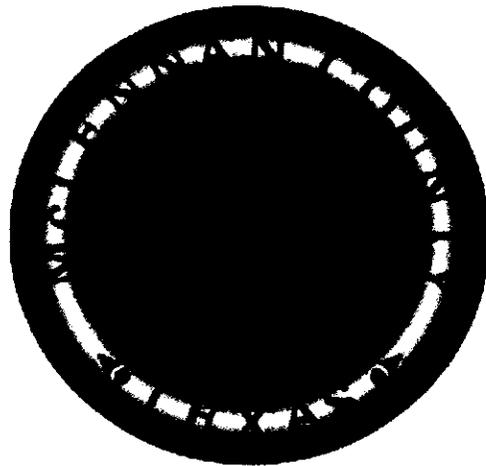


# **MCLENNAN COUNTY, TEXAS**

## **Comprehensive Annual Financial Report For the Year Ended September 30, 2007**



Prepared By  
Steven G. Moore  
County Auditor

**McLENNAN COUNTY, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

Prepared by:  
**STEVEN G. MOORE, CPA**  
**COUNTY AUDITOR**

**McLENNAN COUNTY, TEXAS**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended September 30, 2007**

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# INTRODUCTORY SECTION

**Steven G. Moore, CPA  
County Auditor**



214 N. Fourth Street, Suite 100  
Waco, Texas  
Voice (254) 757-5156  
Fax (254) 757-5157  
Steve.moore@co.Mclennan.tx.us

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March 30, 2008

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, 2007, 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, 2007, 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, 2007 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 226,189. This is up 5.9% over the 2000 census of 213,517 and 32.4% 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.

It should be pointed out that many of the Texas statutes relating to counties are bracketed based on the most recent decennial census. For example the preceding paragraph explains that in Texas counties with decennial populations under 225,000, the County Judge is the budget officer. However in the first paragraph of this section, our estimated population is 226,189. The current population has no bearing on which statutes govern McLennan County – it is the population determined by the census in 2000 that is the determining factor. In the year 2010 the population will in all likelihood exceed 225,000, and at that time the County Auditor will become the statutory budget officer, unless the Commissioners' Court makes the decision to appoint a third party budget officer, other than the County Judge.

## **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.

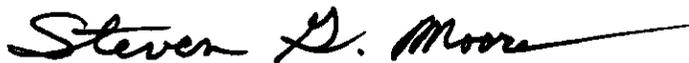
#### **Awards and Acknowledgements**

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, 2006. This is the twenty-second consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

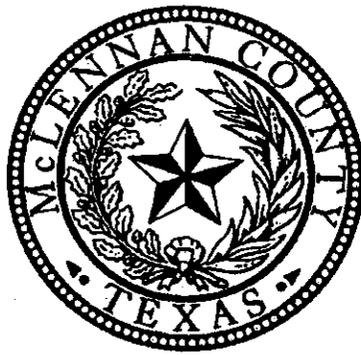
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Steven G. Moore  
McLennan County Auditor



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

McLennan County  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2006

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.

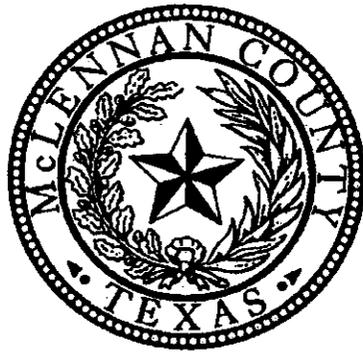


*Oliver S. Cox*

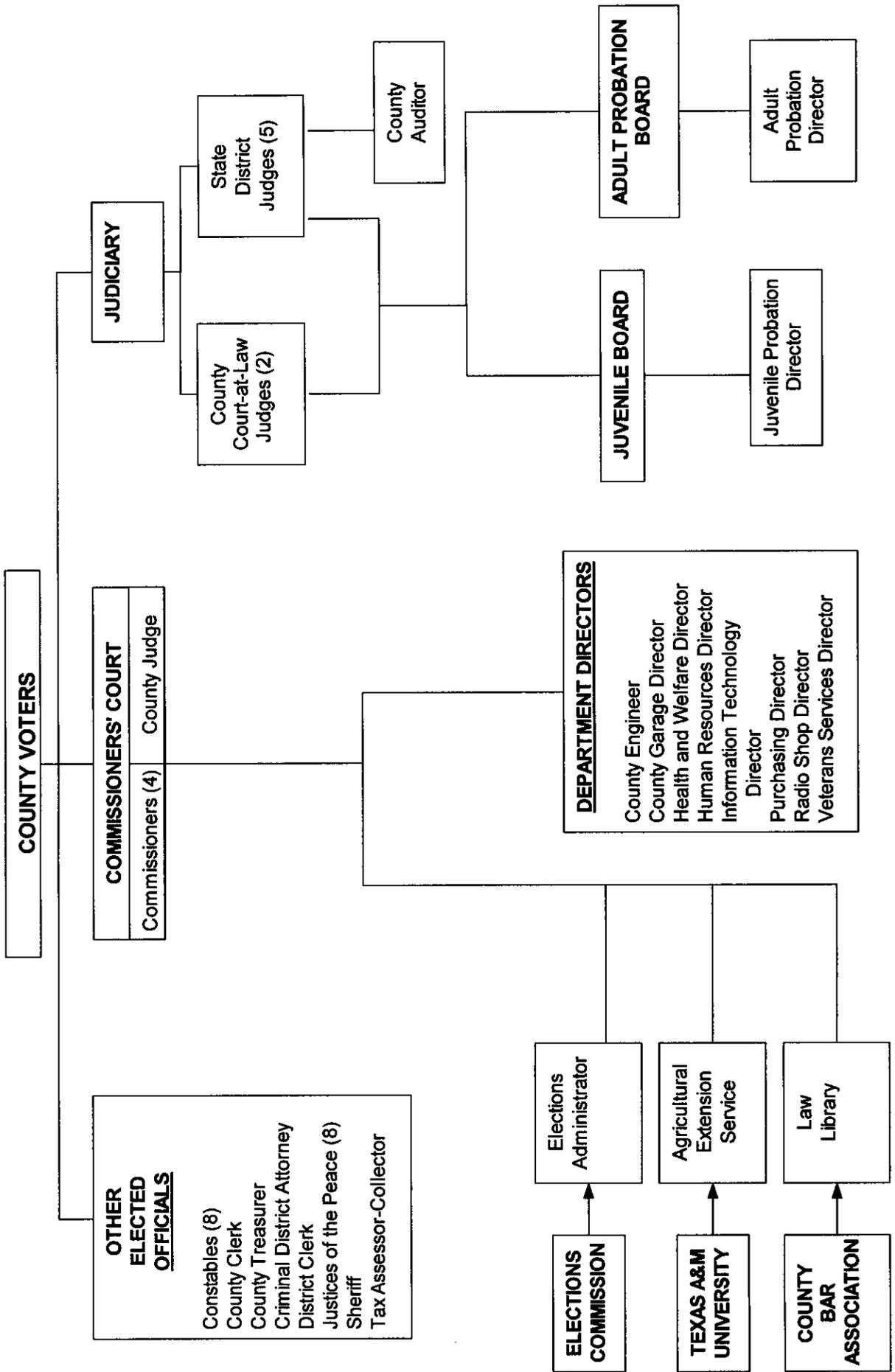
President

*Jeffrey R. Emmer*

Executive Director



**McLENNAN COUNTY, TEXAS  
ORGANIZATION**



**MCLENNAN COUNTY, TEXAS**

**PRINCIPAL OFFICIALS**  
As of September 30, 2007

**ELECTED OFFICIALS**

District Officials

Judge, 19<sup>th</sup> Judicial District ..... Ralph Strother  
Judge, 54<sup>th</sup> Judicial District ..... Matthew Johnson  
Judge, 74<sup>th</sup> Judicial District ..... Alan Mayfield  
Judge, 170<sup>th</sup> Judicial District ..... Jim Meyer  
Judge, 414<sup>th</sup> 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 ..... Mike Freeman  
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 5, Place 2 ..... Jack Goodwin  
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 7 ..... Jean Laster  
Justice of the Peace, Precinct 8 ..... Fernando Villarreal

**APPOINTED OFFICIALS**

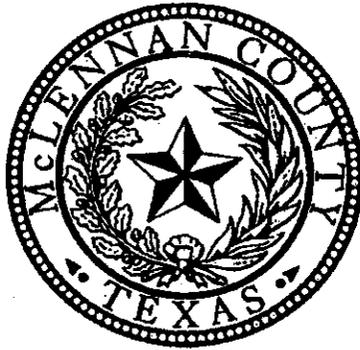
County Auditor ..... Steven Moore  
Director of Juvenile Probation ..... Bobby Campos  
Director of Adult Probation ..... Curtis Hand  
Elections Director ..... Kathy Van Wolfe

**MCLENNAN COUNTY, TEXAS**

**PRINCIPAL OFFICIALS (continued)**  
As of September 30, 2007

**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, 2007, 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, 2007, 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 31, 2008, 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 Schedule of Funding Progress for the Retirement Plan for the Employees of McLennan County and budgetary comparison information on pages 13 through 27 and pages 61 and 62 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, L.L.P.*

March 31, 2008

**McLennan County, Texas**  
**Management's Discussion and Analysis**  
**September 30, 2007**

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, 2007. 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, 2007, by \$84 million. Net assets invested in capital assets (net of depreciation and related debt) account for almost 43% of this amount, with a value of \$36 million. Restricted net assets totaled \$7.6 million or 9.1% of net assets. Of the remaining net assets, approximately \$40.2 million, or 47.9%, may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net assets increased by a total of \$9.8 million for the year ended September 30, 2007 when compared to the total net assets reported for the year ended September 30, 2006. This increase was comprised of a change in net assets from activities in the amount of \$8.1 million and a transitional addition of right of way land adjustment of \$1.7 million.
- Income from general sources of revenue totaled more than \$58.1 million, with total expenses in excess of program revenues of \$50 million.
- The year ended September 30, 2007 is the fourth year from the County implementation of GASB 34. GASB 34 required that all infrastructure reporting from the transition to GASB 34 be accomplished no later than the fourth year from which the initial implementation occurred. The remaining right of way that had not been recorded prior to September 30, 2007 was in the amount of \$1.7 million and was recorded as a prior period adjustment in the year ended September 30, 2007.
- As of September 30, 2007, McLennan County's governmental funds reported combined ending fund balances of \$52.9 million. Of that amount, \$2.3 million was reserved or designated for specific purposes. An amount of \$17.5 million was unreserved and undesignated in the Special Revenue Funds combined, and \$27.4 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 \$27.4 million at September 30, 2007 was 48.5% of the total \$56.5 million in Fiscal Year 2007 General Fund expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

***Government-Wide Financial Statements***

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

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

The statement of activities presents information showing how the government's net assets changed during 2007. 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 2007, 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 2007.

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.

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

McLennan County utilizes and maintains budgetary controls over its operating funds. Budgetary controls are used to ensure compliance with legal provisions required under state statute governing the annual appropriated budget. Budgets for governmental funds are established in accordance with state law and are adopted at the department level for all funds using the primary categories of personal services, supplies, other services and charges, capital outlay and debt service. Specific equipment items included in capital outlays are approved on a capital equipment schedule. Appropriations for Capital Projects Funds are approved on an annual basis. A budgetary comparison statement is provided for the General Fund in this management's discussion and analysis section. Also, the Required Supplementary Information contains budget comparisons for the General Fund. Budgetary comparisons are not presented for the Adult Probation Fund because its budget is determined by a State grantor agency. The comparison statement is used to demonstrate compliance with the budget both as originally adopted and as finally amended.

***Fiduciary Funds***

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

***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, 2007 and 2006:

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

	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 69,141	\$ 62,222
Capital assets (net of accumulated depreciation) and construction in progress	68,864	67,243
<b>Total assets</b>	<b>\$ 138,005</b>	<b>\$ 129,465</b>
Current and other liabilities	\$ 5,207	\$ 4,028
Unearned revenues	604	441
Long-term liabilities	48,223	50,768
<b>Total liabilities</b>	<b>\$ 54,034</b>	<b>\$ 55,237</b>
<b>Net assets:</b>		
Invested in capital assets, net of related debt	\$ 36,068	\$ 38,878
Restricted	7,854	7,465
Nonexpendable	47	47
Unrestricted	40,002	27,838
<b>Total net assets</b>	<b>\$ 83,971</b>	<b>\$ 74,228</b>

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, 2007 totaled \$84 million, representing a \$9.8 million increase from the September 30, 2006 balance.

McLennan County's total assets were just over \$138.5 million as of September 30, 2007. Of this amount, over \$68.9 million is accounted for by capital assets, which includes net infrastructure of \$9.5 million. Of the remaining County assets, approximately \$53.8 million were accounted for in cash, cash equivalents, and investments; \$11.4 million in taxes and accounts receivable; \$3.3 million due from other governments, \$508 thousand in inventories; and \$204 thousand in prepaid expenses.

Cash and cash equivalents increased \$6.5 million, from \$47.3 million at September 30, 2006 to \$53.8 million at September 30, 2007. \$3.3 million of that amount came from the excess of revenues over expenditures in the General Fund, \$1.3 million came from the sale of an older building that had been leased to another entity. In addition, the increase in accounts payable of \$1.1 million was a factor in the increase in cash.

At September 30, 2007 the County had outstanding liabilities of \$54 million, with slightly over \$48.2 million in total long-term liabilities. Of the long-term liabilities, \$5.7 million was due within a year, with the remainder of \$42.5 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 \$4.1 million in accounts payable and accrued liabilities.

A large portion of the County's net assets (almost 43%) 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 9.1% 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 \$40.2 million (unrestricted net assets) represents the amount that may be used to meet the County's ongoing obligations.

**Statement of Activities**

McLennan County's governmental activities increased net assets by \$8.1 million in 2007. 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 \$82.3 million in 2007 compared to almost \$79.8 million in 2006, for an increase of \$2.5 million.
- Property tax revenue accounted for 48.2% of total revenues, increasing \$2.1 million from \$37.6 million in 2006 to \$39.7 million in 2007.
- Sales tax accounted for 14.4% of total revenues, increasing \$387 thousand from \$11.5 million in 2006 to \$11.8 million in 2007.
- Grants and contributions accounted for 8.3% of total revenues, showing a decrease of \$1.8 million from \$8.6 million in 2006 to \$6.8 million in 2007. This is primarily due to one-time pass-through grants from the State of Texas and Federal Agencies that were received in, and the respective projects were completed in, 2006.
- Charges for services totaling \$17.4 million in 2006 comprised 21.1% of total revenue in 2006, compared to \$17.5 million in charges for services in 2007, which represented 22.0% of total revenue in 2007.
- The remaining 8.0% of revenue in 2007 was provided by other taxes, interest income, rental revenues and miscellaneous sources. In 2006 this same group of revenues comprised 5.9% of revenues. The primary reason for the increase was a gain of just over \$1 million recognized on the sale of a building and an increase in interest earnings. Interest earnings increased due to an increase in cash and cash equivalents plus improved interest rates in 2007.

Expenses for the year totaled about \$74.3 million in 2007 compared to \$73.7 million in 2006. This represents a .7% or \$520 thousand increase in 2007 compared to 2006.

Highlights of the expenses by activity are as follows:

- General administration activities, accounted for 20% of expenses in 2007, increasing by \$282 thousand, or 1.9%, in 2007 compared to 2006.
- Judicial activities, accounting for 8.4% of expenses in 2007, increasing by \$476 thousand, or 8.3%, in 2007 compared to 2006.
- Public Safety activities, accounting for 44.7% of expenses in 2007, increasing by \$904 thousand, or 2.8%, in 2007 compared to 2006.
- Public Transportation activities, accounting for 9.4% of expenses in 2007, decreasing by \$324 thousand, or 4.4% in 2007 compared to 2006.
- Health and Welfare activities, accounting for 11.5% of expenses in 2007, increasing by \$248 thousand or 8.2% from 2006.
- Culture–Recreation activities, accounted for 1.9% of expenses in 2007. Culture-Recreation expenses decreased in 2007 compared to 2006 by \$1.3 million, due to the fact that a one-time capital grant from the State of Texas was included and completed in 2006. The grant resulted in a capital asset for another entity since the other entity is responsible for maintaining and operating the constructed facility, and therefore the project costs were not capitalized by the County.

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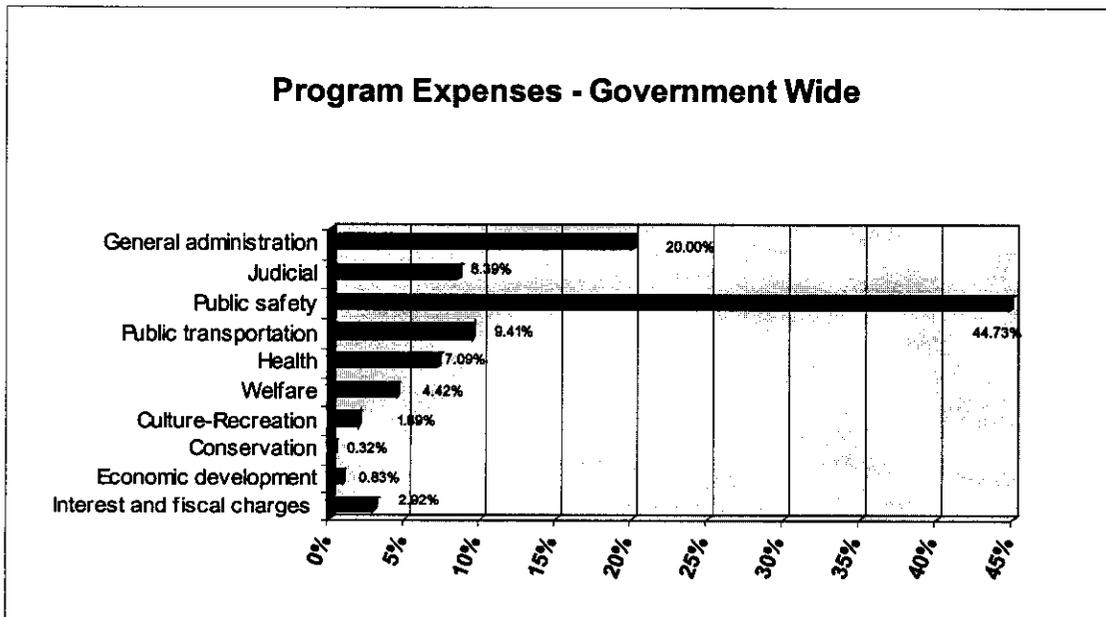
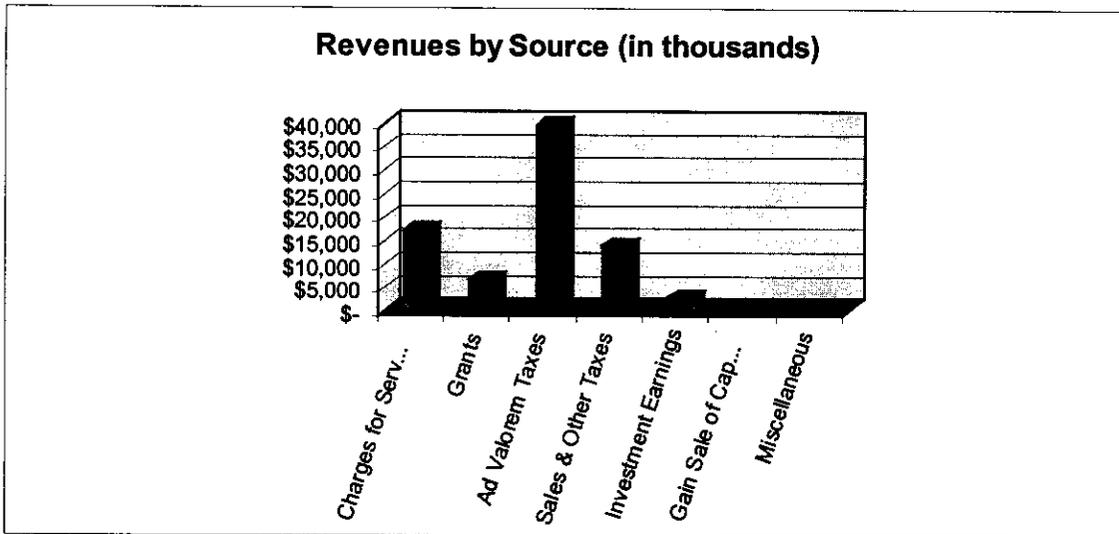
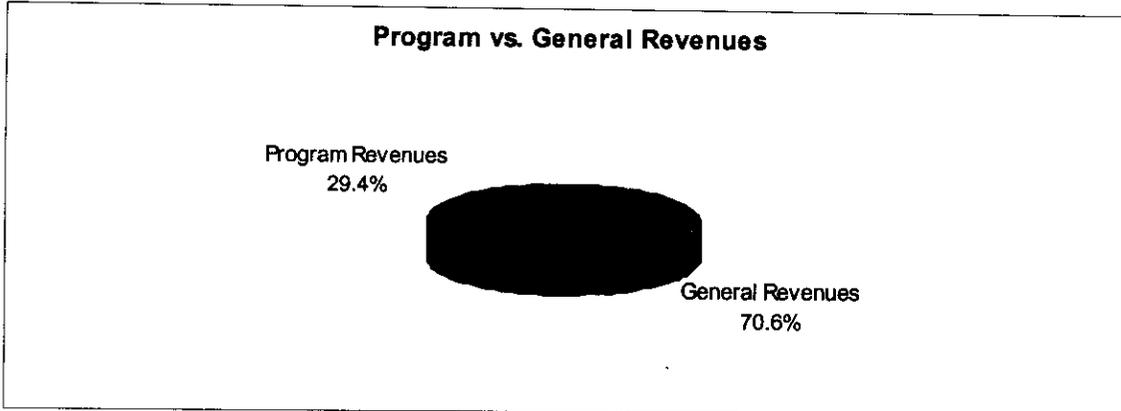
- All other activities, including conservation, economic development and interest and fiscal charges accounted for 4.1% of expenses in 2007 compared to 4.5% of expenses in 2006.

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

	2007 Governmental Activities	2006 Governmental Activities
<b>Revenues</b>		
<i>Program Revenues</i>		
Charges for services	\$ 17,399	\$ 17,571
Operating grants and contributions	5,367	6,882
Capital grants and contributions	1,459	1,678
	\$ 24,225	\$ 26,131
<i>General Revenues</i>		
Property Taxes	39,671	37,573
Sales Taxes	11,846	11,459
Other Taxes	2,420	2,307
Unrestricted investment earnings	2,984	2,362
Miscellaneous	1,190	14
Total revenues	82,336	79,846
<b>Expenses</b>		
General administration	14,855	14,436
Judicial	6,228	5,752
Public safety	33,215	32,311
Public transportation	6,989	7,313
Health	5,266	4,629
Welfare	3,284	3,036
Culture-Recreation	1,401	2,792
Conservation	235	213
Economic development	617	959
Interest and fiscal charges	2,168	2,297
Total expenses	74,258	73,738
Change in net assets	8,078	6,108
Net assets - beginning	74,228	68,120
Prior period adjustment		
Transitional recording of remaining infrastructure	1,665	-
Adjusted net assets – beginning	75,893	68,120
Net assets, ending	\$ 83,971	\$ 74,228

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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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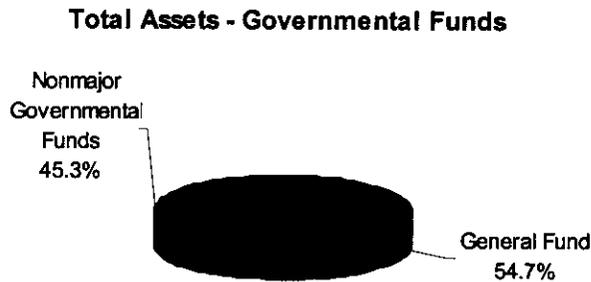
**FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

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 2007. The General Fund accounted for 54.7% of total governmental fund assets and 45.3% 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.



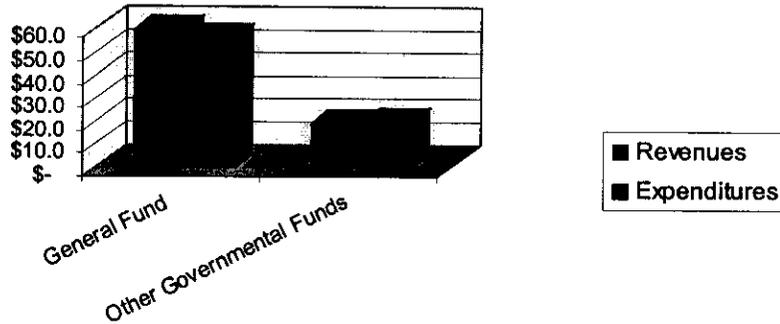
The focus of McLennan County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of September 30, 2007, the County's governmental funds reported combined ending fund balances of nearly \$52.9 million. Of this total amount, over \$27.4 million (51.8%) is unreserved and available for spending without restrictions for general governmental purposes from the General Fund. \$18.8 million (35.5%) 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 \$6.5 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 general fund 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 75.5% of all governmental fund revenue and 73.5% of expenditures.

The net change in fund balance for the General Fund in 2007 was an increase of \$3.8 million. This includes an excess of revenues over expenditures of \$3.3 million, transfers out to other funds of over \$1.4 million, transfers from other funds of \$222 thousand, proceeds from the issuance of a note payable of \$299 thousand, and proceeds from disposition of capital assets of \$1.3 million.

**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, 2007:

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<b>Comparison of Original Budget and Final Budget</b>			
<b>Year Ended September 30, 2007</b>			
<b>(\$ in Thousands)</b>			
	Budgeted Amounts		Variance with Final Budget
	Original	Final	Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 43,645	\$ 43,645	\$ -
Licenses and Permits	60	60	-
Intergovernmental	1,128	1,158	30
Charges for Services	5,825	5,825	-
Fines and Forfeits	84	84	-
<b>Miscellaneous:</b>			
Investment Income, Net	1,065	1,065	-
Other	5,008	5,061	53
Total Miscellaneous	6,073	6,126	53
Total Revenues	56,815	56,898	83
<b>Expenditures:</b>			
<b>Current:</b>			
General Government	17,429	16,822	607
Judicial	6,101	6,318	(217)
Public Safety	27,664	28,127	(463)
Public Transportation	209	209	-
Health	6,544	6,968	(424)
Welfare	4,553	4,553	-
Culture-Recreation	662	662	-
Conservation	290	290	-
Economic Development and Assistance	187	187	-
<b>Debt Service:</b>			
Principal and Retirements	857	857	-
Interest and Fiscal Charges	354	354	-
Total Expenditures	64,850	65,347	(497)
Excess (Deficiency) of Revenue over Expenditures	(8,035)	(8,449)	(414)
<b>Other Financing Sources (Uses):</b>			
Disposition of Capital Assets	1	451	450
Issuance of Notes Payable	0	0	-
Issuance of Lease Purchase	305	305	-
Transfers In	809	833	24
Transfers Out	(1,917)	(1,977)	60
Total Other Financing Sources	(802)	(388)	534
Net Change in Fund Balance	(8,837)	(8,837)	-
Fund Balance at Beginning of Year	18,376	18,376	-
Fund Balance at End of Year	\$ 9,539	\$ 9,539	\$ -

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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 \$83 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 \$607 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 \$750 thousand. The difference of \$143 thousand was due to the contingency being transferred to accounts within the General Government function.
- *Regarding the \$217 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. \$91.2 thousand was to fund a new State-mandated fine/fee collection program and \$84,001 to replace equipment and computer equipment.
- *Regarding the \$463 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. This was due primarily to the fact that jail overcrowding forced the County provide \$480 thousand to procure outside services to house inmates that exceeded State-mandated maximums.
- *Regarding the \$424 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.

The increase in the Other Financing Sources of \$450 thousand was due to the Auditors certification of revenue from the sale of a building during 2007.

**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, 2007:

**McLennan County, Texas**  
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**General Fund Revenues, Expenditures and**  
**Changes in Fund Balance - Budget (GAAP Basis) and Actual**  
**Year Ended September 30, 2007**  
**(\$ in Thousands)**

	Final Budget	Final Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 43,645	\$ 44,801	\$ 1,156
Licenses and Permits	60	82	22
Intergovernmental	1,158	1,574	416
Charges for Services	5,825	6,343	518
Fines and Forfeits	84	105	21
Miscellaneous:			-
Investment Income, Net	1,065	1,654	589
Other	5,061	5,273	212
Total Miscellaneous	<u>6,126</u>	<u>6,927</u>	<u>801</u>
Total Revenues	<u>56,898</u>	<u>59,832</u>	<u>2,934</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General Government	16,822	14,036	2,786
Judicial	6,318	5,555	763
Public Safety	28,127	26,046	2,081
Public Transportation	209	203	6
Health	6,967	5,235	1,732
Welfare	4,554	3,263	1,291
Culture-Recreation	662	634	28
Conservation	290	232	58
Economic Development and Assistance	187	129	58
<b>Debt Service:</b>			
Principal and Retirements	857	807	50
Interest and Fiscal Charges	354	353	1
Total Expenditures	<u>65,347</u>	<u>56,493</u>	<u>8,854</u>
Excess (Deficiency) of Revenue over Expenditures	(8,449)	3,339	11,788
<b>Other Financing Sources (Uses):</b>			
Disposition of Capital Assets	451	1,299	848
Issuance of Notes Payable	-	299	299
Issuance of Lease Purchase	305	-	(305)
Transfers In	833	833	-
Transfers Out	(1,977)	(1,977)	-
Total Other Financing Sources	<u>(388)</u>	<u>454</u>	<u>842</u>
Net Change in Fund Balance	(8,837)	3,793	12,630
Fund Balance at Beginning of Year	<u>18,377</u>	<u>23,823</u>	<u>5,446</u>
Fund Balance at End of Year	<u>\$ 9,540</u>	<u>\$ 27,616</u>	<u>\$ 18,076</u>

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**Actual Revenues Compared to Estimated Revenues**

Actual revenues in the General Fund are about \$2.9 million (5.2%) above estimated revenues in the budget. Highlights of these differences are as follows:

- Collections on ad valorem taxes exceeded the estimate by \$610 thousand. Current collections exceeded the estimate by \$333 thousand, reflecting continued growth. Delinquent collections exceeded the estimate by \$276 thousand.
- Actual sales tax collections reflect the strong retail sales climate in Texas by exceeding the estimated collections by \$546 thousand.
- Intergovernmental revenues collected were \$416 thousand greater than anticipated. \$72 thousand of this was due to larger than expected funding from the Southwest Border Patrol Initiative, \$149 thousand was due to larger than expected funding from the State of Texas Indigent Defense Fund and \$119 thousand was due to a change at the State level in funding Vehicle Sales Tax Commissions.
- Revenues from Charges for Services exceeded that which was estimated in the budget by \$517 thousand. The primary components of the positive variance was court related civil fees (\$189 thousand), charges for the collection of ad valorem taxes for other entities (\$179 thousand), motor vehicle license fees (\$67 thousand) and Certificate of Title fees (\$61 thousand).
- Investment revenue was \$589 thousand more than anticipated due to improved interest rates and a higher cash balance.
- Miscellaneous revenue was \$212 thousand more than anticipated. The primary components of this positive variance were \$185 thousand more in rent for the County's old jail facility which housed more prisoners in 2007 (the rent is based on the number of inmates), \$42 thousand more in reimbursement for indigent health care expenditures, \$30 thousand more in inmate telephone commissions, offset by a \$87 thousand decrease in rental income from a building a contractor was using as a nursing home, due to the fact that the building was sold.

**Actual Expenditures Compared to Budgeted Expenditures**

Actual expenditures were 86.5% of the budget for 2007, compared to 86.1% for 2006. 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 (89.1%) of the total positive budget variance of \$8.8 million.

The General Government positive budget variance was \$2.8 million. That positive variance was primarily composed of the following items:

- Salaries and benefits must be included in the budget for each budgeted position, even though there are times some of those positions are not filled. This resulted in a positive variance in personal services expenditures of a little over \$1million, or 37.3% of the positive General Government variance.
- Computer technology expenditures of \$264 thousand were included in the appropriations but determined not to be needed during 2007.
- Expenditures for maintenance of buildings and equipment was \$197 thousand less than anticipated.
- Expenditures for the County's insurance policies were \$192 thousand less than anticipated.
- Expenditures for county legal counsel and other purchased services were \$73 thousand less than anticipated.
- Bank service charges of \$80 thousand were appropriated for 2007, but due to better than expected returns on the County's bank product they were not necessary.
- Actuarial services related to GASB 45 appropriated in the amount of \$40 thousand were not incurred in 2007, but are expected to be incurred in 2008.

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

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- 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 \$302 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 \$1.3 million, or 61.0% of the positive Public Safety variance.
- Expenditures for utilities at the jail were actually \$100 thousand less than the amount budgeted.
- Motor vehicle operating costs were \$68 thousand less than budgeted.

The Health positive budget variance was about \$1.7 million. Under State of Texas statutes, a Texas county is required to bear indigent health costs up to 8% of general tax revenues before reimbursement can be received from the State. The County routinely budgets close to that 8% amount in each year's budget, due to its potential exposure. In 2007, the County's actual expenditures relating to indigent healthcare were \$1.6 million less than the amount budgeted.

The Welfare positive budget variance was \$1.3 million. The primary variance in this department was the fact that the County expended \$1.1 million less than budgeted in relation to its indigent defense program and language translation. Due to recent State legislation, it was anticipated that expenditures in these areas would be greater.

#### **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, 2007, amounts to more than \$68.9 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 and road and bridge equipment during the year, at a cost of almost \$1.1 million.
- Four bridges had to be replaced at a cost of \$679 thousand. Three of those bridges were originally built in the early 1900's while the other bridge was severely damaged during spring floods. Two of those bridges were replaced through the State of Texas bridge replacement program.
- Other changes include the sale of nursing home property by McLennan County for \$1.2 million and the donation to McLennan County of a new Sheriff's Center property valued at \$891 thousand.
- Remaining right of way that had not been previously recorded during the GASB 34 transition period that ends September 30, 2007 were added as a prior period adjustment in the amount of \$1.7 million.

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, 2007, McLennan County had slightly more than \$40 million in total bonded debt outstanding. All of the debt of the county is general obligation debt and is backed by the full faith and credit of McLennan County. For internal purposes, various names are used to reference how the debt is used. For example, refunding, permanent improvement, and certificates of obligation are some of the names used to identify the indebtedness. All of these are general obligation bonds. There are no special assessment bonds or revenue bonds. McLennan County's total bonded debt had a net decrease of \$3.1 million during 2007. McLennan County maintains a real credit rating of Aa2 from Moody's Investor Services.

**McLennan County, Texas**  
**Management's Discussion and Analysis**  
**September 30, 2007**

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

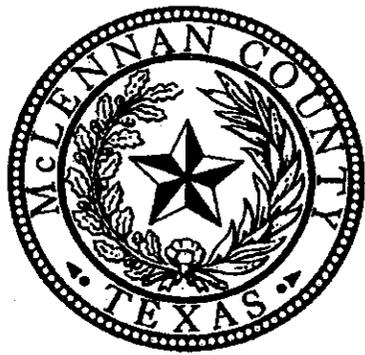
**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

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:

- The ever-expanding inmate population caused the County to look to outside contractors to house inmates during the last part of 2007, and the County is considering ways to mitigate the overcrowding such as a new jail magistrate system and electronic monitoring. Expansion of the jail facility or further contracting for inmate housing will continue to be necessary.
- The Texas State legislature will begin its regular session between January and May of 2009. 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 2009, but they are being studied in the interim committee meetings, and a non-binding referendum limiting revenue growth in local governments passed by a wide margin in early March of 2008.
- 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. 4<sup>th</sup> Street, Suite 100, Waco, TX 76701.



# **BASIC FINANCIAL STATEMENTS**

**MCLENNAN COUNTY, TEXAS**

Statement of Net Assets

September 30, 2007

**ASSETS**

Pooled Cash and Investments	\$	51,899,941
Non-Pooled Cash		1,863,000
Receivables (net of allowances for estimated uncollectibles):		
Taxes		2,052,901
Accounts		9,303,418
Due from Other Governments		3,310,248
Inventories, at Cost		507,705
Prepaid Assets		204,210
Capital Assets (net of accumulated depreciation)		
Land		3,333,096
Buildings and system		49,501,478
Improvements other than buildings		518,662
Machinery and equipment		5,072,613
Infrastructure		9,522,494
Construction in progress		915,713
Total Assets	\$	<u>138,005,479</u>

**LIABILITIES**

Accounts Payable	\$	3,720,025
Accrued Interest Payable		331,397
Due to Other Governments		147,221
Funds Held in Escrow		1,008,285
Unearned Revenue		604,358
Noncurrent liabilities:		
Due within one year		5,705,323
Due in more than one year		42,517,637
Total Liabilities		<u>54,034,246</u>

**NET ASSETS**

Invested in Capital Assets, net of related debt		36,068,109
Restricted Net Assets		
Expendable		
Restricted for Capital Projects		5,580,272
Restricted for Debt Service		2,054,747
Restricted for Education		14,918
Nonexpendable		
Restricted for Education		46,844
Unrestricted		40,206,343
Total Net Assets	\$	<u>83,971,233</u>

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

**MCLENNAN COUNTY, TEXAS**

Statement of Activities

For the Year Ended September 30, 2007

Functions/Programs:	Expenses		Program Revenues		Net (Expense) Revenue and Changes in Net Assets
			Operating Grants and Contributions	Capital Grants and Contributions	
General Administration	\$ 14,855,034	\$ 3,310,693	\$ 1,755,026	\$ -	\$ (9,789,315)
Judicial	6,227,910	4,395,474	239,529	-	(1,592,907)
Public Safety	33,214,912	8,989,499	2,802,681	890,929	(20,531,803)
Public Transportation	6,988,809	320,641	136,781	567,790	(5,963,597)
Health	5,266,641	292,365	211,055	-	(4,763,221)
Welfare	3,283,753	87,411	221,926	-	(2,974,416)
Culture-Recreation	1,400,841	2,650	-	-	(1,398,191)
Conservation	234,964	-	-	-	(234,964)
Economic Development and Assistance	616,903	-	-	-	(616,903)
Interest and fiscal charges	2,168,398	-	-	-	(2,168,398)
<b>Total Governmental Activities</b>	<b>\$ 74,258,165</b>	<b>\$ 17,398,733</b>	<b>\$ 5,366,998</b>	<b>\$ 1,458,719</b>	<b>\$ (50,033,715)</b>
General Revenues:					
Property Taxes					39,671,579
Sales Tax					11,845,607
Alcoholic Beverage Taxes/Other Taxes					2,420,252
Unrestricted Investment Earnings					2,983,877
Rental					3,456
Gain (Loss) on Sale of Capital Assets					1,118,564
Miscellaneous					68,328
<b>Total general revenues</b>					<b>58,111,663</b>
Change in net assets					8,077,948
Net assets - beginning					74,228,028
Prior period adjustment					1,665,257
Transitional recording of remaining infrastructure					75,893,285
Adjusted net assets - beginning					
Net assets - ending					<b>\$ 83,971,233</b>

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

**MCLENNAN COUNTY, TEXAS**

Balance Sheet

Governmental Funds

September 30, 2007

<u>ASSETS</u>	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Pooled Cash and Investments	\$ 26,609,822	\$ 25,317,977	\$ 51,927,799
Non-Pooled Cash	539,145	1,323,856	1,863,000
Receivables (net of allowances for estimated uncollectibles):			
Taxes	1,738,128	314,773	2,052,901
Accounts	542,116	11,244	553,360
Due from Other Funds	30,291	-	30,291
Due from Other Governments	3,119,267	190,982	3,310,248
Inventories, at Cost	242,075	265,630	507,705
Prepaid Assets	204,210	-	204,210
<b>Total Assets</b>	<b>\$ 33,025,054</b>	<b>\$ 27,424,460</b>	<b>\$ 60,449,515</b>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts Payable	\$ 3,669,022	\$ 1,087,147	\$ 4,756,169
Due to Other Funds	-	30,291	30,291
Due to Other Governments	2,342	144,879	147,221
Deferred Revenue	1,738,128	919,131	2,657,258
<b>Total Liabilities</b>	<b>5,409,491</b>	<b>2,181,448</b>	<b>7,590,939</b>
Fund Balance:			
Reserved for Prepaids	204,210		204,210
Reserved for Debt Service	-	2,054,747	2,054,747
Reserved for Education	-	60,440	60,440
Unreserved - Undesignated	27,411,353	23,127,825	50,539,179
<b>Total Fund Equity</b>	<b>27,615,563</b>	<b>25,243,012</b>	<b>52,858,576</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 33,025,054</b>	<b>\$ 27,424,460</b>	<b>\$ 60,449,514</b>

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, 2007

Total fund balances - governmental funds \$ 52,858,576

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	\$ 3,333,096	
Buildings	49,501,478	
Improvements other than buildings	518,662	
Machinery and equipment	5,072,613	
Infrastructure	9,522,494	
Construction in progress	<u>915,713</u>	
Total capital assets		68,864,056

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 are not available to provide for current financial resources, and therefore are deferred in the funds.

8,750,057

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

2,052,901

Total deferred revenues 10,802,958

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	(331,397)	
General obligation bonds	(3,320,000)	
Notes payable	(397,822)	
Capital leases	(546,979)	
Compensated absences	<u>(1,440,522)</u>	
Total current liabilities		(6,036,720)

General obligation bonds	(36,720,000)	
Unamortized Deferred Amount on Refunding	198,223	
Unamortized Refunding Bond Cost	166,643	
Notes payable	(370,187)	
Capital leases	(5,615,566)	
Compensated absences	<u>(176,750)</u>	
Total non-current liabilities		<u>(42,517,637)</u>

Net Assets \$ 83,971,233

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

**MCLENNAN COUNTY, TEXAS**

**Statement of Revenues, Expenditures and Changes in Fund Balances**

**Governmental Funds**

For the Year Ended September 30, 2007

	General	Other Governmental Funds	Total
<b>Revenues:</b>			
Taxes	\$ 44,800,670	\$ 6,751,776	\$ 51,552,447
Licenses and Permits	81,871	1,805,345	1,887,215
Intergovernmental	1,574,043	4,333,947	5,907,990
Charges for Services	6,342,861	2,956,479	9,299,340
Fines and Forfeits	105,479	1,764,811	1,870,289
Miscellaneous	6,926,942	1,778,343	8,705,284
<b>Total Revenues</b>	<b>59,831,865</b>	<b>19,390,700</b>	<b>79,222,566</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General Government	14,036,367	420,236	14,456,603
Judicial	5,554,842	438,846	5,993,688
Public Safety	26,045,796	5,670,068	31,715,864
Public Transportation	203,075	6,448,558	6,651,633
Health	5,235,375	-	5,235,375
Welfare	3,262,859	-	3,262,859
Culture-Recreation	633,514	-	633,514
Conservation	232,401	-	232,401
Economic Development and Assistance	128,714	488,189	616,903
Capital Projects	-	1,896,997	1,896,997
<b>Debt Service:</b>			
Principal and Retirements	806,730	3,155,983	3,962,713
Interest and Fiscal Charges	353,672	1,873,999	2,227,671
<b>Total Expenditures</b>	<b>56,493,346</b>	<b>20,392,875</b>	<b>76,886,221</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>3,338,520</b>	<b>(1,002,175)</b>	<b>2,336,345</b>
<b>Other Financing Sources (Uses):</b>			
Disposition of Capital Assets	1,299,262	-	1,299,262
Issuance of Lease Purchase	-	1,051,495	1,051,495
Issuance of Note Payable	298,788	-	298,788
Transfers In	222,299	2,881,007	3,103,306
Transfers Out	(1,365,987)	(1,737,319)	(3,103,306)
<b>Total Other Financing Sources</b>	<b>454,362</b>	<b>2,195,183</b>	<b>2,649,545</b>
<b>Net Change in Fund Balance</b>	<b>3,792,882</b>	<b>1,193,008</b>	<b>4,985,890</b>
<b>Fund Balance at Beginning of Year</b>	<b>23,822,682</b>	<b>24,050,004</b>	<b>47,872,686</b>
<b>Fund Balance at End of Year</b>	<b>\$ 27,615,563</b>	<b>\$ 25,243,012</b>	<b>\$ 52,858,576</b>

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, 2007

Net change in fund balances - governmental funds \$ 4,985,890

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

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

Capital projects - capital outlay	\$ 1,896,997
Capital projects - functional activities	1,451,049
Depreciation expense	<u>(4,670,283)</u>

Excess of depreciation expense over capital outlay	(1,322,237)
--	-------------

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

Debt issuance and refunding increases long-term debt in statement of net assets.	\$ (1,350,283)
Amortization of debt issuance costs	(15,070)
Amortization of deferred refunding amount	19,485
Debt repayment is expenditure in governmental funds, but reduces long-term liabilities in the statement of net assets.	<u>3,962,713</u>

Total long-term debt	2,616,845
----------------------	-----------

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

Property taxes receivable	\$ (35,261)
Fines and fees receivable	<u>571,524</u>
Total receivables	536,263

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	\$ (71,692)
Accrued interest	<u>54,858</u>
Total expenses	(16,834)

The gain on the sale of capital assets is only recognized in the statement of activities and is not reported in governmental funds.	1,118,564
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Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	1,458,719
---	-----------

The proceeds from the sale of capital assets increases financial resources in governmental funds but these items do not require the use of current financial resources in the statement of activities.	(1,299,262)
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Change in net assets of governmental activities	<u>\$ 8,077,948</u>
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The notes to the financial statements are a integral part of this statement

**MCLENNAN COUNTY, TEXAS**

Statement of Fiduciary Net Assets

Fiduciary Funds

September 30, 2007

	<b>Agency Funds</b>
<b>Assets</b>	
Equity in Pooled Cash	\$ 652,747
Nonpooled Cash	2,459,325
Nonpooled Investments	4,855,831
Accounts Receivable	4,929
Due From Other Governments	5,709
Accrued Interest	66,667
	<hr/>
	\$ 8,045,208
	<hr/>
<b>Liabilities</b>	
Accounts Payable	\$ 4,110,918
Due to Other Governments	771,847
Due to Others	3,162,443
	<hr/>
	\$ 8,045,208
	<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, 2007

**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, 2007

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, 2006 that were due October 1, 2006, have been assessed to finance the budget of the fiscal year ending September 30, 2007. In accordance with the modified accrual basis of accounting, the balances outstanding at September 30, 2007, 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, 2007

**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, 2007

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
<b>Buildings and Building Improvements</b>	
Buildings and Building Improvements	\$50,000
Building Improvements performed/acquired after building acquisition	\$5,000
<b>Infrastructure</b>	
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:

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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

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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 \$48,554,357 difference are as follows:

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Interest payable	\$ 331,397
General obligation bonds	3,320,000
Notes payable	397,822
Capital leases	546,979
Compensated absences	1,440,522
Total current liabilities	\$ 6,036,720
General obligation bonds	\$ 36,720,000
Unamortized Deferred Amount on Refunding	(198,223)
Unamortized Refunding Bond Cost	(166,643)
Notes payable	370,187
Capital leases	5,615,566
Compensated absences	176,750
	\$ 42,517,637
Net adjustment to reduce fund balance — total government funds to arrive at net assets - governmental activities	\$ 48,554,357

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	\$ 3,333,096
Buildings	49,501,478
Improvements other than buildings	518,662
Machinery and equipment	5,072,613
Infrastructure	9,522,494
Construction in progress	915,713
Net adjustments to increase fund balance - total governmental funds to arrive at net assets — governmental activities	\$ 68,864,056

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	\$ 8,750,057
Property taxes earned in the current fiscal year but not available to provide current financial resources, and therefore are deferred in the funds	2,052,901
	\$ 10,802,958

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances — total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation indicates that capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense on capital outlays for County-owned assets only. The details of this \$1,322,237 difference are as follows:

Capital projects – capital outlay	\$ 1,896,997
Capital projects – functional activities	1,451,049
Depreciation expense	<u>(4,670,283)</u>
Net adjustment to decrease net changes in fund Balances — total governmental funds to arrive at Changes in net assets of governmental activities	<u>\$ (1,322,237)</u>

Various other elements of that reconciliation associated with the issuance of long-term debt (i.e. bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$2,616,845 difference are as follows:

Debt issued or incurred:	
Issuance of long term debt	\$ (1,350,283)
Amortization of debt issuance costs	(15,070)
Amortization of deferred refunding amount	19,485
Principal Payments:	
General obligation debt	<u>3,962,713</u>
Net adjustments to increase net changes in fund balance — total government funds to arrive at changes in net assets of government activities	<u>\$ 2,616,845</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 \$1,797,450 difference are as follows:

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The gain 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:

Gain on disposal of capital assets	\$ 1,118,564
Proceeds from sale of capital assets	<u>(1,299,262)</u>
	<u>(180,698)</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	\$ (35,261)
Fines and fees receivable	<u>571,524</u>
	<u>536,263</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.

1,458,719

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 \$16,834 difference are as follows:

Compensated absences	\$ (71,692)
Accrued interest	<u>54,858</u>
	<u>(16,834)</u>

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

\$ 1,797,450

**III Detailed Notes on All Funds**

**(a) Deposits and Investments**

As of September 30, 2007, McLennan County had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Local Government Investment Pools	\$ 51,103,368	.089
Money Market Mutual Funds	<u>\$ 611,183</u>	.121
Total Fair Value	<u>\$ 51,714,551</u>	
Portfolio Weighted Average Maturity		.090

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, 2007, the carrying amount of the County's pooled cash deposits was \$836,705, and the bank balance was \$1,741,754. 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, 2007, 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 shown in the table on the following page:

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Delinquent property taxes receivable (general operating funds)	
General Fund	\$ 1,738,128
Jury Fund	3,513
Farm to Market Roads Fund	64,023
Debt Service Funds	234,502
Other Governmental Funds	12,735
<b>Total Delinquent Property Taxes Receivable</b>	<b>2,052,901</b>

Due From Other Funds	30,291
Due From Other Governments	3,310,248
Miscellaneous Receivables	553,360
<b>Total Receivables</b>	<b>\$5,946,800</b>

	General Fund	All Funds Not Included As A Major Fund	Total All Funds
Receivables:			
Taxes	\$ 1,931,253	\$ 349,748	\$ 2,281,001
Due from Other Governments	3,119,267	190,982	3,310,249
Due from Other Funds	30,291	-	30,291
Miscellaneous	546,940	11,244	558,184
Gross Receivables	5,627,751	551,974	6,179,725
Less allowance for uncollectable accounts:			
Taxes	(193,125)	(34,975)	(228,100)
Miscellaneous	(4,825)		(4,825)
<b>Net Receivables</b>	<b>\$ 5,429,801</b>	<b>\$ 516,999</b>	<b>\$ 5,946,800</b>

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

**Receivables**

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

**(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.

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At September 30, 2007, the County had increases in total capital assets of \$4.3 million, with slightly under \$1.7 million recorded as right of way land as the last remaining previously unrecorded portion of infrastructure related to the County's GASB 34 transition. Other increases include \$890,000 from the donation of a building and parking lot to be used for a new Sheriff's Center, \$414,000 for a new Justice of the Peace and Constable in Precinct 8 and \$568,000 for two new bridges acquired through the TXDOT off-system bridge replacement program.

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$ 1,565,150	\$ 1,782,506	\$ 14,560	\$ 3,333,096
Construction in progress	91,802	886,463	62,552	915,713
Total capital assets, not being Depreciated	<u>1,656,952</u>	<u>2,668,969</u>	<u>77,112</u>	<u>4,248,809</u>
Capital assets being depreciated:				
Buildings	77,598,503	2,018,882	1,217,795	78,399,590
Improvements, other than buildings	811,635	16,596	11,482	816,749
Machinery and equipment	19,758,380	1,114,074	1,062,554	19,809,900
Infrastructure	31,219,673	964,292	104,800	32,079,165
Total assets being depreciated	<u>129,388,191</u>	<u>4,113,844</u>	<u>2,396,631</u>	<u>131,105,404</u>
Total capital assets	<u>131,045,143</u>	<u>6,782,813</u>	<u>2,473,743</u>	<u>135,354,213</u>
Less accumulated depreciation for:				
Buildings	27,453,753	2,463,900	1,019,541	28,898,112
Improvements, other than buildings	272,615	36,954	11,482	298,087
Machinery and equipment	14,143,129	1,456,877	862,719	14,737,287
Infrastructure	21,932,634	712,552	88,515	22,556,671
Total accumulated depreciation	<u>63,802,131</u>	<u>4,670,283</u>	<u>1,982,257</u>	<u>66,490,157</u>
Total capital assets being depreciated, Net	<u>65,586,060</u>	<u>(556,439)</u>	<u>414,374</u>	<u>64,615,247</u>
Governmental activities, net	<u>\$ 67,243,012</u>	<u>\$ 2,112,530</u>	<u>\$ 491,486</u>	<u>\$ 68,864,056</u>

Depreciation expense for FY 2007 was charged to functions/programs of the primary government as follows:

<b>Governmental activities:</b>	
General government	\$ 462,015
Judicial	270,439
Public safety	1,805,803
Public transportation	1,313,859
Health	26,644
Welfare	21,507
Culture and recreation	767,327
Conservation	<u>2,689</u>
Total depreciation expense — governmental activities	<u>\$ 4,670,283</u>

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**Construction Commitments**

McLennan County has active construction projects as of September 30, 2007. The projects include renovation of a donated building for a new Sheriff's Center, construction of a new Precinct 3 Road and Bridge barn, installation of a new phone system and a TXDOT off-system bridge replacement. At year-end, the County's outstanding commitments on the projects are as follows:

Project type	Remaining commitment
New Sheriff's Center	\$ 1,644,095
Precinct 3 barn	142,000
New Phone System	59,500
Total	\$ 1,845,595

**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, 2007 was \$62,460,000. The following listing of debt is for general obligation bonds and tax notes outstanding at September 30, 2007; 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	6,530,000
Refunding Bonds Series 1998	4.4%	1998	2014	945,000
Certificates of Obligation Series 2000	5.25 – 6.75%	2000	2020	875,000
Permanent Improvement Bonds Series 2001	4.0 – 5.0%	2001	2021	7,620,000
Certificates of Obligation Series 2003	3.0 – 4.25%	2003	2023	6,810,000
Refunding Bonds Series 2003	3.0 – 3.35%	2003	2013	5,875,000
Refunding Bonds Series 2005	3.5 – 4.0%	2006	2020	7,225,000
Certificates of Obligation Series 2006	3.3 – 4.2%	2006	2025	4,160,000
Total General Obligation Debt				\$40,040,000

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

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

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

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

Refunding Bonds Series 2003 totaling \$9,760,000, dated November 18, 2003 were issued to advance refund general obligation bonds issued by the County. These bonds were issued at an effective rate of 2.88%. The proceeds were deposited with an escrow agent in an irrevocable trust for the purpose of redeeming the refunded bonds on December 22, 2003. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. The net carrying amount of the old debt exceeded the reacquisition price by \$45,000.

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
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	3,020,000	1,157,858	4,177,858
2013 – 2017	13,775,000	4,007,572	17,782,572
2018 – 2022	8,880,000	1,346,977	10,226,977
2023 – 2025	1,510,000	104,037	1,614,037
<b>Total</b>	<b>\$ 40,040,000</b>	<b>\$ 13,224,299</b>	<b>\$ 53,264,299</b>

**MCLENNAN COUNTY, TEXAS**  
Notes to the Basic Financial Statements  
September 30, 2007

**Capital Leases**

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

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

On March 19, 2002, the County entered into a performance contract for \$6,239,000 in an energy conservation program provided by Section 302 of the Texas Local Government Code. Under Section 302 a local government can enter into a contract for energy conservation measures to reduce its energy or water consumption operating costs. Under such contract the provider of the conservation measures must guarantee the amount of the savings to be realized by the local government under the contract. The local government's debt service or lease-purchase payments cannot exceed the energy savings guaranteed by the provider in any one year. The project included 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, 2007, all governmental activities, were as follows:

Fiscal Year Ending September 30,	Obligation
2008	890,637
2009	830,277
2010	765,249
2011	755,912
2012	755,912
2013– 2017	3,779,558
2018 – 2020	503,818
Total minimum lease payments	<b>\$ 8,281,363</b>
Less: amount representing interest	<b>(2,118,818)</b>
Present value of minimum lease payments	<b>\$ 6,162,545</b>

The assets acquired through capital leases are as follows:

	Governmental Activities
Assets:	
Machinery and equipment	\$ 506,397
Buildings	6,237,131
Total Cost	6,743,528
Less: Accumulated depreciation	(865,145)
Total	<b>\$ 5,878,383</b>

**MCLENNAN COUNTY, TEXAS**

Notes to the Basic Financial Statements

September 30, 2007

Schedule of Lease-Purchase Agreements Outstanding

At September 30, 2007

	Transamerica Financial Services 03-26-02	Chase Equipment Leasing 03-30-05	Deere Credit, Inc. 12-6-05	Kansas State Bank 04-03-07	SunTrust Leasing Corp. 09-18-07
Effective Date					
Original Lease Amount	\$6,152,518	\$451,299	\$111,836	\$65,800	\$1,230,874
Outstanding Principal at September 30, 2007	\$4,908,120	\$176,713	\$37,250	\$55,307	\$985,695
Total Future Payments Under Lease Agreement	\$6,771,047	\$181,679	\$39,097	\$59,226	\$1,230,874
Simple Interest Rate	5.28%	3.52%	4.85%	5.37%	4.3942%
Lease Term	15 years	4 years	3 years	3 years	10 years
Property Held Under Lease	Utility Performance Improvement Equipment	District and County Clerk's Imaging System	Wheel Loader For Road and Bridge Precinct 1	Padfoot Roller for Road and Bridge Precinct 1	Utility Performance Improvement Equipment
Debt Service	100% General Fund	100% General Fund	100% R&B Pct. 1 Fund	100% R&B Pct. 1 Fund	100% General Fund

**MCLENNAN COUNTY, TEXAS**

Notes to the Basic Financial Statements

September 30, 2007

**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 four 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
2008	\$ 397,822	\$ 20,040	\$ 417,862
2009	290,322	7,948	298,270
2010	79,865	621	80,486
<b>Total</b>	<b>\$ 768,009</b>	<b>\$ 28,609</b>	<b>\$ 796,618</b>

**Debt Related to Capital Assets**

The following table presents the amount of the different types of debt that are related to the County's Capital Assets:

Type of Debt	Total Debt	Debt Related to Capital Assets
Bonded Debt	\$ 40,040,000	\$ 25,863,822
Notes Payable	768,009	768,009
Capital Leases	6,162,545	6,163,104
<b>Total</b>	<b>\$ 46,970,554</b>	<b>\$ 32,794,935</b>

All of the County's bonded debt was actually issued to fund capital projects. However, three bond issuances, two of which have been defeased through refunding bonds which are still outstanding, were used to fund the construction and renovation of the Cameron Park Zoo. Related interlocal agreements between the City of Waco and the County stipulated that the City of Waco would be fully responsible for all maintenance, upkeep and the operations of the Zoo facility. Hence, the carrying value of the Zoo is on the general ledger of the City of Waco and not the County. Since the Zoo is not a capital asset of the County the related bonded debt is not included in the debt related to capital assets.

**MCCLENNAN COUNTY, TEXAS**

Notes to the Basic Financial Statements

September 30, 2007

A schedule of notes payable existing at September 30, 2007 are as follows:

	First National Bank Of Central Texas	Central National Bank 2005	Central National Bank 2006	Central National Bank 2007
Effective Date	12/08/2004	04/30/2005	02/01/2006	02/15/2007
Original Note Amount	\$670,825	\$264,704	\$321,379	\$298,788
Outstanding Principal at September 30, 2007	\$315,606	\$53,347	\$155,698	\$243,358
Total Future Payments under Note Obligation	\$327,903	\$53,882	\$159,580	\$255,252
Simple Interest Rate	3.30%	2.95%	3.25%	3.85%
Term of Note	5 Years	3 Years	3 Years	3 Years
Purpose of Note	Purchase of Mainframe Computer	Purchase of Sheriff's Vehicles	Purchase of Sheriff's Vehicles	Purchase of Sheriff's Vehicles
Debt Service	100% General Fund	100% General Fund	100% General Fund	100% General Fund

**MCLENNAN COUNTY, TEXAS**

Notes to the Basic Financial Statements

September 30, 2007

**Changes in Noncurrent Liabilities**

Noncurrent liabilities for the year ended September 30, 2007, all of which were from governmental activities, were as follows:

	General Obligation Bonds	Capital Leases	Notes Payable	Compensated Absences	Total Governmental Activity
<b>PRINCIPAL:</b>					
Beginning balance	\$ 43,150,000	\$ 5,580,478	\$ 852,505	\$ 1,545,580	\$51,128,563
Additions		1,051,495	298,788	1,447,618	2,797,901
Reductions	3,110,000	469,428	383,284	1,375,926	5,338,638
Ending Balance	40,040,000	6,162,545	768,009	1,617,272	48,587,826
<b>UNAMORTIZED REFUNDING COSTS, NET:</b>					
Beginning balance	(360,451)	-	-	-	(360,451)
Amortization	(4,415)	-	-	-	(4,415)
Ending Balance	(364,866)	-	-	-	(364,866)
<b>NET</b>	<b>\$ 39,675,134</b>	<b>\$ 6,162,545</b>	<b>\$ 768,009</b>	<b>\$ 1,617,272</b>	<b>\$ 48,222,960</b>
Due within one year	\$ 3,320,000	\$ 546,979	\$ 397,822	\$ 1,440,522	\$ 5,705,323

**(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, 2007, is as follows:

	Due from Other Funds	Due to Other Funds
Due to / from other funds:		
General Fund	\$ 30,291	\$ -
Nonmajor Funds	-	30,291
<b>Total</b>	<b>\$ 30,291</b>	<b>\$ 30,291</b>

In the funds statements, during the Fiscal Year Ending September 30, 2007, the General Fund transferred \$1,365,987 to Nonmajor Governmental Funds. \$1,250,000 was transferred to the Economic Development Fund to be accumulated and expended on economic development projects; \$16,200 was transferred to the Dispute Resolution Fund, \$30,100 to the Road and Bridge General Fund and \$69,687 to the Court Reporter Service Fund in support of the operations of those funds. In the Nonmajor Governmental Funds, Road and

**MCLENNAN COUNTY, TEXAS**

Notes to the Basic Financial Statements

September 30, 2007

Bridge Precinct 1, Precinct 2, Precinct 3 and Precinct 4 Funds transferred a total of \$209,500 to the General Fund, as reimbursement for personnel costs of guards used in the inmate roadwork program and the Road and Bridge General Fund transferred \$12,799 of unneeded funds. Other transfers totaling \$1,515,020 were made between certain Nonmajor Governmental Funds. \$1,040,228 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; \$173,628 was transferred primarily as matching funds on grant programs; \$300,000 was transferred between debt service funds as enabled by debt covenants and \$1,163 was transferred between two capital projects funds.

	Transfers In		
	General Fund	Nonmajor Governmental Funds	Total
Transfers Out:			
General Fund	\$ -	\$ 1,365,987	\$ 1,365,987
Nonmajor Governmental Funds	222,299	1,515,020	1,737,319
Total	\$ 222,299	\$ 2,881,007	\$ 3,103,306

**(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, 2007 and 2006, are as follows:

	Year ending September 30	
	2007	2006
Number of retiree participants	103	80
Insurance premiums paid by the County	\$ 342,339	\$ 307,224

**(h) Prior Period Adjustments**

GASB Statement No. 34 (GASB 34) required that all capital assets, including infrastructure, be reported in the government-wide statements. The County first implemented GASB 34 for the year ending September 30, 2003. At that time, information was not available to report the values for land for right-of-way of roads and bridges in McLennan County. Per GASB 34, those values must be included in entity wide financial reports for fiscal years beginning after June 15, 2006. Those values have been compiled in fiscal year ending September 30, 2007 and a prior period adjustment has been recorded. The adjustment also includes other parcels of land discovered during the research of right-of-way values. The adjustment increased land by \$1.67 million.

**IV Other Information**

**(a) Risk Management**

**Property and liability risks** - The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. In order to mitigate losses from such occurrences, the County has risk management programs, as discussed on the following page.

## MCLENNAN COUNTY, TEXAS

### Notes to the Basic Financial Statements

September 30, 2007

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

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

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

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

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

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

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

**Changes in coverage from prior year** - There were no decreases in the insurance coverage maintained by the County in 2007 compared to 2006.

**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, 2007, there were no transactions which are known to have violated these prohibitions.

## MCLENNAN COUNTY, TEXAS

### Notes to the Basic Financial Statements

September 30, 2007

#### **(d) Subsequent Events**

No material subsequent events occurred between September 30, 2007 and the date of the issuance of this report.

### **V Employee Retirement System**

#### **(a) Plan Description**

The County provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (the TCDRS). The board of trustees is responsible for the administration of the statewide agent multi-employer public employee retirement system consisting of 517 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the board of trustees at P.O. Box 2034, Austin, Texas 78768-2034.

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

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

#### **(b) Funding Policy**

The County has elected the annually determined contribution rate (variable rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The County contributed using the actuarially determined rate of 14.33% for the months of the calendar year in 2007. The contribution rate payable by the employee members for the calendar year 2007 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, 2007, the annual pension cost for the TCDRS plan for its employees was \$4,523,942 and the actual contributions were \$4,523,942. The actual contributions was actuarially determined as a percentage of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actual actuarial valuations as of December 31, 2006, the basis for assessing the adequacy of the financing arrangement beginning with the contribution rates for calendar years 2007. The December 31, 2006 actuarial valuation is the most recent valuation.

**MCLENNAN COUNTY, TEXAS**

Notes to the Basic Financial Statements

September 30, 2007

Actuarial Valuation Information			
Actuarial valuation date	12/31/04	12/31/05	12/31/06
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	15
Asset Valuation method	Long-term appreciation, with adjustment	Long-term appreciation, with adjustment	SAF: 10-yr smoothed value ESF: Fund value
Actuarial Assumptions:			
Investment return <sup>(1)</sup>	8.0%	8.0%	8.0%
Projected salary increases <sup>(1)</sup>	5.5%	5.3%	5.3%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

<sup>(1)</sup>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	3,995,755	100.00%	\$ -
September 30, 2005	4,166,093	100.00%	\$ -
September 30, 2006	4,523,924	100.00%	\$ -

**MCLENNAN COUNTY, TEXAS**

Required Supplementary Information

September 30, 2007

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)
12/31/2004	76,105,475	98,023,539	21,918,064	77.64	28,644,289	76.52
12/31/2005 <sup>(2)</sup>	83,239,901	106,051,312	22,811,411	78.49	29,550,944	77.19
12/31/2006	92,590,380	112,325,935	19,735,555	82.43	31,040,504	63.58

<sup>(2)</sup> Funding information may differ from prior year compliance data due to plan changes effective 1/1/2007.

**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

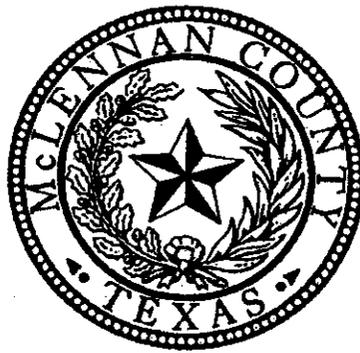
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget (GAAP Basis) and Actual

General Fund

For the Year Ended September 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 43,645,228	\$ 43,645,228	\$ 44,800,670	\$ 1,155,442
Licenses and Permits	60,300	60,300	81,871	21,571
Intergovernmental	1,127,996	1,157,748	1,574,043	416,295
Charges for Services	5,825,199	5,825,199	6,342,861	517,662
Fines and Forfeits	83,855	83,855	105,479	21,624
Miscellaneous:				
Investment Income, Net	1,064,600	1,064,600	1,654,138	589,538
Other	5,008,130	5,061,506	5,272,803	211,297
Total Miscellaneous	6,072,730	6,126,106	6,926,942	800,836
Total Revenues	56,815,308	56,898,436	59,831,865	2,933,429
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	17,428,921	16,821,805	14,036,367	2,785,438
Judicial	6,101,164	6,317,901	5,554,842	763,059
Public Safety	27,663,696	28,126,736	26,045,796	2,080,940
Public Transportation	209,099	209,144	203,075	6,069
Health	6,544,006	6,967,893	5,235,375	1,732,518
Welfare	4,553,480	4,553,810	3,262,859	1,290,951
Culture-Recreation	661,589	661,589	633,514	28,075
Conservation	289,861	289,861	232,401	57,460
Economic Development and Assistance	187,633	187,633	128,714	58,919
<b>Debt Service:</b>				
Principal and Retirements	856,926	856,931	806,730	50,201
Interest and Fiscal Charges	354,514	354,514	353,672	842
Total Expenditures	64,850,889	65,347,817	56,493,346	8,854,471
Excess (Deficiency) of Revenue over Expenditures	(8,035,581)	(8,449,381)	3,338,520	11,787,901
<b>Other Financing Sources (Uses):</b>				
Disposition of Capital Assets	1,000	451,000	1,299,262	848,262
Issuance of Notes Payable	-	-	298,788	298,788
Issuance of Lease Purchase	305,000	305,000	-	(305,000)
Transfers In	809,378	833,246	833,246	-
Transfers Out	(1,916,966)	(1,976,934)	(1,976,934)	-
Total Other Financing Sources	(801,588)	(387,688)	454,362	842,050
Net Change in Fund Balance	(8,837,169)	(8,837,069)	3,792,882	12,629,951
Fund Balance at Beginning of Year	18,376,436	18,376,436	23,822,682	5,446,246
Fund Balance at End of Year	\$ 9,539,267	\$ 9,539,367	\$ 27,615,563	\$ 18,076,196

**COMBINING AND INDIVIDUAL**  
**FUND STATEMENTS AND**  
**SCHEDULES**



**MCLENNAN COUNTY, TEXAS**

Schedule of Expenditures,  
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2007

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b>GENERAL GOVERNMENT</b>				
<b>GENERAL ADMINISTRATION</b>				
<b>Commissioners Court:</b>				
Personal Services	\$ 244,374	\$ 244,374	\$ 239,059	\$ 5,315
Supplies	4,304	12,926	11,596	1,330
Other Services & Charges	7,650	7,763	6,667	1,096
Total Commissioners Court	<u>256,328</u>	<u>265,063</u>	<u>257,322</u>	<u>7,741</u>
<b>County Judge:</b>				
Personal Services	314,369	314,369	300,343	14,026
Supplies	9,050	10,850	8,887	1,963
Other Services & Charges	83,131	82,051	75,807	6,244
Capital Outlay	-	6,880	6,880	-
Total County Judge	<u>406,550</u>	<u>414,150</u>	<u>391,916</u>	<u>22,234</u>
<b>Grant Administrator:</b>				
Personal Services	48,500	48,500	30,902	17,598
Supplies	1,100	1,100	543	557
Other Services & Charges	976	976	230	746
Total Grant Administrator	<u>50,576</u>	<u>50,576</u>	<u>31,675</u>	<u>18,901</u>
<b>County Clerk - Recording Department:</b>				
Personal Services	592,449	592,449	505,797	86,652
Supplies	52,350	52,870	30,360	22,510
Other Services & Charges	173,891	173,891	109,412	64,479
Capital Outlay	20,000	20,000	-	20,000
Total County Clerk - Recording Department	<u>838,690</u>	<u>839,210</u>	<u>645,570</u>	<u>193,640</u>
<b>Human Resources Department:</b>				
Personal Services	224,911	225,211	215,701	9,510
Supplies	17,150	16,850	12,730	4,120
Other Services & Charges	5,950	5,950	4,973	977
Total Commissioners Court	<u>248,011</u>	<u>248,011</u>	<u>233,404</u>	<u>14,607</u>
<b>Telephone Department:</b>				
Personal Services	44,716	44,716	43,423	1,293
Supplies	365	365	22	343
Other Services & Charges	62,000	62,000	49,735	12,265
Capital Outlay	80,000	80,000	-	80,000
Total Telephone Department	<u>187,081</u>	<u>187,081</u>	<u>93,179</u>	<u>93,902</u>
<b>Maintenance of Buildings:</b>				
Personal Services	935,308	942,508	875,567	66,941
Supplies	49,605	50,125	31,452	18,673
Other Services & Charges	272,060	270,560	97,024	173,536
Capital Outlay	32,000	32,980	32,956	24
Total Maintenance of Buildings	<u>1,288,973</u>	<u>1,296,173</u>	<u>1,037,000</u>	<u>259,173</u>

(continued)

Schedule of Expenditures,  
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2007

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b>GENERAL GOVERNMENT (continued)</b>				
<b>GENERAL ADMINISTRATION (continued)</b>				
<b>Inmate Project Crew:</b>				
Personal Services	51,621	51,621	49,726	1,895
Supplies	2,744	2,744	947	1,797
Other Services & Charges	849	849	255	594
Total Inmate Project Crew	<u>55,214</u>	<u>55,214</u>	<u>50,927</u>	<u>4,287</u>
<b>Maintenance of Equipment:</b>				
Personal Services	187,472	187,472	178,868	8,604
Supplies	19,304	20,604	16,794	3,810
Other Services & Charges	22,060	20,760	16,069	4,691
Total Maintenance of Equipment	<u>228,836</u>	<u>228,836</u>	<u>211,732</u>	<u>17,104</u>
<b>County Garage:</b>				
Personal Services	160,902	160,902	156,774	4,128
Supplies	106,920	92,695	88,501	4,194
Other Services & Charges	64,069	78,294	69,519	8,775
Total County Garage	<u>331,891</u>	<u>331,891</u>	<u>314,794</u>	<u>17,097</u>
<b>Engineering Department:</b>				
Personal Services	291,821	291,821	274,463	17,358
Supplies	14,242	14,642	13,481	1,161
Other Services & Charges	10,802	12,402	11,731	671
Capital Outlay	13,000	13,000	8,684	4,316
Total Engineering Department	<u>329,865</u>	<u>331,865</u>	<u>308,360</u>	<u>23,505</u>
<b>Custodial Department:</b>				
Supplies	26,800	26,800	25,976	824
Other Services & Charges	135,940	135,940	107,374	28,566
Total Custodial Department	<u>162,740</u>	<u>162,740</u>	<u>133,350</u>	<u>29,390</u>
<b>General Expense:</b>				
Personal Services	333,600	385,981	310,926	75,055
Supplies	63,000	61,800	11,253	50,547
Other Services & Charges	1,452,120	1,387,483	654,439	733,044
Total General Expense	<u>1,848,720</u>	<u>1,835,264</u>	<u>976,618</u>	<u>858,646</u>
<b>Non-departmental:</b>				
Other Services & Charges	1,228,375	478,375	377,174	101,201
Total Non-departmental	<u>1,228,375</u>	<u>478,375</u>	<u>377,174</u>	<u>101,201</u>
Total General Administration	<u>7,461,850</u>	<u>6,724,449</u>	<u>5,063,020</u>	<u>1,661,429</u>
<b>LEGAL</b>				
<b>County Legal Counsel:</b>				
Other Services & Charges	200,000	287,995	253,423	34,572
Total County Legal Counsel	<u>200,000</u>	<u>287,995</u>	<u>253,423</u>	<u>34,572</u>

(continued)

MCLENNAN COUNTY, TEXAS

continued

Schedule of Expenditures,  
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2007

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b>GENERAL GOVERNMENT (continued)</b>				
<b>LEGAL (continued)</b>				
<b>Criminal District Attorney:</b>				
Personal Services	2,611,655	2,611,655	2,381,075	230,580
Supplies	45,100	45,160	39,613	5,547
Other Services & Charges	115,575	115,515	80,983	34,532
Total District Attorney	<u>2,772,330</u>	<u>2,772,330</u>	<u>2,501,671</u>	<u>270,659</u>
<b>Victims Services:</b>				
Personal Services	31,412	31,412	16,814	14,599
Supplies	10	10	-	10
Total Victims Services	<u>31,422</u>	<u>31,422</u>	<u>16,814</u>	<u>14,609</u>
Total Legal	<u>3,003,752</u>	<u>3,091,747</u>	<u>2,771,907</u>	<u>319,840</u>
<b>ELECTIONS</b>				
<b>Elections Administration:</b>				
Personal Services	294,968	294,968	286,245	8,723
Supplies	168,488	170,248	166,244	4,004
Other Services & Charges	82,815	83,988	69,474	14,514
Capital Outlay	-	17,377	17,377	-
Total Elections Administration	<u>546,271</u>	<u>566,581</u>	<u>539,340</u>	<u>27,241</u>
<b>General Elections:</b>				
Personal Services	98,500	98,500	65,176	33,324
Supplies	13,000	13,000	4,120	8,880
Other Services & Charges	22,375	22,375	5,406	16,969
Total General Elections	<u>133,875</u>	<u>133,875</u>	<u>74,702</u>	<u>59,173</u>
<b>Primary Elections:</b>				
Other Services & Charges	5,000	5,000	-	5,000
Total Primary Elections	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
<b>Other Elections:</b>				
Personal Services	156,946	156,946	13,636	143,310
Supplies	10,600	10,600	(520)	11,120
Other Services & Charges	39,600	39,600	(699)	40,299
Total Other Elections	<u>207,146</u>	<u>207,146</u>	<u>12,416</u>	<u>194,730</u>
Total Elections	<u>892,292</u>	<u>912,602</u>	<u>626,458</u>	<u>286,144</u>
<b>FINANCIAL ADMINISTRATION</b>				
<b>County Auditor:</b>				
Personal Services	1,071,462	1,071,462	1,042,332	29,130
Supplies	52,100	42,550	31,682	10,868
Other Services & Charges	58,750	55,250	23,842	31,408
Capital Outlay	-	18,500	17,995	505
Total County Auditor	<u>1,182,312</u>	<u>1,187,762</u>	<u>1,115,850</u>	<u>71,912</u>

(continued)

Schedule of Expenditures,  
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2007

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b>GENERAL GOVERNMENT (continued)</b>				
<b>FINANCIAL ADMINISTRATION (continued)</b>				
Information Technology:				
Personal Services	1,080,172	1,080,172	1,015,107	65,065
Supplies	45,486	46,852	35,230	11,622
Other Services & Charges	222,281	220,915	157,154	63,761
Total Information Technology	<u>1,347,939</u>	<u>1,347,939</u>	<u>1,207,491</u>	<u>140,448</u>
Information Technology Study:				
Other Services & Charges	100,000	100,000	62,260	37,740
Total Information Technology Study	<u>100,000</u>	<u>100,000</u>	<u>62,260</u>	<u>37,740</u>
Independent Auditing:				
Other Services & Charges	35,000	35,000	30,625	4,375
Total Independent Auditing	<u>35,000</u>	<u>35,000</u>	<u>30,625</u>	<u>4,375</u>
County Treasurer:				
Personal Services	270,126	270,126	262,714	7,412
Supplies	4,465	6,092	5,583	509
Other Services & Charges	15,180	13,553	11,919	1,634
Total County Treasurer	<u>289,771</u>	<u>289,771</u>	<u>280,216</u>	<u>9,555</u>
County Tax Assessor-Collector:				
Personal Services	694,285	694,285	650,966	43,319
Supplies	44,899	44,899	29,717	15,182
Other Services & Charges	71,480	71,480	65,582	5,898
Total County Tax Assessor-Collector	<u>810,664</u>	<u>810,664</u>	<u>746,266</u>	<u>64,398</u>
Tax Appraisal Services:				
Other Services & Charges	547,735	562,141	542,220	19,922
Total Tax Appraisal Services	<u>547,735</u>	<u>562,141</u>	<u>542,220</u>	<u>19,922</u>
County Tax Office - Auto Department:				
Personal Services	996,284	996,284	895,286	100,998
Supplies	14,750	11,650	10,364	1,287
Other Services & Charges	40,019	43,119	42,240	879
Total County Tax Office - Auto Department	<u>1,051,053</u>	<u>1,051,053</u>	<u>947,890</u>	<u>103,163</u>
County Tax Office - Lorena Substation:				
Personal Services	50,218	50,218	25,103	25,115
Supplies	425	425	267	158
Other Services & Charges	12,666	12,666	11,042	1,624
Total County Tax Office - Lorena Substation	<u>63,309</u>	<u>63,309</u>	<u>36,411</u>	<u>26,898</u>

MCLENNAN COUNTY, TEXAS

continued

Schedule of Expenditures,  
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2007

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<u>GENERAL GOVERNMENT (continued)</u>				
<u>FINANCIAL ADMINISTRATION (continued)</u>				
County Tax Office - McGregor Substation:				
Personal Services	55,490	55,490	49,504	5,986
Supplies	450	450	278	172
Other Services & Charges	3,721	3,721	2,808	913
Total County Tax Office - McGregor Substation	59,661	59,661	52,590	7,071
County Tax Office - West Substation:				
Personal Services	49,528	49,648	49,515	133
Supplies	450	450	288	162
Other Services & Charges	3,455	3,335	2,950	385
Total County Tax Office - West Substation	53,433	53,433	52,753	680
Purchasing Department:				
Personal Services	218,429	218,429	211,650	6,779
Supplies	2,980	2,980	2,197	783
Other Services & Charges	3,999	3,999	2,938	1,061
Total Purchasing Department	225,408	225,408	216,785	8,623
Records Management Department:				
Personal Services	254,847	254,847	238,611	16,236
Supplies	24,435	24,435	20,699	3,736
Other Services & Charges	25,460	27,584	24,315	3,269
Total Records Management Department	304,742	306,866	283,625	23,241
Total Financial Administration	6,071,027	6,093,007	5,574,982	518,025
TOTAL GENERAL GOVERNMENT	17,428,921	16,821,805	14,036,367	2,785,438
<u>JUDICIAL</u>				
Mental Health Court Services:				
Personal Services	106,224	109,104	102,241	6,863
Supplies	2,825	2,825	1,742	1,083
Other Services & Charges	96,462	116,462	116,362	100
Total Mental Health Court Services	205,511	228,391	220,345	8,046
Bonding Office:				
Personal Services	95,845	95,845	94,722	1,123
Supplies	2,830	2,830	1,733	1,097
Other Services & Charges	3,100	3,100	686	2,414
Total Bonding Office	101,775	101,775	97,141	4,634
McLennan County Bail Bond Board:				
Supplies	150	150	113	37
Other Services & Charges	50	50	-	50
Total McLennan County Bail Bond Board	200	200	113	87

MCLENNAN COUNTY, TEXAS

continued

Schedule of Expenditures,  
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2007

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<u>JUDICIAL (continued)</u>				
County Clerk - Court Department:				
Personal Services	695,955	695,955	581,526	114,429
Supplies	54,500	55,600	25,649	29,951
Other Services & Charges	66,376	66,076	22,755	43,321
Total County Clerk - Court Department	<u>816,831</u>	<u>817,631</u>	<u>629,930</u>	<u>187,701</u>
County Court at Law No. 1:				
Personal Services	348,028	348,028	340,070	7,958
Supplies	17,050	17,050	4,188	12,862
Other Services & Charges	28,225	30,565	10,581	19,984
Capital Outlay	-	3,600	3,389	211
Total County Court at Law No. 1	<u>393,303</u>	<u>399,243</u>	<u>358,228</u>	<u>41,015</u>
County Court at Law No. 2:				
Personal Services	350,135	350,135	341,302	8,833
Supplies	5,000	5,000	2,327	2,673
Other Services & Charges	30,851	31,511	8,985	22,526
Capital Outlay	-	3,400	3,389	11
Total County Court at Law No. 2	<u>385,986</u>	<u>390,046</u>	<u>356,003</u>	<u>34,043</u>
19th District Court:				
Personal Services	257,571	257,571	218,655	38,916
Supplies	12,143	16,225	15,894	331
Other Services & Charges	20,560	10,033	9,792	241
Capital Outlay	-	6,445	6,162	283
Total 19th District Court	<u>290,274</u>	<u>290,274</u>	<u>250,503</u>	<u>39,771</u>
54th District Court:				
Personal Services	381,521	381,521	344,475	37,046
Supplies	17,850	17,850	10,283	7,567
Other Services & Charges	53,890	53,890	20,058	33,832
Total 54th District Court	<u>453,261</u>	<u>453,261</u>	<u>374,815</u>	<u>78,446</u>
74th District Court:				
Personal Services	256,214	256,214	254,279	1,935
Supplies	6,400	6,800	3,908	2,892
Other Services & Charges	17,055	16,498	10,180	6,318
Capital Outlay	6,195	6,352	6,352	-
Total 74th District Court	<u>285,864</u>	<u>285,864</u>	<u>274,720</u>	<u>11,144</u>
170th District Court:				
Personal Services	194,009	194,009	186,620	7,389
Supplies	4,575	4,575	4,014	561
Other Services & Charges	15,745	15,745	8,541	7,204
Total 170th District Court	<u>214,329</u>	<u>214,329</u>	<u>199,175</u>	<u>15,154</u>

MCLENNAN COUNTY, TEXAS

continued

Schedule of Expenditures,  
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2007

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b>JUDICIAL (continued)</b>				
<b>170th District Court - Court Master:</b>				
Supplies	200	200	-	200
Other Services & Charges	1,000	1,000	673	327
<b>Total 170th District Court -     Court Master</b>	<b>1,200</b>	<b>1,200</b>	<b>673</b>	<b>527</b>
<b>414th District Court:</b>				
Personal Services	192,635	192,635	188,313	4,322
Supplies	14,495	14,495	9,959	4,536
Other Services & Charges	15,040	15,040	8,892	6,148
Capital Outlay	5,500	5,500	-	5,500
<b>Total 414th District Court</b>	<b>227,670</b>	<b>227,670</b>	<b>207,163</b>	<b>20,507</b>
<b>Other District Courts - Change of Venue:</b>				
Other Services & Charges	10,000	10,000	-	10,000
<b>Total Other District Courts -     Change of Venue</b>	<b>10,000</b>	<b>10,000</b>	<b>-</b>	<b>10,000</b>
<b>District Clerk:</b>				
Personal Services	1,079,942	1,085,272	1,045,829	39,443
Supplies	42,650	52,692	47,349	5,343
Other Services & Charges	89,414	79,972	75,189	4,783
<b>Total District Clerk</b>	<b>1,212,006</b>	<b>1,217,936</b>	<b>1,168,367</b>	<b>49,569</b>
<b>Justice of the Peace - Precinct 1, Place 1:</b>				
Personal Services	203,054	203,054	201,119	1,935
Supplies	7,200	7,200	4,058	3,142
Other Services & Charges	62,639	62,639	22,570	40,069
<b>Total Justice of the Peace -     Precinct 1, Place 1</b>	<b>272,893</b>	<b>272,893</b>	<b>227,746</b>	<b>45,147</b>
<b>Justice of the Peace - Precinct 1, Place 2:</b>				
Personal Services	195,358	195,358	193,816	1,542
Supplies	4,085	4,340	3,105	1,235
Other Services & Charges	47,341	52,341	50,376	1,965
<b>Total Justice of the Peace -     Precinct 1, Place 2</b>	<b>246,784</b>	<b>252,039</b>	<b>247,296</b>	<b>4,743</b>
<b>Justice of the Peace - Precinct 2:</b>				
Personal Services	90,567	90,567	88,370	2,197
Supplies	2,280	3,330	2,479	851
Other Services & Charges	20,380	20,380	16,375	4,006
<b>Total Justice of the Peace -     Precinct 2</b>	<b>113,227</b>	<b>114,277</b>	<b>107,223</b>	<b>7,054</b>

(continued)

MCLENNAN COUNTY, TEXAS

continued

Schedule of Expenditures,  
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2007

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<u>JUDICIAL (continued)</u>				
Justice of the Peace - Precinct 3:				
Personal Services	197,698	197,698	189,841	7,857
Supplies	5,044	5,044	4,609	435
Other Services & Charges	78,319	78,319	61,099	17,220
Total Justice of the Peace - Precinct 3	281,061	281,061	255,548	25,513
Justice of the Peace - Precinct 4:				
Personal Services	75,032	75,032	72,313	2,719
Supplies	1,700	1,700	619	1,081
Other Services & Charges	23,518	23,518	20,515	3,003
Total Justice of the Peace - Precinct 4	100,250	100,250	93,447	6,803
Justice of the Peace - Precinct 5:				
Personal Services	75,798	81,143	72,485	8,658
Supplies	1,193	1,193	531	662
Other Services & Charges	13,980	14,830	11,337	3,493
Total Justice of the Peace - Precinct 5	90,971	97,166	84,354	12,812
Justice of the Peace - Precinct 6:				
Personal Services	27,886	27,886	6,530	21,356
Supplies	2,030	2,030	-	2,030
Other Services & Charges	12,015	12,015	1,499	10,516
Total Justice of the Peace - Precinct 6	41,931	41,931	8,029	33,902
Justice of the Peace - Precinct 7:				
Personal Services	131,502	131,502	130,948	554
Supplies	3,850	8,680	7,342	1,338
Other Services & Charges	19,500	19,500	17,596	1,904
Total Justice of the Peace - Precinct 7	154,852	159,682	155,886	3,796
Justice of the Peace - Precinct 8:				
Personal Services	130,981	130,981	129,409	1,572
Supplies	34,534	45,403	9,829	35,574
Other Services & Charges	26,220	22,020	20,147	1,873
Total Justice of the Peace - Precinct 8	191,735	198,404	159,385	39,019
JP Collections:				
Personal Services	-	77,007	38,873	38,134
Supplies	-	45,765	27,310	18,455
Other Services & Charges	-	23,656	6,030	17,626
Capital Outlay	-	6,700	-	6,700
Total JP Collections	-	153,128	72,213	80,915

MCLENNAN COUNTY, TEXAS

continued

Schedule of Expenditures,  
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2007

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b>JUDICIAL (continued)</b>				
<b>Tenth Court of Appeals</b>				
Personal Services	3,750	3,750	1,823	1,927
Other Services & Charges	5,500	5,500	4,715	785
<b>Total Tenth Court of Appeals</b>	<b>9,250</b>	<b>9,250</b>	<b>6,538</b>	<b>2,712</b>
<b>Total Judicial</b>	<b>6,101,164</b>	<b>6,317,901</b>	<b>5,554,842</b>	<b>763,059</b>
<b>PUBLIC SAFETY</b>				
<b>FIRE PROTECTION</b>				
Other Services & Charges	117,300	117,300	87,500	29,800
<b>Total Fire Protection</b>	<b>117,300</b>	<b>117,300</b>	<b>87,500</b>	<b>29,800</b>
<b>LAW ENFORCEMENT</b>				
<b>Constable - Precinct 1</b>				
Personal Services	499,397	499,397	480,609	18,788
Supplies	5,760	5,760	4,182	1,578
Other Services & Charges	81,575	81,575	71,101	10,474
<b>Total Constable - Precinct 1</b>	<b>586,732</b>	<b>586,732</b>	<b>555,892</b>	<b>30,840</b>
<b>Constable - Precinct 2</b>				
Personal Services	28,367	28,367	27,610	757
Supplies	2,160	1,660	470	1,190
Other Services & Charges	14,138	14,138	10,521	3,617
<b>Total Constable - Precinct 2</b>	<b>44,665</b>	<b>44,165</b>	<b>38,600</b>	<b>5,565</b>
<b>Constable - Precinct 3</b>				
Personal Services	87,804	87,804	85,432	2,372
Supplies	1,745	1,745	1,179	566
Other Services & Charges	20,661	20,661	17,198	3,463
<b>Total Constable - Precinct 3</b>	<b>110,210</b>	<b>110,210</b>	<b>103,809</b>	<b>6,401</b>
<b>Constable - Precinct 4</b>				
Personal Services	23,546	23,546	22,967	579
Supplies	1,945	1,945	817	1,128
Other Services & Charges	18,098	18,098	17,149	949
<b>Total Constable - Precinct 4</b>	<b>43,589</b>	<b>43,589</b>	<b>40,933</b>	<b>2,656</b>
<b>Constable - Precinct 5</b>				
Personal Services	89,527	89,527	47,418	42,109
Supplies	2,025	1,875	538	1,337
Other Services & Charges	20,771	20,921	15,801	5,120
<b>Total Constable - Precinct 5</b>	<b>112,323</b>	<b>112,323</b>	<b>63,756</b>	<b>48,567</b>
<b>Constable - Precinct 6</b>				
Personal Services	23,487	23,487	22,011	1,476
Supplies	1,370	1,370	195	1,175
Other Services & Charges	11,075	11,075	8,033	3,042
<b>Total Constable - Precinct 6</b>	<b>35,932</b>	<b>35,932</b>	<b>30,239</b>	<b>5,693</b>

(continued)

MCLENNAN COUNTY, TEXAS

continued

Schedule of Expenditures,  
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2007

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b>PUBLIC SAFETY (continued)</b>				
<b>LAW ENFORCEMENT (continued)</b>				
<b>Constable - Precinct 7</b>				
Personal Services	242,303	242,303	235,587	6,716
Supplies	4,396	6,096	5,768	328
Other Services & Charges	47,400	45,700	40,114	5,586
Total Constable - Precinct 7	294,099	294,099	281,468	12,631
<b>Constable - Precinct 8</b>				
Personal Services	125,026	125,816	111,522	14,294
Supplies	12,926	12,386	11,568	818
Other Services & Charges	18,109	24,579	22,564	2,015
Total Constable - Precinct 8	156,061	162,781	145,654	17,127
<b>County Sheriff:</b>				
Personal Services	4,165,239	4,170,320	3,978,000	192,320
Supplies	436,376	446,182	377,452	68,730
Other Services & Charges	588,751	608,626	566,545	42,081
Capital Outlay	317,189	329,608	316,341	13,267
Total County Sheriff	5,507,555	5,554,736	5,238,339	316,397
<b>D.A.R.E. Program:</b>				
Personal Services	278,816	280,058	222,456	57,602
Supplies	19,475	20,475	14,303	6,172
Other Services & Charges	5,375	5,375	3,134	2,241
Total D.A.R.E. Program	303,666	305,908	239,893	66,015
<b>COPS Ahead Program:</b>				
Personal Services	390,108	383,785	366,415	17,370
Total COPS Ahead Program	390,108	383,785	366,415	17,370
<b>Department of Public Safety</b>				
Personal Services	77,007	-	-	-
Supplies	37,540	-	-	-
Other Services & Charges	23,656	-	-	-
Capital Outlay	6,700	-	-	-
Total Department of Public Safety	144,903	-	-	-
<b>General Law Enforcement:</b>				
Supplies	500	500	266	234
Other Services & Charges	327,000	432,000	406,504	25,496
Total General Law Enforcement	327,500	432,500	406,770	25,730
<b>Radio Tower:</b>				
Supplies	4,065	4,065	1,996	2,069
Other Services & Charges	25,585	25,585	14,423	11,162
Capital Outlay	6,500	6,500	4,934	1,566
Total Radio Tower	36,150	36,150	21,353	14,797
Total Law Enforcement	8,093,493	8,102,910	7,533,122	569,788

MCLENNAN COUNTY, TEXAS

continued

Schedule of Expenditures,  
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2007

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b>PUBLIC SAFETY (continued)</b>				
<b>CORRECTIONS</b>				
Feeding and Care of Prisoners:				
Personal Services	8,727,828	8,530,941	8,207,325	323,616
Supplies	423,675	450,175	454,231	(4,056)
Other Services & Charges	1,686,433	2,261,933	2,175,199	86,734
Capital Outlay	41,519	41,519	36,441	5,078
Total Feeding and Care of Prisoners	<u>10,879,455</u>	<u>11,284,568</u>	<u>10,873,195</u>	<u>411,373</u>
Downtown Jail:				
Other Services & Charges	3,600,000	3,605,715	3,303,186	302,529
Total Downtown Jail	<u>3,600,000</u>	<u>3,605,715</u>	<u>3,303,186</u>	<u>302,529</u>
Juvenile Board:				
Personal Services	17,559	17,559	15,993	1,566
Total Juvenile Board	<u>17,559</u>	<u>17,559</u>	<u>15,993</u>	<u>1,566</u>
Juvenile Detention:				
Personal Services	1,854,061	1,854,061	1,529,265	324,796
Supplies	129,735	134,035	104,904	29,131
Other Services & Charges	225,716	223,416	171,187	52,229
Total Juvenile Detention	<u>2,209,512</u>	<u>2,211,512</u>	<u>1,805,356</u>	<u>406,156</u>
Juvenile Probation:				
Personal Services	1,778,079	1,778,079	1,540,050	238,029
Supplies	29,404	29,404	28,585	819
Other Services & Charges	290,915	290,915	231,449	59,466
Total Juvenile Probation	<u>2,098,398</u>	<u>2,098,398</u>	<u>1,800,084</u>	<u>298,314</u>
Juvenile Accountability Incentive Block Grant:				
Personal Services	28,700	28,700	26,288	2,412
Total Juvenile Accountability Incentive Block Grant	<u>28,700</u>	<u>28,700</u>	<u>26,288</u>	<u>2,412</u>
Adult Probation:				
Supplies	19,141	18,209	17,552	657
Other Services & Charges	98,344	99,276	83,192	16,084
Total Adult Probation	<u>117,485</u>	<u>117,485</u>	<u>100,744</u>	<u>16,741</u>
Total Corrections	<u>18,951,109</u>	<u>19,363,937</u>	<u>17,924,846</u>	<u>1,439,091</u>
<b>OTHER PROTECTION</b>				
Courtthouse Security:				
Personal Services	230,042	253,871	232,795	21,076
Supplies	50	187	144	43
Other Services & Charges	2,000	7,410	7,376	34
Total Courtthouse Security	<u>232,092</u>	<u>261,468</u>	<u>240,314</u>	<u>21,154</u>

MCLENNAN COUNTY, TEXAS

continued

Schedule of Expenditures,  
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2007

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b><u>PUBLIC SAFETY (continued)</u></b>				
<b>OTHER PROTECTION (continued)</b>				
<b>Civil Defense:</b>				
Other Services & Charges	93,096	93,096	91,167	1,929
<b>Total Civil Defense</b>	<b>93,096</b>	<b>93,096</b>	<b>91,167</b>	<b>1,929</b>
<b>Military Units:</b>				
Other Services & Charges	1,500	1,500	1,500	-
<b>Total Military Units</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>	<b>-</b>
<b>Total Other Protection</b>	<b>326,688</b>	<b>356,064</b>	<b>332,981 #</b>	<b>23,083</b>
<b>ENVIRONMENTAL PROTECTION</b>				
<b>Solid Waste Management:</b>				
Other Services & Charges	30,170	30,170	30,000	170
<b>Total Solid Waste Management</b>	<b>30,170</b>	<b>30,170</b>	<b>30,000</b>	<b>170</b>
<b>Environmental Standards Management:</b>				
Other Services & Charges	77,197	88,616	88,615	1
<b>Total Environmental Standards Management</b>	<b>77,197</b>	<b>88,616</b>	<b>88,615</b>	<b>1</b>
<b>Stormwater Pollution Abatement:</b>				
Other Services & Charges	3,000	3,000	-	3,000
<b>Total Stormwater Pollution Abatement</b>	<b>3,000</b>	<b>3,000</b>	<b>-</b>	<b>3,000</b>
<b>Litter Abatement Program:</b>				
Personal Services	57,739	57,739	47,507	10,232
Supplies	400	400	-	400
Other Services & Charges	500	500	25	475
<b>Total Litter Abatement Program</b>	<b>58,639</b>	<b>58,639</b>	<b>47,532</b>	<b>11,107</b>
<b>Other Environmental Protection:</b>				
Other Services & Charges	6,100	6,100	1,200	4,900
<b>Total Other Environmental Protection</b>	<b>6,100</b>	<b>6,100</b>	<b>1,200</b>	<b>4,900</b>
<b>Total Environmental Protection</b>	<b>175,106</b>	<b>186,525</b>	<b>167,348</b>	<b>19,177</b>
<b>TOTAL PUBLIC SAFETY</b>	<b>27,663,696</b>	<b>28,126,736</b>	<b>26,045,796</b>	<b>2,080,940</b>
<b><u>PUBLIC TRANSPORTATION</u></b>				
<b>Prisoner Utilization Program - Precinct 1</b>				
Personal Services	52,682	52,682	51,316	1,366
<b>Total Prisoner Utilization Program - Precinct 1</b>	<b>52,682</b>	<b>52,682</b>	<b>51,316</b>	<b>1,366</b>

MCLENNAN COUNTY, TEXAS

continued

Schedule of Expenditures,  
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2007

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b><u>PUBLIC TRANSPORTATION (continued)</u></b>				
Prisoner Utilization Program - Precinct 2				
Personal Services	52,186	52,231	50,864	1,367
Total Prisoner Utilization Program - Precinct 2	52,186	52,231	50,864	1,367
Prisoner Utilization Program - Precinct 3				
Personal Services	52,682	52,682	50,716	1,966
Total Prisoner Utilization Program - Precinct 3	52,682	52,682	50,716	1,966
Prisoner Utilization Program - Precinct 4				
Personal Services	51,549	51,549	50,179	1,370
Total Prisoner Utilization Program - Precinct 4	51,549	51,549	50,179	1,370
<b>TOTAL PUBLIC TRANSPORTATION</b>	<b>209,099</b>	<b>209,144</b>	<b>203,075</b>	<b>6,069</b>
<b><u>HEALTH</u></b>				
Health Administration:				
Personal Services	532,839	532,839	516,945	15,894
Supplies	12,950	14,750	12,989	1,761
Other Services & Charges	89,044	87,244	79,648	7,596
Total Health Administration	634,833	634,833	609,582	25,251
Direct Aid - Indigent Healthcare:				
Supplies	15,000	15,000	6,230	8,770
Other Services & Charges	3,204,000	3,204,000	1,696,954	1,507,046
Total Direct Aid - Indigent Healthcare	3,219,000	3,219,000	1,703,184	1,515,816
Direct Aid - County Jail Inmates:				
Personal Services	827,077	736,864	701,856	35,008
Supplies	41,070	69,570	65,637	3,933
Other Services & Charges	790,400	1,276,000	1,152,489	123,511
Total Direct Aid - County Jail Inmates	1,658,547	2,082,434	1,919,983	162,451
Public Health:				
Other Services & Charges	114,186	114,186	114,186	-
Total Public Health	114,186	114,186	114,186	-
Rabies and Animal Control:				
Other Services & Charges	44,000	44,000	44,000	-
Total Rabies and Animal Control	44,000	44,000	44,000	-
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

MCLENNAN COUNTY, TEXAS

continued

Schedule of Expenditures,  
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2007

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<u>HEALTH (continued)</u>				
Family Practice Clinic:				
Other Services & Charges	573,440	573,440	573,440	-
Total Family Practice Clinic	<u>573,440</u>	<u>573,440</u>	<u>573,440</u>	<u>-</u>
TOTAL HEALTH	<u>6,544,006</u>	<u>6,967,893</u>	<u>5,235,375</u>	<u>1,732,518</u>
<u>WELFARE</u>				
Welfare Administration:				
Personal Services	39,283	39,283	38,843	440
Total Welfare Administration	<u>39,283</u>	<u>39,283</u>	<u>38,843</u>	<u>440</u>
Welfare - Direct Aid:				
Supplies	-	-	-	-
Other Services & Charges	4,184,200	4,184,200	3,028,955	1,155,245
Total Welfare - Direct Aid	<u>4,184,200</u>	<u>4,184,200</u>	<u>3,028,955</u>	<u>1,155,245</u>
Childrens' Protective Services - Direct Aid:				
Supplies	65,750	65,750	3,266	62,484
Other Services & Charges	27,250	27,454	2,036	25,418
Total Childrens' Protective Services - Direct Aid	<u>93,000</u>	<u>93,204</u>	<u>5,301</u>	<u>87,903</u>
Juvenile Interim Home:				
Personal Services	145,472	145,472	113,246	32,226
Supplies	12,210	12,210	5,560	6,650
Other Services & Charges	14,038	14,038	6,242	7,796
Total Juvenile Interim Home	<u>171,720</u>	<u>171,720</u>	<u>125,047</u>	<u>46,673</u>
Veterans Service Office				
Personal Services	44,494	44,494	44,375	119
Supplies	2,605	2,605	2,521	84
Other Services & Charges	1,800	1,800	1,312	488
Total Veterans Service Office	<u>48,899</u>	<u>48,899</u>	<u>48,208</u>	<u>691</u>
Aging Program:				
Other Services & Charges	16,378	16,504	16,504	-
Total Aging Program	<u>16,378</u>	<u>16,504</u>	<u>16,504</u>	<u>-</u>
TOTAL WELFARE	<u>4,553,480</u>	<u>4,553,810</u>	<u>3,262,859</u>	<u>1,290,951</u>
<u>CULTURE-RECREATION</u>				
Parks:				
Personal Services	4,997	4,997	-	4,997
Supplies	4,964	4,964	754	4,210
Other Services & Charges	16,275	16,275	3,174	13,101
Total Parks	<u>26,236</u>	<u>26,236</u>	<u>3,928</u>	<u>22,308</u>

MCLENNAN COUNTY, TEXAS

continued

Schedule of Expenditures,  
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2007

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>CULTURE-RECREATION (continued)</u></b>				
Public Library:				
Other Services & Charges	627,203	627,203	627,203	-
Total Public Library	<u>627,203</u>	<u>627,203</u>	<u>627,203</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:				
Other Services & Charges	7,500	7,500	2,383	5,117
Total Exhibit Buildings and Showbarns	<u>7,500</u>	<u>7,500</u>	<u>2,383</u>	<u>5,117</u>
 TOTAL CULTURE-RECREATION	 <u>661,589</u>	 <u>661,589</u>	 <u>633,514</u>	 <u>28,075</u>
<b><u>CONSERVATION</u></b>				
Agricultural Extension Service:				
Personal Services	212,754	212,754	174,529	38,225
Supplies	4,057	4,057	3,818	239
Other Services & Charges	48,050	48,050	40,504	7,546
Total Agricultural Extension Service	<u>264,861</u>	<u>264,861</u>	<u>218,851</u>	<u>46,010</u>
Soil and Water Conservation:				
Other Services & Charges	25,000	25,000	13,550	11,450
Total Soil and Water Conservation	<u>25,000</u>	<u>25,000</u>	<u>13,550</u>	<u>11,450</u>
 TOTAL CONSERVATION	 <u>289,861</u>	 <u>289,861</u>	 <u>232,401</u>	 <u>57,460</u>
<b><u>ECONOMIC DEVELOPMENT AND ASSISTANCE</u></b>				
Other Services & Charges	187,633	187,633	128,714	58,919
<b><u>DEBT SERVICE</u></b>				
Principal	856,926	856,931	806,730	50,201
Interest	354,514	354,514	353,672	842
Total Debt Service	<u>1,211,440</u>	<u>1,211,445</u>	<u>1,160,402</u>	<u>51,043</u>
	 <u>\$ 64,850,889</u>	 <u>\$ 65,347,817</u>	 <u>\$ 56,493,346</u>	 <u>\$ 8,854,471</u>

**MCLENNAN COUNTY, TEXAS**

Combining Balance Sheet

Nonmajor Governmental Funds

September 30, 2007

ASSETS

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
Pooled Cash and Investments	\$ 18,120,375	\$ 2,054,747	\$ 5,089,217	\$ 53,638	\$ 25,317,977
Non-Pooled Cash	487,119	-	836,737	-	1,323,856
Receivables (net of allowances for estimated uncollectibles):					
Taxes					
Accounts	67,536	234,502	12,735	-	314,773
Due from Other Funds	11,244	-	-	-	11,244
Due from Other Governments	-	-	-	-	-
Inventories, at Cost	190,982	-	-	-	190,982
	265,630	-	-	-	265,630
<b>Total Assets and Other Debits</b>	<b>\$ 19,142,884</b>	<b>\$ 2,289,249</b>	<b>\$ 5,938,689</b>	<b>\$ 53,638</b>	<b>\$ 27,424,460</b>

LIABILITIES AND FUND BALANCE

Liabilities:					
Accounts Payable	\$ 741,465	\$ -	\$ 345,662	\$ -	\$ 1,087,147
Due to Other Funds	30,291	-	-	-	30,291
Due to Other Governments	144,879	-	-	-	144,879
Deferred Revenue	671,893	234,502	12,735	-	919,131
<b>Total Liabilities</b>	<b>1,588,529</b>	<b>234,502</b>	<b>358,417</b>	<b>-</b>	<b>2,181,448</b>
Fund Balance:					
Reserved for:					
Reserved for Capital Projects	-	2,054,747	-	53,638	2,054,747
Reserved for Debt Service	6,802	-	-	-	6,802
Reserved for Education	17,547,554	-	5,580,272	-	23,127,825
Unreserved - Undesignated	17,554,356	2,054,747	5,580,272	53,638	25,243,012
<b>Total Fund Equity and Other Credits</b>	<b>19,142,884</b>	<b>2,289,249</b>	<b>5,938,689</b>	<b>53,638</b>	<b>27,424,460</b>
<b>Total Liabilities and Fund Balance</b>					

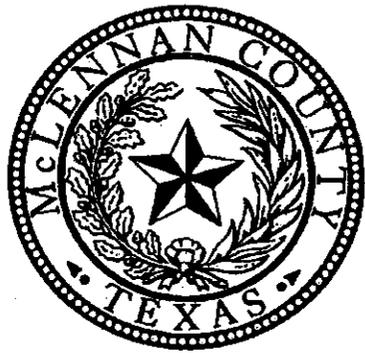
**MCLENNAN COUNTY, TEXAS**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

Nonmajor Governmental Funds

For the Year Ended September 30, 2007

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
<b>Revenues:</b>					
Taxes	\$ 1,071,959	\$ 4,958,863	\$ 720,954	\$ -	\$ 6,751,776
Licenses and Permits	1,805,345	-	-	-	1,805,345
Intergovernmental	4,331,220	2,381	346	-	4,333,947
Charges for Services	2,956,479	-	-	-	2,956,479
Fines and Forfeits	1,784,811	-	-	-	1,784,811
Miscellaneous	1,330,472	152,065	293,049	2,757	1,778,343
<b>Total Revenues</b>	<b>13,260,285</b>	<b>5,113,309</b>	<b>1,014,349</b>	<b>2,757</b>	<b>19,390,700</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General Government	411,784	-	8,452	-	420,236
Judicial	438,846	-	-	-	438,846
Public Safety	5,670,068	-	-	-	5,670,068
Public Transportation	6,448,558	-	-	-	6,448,558
Economic Development and Assistance	488,189	-	-	-	488,189
Capital Projects	-	-	1,896,997	-	1,896,997
Debt Service:					
Principal and Retirements	45,983	3,110,000	-	-	3,155,983
Interest and Fiscal Charges	4,960	1,869,039	-	-	1,873,999
<b>Total Expenditures</b>	<b>13,508,387</b>	<b>4,979,039</b>	<b>1,905,449</b>	<b>-</b>	<b>20,392,875</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>(248,102)</b>	<b>134,270</b>	<b>(891,100)</b>	<b>2,757</b>	<b>(1,002,175)</b>
<b>Other Financing Sources (Uses):</b>					
Issuance of Lease Purchase Agreement	65,800	-	985,695	-	1,051,495
Transfers In	2,579,844	300,000	1,163	-	2,881,007
Transfers Out	(1,436,156)	(300,000)	(1,163)	-	(1,737,319)
<b>Total Other Financing Sources</b>	<b>1,209,488</b>	<b>-</b>	<b>985,695</b>	<b>-</b>	<b>2,195,183</b>
<b>Net Change in Fund Balance</b>	<b>961,386</b>	<b>134,270</b>	<b>94,595</b>	<b>2,757</b>	<b>1,193,008</b>
<b>Fund Balance at Beginning of Year</b>	<b>16,592,970</b>	<b>1,920,477</b>	<b>5,485,677</b>	<b>50,880</b>	<b>24,050,004</b>
<b>Fund Balance at End of Year</b>	<b>\$ 17,554,356</b>	<b>\$ 2,054,747</b>	<b>\$ 5,580,272</b>	<b>\$ 53,638</b>	<b>\$ 25,243,012</b>



## 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.

##### Alcohol and Drug Court Program Fund

The Alcohol and Drug Court Program Fund was established to account for the proceeds of fees charged to selected defendants in cases involving alcohol and drug cases, as provided by Health and Safety Code Section 469.001. This statute provides for the creation of a drug court for alcohol and drug diversion monitoring and enforcement for a period of approximately one year for the participants. The fees and expenses of this court are accounted for in this fund, and is under the budgetary authority of 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.

## **McLENNAN COUNTY, TEXAS**

### **Nonmajor Governmental Funds**

#### **Special Revenue Funds – Purpose of Funds**

##### District Clerk Errors and Omissions Fund

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

##### Economic Development Fund

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

##### 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.

## McLENNAN COUNTY, TEXAS

### Nonmajor Governmental Funds

#### Special Revenue Funds – Purpose of Funds

##### Local Government Programs Fund

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

##### State Programs Fund

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

##### Tax Office Administration Fund

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

#### **ROAD AND BRIDGE FUNDS**

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

##### Road and Bridge General Fund

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

##### Road and Bridge Farm-to-Market Roads Fund

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

##### Road and Bridge Right-of-Way Acquisition Fund

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

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

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

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



MCLENNAN COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Government Funds

Nonmajor Special Revenue Funds

September 30, 2007

	Adult Probation Fund	Alcohol and Drug Abuse Prevention and Treatment Fund	Alcohol and Drug Court Program 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
\$	2,632,146	18,737	474	8,124	61,925	17,239	-	82,223	5,839,440	9,915
	203,592	-	-	-	-	-	20,749	-	-	-
	-	-	-	-	-	-	-	-	-	-
	18	-	-	-	-	-	-	-	-	-
	-	-	53	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
\$	2,835,756	18,737	526	8,124	61,925	17,239	20,749	82,223	5,839,440	9,915

ASSETS

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

\$	30,528	-	-	-	550	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	144,879	-	-	-	-	-	-	-	-	-
	542,169	-	-	-	-	-	-	-	-	-
	717,576	-	-	-	550	-	-	-	-	-
	-	-	-	6,802	-	-	-	-	-	-
	2,118,180	18,737	526	1,322	61,375	17,239	20,749	82,223	5,839,440	9,915
	2,118,180	18,737	526	8,124	61,375	17,239	20,749	82,223	5,839,440	9,915
\$	2,835,756	18,737	526	8,124	61,925	17,239	20,749	82,223	5,839,440	9,915

continued

(continued)

**MCLENNAN COUNTY, TEXAS**

Combining Balance Sheet

Nonmajor Government Funds

Nonmajor Special Revenue Funds

September 30, 2007

	Federal Programs Fund	Jail Commissary Fund	Jury Fund	Juvenile Probation Fund	Law Enforcement Standards and Education Fund	Law Enforcement Special Fund	Law Library Fund	Local Government Programs Fund	State Programs Fund
\$	-	138,005	149,476	1,083,547	44,934	874,169	189,597	-	-
	-	-	46,966	-	-	4,000	-	-	-
	-	-	-	-	-	-	-	-	-
	-	10,556	-	-	370	-	295	-	-
	-	-	28,016	3,565	-	574	-	12,580	41,491
	-	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 148,560</b>	<b>\$ 227,971</b>	<b>\$ 1,087,112</b>	<b>\$ 45,304</b>	<b>\$ 878,743</b>	<b>\$ 189,892</b>	<b>\$ 12,580</b>	<b>\$ 41,491</b>

**ASSETS**

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

\$	-	400	664	48,029	1,197	75,994	5,317	12,580	41,430
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	3,513	62,189	-	-	-	-	-
	-	400	4,177	110,218	1,197	75,994	5,317	12,580	41,430
	-	-	-	-	-	-	-	-	-
	-	148,160	223,794	976,895	44,107	802,748	184,575	-	61
	-	148,160	223,794	976,895	44,107	802,748	184,575	-	61
<b>Total Liabilities and Fund Balance</b>	<b>\$ -</b>	<b>\$ 148,560</b>	<b>\$ 227,971</b>	<b>\$ 1,087,112</b>	<b>\$ 45,304</b>	<b>\$ 878,743</b>	<b>\$ 189,892</b>	<b>\$ 12,580</b>	<b>\$ 41,491</b>

continued

(continued)

**MCLENNAN COUNTY, TEXAS**

Combining Balance Sheet

Nonmajor Government Funds

Nonmajor Special Revenue Funds

September 30, 2007

	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
\$	-	50,041	63,179	186,008	979,346	2,577,573	593,970	2,520,307	18,120,375
	150,303	-	-	-	15,377	15,377	12,917	17,838	487,119
	-	-	64,023	-	-	-	-	-	67,536
	-	-	-	-	4	-	2	0	11,244
	-	-	-	-	26,176	26,176	21,988	30,364	190,982
	-	45,305	-	-	37,840	51,350	52,433	78,701	265,630
\$	150,303	95,346	127,202	186,008	1,058,743	2,670,475	681,310	2,647,209	19,142,884

**ASSETS**

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

Taxes  
 Accounts  
 Due from Other Governments  
 Inventories

Total Assets

**LIABILITIES AND FUND BALANCE**

Liabilities:

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

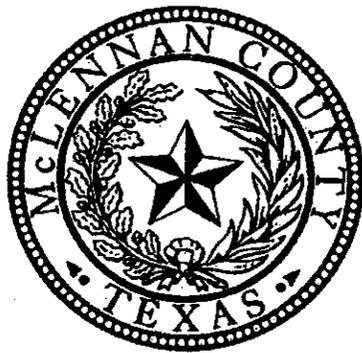
Total Liabilities

Fund Balances:

Reserved for Education  
 Unreserved Fund Balance  
 Total Fund Balances

Total Liabilities and Fund Balance

\$	-	-	-	-	-	27,278	28,525	209,226	741,465
	291	30,000	-	-	-	-	-	-	30,291
	-	-	-	-	-	-	-	-	144,879
	-	-	64,023	-	-	-	-	-	671,893
	291	30,000	64,023	-	27,278	259,746	28,525	209,226	1,588,528
	150,012	65,346	63,179	186,008	1,031,465	2,410,728	652,785	2,437,984	6,802
	150,012	65,346	63,179	186,008	1,031,465	2,410,728	652,785	2,437,984	17,547,554
\$	150,303	95,346	127,202	186,008	1,058,743	2,670,475	681,310	2,647,209	19,142,884



**MCLENNAN COUNTY, TEXAS**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**

**Nonmajor Governmental Funds**

**Nonmajor Special Revenue Funds**

Year Ended September 30, 2007

	Adult Probation Fund	Alcohol and Drug Abuse Prevention and Treatment Fund	Alcohol and Drug Court Program 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
<b>Revenues:</b>										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	1,003,944	-	-	-	-	-	22,693	-	-	-
Charges for Services	2,343,500	2,520	526	-	61,845	61,931	151,271	2,739	-	5,278
Fines and Forfeits	-	-	-	-	-	-	-	-	-	-
Miscellaneous	140,400	1,053	0	418	4,218	838	-	5,100	313,031	362
<b>Total Revenues</b>	<b>3,487,845</b>	<b>3,573</b>	<b>526</b>	<b>418</b>	<b>66,063</b>	<b>62,769</b>	<b>173,965</b>	<b>7,839</b>	<b>313,031</b>	<b>5,640</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General Government	-	-	-	-	250	-	221,916	-	-	-
Judicial	-	-	-	-	99,051	72,000	-	21,733	-	-
Public Safety	3,606,545	5,300	-	-	-	-	-	-	-	-
Public Transportation	-	-	-	-	-	-	-	-	-	-
Economic Development and Assistance	-	-	-	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-	-	488,189	-
Debt Service:										
Principal and Retirements	-	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-	-
Total Expenditures	3,606,545	5,300	-	-	99,301	72,000	221,916	21,733	488,189	-
Excess (Deficiency) of Revenue over Expenditure	(118,700)	(1,727)	526	418	(33,238)	(9,231)	(47,952)	(13,894)	(175,158)	5,640
<b>Other Financing Sources (Uses):</b>										
Issuance of Lease	-	-	-	-	-	-	-	-	-	-
Purchase Agreement	-	-	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	69,687	16,200	13,622	-	1,250,000	-
Transfers Out	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources	-	-	-	-	69,687	16,200	13,622	-	1,250,000	-
<b>Net Change in Fund Balance</b>	<b>(118,700)</b>	<b>(1,727)</b>	<b>526</b>	<b>418</b>	<b>36,449</b>	<b>6,969</b>	<b>(34,329)</b>	<b>(13,894)</b>	<b>1,074,842</b>	<b>5,640</b>
<b>Fund Balance at Beginning of Year</b>	<b>2,236,880</b>	<b>20,463</b>	<b>-</b>	<b>7,706</b>	<b>24,925</b>	<b>10,271</b>	<b>55,078</b>	<b>96,117</b>	<b>4,764,598</b>	<b>4,275</b>
<b>Fund Balance at End of Year</b>	<b>\$ 2,118,180</b>	<b>\$ 18,737</b>	<b>\$ 526</b>	<b>\$ 8,124</b>	<b>\$ 61,375</b>	<b>\$ 17,239</b>	<b>\$ 20,749</b>	<b>\$ 82,223</b>	<b>\$ 5,839,440</b>	<b>\$ 9,915</b>

(continued)

(continued)

**MCLENNAN COUNTY, TEXAS**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**

**Nonmajor Governmental Funds**

**Nonmajor Special Revenue Funds**

**Year Ended September 30, 2007**

	Federal Government 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
<b>Revenues:</b>									
Taxes	\$ -	\$ -	\$ 35,166	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-	-	-
Intergovernmental Charges for Services	1,705	-	105,893	1,443,530	25,464	1,585	-	183,196	95,695
Fines and Forfeits	-	148,056	8,369	26,110	-	-	144,332	-	-
Miscellaneous	-	-	38	-	-	88,569	-	-	-
	-	304	9,942	51,835	-	51,559	8,392	-	-
<b>Total Revenues</b>	<b>1,705</b>	<b>148,360</b>	<b>159,408</b>	<b>1,521,475</b>	<b>25,464</b>	<b>141,713</b>	<b>152,724</b>	<b>183,196</b>	<b>95,695</b>
<b>Expenditures:</b>									
<b>Current:</b>									
General Government	-	-	-	-	820	29,423	63,253	-	51,629
Judicial	-	-	203,630	-	-	-	42,432	-	-
Public Safety	1,705	125,260	-	1,412,839	38,751	252,467	-	183,196	44,006
Public Transportation and Assistance	-	-	-	-	-	-	-	-	-
Economic Development and Assistance	-	-	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal and Retirements	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>1,705</b>	<b>125,260</b>	<b>203,630</b>	<b>1,412,839</b>	<b>39,571</b>	<b>281,890</b>	<b>105,685</b>	<b>183,196</b>	<b>95,635</b>
Excess (Deficiency) of Revenue over Expenditure	-	23,099	(44,221)	108,636	(14,106)	(140,177)	47,039	-	60
<b>Other Financing Sources (Uses):</b>									
Issuance of Lease	-	-	-	-	-	-	-	-	-
Purchase Agreement	-	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	160,007	-	-	-
Transfers Out	-	-	-	-	-	(147,723)	-	(6,040)	(19,866)
<b>Total Other Financing Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,284</b>	<b>-</b>	<b>(6,040)</b>	<b>(19,866)</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>23,099</b>	<b>(44,221)</b>	<b>108,636</b>	<b>(14,106)</b>	<b>(127,893)</b>	<b>47,039</b>	<b>(6,040)</b>	<b>(19,806)</b>
<b>Fund Balance at Beginning of Year</b>	<b>-</b>	<b>125,061</b>	<b>268,016</b>	<b>860,258</b>	<b>58,214</b>	<b>930,642</b>	<b>137,536</b>	<b>6,040</b>	<b>19,867</b>
<b>Fund Balance at End of Year</b>	<b>\$ -</b>	<b>\$ 148,160</b>	<b>\$ 223,794</b>	<b>\$ 976,895</b>	<b>\$ 44,107</b>	<b>\$ 802,748</b>	<b>\$ 184,575</b>	<b>\$ -</b>	<b>\$ 61</b>

(continued)

(continued)

**MCLENNAN COUNTY, TEXAS**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**

**Nonmajor Governmental Funds**

**Nonmajor Special Revenue Funds**

Year Ended September 30, 2007

	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
<b>Revenues:</b>									
Taxes	\$ -	\$ -	\$ 1,036,793	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,071,959
Licenses and Permits	-	-	-	-	451,336	451,336	379,122	523,550	1,805,345
Intergovernmental Charges for Services	-	-	462	-	361,763	361,763	303,881	419,645	4,331,220
Fines and Forfeits	12,629	-	1,498	-	-	-	-	-	2,956,479
Miscellaneous	35,620	4,916	1,049	9,563	167,270	148,935	96,057	279,608	1,764,811
<b>Total Revenues</b>	<b>48,249</b>	<b>4,916</b>	<b>1,039,803</b>	<b>9,563</b>	<b>1,395,889</b>	<b>1,377,554</b>	<b>1,128,096</b>	<b>1,704,806</b>	<b>13,260,285</b>
<b>Expenditures:</b>									
Current:									
General Government	44,492	-	-	-	-	-	-	-	411,784
Judicial	-	-	-	-	-	-	-	-	438,846
Public Safety	-	-	-	-	-	-	-	-	5,670,068
Public Transportation	-	151,220	-	1,781	1,522,179	1,625,243	1,233,470	1,914,665	6,448,558
Economic Development and Assistance	-	-	-	-	-	-	-	-	488,189
Capital Projects	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal and Retirements	-	-	-	-	45,983	-	-	-	45,983
Interest and Fiscal Charges	-	-	-	-	4,960	-	-	-	4,960
<b>Total Expenditures</b>	<b>44,492</b>	<b>151,220</b>	<b>-</b>	<b>1,781</b>	<b>1,573,121</b>	<b>1,625,243</b>	<b>1,233,470</b>	<b>1,914,665</b>	<b>13,508,387</b>
Excess (Deficiency) of Revenue over Expenditure	3,756	(146,304)	1,039,803	7,782	(177,233)	(247,689)	(105,373)	(209,859)	(248,102)
<b>Other Financing Sources (Uses):</b>									
Issuance of Lease	-	-	-	-	65,800	-	-	-	65,800
Purchase Agreement	-	172,578	-	-	225,500	225,500	185,850	260,900	2,579,844
Transfers In	-	(12,799)	(1,040,228)	-	(52,800)	(52,300)	(52,800)	(51,600)	(1,436,156)
Transfers Out	-	159,779	(1,040,228)	-	238,500	173,200	133,050	209,300	1,209,488
<b>Total Other Financing Sources</b>	<b>-</b>	<b>219,558</b>	<b>(1,040,228)</b>	<b>-</b>	<b>238,500</b>	<b>173,200</b>	<b>133,050</b>	<b>209,300</b>	<b>1,209,488</b>
<b>Net Change in Fund Balance</b>	<b>3,756</b>	<b>13,475</b>	<b>(425)</b>	<b>7,782</b>	<b>61,267</b>	<b>(74,489)</b>	<b>27,677</b>	<b>(559)</b>	<b>961,386</b>
<b>Fund Balance at Beginning of Year</b>	<b>146,256</b>	<b>51,871</b>	<b>63,604</b>	<b>178,226</b>	<b>970,197</b>	<b>2,485,218</b>	<b>625,109</b>	<b>2,438,543</b>	<b>16,592,970</b>
<b>Fund Balance at End of Year</b>	<b>\$ 150,012</b>	<b>\$ 65,346</b>	<b>\$ 63,179</b>	<b>\$ 186,008</b>	<b>\$ 1,031,465</b>	<b>\$ 2,410,728</b>	<b>\$ 652,785</b>	<b>\$ 2,437,984</b>	<b>\$ 17,554,356</b>

**MCLENNAN COUNTY, TEXAS**

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

Alcohol and Drug Court Program

Year Ended September 30, 2007

	Budget		Actual	Variance with Final Budget positive (negative)
	Original	Final		
Revenues:				
Charges for Services -				
Drug Court Costs	\$ -	\$ -	\$ 526	\$ 526
Miscellaneous:				
Investment Income	-	-	0	0
Other	-	-	-	-
Total Miscellaneous	-	-	0	0
Total Revenues	-	-	526	526
Expenditures:				
General Government:				
Alcohol and Drug Court Department				
Other Services and Charges	-	-	-	-
Total Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	526	526
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	\$ -	\$ -	\$ 526	\$ 526

Note: The Alcohol and Drug Court Program Fund is and will be a fund under the budgetary control of the Commissioners' Court. However, it was created by the Texas Legislature in the spring of 2007, to go into effect on September 1, 2007. Therefore there was no original nor final budget for this fund for the year ending September 30, 2007, but was included in the budget process for 2008, and will be for each year thereafter.

**MCLENNAN COUNTY, TEXAS**

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

Available School Fund

Year Ended September 30, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Miscellaneous	\$ 100	\$ 100	\$ 418	\$ 318
<b>Total Revenues</b>	<b>100</b>	<b>100</b>	<b>418</b>	<b>318</b>
<b>Expenditures:</b>				
Education				
Other Services & Charges	7,399	7,399	-	7,399
<b>Total Expenditures</b>	<b>7,399</b>	<b>7,399</b>	<b>-</b>	<b>7,399</b>
<b>Excess (Deficiency) of         Revenue over Expenditures</b>	<b>(7,299)</b>	<b>(7,299)</b>	<b>418</b>	<b>7,717</b>
<b>Other Financing Sources:</b>				
Transfers In	-	-	-	-
<b>Net Change in Fund Balance</b>	<b>(7,299)</b>	<b>(7,299)</b>	<b>418</b>	<b>7,717</b>
<b>Fund Balance at Beginning of Year</b>	<b>7,661</b>	<b>7,661</b>	<b>7,706</b>	<b>45</b>
<b>Fund Balance at End of Year</b>	<b>\$ 362</b>	<b>\$ 362</b>	<b>\$ 8,124</b>	<b>\$ 7,762</b>

**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, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for Services	\$ 52,000	\$ 52,000	\$ 61,845	\$ 9,845
Miscellaneous - Investment Income	2,200	2,200	4,218	2,018
<b>Total Revenues</b>	<b>54,200</b>	<b>54,200</b>	<b>66,063</b>	<b>11,863</b>
<b>Expenditures:</b>				
General Government				
Other Services and Charges	5,501	1,001	250	751
Judicial:				
Other Services and Charges	124,500	129,000	99,051	29,949
<b>Total Expenditures</b>	<b>130,001</b>	<b>130,001</b>	<b>99,301</b>	<b>30,700</b>
Excess (Deficiency) of Revenue over Expenditures	(75,801)	(75,801)	(33,238)	42,563
<b>Other Financing Sources</b>				
Transfers In	69,687	69,687	69,687	-
<b>Net Change in Fund Balance</b>	<b>(6,114)</b>	<b>(6,114)</b>	<b>36,449</b>	<b>42,563</b>
Fund Balance at Beginning of Year	6,114	6,114	24,925	18,811
<b>Fund Balance at End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 61,375</b>	<b>\$ 61,375</b>

**MCLENNAN COUNTY, TEXAS**

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

Dispute Resolution Fund

Year Ended September 30, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ 49,500	\$ 49,500	\$ 61,931	\$ 12,431
Miscellaneous - Investment Income	300	300	838	538
Total Revenues	49,800	49,800	62,769	12,969
Expenditures:				
Judicial:				
Other Services and Charges	66,072	72,072	72,000	72
Excess (Deficiency) of Revenue over Expenditures	(16,272)	(22,272)	(9,231)	13,041
Other Financing Sources:				
Transfers In	10,200	16,200	16,200	-
Net Change in Fund Balance	(6,072)	(6,072)	6,969	13,041
Fund Balance at Beginning of Year	6,072	6,072	10,271	4,199
Fund Balance at End of Year	\$ -	\$ -	\$ 17,239	\$ 17,239

**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, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for Services	\$ 2,600	\$ 2,600	\$ 2,739	\$ 139
Miscellaneous - Investment Income	3,400	3,400	5,100	1,700
<b>Total Revenues</b>	<b>6,000</b>	<b>6,000</b>	<b>7,839</b>	<b>1,839</b>
<b>Expenditures:</b>				
Judicial:				
Other Services and Charges	101,490	101,490	21,733	79,757
<b>Net Change in Fund Balance</b>	<b>(95,490)</b>	<b>(95,490)</b>	<b>(13,894)</b>	<b>81,596</b>
<b>Fund Balance at Beginning of Year</b>	<b>95,490</b>	<b>95,490</b>	<b>96,117</b>	<b>627</b>
<b>Fund Balance at End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 82,223</b>	<b>\$ 82,223</b>

**MCLENNAN COUNTY, TEXAS**

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

Economic Development Fund

Year Ended September 30, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Miscellaneous -				
Investment Income	\$ 200,000	\$ 200,000	\$ 313,031	\$ 113,031
Other - Recovery of Expenditures	-	-	-	-
<b>Total Revenue</b>	<u>200,000</u>	<u>200,000</u>	<u>313,031</u>	<u>113,031</u>
<b>Expenditures:</b>				
Economic Development -				
Other Services and Charges	<u>5,993,842</u>	<u>5,993,842</u>	<u>488,189</u>	<u>5,505,653</u>
<b>Excess (Deficiency) of         Revenue over Expenditures</b>	(5,793,842)	(5,793,842)	(175,158)	5,618,684
<b>Other Financing Sources:</b>				
Transfers In	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	(4,543,842)	(4,543,842)	1,074,842	5,618,684
<b>Fund Balance at Beginning of Year</b>	<u>4,543,842</u>	<u>4,543,842</u>	<u>4,764,598</u>	<u>220,756</u>
<b>Fund Balance at End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,839,440</u>	<u>\$ 5,839,440</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, 2007

	Budget		Actual	Variance with Final Budget positive (negative)
	Original	Final		
Revenues:				
Charges for Services -				
Family Protection Fees	\$ 3,500	\$ 3,500	\$ 5,278	\$ 1,778
Miscellaneous:				
Investment Income	50	50	362	312
Other	-	-	-	-
Total Miscellaneous	<u>50</u>	<u>50</u>	<u>362</u>	<u>312</u>
Total Revenues	<u>3,550</u>	<u>3,550</u>	<u>5,640</u>	<u>2,090</u>
Expenditures:				
General Government:				
Family Protection Department				
Other Services and Charges	7,100	7,100	-	7,100
Total Expenditures	<u>7,100</u>	<u>7,100</u>	<u>-</u>	<u>7,100</u>
Net Change in Fund Balance	(3,550)	(3,550)	5,640	9,190
Fund Balance at Beginning of Year	<u>3,550</u>	<u>3,550</u>	<u>4,275</u>	<u>725</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,915</u>	<u>\$ 9,915</u>

**MCLENNAN COUNTY, TEXAS**

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

Jury Fund

Year Ended September 30, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 33,000	\$ 33,000	\$ 35,166	\$ 2,166
Intergovernmental -				
Payment in Lieu of Taxes	60,050	60,050	105,893	45,843
Fines and Forfeitures	625	625	38	(587)
Charges for Services				
Jury Fees	6,785	6,785	8,369	1,584
Miscellaneous:				
Investment Income, Net	5,600	5,600	9,942	4,342
Other	6,730	6,730	-	(6,730)
Total Miscellaneous	<u>12,330</u>	<u>12,330</u>	<u>9,942</u>	<u>(2,388)</u>
Total Revenues	<u>112,790</u>	<u>112,790</u>	<u>159,408</u>	<u>46,618</u>
<b>Expenditures:</b>				
Judicial:				
Jury Service:				
Personal Services	280,000	280,000	185,025	94,975
Supplies	6,050	6,050	4,637	1,413
Other Services and Charges	26,185	26,185	13,968	12,217
Total Expenditures	<u>312,235</u>	<u>312,235</u>	<u>203,630</u>	<u>108,605</u>
Net Change in Fund Balance	(199,445)	(199,445)	(44,221)	155,224
Fund Balance at Beginning of Year	<u>199,445</u>	<u>199,445</u>	<u>268,016</u>	<u>68,571</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223,794</u>	<u>\$ 223,794</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, 2007

	Budget		Actual	Variance with Final Budget positive (negative)
	Original	Final		
<b>Revenues:</b>				
Charges for Services -				
Law Library Fees	\$ 128,020	\$ 128,020	\$ 144,332	\$ 16,312
Miscellaneous:				
Investment Income	4,500	4,500	8,392	3,892
Other	-	-	-	-
Total Miscellaneous	<u>4,500</u>	<u>4,500</u>	<u>8,392</u>	<u>3,892</u>
Total Revenues	<u>132,520</u>	<u>132,520</u>	<u>152,724</u>	<u>20,204</u>
<b>Expenditures:</b>				
General Government:				
Law Library				
Personal Services	33,455	33,455	29,478	3,977
Supplies	57,800	57,800	32,786	25,014
Other Services and Charges	115,996	105,496	989	104,507
Capital Outlay	-	-	-	-
Total Law Library	<u>207,251</u>	<u>196,751</u>	<u>63,253</u>	<u>133,498</u>
Judicial				
Supplies	<u>46,398</u>	<u>56,898</u>	<u>42,432</u>	<u>14,466</u>
Total Expenditures	<u>253,649</u>	<u>253,649</u>	<u>105,685</u>	<u>147,964</u>
Net Change in Fund Balance	(121,129)	(121,129)	47,039	168,168
Fund Balance at Beginning of Year	<u>121,129</u>	<u>121,129</u>	<u>137,536</u>	<u>16,407</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,575</u>	<u>\$ 184,575</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, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Miscellaneous:				
Investment Income, Net	\$ 3,800	\$ 3,800	\$ 4,916	\$ 1,116
Other	-	-	-	-
<b>Total Revenues</b>	<b>3,800</b>	<b>3,800</b>	<b>4,916</b>	<b>1,116</b>
<b>Expenditures:</b>				
Public Transportation:				
County Engineer				
Personal Services	106,419	106,419	106,143	276
<b>Total County Engineer</b>	<b>106,419</b>	<b>106,419</b>	<b>106,143</b>	<b>276</b>
County Garage				
Personal Services	-	-	-	-
Supplies	-	-	-	-
Other Services & Charges	-	-	-	-
Capital Outlay	-	-	-	-
<b>Total County Garage</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Sign Shop				
Personal Services	46,355	46,455	46,309	146
Supplies	14,300	44,300	(1,456)	45,756
Other Services & Charges	340	340	224	116
<b>Total Sign Shop</b>	<b>60,995</b>	<b>91,095</b>	<b>45,077</b>	<b>46,018</b>
<b>Total Expenditures</b>	<b>167,414</b>	<b>197,514</b>	<b>151,220</b>	<b>46,294</b>
<b>Excess (Deficiency) of   Revenue over Expenditures</b>	<b>(163,614)</b>	<b>(193,714)</b>	<b>(146,304)</b>	<b>47,410</b>
<b>Other Financing Sources (Uses):</b>				
Disposition of Capital Assets	-	-	-	-
Transfers In	142,478	172,578	172,578	-
Transfers Out	(12,799)	(12,799)	(12,799)	-
<b>Total Other Financing Sources (Uses)</b>	<b>129,679</b>	<b>159,779</b>	<b>159,779</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(33,935)</b>	<b>(33,935)</b>	<b>13,475</b>	<b>47,410</b>
<b>Fund Balance at Beginning of Year</b>	<b>33,935</b>	<b>33,935</b>	<b>51,871</b>	<b>17,936</b>
<b>Fund Balance at End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 65,346</b>	<b>\$ 65,346</b>

**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, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 1,008,942	\$ 1,008,942	\$ 1,036,793	\$ 27,851
Fines and Forfeits	665	665	1,498	833
Miscellaneous - Investment Income	200	200	1,049	849
<b>Total Revenues</b>	<b>1,009,807</b>	<b>1,009,807</b>	<b>1,039,340</b>	<b>29,533</b>
<b>Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>1,009,807</b>	<b>1,009,807</b>	<b>1,039,340</b>	<b>29,533</b>
<b>Other Financing Uses:</b>				
Transfers Out:	(1,040,228)	(1,040,228)	(1,040,228)	-
<b>Net Change in Fund Balance</b>	<b>(30,421)</b>	<b>(30,421)</b>	<b>(888)</b>	<b>29,533</b>
<b>Fund Balance at Beginning of Year</b>	<b>30,421</b>	<b>30,421</b>	<b>63,604</b>	<b>33,183</b>
<b>Fund Balance at End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 62,717</b>	<b>\$ 62,717</b>

**MCLENNAN COUNTY, TEXAS**

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

Road and Bridge Right of Way-Allocation Fund

Year Ended September 30, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>Miscellaneous:</b>				
Investment Income, Net	\$ 5,000	\$ 5,000	\$ 9,563	\$ 4,563
Other	-	-	-	-
<b>Total Revenues</b>	<b>5,000</b>	<b>5,000</b>	<b>9,563</b>	<b>4,563</b>
<b>Expenditures:</b>				
<b>Public Transportation:</b>				
Other Services and Charges	-	-	-	-
Capital Outlay	178,606	178,606	1,781	176,825
<b>Total Expenditures</b>	<b>178,606</b>	<b>178,606</b>	<b>1,781</b>	<b>176,825</b>
 <b>Net Change in Fund Balance</b>	<b>(173,606)</b>	<b>(173,606)</b>	<b>7,782</b>	<b>181,388</b>
<b>Fund Balance at Beginning of Year</b>	<b>173,606</b>	<b>173,606</b>	<b>178,226</b>	<b>4,620</b>
<b>Fund Balance at End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 186,008</b>	<b>\$ 186,008</b>

**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, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Licenses and Permits	\$ 430,000	\$ 430,000	\$ 451,336	\$ 21,336
Intergovernmental -				
State Shared Revenues	362,000	362,000	361,763	(237)
Fines and Forfeits	417,000	417,000	415,519	(1,481)
Miscellaneous:				
Investment Income, Net	36,000	36,000	58,708	22,708
Sale of Supplies	9,100	9,100	11,258	2,158
Other	200	200	97,303	97,103
Total Miscellaneous	45,300	45,300	167,270	121,970
<b>Total Revenues</b>	<b>1,254,300</b>	<b>1,254,300</b>	<b>1,395,889</b>	<b>141,589</b>
<b>Expenditures:</b>				
Public Transportation:				
Personal Services	1,037,066	1,037,066	876,183	160,883
Supplies	718,600	718,600	438,538	280,062
Other Services and Charges	445,580	417,580	89,719	327,861
Capital Outlay	45,000	126,950	117,738	9,212
Total Public Transportation	2,246,246	2,300,196	1,522,179	778,017
Debt Service:				
Principal and Retirements	35,490	46,708	45,983	725
Interest and Fiscal Charges	3,608	4,240	4,960	(720)
	39,098	50,948	50,942	6
<b>Total Expenditures</b>	<b>2,285,344</b>	<b>2,351,144</b>	<b>1,573,121</b>	<b>778,023</b>
Excess (Deficiency) of Revenue over Expenditures	(1,031,044)	(1,096,844)	(177,233)	919,611
<b>Other Financing Sources (Uses):</b>				
Disposition of Capital Assets	-	-	-	-
Issuance of Lease Purchase Agreement	-	65,800	65,800	-
Transfers In	225,500	225,500	225,500	-
Transfers Out	(52,800)	(52,800)	(52,800)	-
Total Other Financing Sources	172,700	238,500	238,500	-
<b>Net Change in Fund Balance</b>	<b>(858,344)</b>	<b>(858,344)</b>	<b>61,267</b>	<b>919,611</b>
Fund Balance at Beginning of Year	858,344	858,344	970,197	111,853
Fund Balance at End of Year	-	-	1,031,465	1,031,465

**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, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Licenses and Permits	\$ 430,000	\$ 430,000	\$ 451,336	\$ 21,336
Intergovernmental -				
State Shared Revenues	362,000	362,000	361,763	(237)
Charges for Services	-	-	-	-
Fines and Forfeits	417,000	417,000	415,519	(1,481)
Miscellaneous:				
Investment Income, Net	98,000	98,000	135,721	37,721
Sale of Supplies	6,150	6,150	8,924	2,774
Other	160	160	4,291	4,131
Total Miscellaneous	<u>104,310</u>	<u>104,310</u>	<u>148,935</u>	<u>44,625</u>
Total Revenues	<u>1,313,310</u>	<u>1,313,310</u>	<u>1,377,554</u>	<u>64,244</u>
<b>Expenditures:</b>				
Public Transportation:				
Personal Services	1,100,617	1,100,617	870,544	230,073
Supplies	785,941	455,439	365,321	90,118
Other Services and Charges	890,444	1,291,165	96,798	1,194,367
Capital Outlay	<u>394,180</u>	<u>323,961</u>	<u>292,580</u>	<u>31,381</u>
Total Public Transportation	<u>3,171,182</u>	<u>3,171,182</u>	<u>1,625,243</u>	<u>1,545,939</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(1,857,872)</u>	<u>(1,857,872)</u>	<u>(247,689)</u>	<u>1,610,183</u>
<b>Other Financing Sources (Uses):</b>				
Disposition of Capital Assets	-	-	-	-
Transfers In	225,500	225,500	225,500	-
Transfers Out	<u>(52,300)</u>	<u>(52,300)</u>	<u>(52,300)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>173,200</u>	<u>173,200</u>	<u>173,200</u>	<u>-</u>
Net Change in Fund Balance	(1,684,672)	(1,684,672)	(74,489)	1,610,183
Fund Balance at Beginning of Year	<u>1,684,672</u>	<u>1,684,672</u>	<u>2,485,218</u>	<u>800,546</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,410,728</u>	<u>\$ 2,410,728</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, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Licenses and Permits	\$ 361,200	\$ 361,200	\$ 379,122	\$ 17,922
Intergovernmental -				
State Shared Revenues	303,800	303,800	303,881	81
Fines and Forfeits	350,285	350,285	349,036	(1,249)
Miscellaneous:				
Investment Income, Net	22,000	22,000	35,311	13,311
Sale of Supplies	7,650	7,650	18,439	10,789
Other	160	39,620	42,307	2,687
Total Miscellaneous	<u>29,810</u>	<u>69,270</u>	<u>96,057</u>	<u>26,787</u>
<b>Total Revenues</b>	<u>1,045,095</u>	<u>1,084,555</u>	<u>1,128,096</u>	<u>43,541</u>
<b>Expenditures:</b>				
Public Transportation:				
Personal Services	849,105	849,105	728,477	120,628
Supplies	625,626	628,160	428,755	199,405
Other Services and Charges	151,659	188,585	56,438	132,147
Capital Outlay	<u>25,000</u>	<u>25,000</u>	<u>19,800</u>	<u>5,200</u>
<b>Total Public Transportation</b>	<u>1,651,390</u>	<u>1,690,850</u>	<u>1,233,470</u>	<u>457,380</u>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<u>(606,295)</u>	<u>(606,295)</u>	<u>(105,373)</u>	<u>(500,922)</u>
<b>Other Financing Sources (Uses):</b>				
Disposition of Capital Assets	-	-	-	-
Transfers In	185,850	185,850	185,850	-
Transfers Out	<u>(52,800)</u>	<u>(52,800)</u>	<u>(52,800)</u>	<u>-</u>
<b>Total Other Financing Sources</b>	<u>133,050</u>	<u>133,050</u>	<u>133,050</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>(473,245)</u>	<u>(473,245)</u>	<u>27,677</u>	<u>500,922</u>
<b>Fund Balance at Beginning of Year</b>	<u>473,245</u>	<u>473,245</u>	<u>625,109</u>	<u>151,864</u>
<b>Fund Balance at End of Year</b>	<u>-</u>	<u>-</u>	<u>652,785</u>	<u>652,785</u>

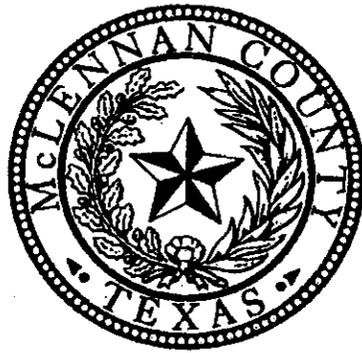
**MCLENNAN COUNTY, TEXAS**

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

Road and Bridge Precinct 4 Fund

Year Ended September 30, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Licenses and Permits	\$ 498,800	\$ 498,800	\$ 523,550	\$ 24,750
Intergovernmental -				
State Shared Revenues	418,200	418,200	419,645	1,445
Fines and Forfeits	483,705	483,705	482,002	(1,703)
Miscellaneous:				
Investment Income, Net	110,000	110,000	141,489	31,489
Sale of Supplies	10,100	10,100	12,065	1,965
Other	610	123,544	126,054	2,510
Total Miscellaneous	<u>120,710</u>	<u>243,644</u>	<u>279,608</u>	<u>35,964</u>
Total Revenues	<u>1,521,415</u>	<u>1,644,349</u>	<u>1,704,806</u>	<u>60,457</u>
<b>Expenditures:</b>				
Public Transportation:				
Personal Services	1,105,386	1,105,386	855,446	249,940
Supplies	1,457,275	1,431,175	747,571	683,604
Other Services and Charges	418,805	337,911	92,772	245,139
Capital Outlay	<u>352,500</u>	<u>582,428</u>	<u>218,875</u>	<u>363,553</u>
Total Public Transportation	<u>3,333,966</u>	<u>3,456,900</u>	<u>1,914,665</u>	<u>1,542,235</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(1,812,551)</u>	<u>(1,812,551)</u>	<u>(209,859)</u>	<u>1,602,692</u>
<b>Other Financing Sources (Uses):</b>				
Disposition of Capital Assets	-	-	-	-
Transfers In	260,900	260,900	260,900	-
Transfers Out	<u>(51,600)</u>	<u>(51,600)</u>	<u>(51,600)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>209,300</u>	<u>209,300</u>	<u>209,300</u>	<u>-</u>
Net Change in Fund Balance	(1,603,251)	(1,603,251)	(559)	1,602,692
Fund Balance at Beginning of Year	<u>1,603,251</u>	<u>1,603,251</u>	<u>2,438,543</u>	<u>835,292</u>
Fund Balance at End of Year	<u>-</u>	<u>-</u>	<u>2,437,984</u>	<u>2,437,984</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 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.

#### 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, 2007

	Certificates of Obligation Series 1996	Refunding Bonds Series 1998	Certificates of Obligation Series 2000	Permanent Improvement Bonds Series 2001	Certificates of Obligation Series 2003
	\$ 344,171	\$ 101,956	\$ 298,911	\$ 296,790	\$ 266,324
	38,205	7,465	22,835	34,692	26,788
	<u>\$ 382,377</u>	<u>\$ 109,422</u>	<u>\$ 321,747</u>	<u>\$ 331,482</u>	<u>\$ 293,112</u>

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:  
 Accounts Payable  
 Deferred Revenue  
 Total Liabilities  
 Unreserved Fund Balance  
 Total Liabilities and Fund Balance

	\$ 38,205	\$ 7,465	\$ 22,835	\$ 34,692	\$ 26,788
	38,205	7,465	22,835	34,692	26,788
	<u>344,171</u>	<u>101,956</u>	<u>298,911</u>	<u>296,790</u>	<u>266,324</u>
	<u>\$ 382,377</u>	<u>\$ 109,422</u>	<u>\$ 321,747</u>	<u>\$ 331,482</u>	<u>\$ 293,112</u>

(continued)

**MCLENNAN COUNTY, TEXAS**

Combining Balance Sheet

Nonmajor Governmental Funds

Nonmajor Debt Service Funds

September 30, 2007

	Refunding Bonds Series 2003	Note Payable 2004	Refunding Bonds Series 2005	Certificates of Obligation Series 2006	Debt Service Funds Total
Pooled Cash and Investments	\$ 385,290	\$ 15,517	\$ 229,180	\$ 116,608	\$ 2,054,747
Non-Pooled Cash and Investments	-	-	-	-	-
Receivables (net of allowances for estimated uncollectibles):					
Taxes	73,776	-	15,809	14,931	234,502
Due from Other Governments	-	-	-	-	-
Total Assets	\$ 459,066	\$ 15,517	\$ 244,989	\$ 131,539	\$ 2,289,249

ASSETS

LIABILITIES AND FUND BALANCE

Liabilities:					
Accounts Payable	-	-	-	-	\$ -
Deferred Revenue	73,776	-	15,809	14,931	234,502
Total Liabilities	73,776	-	15,809	14,931	234,502
Unreserved Fund Balance	385,290	15,517	229,180	116,608	2,054,747
Total Liabilities and Fund Balance	\$ 459,066	\$ 15,517	\$ 244,989	\$ 131,539	\$ 2,289,249

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, 2007

	Certificates of Obligation Series 1996	Refunding Bonds Series 1998	Certificates of Obligation Series 2000	Permanent Improvement Bonds Series 2001	Certificates of Obligation Series 2003
Revenues:					
Taxes	\$ 826,490	\$ 158,265	\$ 483,576	\$ 738,557	\$ 562,669
Intergovernmental	397	76	232	355	270
Miscellaneous	24,840	6,843	21,236	20,878	18,444
Total Revenues	851,727	165,184	505,045	759,789	581,403
Expenditures:					
Debt Service:					
Principal and Retirements	475,000	110,000	400,000	355,000	300,000
Interest and Fiscal Charges	347,988	47,420	87,063	385,575	269,175
Total Expenditures	822,988	157,420	487,063	740,575	569,175
Excess (Deficiency) of Revenue over Expenditures	28,740	7,764	17,983	19,214	12,228
Other Financing Sources (Uses):					
Transfers In	-	-	-	-	-
Transfers Out	-	-	(100,000)	-	-
Total Other Financing Sources (Uses)	-	-	(100,000)	-	-
Net Change in Fund Balance	28,740	7,764	(82,017)	19,214	12,228
Fund Balance at Beginning of Year	315,432	94,192	380,929	277,576	254,096
Fund Balance at End of Year	\$ 344,171	\$ 101,956	\$ 298,911	\$ 296,790	\$ 266,324

(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, 2007

	Refunding Bonds Series 2003	Computer Note 2004	Refunding Bonds Series 2005	Certificates of Obligation Series 2006	Debt Service Funds Total
<b>Revenues:</b>					
Taxes	\$ 1,547,444	\$ -	\$ 334,093	\$ 307,748	\$ 4,958,863
Intergovernmental	743	-	160	148	2,381
Miscellaneous	39,102	798	12,985	6,929	152,065
<b>Total Revenues</b>	<b>1,587,290</b>	<b>798</b>	<b>347,249</b>	<b>314,824</b>	<b>5,113,309</b>
<b>Expenditures:</b>					
<b>Debt Service:</b>					
Principal and Retirements	1,330,000	-	50,000	90,000	3,110,000
Interest and Fiscal Charges	221,305	-	290,031	220,483	1,869,039
<b>Total Expenditures</b>	<b>1,551,305</b>	<b>-</b>	<b>340,031</b>	<b>310,483</b>	<b>4,979,039</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>35,985</b>	<b>798</b>	<b>7,218</b>	<b>4,341</b>	<b>134,270</b>
<b>Other Financing Sources (Uses):</b>					
Transfers In	-	-	190,000	110,000	300,000
Transfers Out	(200,000)	-	-	-	(300,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(200,000)</b>	<b>-</b>	<b>190,000</b>	<b>110,000</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(164,015)</b>	<b>798</b>	<b>197,218</b>	<b>114,341</b>	<b>134,270</b>
<b>Fund Balance at Beginning of Year</b>	<b>549,305</b>	<b>14,719</b>	<b>31,962</b>	<b>2,267</b>	<b>1,920,477</b>
<b>Fund Balance at End of Year</b>	<b>\$ 385,290</b>	<b>\$ 15,517</b>	<b>\$ 229,180</b>	<b>\$ 116,608</b>	<b>\$ 2,054,747</b>

**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, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 817,298	\$ 817,298	\$ 826,490	\$ 9,192
Intergovernmental	420	420	397	(23)
Miscellaneous	19,000	19,000	24,840	5,840
<b>Total Revenues</b>	<b>836,718</b>	<b>836,718</b>	<b>851,727</b>	<b>15,009</b>
<b>Expenditures:</b>				
<b>Debt Service:</b>				
Principal and Retirements	475,000	475,000	475,000	-
Interest and Fiscal Charges	347,988	347,988	347,988	1
<b>Total Expenditures</b>	<b>822,988</b>	<b>822,988</b>	<b>822,988</b>	<b>1</b>
<b>Net Change in Fund Balance</b>	<b>13,730</b>	<b>13,730</b>	<b>28,740</b>	<b>15,010</b>
<b>Fund Balance at Beginning of Year</b>	<b>285,333</b>	<b>285,333</b>	<b>315,432</b>	<b>30,099</b>
<b>Fund Balance at End of Year</b>	<b>\$ 299,063</b>	<b>\$ 299,063</b>	<b>\$ 344,171</b>	<b>\$ 45,108</b>

**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, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 155,697	\$ 155,697	\$ 158,265	\$ 2,568
Intergovernmental	40	40	76	36
Miscellaneous	4,800	4,800	6,843	2,043
<b>Total Revenues</b>	<b>160,537</b>	<b>160,537</b>	<b>165,184</b>	<b>4,647</b>
<b>Expenditures:</b>				
<b>Debt Service:</b>				
Principal and Retirements	110,000	110,000	110,000	-
Interest and Fiscal Charges	47,420	47,420	47,420	-
<b>Total Expenditures</b>	<b>157,420</b>	<b>157,420</b>	<b>157,420</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>3,117</b>	<b>3,117</b>	<b>7,764</b>	<b>4,647</b>
<b>Fund Balance at Beginning of Year</b>	<b>87,863</b>	<b>87,863</b>	<b>94,192</b>	<b>6,329</b>
<b>Fund Balance at End of Year</b>	<b>\$ 90,980</b>	<b>\$ 90,980</b>	<b>\$ 101,956</b>	<b>\$ 10,976</b>

**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, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 488,451	\$ 488,451	\$ 483,576	\$ (4,875)
Intergovernmental	420	420	232	(188)
Miscellaneous	19,000	19,000	21,236	2,236
<b>Total Revenues</b>	<b>507,871</b>	<b>507,871</b>	<b>505,045</b>	<b>(2,826)</b>
<b>Expenditures:</b>				
<b>Debt Service:</b>				
Principal and Retirements	400,000	400,000	400,000	-
Interest and Fiscal Charges	87,063	87,063	87,063	1
<b>Total Expenditures</b>	<b>487,063</b>	<b>487,063</b>	<b>487,063</b>	<b>1</b>
<b>Net Change in Fund Balance</b>	<b>20,808</b>	<b>20,808</b>	<b>17,983</b>	<b>(2,825)</b>
<b>Other Financing Uses</b>				
Transfers Out	(100,000)	(100,000)	(100,000)	-
<b>Excess (Deficiency) of Revenues over Expenditures and Other Financing Uses</b>	<b>(79,192)</b>	<b>(79,192)</b>	<b>(82,017)</b>	<b>(2,825)</b>
<b>Fund Balance at Beginning of Year</b>	<b>345,177</b>	<b>345,177</b>	<b>380,929</b>	<b>35,752</b>
<b>Fund Balance at End of Year</b>	<b>\$ 265,985</b>	<b>\$ 265,985</b>	<b>\$ 298,911</b>	<b>\$ 32,926</b>

**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, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 731,358	\$ 731,358	\$ 738,557	\$ 7,199
Intergovernmental	410	410	355	(55)
Miscellaneous	15,000	15,000	20,878	5,878
Total Revenues	<u>746,768</u>	<u>746,768</u>	<u>759,789</u>	<u>13,021</u>
Expenditures:				
Debt Service:				
Principal and Retirements	355,000	355,000	355,000	-
Interest and Fiscal Charges	385,575	385,575	385,575	-
Total Expenditures	<u>740,575</u>	<u>740,575</u>	<u>740,575</u>	<u>-</u>
Net Change in Fund Balance	6,193	6,193	19,214	13,021
Fund Balance at Beginning of Year	<u>246,027</u>	<u>246,027</u>	<u>277,576</u>	<u>31,549</u>
Fund Balance at End of Year	<u>\$ 252,220</u>	<u>\$ 252,220</u>	<u>\$ 296,790</u>	<u>\$ 44,570</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, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 566,100	\$ 566,100	\$ 562,689	\$ (3,411)
Intergovernmental	400	400	270	(130)
Miscellaneous	13,000	13,000	18,444	5,444
<b>Total Revenues</b>	<b>579,500</b>	<b>579,500</b>	<b>581,403</b>	<b>1,903</b>
<b>Expenditures:</b>				
<b>Debt Service:</b>				
Principal and Retirements	300,000	300,000	300,000	-
Interest and Fiscal Charges	269,175	269,175	269,175	-
<b>Total Expenditures</b>	<b>569,175</b>	<b>569,175</b>	<b>569,175</b>	<b>-</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>10,325</b>	<b>10,325</b>	<b>12,228</b>	<b>1,903</b>
<b>Fund Balance at Beginning of Year</b>	<b>232,019</b>	<b>232,019</b>	<b>254,096</b>	<b>22,077</b>
<b>Fund Balance at End of Year</b>	<b>\$ 242,344</b>	<b>\$ 242,344</b>	<b>\$ 266,324</b>	<b>\$ 23,980</b>

**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, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 1,541,766	\$ 1,541,766	\$ 1,547,444	\$ 5,678
Intergovernmental	400	400	743	343
Miscellaneous	39,000	39,000	39,102	102
<b>Total Revenues</b>	<b>1,581,166</b>	<b>1,581,166</b>	<b>1,587,290</b>	<b>6,124</b>
<b>Expenditures:</b>				
General Government:				
Other Services and Charges	-	-	-	-
Debt Service:				
Principal and Retirements	1,330,000	1,330,000	1,330,000	-
Interest and Fiscal Charges	221,305	221,305	221,305	0
<b>Total Expenditures</b>	<b>1,551,305</b>	<b>1,551,305</b>	<b>1,551,305</b>	<b>0</b>
 <b>Net Change in Fund Balance</b>	 29,861	 29,861	 35,985	 6,123
<b>Other Financing Uses</b>				
Transfers Out	(200,000)	(200,000)	(200,000)	-
<b>Excess (Deficiency) of Revenues     over Expenditures and Other     Financing Uses</b>	 (170,139)	 (170,139)	 (164,015)	 6,123
 <b>Fund Balance at Beginning of Year</b>	 493,711	 493,711	 549,305	 55,594
 <b>Fund Balance at End of Year</b>	 <b>\$ 323,572</b>	 <b>\$ 323,572</b>	 <b>\$ 385,290</b>	 <b>\$ 61,718</b>

**MCLENNAN COUNTY, TEXAS**

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

Computer Note 2004

Year Ended September 30, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Miscellaneous	\$ 400	\$ 400	\$ 798	\$ 398
<b>Total Revenues</b>	<u>400</u>	<u>400</u>	<u>798</u>	<u>398</u>
<b>Expenditures:</b>				
<b>Debt Service:</b>				
Principal and Retirements	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <b>Net Change in Fund Balance</b>	 400	 400	 798	 398
<b>Fund Balance at Beginning of Year</b>	<u>14,499</u>	<u>14,499</u>	<u>14,719</u>	<u>220</u>
<b>Fund Balance at End of Year</b>	<u>\$ 14,899</u>	<u>\$ 14,899</u>	<u>\$ 15,517</u>	<u>\$ 618</u>

**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, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 333,830	\$ 333,830	\$ 334,093	\$ 263
Intergovernmental	-	-	160	160
Miscellaneous	2,000	2,000	12,995	10,995
<b>Total Revenues</b>	<b>335,830</b>	<b>335,830</b>	<b>347,249</b>	<b>11,419</b>
<b>Expenditures:</b>				
<b>Debt Service:</b>				
Principal and Retirements	50,000	50,000	50,000	-
Interest and Fiscal Charges	290,031	290,031	290,031	(0)
<b>Total Expenditures</b>	<b>340,031</b>	<b>340,031</b>	<b>340,031</b>	<b>(0)</b>
<b>Total Expenditures</b>	<b>340,031</b>	<b>340,031</b>	<b>340,031</b>	<b>(0)</b>
<b>Excess (Deficiency) of   Revenue over Expenditures</b>	<b>(4,201)</b>	<b>(4,201)</b>	<b>7,218</b>	<b>11,419</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In	190,000	190,000	190,000	-
<b>Total Other Financing Sources (Uses)</b>	<b>190,000</b>	<b>190,000</b>	<b>190,000</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>185,799</b>	<b>185,799</b>	<b>197,218</b>	<b>11,419</b>
<b>Fund Balance at Beginning of Year</b>	<b>(21,598)</b>	<b>(21,598)</b>	<b>31,962</b>	<b>53,560</b>
<b>Fund Balance at End of Year</b>	<b>\$ 164,201</b>	<b>\$ 164,201</b>	<b>\$ 229,180</b>	<b>\$ 64,979</b>

**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, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 305,169	\$ 305,169	\$ 307,748	\$ 2,579
Intergovernmental	-	-	148	148
Miscellaneous	40	40	6,929	6,889
<b>Total Revenues</b>	<b>305,209</b>	<b>305,209</b>	<b>314,824</b>	<b>9,615</b>
<b>Expenditures:</b>				
<b>Debt Service:</b>				
Principal and Retirements	90,000	90,000	90,000	-
Interest and Fiscal Charges	220,483	220,483	220,483	(0)
	<u>310,483</u>	<u>310,483</u>	<u>310,483</u>	<u>(0)</u>
<b>Total Expenditures</b>	<b>310,483</b>	<b>310,483</b>	<b>310,483</b>	<b>(0)</b>
<b>Excess (Deficiency) of       Revenue over Expenditures</b>	<b>(5,274)</b>	<b>(5,274)</b>	<b>4,341</b>	<b>9,616</b>
<b>Other Financing Sources</b>				
Transfers In	110,000	110,000	110,000	-
<b>Net Change in Fund Balance</b>	<b>104,726</b>	<b>104,726</b>	<b>114,341</b>	<b>9,616</b>
<b>Fund Balance at Beginning of Year</b>	<b>1,241</b>	<b>1,241</b>	<b>2,267</b>	<b>1,026</b>
<b>Fund Balance at End of Year</b>	<b>\$ 105,967</b>	<b>\$ 105,967</b>	<b>\$ 116,608</b>	<b>\$ 10,641</b>

## 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.



**McLENNAN COUNTY, TEXAS**

Nonmajor Governmental Funds

Nonmajor Capital Projects Funds – Purpose of Funds

**Sheriff Center HVAC Project**

The Sheriff Center HVAC Project Fund is used to account for the proceeds of a lease purchase agreement and for the expenditure of those proceeds. The expenditures will be used for the renovation of a donated building for a new Sheriff's Center, and specifically for the replacement of the HVAC system and other electrical components of the building to increase energy efficiency.

**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, 2007

	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	Sheriff Center HVAC Project	Road Bonds Series 1961	Nonmajor Capital Projects Funds Total
\$	1,322,222	\$ 19,966	\$ -	\$ 588,389	\$ 123,702	\$ 3,027,446	\$ -	\$ 7,461	\$ 5,089,217
	-	-	-	-	-	-	836,737	-	836,737
	12,735	-	-	-	-	-	-	-	12,735
\$	1,334,957	\$ 19,966	\$ -	\$ 588,389	\$ 123,702	\$ 3,027,446	\$ 836,737	\$ 7,461	\$ 5,938,689

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

Total Assets and Other Debits

LIABILITIES AND FUND BALANCE

Liabilities:									
Accounts Payable	\$ 108,018	\$ -	\$ -	\$ -	\$ -	\$ 237,664	\$ -	\$ -	\$ 345,682
Deferred Revenue	12,735	-	-	-	-	-	-	-	12,735
Total Liabilities	120,753	-	-	-	-	237,664	-	-	358,417
Fund Balance:									
Reserved for:									
Capital Projects		19,966		588,389	123,702	2,789,783	836,737	7,461	4,366,067
Unreserved - Undesignated	1,214,204	-	-	-	-	-	-	-	1,214,204
Total Fund Equity and Other Credits	1,214,204	19,966	-	588,389	123,702	2,789,783	836,737	7,461	5,580,271
Total Liabilities and Fund Balance	\$ 1,334,957	\$ 19,966	\$ -	\$ 588,389	\$ 123,702	\$ 3,027,446	\$ 836,737	\$ 7,461	\$ 5,938,689

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, 2007

	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	Sheriff Center HVAC Project	Road Bonds Series 1981	Nonmajor Capital Project Funds Total
Revenues:									
Taxes	720,954	-	-	-	-	-	-	-	720,954
Intergovernmental	346	-	-	30,245	6,554	194,015	-	-	346
Miscellaneous	80,485	1,184	181	-	-	-	-	384	293,049
Total Revenues	781,785	1,184	181	30,245	6,554	194,015	-	384	1,014,349
Expenditures:									
Current:									
Other Services & Charges	7,942	-	-	-	-	510	-	-	8,452
Capital Projects	306,357	6,764	4,675	-	4,849	1,423,395	148,958	-	1,898,997
Total Expenditures	316,299	6,764	4,675	-	4,849	1,423,905	148,958	-	1,906,449
Excess (Deficiency) of Revenue over Expenditures	465,487	(5,580)	(4,494)	30,245	1,705	(1,229,890)	(148,958)	384	(891,100)
Other Financing Sources (Uses):									
Issuance of Lease Purchase Transfers In	-	-	-	-	-	-	985,685	-	-
Transfers Out	(1,163)	1,163	-	-	-	-	-	-	1,163
Total Financing Sources (Uses)	(1,163)	1,163	-	-	-	-	985,685	-	(1,163)
Net Change in Fund Balance	464,324	(4,417)	(4,494)	30,245	1,705	(1,229,890)	836,737	384	94,595
Fund Balance at Beginning of Year	749,880	24,413	4,494	558,143	121,997	4,019,673	-	7,077	5,485,677
Fund Balance at End of Year	1,214,204	19,996	-	588,389	123,702	2,789,783	836,737	7,461	5,580,272

**MCLENNAN COUNTY, TEXAS**

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

Permanent Improvement Fund

Year Ended September 30, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 754,467	\$ 754,467	\$ 720,954	\$ (33,513)
Intergovernmental	400	400	\$ 346	(54)
Miscellaneous - Investment Income	25,004	25,004	60,485	35,481
<b>Total Revenues</b>	<b>779,871</b>	<b>779,871</b>	<b>781,786</b>	<b>1,915</b>
<b>Expenditures:</b>				
Other Services and Charges	34,000	37,073	7,942	29,131
Capital Projects:				
Improvements Other than Buildings	7,617	7,617	-	7,617
Construction and Renovation Projects:				
Construction Costs	1,454,400	1,426,837	295,887	1,130,950
Architects, Engineers and Other	-	25,000	12,469	12,531
Total Construction Projects	1,454,400	1,451,837	308,357	1,143,480
<b>Total Expenditures</b>	<b>1,496,017</b>	<b>1,496,527</b>	<b>316,299</b>	<b>1,180,228</b>
<b>Net Change in Fund Balance</b>	<b>(716,146)</b>	<b>(716,656)</b>	<b>465,487</b>	<b>(1,178,314)</b>
<b>Other Financing Uses</b>				
Transfers Out	-	(1,163)	(1,163)	-
<b>Excess (Deficiency) of Revenues over Expenditures and Other Financing Uses</b>	<b>(716,146)</b>	<b>(717,819)</b>	<b>464,324</b>	<b>(1,178,314)</b>
<b>Other Financing Sources:</b>				
Transfers In	-	1,673	-	1,673
<b>Net Change in Fund Balance</b>	<b>(716,146)</b>	<b>(716,146)</b>	<b>464,324</b>	<b>(1,176,641)</b>
<b>Fund Balance at Beginning of Year</b>	<b>716,146</b>	<b>716,146</b>	<b>749,880</b>	<b>33,734</b>
<b>Fund Balance at End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,214,204</b>	<b>\$ (1,142,907)</b>

**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, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Miscellaneous - Investment Income	\$ 10	\$ 10	\$ 1,184	\$ 1,174
<b>Total Revenues</b>	<b>10</b>	<b>10</b>	<b>1,184</b>	<b>1,174</b>
<b>Expenditures:</b>				
<b>Capital Projects:</b>				
Construction and Renovation Projects:				
Construction Costs	5,772	6,935	6,764	171
<b>Total Expenditures</b>	<b>5,772</b>	<b>6,935</b>	<b>6,764</b>	<b>171</b>
Excess (Deficiency) of Revenue over Expenditures	(5,762)	(6,925)	(5,580)	1,003
<b>Other Financing Sources</b>				
Transfers In	-	1,163	1,163	-
<b>Net Change in Fund Balance</b>	<b>(5,762)</b>	<b>(5,762)</b>	<b>(4,417)</b>	<b>1,003</b>
Fund Balance at Beginning of Year	5,762	5,762	24,413	18,651
Fund Balance at End of Year	\$ -	\$ -	\$ 19,996	\$ 19,996

**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, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Miscellaneous - Investment Income	\$ 100	\$ 100	\$ 181	\$ 81
Total Revenues	100	100	181	81
<b>Expenditures:</b>				
Capital Projects:				
Construction and Renovation Projects:				
Construction Costs	4,577	4,577	4,675	(98)
Total Expenditures	4,577	4,577	4,675	(98)
Net Change in Fund Balance	(4,477)	(4,477)	(4,494)	(17)
Fund Balance at Beginning of Year	4,477	4,477	4,494	17
Fund Balance at End of Year	\$ -	\$ -	\$ -	\$ -

**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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Adopted	Final		
<b>Revenues:</b>				
Miscellaneous	\$ 10,000	\$ 10,000	\$ 30,245	\$ 20,245
<b>Total Revenues</b>	<u>10,000</u>	<u>10,000</u>	<u>30,245</u>	<u>20,245</u>
<b>Expenditures:</b>				
<b>Capital Projects:</b>				
Construction and Renovation Projects:				
Construction Costs	560,799	560,799	-	560,799
<b>Total Expenditures</b>	<u>560,799</u>	<u>560,799</u>	<u>-</u>	<u>560,799</u>
 <b>Net Change in Fund Balance</b>	<u>(550,799)</u>	<u>(550,799)</u>	<u>30,245</u>	<u>581,044</u>
<b>Fund Balance at Beginning of Year</b>	<u>550,799</u>	<u>550,799</u>	<u>558,143</u>	<u>(7,344)</u>
<b>Fund Balance at End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 588,389</u>	<u>\$ 588,389</u>

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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Adopted	Final		
Revenues:				
Miscellaneous - Investment Income	\$ 1,000	\$ 1,000	\$ 6,554	\$ 5,554
Total Revenues	1,000	1,000	6,554	5,554
Expenditures:				
Capital Projects:				
Construction and Renovation Projects:				
Architectural and Engineering	-	-	4,849	(4,849)
Construction Costs	126,047	126,047	-	126,047
Total Expenditures	126,047	126,047	4,849	121,198
Net Change in Fund Balance	(125,047)	(125,047)	1,705	126,752
Fund Balance at Beginning of Year	125,047	125,047	121,997	(3,050)
Fund Balance at End of Year	\$ -	\$ -	\$ 123,702	\$ 123,702

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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Adopted	Final		
<b>Revenues:</b>				
Miscellaneous - Investment Income	\$ 90,000	\$ 90,000	\$ 194,015	\$ 104,015
<b>Total Revenues</b>	<b>90,000</b>	<b>90,000</b>	<b>194,015</b>	<b>104,015</b>
<b>Expenditures:</b>				
Other Services and Charges	20,000	20,600	510	20,090
<b>Capital Projects:</b>				
<b>Construction and Renovation Projects:</b>				
Improvements Other than Buildings	100,000	5,450	5,395	55
Machinery and Equipment	515,000	-	-	-
Architectural and Engineering	90,000	128,945	34,463	94,483
Construction Costs	3,280,100	3,850,105	1,383,538	2,466,567
<b>Total Expenditures</b>	<b>4,005,100</b>	<b>4,005,100</b>	<b>1,423,905</b>	<b>2,581,195</b>
<b>Excess (Deficiency) of     Revenue over Expenditures</b>	<b>(3,915,100)</b>	<b>(3,915,100)</b>	<b>(1,229,890)</b>	<b>2,685,210</b>
<b>Fund Balance at Beginning of Year</b>	<b>3,915,100</b>	<b>3,915,100</b>	<b>4,019,673</b>	<b>104,573</b>
<b>Fund Balance at End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,789,783</b>	<b>\$ 2,789,783</b>

MCLENNAN COUNTY, TEXAS

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

Sheriff Center HVAC Project

For the Year Ended September 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Adopted	Final		
Revenues:				
Miscellaneous - Investment Income	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures:				
Other Services and Charges	-	-	-	-
Capital Projects:				
Construction and Renovation Projects:				
Construction Costs	-	985,695	148,958	836,737
Total Expenditures	-	985,695	148,958	836,737
Excess (Deficiency) of Revenue over Expenditures	-	(985,695)	(148,958)	836,737
Other Financing Sources:				
Inception of Lease Purchase Agreement	-	985,695	985,695	-
Total Other Financing Sources	-	985,695	985,695	-
Net Change in Fund Balance	-	-	836,737	836,737
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	\$ -	\$ -	\$ 836,737	\$ 836,737

**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, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Miscellaneous - Investment Income	\$ 280	\$ 280	\$ 384	\$ 104
<b>Total Revenues</b>	<b>280</b>	<b>280</b>	<b>384</b>	<b>104</b>
<b>Expenditures:</b>				
Supplies	7,309	7,309	-	7,309
<b>Total Expenditures</b>	<b>7,309</b>	<b>7,309</b>	<b>-</b>	<b>7,309</b>
 <b>Net Change in Fund Balance</b>	<b>(7,029)</b>	<b>(7,029)</b>	<b>384</b>	<b>7,413</b>
<b>Fund Balance at Beginning of Year</b>	<b>7,029</b>	<b>7,029</b>	<b>7,077</b>	<b>48</b>
<b>Fund Balance at End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,461</b>	<b>\$ 7,461</b>



**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	<u>\$ 53,638</u>
Total Assets and Other Debits	<u>\$ 53,638</u>

LIABILITIES AND FUND BALANCE

Fund Balance:	
Reserved for Education	<u>53,638</u>
Total Fund Balance	<u>\$ 53,638</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, 2007

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous - Investment Income	\$ 2,000	\$ 2,000	\$ 2,757	\$ 757
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>2,757</u>	<u>757</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>2,757</u>	<u>757</u>
Fund Balance at Beginning of Year	<u>48,844</u>	<u>48,844</u>	<u>50,880</u>	<u>2,036</u>
Fund Balance at End of Year	<u>\$ 50,844</u>	<u>\$ 50,844</u>	<u>\$ 53,638</u>	<u>\$ 2,794</u>



## McLENNAN COUNTY, TEXAS

### Agency Funds – Purpose of Funds

Agency funds are used to account for assets held by a government in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The Agency funds used by the County are listed below:

#### Adult Probation Department Fund

This is a departmental fund used by the Adult Probation Department to account for collections from probationers for fines, probation fees, court costs, probationer support and restitution. All such collections are subsequently remitted to the appropriate individual, County official or County fund.

#### Bail Security Fund

Established to account for collateral pledged by bail bondsmen in accordance with the Bail Bond Board requirements as a condition to the issuance of the bail bondsmen's licenses.

#### Cafeteria Plan Fund

Funds withheld through payroll belonging to employees are accounted for in this fund until such time as they are reimbursed to the employees for qualifying medical and/or childcare expenses.

#### County Clerk Court Registry Fund

County Court Registry funds are accounted for in this fund. Amounts received are required to be preserved until such time as they may be distributed in accordance with court orders issued by a court of competent jurisdiction. In some instances, the funds are invested in savings accounts and time deposits for the benefit of the litigants as directed by the Court.

#### County Sheriff Inmate Deposit Fund

Funds belonging to jail inmates are accounted for in this fund until such time as they are paid out on behalf of the inmates or returned to the inmates upon discharge.

#### County Tax Assessor Collector Automobile Fund

Collections by the County Tax Assessor-Collector are initially accounted for in the Automobile Registration Fund. All such collections are subsequently remitted to the appropriate State of County entities.

#### County Tax Assessor Collector Vehicle Inventory Tax Fund

Vehicle dealers make payments of vehicle inventory tax to this fund each month based on their sales for the month. The payments accumulate in this fund from January 1 to December 31 each year. At December 31, an assessment is made on each dealer. Dealers whose accumulated payments exceed the year-end assessment receive a refund, and dealers whose accumulated payments are deficient are required to pay the deficiency. The interest earned on this fund is under the control of the Tax Collector to defray administrative costs of collection and assessment, and is accounted for in the Tax Office Administration Fund in the Special Revenue Funds.

#### County Tax Assessor Collector Ad Valorem Tax Fund

The ad valorem tax collections by the County Tax Assessor-Collector are initially accounted for in the Ad Valorem Tax Fund. All such collections are subsequently remitted to the appropriate State, County and other taxing entities.

#### CSCD Employee Dishonesty Recovery Fund

The CSCD Employee Dishonesty Recovery Fund was created to account for the proceeds of restitution and fidelity bond monies collected related to an employee embezzlement. It is maintained in this fund pending the outcome of court proceedings.

#### District Attorney Seizure Fund

The Criminal District Attorney Seizure Fund was established to account for cash seized in criminal cases. The funds are held in this fund until their disposition, primarily as forfeitures to law enforcement agencies and the Criminal District Attorney's office, as established by court action.

#### District Clerk Child Support Trust

Collections by the District Clerk of court-ordered child support payments and the subsequent disbursement of such payments to the appropriate recipients are accounted for in the District Clerk Child Support Trust.

## **McLENNAN COUNTY, TEXAS**

### **Agency Funds – Purpose of Funds**

#### **District Clerk Court Registry Fund**

District Court Registry funds are accounted for in this fund. Amounts received are required to be preserved until such time as they may be distributed in accordance with court orders issued by a court of competent jurisdiction. In some instances, the funds are invested in savings accounts and time deposits for the benefit of the litigants as directed by the Court.

#### **Drug Task Force Seizure Fund**

The Drug Task Force Seizure Fund was established to account for cash seized in criminal drug-related cases. The funds are held in this fund until their disposition, primarily as forfeitures to the Drug Task Force, is established by court action.

#### **Fee Officers Fee Fund**

The Fee Officers Fee Fund was established to account for the fee receipts and disbursements of elected County officials. Each fee officer may at any time have cash, bank checking accounts and time deposits which are in an agency status pending remittance of appropriate revenue amounts to the County Treasurer, or pending statutory or court-ordered remittances to entities other than the County. Separate funds are maintained in the county accounting records for the fee receipts and disbursements of each fee officer. For the purposes of this report, however, all such funds are considered to comprise a single Fee Officers Fee Fund.

#### **General Sales Tax Fund**

State General Sales Tax collections are accounted for in this fund until such time as remittances are made to the appropriate agencies.

#### **State Fees and Tax on Fines Fund**

Statutory additions to fines for the support of the Criminal Justice Planning Fund, the Law Enforcement Officers Standards and Education Fund, the Law Enforcement Management Institute Fund, the Compensation to Victims of Crime Fund, the State Judicial Training Fund, the Operators and Chauffeurs License Fund, the Comprehensive Rehabilitation Fund, the Breath Alcohol Testing Fund, the Abused Children's Counseling Fund, the Juvenile Probation Diversion Fund, Crimestopper Fees Fund, the State General Revenue Fund and the State Arrest Fee and Warrant Service Fund are accounted for in this fund pending transmittal to the State on a periodic basis.

MCLENNAN COUNTY, TEXAS  
Combining Statement of Changes in Assets  
and Liabilities  
All Agency Funds  
For the Year Ended September 30, 2007  
(\$ in Thousands)

Description	Balance 10/1/2006	Additions	Deductions	Balance 9/30/2007
<b><u>ADULT PROBATION DEPARTMENT FUND</u></b>				
<b><u>Assets</u></b>				
Nonpooled Cash	\$ 277,477	\$ 541,759	\$ 516,667	\$ 302,569
Total Assets	<u>\$ 277,477</u>	<u>\$ 541,759</u>	<u>\$ 516,667</u>	<u>\$ 302,569</u>
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 91	\$ 6	\$ -	\$ 97
Due to Other Governments	1,259	5,096	5,434	921
Due to Others	276,127	638,826	613,402	301,551
Total Liabilities	<u>\$ 277,477</u>	<u>\$ 643,928</u>	<u>\$ 618,836</u>	<u>\$ 302,569</u>
<b><u>BAIL SECURITY FUND</u></b>				
<b><u>Assets</u></b>				
Accounts Receivable	\$ 1,103			\$ 1,103
Total Assets	<u>\$ 1,103</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,103</u>
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 1,103		\$ -	\$ 1,103
Total Liabilities	<u>\$ 1,103</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,103</u>
<b><u>CAFETERIA PLAN FUND</u></b>				
<b><u>Assets</u></b>				
Equity in Pooled Cash	\$ 8,548	\$ 91,017	\$ 84,651	\$ 14,914
Accounts Receivable	91	80,492	80,568	15
Total Assets	<u>\$ 8,639</u>	<u>\$ 171,509</u>	<u>\$ 165,219</u>	<u>\$ 14,929</u>
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 8,639	\$ 90,274	\$ 83,984	\$ 14,929
Total Liabilities	<u>\$ 8,639</u>	<u>\$ 90,274</u>	<u>\$ 83,984</u>	<u>\$ 14,929</u>
<b><u>COUNTY CLERK COURT REGISTRY FUND</u></b>				
<b><u>Assets</u></b>				
Equity in Pooled Cash	\$ 36,000	\$ -	\$ -	\$ 36,000
Nonpooled Cash	333,679	1,903,911	1,810,757	426,833
Nonpooled Investments	957,273	73,980	193,370	837,883
Accrued Interest	3,343	24,921	3,343	24,921
Total Assets	<u>\$ 1,330,295</u>	<u>\$ 2,002,812</u>	<u>\$ 2,007,470</u>	<u>\$ 1,325,637</u>
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 1,029,918	\$ 1,771,901	\$ 1,854,412	\$ 947,407
Due to Others	300,377	231,151	153,298	378,230
Total Liabilities	<u>\$ 1,330,295</u>	<u>\$ 2,003,052</u>	<u>\$ 2,007,710</u>	<u>\$ 1,325,637</u>
<b><u>COUNTY SHERIFF INMATE DEPOSIT FUND</u></b>				
<b><u>Assets</u></b>				
Nonpooled Cash	\$ 67,666	\$ 1,430,290	\$ 1,404,193	\$ 93,763
Total Assets	<u>\$ 67,666</u>	<u>\$ 1,430,290</u>	<u>\$ 1,404,193</u>	<u>\$ 93,763</u>

MCLENNAN COUNTY, TEXAS  
Combining Statement of Changes in Assets  
and Liabilities  
All Agency Funds  
For the Year Ended September 30, 2007  
(\$ in Thousands)

continued

Description	Balance 10/1/2006	Additions	Deductions	Balance 9/30/2007
<b>COUNTY SHERIFF INMATE DEPOSIT FUND (continued)</b>				
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 10,690	\$ 566,141	\$ 536,440	\$ 40,391
Due to Others	56,976	846,497	850,101	53,372
Total Liabilities	<u>\$ 67,666</u>	<u>\$ 1,412,638</u>	<u>\$ 1,386,541</u>	<u>\$ 93,763</u>
<b>COUNTY TAX ASSESSOR COLLECTOR AUTOMOBILE FUND</b>				
<b><u>Assets</u></b>				
Nonpooled Cash	\$ 42,447	\$ 47,938,227	\$ 47,765,159	\$ 215,515
Total Assets	<u>\$ 42,447</u>	<u>\$ 47,938,227</u>	<u>\$ 47,765,159</u>	<u>\$ 215,515</u>
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 53	\$ 45,476	# \$ 45,529	\$ -
Due to Other Governments	22,835	11,392,170	11,234,095	180,910
Due to Others	19,559	54,810,478	54,795,432	34,605
Total Liabilities	<u>\$ 42,447</u>	<u>\$ 66,248,124</u>	<u>\$ 66,075,056</u>	<u>\$ 215,515</u>
<b>COUNTY TAX ASSESSOR COLLECTOR VEHICLE INVENTORY TAX FUND</b>				
<b><u>Assets</u></b>				
Nonpooled Cash	\$ 24,621	\$ 2,493,390	\$ 2,490,496	\$ 27,515
Nonpooled Investments	744,671	1,159,118	1,135,042	768,747
Total Assets	<u>\$ 769,292</u>	<u>\$ 3,652,508</u>	<u>\$ 3,625,538</u>	<u>\$ 796,262</u>
<b><u>Liabilities</u></b>				
Due to Others	\$ 769,292	\$ 1,323,573	\$ 1,296,603	\$ 796,262
Total Liabilities	<u>\$ 769,292</u>	<u>\$ 1,323,573</u>	<u>\$ 1,296,603</u>	<u>\$ 796,262</u>
<b>COUNTY TAX ASSESSOR COLLECTOR AD VALOREM TAX FUND</b>				
<b><u>Assets</u></b>				
Nonpooled Cash	\$ 341,234	\$ 205,946,844	\$ 206,015,782	\$ 272,296
Accounts Receivable	39,515		39,515	-
Total Assets	<u>\$ 380,749</u>	<u>\$ 205,946,844</u>	<u>\$ 206,055,297</u>	<u>\$ 272,296</u>
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 72,018	\$ 3,801,878	\$ 3,754,746	\$ 119,150
Due to Other Governments	308,731	204,457,308	204,622,888	143,151
Due to Others	-	243,020,233	243,010,238	9,995
Total Liabilities	<u>\$ 380,749</u>	<u>\$ 451,279,419</u>	<u>\$ 451,387,872</u>	<u>\$ 272,296</u>
<b>CSCD EMPLOYEE DISHONESTY RECOVERY FUND</b>				
<b><u>Assets</u></b>				
Equity in Pooled Cash	\$ 147,329	\$ 7,984	\$ -	\$ 155,313
Total Assets	<u>\$ 147,329</u>	<u>\$ 7,984</u>	<u>\$ -</u>	<u>\$ 155,313</u>
<b><u>Liabilities</u></b>				
Due to Others	\$ 147,329	\$ 7,984	\$ -	\$ 155,313
Total Liabilities	<u>\$ 147,329</u>	<u>\$ 7,984</u>	<u>\$ -</u>	<u>\$ 155,313</u>

MCLENNAN COUNTY, TEXAS  
Combining Statement of Changes in Assets  
and Liabilities  
All Agency Funds  
For the Year Ended September 30, 2007  
(\$ in Thousands)

continued

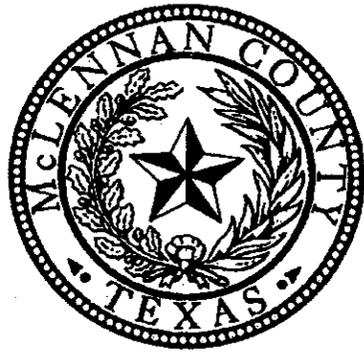
Description	Balance 10/1/2006	Additions	Deductions	Balance 9/30/2007
<b><u>DISTRICT ATTORNEY SEIZURES FUND</u></b>				
<b><u>Assets</u></b>				
Nonpooled Investments	\$ 311,743	\$ 126,221	\$ 92,904	\$ 345,060
Total Assets	<u>\$ 311,743</u>	<u>\$ 126,221</u>	<u>\$ 92,904</u>	<u>\$ 345,060</u>
<b><u>Liabilities</u></b>				
Due to Others	\$ 311,743	\$ 257,079	\$ 223,762	\$ 345,060
Total Liabilities	<u>\$ 311,743</u>	<u>\$ 257,079</u>	<u>\$ 223,762</u>	<u>\$ 345,060</u>
<b><u>DISTRICT CLERK CHILD SUPPORT TRUST</u></b>				
<b><u>Assets</u></b>				
Nonpooled Cash	\$ 81,955	\$ 21,917	\$ 22,928	\$ 80,944
Total Assets	<u>\$ 81,955</u>	<u>\$ 21,917</u>	<u>\$ 22,928</u>	<u>\$ 80,944</u>
<b><u>Liabilities</u></b>				
Due to Others	\$ 81,955	\$ 21,917	\$ 22,928	\$ 80,944
Total Liabilities	<u>\$ 81,955</u>	<u>\$ 21,917</u>	<u>\$ 22,928</u>	<u>\$ 80,944</u>
<b><u>DISTRICT CLERK COURT REGISTRY FUND</u></b>				
<b><u>Assets</u></b>				
Nonpooled Cash	\$ 53,533	\$ 1,103,399	\$ 1,111,116	\$ 45,816
Nonpooled Investments	3,189,899	450,846	740,466	2,900,279
Accrued Interest	32,421	41,749	32,424	41,746
Total Assets	<u>\$ 3,275,853</u>	<u>\$ 1,595,994</u>	<u>\$ 1,884,006</u>	<u>\$ 2,987,841</u>
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 3,275,853	\$ 1,595,994	\$ 1,884,006	\$ 2,987,841
Total Liabilities	<u>\$ 3,275,853</u>	<u>\$ 1,595,994</u>	<u>\$ 1,884,006</u>	<u>\$ 2,987,841</u>
<b><u>DRUG TASK FORCE SEIZURE FUND</u></b>				
<b><u>Assets</u></b>				
Nonpooled Investments	\$ 3,848	\$ 14	\$ -	\$ 3,862
Total Assets	<u>\$ 3,848</u>	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ 3,862</u>
<b><u>Liabilities</u></b>				
Due to Others	\$ 3,848	\$ 14	\$ -	\$ 3,862
Total Liabilities	<u>\$ 3,848</u>	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ 3,862</u>
<b><u>FEE OFFICERS FEE FUND</u></b>				
<b><u>Assets</u></b>				
Nonpooled Cash	\$ 1,032,071	\$ 4,971,339	\$ 5,009,336	\$ 994,074
Accounts Receivable	2,835	24,769	23,793	3,811
Due From Other Governments	1,364	34,254	29,909	5,709
Total Assets	<u>\$ 1,036,270</u>	<u>\$ 5,030,362</u>	<u>\$ 5,063,038</u>	<u>\$ 1,003,594</u>
<b><u>Liabilities</u></b>				
Due to Other Governments	\$ 428	\$ 3,494	\$ 3,577	\$ 345
Due to Others	1,035,842	19,403,143	19,435,736	1,003,249
Total Liabilities	<u>\$ 1,036,270</u>	<u>\$ 19,406,637</u>	<u>\$ 19,439,313</u>	<u>\$ 1,003,594</u>

MCLENNAN COUNTY, TEXAS  
Combining Statement of Changes in Assets  
and Liabilities  
All Agency Funds  
For the Year Ended September 30, 2007  
(\$ in Thousands)

continued

Description	Balance 10/1/2006	Additions	Deductions	Balance 9/30/2007
<b><u>GENERAL SALES TAX FUND</u></b>				
<b><u>Assets</u></b>				
Equity in Pooled Cash	\$ 706	\$ 3,758	\$ 3,404	\$ 1,060
Total Assets	<u>\$ 706</u>	<u>\$ 3,758</u>	<u>\$ 3,404</u>	<u>\$ 1,060</u>
<b><u>Liabilities</u></b>				
Due to Other Governments	\$ 706	\$ 3,744	\$ 3,390	\$ 1,060
Total Liabilities	<u>\$ 706</u>	<u>\$ 3,744</u>	<u>\$ 3,390</u>	<u>\$ 1,060</u>
<b><u>STATE FEES AND TAX ON FINES FUND</u></b>				
<b><u>Assets</u></b>				
Equity in Pooled Cash	\$ 437,892	\$ 1,882,036	\$ 1,874,468	\$ 445,460
Total Assets	<u>\$ 437,892</u>	<u>\$ 1,882,036</u>	<u>\$ 1,874,468</u>	<u>\$ 445,460</u>
<b><u>Liabilities</u></b>				
Due to Other Governments	\$ 433,615	\$ 1,996,553	\$ 1,984,708	\$ 445,460
Due to Others	4,277		4,277	-
Total Liabilities	<u>\$ 437,892</u>	<u>\$ 1,996,553</u>	<u>\$ 1,988,985</u>	<u>\$ 445,460</u>
<b><u>TOTAL - ALL AGENCY FUNDS</u></b>				
<b><u>Assets</u></b>				
Equity in Pooled Cash	\$ 630,475	\$ 1,984,795	\$ 1,962,523	\$ 652,747
Nonpooled Cash	2,254,683	266,351,076	266,146,434	2,459,325
Nonpooled Investments	5,207,434	1,810,179	2,161,782	4,855,831
Accounts Receivable	43,544	105,261	143,876	4,929
Due From Other Governments	1,364	34,254	29,909	5,709
Accrued Interest	35,764	66,670	35,767	66,667
Total Assets	<u>\$ 8,173,264</u>	<u>\$ 270,352,235</u>	<u>\$ 270,480,291</u>	<u>\$ 8,045,208</u>
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 4,398,365	\$ 7,871,670	\$ 8,159,117	\$ 4,110,918
Due to Other Governments	767,574	217,858,365	217,854,092	771,847
Due to Others	3,007,325	320,560,895	320,405,777	3,162,443
Total Liabilities	<u>\$ 8,173,264</u>	<u>\$ 546,290,930</u>	<u>\$ 546,418,986</u>	<u>\$ 8,045,208</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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<b>Capital Assets:</b>		
Land	\$ 3,333,096	\$ 1,565,150
Buildings	78,399,590	77,598,503
Improvements Other than Buildings	816,749	811,635
Machinery and Equipment	19,809,900	19,758,380
Infrastructure	32,079,165	31,219,673
Construction in Progress	<u>915,713</u>	<u>91,802</u>
<b>Total Capital Assets</b>	<b><u>\$ 135,354,213</u></b>	<b><u>\$ 131,045,143</u></b>
<b>Investment in Capital Assets:</b>		
General Fund Revenues	\$ 9,937,757	\$ 10,335,874
Special Revenue Fund Revenues	43,082,973	41,505,286
Capital Projects Funds:		
General Obligation Bonds	60,167,902	58,728,219
Permanent Improvement Fund	15,070,321	13,077,262
Performance Improvement Fund	6,382,732	6,233,774
Donations	701,712	1,148,912
Other Sources	<u>10,816</u>	<u>15,816</u>
<b>Total Investment in Capital Assets</b>	<b><u>\$ 135,354,213</u></b>	<b><u>\$ 131,045,143</u></b>

MCLENNAN COUNTY, TEXAS

Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity  
As of September 30, 2007

Function and Activity	Total	Land	Buildings	Improvements other than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress
<b>General Government:</b>							
General Administration	\$ 5,795,692	\$ 1,132,772	\$ 2,810,989	\$ 277,001	\$ 1,101,724	\$ 262	\$ 472,944
Legal	1,373,443	-	1,347,295	-	26,148	-	-
Elections	898,554	-	617,823	-	280,731	-	-
Financial Administration	4,751,363	-	2,422,909	-	2,328,454	-	-
<b>Total General Government</b>	<b>12,819,052</b>	<b>1,132,772</b>	<b>7,199,016</b>	<b>277,001</b>	<b>3,737,057</b>	<b>262</b>	<b>472,944</b>
<b>Public Safety:</b>							
Fire Protection	23,000	-	-	-	23,000	-	-
Law Enforcement	8,133,786	117,249	3,416,905	11,201	4,413,365	-	175,066
Corrections	35,882,492	111,972	34,604,276	267,758	770,476	122,934	5,076
Other Protection	513,266	-	47,514	-	263,063	202,689	-
Environmental Protection	35,812	-	-	-	35,812	-	-
<b>Total Public Safety</b>	<b>44,588,356</b>	<b>229,221</b>	<b>38,068,695</b>	<b>278,959</b>	<b>5,505,716</b>	<b>325,623</b>	<b>180,142</b>
<b>Public Transportation:</b>							
Engineering	8,941	-	-	-	8,941	-	-
Maintenance	11,259,081	433,357	483,592	160,197	9,919,308	-	262,627
Infrastructure	31,753,280	-	-	-	-	31,753,280	-
<b>Total Public Transportation</b>	<b>43,021,302</b>	<b>433,357</b>	<b>483,592</b>	<b>160,197</b>	<b>9,928,249</b>	<b>31,753,280</b>	<b>262,627</b>
<b>Judicial Health Welfare Culture-Recreation Conservation</b>							
Judicial	7,793,926	126,796	7,050,306	7,112	609,712	-	-
Health	787,671	16,487	743,841	9,232	18,111	-	-
Welfare	280,538	25,221	253,754	1,563	-	-	-
Culture-Recreation	25,882,378	1,354,242	24,443,932	79,198	5,006	-	-
Conservation	180,990	15,000	156,454	3,487	6,049	-	-
<b>Total Capital Assets</b>	<b>\$ 135,354,213</b>	<b>\$ 3,333,096</b>	<b>\$ 78,399,590</b>	<b>\$ 816,749</b>	<b>\$ 19,809,900</b>	<b>\$ 32,079,165</b>	<b>\$ 915,713</b>

MCLENNAN COUNTY, TEXAS

Capital Assets Used in the Operation of Governmental Funds  
 Schedule of Changes by Function and Activity  
 Year Ended September 30,2007

Function and Activity	General Capital Assets October 1, 2006	Additions	Reductions	General Capital Assets September 30, 2007
<b>General Government:</b>				
General Administration	\$ 5,273,070	\$ 572,848	\$ 50,227	\$ 5,795,691
Legal	1,365,780	7,663		1,373,443
Elections	858,499	40,055		898,554
Financial Administration	4,644,629	106,734		4,751,363
<b>Total General Government</b>	<b>12,141,978</b>	<b>727,300</b>	<b>50,227</b>	<b>12,819,051</b>
<b>Public Safety:</b>				
Fire Protection	23,000			23,000
Law Enforcement	7,034,201	1,616,490	516,905	8,133,786
Corrections	35,754,239	534,049	405,796	35,882,492
Other Protection	512,649	617		513,266
Environmental Protection	35,812			35,812
<b>Total Public Safety</b>	<b>43,359,901</b>	<b>2,151,156</b>	<b>922,701</b>	<b>44,588,356</b>
<b>Public Transportation:</b>				
Engineering	32,370		23,429	8,941
Maintenance	10,511,714	1,219,401	472,034	11,259,081
Infrastructure	30,893,788	964,292	104,799	31,753,281
<b>Total Public Transportation</b>	<b>41,437,872</b>	<b>2,183,693</b>	<b>600,262</b>	<b>43,021,303</b>
Judicial	7,137,763	656,163		7,793,926
Health	772,698	14,973		787,671
Welfare	1,523,925	450	1,243,837	280,538
Culture - Recreation	24,490,016	1,392,362		25,882,378
Conservation	180,990			180,990
<b>Total Governmental Funds Capital Assets</b>	<b>\$ 131,045,143</b>	<b>\$ 7,126,097</b>	<b>\$ 2,817,027</b>	<b>\$ 135,354,213</b>



# 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.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to aid in understanding how the County's financial performance and well-being have changed over time.	156
<b>Revenue Capacity</b> These schedules contain information to aid in assessing the County's most significant local revenue source – property tax.	165
<b>Debt Capacity</b> These schedules present information to aid in assessing the County's ability to issue additional debt in the future.	170
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to aid in understanding the environment within which the County's financial activities take place.	176
<b>Operating Information</b> 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.	179

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

	Fiscal Year				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental Activities:					
Invested in capital assets, net of debt	\$ 33,599,862	\$ 40,643,659	\$ 40,691,733	\$ 38,878,368	\$ 36,068,109
Restricted	18,412,712	5,467,588	3,298,142	7,417,897	7,649,937
Nonexpendable	46,844	46,844	46,844	46,844	46,844
Unrestricted	<u>15,206,590</u>	<u>20,401,539</u>	<u>24,083,062</u>	<u>27,884,919</u>	<u>40,206,343</u>
Total governmental activities net assets	<u>\$ 67,266,008</u>	<u>\$ 66,559,630</u>	<u>\$ 68,119,781</u>	<u>\$ 74,228,028</u>	<u>\$ 83,971,233</u>

Source: McLennan County Financial Records

Accrual Basis financial information for the County government entity wide is available back to 2003 only, the year GASB 34 was implemented.

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

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>Expenses</b>					
Governmental Activities					
General Administration	\$ 13,081,875	\$ 13,447,122	\$ 14,908,121	\$ 14,435,895	\$ 14,855,034
Judicial	4,963,966	5,135,561	5,285,769	5,751,910	6,227,910
Public Safety	28,459,088	29,053,807	30,992,140	32,310,783	33,214,912
Public Transportation	7,499,769	7,175,631	7,697,780	7,313,020	6,988,809
Health	4,312,989	4,718,525	4,482,532	4,629,481	5,266,641
Welfare	2,649,209	2,852,400	2,883,475	3,036,068	3,283,753
Culture - Recreation	3,167,814	7,217,311	2,309,208	2,791,759	1,400,841
Conservation	180,691	191,524	204,172	212,725	234,964
Economic Development and Assistance	1,183,298	398,113	290,206	959,154	616,903
Interest and Fiscal Charges	2,298,097	2,561,584	2,367,571	2,297,051	2,168,398
<b>Total Primary Government Expenses</b>	<b>67,796,796</b>	<b>72,751,578</b>	<b>71,420,974</b>	<b>73,737,846</b>	<b>74,258,165</b>
<b>Program Revenues</b>					
Governmental Activities					
Charges for Services					
General Government	2,596,930	2,740,396	2,623,890	3,249,953	3,310,693
Judicial	3,954,338	3,851,094	4,409,914	3,779,238	4,395,474
Public Safety	8,015,377	8,883,294	8,756,883	9,546,714	8,989,499
Other Functions	176,339	786,714	865,836	995,049	703,067
Operating Grants and Contributions	8,097,054	6,292,629	7,739,254	6,882,132	5,366,998
Capital Grants and Contributions	-	471,732	267,486	1,677,870	1,458,719
<b>Total Primary Government Program Revenues</b>	<b>22,840,038</b>	<b>23,025,859</b>	<b>24,663,263</b>	<b>26,130,956</b>	<b>24,224,450</b>
<b>Net (Expense) Revenue</b>	<b>(44,956,758)</b>	<b>(49,725,719)</b>	<b>(46,757,711)</b>	<b>(47,606,890)</b>	<b>(50,033,715)</b>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental Activities					
Taxes					
Property Taxes	28,162,392	31,126,569	34,379,131	37,573,209	39,671,579
Other Taxes	11,447,099	12,564,557	12,785,221	13,766,423	14,265,859
Investment Earnings	923,847	756,094	1,048,467	2,361,846	2,983,877
Gain (loss) on Sale of Capital Assets	30,499	(535,420)	-	(20,471)	1,118,564
Miscellaneous	955,205	76,729	105,043	34,130	71,784
<b>Total Primary Government</b>	<b>41,519,042</b>	<b>43,988,529</b>	<b>48,317,862</b>	<b>53,715,137</b>	<b>58,111,663</b>
<b>Changes in Net Assets of Primary Government</b>	<b>\$ (3,437,716)</b>	<b>\$ (5,737,190)</b>	<b>\$ 1,560,151</b>	<b>\$ 6,108,247</b>	<b>\$ 8,077,948</b>

Source: McLennan County Financial Records

Accrual Basis financial information for the County government entity wide is available back to 2003 only, the year GASB 34 was implemented.



Table III

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

	2003	2004	2005	2006	2007
Property Taxes	\$ 28,162,392	\$ 31,126,569	\$ 34,379,131	\$ 37,573,209	\$ 39,671,579
Sales Taxes	9,662,504	10,278,307	10,512,117	11,459,220	11,845,607
Alcoholic Beverage and Other Taxes	1,784,595	2,286,250	2,273,104	2,307,203	2,420,252
<b>Total Taxes</b>	<b>\$ 39,609,491</b>	<b>\$ 43,691,126</b>	<b>\$ 47,164,352</b>	<b>\$ 51,339,632</b>	<b>\$ 53,937,438</b>

Source: McLennan County Financial Records

Accrual Basis financial information for the County government entity wide is available back to 2003 only, the year GASB 34 was implemented.

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

	Fiscal Year			
	1998	1999	2000	2001
General Fund:				
Reserved for Prepays	\$ 68,225	\$ 196,510	\$ 165,044	\$ 740,279
Unreserved	14,174,442	19,565,024	22,697,287	25,772,102
Total General Fund	<u>\$ 14,242,667</u>	<u>\$ 19,761,534</u>	<u>\$ 22,862,331</u>	<u>\$ 26,512,381</u>
All Other Governmental Funds:				
Reserved for :				
Capital projects	\$ 6,116,646	\$ 228,746	\$ 9,246,244	\$ 11,467,056
Debt Service	1,403,754	1,058,635	872,891	1,031,364
Education	53,445	55,958	49,622	52,174
Unreserved, reported in:				
Special Revenue Funds	8,664,806	9,548,500	10,454,204	12,269,741
Capital Projects Funds	2,999,053	2,722,524	2,385,756	1,419,703
Total All Other Governmental Funds	<u>\$ 19,237,704</u>	<u>\$ 13,614,363</u>	<u>\$ 23,008,717</u>	<u>\$ 26,240,038</u>

Source: McLennan County Financial Records

Table IV

2002	2003	2004	2005	2006	2007
\$ 635,432	\$ 457,296	\$ 329,657	\$ 305,649	\$ 211,578	\$ 204,210
22,373,407	19,769,413	18,757,829	19,663,517	23,611,104	27,411,353
<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>	<u>\$ 27,615,563</u>
\$ 12,992,251	\$ 15,081,580	\$ 2,072,835	\$ 683,083	\$ 4,735,797	\$ 4,366,068
1,169,147	1,444,655	1,764,950	1,795,381	1,920,477	2,054,747
53,229	53,956	54,000	55,302	57,590	60,440
12,620,589	12,950,809	14,080,033	14,838,339	16,586,260	17,547,553
1,884,069	1,849,375	1,061,173	607,072	749,880	1,214,204
<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>	<u>\$ 25,243,012</u>

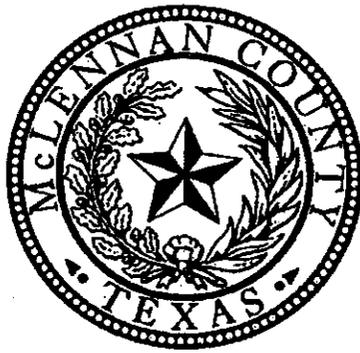
**MCLENNAN COUNTY, TEXAS**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
(Unaudited)

	1998	1999	2000	2001
<b>Revenues</b>				
Taxes	\$ 27,844,345	\$ 29,482,891	\$ 32,426,022	\$ 34,686,971
Licenses and Permits	1,602,431	1,705,892	1,703,421	1,753,448
Intergovernmental	6,321,516	9,527,967	6,422,058	7,811,465
Charges for Services	6,562,346	7,090,060	7,805,408	8,224,251
Fines and Forfeitures	1,592,986	1,569,513	1,787,926	1,778,243
Other	3,644,397	7,451,157	8,573,491	7,958,950
<b>Total Revenues</b>	<b>47,568,021</b>	<b>56,827,480</b>	<b>58,718,326</b>	<b>62,213,328</b>
<b>Expenditures</b>				
General Administration	8,995,174	10,195,016	10,809,072	12,926,397
Judicial	3,416,440	3,797,394	4,256,439	4,704,061
Public Safety	18,676,910	22,198,640	23,884,056	24,493,452
Public Transportation	5,383,600	5,630,007	6,277,187	6,496,061
Health	3,091,315	3,230,787	3,416,984	3,362,930
Welfare	1,437,977	1,412,573	1,346,615	1,586,981
Culture - Recreation	327,765	327,590	349,696	407,245
Education	-	-	9,100	-
Conservation	191,393	185,816	181,119	181,679
Economic Development	525,999	417,175	223,873	239,995
Capital Outlay	5,820,235	6,489,254	2,071,508	8,233,995
Debt Service:				
Principal Retirement	1,667,937	2,251,721	2,007,545	2,243,527
Interest and Fiscal Charges	2,009,750	1,556,187	1,491,089	2,109,681
<b>Total Expenditures</b>	<b>51,544,495</b>	<b>57,692,160</b>	<b>56,324,283</b>	<b>66,986,004</b>
<b>(Deficiency) Revenues over Expenditures</b>	<b>(3,976,474)</b>	<b>(864,680)</b>	<b>2,394,043</b>	<b>(4,772,676)</b>
<b>Other Financing Sources/Uses</b>				
Transfers In	2,231,580	5,432,181	2,409,820	2,888,408
Transfers Out	(2,231,580)	(5,432,181)	(2,409,820)	(2,888,408)
Disposition of Fixed Assets	125,192	143,650	98,344	194,202
Proceeds of Lease Purchase Agreement	276,729	614,043	-	1,957,293
Issuance of Notes Payable	-	-	-	-
Issuance of General Obligation Bonds	-	-	10,000,000	9,500,000
Issuance of Refunding Bonds	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-
Other	3,114	2,513	2,764	2,552
<b>Total Other Financing Sources/Uses</b>	<b>405,035</b>	<b>760,206</b>	<b>10,101,108</b>	<b>11,654,047</b>
<b>Net Change in Fund Balances</b>	<b>\$ (3,571,439)</b>	<b>\$ (104,474)</b>	<b>\$ 12,495,151</b>	<b>\$ 6,881,371</b>
<b>Debt Service as a percentage of noncapital expenditures</b>	<b>8.04%</b>	<b>7.44%</b>	<b>6.45%</b>	<b>7.41%</b>

Source: McLennan County Financial Records

Table V

2002	2003	2004	2005	2006	2007
\$ 36,245,914	\$ 37,707,025	\$ 41,389,630	\$ 44,851,266	\$ 48,871,633	\$ 51,552,447
1,715,402	1,784,595	1,810,976	1,786,102	1,820,253	1,887,215
6,781,101	8,079,601	6,887,086	8,493,880	8,512,786	5,907,990
8,428,786	8,243,117	8,294,901	8,412,576	9,169,759	9,299,340
1,749,475	1,875,732	2,057,102	2,132,639	2,323,514	1,870,289
6,478,512	6,212,642	6,134,187	6,482,995	8,357,361	8,705,285
<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>	<u>79,222,566</u>
12,633,645	12,677,454	12,922,682	15,209,233	14,116,613	14,456,603
4,438,832	4,783,359	4,926,142	5,366,157	5,516,560	5,993,688
26,388,346	27,247,039	27,837,675	29,782,974	30,989,699	31,715,864
6,599,557	6,991,895	6,444,817	6,828,980	6,275,772	6,651,633
4,021,706	4,288,371	4,705,664	4,458,959	4,613,184	5,235,375
1,962,145	2,614,096	2,819,041	2,849,378	3,002,493	3,262,859
460,436	545,340	543,990	570,007	603,470	633,514
-	-	-	-	-	-
245,728	175,091	194,064	200,154	209,955	232,401
291,462	1,183,298	398,113	290,206	959,154	616,903
5,524,867	6,904,656	13,511,774	2,284,006	1,784,761	1,896,997
4,345,080	2,771,384	3,410,486	3,525,089	3,665,635	3,962,713
2,386,772	2,249,163	2,575,126	2,373,019	2,310,875	2,227,671
<u>69,298,576</u>	<u>72,431,146</u>	<u>80,289,574</u>	<u>73,738,162</u>	<u>74,048,171</u>	<u>76,886,221</u>
(7,899,386)	(8,528,434)	(13,715,692)	(1,578,704)	5,007,135	2,336,345
2,333,245	2,166,532	3,299,494	2,827,897	7,431,894	3,103,306
(2,333,245)	(2,166,532)	(3,299,494)	(2,827,897)	(7,310,828)	(3,103,306)
433,353	32,960	117,855	19,743	112,927	1,299,262
6,440,682	296,617	-	451,299	111,836	1,051,495
-	-	-	935,529	321,379	298,788
-	8,000,000	-	-	4,250,000	-
-	-	9,916,232	-	2,422,266	-
-	-	(9,805,000)	-	(2,422,266)	-
1,055	-	-	-	-	-
<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>2,649,545</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>\$ 4,985,890</u>
<u>10.56%</u>	<u>7.66%</u>	<u>8.96%</u>	<u>8.25%</u>	<u>8.27%</u>	<u>8.26%</u>



**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		Direct Tax Rate per \$100 of valuation	Statutory Ratio of Assessed Value to True Value
	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value		
1998	\$ 4,258,100	\$ 4,258,100	\$ 1,588,009	\$ 1,588,009	\$ 5,846,109	\$ 5,846,109	\$ 0.4191	100.00%
1999	4,436,640	4,436,640	1,642,117	1,642,117	6,078,757	6,078,757	\$ 0.4191	100.00%
2000	4,712,666	4,712,666	1,740,091	1,740,091	6,452,757	6,452,757	\$ 0.4362	100.00%
2001	5,060,143	5,060,143	1,824,313	1,824,313	6,884,456	6,884,456	\$ 0.4566	100.00%
2002	5,549,856	5,549,856	1,618,608	1,618,608	7,168,464	7,168,464	\$ 0.4696	100.00%
2003	6,782,069	6,782,069	1,760,346	1,760,346	8,542,415	8,542,415	\$ 0.4286	100.00%
2004	7,213,337	7,213,337	1,995,056	1,995,056	9,208,393	9,208,393	\$ 0.4407	100.00%
2005	7,922,995	7,922,995	2,196,989	2,196,989	10,119,984	10,119,984	\$ 0.4449	100.00%
2006	8,710,431	8,710,431	2,119,471	2,119,471	10,829,902	10,829,902	\$ 0.4599	100.00%
2007	\$ 9,438,987	9,438,987	\$ 2,184,785	\$ 2,184,785	\$ 11,623,772	\$ 11,623,772	\$ 0.4519	100.00%

The assessment date is January 1  
 Source: McLennan County Tax Assessor-Collector

**McLENNAN COUNTY, TEXAS**  
**Property Tax Rates - Direct and Overlapping Governments**  
 (Per \$100 of Assessed Value) (1)  
 Last Ten Fiscal Years  
 (Unaudited)

Jurisdiction	Fiscal Year									
	1998 1997	1999	2000	2001	2002	2003	2004	2005	2006	2007
Fiscal Year Ending Date - September 30										
Tax Roll Date - October 1 (2)										
<u>County-wide Taxing Entities:</u>										
McLennan County	\$ 0.4191	\$ 0.4191	\$ 0.4362	\$ 0.4566	\$ 0.4696	\$ 0.4286	\$ 0.4407	\$ 0.4449	0.4599	0.4519
McLennan County College District	0.0835	0.0892	0.1136	0.1174	0.1197	0.1165	0.1261	0.1261	0.1211	0.1204
<u>Special Districts:</u>										
<u>County-Line Special Districts:</u>										
McLennan and Hill Counties Tehuacana										
Creek Water Control and Improvement	0.02419	0.0219	0.0221	0.0221	0.0241	0.0241	0.0283	0.0283	0.0283	0.0284
District No. 1										
McLennan and Hill Counties Tehuacana										
Creek Water Control and Improvement	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000	0.0000
District - Benefit Tax										
<u>Other Special Districts:</u>										
Castleman Creek Special Improvement District					0.1200	0.1200	0.1370	0.1370	0.1370	0.1304
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	0.0340	0.0340	0.0300	0.0280	0.0275	0.0286	0.0286	0.0294	0.0294
McLennan County Water Control and										
Improvement District No. 2	-	-	-	-	-	-	-	-	-	-
Tax Increment District No. 1	-	-	-	-	-	-	-	-	-	-
Tax Increment District No. 2	-	-	-	-	-	-	-	-	-	-
<u>Cities:</u>										
Bellmead	0.3711	0.3652	0.3647	0.3584	0.3529	0.3107	0.3103	0.3052	0.2964	0.2788
Beverly Hills	-	-	-	-	-	-	-	0.2500	-	0.2829
Bruceville-Eddy	0.4516	0.4597	0.4597	0.4929	0.4929	0.4644	0.4338	0.4239	0.4495	0.4495
Crawford	0.4200	0.3845	0.4338	0.4259	0.4557	0.3678	0.3543	0.3341	0.3267	0.3402
Gholson	-	-	-	-	0.2500	0.2334	0.2454	0.2454	0.2454	0.2340
Hewitt	0.4849	0.5000	0.5000	0.5000	0.5000	0.4550	0.4842	0.4842	0.4842	0.4842
Lacy-Lakeview	0.2539	0.2539	0.2539	0.2715	0.3033	0.2883	0.2927	0.2810	0.2920	0.3285
Lorena	0.4117	0.4208	0.4208	0.4208	0.4239	0.4234	0.4314	0.4353	0.5246	0.5004
Mart	0.7011	0.7011	0.8076	0.9000	0.9085	0.8000	0.3448	0.7099	0.8320	0.7842
McGregor	0.5394	0.5394	0.5367	0.5533	0.5567	0.5402	0.5349	0.5400	0.5700	0.5650
Moody	0.4897	0.5216	0.5213	0.5508	0.6010	0.6010	0.5973	0.6130	0.4886	0.5004
Northrest	0.3225	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Riesel (4)										
Robinson	0.2334	0.2776	0.3300	0.3300	0.3960	0.3590	0.3570	0.3570	0.3870	0.3870
Waco	0.6876	0.6876	0.7148	0.7148	0.7148	0.7148	0.6997	0.6997	0.6997	0.6997
West	0.3208	0.3208	0.3208	0.3208	0.3247	0.6925	0.2990	0.3390	0.3590	0.3676
Woodway	0.4646	0.4646	0.4646	0.4646	0.4829	0.2900	0.4572	0.4572	0.4572	0.4572

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										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	
Fiscal Year Ending Date - September 30	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Tax Roll Date - October 1 (2)											
School Districts:											
County-Line School Districts:											
Axtell Independent School District	1.2000	1.2800	1.3050	1.3700	1.4200	1.3800	1.5000	1.4970	1.5000	1.5000	1.3700
Bruceville-Eddy Independent School District	1.3200	1.3200	1.3200	1.3500	1.3800	1.4100	1.4100	1.4100	1.4500	1.4500	1.3257
China Spring Independent School District	1.4575	1.5875	1.4777	1.5000	1.5000	1.5600	1.5725	1.5380	1.5380	1.5900	1.4595
Crawford Independent School District	1.4398	1.3770	1.3918	1.4979	1.5299	1.5299	1.5492	1.5492	1.5492	1.6200	1.4915
Lorena Independent School District	1.5632	1.5702	1.5070	1.5710	1.5910	1.6894	1.6894	1.7546	1.7546	1.7000	1.5815
Mart Independent School District	1.3000	1.3974	1.5002	1.6150	1.6850	1.6500	1.6500	1.6329	1.6329	1.5380	1.4204
Moody Independent School District	1.3300	1.3300	1.3800	1.3800	1.3800	1.3800	1.4200	1.4200	1.4200	1.4200	1.2591
Oglesby Independent School District	1.1981	1.3481	1.4000	1.4000	1.4000	1.5000	1.5000	1.5000	1.5000	1.5000	1.3041
Riesel Independent School District	1.3700	1.4600	1.4700	1.4322	1.5537	1.6486	1.6334	1.6271	1.6454	1.6454	1.5126
Robinson Independent School District	1.4814	1.4814	1.6102	1.6615	1.6615	1.6403	1.6571	1.6510	1.6274	1.6274	1.5109
Valley Mills Independent School District	1.3122	1.3314	1.6500	1.6400	1.6400	1.6950	1.6750	1.6750	1.6750	1.6700	1.5100
West Independent School District	1.3800	1.5000	1.5000	1.5800	1.5800	1.4974	1.6293	1.6964	1.6964	1.7364	1.5510
Other School Districts:											
Bosqueville Independent School District	1.5000	1.5000	1.4185	1.4947	1.4989	1.5910	1.5898	1.4921	1.5300	1.5300	1.4198
Connally Independent School District	1.4398	1.4664	1.5269	1.5105	1.6496	1.4985	1.6243	1.6470	1.6520	1.6520	1.5118
Gholson Independent School District	1.1904	1.2711	1.3671	1.4273	1.5000	1.4052	1.4500	1.4524	1.4524	1.4524	1.3278
Hallsburg Independent School District	1.1046	1.1999	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000	1.3700
LaVega Independent School District	1.5060	1.5060	1.5360	1.5360	1.5360	1.5080	1.5400	1.7200	1.6925	1.6925	1.5366
McGregor Independent School District	1.3099	1.4300	1.5200	1.5100	1.6500	1.6500	1.6500	1.6500	1.6500	1.6500	1.5211
Midway Independent School District	1.4900	1.5000	1.5000	1.6400	1.6400	1.6020	1.6220	1.6220	1.6220	1.6220	1.5065
Waco Independent School District	1.5023	1.5130	1.5130	1.5812	1.5920	1.4850	1.5242	1.5383	1.5640	1.5640	1.4438

(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.

Table VIII

McLENNAN COUNTY, TEXAS  
Principal Taxpayers  
Year Ended September 30, 2007

Taxpayer	Type of Property	2006 Tax Roll* Assessed Valuation	Percentage of Total Assessed Valuation
TXU Electric Delivery Company	Electric Utility	120,970,104	1.0407%
Masterfood USA	Candy Manufacturer	91,060,454	0.7834%
Southwestern Bell Telephone Company	Telephone Utility	81,625,060	0.7022%
Coca-Cola Company	Beverage Manufacturer/Distributor	80,110,825	0.6892%
AIG Baker Waco, LLC	Insurance Company	52,008,889	0.4474%
Pilgrim's Pride Corporation	Food Production	43,143,055	0.3712%
Allergan Inc.	Contact Lens Products Manufacturing	42,152,895	0.3626%
Ferguson Enterprises Inc.,	Plumbing and Builder Manufacturing	39,715,188	0.3417%
CBL/Richland Mall LP	Shopping Center	36,284,940	0.3122%
Sherwin Williams Co. Inc.	Paint Manufacturer	<u>35,627,006</u>	<u>0.3065%</u>
		<u>\$ 622,698,416</u>	<u>5.3571%</u>
Based on 2006 Total Assessed Valuation of:		<u>\$ 11,623,772,529</u>	

\* The 2006 Tax Roll provided funds for the Fiscal Year ended September 30, 2007

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			
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%
2007	40,322,975	39,184,618	97.18%	627,846	39,812,464	98.73%

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
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
2007	40,040,000	768,009	6,164,116	46,972,125	0.69	208

(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
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
2007	226,189	11,623,772	40,040,000	2,054,747	37,985,253	0.33	168

Source: McLennan County Financial Records

## McLENNAN COUNTY, TEXAS

## Computation of Direct and Overlapping Debt

September 30, 2007  
(Unaudited)

Jurisdiction	As of	Net Debt Outstanding (1)	Percentage Applicable to County (2)	Amount Applicable to County
<b>County-Wide Taxing Entities:</b>				
McLennan County (3)	9/30/2007	\$ 34,459,728	100%	\$ 34,459,728
McLennan County College District	8/31/2007	86,915,000	100%	86,915,000
<b>Special Districts:</b>				
County-Line Special Districts:				
Aquilla-Hackberry Creek Conservation District	9/30/2007	-	25%	-
McLennan and Hill Counties Tehuacana Creek Water Control and Improvement District No. 1	9/30/2007	-	99.46%	-
McLennan and Hill Counties Tehuacana Creek Water Control and Improvement District - Benefit Tax	9/30/2007	-	79.87%	-
Other Special Districts:				
Elm Creek Watershed Authority	9/30/2007	-	100%	-
McLennan County Water Control and Improvement District No. 2	9/30/2007	-	100%	-
Tax Increment District No. 1	9/30/2007	-	100%	-
Tax Increment District No. 2	9/30/2007	-	100%	-
<b>Cities:</b>				
Bellmead	9/30/2007	1,580,000	100%	1,580,000
Beverly Hills	9/30/2007	-	100%	-
Bruceville-Eddy	9/30/2007	-	100%	-
Crawford	10/31/2007	640,221	100%	640,221
Hewitt	9/30/2007	7,895,000	100%	7,895,000
Lacy-Lakeview	9/30/2007	3,230,665	100%	3,230,665
Lorena	9/30/2007	1,504,525	100%	1,504,525
Mart	9/30/2007	99,984	100%	99,984
McGregor	9/30/2007	2,902,930	100%	2,902,930
Moody	9/30/2007	147,000	100%	147,000
Riesel	9/30/2007	533,555	100%	533,555
Robinson	9/30/2007	4,423,660	100%	4,423,660
Waco	9/30/2007	108,612,054	100%	108,612,054
West	9/30/2007	-	100%	-
Woodway	9/30/2007	6,190,000	100%	6,190,000
(continued)				

McLENNAN COUNTY, TEXAS

Continued

Computation of Direct and Overlapping Debt

September 30, 2007  
(Unaudited)

Jurisdiction	As of	Net Debt Outstanding (1)	Percentage Applicable to County (2)	Amount Applicable to County
<b>School Districts:</b>				
<b>County-Line School Districts:</b>				
Axtell Independent School District	8/31/2007	\$ -	93.41%	\$ -
Bruceville-Eddy Independent School District	6/30/2007	7,500,000	97.41%	7,305,750
China Spring Independent School District	6/30/2007	16,047,550	97.01%	15,567,728
Crawford Independent School District	8/31/2007	3,314,997	96.64%	3,203,613
Lorena Independent School District	8/31/2007	13,894,020	97.98%	13,613,361
Mart Independent School District	8/31/2007	3,430,508	79.04%	2,711,474
Moody Independent School District	8/31/2007	-	53.77%	-
Oglesby Independent School District	8/31/2007	805,000	7.11%	57,236
Riesel Independent School District	8/31/2007	2,645,000	49.98%	1,321,971
Robinson Independent School District	8/31/2007	12,434,988	98.51%	12,249,707
Valley Mills Independent School District	8/31/2007	8,913,470	46.38%	4,134,067
West Independent School District	8/31/2007	8,818,690	98.48%	8,684,646
<b>Other School Districts:</b>				
Bosqueville Independent School District	8/31/2007	606,775	100%	606,775
Connally Independent School District	8/31/2007	21,550,752	100%	21,550,752
Gholson Independent School District	8/31/2007	-	100%	-
Hallsburg Independent School District	6/30/2007	-	100%	-
LaVega Independent School District	8/31/2007	23,139,993	100%	23,139,993
McGregor Independent School District	8/31/2007	10,666,772	100%	10,666,772
Midway Independent School District	8/31/2007	57,049,036	100%	57,049,036
Waco Independent School District	8/31/2007	62,441,422	100%	62,441,422
		<u>\$512,393,295</u>		<u>\$ 503,438,625</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 - McLennan County Financial Records

**MCLENNAN COUNTY, TEXAS**  
**Legal Debt Margin**  
**Last Ten Fiscal Years**  
**(in thousands of dollars)**  
**(Unaudited)**

<u>Debt Limit (Article 3, Section 52 of the Texas Constitution)</u>	1998	1999	2000	2001
Assessed Value of Real Property	\$ 4,258,100	\$ 4,436,640	\$ 4,712,666	\$ 5,060,143
Debt Limit ( One-fourth of the assessed value of Real Property	1,064,525	1,109,160	1,178,167	1,265,036
Road Bonds Outstanding	-	-	-	-
Legal Debt Margin	<u>\$ 1,064,525</u>	<u>\$ 1,109,160</u>	<u>\$ 1,178,167</u>	<u>\$ 1,265,036</u>
 <u>Debt Limit (Under Texas General Laws)</u>				
Assessed Value of All Taxable Property	\$ 5,846,109	\$ 6,078,757	\$ 6,452,757	\$ 6,884,456
Debt Limit (5%)	292,305	303,938	322,638	344,223
Outstanding General Obligation Bonds, Net of Assets in Debt Service Funds	28,331	26,606	35,032	42,419
Legal Debt Margin	<u>\$ 263,974</u>	<u>\$ 277,332</u>	<u>\$ 287,606</u>	<u>\$ 301,804</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

2002	2003	2004	2005	2006	2007
\$ 5,549,856	\$ 6,782,069	\$ 7,213,337	\$ 7,922,995	\$ 8,710,431	\$ 9,438,987
1,387,464	1,695,517	1,803,334	1,980,749	2,177,608	2,359,747
-	-	-	-	-	-
<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>	<u>\$ 2,359,747</u>
\$ 7,168,464	\$ 8,542,415	\$ 9,208,393	\$ 10,119,984	\$ 10,829,902	\$ 11,623,772
358,423	427,121	460,420	505,999	541,495	581,189
39,756	45,335	42,370	39,615	41,230	37,985
<u>\$ 318,667</u>	<u>\$ 381,786</u>	<u>\$ 418,050</u>	<u>\$ 466,384</u>	<u>\$ 500,265</u>	<u>\$ 543,204</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 (5)
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%
2007	226,189	7,014,000	30,265	41,086	-	4.3%

## Source:

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

**MCLENNAN COUNTY, TEXAS**  
**Principal Employers**  
**September 30, 2007**  
(Unaudited)

2007 Employer	Industry	Full Time Equivalent Employees	Percentage of Total County Workforce
Waco Independent School District	Public Education	2,625	2.31 %
Baylor University	University	2,300	2.02
Providence Health Center	Medical Center / Hospital	2,182	1.92
Hillcrest Health System	Medical Center / Hospital	1,836	1.61
City of Waco	City Government	1,718	1.51
L-3 Communications Integrated Systems	Aircraft Modification	1,620	1.42
Veterans Administration Medical Center	Veterans Healthcare System	1,194	1.05
McLennan County	County Government	893	0.78
Midway Independent School District	Public Education	877	0.77
Cargill Foods, Inc.	Dressed/Packed Turkey Products	775	0.68
Pilgrims Pride	Processed Chicken Products	683	0.60
Texas State Technical College	Post Secondary Education	650	0.57
Masterfoods USA, A Mars, Inc. Company	Confectionary Products	625	0.55
Examination Management Services, Inc.	Insurance Inspection Audit	620	0.54
Texas Youth Commission Correctional Facility	Youth Correctional Facility	604	0.53
Alcoa Fastening Systems	Industrial Fasteners	484	0.43
Connally Independent School District	Public Education	429	0.38

Source: Greater Waco Chamber of Commerce

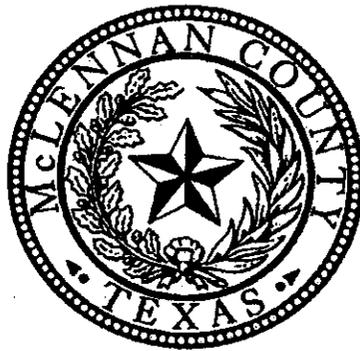


Table XVI

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

<b>Function</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
General Administration	47	54	53	53	51	50	50	51	56	56
Judicial	81	87	83	88	84	89	92	90	96	97
Legal Services	32	33	36	36	36	39	39	39	44	46
Elections	4	4	5	5	5	5	5	5	5	5
Financial Administration	76	81	80	81	82	83	83	83	84	85
Public Safety	339	341	342	352	358	363	378	392	395	417
Health and Welfare	18	26	26	27	28	30	30	30	30	42
Conservation	7	7	7	7	7	7	7	7	7	7
Public Transportation	87	86	85	82	85	82	86	86	77	78
<b>Total</b>	<b>691</b>	<b>719</b>	<b>717</b>	<b>731</b>	<b>736</b>	<b>748</b>	<b>770</b>	<b>783</b>	<b>794</b>	<b>833</b>

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

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

	2003	2004	2005	2006	2007
<b><u>General Government</u></b>					
County Auditor:					
Employees full time	18	18	18	18	18
Vouchers processed	31,645	32,396	31,919	32,927	33,737
Accounts payable checks issued	16,936	17,304	17,773	18,213	18,551
Internal audit months completed	386	386	385	385	365
County Judge					
Employees full time	4	4	4	4	4
Probate cases filed	N/A	N/A	436	605	553
Guardianship cases filed	N/A	N/A	51	70	69
Hearings held	N/A	N/A	563	734	682
County Treasurer:					
Employees full time	5	5	5	5	5
Payroll checks and advices issued	20,946	21,100	21,574	21,966	21,811
Cash receipts processed	3,611	3,594	3,229	3,514	3,407
Human Resources:					
Employees full time	4	4	4	4	4
New hires processed	136	115	138	132	141
Terminations processed	119	117	137	140	146
Purchasing:					
Employees full time	4	4	4	4	4
Purchase orders processed	6,367	6,004	6,049	6,144	6,376
Tax Assessor/Collector:					
Employees full time	35	37	37	37	36
Motor vehicle registrations	N/A	182,713	188,837	193,919	197,351
Ad valorem assessment notices issued	111374	112603	116163	117372	125207
<b><u>Judicial</u></b>					
Bail Bond Office					
Employees full time	2	2	2	2	2
Bonds Posted	11,384	11,565	12,673	12,301	13,393
Dismissals	986	1,249	1,152	980	1,298
Dispositions	6,916	8,007	11,154	8,384	9,270
Bond Forfeitures	68	61	117	185	194
County Clerk:					
Employees full time	24	24	24	24	25
Civil cases	1583	1727	1859	2298	2627
Criminal cases	5308	5249	5063	5553	6197
Probate cases	638	691	623	674	623
Marriage licenses	2120	2188	2018	2036	2195

(Continued)

(Continued)

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

	2003	2004	2005	2006	2007
<b>Judicial (cont.)</b>					
District Clerk:					
Employees full time	21	21	21	22	25
Civil cases	4,118	4,203	3,845	4,034	5,956
Criminal cases	2,004	2,273	2,316	2,678	3,175
Juvenile cases	604	662	535	662	648
Jurors Summoned	N/A	23,000	26,000	27,600	27,600
Jurors Impaneled	N/A	1,004	1,004	960	906
Justices of the Peace:					
Employees full time	25	25	25	25	24
Civil cases filed	2,691	2,945	2,814	3,735	3,987
Criminal cases filed	20,178	17,780	19,701	19,150	18,398
Mental Health Court Services					
Employees full time	2	2	2	2	2
Mental health cases filed	393	438	401	366	396
90 day commitments	213	270	264	227	270
Warrants issued	172	230	212	254	287
<b>Public Safety</b>					
Constables:					
Employees full time	22	22	22	22	24
Civil process	13181	12704	12673	10896	12670
County Sheriff					
Employees full time	98	95	94	94	97
Total arrests	11772	12575	12992	13000	13478
Total charges	31717	35622	38673	39185	42411
Jail					
Employees full time	177	187	185	185	186
Total prisoner days	285,891	282,662	271,184	309,781	328,777
Prisoner hospital expenditures	\$ 157,976	\$ 160,857	\$ 176,942	\$ 188,319	\$ 290,267
Prisoner physician expenditures	\$ 231,040	\$ 254,507	\$ 274,672	\$ 313,329	\$ 324,129
Prisoner pharmacy expenditures	\$ 277,369	\$ 363,479	\$ 362,797	\$ 346,818	\$ 336,296
<b>Welfare</b>					
County Welfare Department					
Employees full time	14	13	14	14	13
Clients registered	6,554	6,299	5,443	5,100	4,347
Clients seen	4,609	4,606	4,434	4,407	4,128
Clients screened	2,793	2,489	2,203	2,163	1,532
Pauper burials	40	52	47	62	75

Source: Various County departments

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

Function	2003	2004	2005	2006	2007
<b>General Government</b>					
General Administration	61,159	61,159	62,359	61,159	61,159
Legal	13,295	13,295	13,295	13,295	13,295
Elections	6,662	6,662	6,662	6,662	6,662
Financial Administration	63,365	63,365	63,365	63,365	63,365
<b>Judicial</b>	61,105	61,105	61,105	61,105	65,151
<b>Public Safety</b>					
Law Enforcement	26,518	26,518	26,518	26,518	59,668
Corrections	251,323	251,323	236,187	298,079	296,343
Other Protection	390	390	390	390	390
<b>Public Transportation</b>					
Engineering	1,935	1,935	1,935	1,935	1,935
Maintenance	31,840	31,840	30,640	31,168	31,840
<b>Health</b>	7,763	7,763	7,763	7,763	7,763
<b>Welfare</b>	51,832	51,832	51,832	51,832	4,193
<b>Culture/Recreation</b>	459,150	501,150	501,150	501,150	502,764
<b>Conservation</b>	5,000	5,000	5,000	5,000	5,000
<b>Infrastructure:</b>					
Road miles	1,071	1,074	1,074	1,074	1,074
Number of bridges	200	190	190	190	190

Source: McLennan County Auditor's Office

Note: All items show square footage unless otherwise indicated.