcare. The effect or magnitude of any such legislation will not be known until the summer of 2007, although all of the legislation has already been filed in the House of Representatives, the Senate or both.
- The County is instituting a new collections program for the Justices of the Peace, the County Courts and the District Courts. Each of these three groups of offices will have a separate collection department and collections of delinquent fines and fees are expected to improve.

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, 2006

ASSETS	
Pooled Cash and Investments	\$ 46,249,226
Non-Pooled Cash	1,037,288
Receivables (net of allowances for estimated uncollectibles):	
Taxes	2,088,161
Accounts	8,746,864
Due from Other Governments	3,501,332
Inventories, at Cost	387,407
Prepaid Assets	211,578
Capital Assets (net of accumulated depreciation)	
Land	1,565,149
Buildings and system	50,144,750
Improvements other than buildings	539,021
Machinery and equipment	5,615,252
Infrastructure	9,287,039
Construction in progress	91,802
Total Assets	<u>\$ 129,464,869</u>
LIABILITIES	
Accounts Payable	\$ 2,665,164
Accrued Interest Payable	386,254
Due to Other Governments	451
Funds Held in Escrow	975,704
Unearned Revenue	441,156
Noncurrent liabilities:	
Due within one year	5,262,235
Due in more than one year	45,505,877
Total Liabilities	<u>55,236,841</u>
NET ASSETS	
Invested in Capital Assets, net of related debt	38,878,368
Restricted Net Assets	
Expendable	
Restricted for Capital Projects	5,485,677
Restricted for Debt Service	1,920,478
Restricted for Education	11,742
Nonexpendable	
Restricted for Education	46,844
Unrestricted	27,884,919
Total Net Assets	<u>\$ 74,228,028</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, 2006

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	\$ 14,435,895	\$ 3,249,953	\$ 1,909,602	\$ -	\$ (9,276,340)
Judicial	5,751,910	3,779,238	206,780	-	(1,765,892)
Public Safety	32,310,783	9,546,714	4,287,589	-	(18,476,480)
Public Transportation	7,313,020	147,255	123,596	541,350	(6,500,819)
Health	4,629,481	493,118	202,967	-	(3,933,396)
Welfare	3,036,068	352,826	151,598	-	(2,531,644)
Culture-Recreation	2,791,759	1,850	-	1,136,520	(1,653,389)
Conservation	212,725	-	-	-	(212,725)
Economic Development and Assistance	959,154	-	-	-	(959,154)
Interest and fiscal charges	2,297,051	-	-	-	(2,297,051)
Total Governmental Activities	\$ 73,737,846	\$ 17,570,954	\$ 6,882,132	\$ 1,677,870	\$ (47,606,890)
General Revenues:					
Property Taxes					37,573,209
Sales Tax					11,459,220
Alcoholic Beverage Taxes/Other Taxes					2,307,203
Unrestricted Investment Earnings					2,361,846
Gain (Loss) on Sale of Capital Assets					(20,471)
Miscellaneous					34,130
Total general revenues					53,715,137
Change in net assets					6,108,247
Net assets - beginning					68,119,781
Net assets - ending					\$ 74,228,028

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

MCLENNAN COUNTY, TEXAS

Balance Sheet

Governmental Funds

September 30, 2006

<u>ASSETS</u>	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Pooled Cash and Investments	\$ 22,066,621	\$ 24,182,605	\$ 46,249,226
Non-Pooled Cash	598,153	439,135	1,037,288
Receivables (net of allowances for estimated uncollectibles):			
Taxes	1,724,126	364,035	2,088,161
Accounts	518,794	49,535	568,330
Due from Other Funds	30,156	-	30,156
Due from Other Governments	3,212,996	288,336	3,501,332
Inventories, at Cost	144,951	242,456	387,407
Prepaid Assets	211,578	-	211,578
Total Assets	\$ 28,507,376	\$ 25,566,102	\$ 54,073,478
 <u>LIABILITIES AND FUND BALANCE</u> 			
Liabilities:			
Accounts Payable	\$ 2,950,117	\$ 690,752	\$ 3,640,868
Due to Other Funds	-	30,156	30,156
Due to Other Governments	451	-	451
Deferred Revenue	1,734,126	795,190	2,529,316
Total Liabilities	4,684,694	1,516,098	6,200,792
Fund Balance:			
Reserved for:			
Capital Projects	-	4,735,797	4,735,797
Debt Service	-	1,920,477	1,920,477
Prepays	211,578	-	211,578
Education	-	57,590	57,590
Unreserved - Undesignated:			
General Fund	23,611,104	-	23,611,104
Special Revenue Funds	-	16,586,260	16,586,260
Capital Projects Funds	-	749,880	749,880
Total Fund Equity	23,822,682	24,050,004	47,872,686
Total Liabilities and Fund Balance	\$ 28,507,376	\$ 25,566,102	\$ 54,073,478

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, 2006

Total fund balances - governmental funds		\$ 47,872,686
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	\$ 1,565,150	
Buildings	50,144,750	
Improvements other than buildings	539,020	
Machinery and equipment	5,615,251	
Infrastructure	9,287,041	
Construction in progress	<u>91,802</u>	
Total capital assets		67,243,014
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.		
	8,178,534	
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.		
	<u>2,088,161</u>	
Total deferred revenues		10,266,695
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	(386,254)	
General obligation bonds	(3,110,000)	
Notes payable	(327,855)	
Capital leases	(458,936)	
Compensated absences	<u>(1,365,445)</u>	
Total current liabilities		(5,648,490)
General obligation bonds	(40,040,000)	
Unamortized Deferred Amount on Refunding	147,157	
Unamortized Refunding Bond Cost	213,294	
Notes payable	(524,650)	
Capital leases	(5,121,543)	
Compensated absences	<u>(180,135)</u>	
Total non-current liabilities		<u>(45,505,877)</u>
Net Assets		<u>\$ 74,228,028</u>

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, 2006

	General	Other Governmental Funds	Total
Revenues:			
Taxes	\$ 42,642,972	\$ 6,228,661	\$ 48,871,633
Licenses and Permits	75,755	1,744,497	1,820,253
Intergovernmental	1,283,214	7,229,572	8,512,786
Charges for Services	6,558,605	2,611,153	9,169,759
Fines and Forfeits	88,775	2,234,739	2,323,514
Miscellaneous	7,062,173	1,295,189	8,357,361
Total Revenues	57,711,494	21,343,812	79,055,306
Expenditures:			
Current:			
General Government	13,529,800	586,813	14,116,613
Judicial	5,092,929	423,631	5,516,560
Public Safety	24,880,112	6,109,586	30,989,699
Public Transportation	197,748	6,078,023	6,275,772
Health	4,613,184	-	4,613,184
Welfare	3,002,493	-	3,002,493
Culture-Recreation	603,470	-	603,470
Conservation	209,955	-	209,955
Economic Development and Assistance	146,388	812,767	959,154
Capital Projects	-	1,784,761	1,784,761
Debt Service:			
Principal and Retirements	733,020	2,932,615	3,665,635
Interest and Fiscal Charges	375,948	1,934,927	2,310,875
Total Expenditures	53,385,049	20,663,123	74,048,172
Excess (Deficiency) of Revenue over Expenditures	4,326,445	680,689	5,007,134
Other Financing Sources (Uses):			
Issuance of Refunding Bonds	-	7,315,000	7,315,000
Paid to Refunding Bond Escrow Agent	-	(7,310,828)	(7,310,828)
Disposition of Capital Assets	91,505	21,422	112,927
Inception of Capital Lease	-	111,836	111,836
Issuance of Note Payable	321,379	-	321,379
Issuance of General Obligation Bond	-	4,250,000	4,250,000
Premium on Issuance of Refunding Bonds	-	116,894	116,894
Transfers In	212,331	2,209,935	2,422,266
Transfers Out	(1,098,145)	(1,324,121)	(2,422,266)
Total Other Financing Sources	(472,930)	5,390,138	4,917,208
Net Change in Fund Balance	3,853,515	6,070,827	9,924,342
Fund Balance at Beginning of Year	19,969,166	17,979,177	37,948,343
Fund Balance at End of Year	\$ 23,822,682	\$ 24,050,004	\$ 47,872,685

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, 2006

Net change in fund balances - governmental funds \$ 9,924,343

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	\$ 362,878
Capital projects - functional activities	1,107,108
Depreciation expense	<u>(4,857,910)</u>

Excess of depreciation expense over capital outlay (3,387,924)

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.	\$ (12,115,109)
Debt issuance costs	137,496
Amortization of debt issuance costs	(14,457)
Amortization of deferred refunding amount	19,206
Debt repayment is expenditure in governmental funds, but reduces long-term liabilities in the statement of net assets.	3,668,130
Payment to escrow agent for refunding	<u>7,310,828</u>

Total long-term debt (993,906)

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

Property taxes receivable	\$ 160,795
Fines and fees receivable	59,653
Forfeited assets received	<u>56,877</u>
Total receivables	277,325

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	\$ (127,707)
Accrued interest	<u>6,581</u>
Total expenses	(121,126)

The loss on the sale of capital assets is only recognized in the statement of activities and is not reported in governmental funds. (20,471)

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 541,350

The proceeds from the sale of capital assets and compensation from the loss 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. (111,344)

Change in net assets of governmental activities \$ 6,108,247

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, 2006

	Agency Funds
Assets	
Equity in Pooled Cash	\$ 620,576
Nonpooled Cash	2,254,681
Nonpooled Investments	5,207,434
Accounts Receivable	2,835
Due From Other Governments	1,363
Accrued Interest	35,765
	<hr/>
	\$ 8,122,654
	<hr/> <hr/>
Liabilities	
Accounts Payable	\$ 4,388,465
Due to Other Governments	767,574
Due to Others	2,966,615
	<hr/>
	\$ 8,122,654
	<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, 2006

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

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2006

benefit from goods, services or privileges provided by a given function, 2) fines and fees assessed offenders by the judicial system, and 3) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. The General Fund 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, 2005 that were due October 1, 2005, have been assessed to finance the budget of the fiscal year ending September 30, 2006. In accordance with the modified accrual basis of accounting, the balances outstanding at September 30, 2006, 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 fund:

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.

No funds other than the General Fund meet the criteria for major funds.

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, 2006

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, 2006

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 uncollectable accounts.

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

Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repair that do not add to the value of the asset or materially extend the asset's life are expensed rather than capitalized.

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

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2006

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, 2006

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 \$51,154,367 difference are as follows:

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Interest payable	\$ 386,254
General obligation bonds	3,110,000
Notes payable	327,855
Capital leases	458,936
Compensated absences	1,365,445
Total current liabilities	\$ 5,648,490
General obligation bonds	\$ 40,040,000
Unamortized Deferred Amount on Refunding	(147,157)
Unamortized Refunding Bond Cost	(213,294)
Notes payable	524,650
Capital leases	5,121,543
Compensated absences	180,135
	\$ 45,505,877
Net adjustment to reduce fund balance — total government funds to arrive at net assets - governmental activities	\$ 51,154,367

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	\$ 1,565,150
Buildings	50,144,750
Improvements other than buildings	539,020
Machinery and equipment	5,615,251
Infrastructure	9,287,041
Construction in progress	91,802
Net adjustments to increase fund balance - total governmental funds to arrive at net assets — governmental activities	\$ 67,243,014

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	\$ 8,178,534
Property taxes earned in the current fiscal year but not available to provide current financial resources, and therefore are deferred in the funds	2,088,161
	\$ 10,266,695

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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 \$3,387,924 difference are as follows:

Capital projects – capital outlay	\$ 362,878
Capital projects – functional activities	1,107,108
Depreciation expense	<u>(4,857,910)</u>
Net adjustment to decrease net changes in fund balances — total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (3,387,924)</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 \$993,906 difference are as follows:

Debt issued or incurred:	
Issuance of long term debt	\$ (12,115,109)
Debt issuance costs	137,496
Amortization of debt issuance costs	(14,457)
Amortization of deferred refunding amount	19,206
Principal Payments:	
General obligation debt	3,668,130
Payment to escrow agent for refunding	<u>7,310,828</u>
Net adjustments to increase net changes in fund balance — total government funds to arrive at changes in net assets of government activities	<u>\$ (993,906)</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 \$565,734 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	\$ (20,471)
Proceeds from sale of capital assets	<u>(111,344)</u>
	<u>(131,815)</u>

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

Property taxes receivable	\$ 160,795
Fines and fees receivable	59,653
Forfeited assets received	<u>56,877</u>
	<u>277,325</u>

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

541,350

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 \$121,126 difference are as follows:

Compensated absences	\$ (127,707)
Accrued interest	<u>6,581</u>
	<u>(121,126)</u>

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

\$ 565,734

III Detailed Notes on All Funds

(a) Deposits and Investments

As of September 30, 2006, McLennan County had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Local Government Investment Pools	\$ 45,618,186	.074
Money Market Mutual Funds	<u>\$ 579,668</u>	.134
Total Fair Value	<u>\$ 46,197,855</u>	
Portfolio Weighted Average Maturity		.075

Investments in the local government investment pools, TexPool (rated AAAM by S&P) and TexStar (rated AAAM by S&P), and the money market mutual funds are stated at fair value which is the same as the value of the pool and fund shares.

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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.

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, 2006, the carrying amount of the County's deposits was \$614,476, and the bank balance was \$1,558,896. 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. When the County invests in U.S. Government agency securities, although there were no such investments at September 30, 2006, 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.

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(b) Property Taxes and Other Receivables

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

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

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

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

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

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

Delinquent property taxes receivable (general operating funds)	
General Fund	\$ 1,724,126
Jury Fund	13,049
Farm to Market Roads Fund	69,784
Debt Service Funds	258,705
Other Governmental Funds	22,497
Total Delinquent Property Taxes Receivable	<u>2,088,161</u>
 Due From Other Funds	 30,156

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
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Due From Other Governments	3,499,329
Miscellaneous Receivables	<u>563,192</u>
Total Receivables	<u>\$6,176,013</u>

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

	General Fund	All Funds Not Included As A Major Fund	Total All Funds
Receivables:			
Taxes	\$ 1,915,696	\$ 404,483	\$ 2,320,179
Due from Other Governments	3,212,996	288,336	3,501,332
Due from Other Funds	30,156	-	30,156
Miscellaneous	523,619	49,536	573,155
Gross Receivables	5,682,467	742,355	6,424,822
Less allowance for uncollectable accounts:			
Taxes	(191,570)	(40,448)	(232,018)
Miscellaneous	(4,825)		(4,825)
Net Receivables	\$ 5,486,072	\$ 701,907	\$ 6,187,979

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:

(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.

At September 30, 2006, the County had decreases in total capital assets of \$1.85 million, with slightly over \$1.4 million being the Mart Athletic Complex. The Mart Athletic Complex was built through a \$500 thousand Texas Parks and Wildlife grant and Mart Independent School District (MISD) was required to provide the remaining funding. McLennan County administered this pass-through grant. Even though the land on which the park is built belongs to McLennan County, MISD is responsible for all maintenance of, repair of and all improvement to the Complex in the future. The Complex will be carried as a capital asset on the financial statements of MISD rather than the County, and are included in Culture-Recreation expenses on the entity-wide financial statements.

MCLENNAN COUNTY, TEXAS
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	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 1,530,736	\$ 34,414	\$ -	\$ 1,565,150
Construction in progress	293,838	1,221,063	1,423,099	91,802
Total capital assets, not being depreciated	1,824,574	1,255,477	1,423,099	1,656,952
Capital assets being depreciated:				
Buildings	77,199,146	541,204	141,847	77,598,503
Improvements, other than buildings	811,635	-	-	811,635
Machinery and equipment	19,083,254	868,629	193,503	19,758,380
Infrastructure	30,473,312	841,170	94,809	31,219,673
Total assets being depreciated	127,567,347	2,251,003	430,159	129,388,191
Total capital assets	129,391,921	3,506,480	1,853,258	131,045,143
Less accumulated depreciation for:				
Buildings	25,046,135	2,438,250	30,632	27,453,753
Improvements, other than buildings	236,867	35,748	-	272,615
Machinery and equipment	12,644,150	1,646,213	147,234	14,143,129
Infrastructure	21,289,743	737,699	94,810	21,932,632
Total accumulated depreciation	59,216,895	4,857,910	272,676	63,802,129
Total capital assets being depreciated, net	68,350,452	(2,606,907)	157,483	65,586,062
Governmental activities, net	\$ 70,175,026	\$ (1,351,430)	\$ 1,580,582	\$67,243,014

Depreciation expense for FY 2006 was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 566,638
Judicial	249,595
Public safety	1,796,664
Public transportation	1,415,991
Health	25,613
Welfare	34,351
Culture and recreation	766,406
Conservation	2,652
Total depreciation expense — governmental activities	\$ 4,857,910

Construction Commitments

McLennan County had no active construction projects as of September 30, 2006.

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(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, 2006 was \$53,035,000. The following listing of debt is for general obligation bonds and tax notes outstanding at September 30, 2006; 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	7,005,000
Refunding Bonds Series 1998	4.4%	1998	2014	1,055,000
Certificates of Obligation Series 2000	5.25 – 6.75%	2000	2020	1,275,000
Permanent Improvement Bonds Series 2001	4.0 – 5.0%	2001	2021	7,975,000
Certificates of Obligation Series 2003	3.0 – 4.25%	2003	2023	7,110,000
Refunding Bonds Series 2003	3.0 – 3.35%	2003	2013	7,205,000
Refunding Bonds Series 2005	3.5 – 4.0%	2006	2020	7,275,000
Certificates of Obligation Series 2006	3.3 – 4.2%	2006	2025	4,250,000
Total General Obligation Debt				\$43,150,000

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

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

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

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

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

Refunding Bonds Series 2003 totaling \$9,760,000, dated November 18, 2003 were issued to advance refund general obligation bonds issued by the County. These bonds were issued at an effective rate of 2.88%. The proceeds were deposited with an escrow agent in an irrevocable trust for the purpose of redeeming the refunded bonds on December 22, 2003. As a result, the refunded bonds are considered to

MCLENNAN COUNTY, TEXAS
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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.

Refunding Bonds Series 2005 totaling \$7,315,000, dated December 1, 2005 were issued to advance refund general obligation bonds issued by the County. These bonds were issued at an effective rate of 3.99%. The proceeds were deposited with an escrow agent in an irrevocable trust for the purpose of redeeming the refunded bonds on December 29 2005. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$385,000.

Certificates of Obligation Series 2006 totaling \$4,250,000, dated February 8, 2006 were issued to pay, in whole or in part, contractual obligations to be incurred for (i) improvements and renovations to the McLennan County Courthouse, the McLennan County Courthouse Annex, the Shrine Building, the Archives Building, the Adult Probation Building, the Info Tech Building, the Building Maintenance/Purchasing Building and the Highway 6 Jail; (ii) the construction of a building or the purchase of an existing building for the maintenance of county vehicles, (iii) the demolition of the Radio Shop and construction of a parking lot thereon, (iv) the construction of a new radio tower, a new building for Justice of the Peace Precinct 8 and a new juvenile shelter at the Juvenile Detention Center, (v) the purchase of land and construction of a new building, or the purchase and renovation of an existing building, for Justice of the Peace Precinct 4, (vi) the purchase of land and construction of a new yard for County Precinct 3 and (vii) the purchase of a new phone system for downtown County buildings, and (viii) for paying legal, fiscal and professional fees in connection with these projects. These serial bonds were issued at an effective rate of 3.966%.

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
2007	3,110,000	2,237,073	5,347,073
2008	3,320,000	2,044,382	5,364,382
2009	3,480,000	1,905,232	5,385,232
2010	3,165,000	1,387,933	4,552,933
2011	2,890,000	1,270,308	4,160,308
2012 – 2016	13,985,000	4,592,092	18,577,092
2017 – 2021	10,865,000	1,822,577	12,687,577
2022 – 2025	2,335,000	201,775	2,536,775
Total	\$ 43,150,000	\$ 15,531,372	\$ 58,611,372

Capital Leases

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

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

On March 19, 2002, the County entered into a performance contract for \$6,239,000 in an energy conservation program provided by Section 302 of the Texas Local Government Code. Under Section 302 a local government can enter into a contract for energy conservation measures to reduce its energy or water consumption operating costs. Under such contract the provider of the conservation measures must guarantee the amount of the savings to be realized by the local government under the contract. The local government's debt service or lease-purchase payments cannot exceed the energy savings guaranteed by

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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, 2006, all governmental activities, were as follows:

Fiscal Year Ending September 30,	Obligation
2007	787,160
2008	774,631
2009	683,500
2010	630,316
2011	632,824
2012– 2016	3,164,122
2017 – 2020	1,105,871
Total minimum lease payments	\$ 7,778,424
Less: amount representing interest	(2,197,945)
Present value of minimum lease payments	\$ 5,580,479

The assets acquired through capital leases are as follows:

	Governmental Activities
Assets:	
Machinery and equipment	\$ 557,024
Buildings	6,237,131
Total Cost	6,794,155
Less: Accumulated depreciation	(519,761)
Total	\$ 6,274,394

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Schedule of Lease-Purchase Agreements Outstanding

At September 30, 2006

	Transamerica Financial Services 03-26-02	BankOne Leasing No. 3 01-14-04	Chase Equipment Leasing 03-30-05	Deere Credit, Inc. 12-6-05
Effective Date				
Original Lease Amount	\$6,152,518	\$117,855	\$451,299	\$111,836
Outstanding Principal at September 30, 2006	\$5,197,823	\$ 20,466	\$289,451	\$72,739
Total Future Payments Under Lease Agreement	\$7,376,623	\$20,809	\$302,798	\$78,194
Simple Interest Rate	5.28%	3.346%	3.52%	4.85%
Lease Term	15 years	3 years	4 years	3 years
Property Held Under Lease	Utility Performance Improvement Equipment	Five Sheriff's Vehicles	District and County Clerk's Imaging System	Wheel Loader For Road and Bridge Precinct 1
Debt Service	100% General Fund	100% General Fund	100% General Fund	100% R&B Pct. 1 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
2007	\$ 327,855	\$ 22,872	\$ 350,727
2008	299,856	12,383	312,239
2009	188,516	4,132	192,648
2010	36,278	200	36,478
Total	<u>\$ 852,505</u>	<u>39,587</u>	<u>892,092</u>

A schedule of notes payable existing at September 30, 2006 are as follows:

	First National Bank Of Central Texas	Central National Bank 2005	Central National Bank 2006
Effective Date	12/08/2004	04/30/2005	02/01/2006
Original Note Amount	\$670,825	\$264,704	\$321,379
Outstanding Principal at September 30, 2006	\$448,516	\$142,667	\$261,322
Total Future Payments under Note Obligation	\$473,616	\$146,252	\$272,224
Simple Interest Rate	3.30%	2.95%	3.25%
Term of Note	5 Years	3 Years	3 Years
Purpose of Note	Purchase of Mainframe Computer	Purchase of Sheriff's Vehicles	Purchase of Sheriff's Vehicles
Debt Service	100% General Fund	100% General Fund	100% General Fund

MCLENNAN COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2006

Changes in Noncurrent Liabilities

Noncurrent liabilities for the year ended September 30, 2006, 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	\$ 41,410,000	\$ 5,966,422	\$ 806,476	\$ 1,417,872	\$49,600,770
Additions	11,565,000	111,836	321,379	1,380,387	13,378,602
Reductions	9,825,000	497,779	275,350	1,252,679	11,850,808
Ending Balance	43,150,000	5,580,479	852,505	1,545,580	51,128,564
UNAMORTIZED REFUNDING COSTS, NET:					
Beginning balance	45,728	-	-	-	45,728
New issues	(401,430)	-	-	-	(401,430)
Amortization	(4,749)	-	-	-	(4,749)
Ending Balance	(360,451)	-	-	-	(360,451)
NET	\$ 42,789,549	\$ 5,580,479	\$ 852,505	\$ 1,545,580	\$ 50,768,113
Due within one year	\$ 3,110,000	\$ 458,935	\$ 327,855	\$ 1,365,445	\$ 5,262,235

(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, 2006, is as follows:

	Due from Other Funds	Due to Other Funds
Due to / from other funds:		
General Fund	\$ 30,156	\$ -
Nonmajor Funds	-	30,156
Total	\$ 30,156	\$ 30,156

In the funds statements, during the Fiscal Year Ending September 30, 2006, the General Fund transferred \$1,098,145 to Nonmajor Governmental Funds. \$1,000,000 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, \$12,689 to the Road and Bridge General Fund and \$48,826 to the Court Reporter Service Fund in support of the operations of those funds. \$23,198 was transferred to Series 2005 Refunding Bonds in satisfaction of the interest and sinking fund requirements, and \$1,432 to the Permanent Improvements Fund. Nonmajor Governmental Funds, Road and Bridge Precinct 1, Precinct 2, Precinct 3

MCLENNAN COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2006

and Precinct 4 Funds transferred a total of \$212,331 to the General Fund, as reimbursement for personnel costs of guards used in the inmate roadwork program. Other transfers totaling \$1,324,121 were made between certain Nonmajor Governmental Funds. \$904,817 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 In		
	General Fund	Nonmajor Governmental Funds	Total
Transfers Out:			
General Fund	\$ -	\$ 1,098,145	\$ 1,098,145
Nonmajor Governmental Funds	212,331	1,111,790	1,324,121
Total	\$ 212,331	\$ 2,209,935	\$ 2,422,266

(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, 2006 and 2005, are as follows:

	Year ending September 30	
	2006	2005
Number of retiree participants	80	76
Insurance premiums paid by the County	\$ 270,114	\$ 232,043

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, 2006

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 2006 compared to 2005.

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, 2006, there were no transactions which are known to have violated these prohibitions.

(d) Subsequent Events

On February 1, 2007, the County entered a note payable to a bank in the amount of \$298,788, the proceeds of which were used to purchase Sheriffs vehicles. Debt service for this note will be paid by the General Fund.

V Employee Retirement System

(a) Plan Description

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

MCLENNAN COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2006

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 13.63% for the months of the calendar year in 2006. The contribution rate payable by the employee members for the calendar year 2006 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, 2006, the annual pension cost for the TCDRS plan for its employees was \$4,166,093 and the actual contributions were \$4,166,093. The actual contributions were 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, 2005, the basis for assessing the adequacy of the financing arrangement beginning with the contribution rates for calendar years 2006. The December 31, 2005, actuarial valuation is the most recent valuation.

MCLENNAN COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2006

Actuarial Valuation Information			
Actuarial valuation date	12/31/03	12/31/04	12/31/05
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%	5.3%
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, 2004	3,933,795	100.00%	\$ -
September 30, 2005	3,995,755	100.00%	\$ -
September 30, 2006	4,166,093	100.00%	\$ -

MCLENNAN COUNTY, TEXAS

Required Supplementary Information

September 30, 2006

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)
12/31/2003	70,316,177	91,308,170	20,991,993	77.01	27,634,009	75.96
12/31/2004	76,105,475	98,023,539	21,918,064	77.64	28,644,289	76.52
12/31/2005	83,239,901	104,876,955	21,637,054	79.37	29,550,944	73.22

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

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

MCLENNAN COUNTY, TEXAS

Required Supplementary Information

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

General Fund

For the Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 41,529,719	\$ 41,529,719	\$ 42,642,972	\$ 1,113,253
Licenses and Permits	74,300	74,300	75,755	1,455
Intergovernmental	822,100	861,583	1,283,214	421,631
Charges for Services	5,929,019	6,264,019	6,558,605	294,586
Fines and Forfeits	54,000	54,000	88,775	34,775
Miscellaneous:				
Investment Income, Net	455,600	467,600	1,234,090	766,490
Other	4,841,450	4,846,742	5,828,083	981,341
Total Miscellaneous	5,297,050	5,314,342	7,062,173	1,747,831
Total Revenues	53,706,188	54,097,963	57,711,494	3,613,531
Expenditures:				
Current:				
General Government	17,129,128	16,563,989	13,529,800	3,034,189
Judicial	5,479,835	5,628,840	5,092,929	535,911
Public Safety	26,386,935	26,571,137	24,880,112	1,691,025
Public Transportation	212,026	212,026	197,748	14,278
Health	6,088,154	6,267,154	4,613,184	1,653,970
Welfare	4,546,303	4,548,180	3,002,493	1,545,687
Culture-Recreation	628,860	628,860	603,470	25,390
Conservation	275,480	275,480	209,955	65,525
Economic Development and Assistance	185,745	185,745	146,388	39,358
Debt Service:				
Principal and Retirements	680,350	742,152	733,020	9,132
Interest and Fiscal Charges	370,420	376,318	375,948	370
Total Expenditures	61,983,236	61,999,881	53,385,049	8,614,832
Excess (Deficiency) of Revenue over Expenditures	(8,277,048)	(7,901,918)	4,326,445	12,228,363
Other Financing Sources (Uses):				
Disposition of Capital Assets	1,000	1,000	91,505	90,505
Issuance of Notes Payable	-	-	321,379	321,379
Inception of Lease Purchase	292,305	292,305	-	(292,305)
Transfers In	978,570	978,570	978,570	-
Transfers Out	(1,839,754)	(1,864,384)	(1,864,384)	-
Total Other Financing Sources	(567,879)	(592,509)	(472,930)	119,579
Net Change in Fund Balance	(8,844,927)	(8,494,427)	3,853,515	12,347,942
Fund Balance at Beginning of Year	17,327,319	17,327,319	19,969,166	2,641,847
Fund Balance at End of Year	\$ 8,482,392	\$ 8,832,892	\$ 23,822,682	\$ 14,989,790

MCLENNAN COUNTY, TEXAS

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund				Variance with
Year Ended September 30, 2006				Final Budget
	Original	Final	Actual	Positive (Negative)
GENERAL GOVERNMENT				
GENERAL ADMINISTRATION				
Commissioners Court:				
Personal Services	\$ 226,369	\$ 226,369	\$ 220,013	\$ 6,356
Supplies	3,950	3,350	1,838	1,512
Other Services & Charges	6,900	7,500	5,738	1,762
Capital Outlay	-	-	-	-
Total Commissioners Court	<u>237,219</u>	<u>237,219</u>	<u>227,589</u>	<u>9,630</u>
County Judge:				
Personal Services	301,614	306,614	293,577	13,037
Supplies	6,650	7,950	7,753	197
Other Services & Charges	77,181	75,881	69,134	6,747
Capital Outlay	-	-	-	-
Total County Judge	<u>385,445</u>	<u>390,445</u>	<u>370,464</u>	<u>19,981</u>
Grant Administrator:				
Personal Services	48,800	48,800	21,245	27,555
Supplies	800	1,400	1,270	130
Other Services & Charges	1,261	661	231	430
Total Grant Administrator	<u>50,861</u>	<u>50,861</u>	<u>22,746</u>	<u>28,115</u>
County Clerk - Recording Department:				
Personal Services	562,025	562,025	496,428	65,597
Supplies	52,350	52,600	32,417	20,183
Other Services & Charges	258,291	258,041	96,326	161,715
Capital Outlay	15,000	15,000	5,675	9,325
Total County Clerk - Recording Department	<u>887,666</u>	<u>887,666</u>	<u>630,846</u>	<u>256,820</u>
Personnel Department:				
Personal Services	217,368	217,368	205,781	11,587
Supplies	9,100	9,100	6,963	2,137
Other Services & Charges	5,910	5,910	5,697	213
Capital Outlay	-	-	-	-
Total Commissioners Court	<u>232,378</u>	<u>232,378</u>	<u>218,442</u>	<u>13,936</u>
Telephone Department:				
Personal Services	43,539	43,539	41,934	1,605
Supplies	195	365	219	146
Other Services & Charges	62,000	61,830	45,859	15,971
Capital Outlay	40,000	40,000	-	40,000
Total Telephone Department	<u>145,734</u>	<u>145,734</u>	<u>88,012</u>	<u>57,722</u>
Maintenance of Buildings:				
Personal Services	913,123	913,123	856,307	56,816
Supplies	50,230	50,230	36,165	14,065
Other Services & Charges	263,249	263,249	142,070	121,179
Capital Outlay	-	-	-	-
Total Maintenance of Buildings	<u>1,226,602</u>	<u>1,226,602</u>	<u>1,034,541</u>	<u>192,061</u>

(continued)

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

	General Fund			Variance with Final Budget Positive (Negative)
	Year Ended September 30, 2006			
	Original	Final	Actual	
<u>GENERAL GOVERNMENT (CONTINUED)</u>				
<u>GENERAL ADMINISTRATION (CONTINUED)</u>				
Inmate Project Crew:				
Personal Services	\$ 51,011	\$ 51,011	\$ 48,594	\$ 2,417
Supplies	2,720	2,720	75	2,645
Other Services & Charges	819	819	220	599
Capital Outlay	18,000	18,000	17,075	925
Total Inmate Project Crew	<u>72,550</u>	<u>72,550</u>	<u>65,963</u>	<u>6,587</u>
Maintenance of Equipment:				
Personal Services	182,219	182,219	167,396	14,823
Supplies	15,235	15,185	13,036	2,149
Other Services & Charges	22,156	22,206	14,369	7,837
Capital Outlay	-	-	-	-
Total Maintenance of Equipment	<u>219,610</u>	<u>219,610</u>	<u>194,800</u>	<u>24,810</u>
County Garage:				
Personal Services	153,050	157,118	152,336	4,782
Supplies	106,920	107,845	80,212	27,633
Other Services & Charges	62,244	61,319	47,845	13,474
Capital Outlay	-	-	-	-
Total County Garage	<u>322,214</u>	<u>326,282</u>	<u>280,393</u>	<u>45,889</u>
Engineering Department:				
Personal Services	286,001	286,001	280,558	5,443
Supplies	13,700	13,850	11,960	1,890
Other Services & Charges	11,093	10,943	10,055	888
Capital Outlay	20,000	20,000	19,896	104
Total Engineering Department	<u>330,794</u>	<u>330,794</u>	<u>322,469</u>	<u>8,325</u>
Custodial Department:				
Supplies	25,550	25,550	20,715	4,835
Other Services & Charges	200,940	200,940	86,517	114,423
Total Custodial Department	<u>226,490</u>	<u>226,490</u>	<u>107,232</u>	<u>119,258</u>
General Expense:				
Personal Services	347,113	388,753	319,694	69,059
Supplies	62,000	62,000	22,552	39,448
Other Services & Charges	1,476,493	1,464,443	785,431	679,013
Capital Outlay	-	-	-	-
Total General Expense	<u>1,885,606</u>	<u>1,915,196</u>	<u>1,127,676</u>	<u>787,520</u>
Non-departmental:				
Other Services & Charges	<u>1,167,000</u>	<u>552,663</u>	<u>324,107</u>	<u>228,556</u>
Total Non-departmental	<u>1,167,000</u>	<u>552,663</u>	<u>324,107</u>	<u>228,556</u>
Total General Administration	<u>7,390,169</u>	<u>6,814,490</u>	<u>5,015,280</u>	<u>1,799,210</u>

(continued)

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2006

Variance with
Final Budget
Positive
(Negative)

GENERAL GOVERNMENT (CONTINUED)

LEGAL

County Legal Counsel:

	Original	Final	Actual	Variance
Other Services & Charges	\$ 200,000	\$ 200,000	\$ 134,864	\$ 65,136
Total County Legal Counsel	200,000	200,000	134,864	65,136

Criminal District Attorney:

Personal Services	2,373,283	2,373,283	2,170,048	203,235
Supplies	51,000	53,000	46,471	6,529
Other Services & Charges	115,475	119,014	89,955	29,059
Capital Outlay	-	-	-	-
Total District Attorney	2,539,758	2,545,297	2,306,474	238,823

Victims Services:

Personal Services	31,412	31,412	13,999	17,413
Supplies	10	10	-	10
Total Victims Services	31,422	31,422	13,999	17,423

Total Legal

	2,771,180	2,776,719	2,455,336	321,383
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ELECTIONS

Elections Administration:

Personal Services	268,223	268,223	257,985	10,238
Supplies	24,718	24,718	91,029	(66,311)
Other Services & Charges	106,015	106,015	90,119	15,896
Capital Outlay	500	500	-	500
Total Elections Administration	399,456	399,456	439,133	(39,677)

General Elections:

Personal Services	97,500	96,325	59,173	37,152
Supplies	13,800	13,800	1,830	11,970
Other Services & Charges	16,475	17,650	9,566	8,084
Total General Elections	127,775	127,775	70,569	57,206

Primary Elections:

Personal Services	141,000	141,000	101,921	39,079
Supplies	9,100	9,100	6,732	2,368
Other Services & Charges	24,000	24,000	12,730	11,270
Total Primary Elections	174,100	174,100	121,383	52,717

Other Elections:

Personal Services	172,346	172,346	23,851	148,495
Supplies	19,600	19,600	1,101	18,499
Other Services & Charges	49,650	49,650	2,987	46,663
Total Other Elections	241,596	241,596	27,939	213,657

Total Elections

	942,927	942,927	659,025	283,902
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(continued)

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2006

Variance with
Final Budget
Positive
(Negative)

GENERAL GOVERNMENT (CONTINUED)

FINANCIAL ADMINISTRATION

County Auditor:

	Original	Final	Actual	
Personal Services	\$ 1,043,358	\$ 1,043,358	\$ 1,004,833	\$ 38,525
Supplies	43,100	42,100	33,377	8,723
Other Services & Charges	63,000	60,500	32,767	27,733
Capital Outlay	-	-	-	-
Total County Auditor	<u>1,149,458</u>	<u>1,145,958</u>	<u>1,070,976</u>	<u>74,982</u>

Information Technology:

Personal Services	1,028,099	1,028,099	974,877	53,222
Supplies	82,771	60,771	28,654	32,117
Other Services & Charges	235,941	235,941	164,165	71,776
Capital Outlay	-	22,000	18,823	3,177
Total Information Technology	<u>1,346,811</u>	<u>1,346,811</u>	<u>1,186,518</u>	<u>160,293</u>

Information Technology Study:

Supplies	-	-	-	-
Other Services & Charges	215,000	215,000	158,679	56,321
Capital Outlay	25,000	25,000	-	25,000
Total Information Technology Study	<u>240,000</u>	<u>240,000</u>	<u>158,679</u>	<u>81,321</u>

Independent Auditing:

Other Services & Charges	35,000	35,000	25,925	9,075
Total Independent Auditing	<u>35,000</u>	<u>35,000</u>	<u>25,925</u>	<u>9,075</u>

County Treasurer:

Personal Services	263,636	263,636	245,355	18,281
Supplies	5,865	7,825	6,617	1,208
Other Services & Charges	13,250	11,290	10,575	715
Capital Outlay	-	-	-	-
Total County Treasurer	<u>282,751</u>	<u>282,751</u>	<u>262,548</u>	<u>20,203</u>

County Tax Assessor-Collector:

Personal Services	611,961	666,398	576,947	89,451
Supplies	42,770	42,770	25,734	17,036
Other Services & Charges	68,634	68,634	64,001	4,633
Capital Outlay	-	-	-	-
Total County Tax Assessor-Collector	<u>723,365</u>	<u>777,802</u>	<u>666,682</u>	<u>111,120</u>

Tax Appraisal Services:

Other Services & Charges	470,246	482,455	465,983	16,472
Total Tax Appraisal Services	<u>470,246</u>	<u>482,455</u>	<u>465,983</u>	<u>16,472</u>

(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, 2006				
GENERAL GOVERNMENT (CONTINUED)				
FINANCIAL ADMINISTRATION (CONTINUED)				
County Tax Office - Auto Department:				
Personal Services	\$ 1,031,580	\$ 977,143	\$ 886,917	\$ 90,226
Supplies	13,450	13,450	10,215	3,235
Other Services & Charges	36,452	36,452	32,910	3,542
Capital Outlay	-	-	-	-
Total County Tax Office - Auto Department	<u>1,081,482</u>	<u>1,027,045</u>	<u>930,042</u>	<u>97,003</u>
County Tax Office - Lorena Substation:				
Personal Services	49,535	49,535	38,513	11,022
Supplies	325	325	196	129
Other Services & Charges	11,538	11,538	10,677	861
Total County Tax Office - Lorena Substation	<u>61,398</u>	<u>61,398</u>	<u>49,386</u>	<u>12,012</u>
County Tax Office - McGregor Substation:				
Personal Services	53,962	53,962	51,141	2,821
Supplies	350	300	273	27
Other Services & Charges	3,058	3,108	3,060	48
Total County Tax Office - McGregor Substation	<u>57,370</u>	<u>57,370</u>	<u>54,475</u>	<u>2,895</u>
County Tax Office - West Substation:				
Personal Services	48,166	48,166	47,990	176
Supplies	350	350	313	37
Other Services & Charges	3,270	3,270	2,221	1,049
Total County Tax Office - West Substation	<u>51,786</u>	<u>51,786</u>	<u>50,524</u>	<u>1,263</u>
Purchasing Department:				
Personal Services	216,343	212,635	197,849	14,786
Supplies	2,900	2,900	1,613	1,287
Other Services & Charges	3,882	3,882	2,684	1,198
Capital Outlay	-	-	-	-
Total Purchasing Department	<u>223,125</u>	<u>219,417</u>	<u>202,146</u>	<u>17,271</u>
Records Management Department:				
Personal Services	242,005	242,705	223,618	19,087
Supplies	23,880	21,055	20,038	1,017
Other Services & Charges	21,175	22,800	17,206	5,594
Capital Outlay	15,000	15,500	15,413	87
Total Records Management Department	<u>302,060</u>	<u>302,060</u>	<u>276,275</u>	<u>25,785</u>
Total Financial Administration	<u>6,024,852</u>	<u>6,029,853</u>	<u>5,400,159</u>	<u>629,694</u>
TOTAL GENERAL GOVERNMENT	<u>17,129,128</u>	<u>16,563,989</u>	<u>13,529,800</u>	<u>3,034,189</u>

(continued)

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund				Variance with Final Budget Positive (Negative)
Year Ended September 30, 2006				
	Original	Final	Actual	
JUDICIAL				
Mental Health Court Services:				
Personal Services	\$ 103,284	\$ 103,284	\$ 102,744	\$ 540
Supplies	5,205	5,205	3,319	1,886
Other Services & Charges	96,270	96,270	82,544	13,726
Total Mental Health Court Services	204,759	204,759	188,607	16,152
Bonding Office:				
Personal Services	93,221	93,221	91,527	1,694
Supplies	2,860	3,260	2,347	913
Other Services & Charges	3,100	2,700	1,257	1,443
Capital Outlay	-	-	-	-
Total Bonding Office	99,181	99,181	95,131	4,050
McLennan County Bail Bond Board:				
Supplies	150	150	6	145
Other Services & Charges	50	50	-	50
Total McLennan County Bail Bond Board	200	200	6	195
County Clerk - Court Department:				
Personal Services	602,590	602,590	542,650	59,940
Supplies	14,500	14,500	13,426	1,074
Other Services & Charges	21,376	21,376	6,028	15,348
Capital Outlay	-	-	-	-
Total County Clerk - Court Department	638,466	638,466	562,104	76,362
County Court at Law No. 1:				
Personal Services	331,526	331,526	323,222	8,304
Supplies	5,050	5,750	3,884	1,866
Other Services & Charges	26,975	26,275	10,618	15,657
Capital Outlay	-	-	-	-
Total County Court at Law No. 1	363,551	363,551	337,724	25,827
County Court at Law No. 2:				
Personal Services	331,526	331,526	324,979	6,547
Supplies	8,000	8,000	1,432	6,568
Other Services & Charges	28,427	28,427	9,742	18,685
Capital Outlay	-	-	-	-
Total County Court at Law No. 2	367,953	367,953	336,153	31,800
19th District Court:				
Personal Services	203,354	203,354	179,639	23,715
Supplies	10,697	12,042	9,207	2,835
Other Services & Charges	19,656	16,879	8,592	8,287
Capital Outlay	-	-	-	-
Total 19th District Court	233,707	232,275	197,437	34,838

(continued)

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

	General Fund			Variance with Final Budget Positive (Negative)
	Year Ended September 30, 2006			
	Original	Final	Actual	
<u>JUDICIAL (CONTINUED)</u>				
54th District Court:				
Personal Services	\$ 369,001	\$ 375,801	\$ 344,875	\$ 30,926
Supplies	12,050	12,050	5,505	6,545
Other Services & Charges	55,250	48,245	14,633	33,612
Capital Outlay	10,428	10,633	7,641	2,992
Total 54th District Court	<u>446,729</u>	<u>446,729</u>	<u>372,653</u>	<u>74,076</u>
74th District Court:				
Personal Services	241,589	243,614	232,025	11,589
Supplies	10,200	10,737	8,668	2,070
Other Services & Charges	15,295	17,465	11,553	5,912
Capital Outlay	-	9,797	9,791	6
Total 74th District Court	<u>267,084</u>	<u>281,613</u>	<u>262,037</u>	<u>19,576</u>
170th District Court:				
Personal Services	183,847	183,847	172,428	11,419
Supplies	11,845	13,082	12,809	273
Other Services & Charges	14,424	13,187	7,310	5,877
Capital Outlay	-	-	-	-
Total 170th District Court	<u>210,116</u>	<u>210,116</u>	<u>192,547</u>	<u>17,569</u>
170th District Court - Court Master:				
Supplies	200	200	-	200
Other Services & Charges	1,000	1,000	656	344
Capital Outlay	-	-	-	-
Total 170th District Court - Court Master	<u>1,200</u>	<u>1,200</u>	<u>656</u>	<u>544</u>
414th District Court:				
Personal Services	180,376	180,376	165,103	15,273
Supplies	14,845	27,937	26,179	1,758
Other Services & Charges	14,424	13,424	7,297	6,127
Capital Outlay	-	-	-	-
Total 414th District Court	<u>209,645</u>	<u>221,737</u>	<u>198,578</u>	<u>23,159</u>
Other District Courts - Change of Venue:				
Other Services & Charges	10,000	10,000	-	10,000
Total Other District Courts - Change of Venue	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
District Clerk:				
Personal Services	945,383	945,383	903,372	42,011
Supplies	30,900	39,520	39,778	(258)
Other Services & Charges	86,426	82,986	50,555	32,431
Capital Outlay	5,180	-	-	-
Total District Clerk	<u>1,067,889</u>	<u>1,067,889</u>	<u>993,705</u>	<u>74,184</u>

(continued)

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2006

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
JUDICIAL (CONTINUED)				
Justice of the Peace - Precinct 1, Place 1:				
Personal Services	\$ 198,658	\$ 198,658	\$ 186,180	\$ 12,478
Supplies	5,900	10,580	6,572	4,008
Other Services & Charges	32,558	61,848	45,258	16,590
Capital Outlay	-	-	-	-
Total Justice of the Peace - Precinct 1, Place 1	<u>237,116</u>	<u>271,086</u>	<u>238,010</u>	<u>33,076</u>
Justice of the Peace - Precinct 1, Place 2:				
Personal Services	191,434	191,434	187,766	3,668
Supplies	3,885	5,745	5,327	418
Other Services & Charges	36,470	56,470	48,433	8,037
Capital Outlay	-	-	-	-
Total Justice of the Peace - Precinct 1, Place 2	<u>231,789</u>	<u>253,649</u>	<u>241,526</u>	<u>12,123</u>
Justice of the Peace - Precinct 2:				
Personal Services	88,849	88,849	85,586	3,263
Supplies	2,080	3,480	1,796	1,684
Other Services & Charges	19,620	19,620	17,258	2,362
Total Justice of the Peace - Precinct 2	<u>110,549</u>	<u>111,949</u>	<u>104,640</u>	<u>7,309</u>
Justice of the Peace - Precinct 3:				
Personal Services	193,650	194,000	172,776	21,224
Supplies	7,764	8,789	8,590	199
Other Services & Charges	50,627	82,612	66,605	16,007
Capital Outlay	10,000	15,383	14,383	1,000
Total Justice of the Peace - Precinct 3	<u>262,041</u>	<u>300,784</u>	<u>262,353</u>	<u>38,431</u>
Justice of the Peace - Precinct 4:				
Personal Services	66,259	66,259	63,918	2,341
Supplies	1,750	3,365	2,550	815
Other Services & Charges	20,580	22,580	20,057	2,523
Capital Outlay	-	-	-	-
Total Justice of the Peace - Precinct 4	<u>88,589</u>	<u>92,204</u>	<u>86,525</u>	<u>5,679</u>
Justice of the Peace - Precinct 5:				
Personal Services	73,133	73,133	68,479	4,654
Supplies	943	943	413	530
Other Services & Charges	9,862	13,428	10,132	3,296
Capital Outlay	-	-	-	-
Total Justice of the Peace - Precinct 5	<u>83,938</u>	<u>87,504</u>	<u>79,024</u>	<u>8,480</u>

(continued)

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

	General Fund			Variance with Final Budget Positive (Negative)
	Year Ended September 30, 2006			
	Original	Final	Actual	
JUDICIAL (CONTINUED)				
Justice of the Peace - Precinct 6:				
Personal Services	\$ 27,142	\$ 27,142	\$ 26,633	\$ 509
Supplies	1,830	2,199	1,632	567
Other Services & Charges	6,811	13,511	10,201	3,310
Total Justice of the Peace - Precinct 6	35,783	42,852	38,466	4,386
Justice of the Peace - Precinct 7:				
Personal Services	129,834	130,128	126,612	3,516
Supplies	4,650	6,166	3,693	2,473
Other Services & Charges	17,030	19,930	17,878	2,052
Capital Outlay	-	5,383	5,332	51
Total Justice of the Peace - Precinct 7	151,514	161,607	153,514	8,093
Justice of the Peace - Precinct 8:				
Personal Services	118,888	118,888	116,725	2,163
Supplies	1,304	1,304	824	480
Other Services & Charges	25,834	29,334	26,826	2,508
Capital Outlay	-	-	-	-
Total Justice of the Peace - Precinct 8	146,026	149,526	144,376	5,150
Tenth Court of Appeals				
Personal Services	6,510	6,510	2,560	3,950
Other Services & Charges	5,500	5,500	4,595	905
Total Tenth Court of Appeals	12,010	12,010	7,155	4,855
Total Judicial	5,479,835	5,628,840	5,092,929	535,911
PUBLIC SAFETY				
FIRE PROTECTION				
Other Services & Charges	93,400	117,400	111,500	5,900
Capital Outlay	-	-	-	-
Total Fire Protection	93,400	117,400	111,500	5,900
LAW ENFORCEMENT				
Constable - Precinct 1				
Personal Services	487,094	488,494	466,025	22,469
Supplies	5,510	6,021	5,473	548
Other Services & Charges	76,375	74,464	71,676	2,788
Capital Outlay	-	-	-	-
Total Constable - Precinct 1	568,979	568,979	543,174	25,805
Constable - Precinct 2				
Personal Services	27,855	27,855	26,935	920
Supplies	2,160	2,110	53	2,057
Other Services & Charges	11,175	11,225	10,172	1,053
Total Constable - Precinct 2	41,190	41,190	37,160	4,030

(continued)

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund				Variance with
Year Ended September 30, 2006				Final Budget
	Original	Final	Actual	Positive (Negative)
<u>PUBLIC SAFETY (CONTINUED)</u>				
Constable - Precinct 3				
Personal Services	\$ 84,223	\$ 84,223	\$ 81,808	\$ 2,415
Supplies	1,695	1,795	975	820
Other Services & Charges	18,635	18,535	17,444	1,091
Total Constable - Precinct 3	<u>104,553</u>	<u>104,553</u>	<u>100,227</u>	<u>4,326</u>
Constable - Precinct 4				
Personal Services	23,706	23,706	22,402	1,304
Supplies	1,750	1,489	1,331	158
Other Services & Charges	15,508	17,239	17,058	181
Total Constable - Precinct 4	<u>40,964</u>	<u>42,434</u>	<u>40,790</u>	<u>1,644</u>
Constable - Precinct 5				
Personal Services	45,971	45,971	39,387	6,584
Supplies	2,750	2,470	1,096	1,374
Other Services & Charges	13,879	14,159	11,942	2,217
Capital Outlay	-	-	-	-
Total Constable - Precinct 5	<u>62,600</u>	<u>62,600</u>	<u>52,425</u>	<u>10,176</u>
Constable - Precinct 6				
Personal Services	22,947	22,947	18,582	4,365
Supplies	1,450	1,370	179	1,191
Other Services & Charges	10,345	10,425	8,493	1,932
Total Constable - Precinct 6	<u>34,742</u>	<u>34,742</u>	<u>27,253</u>	<u>7,489</u>
Constable - Precinct 7				
Personal Services	237,380	237,380	224,825	12,555
Supplies	4,500	4,485	3,927	558
Other Services & Charges	44,020	44,035	39,897	4,138
Capital Outlay	-	-	-	-
Total Constable - Precinct 7	<u>285,900</u>	<u>285,900</u>	<u>268,649</u>	<u>17,251</u>
Constable - Precinct 8				
Personal Services	96,692	97,311	88,233	9,078
Supplies	4,550	4,271	3,997	274
Other Services & Charges	13,575	13,235	12,051	1,184
Capital Outlay	-	-	-	-
Total Constable - Precinct 8	<u>114,817</u>	<u>114,817</u>	<u>104,282</u>	<u>10,536</u>
County Sheriff:				
Personal Services	3,784,472	3,786,972	3,583,639	203,334
Supplies	464,202	470,452	389,452	81,000
Other Services & Charges	529,064	529,064	516,700	12,364
Capital Outlay	297,305	302,597	297,236	5,361
Total County Sheriff	<u>5,075,043</u>	<u>5,089,085</u>	<u>4,787,027</u>	<u>302,058</u>

(continued)

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund				Variance with Final Budget Positive (Negative)
Year Ended September 30, 2006				
	Original	Final	Actual	
<u>PUBLIC SAFETY (CONTINUED)</u>				
D.A.R.E. Program:				
Personal Services	\$ 272,677	\$ 272,677	\$ 263,476	\$ 9,201
Supplies	19,475	19,475	14,420	5,055
Other Services & Charges	5,590	5,590	4,004	1,586
Total D.A.R.E. Program	<u>297,742</u>	<u>297,742</u>	<u>281,899</u>	<u>15,843</u>
COPS Ahead Program:				
Personal Services	381,051	381,051	359,580	21,471
Supplies	-	-	-	-
Capital Outlay	-	-	-	-
Total COPS Ahead Program	<u>381,051</u>	<u>381,051</u>	<u>359,580</u>	<u>21,471</u>
LLEBG Grants:				
Personal Services	-	-	-	-
Supplies	-	-	-	-
Other Services & Charges	1,850	1,850	595	1,255
Capital Outlay	-	-	-	-
Total LLEBG Grants	<u>1,850</u>	<u>1,850</u>	<u>595</u>	<u>1,255</u>
Department of Public Safety				
Personal Services	38,538	38,538	37,698	840
Supplies	2,975	21,794	18,315	3,479
Other Services & Charges	5,851	5,851	5,690	161
Capital Outlay	18,968	149	-	149
Total Department of Public Safety	<u>66,332</u>	<u>66,332</u>	<u>61,703</u>	<u>4,629</u>
General Law Enforcement:				
Personal Services	-	-	-	-
Supplies	500	500	298	203
Other Services & Charges	371,500	371,500	302,470	69,030
Total General Law Enforcement	<u>372,000</u>	<u>372,000</u>	<u>302,767</u>	<u>69,233</u>
Radio Tower:				
Supplies	1,896	2,996	1,480	1,516
Other Services & Charges	22,802	21,702	17,986	3,716
Capital Outlay	-	-	-	-
Total Radio Tower	<u>24,698</u>	<u>24,698</u>	<u>19,466</u>	<u>5,232</u>
Total Law Enforcement	<u>7,472,461</u>	<u>7,487,973</u>	<u>6,986,996</u>	<u>500,977</u>
CORRECTIONS				
Feeding and Care of Prisoners:				
Personal Services	8,464,468	8,417,118	7,962,885	454,233
Supplies	446,877	457,877	413,128	44,749
Other Services & Charges	1,465,355	1,624,355	1,601,750	22,605
Capital Outlay	48,962	48,962	47,880	1,082
Total Feeding and Care of Prisoners	<u>10,425,662</u>	<u>10,548,312</u>	<u>10,025,642</u>	<u>522,670</u>

(continued)

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund				Variance with
Year Ended September 30, 2006				Final Budget
	Original	Final	Actual	Positive (Negative)
<u>PUBLIC SAFETY (CONTINUED)</u>				
Downtown Jail:				
Supplies	-	-	-	-
Other Services & Charges	\$ 3,600,000	\$ 3,600,000	\$ 3,518,863	\$ 81,137
Total Downtown Jail	<u>3,600,000</u>	<u>3,600,000</u>	<u>3,518,863</u>	<u>81,137</u>
Juvenile Board:				
Personal Services	17,559	17,559	17,087	472
Total Juvenile Board	<u>17,559</u>	<u>17,559</u>	<u>17,087</u>	<u>472</u>
Juvenile Detention:				
Personal Services	1,810,044	1,810,534	1,536,798	273,736
Supplies	128,344	129,344	116,145	13,199
Other Services & Charges	170,870	182,870	159,112	23,758
Capital Outlay	-	-	-	-
Total Juvenile Detention	<u>2,109,258</u>	<u>2,122,748</u>	<u>1,812,055</u>	<u>310,693</u>
Juvenile Probation:				
Personal Services	1,697,020	1,697,130	1,546,379	150,751
Supplies	34,704	37,504	31,347	6,157
Other Services & Charges	279,625	282,265	240,440	41,825
Capital Outlay	28,000	28,000	25,240	2,760
Total Juvenile Probation	<u>2,039,349</u>	<u>2,044,899</u>	<u>1,843,406</u>	<u>201,493</u>
Juvenile Accountability Incentive Block Grant:				
Personal Services	25,085	25,085	20,306	4,779
Supplies	-	-	-	-
Other Services & Charges	-	-	-	-
Capital Outlay	-	-	-	-
Total Juvenile Accountability Incentive Block Grant	<u>25,085</u>	<u>25,085</u>	<u>20,306</u>	<u>4,779</u>
Adult Probation:				
Supplies	14,208	15,608	13,897	1,711
Other Services & Charges	84,328	82,928	79,090	3,838
Capital Outlay	-	-	-	-
Total Adult Probation	<u>98,536</u>	<u>98,536</u>	<u>92,988</u>	<u>5,548</u>
Total Corrections	<u>18,315,449</u>	<u>18,457,139</u>	<u>17,330,346</u>	<u>1,126,793</u>
OTHER PROTECTION				
Courthouse Security:				
Personal Services	224,828	224,828	220,300	4,528
Supplies	23,050	33,650	8,743	24,907
Other Services & Charges	2,000	2,000	902	1,098
Capital Outlay	35,600	28,000	27,745	255
Total Courthouse Security	<u>285,478</u>	<u>288,478</u>	<u>257,691</u>	<u>30,787</u>

(continued)

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

	General Fund			Variance with Final Budget Positive (Negative)
	Year Ended September 30, 2006			
	Original	Final	Actual	
<u>PUBLIC SAFETY (CONTINUED)</u>				
Homeland Security:				
Other Services & Charges	-	-	-	-
Total Homeland Security	-	-	-	-
Civil Defense:				
Other Services & Charges	\$ 42,058	\$ 42,058	\$ 38,256	\$ 3,802
Total Civil Defense	42,058	42,058	38,256	3,802
Military Units:				
Other Services & Charges	1,500	1,500	1,500	-
Total Military Units	1,500	1,500	1,500	-
Total Other Protection	329,036	332,036	297,446	34,590
ENVIRONMENTAL PROTECTION				
Solid Waste Management:				
Other Services & Charges	30,170	30,170	30,000	170
Total Solid Waste Management	30,170	30,170	30,000	170
Environmental Standards Management:				
Other Services & Charges	62,051	62,051	58,783	3,268
Total Environmental Standards Management	62,051	62,051	58,783	3,268
Stormwater Pollution Abatement:				
Other Services & Charges	3,000	3,000	-	3,000
Total Stormwater Pollution Abatement	3,000	3,000	-	3,000
Litter Abatement Program:				
Personal Services	54,468	54,468	43,239	11,229
Supplies	300	400	286	114
Other Services & Charges	500	500	500	-
Capital Outlay	20,000	19,900	18,827	1,073
Total Litter Abatement Program	75,268	75,268	62,853	12,415
Other Environmental Protection:				
Other Services & Charges	6,100	6,100	2,188	3,912
Total Other Environmental Protection	6,100	6,100	2,188	3,912
Total Environmental Protection	176,589	176,589	153,823	22,766
TOTAL PUBLIC SAFETY	26,386,935	26,571,137	24,880,112	1,691,025

(continued)

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

	General Fund			Variance with Final Budget Positive (Negative)
	Year Ended September 30, 2006			
	Original	Final	Actual	
<u>PUBLIC TRANSPORTATION</u>				
Prisoner Utilization Program - Precinct 1				
Personal Services	\$ 53,307	\$ 53,307	\$ 50,197	\$ 3,110
Total Prisoner Utilization Program - Precinct 1	53,307	53,307	50,197	3,110
Prisoner Utilization Program - Precinct 2				
Personal Services	52,773	52,773	49,634	3,139
Total Prisoner Utilization Program - Precinct 1	52,773	52,773	49,634	3,139
Prisoner Utilization Program - Precinct 3				
Personal Services	53,307	53,307	49,957	3,350
Total Prisoner Utilization Program - Precinct 1	53,307	53,307	49,957	3,350
Prisoner Utilization Program - Precinct 4				
Personal Services	52,639	52,639	47,962	4,677
Total Prisoner Utilization Program - Precinct 1	52,639	52,639	47,962	4,677
 TOTAL PUBLIC TRANSPORTATION	 212,026	 212,026	 197,748	 14,278
<u>HEALTH</u>				
Health Administration:				
Personal Services	517,055	517,055	485,319	31,736
Supplies	14,450	14,950	11,786	3,164
Other Services & Charges	68,837	68,337	56,508	11,829
Capital Outlay	7,000	7,000	6,985	15
Total Health Administration	607,342	607,342	560,598	46,744
Direct Aid - Indigent Healthcare:				
Supplies	10,000	10,000	9,742	258
Other Services & Charges	2,864,340	2,864,340	1,368,729	1,495,611
Total Direct Aid - Indigent Healthcare	2,874,340	2,874,340	1,378,471	1,495,869
Direct Aid - County Jail Inmates:				
Personal Services	791,340	736,340	701,198	35,142
Supplies	37,770	43,770	40,049	3,721
Other Services & Charges	770,250	998,250	954,755	43,495
Capital Outlay	-	-	-	-
Total Direct Aid - County Jail Inmates	1,599,360	1,778,360	1,696,003	82,357
Public Health:				
Other Services & Charges	116,112	116,112	116,112	-
Total Public Health	116,112	116,112	116,112	-

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2006

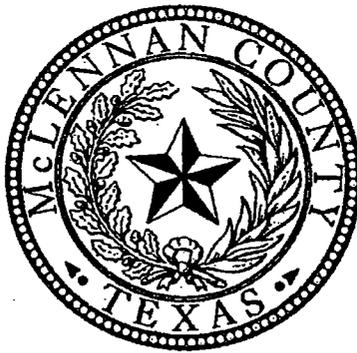
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
HEALTH (CONTINUED)				
Rabies and Animal Control:				
Other Services & Charges	\$ 31,000	\$ 31,000	\$ 31,000	\$ -
Total Rabies and Animal Control	31,000	31,000	31,000	-
MHMR Crisis Intervention:				
Other Services & Charges	300,000	300,000	271,000	29,000
Total MHMR Crisis Intervention	300,000	300,000	271,000	29,000
Family Practice Clinic:				
Other Services & Charges	560,000	560,000	560,000	-
Total Family Practice Clinic	560,000	560,000	560,000	-
TOTAL HEALTH	6,088,154	6,267,154	4,613,184	1,653,970
WELFARE				
Welfare Administration:				
Personal Services	36,719	36,719	36,153	566
Total Welfare Administration	36,719	36,719	36,153	566
Welfare - Direct Aid:				
Supplies	-	-	-	-
Other Services & Charges	4,184,200	4,184,200	2,758,775	1,425,425
Total Welfare - Direct Aid	4,184,200	4,184,200	2,758,775	1,425,425
Childrens' Protective Services - Direct Aid:				
Supplies	65,750	65,750	7,389	58,361
Other Services & Charges	27,250	29,127	9,406	19,721
Total Childrens' Protective Services - Direct Aid	93,000	94,877	16,795	78,082
Juvenile Interim Home:				
Personal Services	142,795	142,795	117,851	24,944
Supplies	12,210	12,210	4,731	7,479
Other Services & Charges	12,700	12,700	4,824	7,876
Total Juvenile Interim Home	167,705	167,705	127,406	40,299
Veterans Service Office				
Personal Services	43,260	43,260	42,994	266
Supplies	3,430	3,535	2,836	699
Other Services & Charges	1,611	1,506	1,155	351
Capital Outlay	-	-	-	-
Total Veterans Service Office	48,301	48,301	46,985	1,316
Aging Program:				
Other Services & Charges	16,378	16,378	16,378	-
Total Aging Program	16,378	16,378	16,378	-
TOTAL WELFARE	4,546,303	4,548,180	3,002,493	1,545,687

(continued)

Required Supplementary Information

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund				Variance with Final Budget Positive (Negative)
Year Ended September 30, 2006				
	Original	Final	Actual	
<u>CULTURE-RECREATION</u>				
Parks:				
Personal Services	\$ 4,997	\$ 4,997	\$ -	\$ 4,997
Supplies	3,500	6,850	3,339	3,511
Other Services & Charges	15,044	11,694	2,963	8,731
Capital Outlay	-	-	-	-
Total Parks	<u>23,541</u>	<u>23,541</u>	<u>6,301</u>	<u>17,240</u>
Public Library:				
Other Services & Charges	597,169	597,169	597,169	-
Total Public Library	<u>597,169</u>	<u>597,169</u>	<u>597,169</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>
Exhibit Buildings and Showbarns:				
Supplies	1,100	1,100	-	1,100
Other Services & Charges	6,400	6,400	-	6,400
Total Exhibit Buildings and Showbarns	<u>7,500</u>	<u>7,500</u>	<u>-</u>	<u>7,500</u>
TOTAL CULTURE-RECREATION	<u>628,860</u>	<u>628,860</u>	<u>603,470</u>	<u>25,390</u>
<u>CONSERVATION</u>				
Agricultural Extension Service:				
Personal Services	202,814	202,814	151,969	50,845
Supplies	4,057	4,057	3,007	1,050
Other Services & Charges	43,609	43,609	40,533	3,076
Total Agricultural Extension Service	<u>250,480</u>	<u>250,480</u>	<u>195,509</u>	<u>54,971</u>
Soil and Water Conservation:				
Other Services & Charges	25,000	25,000	14,446	10,554
Total Soil and Water Conservation	<u>25,000</u>	<u>25,000</u>	<u>14,446</u>	<u>10,554</u>
TOTAL CONSERVATION	<u>275,480</u>	<u>275,480</u>	<u>209,955</u>	<u>65,525</u>
<u>ECONOMIC DEVELOPMENT AND ASSISTANCE</u>				
Other Services & Charges	185,745	185,745	146,388	39,358
<u>DEBT SERVICE</u>				
Principal	680,350	742,152	733,020	9,132
Interest	370,420	376,318	375,948	370
Total Debt Service	<u>1,050,770</u>	<u>1,118,470</u>	<u>1,108,969</u>	<u>9,501</u>
	<u>\$ 61,983,236</u>	<u>\$ 61,999,881</u>	<u>\$ 53,385,049</u>	<u>\$ 8,614,832</u>



COMBINING AND INDIVIDUAL
FUND STATEMENTS AND
SCHEDULES

MCLENNAN COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds

September 30, 2006

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
ASSETS					
Pooled Cash and Investments	\$ 16,710,084	\$ 1,920,477	\$ 5,501,163	\$ 50,880	\$ 24,182,605
Non-Pooled Cash	439,135	-	-	-	439,135
Receivables (net of allowances for estimated uncollectibles):					
Taxes	82,833	258,705	22,497	-	364,035
Accounts	49,535	-	-	-	49,535
Due from Other Funds	-	-	-	-	-
Due from Other Governments	288,336	-	-	-	288,336
Inventories, at Cost	242,456	-	-	-	242,456
Total Assets	\$ 17,812,380	\$ 2,179,183	\$ 5,523,660	\$ 50,880	\$ 25,566,102
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts Payable	\$ 675,266	\$ -	\$ 15,486	\$ -	\$ 690,751
Due to Other Funds	30,156	-	-	-	30,156
Due to Other Governments	-	-	-	-	-
Deferred Revenue	513,988	258,705	22,497	-	795,190
Total Liabilities	1,219,410	258,705	37,983	-	1,516,098
Fund Balance:					
Reserved for:					
Capital Projects	-	1,920,477	4,735,797	-	4,735,797
Debt Service	-	-	-	-	-
Education	6,710	-	-	50,880	57,590
Unreserved - Undesignated	16,586,260	-	749,880	-	17,336,140
Total Fund Equity	16,592,970	1,920,477	5,485,677	50,880	24,050,004
Total Liabilities and Fund Balance	\$ 17,812,380	\$ 2,179,183	\$ 5,523,660	\$ 50,880	\$ 25,566,102

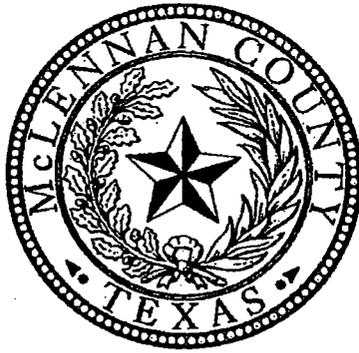
MCLENNAN COUNTY, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended September 30, 2006

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
Revenues:					
Taxes	\$ 1,148,192	\$ 4,674,019	\$ 406,449	\$ -	\$ 6,228,661
Licenses and Permits	1,744,497	-	-	-	1,744,497
Intergovernmental	7,226,697	2,645	230	-	7,229,572
Charges for Services	2,611,153	-	-	-	2,611,153
Fines and Forfeits	2,234,739	-	-	-	2,234,739
Miscellaneous	956,380	132,612	204,050	2,146	1,295,189
Total Revenues	15,921,660	4,809,276	610,730	2,146	21,343,812
Expenditures:					
Current:					
General Government	568,414	-	18,399	-	586,813
Judicial	423,631	-	-	-	423,631
Public Safety	6,109,586	-	-	-	6,109,586
Public Transportation	6,078,023	-	-	-	6,078,023
Economic Development and Assistance	812,767	-	-	-	812,767
Capital Projects	1,136,520	-	648,241	-	1,784,761
Debt Service:					
Principal and Retirements	37,615	2,895,000	-	-	2,932,615
Interest and Fiscal Charges	1,482	1,933,445	-	-	1,934,927
Total Expenditures	15,168,038	4,828,445	666,640	-	20,663,123
Excess (Deficiency) of Revenue over Expenditures	753,622	(19,169)	(55,910)	2,146	680,689
Other Financing Sources (Uses):					
Issuance of Refunding Bonds	-	7,315,000	-	-	7,315,000
Paid to Refunding Bond Escrow Agent	-	(7,310,828)	-	-	(7,310,828)
Disposition of Capital Assets	21,422	-	-	-	21,422
Issuance of Capital Lease	111,836	-	-	-	111,836
Issuance of Note Payable	-	-	-	-	-
Issuance of General Obligation Bonds	-	-	4,250,000	-	4,250,000
Premium on Issuance of Refunding Bonds	1,978,332	116,894	-	-	1,16,894
Transfers In	(1,117,148)	230,171	1,432	-	2,209,935
Transfers Out	994,442	(206,973)	-	-	(1,324,121)
Total Other Financing Sources	994,442	144,264	4,251,432	-	5,390,138
Net Change in Fund Balance	1,748,064	125,096	4,195,522	2,146	6,070,827
Fund Balance at Beginning of Year	14,844,906	1,795,381	1,290,155	48,735	17,979,177
Fund Balance at End of Year	\$ 16,592,970	\$ 1,920,477	\$ 5,485,677	\$ 50,880	\$ 24,050,004



McLENNAN COUNTY, TEXAS

Nonmajor Governmental Funds

Special Revenue Funds – Purpose of Funds

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

Adult Probation Fund

The Adult Probation Fund is used to account for the activities of the blended component, the McLennan County Community Supervision and Corrections Department. The primary financial resources are comprised of intergovernmental revenues and charges for services. Primary expenditures are for public safety personnel costs. The budget for the Adult Probation Fund is established by the grantor agencies.

Alcohol and Drug Abuse Prevention and Treatment Fund

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

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

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

Available School Fund

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

Court Reporter Service Fund

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

Dispute Resolution Fund

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

District Attorney Fund

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

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

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

District Clerk Errors and Omissions Fund

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

McLENNAN COUNTY, TEXAS

Nonmajor Governmental Funds

Special Revenue Funds – Purpose of Funds

Economic Development Fund

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

Family Protection Fund

Section 51.961 of the Texas Government Code provides for the establishment of a Family Protection Fee. The Family Protection Fund was established to account for these fee revenues and expenditure of those funds providing child abuse and family violence prevention services.

Federal Programs Fund

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

Jail Commissary Fund

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

Jury Fund

The Jury Fund is a constitutionally designated fund. Revenues for this fund are derived from ad valorem taxes and from jury fees charged in jury cases in accordance with State law. Expenditures are made from the Jury Fund for jury service and jury-connected expenses for 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.

McLENNAN COUNTY, TEXAS

Nonmajor Governmental Funds

Special Revenue Funds – Purpose of Funds

State Programs Fund

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

Tax Office Administration Fund

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

ROAD AND BRIDGE FUNDS

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

Road and Bridge General Fund

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

Road and Bridge Farm-to-Market Roads Fund

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

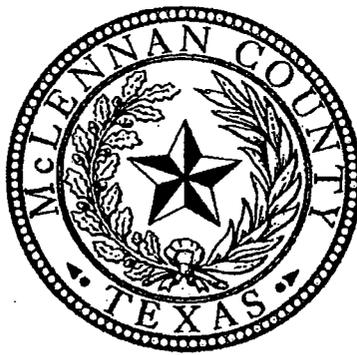
Road and Bridge Right-of-Way Acquisition Fund

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

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

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

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



(continued)

MCLENNAN COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Government Funds

Nonmajor Special Revenue Funds

September 30, 2006

	Federal Programs Fund	Jail Commissary Fund	Jury Fund	Juvenile Probation Fund	Enforcement Officer Standards and Education Fund	Law Enforcement Special Fund	Law Library Fund	Local Government Programs Fund	State Programs Fund
\$	-	114,546	209,022	1,058,009	57,985	927,424	140,933	(14,552)	50,929
	-	-	31,991	-	-	4,000	-	-	-
	-	-	13,049	-	-	-	-	-	-
	-	11,340	-	-	15	590	1,898	15,982	-
	-	-	-	-	-	-	-	-	-
	-	-	27,438	2,794	-	2,426	-	17,663	131,169
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
\$	-	125,886	281,500	1,060,804	58,000	934,440	142,831	19,093	182,098

ASSETS

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

Taxes
Accounts
Accrued Interest
Due from Other Funds
Due from Other Governments
Inventories

Total Assets

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts Payable
Due to Other Funds
Due to Other Governments
Deferred Revenue

Total Liabilities

Fund Balances:

Reserved for Education
Unreserved Fund Balance
Total Fund Balances

Total Liabilities and Fund Balance

continued

(continued)

MCLENNAN COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Government Funds

Nonmajor Special Revenue Funds

September 30, 2006

	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
\$	146,412	35,483	63,604	178,226	907,355	2,466,762	567,955	2,548,286	16,710,084
					8,679	8,679	7,290	10,068	439,135
			69,784						
					8		18,920	777	82,833
									49,535
					25,290	25,290	22,332	33,654	288,336
		46,388			37,851	75,575	42,520	40,122	242,456
\$	146,412	81,871	133,388	178,226	979,183	2,576,306	659,017	2,632,908	17,812,380

ASSETS

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

LIABILITIES AND FUND BALANCE

Liabilities:
 Accounts Payable
 Due to Other Funds
 Due to Other Governments
 Deferred Revenue
 Total Liabilities
 Fund Balances:
 Reserved for Education
 Unreserved Fund Balance
 Total Fund Balances
 Total Liabilities and Fund Balance

\$	156	30,000			8,985	91,089	33,909	194,365	675,266
									30,156
			69,784						
					25,290	25,290	22,332	33,654	288,336
		46,388			37,851	75,575	42,520	40,122	242,456
\$	156	30,000	69,784		8,985	91,089	33,909	194,365	1,219,410
									6,710
									16,586,260
									16,592,970
\$	146,412	81,871	133,388	178,226	979,183	2,576,306	659,017	2,632,908	17,812,380



MCLENNAN COUNTY, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

Year Ended September 30, 2006

	Adult Probation Fund	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	Family Protection Fund
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-	-	-
Intergovernmental	1,736,313	-	-	-	-	33,630	-	-	-
Charges for Services	1,996,114	6,160	-	57,450	53,115	167,721	2,628	-	4,199
Fines and Forfeits	-	-	-	-	-	-	-	-	-
Miscellaneous	108,498	914	325	1,992	332	71	3,999	233,524	76
Total Revenues	3,840,925	7,074	325	59,442	53,447	201,422	6,627	233,524	4,275
Expenditures:									
Current:									
General Government	-	-	-	-	-	218,643	-	-	-
Judicial	-	-	-	116,632	65,449	-	-	-	-
Public Safety	3,492,827	6,300	-	-	-	-	-	-	-
Public Transportation	-	-	-	-	-	-	-	-	-
Economic Development and Assistance	-	-	-	-	-	-	-	812,767	-
Capital Projects	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal and Retirements	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Total Expenditures	3,492,827	6,300	-	116,632	65,449	218,643	-	812,767	-
Excess (Deficiency) of Revenue over Expenditures	348,097	774	325	(57,190)	(12,002)	(17,221)	6,627	(579,243)	4,275
Other Financing Sources (Uses):									
Disposition of Capital Assets	-	-	-	-	-	-	-	-	-
Inception of Capital Lease	-	-	-	-	-	-	-	1,000,000	-
Transfers In	-	-	-	48,826	12,000	-	-	-	-
Transfers Out	-	-	-	(48,826)	(12,000)	-	-	(1,000,000)	-
Total Other Financing Sources	-	-	-	48,826	12,000	-	-	1,000,000	-
Net Change in Fund Balance	348,097	774	325	(8,364)	(2)	(17,221)	6,627	420,757	4,275
Fund Balance at Beginning of Year	1,888,783	19,690	7,381	33,289	10,273	72,300	89,490	4,343,842	-
Fund Balance at End of Year	\$ 2,236,880	\$ 20,463	\$ 7,706	\$ 24,925	\$ 10,271	\$ 55,078	\$ 96,117	\$ 4,764,598	\$ 4,275

MCLENNAN COUNTY, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

Year Ended September 30, 2006

	Federal Government Programs Fund	Jail Commissary Fund	Jury Fund	Juvenile Probation Fund	Enforcement Standards and Education Fund	Law Enforcement Special Fund	Law Library Fund	Local Government Programs Fund	State Programs Fund
Revenues:									
Taxes	\$ -	\$ -	\$ 235,752	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-	-	-
Intergovernmental	23,772	-	83,977	1,621,651	24,894	4,689	-	137,594	1,970,671
Charges for Services	-	153,753	7,295	25,841	-	-	136,852	-	-
Fines and Forfeits	-	-	626	-	-	524,174	-	-	19,866
Miscellaneous	2	364	14,301	38,371	-	39,734	5,484	-	-
Total Revenues	23,774	154,117	341,951	1,685,863	24,894	568,596	142,336	137,594	1,990,537
Expenditures:									
Current:									
General Government	-	-	-	-	1,547	16,485	77,944	-	203,126
Judicial	-	-	172,104	-	-	-	46,270	-	23,177
Public Safety	23,774	133,879	-	1,518,417	22,838	166,109	-	137,594	607,849
Public Transportation	-	-	-	-	-	-	-	-	-
Economic Development and Assistance	-	-	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-	-	1,136,520
Debt Service:									
Principal and Retirements	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Total Expenditures	23,774	133,879	172,104	1,518,417	24,385	182,594	124,213	137,594	1,970,671
Excess (Deficiency) of Revenue over Expenditures	-	20,238	169,847	167,446	509	386,002	18,123	-	19,866
Other Financing Sources (Uses):									
Disposition of Capital Assets	-	-	-	-	-	-	-	-	-
Inception of Capital Lease	-	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-
Total Other Financing Sources	-	-	-	-	-	-	-	-	-
Net Change in Fund Balance	-	20,238	169,847	167,446	509	386,002	18,123	-	19,866
Fund Balance at Beginning of Year	-	104,823	98,168	700,812	57,705	544,639	119,413	6,040	1
Fund Balance at End of Year	\$ -	\$ 125,061	\$ 268,016	\$ 868,258	\$ 58,214	\$ 930,642	\$ 137,536	\$ 6,040	\$ 19,867

MCLENNAN COUNTY, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

Year Ended September 30, 2006

	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	\$ -	\$ -	\$ 912,440	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,148,192
Licenses and Permits	-	-	-	-	436,125	436,125	366,345	505,904	1,744,497
Intergovernmental	-	-	-	-	397,377	397,377	333,796	460,957	7,226,697
Charges for Services	25	-	-	-	-	-	-	-	2,611,153
Fines and Forfeits	8,194	-	810	-	420,267	420,267	353,024	487,509	2,234,739
Miscellaneous	29,435	3,905	798	8,432	75,915	121,259	111,431	157,221	956,380
Total Revenues	37,655	3,905	914,048	8,432	1,329,683	1,375,027	1,164,596	1,611,591	15,921,660

Expenditures:

Current:									
General Government	50,669	-	-	-	-	-	-	-	568,414
Judicial	-	-	-	-	-	-	-	-	423,631
Public Safety	-	-	-	-	-	-	-	-	6,109,586
Public Transportation	-	143,533	-	22,811	1,540,816	1,325,106	1,304,503	1,741,254	6,078,023
Economic Development and Assistance	-	-	-	-	-	-	-	-	812,767
Capital Projects	-	-	-	-	-	-	-	-	1,136,520
Debt Service:									
Principal and Retirements	-	-	-	-	37,615	-	-	-	37,615
Interest and Fiscal Charges	-	-	-	-	1,482	-	-	-	1,482
Total Expenditures	50,669	143,533	-	22,811	1,579,913	1,325,106	1,304,503	1,741,254	15,168,038
Excess (Deficiency) of Revenue over Expenditures	(13,014)	(139,628)	914,048	(14,379)	(250,229)	49,921	(139,907)	(129,662)	753,622

Other Financing Sources (Uses):

Disposition of Capital Assets	-	-	-	-	-	-	21,422	-	21,422
Inception of Capital Lease	-	-	-	-	111,836	-	-	-	111,836
Transfers In	-	166,754	-	-	187,688	187,688	157,658	217,718	1,978,332
Transfers Out	-	-	(904,817)	-	(53,398)	(52,846)	(53,398)	(52,889)	(1,117,148)
Total Other Financing Sources	-	166,754	(904,817)	-	246,126	134,842	125,682	165,029	994,442

Net Change in Fund Balance

	(13,014)	27,126	9,231	(14,379)	(4,103)	184,763	(14,225)	35,367	1,748,064
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Fund Balance at Beginning of Year

	159,270	24,745	54,373	192,606	974,301	2,300,454	639,333	2,403,176	14,844,906
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Fund Balance at End of Year

	\$ 146,256	\$ 51,871	\$ 63,604	\$ 178,226	\$ 970,197	\$ 2,485,218	\$ 625,109	\$ 2,438,543	\$ 16,592,970
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MCLENNAN COUNTY, TEXAS

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

Available School Fund

Year Ended September 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 100	\$ 100	\$ 325	\$ 225
Total Revenues	100	100	325	225
Expenditures:				
Education				
Other Services & Charges	7,299	7,299	-	7,299
Total Expenditures	7,299	7,299	-	7,299
Excess (Deficiency) of Revenue over Expenditures	(7,199)	(7,199)	325	7,524
Other Financing Sources:				
Transfers In	-	-	-	-
Net Change in Fund Balance	(7,199)	(7,199)	325	7,524
Fund Balance at Beginning of Year	7,299	7,299	7,381	82
Fund Balance at End of Year	\$ 100	\$ 100	\$ 7,706	\$ 7,606

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, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ 53,400	\$ 53,400	\$ 57,450	\$ 4,050
Miscellaneous - Investment Income	1,000	1,000	1,992	992
Total Revenues	54,400	54,400	59,442	5,042
Expenditures:				
General Government				
Other Services and Charges	5,501	1	-	1
Judicial:				
Other Services and Charges	124,500	130,000	116,632	13,368
Total Expenditures	130,001	130,001	116,632	13,369
Excess (Deficiency) of Revenue over Expenditures	(75,601)	(75,601)	(57,190)	18,411
Other Financing Sources				
Transfers In	48,826	48,826	48,826	-
Net Change in Fund Balance	(26,775)	(26,775)	(8,364)	18,411
Fund Balance at Beginning of Year	26,775	26,775	33,289	6,514
Fund Balance at End of Year	\$ -	\$ -	\$ 24,925	\$ 24,925

MCLENNAN COUNTY, TEXAS

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

Dispute Resolution Fund

Year Ended September 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ 55,800	\$ 55,800	\$ 53,115	\$ (2,685)
Miscellaneous - Investment Income	130	130	332	202
Total Revenues	55,930	55,930	53,447	(2,483)
Expenditures:				
Judicial:				
Other Services and Charges	77,972	77,972	65,449	12,523
Excess (Deficiency) of Revenue over Expenditures	(22,042)	(22,042)	(12,002)	10,040
Other Financing Sources:				
Transfers In	12,000	12,000	12,000	-
Net Change in Fund Balance	(10,042)	(10,042)	(2)	10,040
Fund Balance at Beginning of Year	10,042	10,042	10,273	231
Fund Balance at End of Year	\$ -	\$ -	\$ 10,271	\$ 10,271

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, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ 2,400	\$ 2,400	\$ 2,628	\$ 228
Miscellaneous - Investment Income	1,400	1,400	3,999	2,599
Total Revenues	3,800	3,800	6,627	2,827
Expenditures:				
Judicial:				
Other Services and Charges	92,380	92,380	-	92,380
Excess (Deficiency) of Revenue over Expenditures	(88,580)	(88,580)	6,627	95,207
Fund Balance at Beginning of Year	88,580	88,580	89,490	910
Fund Balance at End of Year	\$ -	\$ -	\$ 96,117	\$ 96,117

MCLENNAN COUNTY, TEXAS

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

Economic Development Fund

Year Ended September 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous -				
Investment Income	\$ 85,000	\$ 85,000	\$ 233,524	\$ 148,524
Other - Recovery of Expenditures	-	-	-	-
Total Revenue	<u>85,000</u>	<u>85,000</u>	<u>233,524</u>	<u>148,524</u>
Expenditures:				
Economic Development -				
Other Services and Charges	<u>5,276,956</u>	<u>5,276,956</u>	<u>812,767</u>	<u>4,464,189</u>
Excess (Deficiency) of Revenue over Expenditures	(5,191,956)	(5,191,956)	(579,243)	4,612,713
Other Financing Sources:				
Transfers In	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Net Change in Fund Balance	(4,191,956)	(4,191,956)	420,757	4,612,713
Fund Balance at Beginning of Year	<u>4,191,956</u>	<u>4,191,956</u>	<u>4,343,842</u>	<u>151,886</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,764,598</u>	<u>\$ 4,764,598</u>

MCLENNAN COUNTY, TEXAS

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

Family Protection Fund

Year Ended September 30, 2006

	Budget		Actual	Variance with Final Budget positive (negative)
	Original	Final		
Revenues:				
Charges for Services -				
Family Protection Fees	\$ 8,000	\$ 8,000	\$ 4,199	\$ (3,801)
Miscellaneous:				
Investment Income	50	50	76	26
Other	-	-	-	-
Total Miscellaneous	<u>50</u>	<u>50</u>	<u>76</u>	<u>26</u>
Total Revenues	<u>8,050</u>	<u>8,050</u>	<u>4,275</u>	<u>(3,775)</u>
Expenditures:				
General Government:				
Family Protection Department				
Other Services and Charges	<u>8,050</u>	<u>8,050</u>	<u>-</u>	<u>8,050</u>
Total Expenditures	<u>8,050</u>	<u>8,050</u>	<u>-</u>	<u>8,050</u>
Excess (Deficiency) of Revenue over Expenditures	-	-	4,275	(11,825)
Fund Balance at Beginning of Year			-	-
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,275</u>	<u>\$ (11,825)</u>

MCLENNAN COUNTY, TEXAS

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

Jury Fund

Year Ended September 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 222,757	\$ 222,757	\$ 235,752	\$ 12,995
Intergovernmental -				
Payment in Lieu of Taxes	60,011	60,011	83,977	23,966
Fines and Forfeitures	-	-	626	626
Charges for Services				
Jury Fees	6,690	6,690	7,295	605
Miscellaneous:				
Investment Income, Net	1,500	1,500	7,571	6,071
Other	-	-	6,730	6,730
Total Miscellaneous	<u>1,500</u>	<u>1,500</u>	<u>14,301</u>	<u>12,801</u>
Total Revenues	<u>290,958</u>	<u>290,958</u>	<u>341,951</u>	<u>50,993</u>
Expenditures:				
Judicial:				
Jury Service:				
Personal Services	330,000	330,000	157,205	172,795
Supplies	3,150	5,150	4,562	588
Other Services and Charges	<u>41,800</u>	<u>39,800</u>	<u>10,337</u>	<u>29,463</u>
Total Expenditures	<u>374,950</u>	<u>374,950</u>	<u>172,104</u>	<u>202,846</u>
Excess (Deficiency) of Revenue over Expenditures	(83,992)	(83,992)	169,847	253,839
Fund Balance at Beginning of Year	<u>83,992</u>	<u>83,992</u>	<u>98,168</u>	<u>14,176</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 268,016</u>	<u>\$ 268,016</u>

MCLENNAN COUNTY, TEXAS

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

Law Library Fund

Year Ended September 30, 2006

	Budget		Actual	Variance with Final Budget positive (negative)
	Original	Final		
Revenues:				
Charges for Services -				
Law Library Fees	\$ 126,700	\$ 126,700	\$ 136,852	\$ 10,152
Miscellaneous:				
Investment Income	1,800	1,800	5,347	3,547
Other	-	-	137	137
Total Miscellaneous	<u>1,800</u>	<u>1,800</u>	<u>5,484</u>	<u>3,684</u>
Total Revenues	<u>128,500</u>	<u>128,500</u>	<u>142,336</u>	<u>13,836</u>
Expenditures:				
General Government:				
Law Library				
Personal Services	32,573	32,573	30,005	2,568
Supplies	57,700	57,700	46,686	11,014
Other Services and Charges	84,850	71,950	1,252	70,698
Capital Outlay	7,200	7,200	-	7,200
Total Law Library	<u>182,323</u>	<u>169,423</u>	<u>77,944</u>	<u>91,479</u>
Judicial				
Supplies	<u>46,398</u>	<u>59,298</u>	<u>46,270</u>	<u>13,028</u>
Total Expenditures	<u>228,721</u>	<u>228,721</u>	<u>124,213</u>	<u>104,508</u>
Excess (Deficiency) of Revenue over Expenditures	(100,221)	(100,221)	18,123	118,344
Fund Balance at Beginning of Year	<u>100,221</u>	<u>100,221</u>	<u>119,413</u>	<u>19,192</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,536</u>	<u>\$ 137,536</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, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous:				
Investment Income, Net	\$ 1,700	\$ 1,700	\$ 3,905	\$ 2,205
Other	-	-	-	-
Total Revenues	1,700	1,700	3,905	2,205
Expenditures:				
Public Transportation:				
County Engineer				
Personal Services	103,494	103,494	103,075	419
Total County Engineer	103,494	103,494	103,075	419
Sign Shop				
Personal Services	45,430	45,430	40,211	5,219
Supplies	14,300	14,300	28	14,272
Other Services & Charges	340	340	219	121
Total Sign Shop	60,070	60,070	40,458	19,612
Total Expenditures	163,564	163,564	143,533	20,031
Excess (Deficiency) of Revenue over Expenditures	(161,864)	(161,864)	(139,628)	22,236
Other Financing Sources (Uses):				
Disposition of Fixed Assets	-	-	-	-
Transfers In	166,754	166,754	166,754	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	166,754	166,754	166,754	-
Net Change in Fund Balance	4,890	4,890	27,126	22,236
Fund Balance at Beginning of Year	(4,890)	(4,890)	24,745	29,635
Fund Balance at End of Year	\$ -	\$ -	\$ 51,871	\$ 51,871

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, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 870,008	\$ 870,008	\$ 912,440	\$ 42,432
Fines and Forfeits	-	-	810	810
Miscellaneous - Investment Income	50	50	798	748
Total Revenues	<u>870,058</u>	<u>870,058</u>	<u>914,048</u>	<u>43,990</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenue over Expenditures	870,058	870,058	914,048	43,990
Other Financing Uses:				
Transfers Out:	<u>(904,817)</u>	<u>(904,817)</u>	<u>(904,817)</u>	<u>-</u>
Net Change in Fund Balance	(34,759)	(34,759)	9,231	43,990
Fund Balance at Beginning of Year	<u>34,759</u>	<u>34,759</u>	<u>54,373</u>	<u>19,614</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,604</u>	<u>\$ 63,604</u>

MCLENNAN COUNTY, TEXAS

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

Road and Bridge Right of Way-Aquisition Fund

Year Ended September 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous:				
Investment Income, Net	\$ 4,000	\$ 4,000	\$ 8,432	\$ 4,432
Other	-	-	-	-
Total Revenues	<u>4,000</u>	<u>4,000</u>	<u>8,432</u>	<u>4,432</u>
Expenditures:				
Public Transportation:				
Other Services and Charges	-	-	-	-
Capital Outlay	<u>225,232</u>	<u>225,232</u>	<u>22,811</u>	<u>202,421</u>
Total Expenditures	<u>225,232</u>	<u>225,232</u>	<u>22,811</u>	<u>202,421</u>
Excess (Deficiency) of Revenue over Expenditures	(221,232)	(221,232)	(14,379)	206,853
Fund Balance at Beginning of Year	<u>221,232</u>	<u>221,232</u>	<u>192,606</u>	<u>(28,626)</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 178,226</u>	<u>\$ 178,226</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, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and Permits	\$ 410,000	\$ 410,000	\$ 436,125	\$ 26,125
Intergovernmental -				
State Shared Revenues	382,000	382,000	397,377	15,377
Fines and Forfeits	399,650	399,650	420,267	20,617
Miscellaneous:				
Investment Income, Net	20,000	20,000	49,532	29,532
Sale of Supplies	7,300	7,300	13,941	6,641
Other	100	100	12,441	12,341
Total Miscellaneous	<u>27,400</u>	<u>27,400</u>	<u>75,915</u>	<u>48,515</u>
Total Revenues	<u>1,219,050</u>	<u>1,219,050</u>	<u>1,329,683</u>	<u>110,633</u>
Expenditures:				
Public Transportation:				
Personal Services	1,015,594	1,015,594	896,086	119,508
Supplies	658,600	715,997	437,437	278,560
Other Services and Charges	400,685	343,288	71,457	271,831
Capital Outlay	132,500	203,754	135,836	67,918
Total Public Transportation	<u>2,207,379</u>	<u>2,278,633</u>	<u>1,540,816</u>	<u>737,817</u>
Debt Service:				
Principal and Retirements	-	39,097	37,615	1,482
Interest and Fiscal Charges	-	1,485	1,482	3
	<u>-</u>	<u>40,582</u>	<u>39,097</u>	<u>1,485</u>
Total Expenditures	<u>2,207,379</u>	<u>2,319,215</u>	<u>1,579,913</u>	<u>739,302</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(988,329)</u>	<u>(1,100,165)</u>	<u>(250,229)</u>	<u>849,936</u>
Other Financing Sources (Uses):				
Disposition of Capital Assets	-	-	-	-
Issuance of Capital Lease	-	111,836	111,836	0
Transfers In	187,688	187,688	187,688	-
Transfers Out	(53,398)	(53,398)	(53,398)	-
Total Other Financing Sources	<u>134,290</u>	<u>246,126</u>	<u>246,126</u>	<u>0</u>
Net Change in Fund Balance	(854,039)	(854,039)	(4,103)	849,936
Fund Balance at Beginning of Year	<u>854,039</u>	<u>854,039</u>	<u>974,301</u>	<u>120,262</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 970,197</u>	<u>\$ 970,197</u>

MCLENNAN COUNTY, TEXAS

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

Road and Bridge Precinct 2 Fund

Year Ended September 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and Permits	\$ 410,000	\$ 410,000	\$ 436,125	\$ 26,125
Intergovernmental -				
State Shared Revenues	382,000	382,000	397,377	15,377
Charges for Services	-	-	-	-
Fines and Forfeits	401,200	401,200	420,267	19,067
Miscellaneous:				
Investment Income, Net	42,000	42,000	114,524	72,524
Sale of Supplies	8,680	8,680	6,735	(1,945)
Other	160	160	-	(160)
Total Miscellaneous	<u>50,840</u>	<u>50,840</u>	<u>121,259</u>	<u>70,419</u>
Total Revenues	<u>1,244,040</u>	<u>1,244,040</u>	<u>1,375,027</u>	<u>130,987</u>
Expenditures:				
Public Transportation:				
Personal Services	1,094,571	1,094,571	806,803	287,768
Supplies	724,989	760,764	447,865	312,899
Other Services and Charges	1,346,872	1,309,627	66,298	1,243,329
Capital Outlay	181,000	182,470	4,140	178,330
Total Public Transportation	<u>3,347,432</u>	<u>3,347,432</u>	<u>1,325,106</u>	<u>2,022,326</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(2,103,392)</u>	<u>(2,103,392)</u>	<u>49,921</u>	<u>2,153,313</u>
Other Financing Sources (Uses):				
Disposition of Capital Assets	-	-	-	-
Transfers In	187,688	187,688	187,688	-
Transfers Out	(52,846)	(52,846)	(52,846)	-
Total Other Financing Sources (Uses)	<u>134,842</u>	<u>134,842</u>	<u>134,842</u>	<u>-</u>
Net Change in Fund Balance	(1,968,550)	(1,968,550)	184,763	2,153,313
Fund Balance at Beginning of Year	<u>1,968,550</u>	<u>1,968,550</u>	<u>2,300,454</u>	<u>331,904</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,485,218</u>	<u>\$ 2,485,218</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, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and Permits	\$ 344,400	\$ 344,400	\$ 366,345	\$ 21,945
Intergovernmental -				
State Shared Revenues	320,600	320,600	333,796	13,196
Fines and Forfeits	335,660	335,660	353,024	17,364
Miscellaneous:				
Investment Income, Net	20,000	20,000	31,583	11,583
Sale of Supplies	11,150	11,150	11,022	(128)
Other	160	67,686	68,826	1,140
Total Miscellaneous	<u>31,310</u>	<u>98,836</u>	<u>111,431</u>	<u>12,595</u>
Total Revenues	<u>1,031,970</u>	<u>1,099,496</u>	<u>1,164,596</u>	<u>65,100</u>
Expenditures:				
Public Transportation:				
Personal Services	832,132	832,132	718,768	113,364
Supplies	633,258	713,284	519,292	193,992
Other Services and Charges	252,809	240,309	66,444	173,865
Capital Outlay	-	-	-	-
Total Public Transportation	<u>1,718,199</u>	<u>1,785,725</u>	<u>1,304,503</u>	<u>481,222</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(686,229)</u>	<u>(686,229)</u>	<u>(139,907)</u>	<u>(546,322)</u>
Other Financing Sources (Uses):				
Disposition of Capital Assets	-	-	21,422	21,422
Transfers In	157,658	157,658	157,658	-
Transfers Out	<u>(53,398)</u>	<u>(53,398)</u>	<u>(53,398)</u>	<u>-</u>
Total Other Financing Sources	<u>104,260</u>	<u>104,260</u>	<u>125,682</u>	<u>21,422</u>
Net Change in Fund Balance	(581,969)	(581,969)	(14,225)	567,744
Fund Balance at Beginning of Year	<u>581,969</u>	<u>581,969</u>	<u>639,333</u>	<u>57,364</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 625,109</u>	<u>\$ 625,109</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, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and Permits	\$ 476,000	\$ 476,000	\$ 505,904	\$ 29,904
Intergovernmental -				
State Shared Revenues	441,500	441,500	460,957	19,457
Fines and Forfeits	463,552	463,552	487,509	23,957
Miscellaneous:				
Investment Income, Net	48,000	48,000	122,931	74,931
Sale of Supplies	14,050	14,050	28,785	14,735
Other	1,010	1,010	5,505	4,495
Total Miscellaneous	<u>63,060</u>	<u>63,060</u>	<u>157,221</u>	<u>94,161</u>
Total Revenues	<u>1,444,112</u>	<u>1,444,112</u>	<u>1,611,591</u>	<u>167,479</u>
Expenditures:				
Public Transportation:				
Personal Services	1,072,136	1,079,136	833,915	245,221
Supplies	1,177,100	1,187,484	707,834	479,650
Other Services and Charges	1,014,044	1,001,860	88,365	913,495
Capital Outlay	308,500	303,300	111,140	192,160
Total Public Transportation	<u>3,571,780</u>	<u>3,571,780</u>	<u>1,741,254</u>	<u>1,830,526</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(2,127,668)</u>	<u>(2,127,668)</u>	<u>(129,662)</u>	<u>1,998,006</u>
Other Financing Sources (Uses):				
Disposition of Capital Assets	-	-	-	-
Transfers In	217,718	217,718	217,718	-
Transfers Out	(52,689)	(52,689)	(52,689)	-
Total Other Financing Sources (Uses)	<u>165,029</u>	<u>165,029</u>	<u>165,029</u>	<u>-</u>
Net Change in Fund Balance	<u>(1,962,639)</u>	<u>(1,962,639)</u>	<u>35,367</u>	<u>1,998,006</u>
Fund Balance at Beginning of Year	<u>1,962,639</u>	<u>1,962,639</u>	<u>2,403,176</u>	<u>440,537</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,438,543</u>	<u>\$ 2,438,543</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

Nonmajor Government Funds

Nonmajor Debt Service Funds – Purpose of Funds

Debt Service Fund – Refunding Bonds – Series 2005

The Debt Service Fund Certificates of Obligation Series 2005 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 2005.

Debt Service Fund – Certificates of Obligation – Series 2006

The Debt Service Fund Certificates of Obligation Series 2006 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 2006

MCLENNAN COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds

Nonmajor Debt Service Funds

September 30, 2006

	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
\$	-	\$ -	\$ -	\$ 315,432	\$ 94,192	\$ 380,929	\$ 277,576
	-	-	-	-	-	-	-
	-	-	-	45,442	8,548	47,692	40,493
	-	-	-	-	-	-	-
\$	\$ -	\$ -	\$ -	\$ 360,873	\$ 102,740	\$ 428,621	\$ 318,068

ASSETS

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

LIABILITIES AND FUND BALANCE

Liabilities:							
Deferred Revenue	\$ -	\$ -	\$ -	\$ 45,442	\$ 8,548	\$ 47,692	\$ 40,493
Total Liabilities	-	-	-	45,442	8,548	47,692	40,493
Unreserved Fund Balance	-	-	-	315,432	94,192	380,929	277,576
Total Liabilities and Fund Balance	\$ -	\$ -	\$ -	\$ 360,873	\$ 102,740	\$ 428,621	\$ 318,068

(continued)

MCLENNAN COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds

Nonmajor Debt Service Funds

September 30, 2006

	Certificates of Obligation Series 2003	Refunding Bonds Series 2003	Note Payable 2004	Refunding Bonds Series 2005	Certificates of Obligation Series 2006	Nonmajor Debt Service Funds Total
	\$ 254,096	\$ 549,305	\$ 14,719	\$ 31,962	\$ 2,267	\$ 1,920,477
	-	-	-	-	-	-
	31,495	85,036	-	-	-	258,705
	-	-	-	-	-	-
Total Assets	\$ 285,591	\$ 634,342	\$ 14,719	\$ 31,962	\$ 2,267	\$ 2,179,183

ASSETS

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

LIABILITIES AND FUND BALANCE

Liabilities:						
Deferred Revenue	\$ 31,495	\$ 85,036	\$ -	\$ -	\$ -	\$ 258,705
Total Liabilities	31,495	85,036	-	-	-	258,705
Unreserved Fund Balance	254,096	549,305	14,719	31,962	2,267	1,920,477
Total Liabilities and Fund Balance	\$ 285,591	\$ 634,342	\$ 14,719	\$ 31,962	\$ 2,267	\$ 2,179,183

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, 2006

	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
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ 820,994	\$ 154,433	\$ 861,653	\$ 731,579
Licenses and Permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	465	87	488	414
Charges for Services	-	-	-	-	-	-	-
Fines and Forfeits	-	-	-	-	-	-	-
Miscellaneous	-	-	-	22,059	5,648	24,031	18,966
Total Revenues	-	-	-	843,518	160,169	886,172	750,959
Expenditures:							
Debt Service:							
Principal and Retirements	-	-	-	450,000	105,000	380,000	340,000
Interest and Fiscal Charges	-	-	-	378,363	52,040	325,540	402,575
Total Expenditures	-	-	-	828,363	157,040	705,540	742,575
Excess (Deficiency) of Revenue over Expenditures	-	-	-	15,155	3,129	180,632	8,384
Other Financing Sources (Uses):							
Issuance of Refunding Bonds	-	-	-	-	-	-	-
Paid to Refunding Bond Escrow Agent	-	-	-	-	-	-	-
Premium on Issuance of Refunding Bonds	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-
Transfers Out	(21,999)	(19,571)	(2,384)	-	-	(163,018)	-
Total Other Financing Sources (Uses)	(21,999)	(19,571)	(2,384)	-	-	(163,018)	-
Net Change in Fund Balance	(21,999)	(19,571)	(2,384)	15,155	3,129	17,614	8,384
Fund Balance at Beginning of Year	21,999	19,571	2,384	300,276	91,063	363,315	269,192
Fund Balance at End of Year	\$ -	\$ -	\$ -	\$ 315,432	\$ 94,192	\$ 380,929	\$ 277,576

(continued)

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, 2006

	Certificates of Obligation Series 2003	Refunding Bonds Series 2003	Computer Note 2004	Refunding Bonds Series 2005	Certificates of Obligation Series 2006	Nonmajor Debt Service Funds Total
Revenues:						
Taxes	\$ 569,014	\$ 1,536,346	-	-	-	\$ 4,674,019
Licenses and Permits	-	-	-	-	-	-
Intergovernmental	322	869	-	-	-	2,645
Charges for Services	-	-	-	-	-	-
Fines and Forfeits	-	-	-	-	-	-
Miscellaneous	16,641	43,778	621	803	66	132,612
Total Revenues	585,977	1,580,993	621	803	66	4,809,276
Expenditures:						
Debt Service:						
Principal and Retirements	290,000	1,290,000	-	40,000	-	2,895,000
Interest and Fiscal Charges	281,000	260,005	-	236,123	(2,201)	1,933,445
Total Expenditures	571,000	1,550,005	-	276,123	(2,201)	4,828,445
Excess (Deficiency) of Revenue over Expenditures	14,977	30,988	621	(275,320)	2,267	(19,168)
Other Financing Sources (Uses):						
Issuance of Refunding Bonds	-	-	-	7,315,000	-	7,315,000
Paid to Refunding Bond Escrow Agent	-	-	-	(7,310,828)	-	(7,310,828)
Premium on Issuance of Refunding Bonds	-	-	-	116,894	-	116,894
Transfers In	-	43,955	-	186,216	-	230,171
Transfers Out	-	-	-	-	-	(206,973)
Total Other Financing Sources (Uses)	-	43,955	-	307,282	-	144,264
Net Change in Fund Balance	14,977	74,943	621	31,962	2,267	125,096
Fund Balance at Beginning of Year	239,119	474,362	14,099	-	-	1,795,381
Fund Balance at End of Year	\$ 254,096	\$ 549,305	\$ 14,719	\$ 31,962	\$ 2,267	\$ 1,920,477

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, 2006

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

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, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	-	-	-	-
Expenditures:				
Debt Service:				
Principal and Retirements	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenue over Expenditures	-	-	-	-
Other Financing Uses				
Transfers Out	(19,571)	(19,571)	(19,571)	-
Net Change in Fund Balance	(19,571)	(19,571)	(19,571)	-
Fund Balance at Beginning of Year	19,571	19,571	19,571	-
Fund Balance at End of Year	\$ -	\$ -	\$ -	\$ -

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, 2006

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

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, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 818,012	\$ 818,012	\$ 820,994	\$ 2,982
Intergovernmental	420	420	465	45
Miscellaneous	8,500	8,500	22,059	13,559
Total Revenues	826,932	826,932	843,518	16,586
Expenditures:				
Debt Service:				
Principal and Retirements	450,000	450,000	450,000	-
Interest and Fiscal Charges	378,363	378,363	378,363	-
Total Expenditures	828,363	828,363	828,363	-
Excess (Deficiency) of Revenue over Expenditures	(1,431)	(1,431)	15,155	16,586
Fund Balance at Beginning of Year	272,284	272,284	300,276	27,992
Fund Balance at End of Year	\$ 270,853	\$ 270,853	\$ 315,432	\$ 44,579

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, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 154,229	\$ 154,229	\$ 154,433	\$ 204
Intergovernmental	40	40	87	47
Miscellaneous	2,000	2,000	5,648	3,648
Total Revenues	<u>156,269</u>	<u>156,269</u>	<u>160,169</u>	<u>3,900</u>
Expenditures:				
Debt Service:				
Principal and Retirements	105,000	105,000	105,000	-
Interest and Fiscal Charges	52,040	52,040	52,040	-
Total Expenditures	<u>157,040</u>	<u>157,040</u>	<u>157,040</u>	<u>-</u>
Excess (Deficiency) of Revenue over Expenditures	(771)	(771)	3,129	3,900
Fund Balance at Beginning of Year	<u>84,790</u>	<u>84,790</u>	<u>91,063</u>	<u>6,273</u>
Fund Balance at End of Year	<u>\$ 84,019</u>	<u>\$ 84,019</u>	<u>\$ 94,192</u>	<u>\$ 10,173</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, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 858,501	\$ 858,501	\$ 861,653	\$ 3,152
Intergovernmental	420	420	488	68
Miscellaneous	9,000	9,000	24,031	15,031
Total Revenues	<u>867,921</u>	<u>867,921</u>	<u>886,172</u>	<u>18,251</u>
Expenditures:				
Debt Service:				
Principal and Retirements	380,000	380,000	380,000	-
Interest and Fiscal Charges	488,558	325,540	325,540	-
Total Expenditures	<u>868,558</u>	<u>705,540</u>	<u>705,540</u>	<u>-</u>
Excess (Deficiency) of Revenue over Expenditures	(637)	162,381	180,632	18,251
Other Financing Uses				
Transfers Out	-	(163,018)	(163,018)	-
Net Change in Fund Balance	(637)	(637)	17,614	18,251
Fund Balance at Beginning of Year	<u>333,691</u>	<u>333,691</u>	<u>363,315</u>	<u>29,624</u>
Fund Balance at End of Year	<u>\$ 333,054</u>	<u>\$ 333,054</u>	<u>\$ 380,929</u>	<u>\$ 47,875</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, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 734,798	\$ 734,798	\$ 731,579	\$ (3,219)
Intergovernmental	410	410	414	4
Miscellaneous	8,000	8,000	18,966	10,966
Total Revenues	<u>743,208</u>	<u>743,208</u>	<u>750,959</u>	<u>7,751</u>
Expenditures:				
Debt Service:				
Principal and Retirements	340,000	340,000	340,000	-
Interest and Fiscal Charges	402,575	402,575	402,575	-
Total Expenditures	<u>742,575</u>	<u>742,575</u>	<u>742,575</u>	<u>-</u>
Excess (Deficiency) of Revenue over Expenditures	633	633	8,384	7,751
Fund Balance at Beginning of Year	<u>231,921</u>	<u>231,921</u>	<u>269,192</u>	<u>37,271</u>
Fund Balance at End of Year	<u>\$ 232,554</u>	<u>\$ 232,554</u>	<u>\$ 277,576</u>	<u>\$ 45,022</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, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 564,355	\$ 564,355	\$ 569,014	\$ 4,659
Intergovernmental	400	400	322	(78)
Miscellaneous	6,800	6,800	16,641	9,841
Total Revenues	571,555	571,555	585,977	14,422
Expenditures:				
Debt Service:				
Principal and Retirements	290,000	290,000	290,000	-
Interest and Fiscal Charges	281,500	281,500	281,000	500
Total Expenditures	571,500	571,500	571,000	500
Excess (Deficiency) of Revenue over Expenditures	55	55	14,977	14,922
Other Financing Sources				
Transfers In	-	-	-	-
Net Change in Fund Balance	55	55	14,977	14,922
Fund Balance at Beginning of Year	218,830	218,830	239,119	20,289
Fund Balance at End of Year	\$ 218,885	\$ 218,885	\$ 254,096	\$ 35,211

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, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 1,531,505	\$ 1,531,505	\$ 1,536,346	\$ 4,841
Intergovernmental	400	400	869	469
Miscellaneous	10,000	10,000	43,778	33,778
Total Revenues	1,541,905	1,541,905	1,580,993	39,088
Expenditures:				
General Government:				
Other Services and Charges	-	-	-	-
Debt Service:				
Principal and Retirements	1,290,000	1,290,000	1,290,000	-
Interest and Fiscal Charges	260,005	260,005	260,005	-
	<u>1,550,005</u>	<u>1,550,005</u>	<u>1,550,005</u>	<u>-</u>
Total Expenditures	1,550,005	1,550,005	1,550,005	-
Excess (Deficiency) of Revenue over Expenditures	(8,100)	(8,100)	30,988	39,088
Other Financing Sources (Uses):				
Transfers In	43,954	43,954	43,955	1
Total Other Financing Sources (Uses)	43,954	43,954	43,955	1
Net Change in Fund Balance	35,854	35,854	74,943	39,089
Fund Balance at Beginning of Year	420,611	420,611	474,362	53,751
Fund Balance at End of Year	\$ 456,465	\$ 456,465	\$ 549,305	\$ 92,840

MCLENNAN COUNTY, TEXAS

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

Computer Note 2004

Year Ended September 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 140	\$ 140	\$ 621	\$ 481
Total Revenues	140	140	621	481
Expenditures:				
Debt Service:				
Principal and Retirements	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenue over Expenditures	140	140	621	481
Fund Balance at Beginning of Year	13,940	13,940	14,099	159
Fund Balance at End of Year	\$ 14,080	\$ 14,080	\$ 14,719	\$ 639

MCLENNAN COUNTY, TEXAS

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

Refunding Bonds, Series 2005

Year Ended September 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Miscellaneous	-	-	803	803
Total Revenues	-	-	803	803
Expenditures:				
Debt Service:				
Principal and Retirements	-	40,000	40,000	-
Interest and Fiscal Charges	-	244,693	236,123	8,570
Total Expenditures	-	284,693	276,123	8,570
Excess (Deficiency) of Revenue over Expenditures	-	(284,693)	(275,320)	(7,767)
Other Financing Sources (Uses):				
Issuance of Refunding Bonds	-	7,431,894	7,315,000	(116,894)
Paid to Refunding Bond Escrow Agent	-	(7,310,828)	(7,310,828)	-
Premium on Issuance of Refunding Bonds	-	-	116,894	116,894
Transfers In	-	211,216	186,216	(25,000)
Total Other Financing Sources (Uses)	-	332,282	307,282	(25,000)
Net Change in Fund Balance	-	47,589	31,962	(15,627)
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	\$ -	\$ 47,589	\$ 31,962	\$ (15,627)

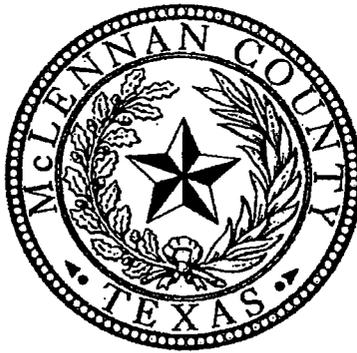
MCLENNAN COUNTY, TEXAS

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

Certificates of Obligation, Series 2006

Year Ended September 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Miscellaneous	-	-	66	66
Total Revenues	-	-	66	66
Expenditures:				
General Government:				
Other Services and Charges	-	-	-	-
Debt Service:				
Principal and Retirements	-	-	-	-
Interest and Fiscal Charges	-	-	(2,201)	2,201
Total Expenditures	-	-	(2,201)	2,201
Excess (Deficiency) of Revenue over Expenditures	-	-	2,267	2,267
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	\$ -	\$ -	\$ 2,267	\$ 2,267



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.

Certificates of Obligation Fund – Series 2006

Certificates of Obligation Series 2006 Capital Projects Fund is used to account for the proceeds of the sale of the named certificates of obligation issued and for the expenditure of those proceeds to pay, in whole or in part, contractual obligations to be incurred for (i) improvements and renovations to the McLennan County Courthouse, the McLennan County Courthouse Annex, the Shrine Building, the Archives Building, the Adult Probation Building, the Info Tech Building, the Building Maintenance/Purchasing Building and the Highway 6 Jail; (ii) the construction of a building or the purchase of an existing building for the maintenance of county vehicles, (iii) the demolition of the Radio Shop and construction of a parking lot thereon, (iv) the construction of a new radio tower, a new building for Justice of the Peace Precinct 8 and a new juvenile shelter at the Juvenile Detention Center, (v) the purchase of land and construction of a new building, or the purchase and renovation of an existing building, for Justice of the Peace Precinct 4, (vi) the purchase of land and construction of a new yard for County Precinct 3 and (vii) the purchase of a new phone system for downtown County buildings, and (viii) for paying legal, fiscal and professional fees in connection with these projects.

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, 2006

	Permanent Improvement Fund	Certificates of Obligation Series 1996	Certificates of Obligation Series 2000	Certificates of Obligation Series 2001	Certificates of Obligation Series 2003	Certificates of Obligation Series 2006	Road Bonds Series 1961	Nonmajor Capital Projects Funds Total
Pooled Cash and Investments	\$ 760,820	\$ 24,413	\$ 4,494	\$ 558,143	\$ 121,997	\$ 4,024,219	\$ 7,077	\$ 5,501,163
Non-Pooled Cash	-	-	-	-	-	-	-	-
Receivables (net of allowances for estimated uncollectibles):								
Taxes	22,497	-	-	-	-	-	-	22,497
Accounts	-	-	-	-	-	-	-	-
Due from Other Governments	-	-	-	-	-	-	-	-
Total Assets and Other Debits	\$ 783,316	\$ 24,413	\$ 4,494	\$ 558,143	\$ 121,997	\$ 4,024,219	\$ 7,077	\$ 5,523,660

ASSETS

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LIABILITIES AND FUND BALANCE

Liabilities:								
Accounts Payable	\$ 10,940	\$ -	\$ -	\$ -	\$ -	\$ 4,546	\$ -	\$ 15,486
Deferred Revenue	22,497	-	-	-	-	-	-	22,497
Total Liabilities	33,437	-	-	-	-	4,546	-	37,983
Fund Balance:								
Reserved for:								
Capital Projects	-	24,413	4,494	558,143	121,997	4,019,673	7,077	4,735,797
Unreserved - Undesignated	749,880	-	-	-	-	-	-	749,880
Total Fund Equity and Other Credits	749,880	24,413	4,494	558,143	121,997	4,019,673	7,077	5,485,677
Total Liabilities and Fund Balance	\$ 783,316	\$ 24,413	\$ 4,494	\$ 558,143	\$ 121,997	\$ 4,024,219	\$ 7,077	\$ 5,523,660

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, 2006

	Permanent Improvement Fund	Certificates of Obligation Series 1996	Certificates of Obligation Series 2000	Certificates of Obligation Series 2001	Certificates of Obligation Series 2003	Certificates of Obligation Series 2006	Road Bonds Series 1961	Nonmajor Capital Project Funds Total
Revenues:								
Taxes	\$ 406,449	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 406,449
Intergovernmental	230	-	-	-	-	-	-	230
Miscellaneous	34,473	5,733	717	25,344	5,271	132,214	298	204,050
Total Revenues	441,152	5,733	717	25,344	5,271	132,214	298	610,730
Expenditures:								
Current:								
Other Services & Charges	18,399	-	-	-	-	-	-	18,399
Capital Projects	281,378	-	-	-	4,322	362,541	-	648,241
Total Expenditures	299,777	-	-	-	4,322	362,541	-	666,640
Excess (Deficiency) of Revenue over Expenditures	141,376	5,733	717	25,344	950	(230,327)	298	(55,910)
Other Financing Sources (Uses):								
Issuance of General Obligation Bonds	-	-	-	-	-	4,250,000	-	#REF!
Transfers In	1,432	-	-	-	-	-	-	1,432
Transfers Out	-	-	-	-	-	-	-	-
Total Financing Sources (Uses)	1,432	-	-	-	-	4,250,000	-	#REF!
Net Change in Fund Balance	142,808	5,733	717	25,344	950	4,019,673	298	4,195,522
Fund Balance at Beginning of Year	607,072	18,680	3,777	532,799	121,047	-	6,779	1,290,155
Fund Balance at End of Year	\$ 749,880	\$ 24,413	\$ 4,494	\$ 558,143	\$ 121,997	\$ 4,019,673	\$ 7,077	\$ 5,485,677

MCLENNAN COUNTY, TEXAS

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

Permanent Improvement Fund

Year Ended September 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 428,155	\$ 428,155	\$ 406,449	\$ (21,706)
Intergovernmental	400	400	230	(170)
Miscellaneous - Investment Income	18,002	18,002	34,473	16,471
Total Revenues	446,557	446,557	441,152	(5,405)
Expenditures:				
Other Services and Charges	-	18,950	18,399	551
Capital Projects:				
Improvements Other than Buildings	4,110	4,110	-	4,110
Construction and Renovation Projects:				
Construction Costs	1,360,500	1,342,982	281,378	1,061,604
Architects, Engineers and Other	-	-	-	-
Total Construction Projects	1,360,500	1,342,982	281,378	1,061,604
Total Expenditures	1,364,610	1,366,042	299,777	1,066,265
Excess (Deficiency) of Revenue over Expenditures	(918,053)	(919,485)	141,376	1,060,861
Other Financing Sources:				
Transfers In	-	1,432	1,432	-
Net Change in Fund Balance	(918,053)	(918,053)	142,808	1,060,861
Fund Balance at Beginning of Year	918,053	918,053	607,072	(310,981)
Fund Balance at End of Year	\$ -	\$ -	\$ 749,880	\$ 749,880

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, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous - Investment Income	\$ 50	\$ 50	\$ 5,733	\$ 5,683
Total Revenues	<u>50</u>	<u>50</u>	<u>5,733</u>	<u>5,683</u>
Expenditures:				
Capital Projects:				
Construction and Renovation Projects:				
Construction Costs	17,618	17,618	-	17,618
Total Expenditures	<u>17,618</u>	<u>17,618</u>	<u>-</u>	<u>17,618</u>
Excess (Deficiency) of Revenue over Expenditures	(17,568)	(17,568)	5,733	23,301
Fund Balance at Beginning of Year	<u>17,568</u>	<u>17,568</u>	<u>18,680</u>	<u>1,112</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,413</u>	<u>\$ 24,413</u>

MCLENNAN COUNTY, TEXAS

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

Certificates of Obligation Fund - Series 2000

Year Ended September 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous - Investment Income	\$ -	\$ -	\$ 717	\$ 717
Total Revenues	-	-	717	717
Expenditures:				
Capital Projects:				
Construction and Renovation Projects:				
Construction Costs	3,543	3,543	-	3,543
Total Expenditures	3,543	3,543	-	3,543
Excess (Deficiency) of Revenue over Expenditures	(3,543)	(3,543)	717	4,260
Fund Balance at Beginning of Year	3,543	3,543	3,777	234
Fund Balance at End of Year	\$ -	\$ -	\$ 4,494	\$ 4,494

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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Adopted	Final		
Revenues:				
Miscellaneous	\$ 5,000	\$ 5,000	\$ 25,344	\$ 20,344
Total Revenues	5,000	5,000	25,344	20,344
Expenditures:				
Capital Projects:				
Construction and Renovation Projects:				
Construction Costs	513,409	513,409	-	513,409
Architects, Engineers and Other	-	-	-	-
Total Expenditures	513,409	513,409	-	513,409
Excess (Deficiency) of Revenue over Expenditures	(508,409)	(508,409)	25,344	533,753
Fund Balance at Beginning of Year	508,409	508,409	532,799	(24,390)
Fund Balance at End of Year	\$ -	\$ -	\$ 558,143	\$ 558,143

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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Adopted	Final		
Revenues:				
Miscellaneous - Investment Income	\$ 500	\$ 500	\$ 5,271	\$ 4,771
Total Revenues	500	500	5,271	4,771
Expenditures:				
Capital Projects:				
Construction and Renovation Projects:				
Construction Costs	122,651	122,651	4,322	118,329
Total Expenditures	122,651	122,651	4,322	118,329
Excess (Deficiency) of Revenue over Expenditures	(122,151)	(122,151)	950	123,101
Fund Balance at Beginning of Year	122,151	122,151	121,047	(1,104)
Fund Balance at End of Year	\$ -	\$ -	\$ 121,997	\$ 121,997

MCLENNAN COUNTY, TEXAS

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

Certificates of Obligation Fund - Series 2006

For the Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Adopted	Final		
Revenues:				
Miscellaneous - Investment Income	\$ -	\$ -	\$ 132,214	\$ 132,214
Total Revenues	-	-	132,214	132,214
Expenditures:				
Capital Projects:				
Construction and Renovation Projects:				
Land	-	40,000	34,413	5,587
Constructions Administration Costs	-	34,250	32,615	1,636
Architectural and Engineering	-	246,600	74,357	172,243
Construction Costs	-	3,847,051	221,156	3,625,895
Total Expenditures	-	4,167,901	362,541	3,805,360
Excess (Deficiency) of Revenue over Expenditures	-	(4,167,901)	(230,327)	3,937,574
Other Financing Sources:				
Issuance of General Obligation Bonds	-	4,168,201	4,250,000	81,799
Total Other Financing Sources	-	4,168,201	4,250,000	81,799
Net Change in Fund Balance	-	300	4,019,673	4,019,373
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	\$ -	\$ 300	\$ 4,019,673	\$ 4,019,373

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, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous - Investment Income	\$ 100	\$ 100	\$ 298	\$ 198
Total Revenues	100	100	298	198
Expenditures:				
Supplies	6,811	6,811	-	6,811
Total Expenditures	6,811	6,811	-	6,811
Excess (Deficiency) of Revenue over Expenditures	(6,711)	(6,711)	298	7,009
Fund Balance at Beginning of Year	6,711	6,711	6,779	68
Fund Balance at End of Year	\$ -	\$ -	\$ 7,077	\$ 7,077

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, 2006

ASSETS

Pooled Cash and Investments	\$	50,880
Non-Pooled Cash		-
Receivables (net of allowances for estimated uncollectibles):		
Taxes		-
Accounts		-
Due from Other Funds		-
Due from Other Governments		-
Inventories, at Cost		-
		<hr/>
Total Assets and Other Debits	\$	<u>50,880</u>

LIABILITIES AND FUND BALANCE

Liabilities:		
Accounts Payable	\$	-
Due to Other Funds		-
Due to Other Governments		-
Deferred Revenue		-
Total Liabilities		<hr/>
		<hr/>
Fund Balance:		
Reserved for Debt Service		
Reserved for Education		50,880
Unreserved - Undesignated		
Total Fund Equity and Other Credits		<hr/>
		<hr/>
Total Liabilities and Fund Balance	\$	<u>50,880</u>

MCLENNAN COUNTY, TEXAS

Nonmajor Governmental Funds

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

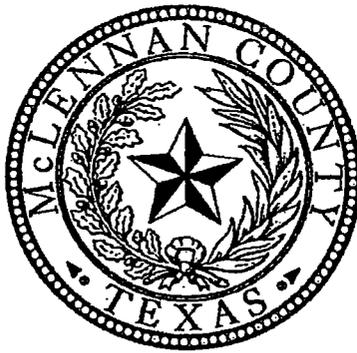
Permanent School Fund

Year Ended September 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous - Investment Income	\$ 2,000	\$ 2,000	\$ 2,146	\$ 146
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>2,146</u>	<u>146</u>
Expenditures:				
Education				
Other Services & Charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenue over Expenditures	<u>2,000</u>	<u>2,000</u>	<u>2,146</u>	<u>146</u>
Other Financing Uses:				
Transfers Out	-	-	-	-
Net Change in Fund Balance	<u>2,000</u>	<u>2,000</u>	<u>2,146</u>	<u>146</u>
Fund Balance at Beginning of Year	<u>46,844</u>	<u>46,844</u>	<u>48,735</u>	<u>1,891</u>
Fund Balance at End of Year	<u>\$ 48,844</u>	<u>\$ 48,844</u>	<u>\$ 50,880</u>	<u>\$ 2,036</u>



CAPITAL ASSETS USED
IN THE OPERATION OF
GOVERNMENTAL FUNDS



MCLENNAN COUNTY, TEXAS

Capital Assets Used in the Operation of Governmental Funds
 Schedule by Source
 September 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Capital Assets:		
Land	\$ 1,565,150	\$ 1,530,736
Buildings	77,598,503	77,199,146
Improvements Other than Buildings	811,635	811,635
Machinery and Equipment	19,758,380	19,083,254
Infrastructure	31,219,673	30,473,312
Construction in Progress	<u>91,802</u>	<u>293,838</u>
Total Capital Assets	<u><u>\$ 131,045,143</u></u>	<u><u>\$ 129,391,921</u></u>
Investment in Capital Assets:		
General Fund Revenues	\$ 10,335,874	\$ 9,881,049
Special Revenue Fund Revenues	41,505,286	40,813,284
Capital Projects Funds:		
General Obligation Bonds	58,728,219	58,361,356
Permanent Improvement Fund	13,077,262	12,934,373
Performance Improvement Fund	6,233,774	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><u>\$ 131,045,143</u></u>	<u><u>\$ 129,391,921</u></u>

MCLENNAN COUNTY, TEXAS

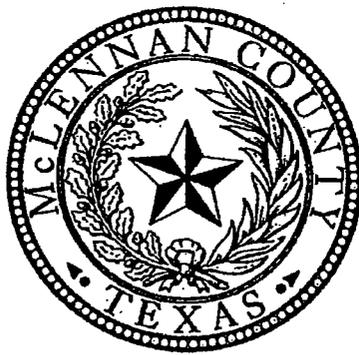
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
As of September 30, 2006

Function and Activity	Total	Land	Buildings	Improvements other than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress
General Government:							
General Administration	\$ 5,273,070	\$ 1,132,772	\$ 2,747,105	\$ 277,001	\$ 1,079,257	\$ 262	\$ 36,673
Legal	1,365,780	-	1,339,632	-	26,148	-	-
Elections	858,499	-	595,145	-	263,354	-	-
Financial Administration	4,644,629	-	2,334,170	-	2,310,459	-	-
Total General Government	12,141,978	1,132,772	7,016,052	277,001	3,679,218	262	36,673
Public Safety:							
Fire Protection	23,000	-	-	-	23,000	-	-
Law Enforcement	7,034,201	-	2,434,852	-	4,579,395	-	19,954
Corrections	35,754,239	111,972	34,485,146	262,585	771,602	122,934	-
Other Protection	512,649	-	46,897	-	263,063	202,689	-
Environmental Protection	35,812	-	-	-	35,812	-	-
Public Safety	-	-	-	-	-	-	-
Total Public Safety	43,359,901	111,972	36,966,895	262,585	5,672,872	325,623	19,954
Public Transportation:							
Engineering	32,370	-	-	-	32,370	-	-
Maintenance	10,511,714	104,562	477,401	160,197	9,754,334	-	15,220
Infrastructure	30,893,788	-	-	-	-	30,893,788	-
Total Public Transportation	41,437,872	104,562	477,401	160,197	9,786,704	30,893,788	15,220
Judicial							
Health	7,137,763	126,796	6,393,702	6,890	590,420	-	19,955
Welfare	772,698	16,487	728,868	9,232	18,111	-	-
Culture-Recreation	1,523,925	39,781	1,471,099	13,045	-	-	-
Conservation	24,490,016	17,780	24,388,032	79,198	5,006	-	0
	180,990	15,000	156,454	3,487	6,049	-	-
Total Capital Assets	\$ 131,045,143	\$ 1,565,150	\$ 77,598,503	\$ 811,635	\$ 19,758,380	\$ 31,219,673	\$ 91,802

MCLENNAN COUNTY, TEXAS

Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes by Function and Activity
 Year Ended September 30, 2006

Function and Activity	General Capital Assets October 1, 2005	Additions	Reductions	General Capital Assets September 30, 2006
General Government:				
General Administration	\$ 5,212,106	\$ 81,473	\$ 20,509	\$ 5,273,070
Legal	1,345,257	20,523		1,365,780
Elections	851,338	7,161		858,499
Financial Administration	4,538,112	131,589	25,072	4,644,629
Total General Government	11,946,813	240,746	45,581	12,141,978
Public Safety:				
Fire Protection	23,000			23,000
Law Enforcement	6,682,573	414,236	62,608	7,034,201
Corrections	35,503,582	392,504	141,847	35,754,239
Other Protection	348,881	163,768		512,649
Environmental Protection	16,985	18,827		35,812
Total Public Safety	42,575,021	989,335	204,455	43,359,901
Public Transportation:				
Engineering	32,370			32,370
Maintenance	10,317,257	280,987	86,530	10,511,714
Infrastructure	30,283,226	705,371	94,809	30,893,788
Total Public Transportation	40,632,853	986,358	181,339	41,437,872
Judicial	7,028,572	109,191		7,137,763
Health	749,241	23,457		772,698
Welfare	1,516,388	7,537		1,523,925
Culture - Recreation	24,767,884	1,144,015	1,421,883	24,490,016
Conservation	175,149	5,841		180,990
Total Governmental Funds Capital Assets	\$ 129,391,921	\$ 3,506,480	\$ 1,853,258	\$ 131,045,143



STATISTICAL SECTION

McLENNAN COUNTY, TEXAS
STATISTICAL SECTION

This part of the County's Comprehensive annual financial report presents detailed information to enhance the understanding of the information in the financial statements, note disclosures, and required supplementary information and what the data indicates about the County's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to aid in understanding how the County's financial performance and well-being have changed over time.	150
Revenue Capacity These schedules contain information to aid in assessing the County's most significant local revenue source – property tax.	159
Debt Capacity These schedules present information to aid in assessing the County's ability to issue additional debt in the future.	164
Demographic and Economic Information These schedules offer demographic and economic indicators to aid in understanding the environment within which the County's financial activities take place.	170
Operating Information These schedules contain service and infrastructure data to aid in understanding how the information in the County's financial report relates to the services the County provides and the activities it performs.	172

MCLENNAN COUNTY, TEXAS
Net Assets by Component
Last Three Fiscal Years
(accrual basis of accounting)
(Unaudited)

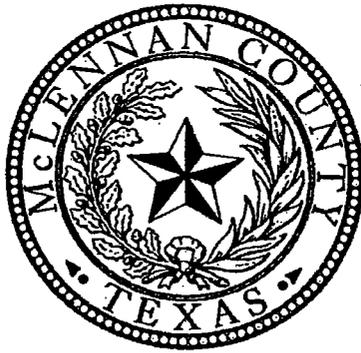
	Fiscal Year		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental Activities:			
Invested in capital assets, net of debt	\$ 33,599,862	\$ 40,643,659	\$ 40,691,733
Restricted	18,459,566	5,514,432	3,344,986
Unrestricted	<u>15,206,590</u>	<u>20,401,539</u>	<u>24,083,062</u>
Total governmental activities net assets	<u>\$ 67,266,018</u>	<u>\$ 66,559,630</u>	<u>\$ 68,119,781</u>

Source: McLennan County Financial Records

MCLENNAN COUNTY, TEXAS
Changes in Net Assets
Last Four Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental Activities				
General Administration	\$ 13,081,875	\$ 13,447,122	\$ 14,908,121	\$ 14,435,895
Judicial	4,963,966	5,135,561	5,285,769	5,751,910
Public Safety	28,459,088	29,053,807	30,992,140	32,310,783
Public Transportation	7,499,769	7,175,631	7,697,780	7,313,020
Health	4,312,989	4,718,525	4,482,532	4,629,481
Welfare	2,649,209	2,852,400	2,883,475	3,036,068
Culture - Recreation	3,167,814	7,217,311	2,309,208	2,791,759
Conservation	180,691	191,524	204,172	212,725
Economic Development and Assistance	1,183,298	398,113	290,206	959,154
Interest and Fiscal Charges	2,298,097	2,561,584	2,367,571	2,297,051
Total Primary Government Expenses	<u>67,796,796</u>	<u>72,751,578</u>	<u>71,420,974</u>	<u>73,737,846</u>
Program Revenues				
Governmental Activities				
Charges for Services	14,742,984	16,261,498	16,656,523	17,570,954
Operating Grants and Contributions	8,097,054	6,292,629	7,739,254	6,882,132
Capital Grants and Contributions	-	471,732	267,486	1,677,870
Total Primary Government Program Revenues	<u>22,840,038</u>	<u>23,025,859</u>	<u>24,663,263</u>	<u>26,130,956</u>
Net (Expense) Revenue	<u>(44,956,758)</u>	<u>(49,725,719)</u>	<u>(46,757,711)</u>	<u>(47,606,890)</u>
General Revenues and Other Changes in Net Assets				
Governmental Activities				
Taxes				
Property Taxes	28,162,392	31,126,569	34,379,131	37,573,209
Other Taxes	11,447,099	12,564,557	12,785,221	13,766,423
Investment Earnings	923,847	756,094	1,048,467	2,361,846
Gain (loss) on Sale of Capital Assets	30,499	(535,420)	-	(20,471)
Miscellaneous	955,205	76,729	105,043	34,130
Total Primary Government	<u>41,519,042</u>	<u>43,988,529</u>	<u>48,317,862</u>	<u>53,715,137</u>
Changes in Net Assets of Primary Government	<u>\$ (3,437,716)</u>	<u>\$ (5,737,190)</u>	<u>\$ 1,560,151</u>	<u>\$ 6,108,247</u>

Source: McLennan County Financial Records



MCLENNAN COUNTY, TEXAS
Governmental Activities Tax Revenues By Source
Last Four Fiscal Years
(accrual basis of accounting)
(Unaudited)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Property Taxes	\$ 28,162,392	\$ 31,126,569	\$ 34,379,131	\$ 37,573,209
Sales Taxes	9,662,504	10,278,307	10,512,117	11,459,220
Alcoholic Beverage and Other Taxes	<u>1,784,595</u>	<u>2,286,250</u>	<u>2,273,104</u>	<u>2,307,203</u>
Total Taxes	<u>\$ 39,609,491</u>	<u>\$ 43,691,126</u>	<u>\$ 47,164,352</u>	<u>\$ 51,339,632</u>

Source: McLennan County Financial Records

MCLENNAN COUNTY, TEXAS
Governmental Fund Balances
Last Ten Fiscal Years
(unaudited)

	Fiscal Year			
	1997	1998	1999	2000
General Fund:				
Reserved for Prepaids	\$ 187,065	\$ 68,225	\$ 196,510	\$ 165,044
Unreserved	14,113,484	14,174,442	19,565,024	22,697,287
Total General Fund	\$ 14,300,549	\$ 14,242,667	\$ 19,761,534	\$ 22,862,331
All Other Governmental Funds:				
Reserved for :				
Capital projects	\$ 10,576,149	\$ 6,116,646	\$ 228,746	\$ 9,246,244
Debt Service	1,340,941	1,403,754	1,058,635	872,891
Education	50,331	53,445	55,958	49,622
Unreserved, reported in:				
Special Revenue Funds	7,286,243	8,664,806	9,548,500	10,454,204
Capital Projects Funds	3,497,597	2,999,053	2,722,524	2,385,756
Total All Other Governmental Funds	\$ 22,751,261	\$ 19,237,704	\$ 13,614,363	\$ 23,008,717

Source: McLennan County Financial Records

Table IV

2001	2002	2003	2004	2005	2006
\$ 740,279	\$ 635,432	\$ 457,296	\$ 329,657	\$ 305,649	\$ 211,578
25,772,102	22,373,407	19,769,413	18,757,829	19,663,517	23,611,104
<u>\$ 26,512,381</u>	<u>\$ 23,008,839</u>	<u>\$ 20,226,709</u>	<u>\$ 19,087,486</u>	<u>\$ 19,969,166</u>	<u>\$ 23,822,682</u>
\$ 11,467,056	\$ 12,992,251	\$ 15,081,580	\$ 2,072,835	\$ 683,083	\$ 4,735,797
1,031,364	1,169,147	1,444,655	1,764,950	1,795,381	1,920,477
52,174	53,229	53,956	54,000	55,302	57,590
12,269,741	12,620,589	12,950,809	14,080,033	14,838,339	16,586,260
1,419,703	1,884,069	1,849,375	1,061,173	607,072	749,880
<u>\$ 26,240,038</u>	<u>\$ 28,719,285</u>	<u>\$ 31,380,375</u>	<u>\$ 19,032,991</u>	<u>\$ 17,979,177</u>	<u>\$ 24,050,004</u>

MCLENNAN COUNTY, TEXAS
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Unaudited)

	1997	1998	1999	2000
Revenues				
Taxes	\$ 26,761,739	\$ 27,844,345	\$ 29,482,891	\$ 32,426,022
Licenses and Permits	1,362,134	1,602,431	1,705,892	1,703,421
Intergovernmental	6,755,509	6,321,516	9,527,967	6,422,058
Charges for Services	6,501,394	6,562,346	7,090,060	7,805,408
Fines and Forfeitures	1,295,046	1,592,986	1,569,513	1,787,926
Other	3,341,798	3,644,397	7,451,157	8,573,491
Total Revenues	46,017,620	47,568,021	56,827,480	58,718,326
Expenditures				
General Administration	8,145,838	8,995,174	10,195,016	10,809,072
Judicial	3,329,045	3,416,440	3,797,394	4,256,439
Public Safety	18,214,442	18,676,910	22,198,640	23,884,056
Public Transportation	5,918,283	5,383,600	5,630,007	6,277,187
Health	2,970,686	3,091,315	3,230,787	3,416,984
Welfare	1,533,785	1,437,977	1,412,573	1,346,615
Culture - Recreation	319,847	327,765	327,590	349,696
Education	-	-	-	9,100
Conservation	174,081	191,393	185,816	181,119
Economic Development	191,496	525,999	417,175	223,873
Capital Outlay	2,707,700	5,820,235	6,489,254	2,071,508
Debt Service:				
Principal Retirement	1,546,192	1,667,937	2,251,721	2,007,545
Interest and Fiscal Charges	1,270,039	2,009,750	1,556,187	1,491,089
Total Expenditures	46,321,434	51,544,495	57,692,160	56,324,283
(Deficiency) Revenues over Expenditures	(303,814)	(3,976,474)	(864,680)	2,394,043
Other Financing Sources/Uses				
Transfers In	2,361,825	2,231,580	5,432,181	2,409,820
Transfers Out	(2,361,825)	(2,231,580)	(5,432,181)	(2,409,820)
Disposition of Fixed Assets	10,382	125,192	143,650	98,344
Proceeds of Lease Purchase Agreement	-	276,729	614,043	-
Issuance of Notes Payable	-	-	-	-
Issuance of General Obligation Bonds	10,000,000	-	-	10,000,000
Issuance of Refunding Bonds	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-
Other	2,250	3,114	2,513	2,764
Total Other Financing Sources/Uses	10,012,632	405,035	760,206	10,101,108
Net Change in Fund Balances	\$ 9,708,818	\$ (3,571,439)	\$ (104,474)	\$ 12,495,151
Debt Service as a percentage of noncapital expenditures	6.46%	8.04%	7.44%	6.45%

Source: McLennan County Financial Records

Table V

2001	2002	2003	2004	2005	2006
\$ 34,686,971	\$ 36,245,914	\$ 37,707,025	\$ 41,389,630	\$ 44,851,266	\$ 48,871,633
1,753,448	1,715,402	1,784,595	1,810,976	1,786,102	1,820,253
7,811,465	6,781,101	8,079,601	6,887,086	8,493,880	8,512,786
8,224,251	8,428,786	8,243,117	8,294,901	8,412,576	9,169,759
1,778,243	1,749,475	1,875,732	2,057,102	2,132,639	2,323,514
7,958,950	6,478,512	6,212,642	6,134,187	6,482,995	8,357,361
<u>62,213,328</u>	<u>61,399,190</u>	<u>63,902,712</u>	<u>66,573,882</u>	<u>72,159,458</u>	<u>79,055,306</u>
12,926,397	12,633,645	12,677,454	12,922,682	15,209,233	14,116,613
4,704,061	4,438,832	4,783,359	4,926,142	5,366,157	5,516,560
24,493,452	26,388,346	27,247,039	27,837,675	29,782,974	30,989,699
6,496,061	6,599,557	6,991,895	6,444,817	6,828,980	6,275,772
3,362,930	4,021,706	4,288,371	4,705,664	4,458,959	4,613,184
1,586,981	1,962,145	2,614,096	2,819,041	2,849,378	3,002,493
407,245	460,436	545,340	543,990	570,007	603,470
-	-	-	-	-	-
181,679	245,728	175,091	194,064	200,154	209,955
239,995	291,462	1,183,298	398,113	290,206	959,154
8,233,995	5,524,867	6,904,656	13,511,774	2,284,006	1,784,761
2,243,527	4,345,080	2,771,384	3,410,486	3,525,089	3,665,635
2,109,681	2,386,772	2,249,163	2,575,126	2,373,019	2,310,875
<u>66,986,004</u>	<u>69,298,576</u>	<u>72,431,146</u>	<u>80,289,574</u>	<u>73,738,162</u>	<u>74,048,172</u>
(4,772,676)	(7,899,386)	(8,528,434)	(13,715,692)	(1,578,704)	5,007,134
2,888,408	2,333,245	2,166,532	3,299,494	2,827,897	7,431,894
(2,888,408)	(2,333,245)	(2,166,532)	(3,299,494)	(2,827,897)	(7,310,828)
194,202	433,353	32,960	117,855	19,743	112,927
1,957,293	6,440,682	296,617	-	451,299	111,836
-	-	-	-	935,529	321,379
9,500,000	-	8,000,000	-	-	4,250,000
-	-	-	9,916,232	-	2,422,266
-	-	-	(9,805,000)	-	(2,422,266)
2,552	1,055	-	-	-	-
<u>11,654,047</u>	<u>6,875,090</u>	<u>8,329,577</u>	<u>229,087</u>	<u>1,406,571</u>	<u>4,917,208</u>
<u>\$ 6,881,371</u>	<u>\$ (1,024,296)</u>	<u>\$ (198,857)</u>	<u>\$ (13,486,605)</u>	<u>\$ (172,133)</u>	<u>\$ 9,924,343</u>
<u>7.41%</u>	<u>10.56%</u>	<u>7.66%</u>	<u>8.96%</u>	<u>8.25%</u>	<u>8.27%</u>



Table VI

MCLENNAN COUNTY, TEXAS
Taxable Assessed Value and Actual Value of Property
Last Ten Fiscal Years
(in thousands of dollars)
(Unaudited)

Fiscal Year	Real Property		Personal Property		Total		Statutory Ratio of Assessed Value to True Value
	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	
1997	\$ 4,105,710	\$ 4,105,710	\$ 1,530,973	\$ 1,530,973	\$ 5,636,683	\$ 5,636,683	100.00%
1998	4,258,100	4,258,100	1,588,009	1,588,009	5,846,109	5,846,109	100.00%
1999	4,436,640	4,436,640	1,642,117	1,642,117	6,078,757	6,078,757	100.00%
2000	4,712,666	4,712,666	1,740,091	1,740,091	6,452,757	6,452,757	100.00%
2001	5,060,143	5,060,143	1,824,313	1,824,313	6,884,456	6,884,456	100.00%
2002	5,549,856	5,549,856	1,618,608	1,618,608	7,168,464	7,168,464	100.00%
2003	6,782,069	6,782,069	1,760,346	1,760,346	8,542,415	8,542,415	100.00%
2004	7,213,337	7,213,337	1,995,056	1,995,056	9,208,393	9,208,393	100.00%
2005	7,922,995	7,922,995	2,196,989	2,196,989	10,119,984	10,119,984	100.00%
2006	\$ 8,710,431	8,710,431	\$ 2,119,471	\$ 2,119,471	\$ 10,829,902	\$ 10,829,902	100.00%

The assessment date is January 1

Source: McLennan County Tax Assessor-Collector

Table VII

Jurisdiction	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
McLENNAN COUNTY, TEXAS										
Property Tax Rates - Direct and Overlapping Governments (Per \$100 of Assessed Value) (1)										
Last Ten Fiscal Years (Unaudited)										
Fiscal Year Ending Date - September 30	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Tax Roll Date - October 1 (2)	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
County-wide Taxing Entities:	\$ 0.4193	\$ 0.4191	\$ 0.4191	\$ 0.4362	\$ 0.4566	\$ 0.4696	\$ 0.4286	\$ 0.4449	\$ 0.4449	\$ 0.4599
McLennan County	0.0780	0.0835	0.0892	0.1136	0.1174	0.1197	0.1165	0.1261	0.1261	0.1211
McLennan County College District										
Special Districts:										
County-Line Special Districts:										
McLennan and Hill Counties Tehuacana										
Creek Water Control and Improvement District No. 1	0.02419	0.02419	0.0219	0.0221	0.0221	0.0241	0.0241	0.0283	0.0283	0.0283
McLennan and Hill Counties Tehuacana										
Creek Water Control and Improvement District - Benefit Tax	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000
Other Special Districts:										
Castleman Creek Special Improvement District	-	-	-	-	-	0.1200	0.1200	0.1370	0.1370	0.1370
Downtown Special Improvement District	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
Elm Creek Watershed Authority	0.0360	0.0360	0.0340	0.0340	0.0300	0.0280	0.0275	0.0286	0.0286	0.0294
McLennan County Water Control and Improvement District No. 2	-	-	-	-	-	-	-	-	-	-
Tax Increment District No. 1	-	-	-	-	-	-	-	-	-	-
Tax Increment District No. 2	-	-	-	-	-	-	-	-	-	-
Cities:										
Bellmead	0.3705	0.3711	0.3652	0.3647	0.3584	0.3529	0.3107	0.3103	0.3052	0.2964
Beverly Hills	-	-	-	-	-	-	-	-	0.2500	-
Bruceville-Eddy	0.4403	0.4516	0.4597	0.4597	0.4929	0.4929	0.4644	0.4338	0.4239	0.4495
Crawford	0.4323	0.4200	0.3845	0.4338	0.4259	0.4557	0.3678	0.3543	0.3341	0.3267
Gholson	-	-	-	-	-	0.2500	0.2334	0.2454	0.2454	0.2454
Hewitt	0.4180	0.4649	0.5000	0.5000	0.5000	0.5000	0.4842	0.4842	0.4842	0.4842
Lacy-Lakeview	0.2359	0.2539	0.2539	0.2539	0.2715	0.3033	0.2883	0.2927	0.2810	0.2920
Lorena	0.4245	0.4117	0.4208	0.4208	0.4208	0.4234	0.4234	0.4314	0.4353	0.5246
Mart	0.7011	0.7011	0.7011	0.8076	0.9000	0.9085	0.8000	0.3448	0.7099	0.8320
McGregor	0.5257	0.5394	0.5394	0.5367	0.5533	0.5567	0.5402	0.5349	0.5400	0.5700
Moody	0.4800	0.4897	0.5216	0.5213	0.5508	0.6010	0.6010	0.5973	0.6130	0.4886
Northcrest	0.3168	0.3225	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Riesel (4)	0.1200	0.2334	0.2776	0.3300	0.3300	0.3960	0.3590	0.3570	0.1627	0.2500
Robinson	0.6876	0.6876	0.6876	0.7148	0.7148	0.7148	0.7148	0.6997	0.3570	0.3870
Waco	0.3168	0.3208	0.3208	0.3208	0.3208	0.3247	0.6925	0.2990	0.6997	0.6997
West	0.4436	0.4646	0.4646	0.4646	0.4646	0.4829	0.2900	0.4572	0.3390	0.3590
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 Ending Date - September 30 Tax Roll Date - October 1 (2)	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
School Districts:										
County-Line School Districts:										
Axtell Independent School District	1.1700	1.2000	1.2800	1.3050	1.3700	1.4200	1.3800	1.5000	1.4970	1.5000
Bruceville-Eddy Independent School District	1.3200	1.3200	1.3200	1.3200	1.3500	1.3800	1.4100	1.4100	1.4500	1.4500
China Spring Independent School District	1.4575	1.4575	1.5875	1.4777	1.5000	1.5000	1.5600	1.5725	1.5380	1.5900
Crawford Independent School District	1.3376	1.4398	1.3770	1.3918	1.4979	1.5299	1.5299	1.5492	1.5492	1.6200
Lorena Independent School District	1.5400	1.5632	1.5702	1.5070	1.5710	1.5910	1.6894	1.6894	1.7546	1.7000
Mart Independent School District	1.3000	1.3000	1.3974	1.5002	1.6150	1.6850	1.6500	1.6500	1.6329	1.5380
Moody Independent School District	1.3300	1.3300	1.3300	1.3800	1.3800	1.3800	1.3800	1.4200	1.4200	1.4200
Oglesby Independent School District	1.1981	1.1981	1.3481	1.4000	1.4000	1.4000	1.5000	1.5000	1.5000	1.5000
Riesel Independent School District	1.3000	1.3700	1.4600	1.4700	1.4322	1.5537	1.6486	1.6334	1.6271	1.6454
Robinson Independent School District	1.4414	1.4814	1.4814	1.6102	1.6615	1.6615	1.6403	1.6571	1.6510	1.6274
Valley Mills Independent School District	1.3122	1.3122	1.3314	1.6500	1.6400	1.6400	1.6950	1.6750	1.6750	1.6700
West Independent School District	1.3030	1.3800	1.5000	1.5000	1.5000	1.5800	1.4974	1.6293	1.6964	1.7364
Other School Districts:										
Bosqueville Independent School District	1.4438	1.5000	1.5000	1.4185	1.4947	1.4989	1.5910	1.5898	1.4921	1.5300
Connally Independent School District	1.4190	1.4398	1.4664	1.5269	1.5105	1.6496	1.4985	1.6243	1.6470	1.6520
Gholson Independent School District	1.1104	1.1904	1.2711	1.3671	1.4273	1.5000	1.4052	1.4500	1.4524	1.4524
Hallsburg Independent School District	1.0365	1.1046	1.1999	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000
LaVega Independent School District	1.5060	1.5060	1.5060	1.5360	1.5360	1.5360	1.5080	1.5400	1.7200	1.6925
McGregor Independent School District	1.3099	1.3099	1.4300	1.5200	1.5100	1.6500	1.6500	1.6500	1.6500	1.6500
Midway Independent School District	1.4700	1.4900	1.5000	1.5000	1.6400	1.6400	1.6020	1.6220	1.6220	1.6220
Waco Independent School District	1.4700	1.5023	1.5130	1.5130	1.5812	1.5920	1.4850	1.5242	1.5383	1.5640

(1) Source - Tax Rates obtained from McLennan County Tax-Assessor/Collector's office.

(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.

(4) The City of Riesel started collecting taxes in FY 2005.

McLENNAN COUNTY, TEXAS
Principal Taxpayers
Year Ended September 30, 2006

Taxpayer	Type of Property	2005 Tax Roll* Assessed Valuation	Percentage of Total Assessed Valuation
TXU Delivery Company	Electric Utility	111,301,184	1.0277%
Southwestern Bell Telephone Company	Telephone Utility	76,482,810	0.7062%
Masterfood USA	Candy Manufacturer	75,149,868	0.6939%
Coca-Cola Company	Beverage Manufacturer/Distributor	49,526,616	0.4573%
AIG Baker Waco, LLC	Insurance Company	43,792,699	0.4044%
CBL/Richland Mall LP	Shopping Center	35,842,184	0.3310%
Pilgrim's Pride Corporation	Food Production	31,280,364	0.2888%
L-3 Communicaitons Integrated Systems	Aircraft Modification	30,405,613	0.2808%
Allergan Inc.	Contact Lens Products Manufacturing	30,390,634	0.2806%
Owens-Brockway Glass	Glass Manufacturer	<u>29,892,115</u>	<u>0.2760%</u>
		<u>\$ 514,064,087</u>	<u>4.7467%</u>

Based on 2005 Total Assessed
Valuation of: \$ 10,829,902,207

* The 2005 Tax Roll provided funds for the Fiscal Year ended September 30, 2006

Source: McLennan County Tax Assessor-Collector

McLENNAN COUNTY, TEXAS
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Total Tax Levy	Through June 30 Fiscal Year		Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
		Current Tax Collections	Percent of Levy Collected			
1997	19,158,036	18,565,945	96.91%	477,015	19,042,960	99.40%
1998	19,897,077	19,116,976	96.08%	508,503	19,625,479	98.63%
1999	20,746,501	20,041,868	96.60%	546,591	20,588,459	99.24%
2000	22,838,203	22,024,420	96.44%	741,977	22,766,397	99.69%
2001	25,586,354	24,657,462	96.37%	579,958	25,237,420	98.64%
2002	26,982,531	25,877,949	95.91%	542,683	26,420,632	97.92%
2003	28,604,693	27,218,896	95.16%	767,544	27,986,440	97.84%
2004	31,233,306	30,272,749	96.92%	575,551	30,848,300	98.77%
2005	35,047,055	33,409,321	95.33%	560,371	33,969,692	96.93%
2006	37,993,593	36,878,049	97.06%	551,825	37,429,874	98.52%

Source: McLennan County Financial Records

Table X

MCLENNAN COUNTY, TEXAS
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	General Obligation Bonds	Bank Notes Payable	Capital Leases Obligation	Total Long Term Debt (1)	Percent of Personal Income	Per Capita
1997	\$ 31,125,000	-	\$ 978,337	\$ 32,103,337	0.79%	\$ 159
1998	29,735,000	-	1,182,403	30,917,403	0.73	153
1999	27,665,000	-	1,609,451	29,274,451	0.65	144
2000	35,905,000	-	1,362,453	37,267,453	0.77	175
2001	43,450,000	-	3,065,387	46,515,387	0.94	218
2002	40,925,000	-	7,661,331	48,586,331	0.93	224
2003	46,780,000	-	7,331,564	54,111,564	1.04	250
2004	44,135,000	-	6,186,160	50,321,160	0.90	229
2005	41,410,000	806,476	5,966,422	48,182,898	0.80	217
2006	43,150,000	852,505	5,580,479	49,582,984	0.78	221

(1) Excludes Compensated Absences
Source: McLennan County Financial Records

Table XI

MCLENNAN COUNTY, TEXAS
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Estimated Population	Assessed Value (in thousands of dollars)	Gross Bonded Debt	Less: Amounts Available for Debt Service	Net Bonded Debt	Percent of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1997	201,779	\$ 5,636,683	\$ 31,125,000	\$ 1,340,941	\$ 29,784,059	0.53%	\$ 148
1998	201,779	5,846,109	29,735,000	1,403,754	28,331,246	0.48	140
1999	203,446	6,078,757	27,665,000	1,058,635	26,606,365	0.44	131
2000	213,517	6,452,757	35,905,000	872,891	35,032,109	0.54	164
2001	213,517	6,884,456	43,450,000	1,031,364	42,418,636	0.62	199
2002	216,517	7,168,464	40,925,000	1,169,147	39,755,853	0.55	184
2003	216,517	8,542,415	46,780,000	1,444,655	45,335,345	0.53	209
2004	219,807	9,208,393	44,135,000	1,764,950	42,370,050	0.46	193
2005	222,500	10,119,984	41,410,000	1,795,381	39,614,619	0.39	178
2006	224,668	10,829,902	43,150,000	1,920,477	41,229,523	0.38	184

Source: McLennan County Financial Records

McLENNAN COUNTY, TEXAS

Computation of Direct and Overlapping Debt

September 30, 2006
(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)	9/30/2006	\$ 41,244,241	100%	\$ 41,244,241
McLennan County College District	8/31/2006	13,310,000	100%	13,310,000
<u>Special Districts:</u>				
County-Line Special Districts:				
Aquilla-Hackberry Creek Conservation District	9/30/2006	-	25%	-
McLennan and Hill Counties Tehuacana Creek Water Control and Improvement District No. 1	9/30/2006	-	99.46%	-
McLennan and Hill Counties Tehuacana Creek Water Control and Improvement District - Benefit Tax	9/30/2006	-	79.87%	-
Other Special Districts:				
Elm Creek Watershed Authority	9/30/2006	-	100%	-
McLennan County Water Control and Improvement District No. 2	9/30/2006	-	100%	-
Tax Increment District No. 1	9/30/2006	-	100%	-
Tax Increment District No. 2	9/30/2006	-	100%	-
<u>Cities:</u>				
Bellmead	9/30/2006	1,765,000	100%	1,765,000
Beverly Hills	9/30/2006	-	100%	-
Bruceville-Eddy	9/30/2006	-	100%	-
Crawford	10/31/2006	-	100%	-
Hewitt	9/30/2006	7,198,614	100%	7,198,614
Lacy-Lakeview	9/30/2006	1,300,000	100%	1,300,000
Lorena	9/30/2006	1,565,450	100%	1,565,450
Mart	9/30/2006	188,406	100%	188,406
McGregor	9/30/2006	2,888,190	100%	2,888,190
Moody	9/30/2006	-	100%	-
Riesel	9/30/2006	-	100%	-
Robinson	9/30/2006	3,645,130	100%	3,645,130
Waco	9/30/2006	46,763,478	100%	46,763,478
West	9/30/2006	4,470,000	100%	4,470,000
Woodway	9/30/2006	6,765,000	100%	6,765,000
(continued)				

McLENNAN COUNTY, TEXAS

Continued

Computation of Direct and Overlapping Debt

September 30, 2006
(Unaudited)

Jurisdiction	As of	Net Debt Outstanding (1)	Percentage Applicable to County (2)	Amount Applicable to County
School Districts:				
County-Line School Districts:				
Axtell Independent School District	8/31/2006	\$ -	93.41%	\$ -
Bruceville-Eddy Independent School District	6/30/2006	-	97.41%	-
China Spring Independent School District	6/30/2006	16,430,959	97.01%	15,939,673
Crawford Independent School District	8/31/2006	3,414,997	96.64%	3,300,253
Lorena Independent School District	8/31/2006	15,254,464	97.98%	14,946,324
Mart Independent School District	8/31/2006	3,750,000	79.04%	2,964,000
Moody Independent School District	8/31/2006	-	53.77%	-
Oglesby Independent School District	8/31/2006	860,000	7.11%	61,146
Riesel Independent School District	8/31/2006	2,759,662	49.98%	1,379,279
Robinson Independent School District	8/31/2006	12,989,988	98.51%	12,796,437
Valley Mills Independent School District	8/31/2006	346,151	46.38%	160,545
West Independent School District	8/31/2006	9,548,690	98.48%	9,403,550
Other School Districts:				
Bosqueville Independent School District	8/31/2006	2,290,868	100%	2,290,868
Connally Independent School District	8/31/2006	12,274,771	100%	12,274,771
Gholson Independent School District	8/31/2006	-	100%	-
Hallsburg Independent School District	6/30/2006	-	100%	-
LaVega Independent School District	8/31/2006	23,715,000	100%	23,715,000
McGregor Independent School District	8/31/2006	9,043,253	100%	9,043,253
Midway Independent School District	8/31/2006	59,724,756	100%	59,724,756
Waco Independent School District	8/31/2006	82,681,934	100%	82,681,934
		<u>\$386,189,002</u>		<u>\$ 381,785,298</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
Legal Debt Margin
Last Ten Fiscal Years
(in thousands of dollars)
(Unaudited)

	1997	1998	1999	2000
<u>Debt Limit (Article 3, Section 52 of the Texas Constitution)</u>				
Assessed Value of Real Property	\$ 4,105,710	\$ 4,258,100	\$ 4,436,640	\$ 4,712,666
Debt Limit (One-fourth of the assessed value of Real Property	1,026,428	1,064,525	1,109,160	1,178,167
Road Bonds Outstanding	-	-	-	-
Legal Debt Margin	<u>\$ 1,026,428</u>	<u>\$ 1,064,525</u>	<u>\$ 1,109,160</u>	<u>\$ 1,178,167</u>
<u>Debt Limit (Under Texas General Laws)</u>				
Assessed Value of All Taxable Property	\$ 5,636,683	\$ 5,846,109	\$ 6,078,757	\$ 6,452,757
Debt Limit (5%)	281,834	292,305	303,938	322,638
Outstanding General Obligation Bonds, Net of Assets in Debt Service Funds	29,784	28,331	26,606	35,032
Legal Debt Margin	<u>\$ 252,050</u>	<u>\$ 263,974</u>	<u>\$ 277,332</u>	<u>\$ 287,606</u>

Source: McLennan County Financial Records

As to bonds issued under Article 3, Section 52e of the Texas Constitution, counties "may issue bonds or otherwise lend its credit in any amount not to exceed one-fourth of the assessed valuation of the real property of such district or territory.

Government Code 1301.003(c) states "the total indebtedness of any county for the purpose provided in this chapter, shall not be increased by any issue of bonds to a sum exceeding five percent of its said taxable values.

Table XIII

2001	2002	2003	2004	2005	2006
\$ 5,060,143	\$ 5,549,856	\$ 6,782,069	\$ 7,213,337	\$ 7,922,995	\$ 8,710,431
1,265,036	1,387,464	1,695,517	1,803,334	1,980,749	2,177,608
-	-	-	-	-	-
<u>\$ 1,265,036</u>	<u>\$ 1,387,464</u>	<u>\$ 1,695,517</u>	<u>\$ 1,803,334</u>	<u>\$ 1,980,749</u>	<u>\$ 2,177,608</u>
\$ 6,884,456	\$ 7,168,464	\$ 8,542,415	\$ 9,208,393	\$ 10,119,984	\$ 10,829,902
344,223	358,423	427,121	460,420	505,999	541,495
42,419	39,756	45,335	42,370	39,615	41,230
<u>\$ 301,804</u>	<u>\$ 318,667</u>	<u>\$ 381,786</u>	<u>\$ 418,050</u>	<u>\$ 466,384</u>	<u>\$ 500,265</u>

MCLENNAN COUNTY, TEXAS
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Year	Population (1)	Personal Income (in thousands of dollars) (2)	Per Capita Personal Income (2)	School Enrollment (3)	Median Age (4)	Unemployment Rate (2)
1997	201,779	4,058,986	20,116	39,251	-	4.6%
1998	201,779	4,256,124	21,093	39,420	-	3.2%
1999	203,446	4,472,964	21,986	36,467	-	3.8%
2000	213,517	4,850,893	22,719	39,430	31.9	3.3%
2001	213,517	4,960,000	23,230	39,327	-	3.9%
2002	216,517	5,197,058	24,003	39,680	-	4.0%
2003	216,517	5,197,924	24,007	39,916	-	4.7%
2004	219,807	5,607,716	25,512	40,491	-	4.0%
2005	225,500	5,991,480	26,928	40,835	32.4	4.7%
2006	224,668	6,385,514	28,422	41,066	-	4.8%

Source:

- (1) U.S. Census Bureau
- (2) Texas Workforce Commission
- (3) Texas Education Agency
- (4) U.S. Census Bureau (available only for selected years)

MCLENNAN COUNTY, TEXAS
Principal Employers
September 30, 2006
(Unaudited)

2006 Employer	Industry	Full Time Equivalent Employees	Percentage of Total County Workforce
Veterans Administration Medical Center	Veterans Healthcare System	3,000	2.65%
Baylor University	University	2,300	2.03
Waco Independent School District	Public Education	2,300	2.03
Hillcrest Health System	Medical Center / Hospital	1,836	1.62
L-3 Communications Integrated Systems	Aircraft Modification	1,706	1.51
Providence Health Center	Medical Center / Hospital	1,565	1.38
City of Waco	City Government	1,460	1.29
Midway Independent School District	Public Education	885	0.78
McLennan County	County Government	880	0.78
Masterfoods USA, A Mars, Inc. Company	Confectionary Products	750	0.66
Pilgrims Pride	Processed Chicken Products	688	0.61
Cargill Foods, Inc.	Dressed/Packed Turkey Products	685	0.60
Texas State Technical College	Post Secondary Education	650	0.57
Examination Management Services, Inc.	Insurance Inspection Audit	600	0.53
Texas Youth Commission Correctional Facility	Youth Correctional Facility	592	0.52
Alcoa Fastening Systems	Industrial Fasteners	532	0.47
Connally Independent School District	Public Education	500	0.44

Source: Greater Waco Chamber of Commerce

Table XVI

MCLENNAN COUNTY, TEXAS
County Employees by Function
Last Ten Fiscal Years
(Unaudited)

<u>Function</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Administration	44	47	54	53	53	51	50	50	51	56
Judicial	84	81	87	83	88	84	89	92	90	96
Legal Services	31	32	33	36	36	36	39	39	39	44
Elections	4	4	4	5	5	5	5	5	5	5
Financial Administration	76	76	81	80	81	82	83	83	83	84
Public Safety	317	339	341	342	352	358	363	378	392	395
Health and Welfare	18	18	26	26	27	28	30	30	30	30
Conservation	7	7	7	7	7	7	7	7	7	7
Public Transportation	88	87	86	85	82	85	82	86	86	77
Total	669	691	719	717	731	736	748	770	783	794

(1) Information derived from the annual salary schedules adopted by McLennan County Commissioner's Court.

McLennan County, Texas
Operating Indicators by Function
Last Four Fiscal Years
(unaudited)

	2003	2004	2005	2006
<u>General Government</u>				
County Auditor:				
Employees full time	18	18	18	18
Vouchers processed	31,645	32,396	31,919	32,927
Accounts payable checks issued	16,936	17,304	17,773	18,213
Internal audit months completed	386	386	385	385
County Judge				
Employees full time	4	4	4	4
Probate cases filed	N/A	N/A	436	605
Guardianship cases filed	N/A	N/A	51	70
Hearings held	N/A	N/A	563	734
County Treasurer:				
Employees full time	5	5	5	5
Payroll checks and advices issued	20,946	21,100	21,574	21,966
Cash receipts processed	3,611	3,594	3,229	3,514
Human Resources:				
Employees full time	4	4	4	4
New hires processed	136	115	138	132
Terminations processed	119	117	137	140
Purchasing:				
Employees full time	4	4	4	4
Purchase orders processed	6,367	6,004	6,049	6,144
Tax Assessor/Collector:				
Employees full time	35	37	37	37
Motor vehicle registrations	N/A	182,713	188,837	193,919
Ad valorem assessment notices issued	111374	112603	116163	117372
<u>Judicial</u>				
Bail Bond Office				
Employees full time	2	2	2	2
Bonds Posted	11,384	11,565	12,673	12,301
Dismissals	986	1,249	1,152	980
Dispositions	6,916	8,007	11,154	8,384
Bond Forfeitures	68	61	117	185
County Clerk:				
Employees full time	24	24	24	24
Civil cases	1583	1727	1859	2298
Criminal cases	5308	5249	5063	5553
Probate cases	638	691	623	674
Marriage licenses	2120	2188	2018	2036

(Continued)

(Continued)

McLennan County, Texas
Operating Indicators by Function
Last Four Fiscal Years
(unaudited)

	2003	2004	2005	2006
<u>Judicial (cont.)</u>				
District Clerk:				
Employees full time	21	21	21	22
Civil cases	4,118	4,203	3,845	4,034
Criminal cases	2,004	2,273	2,316	2,678
Juvenile cases	604	662	535	662
Jurors Summoned	N/A	23,000	26,000	27,600
Jurors Impaneled	N/A	1,004	1,004	960
Justices of the Peace:				
Employees full time	25	25	25	25
Civil cases filed	2,691	2,945	2,814	3,735
Criminal cases filed	20,178	17,780	19,701	19,150
Mental Health Court Services				
Employees full time	2	2	2	2
Mental health cases filed	393	438	401	366
90 day commitments	213	270	264	227
Warrants issued	172	230	212	254
<u>Public Safety</u>				
Constables:				
Employees full time	22	22	22	22
Civil process	13181	12704	12673	10896
County Sheriff				
Employees full time	98	95	94	94
Total arrests	11772	12575	12992	13000
Total charges	31717	35622	38673	39185
Jail				
Employees full time	177	187	185	185
Total prisoner days	285,891	282,662	271,184	309,781
Prisoner hospital expenditures	\$ 157,976	\$ 160,857	\$ 176,942	\$ 188,319
Prisoner physician expenditures	\$ 231,040	\$ 254,507	\$ 274,672	\$ 313,329
Prisoner pharmacy expenditures	\$ 277,369	\$ 363,479	\$ 362,797	\$ 346,818
<u>Welfare</u>				
County Welfare Department				
Employees full time	14	13	14	14
Clients registered	6,554	6,299	5,443	5,100
Clients seen	4,609	4,606	4,434	4,407
Clients screened	2,793	2,489	2,203	2,163
Pauper burials	40	52	47	62

Source: Various County departments

Table XVIII

McLennan County
Capital Asset Statistics by Function
Last Four Fiscal Years
(unaudited)

Function	2003	2004	2005	2006
General Government				
General Administration	61,159	61,159	62,359	61,159
Legal	13,295	13,295	13,295	13,295
Elections	6,662	6,662	6,662	6,662
Financial Administration	63,365	63,365	63,365	63,365
Judicial	61,105	61,105	61,105	61,105
Public Safety				
Law Enforcement	26,518	26,518	26,518	26,518
Corrections	251,323	251,323	236,187	298,079
Other Protection	390	390	390	390
Public Transportation				
Engineering	1,935	1,935	1,935	1,935
Maintenance	31,840	31,840	30,640	31,168
Health	7,763	7,763	7,763	7,763
Welfare	51,832	51,832	51,832	51,832
Culture/Recreation	459,150	501,150	501,150	501,150
Conservation	5,000	5,000	5,000	5,000
Infrastructure:				
Road miles	3,074	3,078	3,079	3,079
Number of bridges	200	190	190	190

Source: McLennan County Auditor's Office

Note: All items show square footage unless otherwise indicated.

