

McLENNAN COUNTY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

Prepared by:
STEVEN G. MOORE, CPA
COUNTY AUDITOR

McLENNAN COUNTY, TEXAS
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2008

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION:	
LETTER OF TRANSMITTAL	1
GFOA CERTIFICATE OF ACHIEVEMENT	5
ORGANIZATIONAL CHART	7
LIST OF ELECTED AND APPOINTED OFFICIALS	8
FINANCIAL SECTION:	
INDEPENDENT AUDITOR'S REPORT	11
MANAGEMENT'S DISCUSSION AND ANALYSIS	13
BASIC FINANCIAL STATEMENTS:	29
Government-wide Financial Statements:	
Statement of Net Assets	30
Statement of Activities	31
Fund Financial Statements:	
Balance Sheet – Governmental Funds	32
Reconciliation of the Balance Sheet of Governmental Funds to Statement of Net Assets	33
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	34
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	35
Statement of Fiduciary Assets and Liabilities – Fiduciary Funds	36
Notes to the Basic Financial Statements:	37
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Funding Progress for the Retirement Plan for the Employees of McLennan County	61
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – General Fund	62
SUPPLEMENTARY FINANCIAL INFORMATION:	
Combining Individual Fund Statements and Schedules:	
Schedule of Expenditures – Compared to Budget (GAAP Basis) – General Fund	65
Schedule of Expenditures – Compared to Budget (GAAP Basis) – Economic Development Fund	81
Combining Balance Sheet – Nonmajor Government Funds	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	83

McLENNAN COUNTY, TEXAS
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2008

(continued)

TABLE OF CONTENTS

	Page
Nonmajor Governmental Funds - Special Revenue Funds – Purpose of Funds	85
Combining Balance Sheet – Nonmajor Governmental Funds – Nonmajor Special Revenue Funds	89
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds – Nonmajor Special Revenue Funds	93
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Alcohol and Drug Court Program	96
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Available School Fund	97
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Court Reporter Service Fund	98
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Dispute Resolution Fund	99
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – District Clerk Errors and Omissions Fund	100
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Family Protection Fund	101
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Jury Fund	102
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Law Library Fund	103
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Road and Bridge General Fund	104
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Road and Bridge Farm to Market Roads Fund	105
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Road and Bridge Right of Way Allocation Fund	106
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Road and Bridge Precinct 1 Fund	107
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Road and Bridge Precinct 2 Fund	108
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Road and Bridge Precinct 3 Fund	109
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Road and Bridge Precinct 4 Fund	110
Nonmajor Governmental Funds – Nonmajor Debt Service Funds – Purpose of Funds	111
Combining Balance Sheet – Nonmajor Governmental Funds – Nonmajor Debt Service Funds	112
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds – Nonmajor Debt Service Funds	114
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Certificates of Obligation – Series 1996	116
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Refunding Bonds – Series 1998	117
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Certificates of Obligation – Series 2000	118
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Permanent Improvement Bonds – Series 2001	119
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Certificates of Obligation – Series 2003	120

McLENNAN COUNTY, TEXAS
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2008

(continued)

TABLE OF CONTENTS

	Page
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Refunding Bonds – Series 2003	121
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Computer Note 2004	122
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Refunding Bonds – Series 2005	123
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Certificates of Obligation – Series 2006	124
Nonmajor Governmental Funds – Nonmajor Capital Projects Funds – Purpose of Funds	125
Combining Balance Sheet – Nonmajor Governmental Funds – Nonmajor Capital Projects Funds	126
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds – Nonmajor Capital Projects Funds	127
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Permanent Improvement Fund	128
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Certificates of Obligation Fund – Series 1996	129
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Permanent Improvement Bonds – Series 2001	130
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Certificates of Obligation Fund – Series 2003	131
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Certificates of Obligation Fund – Series 2006	132
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Sheriff Center HVAC Project	133
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Road Bond Fund – Series 1961	134
Nonmajor Governmental Funds – Nonmajor Permanent Funds – Purpose of Funds	135
Balance Sheet – Nonmajor Governmental Funds – Permanent School Fund	136
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Permanent School Fund	137
Agency Funds – Purpose of Funds	139
Combining Schedule of Changes in Assets and Liabilities – All Agency Funds	141
Capital Assets Used in the Operation of Governmental Funds:	145
Schedule by Source	147
Schedule by Function and Activity	148
Schedule of Changes by Function and Activity	149
STATISTICAL SECTION:	
FINANCIAL TRENDS	
Net Assets by Component	153
Changes in Net Assets	154
Governmental Activities by Source	157
Governmental Fund Balances	158
Changes in Fund Balances, Governmental Funds	160
REVENUE CAPACITY	
Taxable Assessed Value and Actual Value of Property	163
Property Tax Rates – Direct and Overlapping Governments	164
Principal Taxpayers	166
Property Tax Levies and Collections	167

McLENNAN COUNTY, TEXAS
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2008

(continued)

TABLE OF CONTENTS

	<u>Page</u>
DEBT CAPACITY	
Ratio of Outstanding Debt by Type	168
Ratios of Net General Bonded Debt Outstanding	169
Computation of Direct and Overlapping Debt	170
Legal Debt Margin	172
DEMOGRAPHIC AND ECONOMIC INFORMATION	
Demographic and Economic Statistics	174
Principal Employers	175
OPERATING INFORMATION	
County Employees by Function	177
Operating Indicators by Function	178
Capital Asset Statistics by Function	180

**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

March 30, 2009

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, 2008, 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, 2008, 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, 2008 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 228,123. This is up 6.8% over the 2000 census of 213,517 and 33.6% over the 1980 census of 170,755. The County has a land area of 1,042 square miles. The decennial census levels in Texas determine which of the various State statutes apply to each particular Texas County.

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

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

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

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 228,123. 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, 2008, was 3.144%.

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), I(d) and III(g) of the notes to the financial statements.

Awards and Acknowledgements

The Government Finance 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, 2007. This was the twenty-third 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.

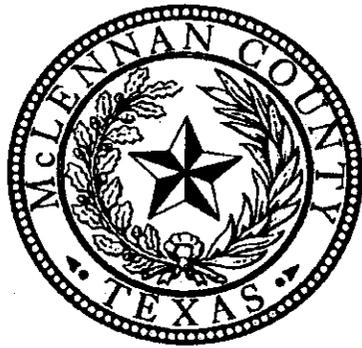
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

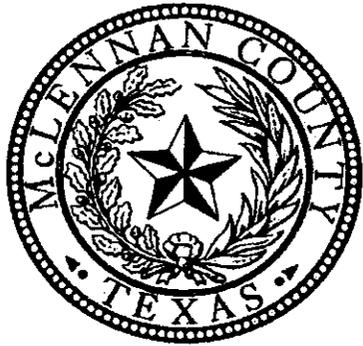
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2007

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

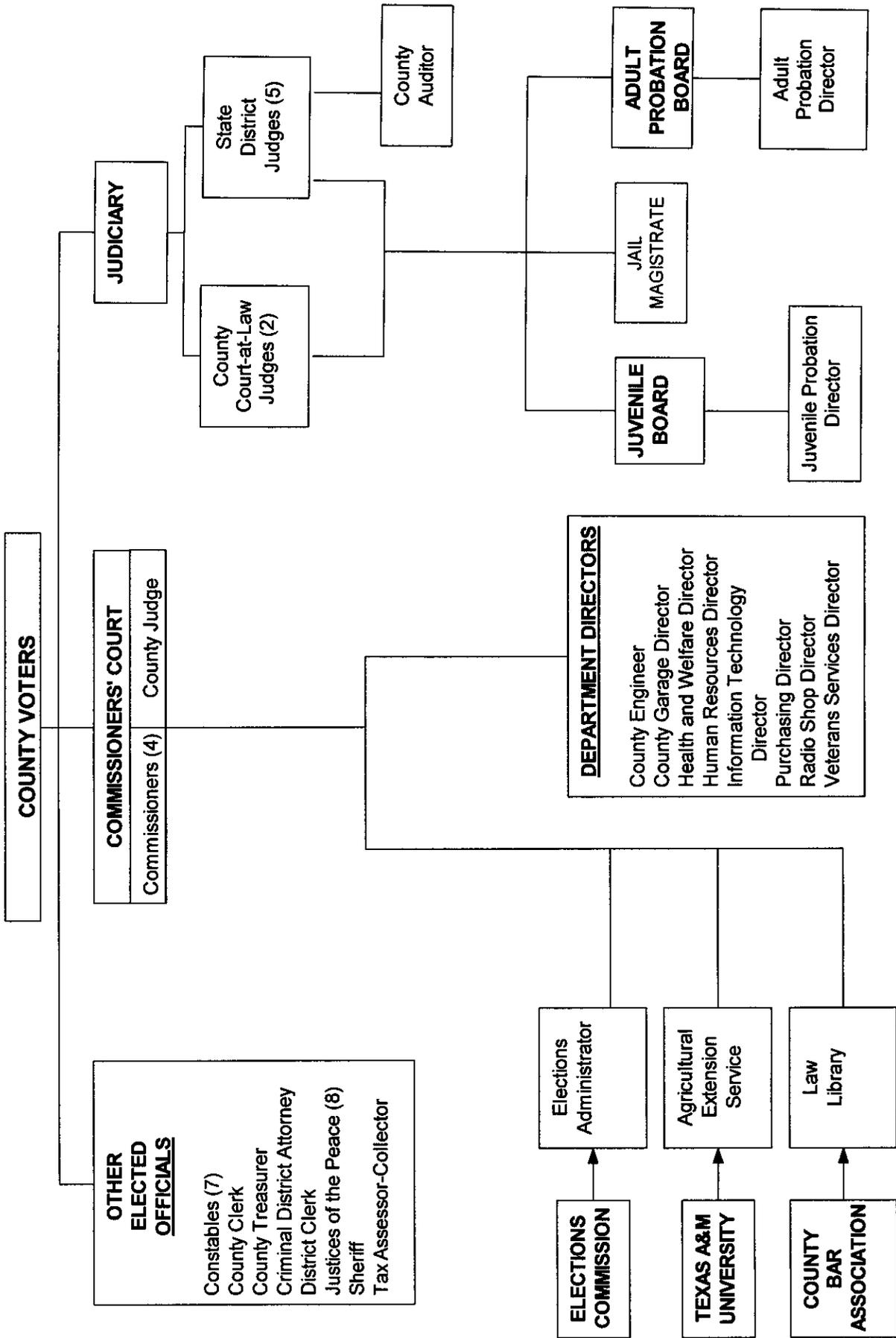


President

Executive Director



McLENNAN COUNTY, TEXAS ORGANIZATION



MCLENNAN COUNTY, TEXAS

PRINCIPAL OFFICIALS As of September 30, 2008

ELECTED OFFICIALS

District Officials

Judge, 19th Judicial District Ralph Strother
Judge, 54th Judicial District Matthew Johnson
Judge, 74th Judicial District Alan Mayfield
Judge, 170th Judicial District Jim Meyer
Judge, 414th Judicial District Vicki Menard
Criminal District Attorney John Segrest
District Clerk Karen Matkin

Commissioners' Court

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

County Officials

Judge, County Court at Law, No. 1 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 James Cooper
Constable, Precinct 3 David Maler
Constable, Precinct 4 Larry Eschenburg
Constable, Precinct 5, Place 1 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 William Seigman
Elections Director Kathy Van Wolfe

MCLENNAN COUNTY, TEXAS

PRINCIPAL OFFICIALS (continued)

As of September 30, 2008

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
Jail Magistrate..... Raymond Britton



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, 2008, 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, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2009, 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 28 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 30, 2009

McLennan County, Texas
Management's Discussion and Analysis
September 30, 2008

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, 2008. 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, 2008, by \$90 million. Net assets invested in capital assets (net of depreciation and related debt) account for almost 41% of this amount, with a value of \$37 million. Restricted net assets totaled \$5.4 million or 6% of net assets. Of the remaining net assets, \$48 million, or 53%, 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 \$6.5 million for the year ended September 30, 2008 when compared to the total net assets reported for the year ended September 30, 2007. This increase was comprised of a change in net assets from activities in the amount of \$6.5 million.
- Income from general sources of revenue totaled more than \$61.1 million, with total expenses in excess of program revenues of \$54.6 million.
- As of September 30, 2008, McLennan County's governmental funds reported combined ending fund balances of \$54.9 million. Of that amount, \$2.3 million was reserved or designated for specific purposes. An amount of \$10.2 million was unreserved and undesignated in the Special Revenue Funds combined, and \$29.8 million was available for spending at the government's discretion in the General Fund.
- The unreserved and undesignated fund balance for the General Fund of \$29.8 million at September 30, 2008 was 49.3% of the total \$60.6 million in Fiscal Year 2008 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.

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.

McLennan County, Texas
Management's Discussion and Analysis
September 30, 2008

The statement of activities presents information showing how the government's net assets changed during 2008. 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 2008, 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 2008.

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.

In addition the newly created McLennan County Public Facilities Corporation, a nonprofit corporation created under Texas Local Government Code Section 303 is a blended component unit. All of the members of the Board of Directors of the Corporation are appointed by the County's Commissioners' Court, and indeed consists of the same individuals that comprise the Commissioners' Court. The Corporation was created September 2, 2008 but there were no financial transactions for the Corporation for the year ending September 30, 2008.

You will find further information regarding these blended component units in the Summary of Significant Accounting Policies in Note I of the notes to the financial statements, and in the subsequent events note 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, the Adult Probation Fund and the Economic Development Fund as the major funds. Data from the remaining governmental funds (i.e., non-major funds) are combined into a single, aggregated presentation. The "governmental fund" financial statements can be found immediately following the "government-wide" financial statements. Individual fund data for each of the non-major governmental funds is provided in the form of combining schedules, included in the Required Supplementary Information section following the notes to the financial statements.

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. As mentioned earlier, government-wide financial statements are reported using accrual accounting; governmental fund financial statements focus on near-term inflows and outflows, as well as balances of available resources. In other words, revenue is reported when earned, provided it is collectible within the reporting period or soon enough afterwards to be used to pay liabilities of the

McLennan County, Texas
Management's Discussion and Analysis
September 30, 2008

current period. Likewise, liabilities are recognized as expenditures only when payment is due since they must be liquidated with available cash. Such information is useful in evaluating a government's near-term financing requirements in comparison to near-term resources.

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

McLennan County utilizes and maintains budgetary controls over its operating funds. Budgetary controls are used to ensure compliance with legal provisions required under state statute governing the annual appropriated budget. Budgets for governmental funds are established in accordance with state law and are adopted at the department level for all funds using the primary categories of personal services, supplies, other services and charges, capital outlay and debt service. Specific equipment items included in capital outlays are approved on a capital equipment schedule. Appropriations for Capital Projects Funds are approved on an annual basis. A budgetary comparison statement is provided for the General Fund in this management's discussion and analysis section. Also, the Required Supplementary Information contains budget comparisons for the General Fund and Economic Development 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, 2008 and 2007:

McLennan County, Texas
Management's Discussion and Analysis
September 30, 2008

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

	2008	2007
Current and other assets	\$ 70,986	\$ 69,141
Capital assets (net of accumulated depreciation and construction in progress)	68,591	68,864
Total assets	\$ 139,577	\$ 138,005
Current and other liabilities	\$ 4,508	\$ 5,207
Unearned revenues	357	604
Long-term liabilities	44,262	48,223
Total liabilities	\$ 49,127	\$ 54,034
Net assets:		
Invested in capital assets, net of related debt	\$ 36,965	\$ 36,068
Restricted	5,432	7,854
Nonexpendable	47	47
Unrestricted	48,006	40,002
Total net assets	\$ 90,450	\$ 83,971

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, 2008 totaled \$90 million, representing a \$6.5 million increase from the September 30, 2007 balance.

McLennan County's total assets were just over \$139.6 million as of September 30, 2008. Of this amount, over \$68.6 million is accounted for by capital assets, which includes net infrastructure of \$10.3 million. Of the remaining County assets, approximately \$54.7 million were accounted for in cash, cash equivalents, and investments; \$11.9 million in taxes and accounts receivable; \$3.7 million due from other governments, \$436 thousand in inventories; and \$177 thousand in prepaid expenses.

Cash and cash equivalents increased \$971 thousand, from \$53.7 million at September 30, 2007 to \$54.7 million at September 30, 2008. \$2.3 million of that amount came from the excess of revenues over expenditures in the General Fund offset by debt service and the expending of cash on capital projects.

At September 30, 2008 the County had outstanding liabilities of \$49 million, with slightly under \$44.3 million in total long-term liabilities. Of the long-term liabilities, a little under \$5.9 million was due within a year, with the remainder of \$38.4 million due over an extended period of time. There is a more in-depth discussion of long-term debt in the notes to the financial statements.

Included in other liabilities in the summary of net assets is \$3.4 million in accounts payable and accrued liabilities.

A large portion of the County's net assets (almost 40.1%) 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.

McLennan County, Texas
Management's Discussion and Analysis
September 30, 2008

An amount representing 6% 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 \$48 million (unrestricted net assets) represents the amount that may be used to meet the County's ongoing obligations.

Statement of Activities

McLennan County's governmental activities increased net assets by almost \$6.5 million in 2008. 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 \$86.4 million in 2008 compared to almost \$82.3 million in 2007, for an increase of \$4.1 million.
- Property tax revenue accounted for 50.3% of total revenues, increasing \$3.8 million from \$39.7 million in 2007 to \$43.5 million in 2008.
- Sales tax accounted for 14.4% of total revenues, increasing \$428 thousand from \$11.8 million in 2007 to almost \$12.3 million in 2008.
- Grants and contributions accounted for 9.2% of total revenues, showing an increase of \$1.1 million from \$6.8 million in 2007 to \$7.9 million in 2008. This is primarily due to one-time grants from the State of Texas and Federal Agencies that were received in conjunction with storm damage in the Spring of 2008.
- Charges for services totaled \$17.4 million in 2008 comprising 20.1% of total revenue in 2008, compared to the same amount of charges for services in 2007, which represented 21.1% of total revenue in 2007.
- The remaining 6.2% of revenue in 2008 was provided by other taxes, interest income, rental revenues and miscellaneous sources. In 2007 this same group of revenues comprised 8.0% of revenues. The primary reason for the decrease was that a one-time gain of just over \$1 million was recognized on the sale of a building in 2007 and interest earnings declined in 2008. Interest earnings decreased a little over \$1 million primarily due to declining interest rates.

Expenses for the year totaled about \$80 million in 2008 compared to \$74.3 million in 2007. This represents a 7.7% or \$5.7 million, increase in 2008 compared to 2007.

Highlights of the expenses by activity are as follows:

- General administration activities, accounted for 19.8% of expenses in 2008, increasing by \$953 thousand, or 6.4%, in 2008 compared to 2007.
- Judicial activities, accounted for 8.3% of expenses in 2008, increasing by \$441 thousand, or 7.1%, in 2008 compared to 2007.
- Public Safety activities, accounted for 43.4% of expenses in 2008, increasing by \$1.5 million, or 4.4%, in 2008 compared to 2007.
- Public Transportation activities, accounted for 9.8% of expenses in 2008, increasing by \$831 thousand, or 11.9% in 2008 compared to 2007.
- Health and Welfare activities, accounted for 12.1% of expenses in 2008, increasing by \$1.1 million or 13.1% from 2007.
- Culture–Recreation activities, accounted for 2.5% of expenses in 2008. Culture-Recreation expenses increased in 2008 compared to 2007 by \$631 thousand or 45%. The increase was due to the fact that \$603 thousand in remaining bond funds was expended on the Cameron Park Zoo in 2008. The Zoo is carried as an asset of the City of Waco, since the City is responsible for the Zoo operations and maintenance.
- All other activities, including conservation, economic development and interest and fiscal charges accounted for 4.1% of expenses in 2008 compared to 4.1% of expenses in 2007.

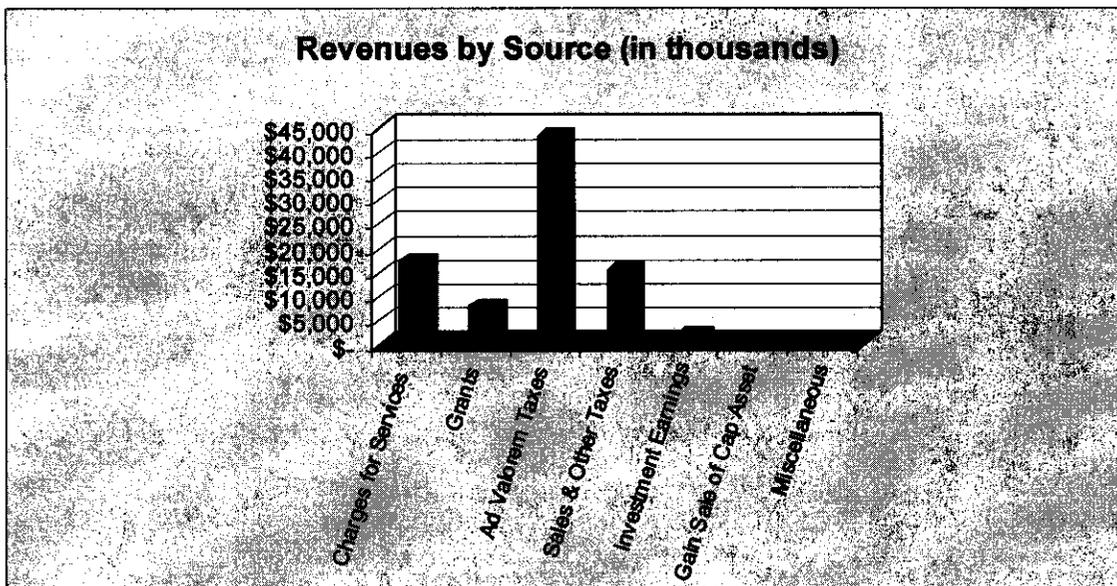
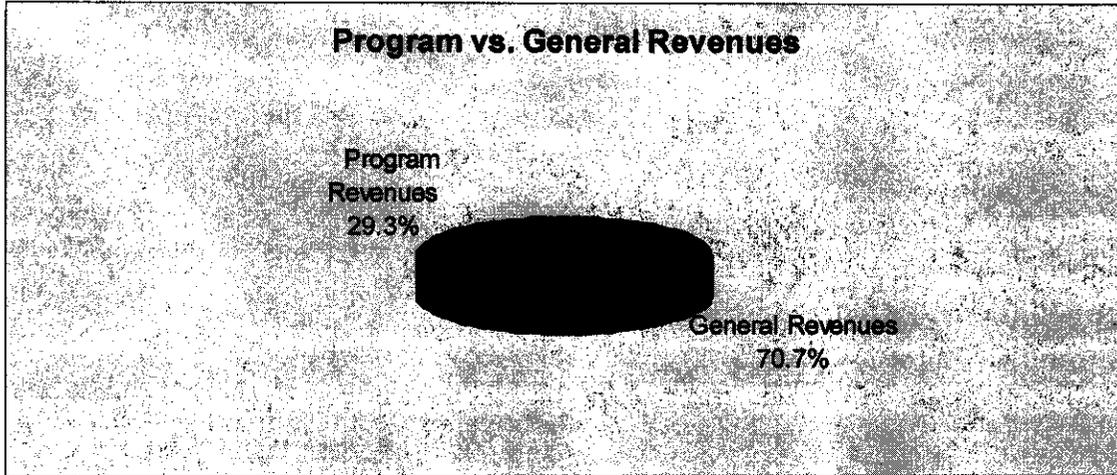
McLennan County, Texas
Management's Discussion and Analysis
September 30, 2008

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

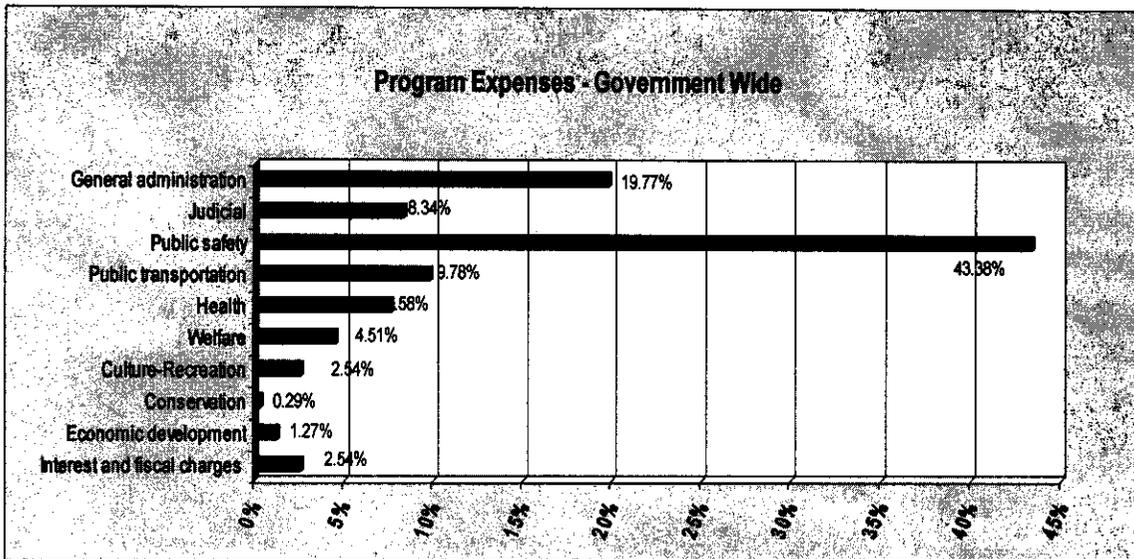
	2008		2007	
	Governmental Activities		Governmental Activities	
Revenues				
<i>Program Revenues</i>				
Charges for services	\$ 17,357		\$ 17,399	
Operating grants and contributions	7,613		5,367	
Capital grants and contributions	356	\$ 25,326	1,459	\$ 24,225
	<hr/>		<hr/>	
<i>General Revenues</i>				
Property Taxes	43,482		39,671	
Sales Taxes	12,274		11,846	
Other Taxes	3,193		2,420	
Unrestricted investment earnings	1,951		2,984	
Miscellaneous	211	61,111	1,190	58,111
Total revenues	<hr/>	86,437	<hr/>	82,336
Expenses				
General administration	15,808		14,855	
Judicial	6,669		6,228	
Public safety	34,683		33,215	
Public transportation	7,820		6,989	
Health	6,061		5,266	
Welfare	3,607		3,284	
Culture-Recreation	2,032		1,401	
Conservation	229		235	
Economic development	1,019		617	
Interest and fiscal charges	2,030		2,168	
Total expenses	<hr/>	79,958	<hr/>	74,258
Change in net assets	<hr/>	6,479	<hr/>	8,078
Net assets - beginning		83,971		74,228
Prior period adjustment				
Transitional recording of remaining infrastructure		-		1,665
Adjusted net assets - beginning		<hr/>		<hr/>
		83,971		75,893
Net assets, ending		<hr/>		<hr/>
		\$ 90,450		\$ 83,971

**McLennan County, Texas
Management's Discussion and Analysis
September 30, 2008**

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



**McLennan County, Texas
Management's Discussion and Analysis
September 30, 2008**



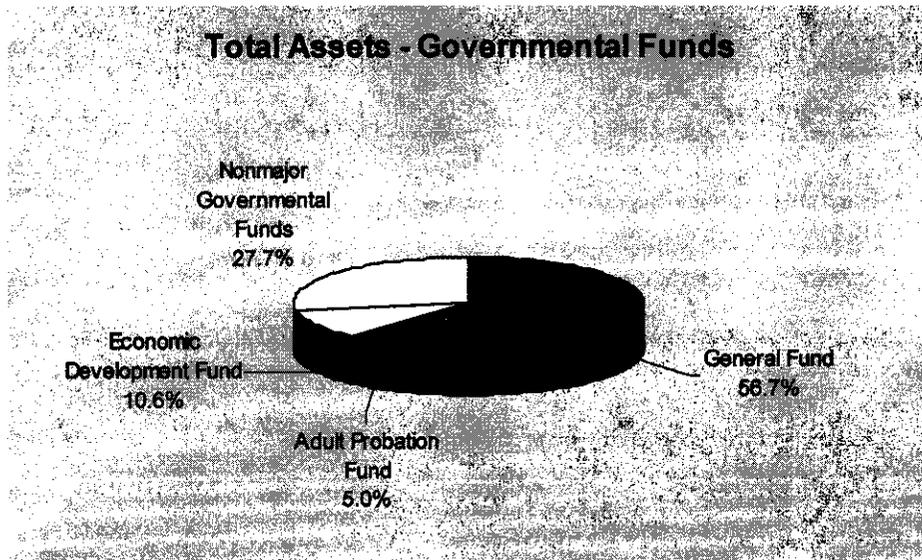
FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental Funds Balance Sheet Analysis

The General Fund, Adult Probation Fund and Economic Development Fund are the funds considered to be major funds in 2008. The General Fund accounted for 56.7% of total governmental fund assets and 54.4% of the governmental fund balances. The Adult Probation Fund accounted for 5.0% of the governmental fund assets and 5.06% of the governmental fund balances. The Economic Development Fund accounted for 10.6% of the total governmental fund assets and 11.94% 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:

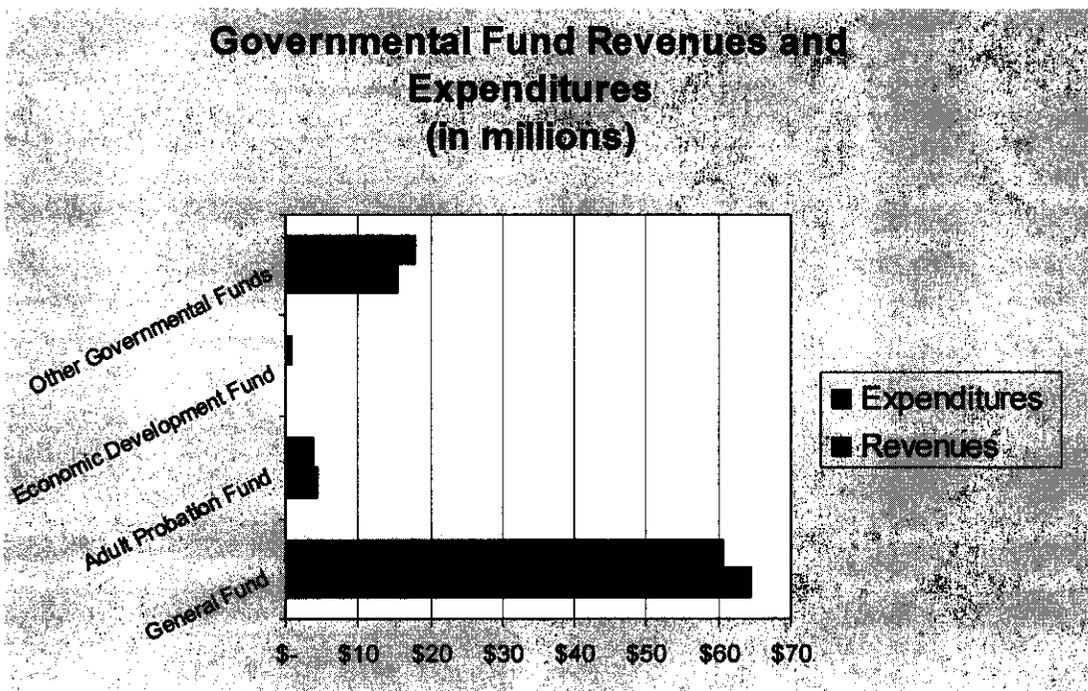


**McLennan County, Texas
Management's Discussion and Analysis
September 30, 2008**

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, 2008, the County's governmental funds reported combined ending fund balances of over \$54.9 million. Of this total amount, over \$29.8 million (54.3%) is unreserved and available for spending without restrictions for general governmental purposes from the General Fund. \$10.2 million (18.6%) is available for general governmental purposes in the Special Revenue Funds, subject to the expenditures being for the stated activities of the individual special revenue funds. Reserved fund balances in the amount of \$3.2 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, Adult Probation Fund, Economic Development Fund and all nonmajor governmental funds:



The revenue indicators in the chart do not include other financing sources, such as proceeds from new debt or the sale of assets, nor other financing uses. The General Fund accounts for 64.5% of all governmental fund revenue and 60.6% of expenditures.

The net change in fund balance for the General Fund in 2008 was an increase of \$2.3 million. This includes an excess of revenues over expenditures of \$3.9 million, transfers out to other funds of almost \$2.1 million, transfers from other funds of \$246 thousand, proceeds from the issuance of a note payable of \$214 thousand, and proceeds from disposition of capital assets of \$13 thousand.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original Adopted Budget Compared to Final Budget

The following table shows the changes between the original adopted budget and the final budget, as amended, for General Fund budget as of September 30, 2008:

McLennan County, Texas
Management's Discussion and Analysis
September 30, 2008

Comparison of Original Budget and Final Budget
Year Ended September 30, 2008
(\$ in Thousands)

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original	Final	
Revenues:			
Taxes	\$ 47,553	\$ 47,553	\$ -
Licenses and Permits	82	82	-
Intergovernmental	1,476	1,525	49
Charges for Services	5,862	6,227	365
Fines and Forfeits	99	99	-
Miscellaneous:			
Investment Income, Net	1,117	1,165	48
Other	4,518	4,657	139
Total Miscellaneous	<u>5,635</u>	<u>5,822</u>	<u>187</u>
Total Revenues	<u>60,707</u>	<u>61,308</u>	<u>601</u>
Expenditures:			
Current:			
General Government	19,040	18,674	366
Judicial	6,355	6,469	(114)
Public Safety	31,052	31,243	(191)
Public Transportation	215	215	-
Health	8,344	8,455	(111)
Welfare	4,546	4,548	(2)
Culture-Recreation	763	673	90
Conservation	304	309	(5)
Economic Development and Assistance	288	295	(7)
Debt Service:			
Principal and Retirements	902	981	(79)
Interest and Fiscal Charges	328	379	(51)
Total Expenditures	<u>72,137</u>	<u>72,241</u>	<u>(104)</u>
Excess (Deficiency) of Revenue over Expenditures	(11,430)	(10,933)	497
Other Financing Sources (Uses):			
Disposition of Capital Assets	-	-	-
Issuance of Notes Payable	206	206	-
Issuance of Lease Purchase	-	-	-
Transfers In	1,486	1,536	(50)
Transfers Out	(3,240)	(3,374)	134
Total Other Financing Sources	<u>(1,548)</u>	<u>(1,632)</u>	<u>84</u>
Net Change in Fund Balance	(12,978)	(12,565)	413
Fund Balance at Beginning of Year	<u>21,874</u>	<u>21,874</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 8,896</u>	<u>\$ 9,309</u>	<u>\$ 413</u>

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.

McLennan County, Texas
Management's Discussion and Analysis
September 30, 2008

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

- *Regarding the \$366 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 \$526 thousand. The difference of \$160 thousand was due to the contingency being transferred to accounts within the General Government function.
- *Regarding the \$114 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. \$35 thousand was to create a new department for a jail magistrate and the remaining \$79 thousand to replace equipment and computer equipment and allow for additional language translation costs.
- *Regarding the \$191 thousand increase in the Public Safety function.* The increase in this function was provided by contingency transfers from the General Government contingency. \$31 thousand was to create a new electronic monitoring program, \$40 thousand was added to the emergency/civil defense programs, an additional \$60 was needed for outside housing of inmates due to overcrowding, and an additional \$42 thousand was need to fund the cost of feeding of inmates.
- *Regarding the \$111 thousand increase in the Health function.* The increase in this function was provided by contingency transfers from the General Government contingency, due to greater funding needs. The increase in the Health function was primarily due to increased costs for medical care of an increasing population of jail inmates.
- *Regarding the \$90 thousand decrease in Culture-Recreation,* \$91 thousand was transferred from the Exhibit Buildings and Show Barns Department in the General Fund to the same department in the Permanent Improvement Fund for renovations to fair buildings.
- *Regarding the \$130 thousand increase in Principal and Interest,* \$93 was transferred to provide for debt service that had been overlooked during the budget cycle and additional debt service that was necessary for new notes payable issued during 2008.
- *Regarding the \$134 thousand increase in Transfers Out,* \$89 thousand was due to the transfer to the Permanent Improvement Fund, mentioned in the Culture-Recreation section above. The remainder represented several smaller transfers to other governmental funds for operational purposes.

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, 2008:

**McLennan County, Texas
Management's Discussion and Analysis
September 30, 2008**

**General Fund Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
Year Ended September 30, 2008
(\$ in Thousands)**

	Final Budget	Final Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 47,553	\$ 49,791	\$ 2,238
Licenses and Permits	82	80	(2)
Intergovernmental	1,525	1,994	469
Charges for Services	6,227	6,872	645
Fines and Forfeits	99	51	(48)
Miscellaneous:			-
Investment Income, Net	1,165	1,067	(98)
Other	4,657	4,652	(5)
Total Miscellaneous	5,822	5,719	(103)
Total Revenues	61,308	64,507	3,199
Expenditures:			
Current:			
General Government	18,674	14,867	3,807
Judicial	6,469	5,902	567
Public Safety	31,243	27,628	3,615
Public Transportation	215	209	6
Health	8,455	6,005	2,450
Welfare	4,548	3,595	953
Culture-Recreation	673	660	13
Conservation	309	235	74
Economic Development and Assistance	295	234	61
Debt Service:			
Principal and Retirements	981	933	48
Interest and Fiscal Charges	379	374	5
Total Expenditures	72,241	60,642	11,599
Excess (Deficiency) of Revenue over Expenditures	(10,933)	3,865	14,798
Other Financing Sources (Uses):			
Disposition of Capital Assets	-	13	13
Issuance of Notes Payable	206	214	8
Transfers In	1,536	2,825	1,289
Transfers Out	(3,374)	(4,663)	(1,289)
Total Other Financing Sources	(1,632)	(1,611)	21
Net Change in Fund Balance	(12,565)	2,254	14,819
Fund Balance at Beginning of Year	21,874	27,616	5,742
Fund Balance at End of Year	\$ 9,309	\$ 29,870	\$ 20,561

McLennan County, Texas
Management's Discussion and Analysis
September 30, 2008

Actual Revenues Compared to Estimated Revenues

Actual revenues in the General Fund are about \$3.2 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 \$1,353 thousand. Current collections exceeded the estimate by \$997 thousand, and delinquent collections exceeded the estimate by \$356 thousand.
- Actual sales tax collections reflect the strong retail sales climate experienced in 2008 in Texas by exceeding the estimated collections by \$274 thousand.
- Prior tax abatements granted in relation to an economic development program resulted in a recapture of previously abated taxes in the amount of \$610 thousand.
- Intergovernmental revenues collected were \$469 thousand greater than anticipated. \$69 thousand of this was due to larger than expected funding from the Tobacco Settlement Fund, \$196 thousand was due to larger than expected funding from the State of Texas Indigent Defense Fund, \$58 thousand was due to a change at the State level in funding Vehicle Sales Tax Commissions, and \$69 thousand was due to an increase in the amount of Alcoholic Beverage Tax collected.
- Revenues from Charges for Services exceeded that which was estimated in the budget by \$645 thousand. The primary components of the positive variance were court related civil fees (\$322 thousand), charges for the collection of ad valorem taxes for other entities (\$116 thousand) and support of Federal prisoners (\$488 thousand). These favorable variances were offset negative variances in records management fees (\$230 thousand) and recording fees (\$138 thousand).
- Investment revenue was \$79 thousand less than anticipated due to declining interest rates.
- Miscellaneous revenue was \$88 thousand less than anticipated. The primary components of this negative variance was \$338 thousand less in rent for the County's old jail facility which housed fewer prisoners in 2008, due to the fact that the County's own prisoners had took up rentable space due to overcrowding in the County's own jail. This negative variance was partially offset by \$203 thousand more in reimbursement for indigent health care expenditures and \$64 thousand more collected in reimbursement for appointed attorney fees.

Actual Expenditures Compared to Budgeted Expenditures

Actual expenditures were 83.9% of the budget for 2008, compared to 86.5% for 2007. 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 \$10.8 million (93.3%) of the total positive budget variance of \$11.6 million.

The General Government positive budget variance was \$3.8 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 \$1.1 million, or 29.2% of the positive General Government variance.
- Computer technology expenditures of \$544 thousand were included in the appropriations but determined not to be needed during 2008.
- The County was able to leave \$586 thousand unused in its contingency account.
- Expenditures for maintenance of buildings and equipment were \$172 thousand less than anticipated.
- Expenditures for utilities were \$117 thousand less than anticipated.

McLennan County, Texas
Management's Discussion and Analysis
September 30, 2008

- Expenditures for the County's insurance policies were \$251 thousand less than anticipated.
- Expenditures for county legal counsel and other purchased services were \$135 thousand less than anticipated.
- Expenditures for supplies were \$125 thousand less than anticipated.
- Bank service charges of \$50 thousand were appropriated for 2008, but not necessary.

The Public Safety positive budget variance was about \$3.6 million. That positive variance was primarily composed of the following items:

- The County pays a jail management company to manage the old downtown jail where certain Federal prisoners are incarcerated on a per diem contract basis. The budget for the fee paid to the management company was \$568 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 \$2.1 million, or 59.2% of the positive Public Safety variance.
- Expenditures for utilities at the jail were actually \$119 thousand less than the amount budgeted.
- Transportation expenditures were \$91 thousand less than anticipated budgeted.
- Motor vehicle operating costs were \$41 thousand less than budgeted.
- Jail contingencies of \$83 thousand were budgeted but not expended
- A budgeted amount of \$145 thousand for machinery and equipment was not expended in the General Fund.

The Health positive budget variance was about \$2.4 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 2008, the County's actual expenditures relating to indigent healthcare were \$1.7 million less than the amount budgeted. Additionally, appropriations of \$354 thousand for a management services for jail health care was not needed in 2008.

The Welfare positive budget variance was \$953 thousand. The positive variance in this department was primarily due to the County expending \$829 thousand less than budgeted in relation to its indigent defense program. 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, 2008, amounts to more than \$68.5 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress. 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 more than \$1.6 million.
- Six bridges had to be replaced at a cost of more than \$1.2 million. Two of those bridges were severely damaged during spring floods, two bridges were converted to culverts, and one bridge was originally built in the early 1900's. Another bridge was replaced through the State of Texas bridge replacement program.
- A new radio tower and two new buildings, a road and bridge barn in Precinct 3 and a Juvenile Interim Home, were constructed at a cost of almost \$700 thousand.

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

McLennan County, Texas
Management's Discussion and Analysis
September 30, 2008

At September 30, 2008, McLennan County had slightly more than \$36.7 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 at September 30, 2008. McLennan County's total bonded debt showed a net decrease of \$3.3 million during 2008. McLennan County maintains a real credit rating of Aa2 from Moody's Investor Services and a AA rating from Standard & Pools.

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

On September 2, 2008, the Commissioner's Court of McLennan County created a nonprofit public facilities corporation, the McLennan County Public Facility Corporation ("Corporation"). It was organized for the purpose of financing, constructing and operating a new jail adjacent to the County's existing jail. The Corporation will be included in the Comprehensive Annual Financial Report for 2009 as a blended component unit. No financial transactions occurred until January 29, 2009 when the Corporation issued \$49,015,000 in McLennan County Public Facility Corporation Project Revenue Bonds, Series 2009. The bonds are the liability of the Corporation, and will be used to finance the construction of a new 816 bed jail facility adjacent to the County's existing jail. It is expected that the new jail will be ready to accept inmates in the late Winter of 2010. Revenue from rental of jail space to third party entities will be the sole source to handle the debt service on the revenue bonds and cover all the expenses of the new jail's operations.

Additional information concerning the debt issued by the McLennan County Public Facility Corporation is included in the Subsequent Events 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 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.
- The County included a 4% cost of living increase for substantially all full-time employees for the 2009 budget year.
- Due to an increase in real property valuation at January 1, 2008, the County was able to decrease the overall ad valorem tax rate from \$.4652 to .4647 while raising additional ad valorem tax assessment of \$3.2 million in 2009 over 2008.

McLennan County, Texas
Management's Discussion and Analysis
September 30, 2008

Requests for Information

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

BASIC FINANCIAL STATEMENTS

MCLENNAN COUNTY, TEXAS

Statement of Net Assets

September 30, 2008

ASSETS

Pooled Cash and Investments	\$	54,437,372
Non-Pooled Cash		296,745
Receivables (net of allowances for estimated uncollectibles):		
Taxes		2,156,766
Accounts		9,783,221
Due from Other Governments		3,699,254
Inventories, at Cost		436,045
Prepaid Assets		176,921
Capital Assets (net of accumulated depreciation)		
Land		3,356,021
Buildings and system		47,900,355
Improvements other than buildings		490,807
Machinery and equipment		5,137,677
Infrastructure		10,263,371
Construction in progress		1,443,057
Total Assets	\$	<u>139,577,612</u>

LIABILITIES

Accounts Payable	\$	3,070,279
Accrued Interest Payable		311,062
Due to Other Governments		3,620
Funds Held in Escrow		1,123,761
Unearned Revenue		356,745
Noncurrent liabilities:		
Due within one year		5,875,087
Due in more than one year		38,386,841
Total Liabilities		<u>49,127,395</u>

NET ASSETS

Invested in Capital Assets, net of related debt		36,965,521
Restricted Net Assets		
Expendable		
Restricted for Capital Projects		3,186,381
Restricted for Debt Service		2,228,786
Restricted for Education		16,698
Nonexpendable		
Restricted for Education		47,119
Unrestricted		48,005,712
Total Net Assets	\$	<u>90,450,217</u>

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

MCLENNAN COUNTY, TEXAS

Balance Sheet

Governmental Funds

September 30, 2008

	General	Adult Probation Fund	Economic Development Fund	Other Governmental Funds	Total
ASSETS					
Pooled Cash and Investments	\$ 29,236,121	\$ 2,856,775	\$ 6,533,676	\$ 15,810,801	\$ 54,437,372
Non-Pooled Cash	(181,538)	220,089	-	258,194	296,745
Receivables (net of allowances for estimated uncollectibles):					
Taxes	1,717,787	-	-	438,978	2,156,766
Accounts	387,352	241	-	27,949	425,542
Due from Other Funds	30,291	-	-	5,638	35,929
Due from Other Governments	3,357,829	21,089	21,417	298,918	3,699,254
Inventories, at Cost	203,287	-	-	232,759	436,046
Prepaid Assets	176,921	-	-	-	176,921
Total Assets	\$ 34,938,051	\$ 3,098,194	\$ 6,555,093	\$ 17,073,237	\$ 61,664,575
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts Payable	\$ 3,340,701	\$ 22,015	\$ -	\$ 831,323	\$ 4,194,039
Due to Other Funds	5,638	-	-	30,291	35,929
Due to Other Governments	3,620	-	-	-	3,620
Deferred Revenue	1,717,787	294,875	-	501,049	2,513,511
Total Liabilities	5,067,747	316,690	-	1,362,663	6,747,099
Fund Balance:					
Reserved for Debt Service	-	-	-	2,228,786	2,228,786
Reserved for Education	-	-	-	62,078	62,078
Unreserved - Undesignated	29,870,304	2,781,504	6,555,093	13,419,710	52,626,612
Total Fund Equity	29,870,304	2,781,504	6,555,093	15,710,574	54,917,476
Total Liabilities and Fund Balance	\$ 34,938,051	\$ 3,098,194	\$ 6,555,093	\$ 17,073,237	\$ 61,664,575

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, 2008

Total fund balances - governmental funds \$ 54,917,476

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	\$ 3,356,021	
Buildings	47,900,355	
Improvements other than buildings	490,807	
Machinery and equipment	5,137,677	
Infrastructure	10,263,371	
Construction in progress	<u>1,443,057</u>	
Total capital assets		68,591,288

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.

9,357,677

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

2,156,764

Total deferred revenues

11,514,441

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	(311,061)	
General obligation bonds	(3,480,000)	
Notes payable	(360,080)	
Capital leases	(508,676)	
Compensated absences	<u>(1,526,330)</u>	
Total current liabilities		(6,186,147)

General obligation bonds	(33,240,000)	
Unamortized Deferred Amount on Refunding	187,009	
Unamortized Refunding Bond Cost	182,569	
Notes payable	(200,958)	
Capital leases	(5,173,727)	
Compensated absences	<u>(141,734)</u>	
Total non-current liabilities		<u>(38,386,841)</u>

Net Assets

\$ 90,450,217

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, 2008

	General Fund	Adult Probation Fund	Economic Development Fund	Other Governmental Funds	Total
Revenues:					
Taxes	\$ 49,791,091	\$ -	\$ -	\$ 6,568,159	\$ 56,359,250
Licenses and Permits	80,013	-	-	1,833,174	1,913,187
Intergovernmental	1,993,796	1,750,659	-	3,785,253	7,529,708
Charges for Services	6,872,602	2,543,627	-	615,035	10,031,263
Fines and Forfeits	50,778	-	-	1,820,463	1,871,241
Miscellaneous	5,718,558	104,970	250,236	930,673	7,004,436
Total Revenues	64,506,838	4,399,256	250,236	15,552,756	84,709,085
Expenditures:					
Current:					
General Government	14,866,397	-	-	501,983	15,368,379
Judicial	5,901,643	-	-	544,930	6,446,573
Public Safety	27,628,160	3,735,931	-	1,838,772	33,202,863
Public Transportation	209,054	-	-	6,968,268	7,177,322
Health	6,005,100	-	-	-	6,005,100
Welfare	3,595,216	-	-	-	3,595,216
Culture-Recreation	660,270	-	-	-	660,270
Conservation	233,962	-	-	-	233,962
Economic Development and Assistance	234,200	-	784,583	-	1,018,783
Capital Projects	-	-	-	2,947,063	2,947,063
Debt Service:					
Principal and Retirements	933,102	-	-	3,404,491	4,337,593
Interest and Fiscal Charges	373,944	-	-	1,680,646	2,054,590
Total Expenditures	60,641,049	3,735,931	784,583	17,886,153	83,047,715
Excess (Deficiency) of Revenue over Expenditures	3,865,789	663,325	(534,347)	(2,333,397)	1,661,370
Other Financing Sources (Uses):					
Disposition of Capital Assets	13,491	-	-	53,558	67,049
Issuance of Lease Purchase	-	-	-	116,845	116,845
Issuance of Note Payable	213,636	-	-	-	213,636
Transfers In	246,417	-	1,250,000	1,969,901	3,466,318
Transfers Out	(2,084,593)	-	-	(1,381,725)	(3,466,318)
Total Other Financing Sources	(1,611,049)	-	1,250,000	758,578	397,530
Net Change in Fund Balance	2,254,741	663,325	715,653	(1,574,819)	2,058,900
Fund Balance at Beginning of Year	27,615,563	2,118,180	5,839,440	17,285,393	52,858,576
Fund Balance at End of Year	\$ 29,870,304	\$ 2,781,504	\$ 6,555,093	\$ 15,710,574	\$ 54,917,476

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, 2008

Net change in fund balances - governmental funds \$ 2,058,900

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	\$ 2,947,063
Capital projects - functional activities	1,273,322
Depreciation expense	(4,745,031)
Capital projects - Zoo to City of Waco	<u>(603,201)</u>

Excess of depreciation expense over capital outlay (1,127,847)

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.	\$ (330,481)
Amortization of debt issuance costs	(15,655)
Amortization of deferred refunding amount	20,367
Debt repayment is expenditure in governmental funds, but reduces long-term liabilities in the statement of net assets.	<u>4,337,593</u>

Total long-term debt 4,011,824

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

Property taxes receivable	\$ 103,865
Fines and fees receivable	<u>607,621</u>
Total receivables	711,486

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	\$ (50,792)
Accrued interest	<u>20,336</u>
Total expenses	(30,456)

The loss on the sale of capital assets is only recognized in the statement of activities and is not reported in governmental funds. (94,810)

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. 1,016,936

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. (67,049)

Change in net assets of governmental activities \$ 6,478,984

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, 2008

	<u>Agency Funds</u>
Assets	
Equity in Pooled Cash	\$ 659,316
Nonpooled Cash	2,365,167
Nonpooled Investments	4,395,596
Accounts Receivable	4,272
Due From Other Governments	-
Accrued Interest	60,560
	<u>60,560</u>
	<u>\$ 7,484,911</u>
Liabilities	
Accounts Payable	\$ 4,184,734
Due to Other Governments	558,693
Due to Others	2,741,484
	<u>2,741,484</u>
	<u>\$ 7,484,911</u>

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

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2008

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 a blended component unit of McLennan County and 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.

On September 2, 2008, the Commissioner's Court of McLennan County issued a certificate for order that created a nonprofit public facilities corporation under Chapter 303 of the Texas Local Government Code. The McLennan County Public Facility Corporation (the "Corporation") was organized for the purpose of financing on behalf of the County an eligible jail, criminal detention and correctional facility and be responsible for the operations of such facility. The operations of the facility will be financed on an ongoing basis by the rental of jail space to third party entities, including Federal agencies and other local governments. All of the members of the Board of Directors of the Corporation are appointed by the Commissioners' Court of the County and at September 30, 2008 consisted of the individuals that comprise the Commissioners' Court. The Corporation will be included in the Comprehensive Annual Financial Report as a blended component unit, in the Capital Projects Funds for the construction phase and in the Special Revenue Funds for the operating phase, expected to begin in the Winter of 2010. As

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2008

of September 30, 2008 the Corporation was only a shell and had not yet begun any financial activity. See the Subsequent Events note for the issuance of bonds that occurred on January 29, 2009

(b) Government-wide and Fund Financial Statements

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

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

Separate fund financial statements are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. The General Fund, Adult Probation Fund, Economic Development 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, 2007 that were due October 1, 2007, have been assessed to finance the budget of the fiscal year ending September 30, 2008. In accordance with the modified accrual basis of accounting, the balances outstanding at September 30, 2008, and beyond the 60 days after year-end have been reflected as deferred revenue and taxes receivable in the fund financial statements. Property taxes and interest earned as of September 30 and received within 60 days of year-end are accrued as income in the current period. Expenditures generally are recorded when a liability is incurred; however, debt service expenditures, claims and judgments, and compensated absences are recorded only when payment is made.

The government reports the following major governmental funds:

The General Fund is the general operating fund of the County and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2008

revenues and investment interest income. Primary expenditures are for general administration, judicial, public safety, health services, welfare services, capital acquisition, and debt service.

The Adult Probation Fund which 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.

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

Additionally, the government reports the following nonmajor funds types:

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

Debt service funds are used to account for the accumulation of resources for and the payment of long-term debt principal and interest. The primary source of revenue for debt service funds is ad valorem taxes. The use of debt service funds to service debt 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.

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2008

(2) Receivables and Payables

Property taxes are recognized as revenues in the period for which the taxes are levied, regardless of the lien date. Property taxes for the County are levied based on taxable value on the lien date of January 1 prior to September 30 of the same year. They become due October 1 of that same year and delinquent after January 31 of the following year. Accordingly, receivables and revenues for prior-year levies delinquent at year-end are reflected on the government-wide statement based on the full accrual method of accounting and under the modified accrual method in the fund statements.

Accounts receivables from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time all eligibility requirements have been met and reimbursable costs are incurred.

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

Receivables are shown net of an allowance for uncollectable accounts.

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

(3) Inventories and Prepaid Items

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

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

(4) Capital Assets — Primary Government

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

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

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2008

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

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

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

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

(5) Longevity Pay

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

(6) Compensated Absences

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

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

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.

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2008

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

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

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

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2008

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 \$44,572,988 difference are as follows:

Interest payable	\$ 311,061
General obligation bonds	3,480,000
Notes payable	360,080
Capital leases	508,676
Compensated absences	1,526,330
Total current liabilities	\$ 6,186,147
General obligation bonds	\$ 33,240,000
Unamortized Deferred Amount on Refunding	(187,009)
Unamortized Refunding Bond Cost	(182,569)
Notes payable	200,958
Capital leases	5,173,727
Compensated absences	141,734
	\$ 38,386,841
Net adjustment to reduce fund balance — total government funds to arrive at net assets – governmental activities	\$ 44,572,988

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	\$ 3,356,021
Buildings	47,900,355
Improvements other than buildings	490,807
Machinery and equipment	5,137,677
Infrastructure	10,263,371
Construction in progress	1,443,057
Net adjustments to increase fund balance - total governmental funds to arrive at net assets — governmental activities	\$ 68,591,288

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	\$ 9,357,677
Property taxes earned in the current fiscal year but not available to provide current financial resources, and therefore are deferred in the funds	2,156,764
	\$ 11,514,441
Net adjustments to increase fund balance — total governmental Funds to arrive at net assets — governmental activities	\$ 11,514,441

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2008

(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 \$1,127,847 difference are as follows:

Capital projects – capital outlay	\$	2,947,063
Capital projects – functional activities		1,273,322
Depreciation expense		(4,745,031)
Capital projects – Zoo to City of Waco		<u>(603,201)</u>
Net adjustment to decrease net changes in fund		
Balances — total governmental funds to arrive at		
Changes in net assets of governmental activities	\$	<u>(1,127,847)</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 \$4,011,824 difference are as follows:

Debt issued or incurred:		
Issuance of long term debt	\$	(330,481)
Amortization of debt issuance costs		(15,655)
Amortization of deferred refunding amount		20,367
Principal Payments:		
General obligation debt		<u>4,337,593</u>
Net adjustments to increase net changes in fund balance		
— total government funds to arrive at		
changes in net assets of government activities	\$	<u>4,011,824</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 \$1,536,107 difference are as follows:

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2008

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:

Loss on disposal of capital assets	\$ (94,810)
Proceeds from sale of capital assets	(67,049)
	(161,859)

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

Property taxes receivable	\$ 103,865
Fines and fees receivable	607,621
	711,486

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.

1,016,936

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 \$30,456 difference are as follows:

Compensated absences	\$ (50,792)
Accrued interest	20,336
	(30,456)

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

\$ 1,536,107

III Detailed Notes on All Funds

(a) Deposits and Investments

As of September 30, 2008, McLennan County had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Local Government Investment Pools	\$ 46,482,266	.114
Money Market Mutual Funds	\$ 60,124	.120
Certificates of Deposit	\$ 7,000,000	
Total Fair Value	\$ 53,542,390	
Portfolio Weighted Average Maturity		.114

Investments in the local government investment pools, TexPool (rated AAAM by S&P) and TexStar (rated AAAM by S&P), are stated at fair value, which is the same as the value of the pool shares. Investments in the money market mutual funds, Fidelity (rated AAAM by S&P) and MBIA (rated BB+ by S&P) are also stated at fair value, which is the same as the value of the fund shares. As of September 30, only \$100 was invested in MBIA.

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.

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2008

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, 2008, the carrying amount of the County's pooled cash deposits was \$836,705, and the bank balance was \$1,515,302. 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, 2008, the County has no custodial risk as the securities are held in safekeeping in the County's name in the County's depository bank, which is not a counterparty for the securities.

(b) Property Taxes and Other Receivables

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied prior to September 30, become due on October 1 and are delinquent after January 31. The County bills and collects property taxes for itself and for the following entities: Cities of Bellmead, Beverly Hills, Bruceville-Eddy, Crawford, Gholson, Hewitt, Lacy-Lakeview, Lorena, Mart, McGregor, Moody, Robinson, Waco, West, Woodway; McLennan Community College; Independent School Districts of Axtell, Bosqueville, Bruceville- Eddy, China Spring, Connally, Crawford, Gholson, Hallsburg, LaVega, Lorena, Mart,

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2008

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.

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.

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 below:

Delinquent property taxes receivable, Net	
General Fund	\$ 1,717,787
Jury Fund	2,322
Farm to Market Roads Fund	65,242
Debt Service Funds	231,670
Permanent Improvement Fund	139,745
Total Delinquent Property Taxes Receivable, Net	<u>2,156,766</u>
Due From Other Funds	35,929
Due From Other Governments	3,699,254
Miscellaneous Receivables, Net	425,542
Total Receivables, Net	<u>\$6,317,491</u>

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2008

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:

	General Fund	Adult Probation Fund	Economic Development Fund	Other Nonmajor Funds	Total All Funds
Receivables:					
Taxes	\$ 1,908,653	\$ -	\$ -	\$ 487,754	\$ 2,396,407
Due from Other Governments	3,357,829	21,089	21,417	298,918	3,699,254
Due from Other Funds	30,291	-	-	5,638	35,929
Miscellaneous	452,327	241	-	27,950	480,517
Gross Receivables	<u>5,749,099</u>	<u>\$ 21,330</u>	<u>\$ 21,417</u>	<u>\$ 820,260</u>	<u>6,612,106</u>
Less allowance for uncollectable accounts:					
Taxes	(190,866)	-	-	(48,774)	(239,640)
Miscellaneous	(54,975)	-	-	-	(54,975)
Net Receivables	<u>\$ 5,503,258</u>	<u>\$ 21,330</u>	<u>\$ 21,417</u>	<u>771,486</u>	<u>\$ 6,317,491</u>

(c) Capital Assets

Capital assets are recorded at cost or, if donated, at fair market value at the date of receipt. In accordance with GASB 34, depreciation policies were adopted to include useful lives and classification by function. Infrastructure assets are valued in two ways: either actual historical cost where the amount can be determined from existing records or using current cost deflated to the year of construction. Once the historical cost is determined, regardless of how it is determined, the asset is then depreciated over its useful life.

At September 30, 2008, the County had increases in total capital assets of \$3.6 million, with slightly over \$1 million recorded as a new bridge acquired through the TXDOT off-system bridge replacement program. Other increases include \$210,000 for a new juvenile interim home, \$242,000 for a new Road & Bridge barn in Precinct 3 and \$246,000 for a new radio tower.

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2008

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 3,333,096	\$ 22,925	\$ -	\$ 3,356,021
Construction in progress	915,713	2,492,997	1,965,653	1,443,057
Total capital assets, not being Depreciated	4,248,809	2,515,922	1,965,653	4,799,078
Capital assets being depreciated:				
Buildings	78,399,590	896,184	-	79,295,774
Improvements, other than buildings	816,749	9,022	-	825,771
Machinery and equipment	19,809,900	1,626,201	876,447	20,559,654
Infrastructure	32,079,165	1,574,444	172,362	33,481,247
Total assets being depreciated	131,105,404	4,105,851	1,048,809	134,162,446
Total capital assets	135,354,213	6,621,773	3,014,462	138,961,524
Less accumulated depreciation for:				
Buildings	28,898,112	2,497,307	-	31,395,419
Improvements, other than buildings	298,088	36,877	-	334,965
Machinery and equipment	14,737,287	1,450,573	765,883	15,421,977
Infrastructure	22,556,672	760,275	99,070	23,217,877
Total accumulated depreciation	66,490,159	4,745,032	864,953	70,370,238
Total capital assets being depreciated, Net	64,615,246	(639,181)	183,856	63,792,209
Governmental activities, net	\$ 68,864,055	\$ 1,876,741	\$ 2,149,509	\$ 68,591,287

Depreciation expense for FY 2008 was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 542,342
Judicial	276,960
Public safety	1,828,213
Public transportation	1,287,172
Health	26,972
Welfare	12,030
Culture and recreation	768,640
Conservation	2,702
Total depreciation expense — governmental activities	\$ 4,745,031

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2008

Construction Commitments

McLennan County has one active construction project as of September 30, 2008. That project is the renovation of a donated building for the new Sheriff's Center, which has \$427,966 at year-end in outstanding commitments. It should be noted in the Subsequent Events note that a new jail construction project was initiated after September 30, 2008

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, 2008 was \$62,460,000. The following listing of debt is for general obligation bonds and tax notes outstanding at September 30, 2008; 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	6,030,000
Refunding Bonds Series 1998	4.4%	1998	2014	825,000
Certificates of Obligation Series 2000	5.25 – 6.75%	2000	2020	450,000
Permanent Improvement Bonds Series 2001	4.0 – 5.0%	2001	2021	7,245,000
Certificates of Obligation Series 2003	3.0 – 4.25%	2003	2023	6,500,000
Refunding Bonds Series 2003	3.0 – 3.35%	2003	2013	4,490,000
Refunding Bonds Series 2005	3.5 – 4.0%	2006	2020	7,175,000
Certificates of Obligation Series 2006	3.3 – 4.2%	2006	2025	4,005,000
Total General Obligation Debt				<u>\$36,720,000</u>

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

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

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%.

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2008

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
2009	3,480,000	1,529,197	5,009,197
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	3,170,000	1,037,337	4,207,337
2014 – 2018	12,670,000	3,420,550	16,090,550
2019 – 2023	7,680,000	959,907	8,639,907
2024 – 2025	645,000	40,792	685,792
Total	\$ 36,720,000	\$ 10,803,882	\$ 47,523,882

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.

MCLENNAN COUNTY, TEXAS
Notes to the Basic Financial Statements
September 30, 2008

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, 2008, all governmental activities, were as follows:

Fiscal Year Ending September 30,	Obligation
2009	819,280
2010	791,252
2011	781,915
2012	781,915
2013	755,912
2014- 2018	3,527,465
Total minimum lease payments	\$ 7,457,739
Less: amount representing interest	(1,775,336)
Present value of minimum lease payments	\$5,682,403

The assets acquired through capital leases are as follows:

	Governmental Activities
Assets:	
Machinery and equipment	\$ 511,405
Buildings	7,198,822
Total Cost	7,710,227
Less: Accumulated depreciation	(1,115,662)
Total	\$ 6,594,565

MCLENNAN COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008

Schedule of Lease-Purchase Agreements Outstanding

At September 30, 2008

	Transamerica Financial Services 03/26/02	Chase Equipment Leasing 03/30/05	Kansas State Bank 04/03/07	SunTrust Leasing Corp. 09/18/07	Deere Credit, Inc. 12/18/07
Effective Date					
Original Lease Amount	\$6,152,518	\$451,299	\$65,800	\$1,230,874	\$116,845
Outstanding Principal at September 30, 2008	\$4,590,439	\$ 59,943	\$34,069	\$907,112	\$90,840
Total Future Payments Under Lease Agreement	\$6,156,072	\$ 60,560	\$35,536	\$1,101,558	\$104,013
Simple Interest Rate	5.28%	3.52%	5.37%	4.3942%	5.485%
Lease Term	15 years	4 years	3 years	10 years	5 years
Property Held Under Lease	Utility Performance Improvement Equipment	District and County Clerk's Imaging System	Padfoot Roller for Road and Bridge Precinct 1	Utility Performance Improvement Equipment	Wheel Loader
Debt Service	100% General Fund	100% General Fund	100% R&B Pct. 1 Fund	100% General Fund	100% R&B Pct. 3 Fund

MCLENNAN COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008

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
2009	\$ 360,080	\$ 12,800	\$ 372,880
2010	151,782	3,314	155,096
2011	49,176	564	49,740
Total	\$ 561,038	\$ 16,678	\$ 577,716

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	\$ 36,720,000	\$ 25,382,326
Notes Payable	561,038	561,038
Capital Leases	5,682,403	5,682,403
Total	\$ 42,963,441	\$ 31,625,767

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.

MCLENNAN COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008

A schedule of notes payable existing at September 30, 2008 are as follows:

	First National Bank Of Central Texas 12/08/2004	Central National Bank 2006 02/01/2006	Central National Bank 2007 02/15/2007	JP Morgan – Chase Bank 2008 05/15/2008
Effective Date				
Original Note Amount	\$670,825	\$321,379	\$298,788	\$213,636
Outstanding Principal at September 30, 2008	\$178,242	\$ 46,551	\$145,394	\$190,851
Total Future Payments under Note Obligation	\$182,190	\$ 46,935	\$149,631	\$198,960
Simple Interest Rate	3.30%	3.25%	3.85%	3.05%
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, 2008

Changes in Noncurrent Liabilities

Noncurrent liabilities for the year ended September 30, 2008, all of which were from governmental activities, were as follows:

	General Obligation Bonds	Capital Leases	Notes Payable	Compensated Absences	Total Governmental Activity
PRINCIPAL:					
Beginning balance	\$ 40,040,000	\$ 6,162,545	\$ 768,009	\$ 1,617,272	\$48,587,826
Additions		116,845	213,636	1,599,448	1,929,929
Reductions	3,320,000	596,986	420,607	1,548,656	5,886,249
Ending Balance	36,720,000	5,682,403	561,038	1,668,064	44,631,506
UNAMORTIZED REFUNDING COSTS, NET:					
Beginning balance	(364,867)	-	-	-	(364,867)
Amortization	(4,711)	-	-	-	(4,711)
Ending Balance	(369,578)	-	-	-	(369,578)
NET	\$ 36,350,422	\$ 5,682,403	\$ 561,038	\$ 1,668,064	\$ 44,261,927
Due within one year	\$ 3,480,000	\$ 508,677	\$ 360,080	\$ 1,526,330	\$ 5,875,087

Debt service for general obligation bonds is provided by the Debt Service Funds, capital lease and notes payable are serviced by the General Fund or the special revenue fund that acquired the equipment, and compensated absences are liquidated by the same funds in which the respective employees are employed.

(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, 2008, is as follows:

	Due from Other Funds	Due to Other Funds
Due to / from other funds:		
General Fund	\$ 35,929	\$ -
Nonmajor Funds	-	35,929
Total	\$ 35,929	\$ 35,929

In the funds statements, during the Fiscal Year Ending September 30, 2008, the General Fund transferred \$1,250,000 was transferred to the Economic Development Fund, a Major Fund, to be accumulated and expended on economic development projects; The General Fund transferred \$834,593 to Nonmajor Funds. \$91,896 was transferred to the Permanent Improvement Fund, \$712,892 was transferred to the Road and Bridge Precinct Funds to replace a reallocation of revenues mandated by the State, \$3,062 was transferred to the Road and Bridge General Fund and \$26,743 to the Court Reporter-Service Fund in support of the operations of those funds. In the Nonmajor Governmental Funds, Road and Bridge Precinct 1, Precinct 2, Precinct 3 and Precinct 4 Funds transferred a total of \$246,417 to the General Fund, as reimbursement for

MCLENNAN COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008

personnel costs of guards used in the inmate roadwork program. Other transfers totaling \$1,155,970 were made between certain Nonmajor Governmental Funds. \$1,097,021 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; \$19,551 was transferred primarily as matching funds on grant programs; \$31,362 of residual in an escrow fund from a capital lease was transferred to the General Fund for debt service; and \$8,036 was transferred between the Permanent School Fund and Available School Fund. Additionally, \$10,700 was transferred from Road and Bridge Precinct 2 to Road and Bridge Precinct 3 in exchange for equipment.

	Transfers Out			
	General Fund	Economic Development Fund	Nonmajor Governmental Funds	Total
Transfers In:				
General Fund	\$ -	\$ -	\$ 246,417	\$ 246,417
Economic Development Fund	1,250,000	-		1,250,000
Nonmajor Governmental Funds	834,593		1,135,308	1,969,901
Total	\$ 2,084,593	\$ -	\$ 1,381,725	\$ 3,466,318

(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. For the year ended September 30, 2008, 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, 2008 and 2007, are as follows:

	Year ending September 30	
	2008	2007
Number of retiree participants	95	103
Insurance premiums paid by the County	\$ 319,293	\$ 342,339

In June 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB 45 requires employer governments to account for and report the annual cost of other postemployment benefits in the same manner as they do pensions. This statement is effective for the County's financial statements for the fiscal year ending September 30, 2009.

IV Other Information

(a) Risk Management

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

The County participates in insurance risk pools offered by the Texas Association of Counties to provide general liability, public officials' liability, vehicular liability, district and county clerk errors and omissions, and law enforcement liability. Another Texas Association of Counties risk pool provides adequate property

MCLENNAN COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008

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 2008 compared to 2007.

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, 2008, there were no transactions which are known to have violated these prohibitions.

MCLENNAN COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008

(d) Subsequent Events

McLennan County Public Facility Corporation

As described in the Blended Component Units section of these notes, the County formed the McLennan County Public Facilities Corporation, a nonprofit corporation provided by Section 303 of the Texas Local Government Code. No financial transactions occurred until January 29, 2009 when the Corporation issued \$49,015,000 in McLennan County Public Facility Corporation Project Revenue Bonds, Series 2009. The bonds are the liability of the Corporation, and will be used to finance the construction of a new 816 bed jail facility adjacent to the County's existing jail. It is expected that the new jail will be ready to accept inmates in the late Winter of 2010. Revenue from rental of jail space to third party entities will be the sole source to handle the debt service on the revenue bonds and cover all the expenses of the new jail's operations.

A contract has been executed with a Design/Builder for a guaranteed maximum construction price for the new jail of \$37,350,000. The remaining bond proceeds were or will be used for debt issuance costs, interest and sinking fund provisions, interim operating costs, and other items.

Additionally, a contract has been executed with an unrelated corporation which will be administering the operations of the new jail.

Change to Postemployment Health Benefits

In December 2008, the Commissioners' Court made a change to its postemployment health benefits policy. Effective January 1, 2009 no new hires will be eligible for the existing postemployment health benefits provided by the County. This will not affect employees who began work prior to December 31, 2008.

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

MCLENNAN COUNTY, TEXAS

Notes to the Basic Financial Statements

September 30, 2008

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 14.46% for the months of the calendar year in 2008. The contribution rate payable by the employee members for the calendar year 2008 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, 2008, the annual pension cost for the TCDRS plan for its employees was \$4,895,964 and the actual contributions were \$4,895,964. 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 and No. 50 parameters based on the actual actuarial valuations as of December 31, 2007, the basis for assessing the adequacy of the financing arrangement beginning with the contribution rates for calendar years 2008. The December 31, 2007 actuarial valuation is the most recent valuation.

Actuarial valuation date	12/31/05	12/31/06	12/31/07
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, open	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period	20	15	15
Asset Valuation method	Long-term appreciation, with adjustment	SAF: 10-yr smoothed value ESF: Fund value	SAF: 10-yr smoothed value ESF: Fund value
Actuarial Assumptions:			
Investment return ⁽¹⁾	8.0%	8.0%	8.0%
Projected salary increases ⁽¹⁾	5.3%	5.3%	5.3%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

⁽¹⁾Includes inflation at the stated rate

Trend Information for the Retirement Plan For the Employees of McLennan County			
Accounting Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
September 30, 2005	4,166,093	100.00%	\$ -
September 30, 2006	4,523,924	100.00%	\$ -
September 30, 2007	4,895,964	100.00%	\$ -

MCLENNAN COUNTY, TEXAS

Required Supplementary Information

September 30, 2008

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)
12/31/2005 ⁽²⁾	83,239,901	106,051,312	22,811,411	78.49	29,550,944	77.19
12/31/2006	92,590,380	113,330,492	20,740,112	81.70	31,040,504	66.82
12/31/2007	100,634,195	121,381,333	20,747,138	82.91	32,437,789	63.96

⁽²⁾ Funding information may differ from prior year compliance data due to plan changes effective 1/1/2008.

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

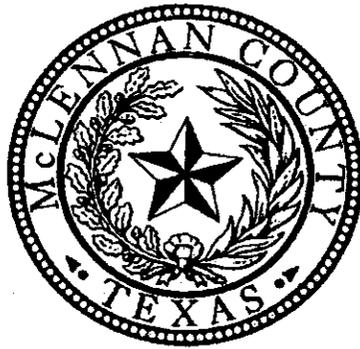
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (GAAP Basis) and Actual

General Fund

For the Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 47,553,376	\$ 47,553,376	\$ 49,791,091	\$ 2,237,715
Licenses and Permits	81,880	81,880	80,013	(1,867)
Intergovernmental	1,476,100	1,524,450	1,993,796	469,346
Charges for Services	5,862,301	6,227,301	6,872,602	645,301
Fines and Forfeits	99,300	99,300	50,778	(48,522)
Miscellaneous:				
Investment Income, Net	1,116,600	1,165,100	1,066,775	(98,325)
Other	4,517,155	4,656,197	4,651,783	(4,414)
Total Miscellaneous	5,633,755	5,821,297	5,718,558	(102,739)
Total Revenues	60,706,712	61,307,604	64,506,838	3,199,234
Expenditures:				
Current:				
General Government	19,040,097	18,673,439	14,866,397	3,807,042
Judicial	6,354,979	6,468,695	5,901,643	567,052
Public Safety	31,051,713	31,243,322	27,628,160	3,615,162
Public Transportation	215,123	215,123	209,054	6,069
Health	8,344,320	8,454,545	6,005,100	2,449,445
Welfare	4,546,348	4,548,348	3,595,216	953,132
Culture-Recreation	762,476	672,980	660,270	12,710
Conservation	304,267	309,367	233,962	75,405
Economic Development and Assistance	287,633	295,133	234,200	60,933
Debt Service:				
Principal and Retirements	901,744	981,162	933,102	48,060
Interest and Fiscal Charges	328,167	378,449	373,944	4,505
Total Expenditures	72,136,867	72,240,563	60,641,049	11,599,514
Excess (Deficiency) of Revenue over Expenditures	(11,430,155)	(10,932,959)	3,865,789	14,798,748
Other Financing Sources (Uses):				
Disposition of Capital Assets	-	-	13,491	13,491
Issuance of Notes Payable	206,000	206,000	213,636	7,636
Issuance of Lease Purchase	-	-	-	-
Transfers In	1,486,365	1,535,767	2,825,117	0
Transfers Out	(3,240,945)	(3,373,943)	(4,663,293)	-
Total Other Financing Sources	(1,548,580)	(1,632,176)	(1,611,049)	21,127
Net Change in Fund Balance	(12,978,735)	(12,565,135)	2,254,741	14,819,876
Fund Balance at Beginning of Year	21,874,318	21,874,318	27,615,563	5,741,245
Fund Balance at End of Year	\$ 8,895,583	\$ 9,309,183	\$ 29,870,304	\$ 20,561,121

COMBINING AND INDIVIDUAL
FUND STATEMENTS AND
SCHEDULES



MCLENNAN COUNTY, TEXAS

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2008

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
GENERAL GOVERNMENT				
GENERAL ADMINISTRATION				
Commissioners Court:				
Personal Services	\$ 250,707	\$ 250,707	\$ 246,801	\$ 3,906
Supplies	18,655	10,178	2,930	7,248
Other Services & Charges	6,958	7,230	4,190	3,040
Capital Outlay	-	8,205	8,200	5
Total Commissioners Court	<u>276,320</u>	<u>276,320</u>	<u>262,121</u>	<u>14,199</u>
County Judge:				
Personal Services	321,603	321,603	298,707	22,896
Supplies	11,050	10,723	9,758	965
Other Services & Charges	98,585	98,912	74,563	24,349
Total County Judge	<u>431,238</u>	<u>431,238</u>	<u>383,027</u>	<u>48,211</u>
Grant Administrator:				
Personal Services	52,440	52,440	48,998	3,442
Supplies	1,100	1,100	153	947
Other Services & Charges	976	976	58	918
Total Grant Administrator	<u>54,516</u>	<u>54,516</u>	<u>49,208</u>	<u>5,308</u>
County Clerk - Recording Department:				
Personal Services	598,119	598,119	519,102	79,017
Supplies	22,750	22,750	16,007	6,743
Other Services & Charges	125,610	117,686	111,486	6,200
Capital Outlay	10,000	10,000	8,377	1,623
Total County Clerk - Recording Department	<u>756,479</u>	<u>748,555</u>	<u>654,972</u>	<u>93,583</u>
Human Resources Department:				
Personal Services	231,532	231,532	222,028	9,504
Supplies	16,630	16,695	12,764	3,931
Other Services & Charges	6,400	6,335	3,544	2,791
Total Commissioners Court	<u>254,562</u>	<u>254,562</u>	<u>238,336</u>	<u>16,226</u>
Telephone Department:				
Personal Services	46,054	46,054	44,748	1,306
Supplies	365	365	1	364
Other Services & Charges	62,000	104,305	91,046	13,259
Capital Outlay	80,000	80,000	-	80,000
Total Telephone Department	<u>188,419</u>	<u>230,724</u>	<u>135,795</u>	<u>94,929</u>
Maintenance of Buildings:				
Personal Services	977,953	1,019,628	948,028	71,600
Supplies	45,230	45,230	38,296	6,934
Other Services & Charges	314,285	313,485	133,864	179,621
Capital Outlay	15,000	15,800	15,800	-
Total Maintenance of Buildings	<u>1,352,468</u>	<u>1,394,143</u>	<u>1,135,988</u>	<u>258,155</u>

(continued)

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2008

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<u>GENERAL GOVERNMENT (continued)</u>				
<u>GENERAL ADMINISTRATION (continued)</u>				
Inmate Project Crew:				
Personal Services	53,376	53,376	51,409	1,967
Supplies	2,864	2,864	1,353	1,511
Other Services & Charges	861	861	270	591
Total Inmate Project Crew	<u>57,101</u>	<u>57,101</u>	<u>53,032</u>	<u>4,069</u>
Maintenance of Equipment:				
Personal Services	193,096	193,096	183,043	10,053
Supplies	17,700	19,485	13,995	5,490
Other Services & Charges	26,975	30,640	21,727	8,913
Total Maintenance of Equipment	<u>237,771</u>	<u>243,221</u>	<u>218,765</u>	<u>24,456</u>
County Garage:				
Personal Services	167,988	167,988	164,014	3,974
Supplies	99,989	103,489	102,864	625
Other Services & Charges	65,800	73,087	64,248	8,839
Total County Garage	<u>333,777</u>	<u>344,564</u>	<u>331,127</u>	<u>13,437</u>
Engineering Department:				
Personal Services	306,749	306,749	297,911	8,838
Supplies	12,715	12,588	7,170	5,418
Other Services & Charges	13,227	13,227	9,990	3,237
Capital Outlay	5,600	5,727	5,727	-
Total Engineering Department	<u>338,291</u>	<u>338,291</u>	<u>320,798</u>	<u>17,493</u>
Custodial Department:				
Supplies	28,100	28,100	24,700	3,400
Other Services & Charges	142,690	142,690	106,959	35,731
Total Custodial Department	<u>170,790</u>	<u>170,790</u>	<u>131,659</u>	<u>39,131</u>
General Expense:				
Personal Services	683,833	683,833	322,413	361,420
Supplies	68,000	69,250	19,038	50,212
Other Services & Charges	1,436,377	1,401,478	616,914	784,564
Total General Expense	<u>2,188,210</u>	<u>2,154,561</u>	<u>958,365</u>	<u>1,196,196</u>
Non-departmental:				
Other Services & Charges	1,321,108	812,107	405,032	407,075
Total Non-departmental	<u>1,321,108</u>	<u>812,107</u>	<u>405,032</u>	<u>407,075</u>
Total General Administration	<u>7,961,050</u>	<u>7,510,693</u>	<u>5,278,224</u>	<u>2,232,469</u>
LEGAL				
County Legal Counsel:				
Other Services & Charges	200,000	200,000	140,600	59,400
Total County Legal Counsel	<u>200,000</u>	<u>200,000</u>	<u>140,600</u>	<u>59,400</u>

(continued)

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2008

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
GENERAL GOVERNMENT (continued)				
LEGAL (continued)				
Criminal District Attorney:				
Personal Services	2,797,881	2,797,881	2,632,867	165,014
Supplies	51,500	51,200	41,559	9,642
Other Services & Charges	120,155	127,455	109,278	18,177
Capital Outlay	5,085	5,085	5,085	-
Total District Attorney	<u>2,974,621</u>	<u>2,981,621</u>	<u>2,788,788</u>	<u>192,833</u>
Victims Services:				
Personal Services	31,412	31,412	24,417	6,995
Supplies	10	10	-	10
Total Victims Services	<u>31,422</u>	<u>31,422</u>	<u>24,417</u>	<u>7,005</u>
Total Legal	<u>3,206,043</u>	<u>3,213,043</u>	<u>2,953,804</u>	<u>259,239</u>
ELECTIONS				
Elections Administration:				
Personal Services	303,984	303,984	299,438	4,546
Supplies	34,718	43,749	37,290	6,459
Other Services & Charges	215,810	243,129	183,198	59,931
Total Elections Administration	<u>554,512</u>	<u>590,862</u>	<u>519,925</u>	<u>70,937</u>
General Elections:				
Personal Services	103,500	105,321	63,902	41,419
Supplies	10,500	9,679	9,646	33
Other Services & Charges	22,350	21,350	6,310	15,040
Total General Elections	<u>136,350</u>	<u>136,350</u>	<u>79,858</u>	<u>56,492</u>
Primary Elections:				
Personal Services	170,000	170,000	92,993	77,007
Supplies	18,100	18,100	11,346	6,754
Other Services & Charges	23,000	23,000	8,578	14,422
Total Primary Elections	<u>211,100</u>	<u>211,100</u>	<u>112,918</u>	<u>98,182</u>
Other Elections:				
Personal Services	129,346	129,346	37,873	91,473
Supplies	5,200	5,200	2,614	2,586
Other Services & Charges	34,000	34,000	3,284	30,716
Total Other Elections	<u>168,546</u>	<u>168,546</u>	<u>43,771</u>	<u>124,775</u>
Total Elections	<u>1,070,508</u>	<u>1,106,858</u>	<u>756,471</u>	<u>350,387</u>
FINANCIAL ADMINISTRATION				
County Auditor:				
Personal Services	1,100,770	1,100,770	1,066,994	33,776
Supplies	51,100	54,000	41,591	12,409
Other Services & Charges	54,150	51,250	17,810	33,440
Total County Auditor	<u>1,206,020</u>	<u>1,206,020</u>	<u>1,126,395</u>	<u>79,625</u>

(continued)

MCLENNAN COUNTY, TEXAS

continued

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2008

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
GENERAL GOVERNMENT (continued)				
FINANCIAL ADMINISTRATION (continued)				
Information Technology:				
Personal Services	1,112,250	1,112,250	1,048,126	64,124
Supplies	55,756	58,261	41,115	17,146
Other Services & Charges	233,901	254,139	171,307	82,832
Capital Outlay	69,200	69,200	54,015	15,185
Total Information Technology	1,471,107	1,493,850	1,314,563	179,287
Information Technology Study:				
Supplies	-	4,350	-	4,350
Other Services & Charges	200,000	195,650	55,800	139,850
Capital Outlay	350,000	350,000	-	350,000
Total Information Technology Study	550,000	550,000	55,800	494,200
Independent Auditing:				
Other Services & Charges	35,000	35,000	31,300	3,700
Total Independent Auditing	35,000	35,000	31,300	3,700
County Treasurer:				
Personal Services	278,345	278,345	274,294	4,051
Supplies	6,927	7,127	6,351	776
Other Services & Charges	14,420	14,220	11,354	2,866
Total County Treasurer	299,692	299,692	291,998	7,694
County Tax Assessor-Collector:				
Personal Services	713,699	713,699	665,947	47,752
Supplies	46,337	46,337	35,535	10,802
Other Services & Charges	74,902	74,902	69,901	5,001
Total County Tax Assessor-Collector	834,938	834,938	771,382	63,556
Tax Appraisal Services:				
Other Services & Charges	580,731	596,272	596,272	-
Total Tax Appraisal Services	580,731	596,272	596,272	-
County Tax Office - Auto Department:				
Personal Services	1,024,896	1,024,896	953,210	71,686
Supplies	15,725	15,725	13,358	2,367
Other Services & Charges	42,455	42,455	37,152	5,303
Total County Tax Office - Auto Department	1,083,076	1,083,076	1,003,720	79,356
County Tax Office - Lorena Substation:				
Personal Services	50,992	50,992	48,751	2,241
Supplies	425	425	416	9
Other Services & Charges	12,750	12,750	10,488	2,262
Total County Tax Office - Lorena Substation	64,167	64,167	59,655	4,512

(continued)

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2008

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
GENERAL GOVERNMENT (continued)				
FINANCIAL ADMINISTRATION (continued)				
County Tax Office - McGregor Substation:				
Personal Services	56,211	56,211	51,099	5,112
Supplies	450	450	298	152
Other Services & Charges	3,897	3,937	3,124	813
Total County Tax Office - McGregor Substation	60,558	60,598	54,521	6,077
County Tax Office - West Substation:				
Personal Services	51,074	51,074	50,183	891
Supplies	450	450	289	161
Other Services & Charges	3,733	3,783	3,363	420
Total County Tax Office - West Substation	55,257	55,307	53,835	1,472
Purchasing Department:				
Personal Services	224,233	224,233	203,850	20,383
Supplies	3,005	4,105	3,080	1,026
Other Services & Charges	4,150	3,050	1,879	1,171
Total Purchasing Department	231,388	231,388	208,808	22,580
Records Management Department:				
Personal Services	264,027	267,027	251,863	15,164
Supplies	24,115	22,115	19,412	2,703
Other Services & Charges	30,420	31,395	29,041	2,354
Capital Outlay	12,000	12,000	9,330	2,670
Total Records Management Department	330,562	332,537	309,646	22,891
Total Financial Administration	6,802,496	6,842,845	5,877,897	964,948
TOTAL GENERAL GOVERNMENT	19,040,097	18,673,439	14,866,397	3,807,042
JUDICIAL				
Mental Health Court Services:				
Personal Services	109,417	109,718	109,336	382
Supplies	2,825	3,414	3,183	231
Other Services & Charges	98,024	98,972	98,408	564
Capital Outlay	-	5,480	5,480	-
Total Mental Health Court Services	210,266	217,584	216,407	1,177
Bonding Office:				
Personal Services	98,687	98,687	97,451	1,236
Supplies	3,230	3,230	822	2,408
Other Services & Charges	3,100	3,100	278	2,822
Total Bonding Office	105,017	105,017	98,551	6,466

(continued)

MCLENNAN COUNTY, TEXAS

continued

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2008

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
JUDICIAL (continued)				
McLennan County Bail Bond Board:				
Supplies	150	150	-	150
Other Services & Charges	50	50	-	50
Total McLennan County Bail Bond Board	200	200	-	200
County Clerk - Court Department:				
Personal Services	699,559	699,559	637,605	61,954
Supplies	30,500	30,940	30,101	839
Other Services & Charges	157,300	166,936	161,430	5,506
Total County Clerk - Court Department	887,359	897,435	829,136	68,299
County Court at Law No. 1:				
Personal Services	379,809	379,809	372,529	7,280
Supplies	14,450	14,450	6,530	7,920
Other Services & Charges	60,005	60,355	44,059	16,296
Total County Court at Law No. 1	454,264	454,614	423,118	31,496
County Court at Law No. 2:				
Personal Services	381,556	381,556	373,800	7,756
Supplies	9,950	11,650	6,077	5,573
Other Services & Charges	61,401	60,051	43,710	16,341
Total County Court at Law No. 2	452,907	453,257	423,587	29,670
19th District Court:				
Personal Services	228,899	228,899	213,504	15,396
Supplies	9,969	11,225	8,278	2,947
Other Services & Charges	23,366	32,860	21,936	10,924
Capital Outlay	5,300	5,300	-	5,300
Total 19th District Court	267,534	278,284	243,717	34,567
54th District Court:				
Personal Services	343,156	345,156	337,339	7,817
Supplies	16,450	16,450	11,287	5,163
Other Services & Charges	42,715	44,265	25,334	18,932
Total 54th District Court	402,321	405,871	373,959	31,912
74th District Court:				
Personal Services	215,441	215,756	212,882	2,874
Supplies	5,300	5,300	3,911	1,389
Other Services & Charges	21,460	27,860	21,022	6,838
Total 74th District Court	242,201	248,916	237,815	11,101
170th District Court:				
Personal Services	163,935	163,935	156,691	7,244
Supplies	6,182	6,182	5,781	401
Other Services & Charges	20,505	20,505	10,556	9,949
Capital Outlay	110	110	-	110
Total 170th District Court	190,732	190,732	173,028	17,704

(continued)

MCLENNAN COUNTY, TEXAS

continued

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2008

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
JUDICIAL (continued)				
170th District Court - Court Master:				
Supplies	200	480	277	203
Other Services & Charges	1,000	1,820	1,297	523
Total 170th District Court - Court Master	1,200	2,300	1,574	726
414th District Court:				
Personal Services	162,558	162,558	148,021	14,537
Supplies	7,300	10,000	5,778	4,222
Other Services & Charges	15,475	15,775	7,352	8,423
Capital Outlay	18,000	22,500	15,000	7,501
Total 414th District Court	203,333	210,833	176,150	34,683
Visiting Courtroom				
Supplies	31,195	31,195	-	31,195
Other Services & Charges	13,800	13,800	-	13,800
Capital Outlay	28,100	28,100	-	28,100
Total Visiting Courtroom	73,095	73,095	-	73,095
District Clerk:				
Personal Services	1,120,231	1,120,231	1,088,879	31,352
Supplies	38,350	47,932	47,622	310
Other Services & Charges	92,696	83,114	72,120	10,994
Capital Outlay	21,066	21,066	20,808	258
Total District Clerk	1,272,343	1,272,343	1,229,429	42,914
Justice of the Peace - Precinct 1, Place 1:				
Personal Services	209,212	209,212	208,649	563
Supplies	7,200	4,411	3,251	1,160
Other Services & Charges	41,907	42,497	37,413	5,084
Total Justice of the Peace - Precinct 1, Place 1	258,319	256,120	249,314	6,806
Justice of the Peace - Precinct 1, Place 2:				
Personal Services	201,293	202,493	197,011	5,482
Supplies	4,085	3,703	3,533	170
Other Services & Charges	48,225	47,850	43,990	3,860
Total Justice of the Peace - Precinct 1, Place 2	253,603	254,046	244,534	9,512
Justice of the Peace - Precinct 2:				
Personal Services	93,270	93,270	91,263	2,007
Supplies	2,280	1,780	700	1,080
Other Services & Charges	20,799	22,099	17,289	4,810
Total Justice of the Peace - Precinct 2	116,349	117,149	109,252	7,897

(continued)

MCLENNAN COUNTY, TEXAS

continued

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2008

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<u>JUDICIAL (continued)</u>				
Justice of the Peace - Precinct 3:				
Personal Services	203,653	203,653	201,531	2,122
Supplies	11,024	11,889	6,112	5,777
Other Services & Charges	78,926	84,858	56,171	28,687
Total Justice of the Peace - Precinct 3	<u>293,603</u>	<u>300,400</u>	<u>263,813</u>	<u>36,587</u>
Justice of the Peace - Precinct 4:				
Personal Services	77,185	77,185	74,245	2,940
Supplies	2,102	1,602	682	920
Other Services & Charges	25,105	26,755	19,147	7,608
Total Justice of the Peace - Precinct 4	<u>104,392</u>	<u>105,542</u>	<u>94,073</u>	<u>11,469</u>
Justice of the Peace - Precinct 5:				
Personal Services	77,176	77,176	65,843	11,333
Supplies	1,275	1,229	966	263
Other Services & Charges	17,973	19,749	15,669	4,080
Total Justice of the Peace - Precinct 5	<u>96,424</u>	<u>98,154</u>	<u>82,478</u>	<u>15,676</u>
Justice of the Peace - Precinct 7:				
Personal Services	135,477	135,477	135,091	386
Supplies	5,276	11,615	10,146	1,469
Other Services & Charges	23,100	26,350	19,526	6,824
Total Justice of the Peace - Precinct 7	<u>163,853</u>	<u>173,442</u>	<u>164,763</u>	<u>8,679</u>
Justice of the Peace - Precinct 8:				
Personal Services	134,709	134,709	133,904	805
Supplies	11,618	18,612	11,586	7,026
Other Services & Charges	18,783	25,433	15,269	10,164
Total Justice of the Peace - Precinct 8	<u>165,110</u>	<u>178,754</u>	<u>160,758</u>	<u>17,996</u>
Jail Magistrate				
Personal Services	30,948	31,588	29,563	2,025
Supplies	4,000	8,046	5,253	2,793
Other Services & Charges	1,000	21,028	18,074	2,954
Capital Outlay	-	9,339	9,338	1
Total Jail Magistrate	<u>35,948</u>	<u>70,001</u>	<u>62,228</u>	<u>7,773</u>
JP Collections:				
Personal Services	78,675	78,675	40,055	38,620
Supplies	7,140	7,140	553	6,587
Other Services & Charges	7,541	7,541	1,450	6,091
Capital Outlay	2,000	2,000	-	2,000
Total JP Collections	<u>95,356</u>	<u>95,356</u>	<u>42,058</u>	<u>53,298</u>

(continued)

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2008

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
JUDICIAL (continued)				
Tenth Court of Appeals				
Personal Services	3,750	3,750	1,637	2,113
Other Services & Charges	5,500	5,500	263	5,237
Total Tenth Court of Appeals	9,250	9,250	1,899	7,351
Total Judicial	6,354,979	6,468,695	5,901,643	567,052
PUBLIC SAFETY				
FIRE PROTECTION				
Other Services & Charges	104,000	104,000	104,000	-
Total Fire Protection	104,000	104,000	104,000	-
LAW ENFORCEMENT				
Constable - Precinct 1				
Personal Services	515,786	515,786	495,862	19,924
Supplies	6,635	6,635	4,607	2,028
Other Services & Charges	82,250	82,250	69,452	12,798
Total Constable - Precinct 1	604,671	604,671	569,922	34,749
Constable - Precinct 2				
Personal Services	29,230	29,230	25,550	3,680
Supplies	2,160	2,160	1,528	632
Other Services & Charges	13,938	14,468	10,295	4,173
Total Constable - Precinct 2	45,328	45,858	37,373	8,485
Constable - Precinct 3				
Personal Services	90,557	90,557	88,257	2,300
Supplies	1,745	2,145	1,916	229
Other Services & Charges	19,585	20,973	20,952	21
Total Constable - Precinct 3	111,887	113,675	111,126	2,549
Constable - Precinct 4				
Personal Services	30,593	30,593	29,833	760
Supplies	1,545	1,730	1,563	167
Other Services & Charges	18,098	18,763	16,961	1,802
Total Constable - Precinct 4	50,236	51,086	48,357	2,729
Constable - Precinct 5				
Personal Services	92,095	92,095	48,478	43,617
Supplies	2,100	2,100	348	1,752
Other Services & Charges	21,076	21,316	14,591	6,725
Total Constable - Precinct 5	115,271	115,511	63,417	52,094
Constable - Precinct 6				
Personal Services	24,177	24,177	23,199	978
Supplies	350	350	-	350
Other Services & Charges	8,079	8,599	8,095	504
Total Constable - Precinct 6	32,606	33,126	31,294	1,832

(continued)

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2008

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
PUBLIC SAFETY (continued)				
LAW ENFORCEMENT (continued)				
Constable - Precinct 7				
Personal Services	250,018	250,018	243,330	6,688
Supplies	8,784	9,414	8,940	474
Other Services & Charges	45,268	44,718	41,143	3,575
Total Constable - Precinct 7	<u>304,070</u>	<u>304,150</u>	<u>293,412</u>	<u>10,738</u>
Constable - Precinct 8				
Personal Services	128,757	128,757	122,804	5,953
Supplies	7,230	7,230	1,834	5,396
Other Services & Charges	25,470	25,470	17,289	8,181
Total Constable - Precinct 8	<u>161,457</u>	<u>161,457</u>	<u>141,927</u>	<u>19,530</u>
County Sheriff:				
Personal Services	4,289,698	4,349,600	4,173,228	176,372
Supplies	444,749	570,749	530,280	40,469
Other Services & Charges	791,389	782,039	624,412	157,627
Capital Outlay	377,968	291,468	204,446	87,022
Total County Sheriff	<u>5,903,804</u>	<u>5,993,856</u>	<u>5,532,366</u>	<u>461,490</u>
D.A.R.E. Program:				
Personal Services	288,993	238,187	227,100	11,087
Supplies	21,530	21,530	13,001	8,529
Other Services & Charges	5,375	5,975	1,589	4,386
Total D.A.R.E. Program	<u>315,898</u>	<u>265,692</u>	<u>241,691</u>	<u>24,001</u>
COPS Ahead Program:				
Personal Services	402,632	396,536	372,867	23,669
Total COPS Ahead Program	<u>402,632</u>	<u>396,536</u>	<u>372,867</u>	<u>23,669</u>
General Law Enforcement:				
Supplies	500	500	-	500
Other Services & Charges	381,000	381,000	325,554	55,446
Capital Outlay	20,000	20,000	-	20,000
Total General Law Enforcement	<u>401,500</u>	<u>401,500</u>	<u>325,554</u>	<u>75,946</u>
Radio Tower:				
Supplies	4,170	13,270	3,759	9,511
Other Services & Charges	25,921	26,321	14,916	11,405
Capital Outlay	9,100	-	-	-
Total Radio Tower	<u>39,191</u>	<u>39,591</u>	<u>18,674</u>	<u>20,917</u>
Total Law Enforcement	<u>8,488,551</u>	<u>8,526,709</u>	<u>7,787,981</u>	<u>738,728</u>

(continued)

MCLENNAN COUNTY, TEXAS

continued

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2008

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
PUBLIC SAFETY (continued)				
CORRECTIONS				
Feeding and Care of Prisoners:				
Personal Services	9,752,318	9,710,643	8,987,731	722,912
Supplies	476,119	491,119	484,260	6,859
Other Services & Charges	2,713,426	2,791,237	2,758,703	32,534
Capital Outlay	95,189	102,580	92,879	9,701
Total Feeding and Care of Prisoners	<u>13,037,052</u>	<u>13,095,579</u>	<u>12,323,572</u>	<u>772,007</u>
Electronic Monitoring:				
Personal Services	-	24,674	-	24,674
Supplies	-	4,000	1,691	2,309
Total Electronic Monitoring	<u>-</u>	<u>28,674</u>	<u>1,691</u>	<u>26,983</u>
Downtown Jail:				
Other Services & Charges	3,213,722	3,213,722	2,631,784	581,938
Total Downtown Jail	<u>3,213,722</u>	<u>3,213,722</u>	<u>2,631,784</u>	<u>581,938</u>
Juvenile Board:				
Personal Services	17,559	17,559	15,947	1,612
Total Juvenile Board	<u>17,559</u>	<u>17,559</u>	<u>15,947</u>	<u>1,612</u>
Juvenile Detention:				
Personal Services	2,355,279	2,355,279	1,570,419	784,860
Supplies	149,518	152,718	130,427	22,291
Other Services & Charges	229,971	219,471	183,203	36,268
Capital Outlay	-	12,800	12,800	-
Total Juvenile Detention	<u>2,734,768</u>	<u>2,740,268</u>	<u>1,896,848</u>	<u>843,420</u>
Juvenile Probation:				
Personal Services	1,868,299	1,868,299	1,574,013	294,286
Supplies	64,394	68,394	63,568	4,826
Other Services & Charges	310,755	311,505	191,832	119,673
Total Juvenile Probation	<u>2,243,448</u>	<u>2,248,198</u>	<u>1,829,412</u>	<u>418,786</u>
Juvenile Accountability Incentive Block Grant:				
Personal Services	31,462	31,462	29,211	2,251
Total Juvenile Accountability Incentive Block Grant	<u>31,462</u>	<u>31,462</u>	<u>29,211</u>	<u>2,251</u>
Adult Probation:				
Supplies	19,519	19,519	14,707	4,812
Other Services & Charges	103,205	104,605	80,360	24,245
Capital Outlay	9,432	9,432	9,432	-
Total Adult Probation	<u>132,156</u>	<u>133,556</u>	<u>104,499</u>	<u>29,057</u>
Total Corrections	<u>21,410,167</u>	<u>21,509,018</u>	<u>18,832,965</u>	<u>2,676,053</u>

(continued)

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2008

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
PUBLIC SAFETY (continued)				
OTHER PROTECTION				
Courthouse Security:				
Personal Services	555,274	557,774	545,085	12,689
Supplies	6,695	7,695	3,215	4,480
Other Services & Charges	7,775	7,775	7,164	611
Capital Outlay	40,190	36,690	-	36,690
Total Courthouse Security	<u>609,934</u>	<u>609,934</u>	<u>555,465</u>	<u>54,469</u>
FEMA/ORCA Administration				
Other Services & Charges	-	12,000	12,000	-
FEMA/ORCA Administration	-	12,000	12,000	-
Civil Defense:				
Other Services & Charges	93,000	133,000	105,018	27,982
Total Civil Defense	<u>93,000</u>	<u>133,000</u>	<u>105,018</u>	<u>27,982</u>
Military Units:				
Other Services & Charges	1,500	1,500	1,500	-
Total Military Units	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	-
Total Other Protection	<u>704,434</u>	<u>756,434</u>	<u>673,983</u>	<u>82,451</u>
ENVIRONMENTAL PROTECTION				
Solid Waste Management:				
Other Services & Charges	30,170	30,520	30,333	187
Total Solid Waste Management	<u>30,170</u>	<u>30,520</u>	<u>30,333</u>	<u>187</u>
Groundwater Conservation Program:				
Other Services & Charges	130,000	130,000	50,000	80,000
Total Groundwater Conservation Program	<u>130,000</u>	<u>130,000</u>	<u>50,000</u>	<u>80,000</u>
Environmental Standards Management:				
Other Services & Charges	114,805	114,805	84,151	30,654
Total Environmental Standards Management	<u>114,805</u>	<u>114,805</u>	<u>84,151</u>	<u>30,654</u>
Stormwater Pollution Abatement:				
Other Services & Charges	3,000	3,000	100	2,900
Total Stormwater Pollution Abatement	<u>3,000</u>	<u>3,000</u>	<u>100</u>	<u>2,900</u>
Litter Abatement Program:				
Personal Services	59,586	59,586	58,182	1,404
Supplies	400	400	-	400
Other Services & Charges	500	500	314	186
Total Litter Abatement Program	<u>60,486</u>	<u>60,486</u>	<u>58,496</u>	<u>1,990</u>

(continued)

MCLENNAN COUNTY, TEXAS

continued

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2008

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<u>PUBLIC SAFETY (continued)</u>				
<u>ENVIRONMENTAL PROTECTION (continued)</u>				
Other Environmental Protection:				
Other Services & Charges	6,100	6,150	6,150	-
Total Other Environmental Protection	6,100	6,150	6,150	-
Total Environmental Protection	344,561	344,961	229,231	115,730
TOTAL PUBLIC SAFETY	31,051,713	31,241,122	27,628,160	3,612,962
<u>PUBLIC TRANSPORTATION</u>				
Prisoner Utilization Program - Precinct 1				
Personal Services	54,337	54,337	52,972	1,365
Total Prisoner Utilization Program - Precinct 1	54,337	54,337	52,972	1,365
Prisoner Utilization Program - Precinct 2				
Personal Services	53,840	53,840	52,532	1,308
Total Prisoner Utilization Program - Precinct 1	53,840	53,840	52,532	1,308
Prisoner Utilization Program - Precinct 3				
Personal Services	53,746	53,746	51,988	1,758
Total Prisoner Utilization Program - Precinct 1	53,746	53,746	51,988	1,758
Prisoner Utilization Program - Precinct 4				
Personal Services	53,200	53,200	51,562	1,638
Total Prisoner Utilization Program - Precinct 1	53,200	53,200	51,562	1,638
TOTAL PUBLIC TRANSPORTATION	215,123	215,123	209,054	6,069
<u>HEALTH</u>				
Health Administration:				
Personal Services	548,817	548,817	462,417	86,400
Supplies	18,930	18,930	17,111	1,819
Other Services & Charges	86,809	89,409	79,480	9,929
Total Health Administration	654,556	657,156	559,008	98,148
Direct Aid - Indigent Healthcare:				
Supplies	15,000	15,000	5,362	9,638
Other Services & Charges	3,204,000	3,204,000	1,526,641	1,677,359
Total Direct Aid - Indigent Healthcare	3,219,000	3,219,000	1,532,003	1,686,997

(continued)

MCLENNAN COUNTY, TEXAS

continued

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2008

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
HEALTH (continued)				
Direct Aid - County Jail Inmates:				
Personal Services	1,584,972	1,284,972	1,077,539	207,433
Supplies	82,703	82,703	55,720	26,983
Other Services & Charges	1,629,593	2,029,918	1,629,946	399,972
Total Direct Aid - County Jail Inmates	3,297,268	3,397,593	2,763,205	634,388
Public Health:				
Other Services & Charges	224,000	224,000	224,000	-
Total Public Health	224,000	224,000	224,000	-
Rabies and Animal Control:				
Other Services & Charges	60,000	60,000	60,000	-
Total Rabies and Animal Control	60,000	60,000	60,000	-
MHMR Crisis Intervention:				
Other Services & Charges	300,000	307,300	277,388	29,912
Total MHMR Crisis Intervention	300,000	307,300	277,388	29,912
Family Practice Clinic:				
Other Services & Charges	589,496	589,496	589,496	-
Total Family Practice Clinic	589,496	589,496	589,496	-
TOTAL HEALTH	8,344,320	8,454,545	6,005,100	2,449,445
WELFARE				
Welfare Administration:				
Personal Services	40,483	40,483	40,085	398
Total Welfare Administration	40,483	40,483	40,085	398
Welfare - Direct Aid:				
Supplies	-	905	903	2
Other Services & Charges	4,165,600	4,164,695	3,336,409	828,286
Total Welfare - Direct Aid	4,165,600	4,165,600	3,337,312	828,288
Childrens' Protective Services - Direct Aid:				
Supplies	64,250	64,250	3,420	60,830
Other Services & Charges	28,750	28,750	2,455	26,295
Total Childrens' Protective Services - Direct Aid	93,000	93,000	5,875	87,125
Juvenile Interim Home:				
Personal Services	149,141	149,141	127,439	21,702
Supplies	17,130	17,130	7,893	9,237
Other Services & Charges	13,788	14,988	9,629	5,359
Total Juvenile Interim Home	180,059	181,259	144,961	36,298

(continued)

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2008

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<u>WELFARE (continued)</u>				
Veterans Service Office				
Personal Services	45,827	45,827	45,783	44
Supplies	2,825	2,645	1,856	789
Other Services & Charges	2,050	3,030	2,840	190
Total Veterans Service Office	<u>50,702</u>	<u>51,502</u>	<u>50,479</u>	<u>1,023</u>
Aging Program:				
Other Services & Charges	16,504	16,504	16,504	-
Total Aging Program	<u>16,504</u>	<u>16,504</u>	<u>16,504</u>	<u>-</u>
TOTAL WELFARE	<u>4,546,348</u>	<u>4,548,348</u>	<u>3,595,216</u>	<u>953,132</u>
<u>CULTURE-RECREATION</u>				
Parks:				
Personal Services	4,997	10,277	9,747	530
Supplies	6,464	4,984	811	4,173
Other Services & Charges	9,955	8,555	3,514	5,041
Total Parks	<u>21,416</u>	<u>23,816</u>	<u>14,071</u>	<u>9,745</u>
Public Library:				
Other Services & Charges	640,410	640,410	638,095	2,315
Total Public Library	<u>640,410</u>	<u>640,410</u>	<u>638,095</u>	<u>2,315</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	100,000	8,104	8,104	-
Total Exhibit Buildings and Showbarns	<u>100,000</u>	<u>8,104</u>	<u>8,104</u>	<u>-</u>
TOTAL CULTURE-RECREATION	<u>762,476</u>	<u>672,980</u>	<u>660,270</u>	<u>12,710</u>
<u>CONSERVATION</u>				
Agricultural Extension Service:				
Personal Services	219,442	219,442	168,255	51,187
Supplies	4,058	6,138	5,806	332
Other Services & Charges	-	-	40,221	(40,221)
Capital Outlay	7,680	7,680	7,680	-
Total Agricultural Extension Service	<u>231,180</u>	<u>233,260</u>	<u>221,962</u>	<u>11,298</u>
Soil and Water Conservation:				
Other Services & Charges	25,000	25,000	12,000	13,000
Total Soil and Water Conservation	<u>25,000</u>	<u>25,000</u>	<u>12,000</u>	<u>13,000</u>
TOTAL CONSERVATION	<u>256,180</u>	<u>258,260</u>	<u>233,962</u>	<u>24,298</u>

(continued)

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

General Fund

Year Ended September 30, 2008

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<u>ECONOMIC DEVELOPMENT AND ASSISTANCE</u>				
Other Services & Charges	287,633	295,133	234,200	60,933
<u>DEBT SERVICE</u>				
Principal	901,744	981,162	933,102	48,060
Interest	328,167	378,449	373,944	4,505
Total Debt Service	1,229,911	1,359,611	1,307,046	52,565
	<u>\$ 72,088,780</u>	<u>\$ 72,187,256</u>	<u>\$ 60,641,049</u>	<u>\$ 11,546,207</u>

MCLENNAN COUNTY, TEXAS

Schedule of Expenditures,
Compared to Budget (GAAP Basis)

Economic Development Fund

Year Ended September 30, 2008

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>ECONOMIC DEVELOPMENT AND ASSISTANCE</u>				
Other Services & Charges	<u>6,924,410</u>	<u>6,924,410</u>	<u>784,583</u>	<u>6,139,827</u>
	<u>\$ 6,924,410</u>	<u>\$ 6,924,410</u>	<u>\$ 784,583</u>	<u>\$ 6,139,827</u>

MCLENNAN COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds

September 30, 2008

ASSETS	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
Pooled Cash and Investments	\$ 10,153,227	\$ 2,228,786	\$ 3,381,669	\$ 47,119	\$ 15,810,801
Non-Pooled Cash	258,194	-	-	-	258,194
Receivables (net of allowances for estimated uncollectibles):					
Taxes					
Accounts	67,563	231,670	139,745	-	438,978
Due from Other Funds	17,205	-	10,744	-	27,949
Due from Other Governments	-	-	5,638	-	5,638
Inventories, at Cost	298,918	-	-	-	298,918
	232,759	-	-	-	232,759
Total Assets and Other Debits	<u>\$ 11,027,866</u>	<u>\$ 2,460,456</u>	<u>\$ 3,537,796</u>	<u>\$ 47,119</u>	<u>\$ 17,073,237</u>

LIABILITIES AND FUND BALANCE

Liabilities:					
Accounts Payable	\$ 619,653	\$ -	\$ 211,670	\$ -	\$ 831,323
Due to Other Funds	30,291	-	-	-	30,291
Deferred Revenue	129,634	231,670	139,745	-	501,049
Total Liabilities	<u>779,578</u>	<u>231,670</u>	<u>351,415</u>	<u>-</u>	<u>1,362,663</u>
Fund Balance:					
Reserved for:					
Reserved for Capital Projects					
Reserved for Debt Service	-	2,228,786		47,119	2,228,786
Reserved for Education	14,958				62,078
Unreserved - Undesignated	10,233,329		3,186,381		13,419,710
Total Fund Equity and Other Credits	<u>10,248,288</u>	<u>2,228,786</u>	<u>3,186,381</u>	<u>47,119</u>	<u>15,710,574</u>
Total Liabilities and Fund Balance	<u>\$ 11,027,866</u>	<u>\$ 2,460,456</u>	<u>\$ 3,537,796</u>	<u>\$ 47,119</u>	<u>\$ 17,073,237</u>

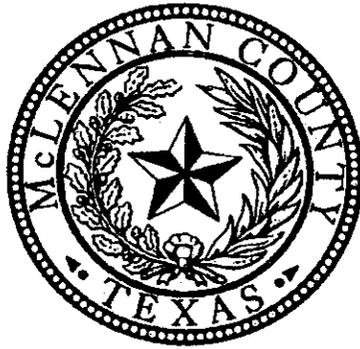
MCLENNAN COUNTY, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended September 30, 2008

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
Revenues:					
Taxes	\$ 1,222,759	\$ 5,070,070	\$ 275,330	\$ -	\$ 6,568,159
Licenses and Permits	1,833,174	-	-	-	1,833,174
Intergovernmental	3,782,997	2,140	116	-	3,785,253
Charges for Services	615,035	-	-	-	615,035
Fines and Forfeits	1,820,463	-	-	-	1,820,463
Miscellaneous	609,001	98,176	221,978	1,517	930,673
Total Revenues	9,883,429	5,170,385	497,425	1,517	15,552,756
Expenditures:					
Current:					
General Government	497,196	-	4,786	-	501,983
Judicial	544,930	-	-	-	544,930
Public Safety	1,838,772	-	-	-	1,838,772
Public Transportation	6,968,268	-	-	-	6,968,268
Capital Projects	-	-	2,947,063	-	2,947,063
Debt Service:					
Principal and Retirements	84,491	3,320,000	-	-	3,404,491
Interest and Fiscal Charges	4,300	1,676,346	-	-	1,680,646
Total Expenditures	9,937,957	4,996,346	2,951,849	-	17,886,153
Excess (Deficiency) of Revenue over Expenditures	(54,529)	174,039	(2,454,425)	1,517	(2,333,397)
Other Financing Sources (Uses):					
Disposition of Capital Assets	53,558	-	-	-	53,558
Issuance of Lease Purchase Agreement	116,845	-	-	-	116,845
Transfers In	1,878,005	-	91,896	-	1,969,901
Transfers Out	(1,342,327)	-	(31,362)	(8,036)	(1,381,725)
Total Other Financing Sources	706,081	-	60,534	(8,036)	758,578
Net Change in Fund Balance	651,552	174,039	(2,393,891)	(6,519)	(1,574,819)
Fund Balance at Beginning of Year	9,596,736	2,054,747	5,580,272	53,638	17,285,393
Fund Balance at End of Year	\$ 10,248,288	\$ 2,228,786	\$ 3,186,381	\$ 47,119	\$ 15,710,574



McLENNAN COUNTY, TEXAS

Nonmajor Governmental Funds

Special Revenue Funds – Purpose of Funds

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

Alcohol and Drug Abuse Prevention and Treatment Fund

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

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

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

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.

District Clerk Errors and Omissions Fund

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

McLENNAN COUNTY, TEXAS

Nonmajor Governmental Funds

Special Revenue Funds – Purpose of Funds

Family Protection Fund

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

Federal Programs Fund

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

Jail Commissary Fund

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

Jury Fund

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

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

Juvenile Probation Fund

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

Law Enforcement Officers Standards and Education Fund

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

Law Enforcement Special Fund

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

Law Library Fund

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

Local Government Programs Fund

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

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.

McLENNAN COUNTY, TEXAS

Nonmajor Governmental Funds

Special Revenue Funds – Purpose of Funds

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.

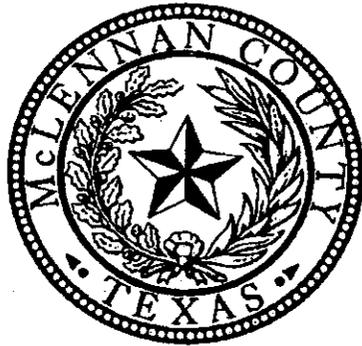
Road and Bridge Right-of-Way Acquisition Fund

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, 2008

	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	Family Protection Fund	Federal Programs Fund
\$	17,159	15,578	16,698	10,131	4,150	883	86,541	15,515	-
	-	3,486	-	-	-	25,189	-	-	-
	-	-	-	-	-	-	-	-	-
	280	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total Assets	17,439	19,074	16,698	10,131	4,150	26,071	86,541	15,515	-
ASSETS									
Pooled Cash and Investments									
Non-Pooled Cash and Investments									
Receivables (net of allowances for estimated uncollectibles):									
Taxes									
Accounts									
Due from Other Governments									
Inventories									
LIABILITIES AND FUND BALANCE									
Liabilities:									
Accounts Payable				5,222					
Due to Other Funds									
Deferred Revenue									
Total Liabilities				5,222					
Fund Balances:									
Reserved for Education			14,958						
Unreserved Fund Balance	17,439	19,074	1,739	4,910	4,150	26,071	86,541	15,515	-
Total Fund Balances	17,439	19,074	16,698	4,910	4,150	26,071	86,541	15,515	-
Total Liabilities and Fund Balance	17,439	19,074	16,698	10,131	4,150	26,071	86,541	15,515	-

(continued)

MCLENNAN COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Government Funds

Nonmajor Special Revenue Funds

September 30, 2008

	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	Tax Office Administration Fund
\$	177,033	126,138	1,356,177	46,643	799,218	213,383	-	-	130,318
	-	39,669	-	-	4,000	-	-	-	-
	-	2,322	-	-	-	-	-	-	-
	13,009	-	-	-	-	78	-	-	-
	-	34,680	1,829	-	5,490	-	11,768	127,685	-
	-	-	-	-	-	-	-	-	-
Total Assets	\$ 190,042	\$ 202,809	\$ 1,358,006	\$ 46,643	\$ 808,709	\$ 213,461	\$ 11,768	\$ 127,685	\$ 130,318

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
 Deferred Revenue

Total Liabilities

Fund Balances:

Reserved for Education
 Unreserved Fund Balance
 Total Fund Balances

Total Liabilities and Fund Balance

\$	-	-	104,744	100	192	3,920	11,768	127,685	-
	-	-	-	-	-	-	-	-	291
	-	2,322	62,071	-	-	-	-	-	-
	-	2,322	166,815	100	192	3,920	11,768	127,685	291
	190,042	200,487	1,191,191	46,543	808,516	209,541	-	-	130,027
	190,042	200,487	1,191,191	46,543	808,516	209,541	-	-	130,027
Total Liabilities and Fund Balance	\$ 190,042	\$ 202,809	\$ 1,358,006	\$ 46,643	\$ 808,709	\$ 213,461	\$ 11,768	\$ 127,685	\$ 130,318

continued

(continued)

MCLENNAN COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Government Funds

Nonmajor Special Revenue Funds

September 30, 2008

	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
\$	44,103	114,410	168,928	1,220,672	2,647,848	668,105	2,403,913	10,153,227
	-	-	-	13,881	13,881	11,660	16,102	258,194
	-	65,242	-	-	-	-	-	67,563
	-	-	-	3	638	3,476	1	17,205
	-	-	-	27,309	27,309	30,889	31,678	298,918
	42,607	-	-	34,456	38,838	39,786	77,072	232,759
Total Assets	\$ 86,710	\$ 179,651	\$ 168,928	\$ 1,296,321	\$ 2,728,513	\$ 753,916	\$ 2,528,767	\$ 11,027,866

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
 Deferred Revenue

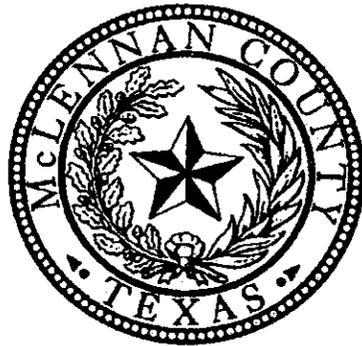
Total Liabilities

Fund Balances:

Reserved for Education
 Unreserved Fund Balance
 Total Fund Balances

Total Liabilities and Fund Balance

\$	-	-	-	81,792	244,646	8,206	31,378	619,653
	30,000	-	-	-	-	-	-	30,291
	-	65,242	-	-	-	-	-	129,634
	30,000	65,242	-	81,792	244,646	8,206	31,378	779,578
	56,710	114,410	168,928	1,214,529	2,483,867	745,709	2,497,389	14,958
	56,710	114,410	168,928	1,214,529	2,483,867	745,709	2,497,389	10,233,329
	86,710	179,651	168,928	1,296,321	2,728,513	753,916	2,528,767	11,027,866



MCLENNAN COUNTY, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

Year Ended September 30, 2008

	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	Family Protection Fund	Federal Programs Fund
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	45,660	-	-	-
Charges for Services	1,120	18,422	-	58,955	58,726	137,415	2,619	5,205	-
Fines and Forfeits	-	-	-	-	-	-	-	-	-
Miscellaneous	582	126	538	1,311	185	-	2,519	395	-
Total Revenues	1,702	18,548	538	60,266	58,911	183,075	5,137	5,600	-
Expenditures:									
Current:									
General Government	-	-	-	-	-	177,753	-	-	-
Judicial	-	-	-	143,474	72,000	-	819	-	-
Public Safety	3,000	-	-	-	-	-	-	-	-
Public Transportation	-	-	-	-	-	-	-	-	-
Debt Service:	-	-	-	-	-	-	-	-	-
Principal and Retirements	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Total Expenditures	3,000	-	-	143,474	72,000	177,753	819	-	-
Excess (Deficiency) of Revenue over Expenditure	(1,298)	18,548	538	(83,208)	(13,089)	5,322	4,319	5,600	-
Other Financing Sources (Uses):									
Issuance of Lease	-	-	-	-	-	-	-	-	-
Purchase Agreement	-	-	-	-	-	-	-	-	-
Transfers In	-	-	8,036	26,743	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-
Total Other Financing Sources	-	-	8,036	26,743	-	-	-	-	-
Net Change in Fund Balance	(1,298)	18,548	8,574	(56,465)	(13,089)	5,322	4,319	5,600	-
Fund Balance at Beginning of Year	18,737	526	8,124	61,375	17,239	20,749	82,223	9,915	-
Fund Balance at End of Year	\$ 17,439	\$ 19,074	\$ 16,698	\$ 4,910	\$ 4,150	\$ 26,071	\$ 86,541	\$ 15,515	\$ -

MCLENNAN COUNTY, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

Year Ended September 30, 2008

	Jail Commissary Fund	Jury Fund	Juvenile Probation Fund	Law Enforcement Officer Standards and Education Fund	Law Enforcement Special Fund	Law Library Fund	Local Government Programs Fund	State Programs Fund	Tax Office Administration Fund
Revenues:									
Taxes	\$ -	\$ 75,938	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	164,966	1,444,532	23,048	5,464	-	176,423	186,174	-
Charges for Services	161,778	9,547	24,048	-	-	137,171	-	-	30
Fines and Forfeits	-	697	-	-	180,261	-	-	-	7,643
Miscellaneous	6,224	9,048	37,249	-	32,002	6,371	-	-	36,627
Total Revenues	168,002	260,196	1,505,829	23,048	217,728	143,542	176,423	186,174	44,301
Expenditures:									
Current:									
General Government	-	-	-	275	50,809	73,441	-	130,632	64,286
Judicial	-	283,503	-	-	-	45,135	-	-	-
Public Safety	126,119	-	1,291,532	20,338	165,758	-	176,423	55,601	-
Public Transportation	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal and Retirements	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Total Expenditures	126,119	283,503	1,291,532	20,613	216,568	118,576	176,423	186,234	64,286
Excess (Deficiency) of									
Revenue over Expenditure	41,882	(23,307)	214,297	2,435	1,160	24,966	-	(60)	(19,985)
Other Financing Sources (Uses):									
Disposition of Capital Assets	-	-	-	-	4,608	-	-	-	-
Issuance of Lease	-	-	-	-	-	-	-	-	-
Purchase Agreement	-	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	19,551	-	-	-	-
Transfers Out	-	-	-	-	(19,551)	-	-	-	-
Total Other Financing Sources	-	-	-	-	4,608	-	-	-	-
Net Change in Fund Balance	41,882	(23,307)	214,297	2,435	5,768	24,966	-	(60)	(19,985)
Fund Balance at Beginning of Year	148,160	223,794	976,895	44,107	802,748	184,575	-	61	150,012
Fund Balance at End of Year	\$ 190,042	\$ 200,487	\$ 1,191,191	\$ 46,543	\$ 808,516	\$ 209,541	\$ -	\$ 1	\$ 130,027

MCLENNAN COUNTY, TEXAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

Year Ended September 30, 2008

	Road and Bridge General Fund	Road and Bridge Farm to Market Roads Fund	Road and Bridge Right-of-Way Acquisition Fund	Precinct 1 Fund	Precinct 2 Fund	Precinct 3 Fund	Precinct 4 Fund	Nonmajor Special Revenue Funds Total
Revenues:								
Taxes	\$ -	\$ 1,146,821	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,222,759
Licenses and Permits	-	-	-	458,294	458,294	384,967	531,620	1,833,174
Intergovernmental	-	470	-	493,419	436,719	385,031	421,091	3,782,997
Charges for Services	-	-	-	-	-	-	-	615,035
Fines and Forfeits	-	2	-	407,965	407,965	342,691	473,239	1,820,463
Miscellaneous	4,256	959	6,290	83,497	109,032	139,066	132,725	609,001
Total Revenues	4,256	1,148,252	6,290	1,443,174	1,412,010	1,251,754	1,558,674	9,883,429
Expenditures:								
Current:								
General Government	-	-	-	-	-	-	-	497,196
Judicial	-	-	-	-	-	-	-	544,930
Public Safety	-	-	-	-	-	-	-	1,838,772
Public Transportation	164,375	-	23,371	1,558,781	1,689,685	1,604,134	1,927,923	6,968,268
Debt Service:								
Principal and Retirements	-	-	-	58,488	-	26,003	-	84,491
Interest and Fiscal Charges	-	-	-	4,300	-	-	-	4,300
Total Expenditures	164,375	-	23,371	1,621,568	1,689,685	1,630,137	1,927,923	9,937,957
Excess (Deficiency) of Revenue over Expenditure	(160,119)	1,148,252	(17,081)	(178,394)	(277,675)	(378,383)	(369,249)	(54,529)
Other Financing Sources (Uses):								
Disposition of Capital Assets	-	-	-	475	-	48,476	-	53,558
Issuance of Lease Purchase Agreement	-	-	-	-	-	116,845	-	116,845
Transfers In	151,483	-	-	415,373	415,373	359,617	481,829	1,878,005
Transfers Out	-	(1,097,021)	-	(54,390)	(64,560)	(53,630)	(53,175)	(1,342,327)
Total Other Financing Sources	151,483	(1,097,021)	-	361,458	350,813	471,307	428,654	706,081
Net Change in Fund Balance	(8,636)	51,231	(17,081)	183,064	73,138	92,924	59,405	651,552
Fund Balance at Beginning of Year	65,346	63,179	186,008	1,031,465	2,410,728	652,785	2,437,984	9,596,736
Fund Balance at End of Year	\$ 56,710	\$ 114,410	\$ 168,928	\$ 1,214,529	\$ 2,483,867	\$ 745,709	\$ 2,497,389	\$ 10,248,288

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, 2008

	Budget		Actual	Variance with Final Budget positive (negative)
	Original	Final		
Revenues:				
Charges for Services - Drug Court Costs	\$ 39,900	\$ 39,900	\$ 18,422	\$ (21,478)
Miscellaneous:				
Investment Income	100	100	126	26
Total Miscellaneous	<u>100</u>	<u>100</u>	<u>126</u>	<u>26</u>
Total Revenues	<u>40,000</u>	<u>40,000</u>	<u>18,548</u>	<u>(21,452)</u>
Expenditures:				
General Government:				
Alcohol and Drug Court Department				
Other Services and Charges	40,000	40,000	-	40,000
Total Expenditures	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Net Change in Fund Balance	-	-	18,548	18,548
Fund Balance at Beginning of Year	-	-	526	526
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,074</u>	<u>\$ 19,074</u>

MCLENNAN COUNTY, TEXAS

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

Available School Fund

Year Ended September 30, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 300	\$ 300	\$ 538	\$ 238
Total Revenues	300	300	538	238
Expenditures:				
Education				
Other Services & Charges	16,342	16,342	-	16,342
Total Expenditures	16,342	16,342	-	16,342
Excess (Deficiency) of Revenue over Expenditures	(16,042)	(16,042)	538	16,580
Other Financing Sources:				
Transfers In	8,036	8,036	8,036	-
Net Change in Fund Balance	(8,006)	(8,006)	8,574	16,580
Fund Balance at Beginning of Year	8,006	8,006	8,124	118
Fund Balance at End of Year	\$ -	\$ -	\$ 16,698	\$ 16,698

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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ 62,500	\$ 62,500	\$ 58,955	\$ (3,545)
Miscellaneous - Investment Income	3,500	3,500	1,311	(2,189)
Total Revenues	66,000	66,000	60,266	(5,734)
Expenditures:				
General Government				
Other Services and Charges	5,500	-	-	-
Judicial:				
Other Services and Charges	124,500	150,000	143,474	6,526
Total Expenditures	130,000	150,000	143,474	6,526
Excess (Deficiency) of Revenue over Expenditures	(64,000)	(84,000)	(83,208)	792
Other Financing Sources				
Transfers In	6,743	26,743	26,743	-
Net Change in Fund Balance	(57,257)	(57,257)	(56,465)	792
Fund Balance at Beginning of Year	57,257	57,257	61,375	4,118
Fund Balance at End of Year	\$ -	\$ -	\$ 4,910	\$ 4,910

MCLENNAN COUNTY, TEXAS

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

Dispute Resolution Fund

Year Ended September 30, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ 62,000	\$ 62,000	\$ 58,726	\$ (3,274)
Miscellaneous - Investment Income	700	700	185	(515)
Total Revenues	62,700	62,700	58,911	(3,789)
Expenditures:				
Judicial:				
Other Services and Charges	80,026	80,026	72,000	8,026
Excess (Deficiency) of Revenue over Expenditures	(17,326)	(17,326)	(13,089)	4,237
Fund Balance at Beginning of Year	17,326	17,326	17,239	(87)
Fund Balance at End of Year	\$ -	\$ -	\$ 4,150	\$ 4,150

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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ 2,750	\$ 2,750	\$ 2,619	\$ (132)
Miscellaneous - Investment Income	2,800	2,800	2,519	(281)
Total Revenues	5,550	5,550	5,137	(413)
Expenditures:				
Judicial:				
Other Services and Charges	85,807	85,807	819	84,988
Net Change in Fund Balance	(80,257)	(80,257)	4,319	84,576
Fund Balance at Beginning of Year	80,257	80,257	82,223	1,966
Fund Balance at End of Year	\$ -	\$ -	\$ 86,541	\$ 86,541

MCLENNAN COUNTY, TEXAS

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

Family Protection Fund

Year Ended September 30, 2008

	Budget		Actual	Variance with Final Budget positive (negative)
	Original	Final		
Revenues:				
Charges for Services -				
Family Protection Fees	\$ 5,400	\$ 5,400	\$ 5,205	\$ (195)
Miscellaneous:				
Investment Income	200	200	395	195
Total Miscellaneous	<u>200</u>	<u>200</u>	<u>395</u>	<u>195</u>
Total Revenues	<u>5,600</u>	<u>5,600</u>	<u>5,600</u>	<u>0</u>
Expenditures:				
General Government:				
Family Protection Department				
Other Services and Charges	15,475	15,475	-	15,475
Total Expenditures	<u>15,475</u>	<u>15,475</u>	<u>-</u>	<u>15,475</u>
Net Change in Fund Balance	(9,875)	(9,875)	5,600	15,475
Fund Balance at Beginning of Year	<u>9,875</u>	<u>9,875</u>	<u>9,915</u>	<u>40</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,515</u>	<u>\$ 15,515</u>

MCLENNAN COUNTY, TEXAS

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

Jury Fund

Year Ended September 30, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 75,000	\$ 75,000	\$ 75,938	\$ 938
Intergovernmental -				
Payment in Lieu of Taxes	84,052	84,052	164,966	80,914
Fines and Forfeitures	10	10	697	687
Charges for Services				
Jury Fees	8,560	8,560	9,547	987
Miscellaneous:				
Investment Income, Net	7,800	7,800	4,808	(2,992)
Other	-	-	4,240	4,240
Total Miscellaneous	<u>7,800</u>	<u>7,800</u>	<u>9,048</u>	<u>1,248</u>
Total Revenues	<u>175,422</u>	<u>175,422</u>	<u>260,196</u>	<u>84,774</u>
Expenditures:				
Judicial:				
Jury Service:				
Personal Services	274,659	274,659	261,538	13,122
Supplies	31,494	31,994	7,528	24,466
Other Services and Charges	<u>29,946</u>	<u>29,446</u>	<u>14,438</u>	<u>15,008</u>
Total Expenditures	<u>336,099</u>	<u>336,099</u>	<u>283,503</u>	<u>52,596</u>
Net Change in Fund Balance	(160,677)	(160,677)	(23,307)	137,370
Fund Balance at Beginning of Year	<u>160,677</u>	<u>160,677</u>	<u>223,794</u>	<u>63,117</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,487</u>	<u>\$ 200,487</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, 2008

	Budget		Actual	Variance with Final Budget positive (negative)
	Original	Final		
Revenues:				
Charges for Services -				
Law Library Fees	\$ 145,010	\$ 145,010	\$ 137,171	\$ (7,839)
Miscellaneous:				
Investment Income	5,800	5,800	6,226	426
Other	-	-	145	145
Total Miscellaneous	<u>5,800</u>	<u>5,800</u>	<u>6,371</u>	<u>571</u>
Total Revenues	<u>150,810</u>	<u>150,810</u>	<u>143,542</u>	<u>(7,268)</u>
Expenditures:				
General Government:				
Law Library				
Personal Services	34,845	34,845	31,856	2,989
Supplies	57,800	57,800	39,750	18,050
Other Services and Charges	170,962	164,837	1,836	163,001
Total Law Library	<u>263,607</u>	<u>257,482</u>	<u>73,441</u>	<u>184,041</u>
Judicial				
Supplies	<u>54,650</u>	<u>60,775</u>	<u>45,135</u>	<u>15,640</u>
Total Expenditures	<u>318,257</u>	<u>318,257</u>	<u>118,576</u>	<u>199,681</u>
Net Change in Fund Balance	(167,447)	(167,447)	24,966	192,413
Fund Balance at Beginning of Year	<u>167,447</u>	<u>167,447</u>	<u>184,575</u>	<u>17,128</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 209,541</u>	<u>\$ 209,541</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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous:				
Investment Income, Net	\$ 4,950	\$ 4,950	\$ 4,256	\$ (694)
Total Revenues	4,950	4,950	4,256	(694)
Expenditures:				
Public Transportation:				
County Engineer				
Personal Services	109,841	112,581	112,075	506
Total County Engineer	109,841	112,581	112,075	506
Sign Shop				
Personal Services	47,955	49,008	48,927	81
Supplies	14,400	13,347	3,027	10,320
Other Services & Charges	340	440	346	94
Total Sign Shop	62,695	62,795	52,300	10,495
Total Expenditures	172,536	175,376	164,375	11,001
Excess (Deficiency) of Revenue over Expenditures	(167,586)	(170,426)	(160,119)	10,307
Other Financing Sources (Uses):				
Transfers In	148,421	151,483	151,483	-
Total Other Financing Sources (Uses)	148,421	151,483	151,483	-
Net Change in Fund Balance	(19,165)	(18,943)	(8,636)	10,307
Fund Balance at Beginning of Year	33,935	33,935	65,346	31,411
Fund Balance at End of Year	\$ 14,770	\$ 14,992	\$ 56,710	\$ 41,718

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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 1,052,345	\$ 1,052,345	\$ 1,146,821	\$ 94,476
Intergovernmental	-	-	470	470
Fines and Forfeits	1,400	1,400	2	(1,398)
Miscellaneous - Investment Income	250	250	959	709
Total Revenues	<u>1,053,995</u>	<u>1,053,995</u>	<u>1,148,252</u>	<u>94,257</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenue over Expenditures	1,053,995	1,053,995	1,148,252	94,257
Other Financing Uses:				
Transfers Out:	<u>(1,097,021)</u>	<u>(1,097,021)</u>	<u>(1,097,021)</u>	<u>-</u>
Net Change in Fund Balance	(43,026)	(43,026)	51,231	94,257
Fund Balance at Beginning of Year	<u>43,026</u>	<u>43,026</u>	<u>63,179</u>	<u>20,153</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,410</u>	<u>\$ 114,410</u>

MCLENNAN COUNTY, TEXAS

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

Road and Bridge Right of Way-Allocation Fund

Year Ended September 30, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous:				
Investment Income, Net	\$ 7,000	\$ 7,000	\$ 5,919	\$ (1,081)
Other	-	-	371	371
Total Revenues	<u>7,000</u>	<u>7,000</u>	<u>6,290</u>	<u>(710)</u>
Expenditures:				
Public Transportation:				
Other Services and Charges	-	2,300	2,290	10
Capital Outlay	<u>182,262</u>	<u>179,962</u>	<u>21,081</u>	<u>158,881</u>
Total Expenditures	<u>182,262</u>	<u>182,262</u>	<u>23,371</u>	<u>158,891</u>
Net Change in Fund Balance	(175,262)	(175,262)	(17,081)	158,181
Fund Balance at Beginning of Year	<u>175,262</u>	<u>175,262</u>	<u>186,008</u>	<u>10,746</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 168,928</u>	<u>\$ 168,928</u>

MCLENNAN COUNTY, TEXAS

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

Road and Bridge Precinct 1 Fund

Year Ended September 30, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and Permits	\$ 426,250	\$ 426,250	\$ 458,294	\$ 32,044
Intergovernmental -				
State Shared Revenues	309,500	451,828	493,419	41,591
Fines and Forfeits	412,062	412,062	407,965	(4,097)
Miscellaneous:				
Investment Income, Net	44,000	44,000	46,014	2,014
Sale of Supplies	9,100	9,100	11,555	2,455
Other	210	151,311	25,927	(125,384)
Total Miscellaneous	53,310	204,411	83,497	(120,914)
Total Revenues	1,201,122	1,494,551	1,443,174	(51,377)
Expenditures:				
Public Transportation:				
Personal Services	1,054,238	1,054,238	879,865	174,373
Supplies	720,900	779,900	500,472	279,428
Other Services and Charges	651,078	730,173	85,025	645,148
Capital Outlay	95,307	112,807	93,419	19,388
Total Public Transportation	2,521,523	2,677,118	1,558,781	1,118,337
Debt Service:				
Principal and Retirements	58,489	58,489	58,488	1
Interest and Fiscal Charges	4,303	4,303	4,300	3
	62,792	62,792	62,787	5
Total Expenditures	2,584,315	2,739,910	1,621,568	1,118,342
Excess (Deficiency) of Revenue over Expenditures	(1,383,193)	(1,245,359)	(178,394)	1,066,965
Other Financing Sources (Uses):				
Disposition of Capital Assets	10	485	475	(10)
Transfers In	415,373	415,373	415,373	-
Transfers Out	(54,390)	(54,390)	(54,390)	-
Total Other Financing Sources	360,993	361,468	361,458	(10)
Net Change in Fund Balance	(1,022,200)	(883,891)	183,064	1,066,955
Fund Balance at Beginning of Year	1,022,200	1,022,200	1,031,465	9,265
Fund Balance at End of Year	-	138,309	1,214,529	1,076,220

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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and Permits	\$ 426,250	\$ 426,250	\$ 458,294	\$ 32,044
Intergovernmental -				
State Shared Revenues	309,500	395,128	436,719	41,591
Fines and Forfeits	412,062	412,062	407,965	(4,097)
Miscellaneous:				
Investment Income, Net	100,000	100,000	91,740	(8,260)
Sale of Supplies	6,200	6,200	7,450	1,250
Other	320	9,976	9,842	(134)
Total Miscellaneous	<u>106,520</u>	<u>116,176</u>	<u>109,032</u>	<u>(7,144)</u>
Total Revenues	<u>1,254,332</u>	<u>1,349,616</u>	<u>1,412,010</u>	<u>62,394</u>
Expenditures:				
Public Transportation:				
Personal Services	1,118,130	1,118,130	937,210	180,920
Supplies	795,936	507,538	424,938	82,600
Other Services and Charges	1,316,410	1,824,092	92,349	1,731,743
Capital Outlay	400,000	265,300	235,188	30,112
Total Public Transportation	<u>3,630,476</u>	<u>3,715,060</u>	<u>1,689,685</u>	<u>2,025,375</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(2,376,144)</u>	<u>(2,365,444)</u>	<u>(277,675)</u>	<u>2,087,769</u>
Other Financing Sources (Uses):				
Disposition of Capital Assets	10	10	-	(10)
Transfers In	415,373	415,373	415,373	-
Transfers Out	(53,860)	(64,560)	(64,560)	-
Total Other Financing Sources (Uses)	<u>361,523</u>	<u>350,823</u>	<u>350,813</u>	<u>(10)</u>
Net Change in Fund Balance	(2,014,621)	(2,014,621)	73,138	2,087,759
Fund Balance at Beginning of Year	<u>2,014,621</u>	<u>2,014,621</u>	<u>2,410,728</u>	<u>396,107</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,483,867</u>	<u>\$ 2,483,867</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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and Permits	\$ 358,050	\$ 358,050	\$ 384,967	\$ 26,917
Intergovernmental -				
State Shared Revenues	259,700	349,815	385,031	35,216
Fines and Forfeits	346,133	346,133	342,691	(3,442)
Miscellaneous:				
Investment Income, Net	25,000	25,000	29,081	4,081
Sale of Supplies	12,200	12,200	34,632	22,432
Other	320	107,553	75,353	(32,200)
Total Miscellaneous	<u>37,520</u>	<u>144,753</u>	<u>139,066</u>	<u>(5,687)</u>
Total Revenues	<u>1,001,403</u>	<u>1,198,751</u>	<u>1,251,754</u>	<u>53,003</u>
Expenditures:				
Public Transportation:				
Personal Services	859,472	859,472	722,808	136,664
Supplies	600,950	736,765	692,760	44,005
Other Services and Charges	342,110	440,319	51,274	389,045
Capital Outlay	39,000	149,092	137,292	11,800
Total Public Transportation	<u>1,841,532</u>	<u>2,185,648</u>	<u>1,604,134</u>	<u>581,514</u>
Debt Service:				
Principal and Retirements			26,003	
Total Debt Service	<u>-</u>	<u>-</u>	<u>26,003</u>	<u>-</u>
Total Expenditures	<u>1,841,532</u>	<u>2,185,648</u>	<u>1,630,137</u>	<u>581,514</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(840,129)</u>	<u>(986,897)</u>	<u>(378,383)</u>	<u>(528,512)</u>
Other Financing Sources (Uses):				
Inception of Lease Purchase	-	116,845	116,845	(0)
Disposition of Capital Assets	10	48,486	48,476	(10)
Transfers In	348,917	359,617	359,617	-
Transfers Out	(53,630)	(53,630)	(53,630)	-
Total Other Financing Sources	<u>295,297</u>	<u>471,318</u>	<u>471,307</u>	<u>(11)</u>
Net Change in Fund Balance	<u>(544,832)</u>	<u>(515,579)</u>	<u>92,924</u>	<u>608,503</u>
Fund Balance at Beginning of Year	<u>544,832</u>	<u>544,832</u>	<u>652,785</u>	<u>107,953</u>
Fund Balance at End of Year	<u>-</u>	<u>29,253</u>	<u>745,709</u>	<u>716,456</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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and Permits	\$ 494,450	\$ 494,450	\$ 531,620	\$ 37,170
Intergovernmental -				
State Shared Revenues	357,300	371,125	421,091	49,966
Fines and Forfeits	478,003	478,003	473,239	(4,764)
Miscellaneous:				
Investment Income, Net	105,000	105,000	88,721	(16,279)
Sale of Supplies	10,200	10,200	8,294	(1,906)
Other	215	34,585	35,710	1,125
Total Miscellaneous	<u>115,415</u>	<u>149,785</u>	<u>132,725</u>	<u>(17,060)</u>
Total Revenues	<u>1,445,168</u>	<u>1,493,363</u>	<u>1,558,674</u>	<u>65,311</u>
Expenditures:				
Public Transportation:				
Personal Services	1,121,804	1,121,804	866,454	255,350
Supplies	1,380,312	1,506,432	788,166	718,266
Other Services and Charges	986,673	1,048,068	125,433	922,635
Capital Outlay	<u>460,501</u>	<u>321,181</u>	<u>147,870</u>	<u>173,311</u>
Total Public Transportation	<u>3,949,290</u>	<u>3,997,485</u>	<u>1,927,923</u>	<u>2,069,562</u>
Excess (Deficiency) of Revenue over Expenditures	<u>(2,504,122)</u>	<u>(2,504,122)</u>	<u>(369,249)</u>	<u>2,134,873</u>
Other Financing Sources (Uses):				
Disposition of Capital Assets	10	10	-	(10)
Transfers In	481,829	481,829	481,829	-
Transfers Out	<u>(53,175)</u>	<u>(53,175)</u>	<u>(53,175)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>428,664</u>	<u>428,664</u>	<u>428,654</u>	<u>(10)</u>
Net Change in Fund Balance	(2,075,458)	(2,075,458)	59,405	2,134,863
Fund Balance at Beginning of Year	<u>2,075,458</u>	<u>2,075,458</u>	<u>2,437,984</u>	<u>362,526</u>
Fund Balance at End of Year	<u>-</u>	<u>-</u>	<u>2,497,389</u>	<u>2,497,389</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, 2008

	Certificates of Obligation Series 1996	Refunding Bonds Series 1998	Certificates of Obligation Series 2000	Permanent Improvement Bonds Series 2001	Certificates of Obligation Series 2003
\$	370,556	105,272	321,531	317,563	289,838
	37,606	7,428	22,285	34,355	26,464
\$	408,161	112,701	343,816	351,918	316,302

ASSETS

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

Taxes

Total Assets

LIABILITIES AND FUND BALANCE

Liabilities:

Deferred Revenue

Total Liabilities

Unreserved Fund Balance

Total Liabilities and Fund Balance

\$	37,606	7,428	22,285	34,355	26,464
	37,606	7,428	22,285	34,355	26,464
	370,556	105,272	321,531	317,563	289,838
\$	408,161	112,701	343,816	351,918	316,302

(continued)

MCLENNAN COUNTY, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds

Nonmajor Debt Service Funds

September 30, 2008

	Refunding Bonds Series 2003	Note Payable 2004	Refunding Bonds Series 2005	Certificates of Obligation Series 2006	Debt Service Funds Total
ASSETS					
Pooled Cash and Investments	\$ 439,816	\$ 16,033	\$ 240,972	\$ 127,205	\$ 2,228,786
Receivables (net of allowances for estimated uncollectibles):					
Taxes	72,890	-	15,785	14,857	231,670
Total Assets	\$ 512,706	\$ 16,033	\$ 256,757	\$ 142,062	\$ 2,460,456
LIABILITIES AND FUND BALANCE					
Liabilities:					
Deferred Revenue	\$ 72,890	\$ -	\$ 15,785	\$ 14,857	231,670
Total Liabilities	72,890	-	15,785	14,857	231,670
Unreserved Fund Balance	439,816	16,033	240,972	127,205	2,228,786
Total Liabilities and Fund Balance	\$ 512,706	\$ 16,033	\$ 256,757	\$ 142,062	\$ 2,460,456

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, 2008

	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	\$ 826,034	\$ 161,423	\$ 493,729	\$ 750,053	\$ 579,170
Intergovernmental	349	68	208	317	244
Miscellaneous	15,927	4,405	13,745	13,229	11,724
Total Revenues	842,310	165,896	507,682	763,598	591,138
Expenditures:					
Debt Service:					
Principal and Retirements	500,000	120,000	425,000	375,000	310,000
Interest and Fiscal Charges	315,925	42,580	60,063	367,825	257,825
Total Expenditures	815,925	162,580	485,063	742,825	567,825
Excess (Deficiency) of Revenue over Expenditures	26,385	3,316	22,619	20,773	23,513
Net Change in Fund Balance	26,385	3,316	22,619	20,773	23,513
Fund Balance at Beginning of Year	344,171	101,956	298,911	296,790	266,324
Fund Balance at End of Year	\$ 370,556	\$ 105,272	\$ 321,531	\$ 317,563	\$ 289,838

(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, 2008

	Refunding Bonds Series 2003	Computer Note 2004	Refunding Bonds Series 2005	Certificates of Obligation Series 2006	Nonmajor Debt Service Funds Total
Revenues:					
Taxes	\$ 1,595,050	\$ -	\$ 341,809	\$ 322,803	\$ 5,070,070
Intergovernmental	673	-	144	136	2,140
Miscellaneous	25,208	516	8,121	5,301	98,176
Total Revenues	1,620,931	516	350,074	328,240	5,170,385
Expenditures:					
Debt Service:					
Principal and Retirements	1,385,000	-	50,000	155,000	3,320,000
Interest and Fiscal Charges	181,405	-	288,281	162,643	1,676,346
Total Expenditures	1,566,405	-	338,281	317,643	4,996,346
Excess (Deficiency) of Revenue over Expenditures	54,526	516	11,793	10,597	174,039
Net Change in Fund Balance	54,526	516	11,793	10,597	174,039
Fund Balance at Beginning of Year	385,290	15,517	229,180	116,608	2,054,747
Fund Balance at End of Year	\$ 439,816	\$ 16,033	\$ 240,972	\$ 127,205	\$ 2,228,786

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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 802,288	\$ 802,288	\$ 826,034	\$ 23,746
Intergovernmental	330	330	349	19
Miscellaneous	17,000	17,000	15,927	(1,073)
Total Revenues	819,618	819,618	842,310	22,692
Expenditures:				
Debt Service:				
Principal and Retirements	500,000	500,000	500,000	-
Interest and Fiscal Charges	315,925	315,925	315,925	-
Total Expenditures	815,925	815,925	815,925	-
 Net Change in Fund Balance	 3,693	 3,693	 26,385	 22,692
 Fund Balance at Beginning of Year	 323,775	 323,775	 344,171	 20,396
 Fund Balance at End of Year	 <u>\$ 327,468</u>	 <u>\$ 327,468</u>	 <u>\$ 370,556</u>	 <u>\$ 43,088</u>

MCLENNAN COUNTY, TEXAS

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

Refunding Bonds - Series 1998

Year Ended September 30, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 159,477	\$ 159,477	\$ 161,423	\$ 1,946
Intergovernmental	15	15	68	53
Miscellaneous	4,000	4,000	4,405	405
Total Revenues	<u>163,492</u>	<u>163,492</u>	<u>165,896</u>	<u>2,404</u>
Expenditures:				
Debt Service:				
Principal and Retirements	120,000	120,000	120,000	-
Interest and Fiscal Charges	42,580	42,580	42,580	-
Total Expenditures	<u>162,580</u>	<u>162,580</u>	<u>162,580</u>	<u>-</u>
Net Change in Fund Balance	912	912	3,316	2,404
Fund Balance at Beginning of Year	<u>96,093</u>	<u>96,093</u>	<u>101,956</u>	<u>5,863</u>
Fund Balance at End of Year	<u>\$ 97,005</u>	<u>\$ 97,005</u>	<u>\$ 105,272</u>	<u>\$ 8,267</u>

MCLENNAN COUNTY, TEXAS

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

Certificates of Obligation - Series 2000

Year Ended September 30, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 485,660	\$ 485,660	\$ 493,729	\$ 8,069
Intergovernmental	420	420	208	(212)
Miscellaneous	15,000	15,000	13,745	(1,255)
Total Revenues	<u>501,080</u>	<u>501,080</u>	<u>507,682</u>	<u>6,602</u>
Expenditures:				
Debt Service:				
Principal and Retirements	425,000	425,000	425,000	-
Interest and Fiscal Charges	60,063	60,063	60,063	1
Total Expenditures	<u>485,063</u>	<u>485,063</u>	<u>485,063</u>	<u>1</u>
Net Change in Fund Balance	16,017	16,017	22,619	6,602
Fund Balance at Beginning of Year	<u>287,385</u>	<u>287,385</u>	<u>298,911</u>	<u>11,526</u>
Fund Balance at End of Year	<u>\$ 303,402</u>	<u>\$ 303,402</u>	<u>\$ 321,531</u>	<u>\$ 18,129</u>

MCLENNAN COUNTY, TEXAS

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

Permanent Improvement Bonds - Series 2001

Year Ended September 30, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 729,157	\$ 729,157	\$ 750,053	\$ 20,896
Intergovernmental	375	375	317	(58)
Miscellaneous	13,000	13,000	13,229	229
Total Revenues	742,532	742,532	763,598	21,066
Expenditures:				
Debt Service:				
Principal and Retirements	375,000	375,000	375,000	-
Interest and Fiscal Charges	367,825	367,825	367,825	-
Total Expenditures	742,825	742,825	742,825	-
Net Change in Fund Balance	(293)	(293)	20,773	21,066
Fund Balance at Beginning of Year	275,130	275,130	296,790	21,660
Fund Balance at End of Year	\$ 274,837	\$ 274,837	\$ 317,563	\$ 42,726

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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 558,920	\$ 558,920	\$ 579,170	\$ 20,250
Intergovernmental	370	370	244	(126)
Miscellaneous	12,000	12,000	11,724	(276)
Total Revenues	571,290	571,290	591,138	19,848
Expenditures:				
Debt Service:				
Principal and Retirements	310,000	310,000	310,000	-
Interest and Fiscal Charges	257,625	257,625	257,625	-
Total Expenditures	567,625	567,625	567,625	-
Net Change in Fund Balance	3,665	3,665	23,513	19,848
Fund Balance at Beginning of Year	251,943	251,943	266,324	14,381
Fund Balance at End of Year	\$ 255,608	\$ 255,608	\$ 289,838	\$ 34,230

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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 1,535,749	\$ 1,535,749	\$ 1,595,050	\$ 59,301
Intergovernmental	400	400	673	273
Miscellaneous	26,000	26,000	25,208	(792)
Total Revenues	<u>1,562,149</u>	<u>1,562,149</u>	<u>1,620,931</u>	<u>58,782</u>
Expenditures:				
Debt Service:				
Principal and Retirements	1,385,000	1,385,000	1,385,000	-
Interest and Fiscal Charges	181,405	181,405	181,405	-
Total Expenditures	<u>1,566,405</u>	<u>1,566,405</u>	<u>1,566,405</u>	<u>-</u>
Net Change in Fund Balance	(4,256)	(4,256)	54,526	58,782
Fund Balance at Beginning of Year	<u>339,960</u>	<u>339,960</u>	<u>385,290</u>	<u>45,330</u>
Fund Balance at End of Year	<u>\$ 335,704</u>	<u>\$ 335,704</u>	<u>\$ 439,816</u>	<u>\$ 104,112</u>

MCLENNAN COUNTY, TEXAS

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

Computer Note 2004

Year Ended September 30, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 450	\$ 450	\$ 516	\$ 66
Total Revenues	<u>450</u>	<u>450</u>	<u>516</u>	<u>66</u>
Expenditures:				
Debt Service:				
Principal and Retirements	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Net Change in Fund Balance	450	450	516	66
Fund Balance at Beginning of Year	<u>15,170</u>	<u>15,170</u>	<u>15,517</u>	<u>347</u>
Fund Balance at End of Year	<u>\$ 15,620</u>	<u>\$ 15,620</u>	<u>\$ 16,033</u>	<u>\$ 413</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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 330,750	\$ 330,750	\$ 341,809	\$ 11,059
Intergovernmental	10	10	144	134
Miscellaneous	7,500	7,500	8,121	621
Total Revenues	338,260	338,260	350,074	11,814
Expenditures:				
Debt Service:				
Principal and Retirements	50,000	50,000	50,000	-
Interest and Fiscal Charges	288,281	288,281	288,281	-
	338,281	338,281	338,281	-
Total Expenditures	338,281	338,281	338,281	-
Net Change in Fund Balance	(21)	(21)	11,793	11,814
Fund Balance at Beginning of Year	215,644	215,644	229,180	13,536
Fund Balance at End of Year	\$ 215,623	\$ 215,623	\$ 240,972	\$ 25,349

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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 310,937	\$ 310,937	\$ 322,803	\$ 11,866
Intergovernmental	10	10	136	126
Miscellaneous	3,200	3,200	5,301	2,101
Total Revenues	314,147	314,147	328,240	14,093
Expenditures:				
Debt Service:				
Principal and Retirements	155,000	155,000	155,000	-
Interest and Fiscal Charges	162,643	162,643	162,643	1
	317,643	317,643	317,643	1
Total Expenditures	317,643	317,643	317,643	1
Net Change in Fund Balance	(3,496)	(3,496)	10,597	14,092
Fund Balance at Beginning of Year	106,016	106,016	116,608	10,592
Fund Balance at End of Year	\$ 102,520	\$ 102,520	\$ 127,205	\$ 24,684

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.

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.

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, 2008

	Permanent Improvement Fund	Certificates of Obligation Series 1996	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
Pooled Cash and Investments	\$ 1,034,359	\$ -	\$ 2,147	\$ 25,779	\$ 2,311,675	\$ -	\$ 7,709	\$ 3,381,669
Receivables (net of allowances for estimated uncollectibles):								
Taxes	139,745	-	-	-	-	-	-	139,745
Accounts	10,744	-	-	-	-	-	-	10,744
Due from Other Funds	-	-	-	-	-	5,638	-	5,638
Total Assets and Other Debits	\$ 1,184,848	\$ -	\$ 2,147	\$ 25,779	\$ 2,311,675	\$ 5,638	\$ 7,709	\$ 3,537,796

ASSETS

LIABILITIES AND FUND BALANCE

Liabilities:								
Accounts Payable	\$ 111,216	\$ -	\$ -	\$ -	\$ 100,454	\$ -	\$ -	\$ 211,670
Deferred Revenue	139,745	-	-	-	-	-	-	139,745
Total Liabilities	250,961	-	-	-	100,454	-	-	351,415
Fund Balance:								
Reserved for:								
Capital Projects	933,887	(0)	2,147	25,779	2,211,221	5,638	7,709	3,186,381
Unreserved - Undesignated	933,887	(0)	2,147	25,779	2,211,221	5,638	7,709	3,186,381
Total Fund Equity and Other Credits		(0)						
Total Liabilities and Fund Balance	\$ 1,184,848	\$ (0)	\$ 2,147	\$ 25,779	\$ 2,311,675	\$ 5,638	\$ 7,709	\$ 3,537,796

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, 2008

	Permanent Improvement Fund	Certificates of Obligation Series 1996	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 Project Funds Total
Revenues:								
Taxes	\$ 275,330	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 275,330
Intergovernmental	116	-	-	-	-	-	-	116
Miscellaneous	104,479	350	16,960	3,273	83,671	12,996	248	221,978
Total Revenues	379,926	350	16,960	3,273	83,671	12,996	248	497,425
Expenditures:								
Current:								
Other Services & Charges	4,786	-	-	-	-	-	-	4,786
Capital Projects	747,353	20,347	603,201	101,197	662,233	812,733	-	2,947,063
Total Expenditures	752,139	20,347	603,201	101,197	662,233	812,733	-	2,951,849
Excess (Deficiency) of Revenue over Expenditures	(372,213)	(19,996)	(586,241)	(97,924)	(578,562)	(799,737)	248	(2,454,425)
Other Financing Sources (Uses):								
Transfers In	91,896	-	-	-	-	-	-	91,896
Transfers Out	-	-	-	-	-	(31,362)	-	(31,362)
Total Financing Sources (Uses)	91,896	-	-	-	-	(31,362)	-	60,534
Net Change in Fund Balance	(280,317)	(19,996)	(586,241)	(97,924)	(578,562)	(831,099)	248	(2,393,891)
Fund Balance at Beginning of Year	1,214,204	19,996	588,389	123,702	2,789,783	836,737	7,461	5,580,272
Fund Balance at End of Year	\$ 933,887	\$ -	\$ 2,147	\$ 25,779	\$ 2,211,221	\$ 5,638	\$ 7,709	\$ 3,186,381

MCLENNAN COUNTY, TEXAS

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

Permanent Improvement Fund

Year Ended September 30, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 258,237	\$ 258,237	\$ 275,330	\$ 17,093
Intergovernmental	375	375	\$ 116	(259)
Miscellaneous - Investment Income	35,005	98,423	104,479	6,056
Total Revenues	293,617	357,035	379,926	22,891
Expenditures:				
Other Services and Charges	-	6,000	4,786	1,214
Capital Projects:				
Improvements Other than Buildings	15,124	15,124	6,795	8,329
Construction and Renovation Projects:				
Construction Costs	1,508,421	1,637,795	727,912	909,883
Architects, Engineers and Other	-	14,930	12,646	2,284
Total Construction Projects	1,508,421	1,652,725	740,558	912,167
Total Expenditures	1,523,545	1,673,849	752,139	921,710
Net Change in Fund Balance	(1,229,928)	(1,316,814)	(372,213)	944,601
Other Financing Sources:				
Transfers In	-	91,896	91,896	-
Net Change in Fund Balance	(1,229,928)	(1,224,918)	(280,317)	944,601
Fund Balance at Beginning of Year	1,229,928	1,229,928	1,214,204	(15,724)
Fund Balance at End of Year	\$ -	\$ 5,010	\$ 933,887	\$ 928,877

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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous - Investment Income	\$ 180	\$ 180	\$ 350	\$ 170
Total Revenues	<u>180</u>	<u>180</u>	<u>350</u>	<u>170</u>
Expenditures:				
Capital Projects:				
Construction and Renovation Projects:				
Construction Costs	19,821	19,821	20,347	(526)
Total Expenditures	<u>19,821</u>	<u>19,821</u>	<u>20,347</u>	<u>(526)</u>
Net Change in Fund Balance	(19,641)	(19,641)	(19,996)	(355)
Fund Balance at Beginning of Year	<u>19,641</u>	<u>19,641</u>	<u>19,996</u>	<u>355</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Adopted	Final		
Revenues:				
Miscellaneous	\$ 25,000	\$ 25,000	\$ 16,960	\$ (8,040)
Total Revenues	25,000	25,000	16,960	(8,040)
Expenditures:				
Capital Projects:				
Construction and Renovation Projects:				
Construction Costs	605,393	605,393	603,201	2,192
Total Expenditures	605,393	605,393	603,201	2,192
Net Change in Fund Balance	(580,393)	(580,393)	(586,241)	(5,848)
Fund Balance at Beginning of Year	580,393	580,393	588,389	(7,996)
Fund Balance at End of Year	\$ -	\$ -	\$ 2,147	\$ 2,147

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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Adopted	Final		
Revenues:				
Miscellaneous - Investment Income	\$ 5,000	\$ 5,000	\$ 3,273	\$ (1,727)
Total Revenues	5,000	5,000	3,273	(1,727)
Expenditures:				
Capital Projects:				
Construction and Renovation Projects:				
Architectural and Engineering	-	20,000	14,329	5,671
Construction Costs	101,197	81,197	86,868	(5,671)
Total Expenditures	101,197	101,197	101,197	-
Net Change in Fund Balance	(96,197)	(96,197)	(97,924)	(1,727)
Fund Balance at Beginning of Year	96,197	96,197	123,702	27,505
Fund Balance at End of Year	\$ -	\$ -	\$ 25,779	\$ 25,779

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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Adopted	Final		
Revenues:				
Miscellaneous - Investment Income	\$ 80,000	\$ 80,000	\$ 83,671	\$ 3,671
Total Revenues	80,000	80,000	83,671	3,671
Expenditures:				
Capital Projects:				
Construction and Renovation Projects:				
Improvements Other than Buildings	100,000	3,700	2,227	1,473
Architectural and Engineering	-	34,680	35,338	(658)
Construction Costs	2,465,732	2,527,352	624,668	1,902,684
Total Expenditures	2,565,732	2,565,732	662,233	1,903,499
Net Change in Fund Balance	(2,485,732)	(2,485,732)	(578,562)	1,907,170
Fund Balance at Beginning of Year	2,485,732	2,485,732	2,789,783	304,051
Fund Balance at End of Year	\$ -	\$ -	\$ 2,211,221	\$ 2,211,221

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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Adopted	Final		
Revenues:				
Miscellaneous - Investment Income	\$ 7,358	\$ 7,358	\$ 12,996	\$ 5,638
Total Revenues	7,358	7,358	12,996	5,638
Expenditures:				
Capital Projects:				
Construction and Renovation Projects:				
Construction Costs	844,095	844,095	812,733	31,362
Total Expenditures	844,095	844,095	812,733	31,362
Excess (Deficiency) of Revenue over Expenditures	(836,737)	(836,737)	(799,737)	37,000
Other Financing Uses:				
Transfers Out	-	-	(31,362)	(31,362)
Total Other Financing Uses	-	-	(31,362)	(31,362)
Net Change in Fund Balance	(836,737)	(836,737)	(831,099)	5,638
Fund Balance at Beginning of Year	836,737	836,737	836,737	-
Fund Balance at End of Year	\$ -	\$ -	\$ 5,638	\$ 5,638

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, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous - Investment Income	\$ 290	\$ 290	\$ 248	\$ (42)
Total Revenues	290	290	248	(42)
Expenditures:				
Supplies	7,647	7,647	-	7,647
Total Expenditures	7,647	7,647	-	7,647
Net Change in Fund Balance	(7,357)	(7,357)	248	7,605
Fund Balance at Beginning of Year	7,357	7,357	7,461	104
Fund Balance at End of Year	\$ -	\$ -	\$ 7,709	\$ 7,709

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, 2008

ASSETS

Pooled Cash and Investments	<u>\$ 47,119</u>
Total Assets and Other Debits	<u><u>\$ 47,119</u></u>

LIABILITIES AND FUND BALANCE

Fund Balance:	
Reserved for Education	<u>\$ 47,119</u>
Total Fund Balance	<u><u>\$ 47,119</u></u>

MCLENNAN COUNTY, TEXAS

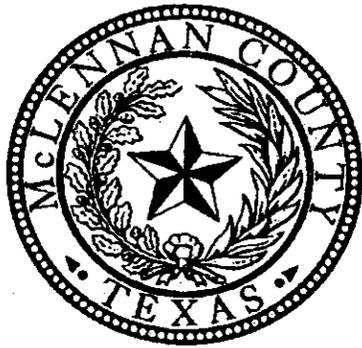
Nonmajor Governmental Funds

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

Permanent School Fund

Year Ended September 30, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous - Investment Income	\$ 2,000	\$ 2,000	\$ 1,517	\$ (483)
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>1,517</u>	<u>(483)</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>1,517</u>	<u>(483)</u>
Other Financing Uses:				
Transfers Out	<u>(8,036)</u>	<u>(8,036)</u>	<u>(8,036)</u>	<u>-</u>
Net Change in Fund Balance	(6,036)	(6,036)	(6,519)	(483)
Fund Balance at Beginning of Year	<u>52,880</u>	<u>52,880</u>	<u>53,638</u>	<u>758</u>
Fund Balance at End of Year	<u>\$ 46,844</u>	<u>\$ 46,844</u>	<u>\$ 47,119</u>	<u>\$ 275</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, 2008

Description	Balance 10/1/2007	Additions	Deductions	Balance 9/30/2008
<u>ADULT PROBATION DEPARTMENT FUND</u>				
<u>Assets</u>				
Nonpooled Cash	\$ 302,569	\$ 553,329	\$ 704,338	\$ 151,560
Total Assets	<u>\$ 302,569</u>	<u>\$ 553,329</u>	<u>\$ 704,338</u>	<u>\$ 151,560</u>
<u>Liabilities</u>				
Accounts Payable	\$ 97	\$ 28,227	\$ 28,324	\$ -
Due to Other Governments	921	5,375	5,174	1,122
Due to Others	301,551	5,744,334	5,895,447	150,438
Total Liabilities	<u>\$ 302,569</u>	<u>\$ 5,777,936</u>	<u>\$ 5,928,945</u>	<u>\$ 151,560</u>
<u>BAIL SECURITY FUND</u>				
<u>Assets</u>				
Accounts Receivable	\$ 1,103			\$ 1,103
Total Assets	<u>\$ 1,103</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,103</u>
<u>Liabilities</u>				
Accounts Payable	\$ 1,103		\$ -	\$ 1,103
Total Liabilities	<u>\$ 1,103</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,103</u>
<u>CAFETERIA PLAN FUND</u>				
<u>Assets</u>				
Equity in Pooled Cash	\$ 14,914	\$ 111,761	\$ 113,416	\$ 13,259
Accounts Receivable	15	-	15	-
Total Assets	<u>\$ 14,929</u>	<u>\$ 111,761</u>	<u>\$ 113,431</u>	<u>\$ 13,259</u>
<u>Liabilities</u>				
Accounts Payable	\$ 14,929	\$ 111,746	\$ 113,416	\$ 13,259
Total Liabilities	<u>\$ 14,929</u>	<u>\$ 111,746</u>	<u>\$ 113,416</u>	<u>\$ 13,259</u>
<u>COUNTY CLERK COURT REGISTRY FUND</u>				
<u>Assets</u>				
Equity in Pooled Cash	\$ 36,000	\$ -	\$ -	\$ 36,000
Nonpooled Cash	426,833	1,457,383	1,346,723	537,493
Nonpooled Investments	837,883	303,760	242,084	899,559
Accrued Interest	24,921	37,535	29,922	32,534
Total Assets	<u>\$ 1,325,637</u>	<u>\$ 1,798,678</u>	<u>\$ 1,618,729</u>	<u>\$ 1,505,586</u>
<u>Liabilities</u>				
Accounts Payable	\$ 947,407	\$ 1,535,306	\$ 1,373,915	\$ 1,108,798
Due to Others	378,230	268,247	249,689	396,788
Total Liabilities	<u>\$ 1,325,637</u>	<u>\$ 1,803,553</u>	<u>\$ 1,623,604</u>	<u>\$ 1,505,586</u>
<u>COUNTY SHERIFF INMATE DEPOSIT FUND</u>				
<u>Assets</u>				
Nonpooled Cash	\$ 93,763	\$ 1,570,049	\$ 1,538,682	\$ 125,130
Total Assets	<u>\$ 93,763</u>	<u>\$ 1,570,049</u>	<u>\$ 1,538,682</u>	<u>\$ 125,130</u>

MCLENNAN COUNTY, TEXAS
Combining Statement of Changes in Assets
and Liabilities
All Agency Funds
For the Year Ended September 30, 2008

continued

Description	Balance 10/1/2007	Additions	Deductions	Balance 9/30/2008
COUNTY SHERIFF INMATE DEPOSIT FUND (continued)				
Liabilities				
Accounts Payable	\$ 40,391	\$ 621,206	\$ 607,295	\$ 54,302
Due to Others	53,372	922,864	905,408	70,828
Total Liabilities	<u>\$ 93,763</u>	<u>\$ 1,544,070</u>	<u>\$ 1,512,703</u>	<u>\$ 125,130</u>
COUNTY TAX ASSESSOR COLLECTOR AUTOMOBILE FUND				
Assets				
Nonpooled Cash	\$ 215,515	\$ 49,526,442	\$ 49,592,143	\$ 149,814
Total Assets	<u>\$ 215,515</u>	<u>\$ 49,526,442</u>	<u>\$ 49,592,143</u>	<u>\$ 149,814</u>
Liabilities				
Due to Other Governments	\$ 180,910	\$ 10,114,358	\$ 10,188,893	\$ 106,375
Due to Others	34,605	51,895,735	51,886,901	43,439
Total Liabilities	<u>\$ 215,515</u>	<u>\$ 62,010,093</u>	<u>\$ 62,075,794</u>	<u>\$ 149,814</u>
COUNTY TAX ASSESSOR COLLECTOR VEHICLE INVENTORY TAX FUND				
Assets				
Nonpooled Cash	\$ 27,515	\$ 4,623,795	\$ 4,641,736	\$ 9,574
Nonpooled Investments	768,747	958,743	1,041,370	686,120
Total Assets	<u>\$ 796,262</u>	<u>\$ 5,582,538</u>	<u>\$ 5,683,106</u>	<u>\$ 695,694</u>
Liabilities				
Due to Others	\$ 796,262	\$ 3,561,663	\$ 3,662,231	\$ 695,694
Total Liabilities	<u>\$ 796,262</u>	<u>\$ 3,561,663</u>	<u>\$ 3,662,231</u>	<u>\$ 695,694</u>
COUNTY TAX ASSESSOR COLLECTOR AD VALOREM TAX FUND				
Assets				
Nonpooled Cash	\$ 272,296	\$ 251,222,511	\$ 251,202,645	\$ 292,162
Total Assets	<u>\$ 272,296</u>	<u>\$ 251,222,511</u>	<u>\$ 251,202,645</u>	<u>\$ 292,162</u>
Liabilities				
Accounts Payable	\$ 119,150	\$ 3,327,560	\$ 3,268,116	\$ 178,594
Due to Other Governments	143,151	199,160,844	199,197,544	106,451
Due to Others	9,995	295,698,283	295,701,161	7,117
Total Liabilities	<u>\$ 272,296</u>	<u>\$ 498,186,687</u>	<u>\$ 498,166,821</u>	<u>\$ 292,162</u>
CSCD EMPLOYEE DISHONESTY RECOVERY FUND				
Assets				
Equity in Pooled Cash	\$ 155,313	\$ 5,169	\$ -	\$ 160,482
Total Assets	<u>\$ 155,313</u>	<u>\$ 5,169</u>	<u>\$ -</u>	<u>\$ 160,482</u>
Liabilities				
Due to Others	\$ 155,313	\$ 5,169	\$ -	\$ 160,482
Total Liabilities	<u>\$ 155,313</u>	<u>\$ 5,169</u>	<u>\$ -</u>	<u>\$ 160,482</u>

continued

MCLENNAN COUNTY, TEXAS
Combining Statement of Changes in Assets
and Liabilities
All Agency Funds
For the Year Ended September 30, 2008

continued

Description	Balance 10/1/2007	Additions	Deductions	Balance 9/30/2008
<u>DISTRICT ATTORNEY SEIZURES FUND</u>				
<u>Assets</u>				
Nonpooled Investments	\$ 345,060	\$ 134,683	\$ 141,395	\$ 338,348
Total Assets	<u>\$ 345,060</u>	<u>\$ 134,683</u>	<u>\$ 141,395</u>	<u>\$ 338,348</u>
<u>Liabilities</u>				
Due to Others	\$ 345,060	\$ 130,899	\$ 137,611	\$ 338,348
Total Liabilities	<u>\$ 345,060</u>	<u>\$ 130,899</u>	<u>\$ 137,611</u>	<u>\$ 338,348</u>
<u>DISTRICT CLERK CHILD SUPPORT TRUST</u>				
<u>Assets</u>				
Nonpooled Cash	\$ 80,944	\$ 510	\$ 80,137	\$ 1,317
Total Assets	<u>\$ 80,944</u>	<u>\$ 510</u>	<u>\$ 80,137</u>	<u>\$ 1,317</u>
<u>Liabilities</u>				
Due to Others	\$ 80,944	\$ 510	\$ 80,137	\$ 1,317
Total Liabilities	<u>\$ 80,944</u>	<u>\$ 510</u>	<u>\$ 80,137</u>	<u>\$ 1,317</u>
<u>DISTRICT CLERK COURT REGISTRY FUND</u>				
<u>Assets</u>				
Nonpooled Cash	\$ 45,816	\$ 2,176,799	\$ 1,996,419	\$ 226,196
Nonpooled Investments	2,900,279	563,586	996,169	2,467,696
Accrued Interest	41,746	28,029	41,749	28,026
Total Assets	<u>\$ 2,987,841</u>	<u>\$ 2,768,414</u>	<u>\$ 3,034,337</u>	<u>\$ 2,721,918</u>
<u>Liabilities</u>				
Accounts Payable	\$ 2,987,841	\$ 2,768,414	\$ 3,034,337	\$ 2,721,918
Total Liabilities	<u>\$ 2,987,841</u>	<u>\$ 2,768,414</u>	<u>\$ 3,034,337</u>	<u>\$ 2,721,918</u>
<u>DRUG TASK FORCE SEIZURE FUND</u>				
<u>Assets</u>				
Nonpooled Investments	\$ 3,862	\$ 11	\$ -	\$ 3,873
Total Assets	<u>\$ 3,862</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 3,873</u>
<u>Liabilities</u>				
Due to Others	\$ 3,862	\$ 11	\$ -	\$ 3,873
Total Liabilities	<u>\$ 3,862</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 3,873</u>
<u>FEE OFFICERS FEE FUND</u>				
<u>Assets</u>				
Nonpooled Cash	\$ 994,074	\$ 5,336,975	\$ 5,459,128	\$ 871,921
Accounts Receivable	3,811	8,742	9,384	3,169
Due From Other Governments	5,709	-	5,709	-
Total Assets	<u>\$ 1,003,594</u>	<u>\$ 5,345,717</u>	<u>\$ 5,474,221</u>	<u>\$ 875,090</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ 65,290	\$ 64,905	\$ 385
Due to Other Governments	345	6,254	5,054	1,545
Due to Others	1,003,249	14,691,389	14,821,478	873,160
Total Liabilities	<u>\$ 1,003,594</u>	<u>\$ 14,762,933</u>	<u>\$ 14,891,437</u>	<u>\$ 875,090</u>

continued

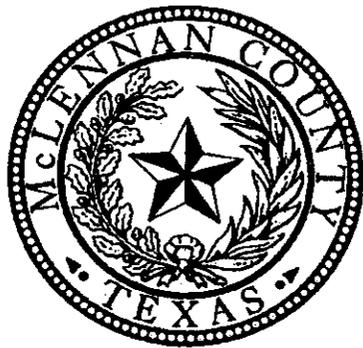
MCLENNAN COUNTY, TEXAS
Combining Statement of Changes in Assets
and Liabilities
All Agency Funds
For the Year Ended September 30, 2008

continued

Description	Balance 10/1/2007	Additions	Deductions	Balance 9/30/2008
<u>GENERAL SALES TAX FUND</u>				
<u>Assets</u>				
Equity in Pooled Cash	\$ 1,060	\$ 2,139	\$ 2,814	\$ 385
Total Assets	<u>\$ 1,060</u>	<u>\$ 2,139</u>	<u>\$ 2,814</u>	<u>\$ 385</u>
<u>Liabilities</u>				
Due to Other Governments	\$ 1,060	\$ 2,128	\$ 2,803	\$ 385
Total Liabilities	<u>\$ 1,060</u>	<u>\$ 2,128</u>	<u>\$ 2,803</u>	<u>\$ 385</u>
<u>STATE FEES AND TAX ON FINES FUND</u>				
<u>Assets</u>				
Equity in Pooled Cash	\$ 445,460	\$ 2,806,737	\$ 2,803,007	\$ 449,190
Total Assets	<u>\$ 445,460</u>	<u>\$ 2,806,737</u>	<u>\$ 2,803,007</u>	<u>\$ 449,190</u>
<u>Liabilities</u>				
Due to Other Governments	\$ 445,460	\$ 84,754	\$ 81,024	\$ 449,190
Total Liabilities	<u>\$ 445,460</u>	<u>\$ 84,754</u>	<u>\$ 81,024</u>	<u>\$ 449,190</u>
<u>TOTAL - ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Equity in Pooled Cash	\$ 652,747	\$ 2,925,806	\$ 2,919,237	\$ 659,316
Nonpooled Cash	2,459,325	316,467,793	316,561,951	2,365,167
Nonpooled Investments	4,855,831	1,960,783	2,421,018	4,395,596
Accounts Receivable	4,929	8,742	9,399	4,272
Due From Other Governments	5,709	-	5,709	-
Accrued Interest	66,667	65,564	71,671	60,560
Total Assets	<u>\$ 8,045,208</u>	<u>\$ 321,428,688</u>	<u>\$ 321,988,985</u>	<u>\$ 7,484,911</u>
<u>Liabilities</u>				
Accounts Payable	\$ 4,110,918	\$ 18,572,107	\$ 18,679,201	\$ 4,184,734
Due to Other Governments	771,847	199,259,355	199,291,599	558,693
Due to Others	3,162,443	372,919,104	373,340,063	2,741,484
Total Liabilities	<u>\$ 8,045,208</u>	<u>\$ 590,750,566</u>	<u>\$ 591,310,863</u>	<u>\$ 7,484,911</u>

continued

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, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Capital Assets:		
Land	\$ 3,356,021	\$ 3,333,096
Buildings	79,295,774	78,399,590
Improvements Other than Buildings	825,771	816,749
Machinery and Equipment	20,559,653	19,809,900
Infrastructure	33,481,248	32,079,165
Construction in Progress	<u>1,443,057</u>	<u>915,713</u>
 Total Capital Assets	 <u><u>\$ 138,961,524</u></u>	 <u><u>\$ 135,354,213</u></u>
Investment in Capital Assets:		
General Fund Revenues	\$ 9,705,110	\$ 9,937,757
Special Revenue Fund Revenues	44,641,220	43,082,973
Capital Projects Funds:		
General Obligation Bonds	60,951,678	60,167,902
Permanent Improvement Fund	15,817,674	15,070,321
Performance Improvement Fund	7,195,464	6,382,732
Donations	639,562	701,712
Other Sources	<u>10,816</u>	<u>10,816</u>
 Total Investment in Capital Assets	 <u><u>\$ 138,961,524</u></u>	 <u><u>\$ 135,354,213</u></u>

MCLENNAN COUNTY, TEXAS

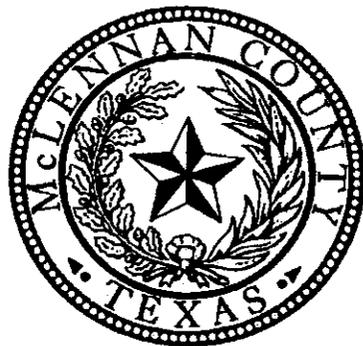
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
As of September 30, 2008

Function and Activity	Total	Land	Buildings	Improvements other than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress
General Government:							
General Administration	\$ 5,561,002	\$ 1,132,772	\$ 2,816,896	\$ 277,000	\$ 1,330,014	\$ 262	\$ 4,058
Legal	1,388,281	-	1,357,049	-	31,232	-	-
Elections	900,891	-	620,160	-	280,731	-	-
Financial Administration	4,776,958	-	2,433,318	-	2,343,640	-	-
Total General Government	12,627,132	1,132,772	7,227,423	277,000	3,985,617	262	4,058
Public Safety:							
Fire Protection	23,000	-	-	-	23,000	-	-
Law Enforcement	9,405,677	117,249	3,435,181	11,201	4,421,782	-	1,420,264
Corrections	36,454,413	111,972	34,871,236	275,666	826,085	369,454	-
Other Protection	513,410	-	47,659	-	263,062	202,689	-
Environmental Protection	35,812	-	-	-	35,812	-	-
Total Public Safety	46,432,312	229,221	38,354,076	286,867	5,569,741	572,143	1,420,264
Public Transportation:							
Engineering	5,016	-	-	-	5,016	-	-
Maintenance	11,669,228	456,282	725,672	160,198	10,308,341	-	18,735
Infrastructure	32,908,843	-	-	-	-	32,908,843	-
Total Public Transportation	44,583,087	456,282	725,672	160,198	10,313,357	32,908,843	18,735
Judicial							
Health	7,869,285	126,796	7,080,171	8,226	654,092	-	-
Welfare	791,934	16,487	748,104	9,232	18,111	-	-
Culture-Recreation	490,141	25,221	463,357	1,563	-	-	-
Conservation	25,977,378	1,354,242	24,538,932	79,198	5,006	-	-
	190,255	15,000	158,039	3,487	13,729	-	-
Total Capital Assets	\$ 138,961,524	\$ 3,356,021	\$ 79,295,774	\$ 825,771	\$ 20,559,653	\$ 33,481,248	\$ 1,443,057

MCLENNAN COUNTY, TEXAS

Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes by Function and Activity
 Year Ended September 30, 2008

Function and Activity	General Capital Assets September 30, 2007	Additions	Reductions	General Capital Assets September 30, 2008
General Government:				
General Administration	\$ 5,795,691	\$ 635,916	\$ 870,603	\$ 5,561,004
Legal	1,373,443	14,838		1,388,281
Elections	898,554	2,337		900,891
Financial Administration	4,751,363	100,305	74,712	4,776,956
Total General Government	12,819,051	753,396	945,315	12,627,132
Public Safety:				
Fire Protection	23,000			23,000
Law Enforcement	8,133,786	1,762,940	491,049	9,405,677
Corrections	35,882,492	841,026	269,105	36,454,413
Other Protection	513,266	144		513,410
Environmental Protection	35,812			35,812
Total Public Safety	44,588,356	2,604,110	760,154	46,432,312
Public Transportation:				
Engineering	8,941		3,925	5,016
Maintenance	11,259,081	933,405	523,258	11,669,228
Infrastructure	31,753,281	1,327,924	172,362	32,908,843
Total Public Transportation	43,021,303	2,261,329	699,545	44,583,087
Judicial	7,793,926	81,605	6,246	7,869,285
Health	787,671	4,263		791,934
Welfare	280,538	209,603	-	490,141
Culture - Recreation	25,882,378	698,201	603,201	25,977,378
Conservation	180,990	9,265		190,255
Total Governmental Funds Capital Assets	\$ 135,354,213	\$ 6,621,772	\$ 3,014,461	\$ 138,961,524



McLENNAN COUNTY, TEXAS
STATISTICAL SECTION

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

Contents	Page
Financial Trends These schedules contain trend information to aid in understanding how the County's financial performance and well-being have changed over time.	153
Revenue Capacity These schedules contain information to aid in assessing the County's most significant local revenue source – property tax.	163
Debt Capacity These schedules present information to aid in assessing the County's ability to issue additional debt in the future.	168
Demographic and Economic Information These schedules offer demographic and economic indicators to aid in understanding the environment within which the County's financial activities take place.	174
Operating Information These schedules contain service and infrastructure data to aid in understanding how the information in the County's financial report relates to the services the County provides and the activities it performs.	177



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

	Fiscal Year					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</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	\$ 36,965,521
Restricted	18,412,712	5,467,588	3,298,142	7,417,897	7,649,937	5,431,865
Nonexpendable	46,844	46,844	46,844	46,844	46,844	47,119
Unrestricted	15,206,590	20,401,539	24,083,062	27,884,919	40,206,343	48,005,712
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>	<u>\$ 90,450,217</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 Six Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year	
	2003	2004
Expenses		
Governmental Activities		
General Administration	\$ 13,081,875	\$ 13,447,122
Judicial	4,963,966	5,135,561
Public Safety	28,459,088	29,053,807
Public Transportation	7,499,769	7,175,631
Health	4,312,989	4,718,525
Welfare	2,649,209	2,852,400
Culture - Recreation	3,167,814	7,217,311
Conservation	180,691	191,524
Economic Development and Assistance	1,183,298	398,113
Interest and Fiscal Charges	2,298,097	2,561,584
	<u>67,796,796</u>	<u>72,751,578</u>
Program Revenues		
Governmental Activities		
Charges for Services		
General Government	2,596,930	2,740,396
Judicial	3,954,338	3,851,094
Public Safety	8,015,377	8,883,294
Other Functions	176,339	786,714
Operating Grants and Contributions	8,097,054	6,292,629
Capital Grants and Contributions	-	471,732
	<u>22,840,038</u>	<u>23,025,859</u>
Net (Expense) Revenue	<u>(44,956,758)</u>	<u>(49,725,719)</u>
General Revenues and Other Changes in Net Assets		
Governmental Activities		
Taxes		
Property Taxes	28,162,392	31,126,569
Other Taxes	11,447,099	12,564,557
Investment Earnings	923,847	756,094
Gain (loss) on Sale of Capital Assets	30,499	(535,420)
Miscellaneous	955,205	76,729
	<u>41,519,042</u>	<u>43,988,529</u>
Changes in Net Assets of Primary Government	<u>\$ (3,437,716)</u>	<u>\$ (5,737,190)</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.

Table II

	2005	2006	2007	2008
\$	14,908,121	\$ 14,435,895	\$ 14,855,034	\$ 15,808,261
	5,285,769	5,751,910	6,227,910	6,669,017
	30,992,140	32,310,783	33,214,912	34,683,156
	7,697,780	7,313,020	6,988,809	7,819,709
	4,482,532	4,629,481	5,266,641	6,061,339
	2,883,475	3,036,068	3,283,753	3,607,159
	2,309,208	2,791,759	1,400,841	2,032,111
	204,172	212,725	234,964	229,446
	290,206	959,154	616,903	1,018,783
	2,367,571	2,297,051	2,168,398	2,029,542
	<u>71,420,974</u>	<u>73,737,846</u>	<u>74,258,165</u>	<u>79,958,523</u>
	2,623,890	3,249,953	3,310,693	3,243,070
	4,409,914	3,779,238	4,395,474	4,567,278
	8,756,883	9,546,714	8,989,499	8,883,675
	865,836	995,049	703,067	663,445
	7,739,254	6,882,132	5,366,998	7,613,051
	267,486	1,677,870	1,458,719	356,397
	<u>24,663,263</u>	<u>26,130,956</u>	<u>24,224,450</u>	<u>25,326,916</u>
	<u>(46,757,711)</u>	<u>(47,606,890)</u>	<u>(50,033,715)</u>	<u>(54,631,607)</u>
	34,379,131	37,573,209	39,671,579	43,482,285
	12,785,221	13,766,423	14,265,859	15,467,345
	1,048,467	2,361,846	2,983,877	1,950,448
	-	(20,471)	1,118,564	-
	105,043	34,130	71,784	210,513
	<u>48,317,862</u>	<u>53,715,137</u>	<u>58,111,663</u>	<u>61,110,591</u>
\$	<u>1,560,151</u>	<u>\$ 6,108,247</u>	<u>\$ 8,077,948</u>	<u>6,478,984</u>



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

	2003	2004	2005	2006	2007	2008
Property Taxes	\$ 28,162,392	\$ 31,126,569	\$ 34,379,131	\$ 37,573,209	\$ 39,671,579	\$ 43,482,285
Sales Taxes	9,662,504	10,278,307	10,512,117	11,459,220	11,845,607	12273951
Alcoholic Beverage and Other Taxes	1,784,595	2,286,250	2,273,104	2,307,203	2,420,252	3193394
Total Taxes	\$ 39,609,491	\$ 43,691,126	\$ 47,164,352	\$ 51,339,632	\$ 53,937,438	\$ 58,949,630

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			
	1999	2000	2001	2002
General Fund:				
Reserved for Prepaids	\$ 196,510	\$ 165,044	\$ 740,279	\$ 635,432
Unreserved	19,565,024	22,697,287	25,772,102	22,373,407
Total General Fund	\$ 19,761,534	\$ 22,862,331	\$ 26,512,381	\$ 23,008,839
All Other Governmental Funds:				
Reserved for :				
Capital projects	\$ 228,746	\$ 9,246,244	\$ 11,467,056	\$ 12,992,251
Debt Service	1,058,635	872,891	1,031,364	1,169,147
Education	55,958	49,622	52,174	53,229
Unreserved, reported in:				
Special Revenue Funds	9,548,500	10,454,204	12,269,741	12,620,589
Capital Projects Funds	2,722,524	2,385,756	1,419,703	1,884,069
Total All Other Governmental Funds	\$ 13,614,363	\$ 23,008,717	\$ 26,240,038	\$ 28,719,285

Source: McLennan County Financial Records

Table IV

2003	2004	2005	2006	2007	2008
\$ 457,296	\$ 329,657	\$ 305,649	\$ 211,578	\$ 204,210	\$ -
19,769,413	18,757,829	19,663,517	23,611,104	27,411,353	29,870,715
<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>	<u>\$ 29,870,715</u>
\$ 15,081,580	\$ 2,072,835	\$ 683,083	\$ 4,735,797	\$ 4,366,068	\$ -
1,444,655	1,764,950	1,795,381	1,920,477	2,054,747	2,228,786
53,956	54,000	55,302	57,590	60,440	62,078
12,950,809	14,080,033	14,838,339	16,586,260	17,547,553	19,569,926
1,849,375	1,061,173	607,072	749,880	1,214,204	3,186,381
<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>	<u>\$ 25,047,171</u>

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

	1999	2000	2001	2002
Revenues				
Taxes	\$ 29,482,891	\$ 32,426,022	\$ 34,686,971	\$ 36,245,914
Licenses and Permits	1,705,892	1,703,421	1,753,448	1,715,402
Intergovernmental	9,527,967	6,422,058	7,811,465	6,781,101
Charges for Services	7,090,060	7,805,408	8,224,251	8,428,786
Fines and Forfeitures	1,569,513	1,787,926	1,778,243	1,749,475
Other	7,451,157	8,573,491	7,958,950	6,478,512
Total Revenues	56,827,480	58,718,326	62,213,328	61,399,190
Expenditures				
General Administration	10,195,016	10,809,072	12,926,397	12,633,645
Judicial	3,797,394	4,256,439	4,704,061	4,438,832
Public Safety	22,198,640	23,884,056	24,493,452	26,388,346
Public Transportation	5,630,007	6,277,187	6,496,061	6,599,557
Health	3,230,787	3,416,984	3,362,930	4,021,706
Welfare	1,412,573	1,346,615	1,586,981	1,962,145
Culture - Recreation	327,590	349,696	407,245	460,436
Education	-	9,100	-	-
Conservation	185,816	181,119	181,679	245,728
Economic Development	417,175	223,873	239,995	291,462
Capital Outlay	6,489,254	2,071,508	8,233,995	5,524,867
Debt Service:				
Principal Retirement	2,251,721	2,007,545	2,243,527	4,345,080
Interest and Fiscal Charges	1,556,187	1,491,089	2,109,681	2,386,772
Total Expenditures	57,692,160	56,324,283	66,986,004	69,298,576
(Deficiency) Revenues over Expenditures	(864,680)	2,394,043	(4,772,676)	(7,899,386)
Other Financing Sources/Uses				
Transfers In	5,432,181	2,409,820	2,888,408	2,333,245
Transfers Out	(5,432,181)	(2,409,820)	(2,888,408)	(2,333,245)
Disposition of Fixed Assets	143,650	98,344	194,202	433,353
Proceeds of Lease Purchase Agreement	614,043	-	1,957,293	6,440,682
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	2,513	2,764	2,552	1,055
Total Other Financing Sources/Uses	760,206	10,101,108	11,654,047	6,875,090
Net Change in Fund Balances	\$ (104,474)	\$ 12,495,151	\$ 6,881,371	\$ (1,024,296)
Debt Service as a percentage of noncapital expenditures	7.44%	6.45%	7.41%	10.56%

Source: McLennan County Financial Records

Table V

2003	2004	2005	2006	2007	2008
\$ 37,707,025	\$ 41,389,630	\$ 44,851,266	\$ 48,871,633	\$ 51,552,447	\$ 56,359,250
1,784,595	1,810,976	1,786,102	1,820,253	1,887,215	1,913,187
8,079,601	6,887,086	8,493,880	8,512,786	5,907,990	7,529,708
8,243,117	8,294,901	8,412,576	9,169,759	9,299,340	10,031,263
1,875,732	2,057,102	2,132,639	2,323,514	1,870,289	1,871,241
6,212,642	6,134,187	6,482,995	8,357,361	8,705,285	7,004,436
<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>	<u>84,709,085</u>
12,677,454	12,922,682	15,209,233	14,116,613	14,456,603	15,368,379
4,783,359	4,926,142	5,366,157	5,516,560	5,993,688	6,446,573
27,247,039	27,837,675	29,782,974	30,989,699	31,715,864	33,202,863
6,991,895	6,444,817	6,828,980	6,275,772	6,651,633	7,177,322
4,288,371	4,705,664	4,458,959	4,613,184	5,235,375	6,005,100
2,614,096	2,819,041	2,849,378	3,002,493	3,262,859	3,595,216
545,340	543,990	570,007	603,470	633,514	660,270
-	-	-	-	-	-
175,091	194,064	200,154	209,955	232,401	233,962
1,183,298	398,113	290,206	959,154	616,903	1,018,783
6,904,656	13,511,774	2,284,006	1,784,761	1,896,997	2,947,063
2,771,384	3,410,486	3,525,089	3,665,635	3,962,713	4,337,593
2,249,163	2,575,126	2,373,019	2,310,875	2,227,671	2,054,590
<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>	<u>83,047,714</u>
(8,528,434)	(13,715,692)	(1,578,704)	5,007,135	2,336,345	1,661,371
2,166,532	3,299,494	2,827,897	7,431,894	3,103,306	3,466,318
(2,166,532)	(3,299,494)	(2,827,897)	(7,310,828)	(3,103,306)	(3,466,318)
32,960	117,855	19,743	112,927	1,299,262	67,049
296,617	-	451,299	111,836	1,051,495	116,845
-	-	935,529	321,379	298,788	213,636
8,000,000	-	-	4,250,000	-	-
-	9,916,232	-	2,422,266	-	-
-	(9,805,000)	-	(2,422,266)	-	-
-	-	-	-	-	-
<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>397,530</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>\$ 2,058,901</u>
<u>7.66%</u>	<u>8.96%</u>	<u>8.25%</u>	<u>8.27%</u>	<u>8.26%</u>	<u>8.11%</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		
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%
2008	\$ 10,112,257	\$ 10,112,257	\$ 2,232,182	\$ 2,232,182	\$ 12,344,439	\$ 12,344,439	\$ 0.4652	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										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	
Fiscal Year Ending Date - September 30											
Tax Roll Date - October 1 (2)	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<u>County-wide Taxing Entities:</u>											
McLennan County	\$ 0.4191	\$ 0.4362	\$ 0.4566	\$ 0.4696	\$ 0.4286	\$ 0.4407	\$ 0.4449	\$ 0.4599	\$ 0.4519	\$ 0.4505	
McLennan County College District	0.0892	0.1136	0.1174	0.1197	0.1165	0.1261	0.1261	0.1211	0.1204	0.1511	
<u>Special Districts:</u>											
County-Line Special Districts:											
McLennan and Hill Counties Tehuacana Creek Water Control and Improvement District No. 1	0.0219	0.02214	0.0221	0.0241	0.0241	0.0283	0.0283	0.0283	0.0284	0.0250	
McLennan and Hill Counties Tehuacana Creek Water Control and Improvement District - Benefit Tax	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000	0.0000	0.0000	
Other Special Districts:											
Castleman Creek Special Improvement District	-	-	-	0.1200	0.1200	0.1370	0.1370	0.1370	0.1304	0.1304	
Downtown Special Improvement District	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.0000	
Elm Creek Watershed Authority	0.0340	0.0340	0.0300	0.0280	0.0275	0.0286	0.0286	0.0294	0.0294	0.0283	
McLennan County Water Control and Improvement District No. 1	-	-	-	-	-	-	-	-	-	-	
McLennan County Water Control and Improvement District No. 2	-	-	-	-	-	-	-	-	-	-	
Tax Increment District No. 1	-	-	-	-	-	-	-	-	-	-	
Tax Increment District No. 2	-	-	-	-	-	-	-	-	-	-	
<u>Cities:</u>											
Bellmead	0.3652	0.3647	0.3584	0.3529	0.3107	0.3103	0.3052	0.2964	0.2788	0.2533	
Beverly Hills	-	-	-	-	-	-	0.2500	0.0000	0.2829	0.2829	
Bruceville-Eddy	0.4597	0.4597	0.4929	0.4929	0.4644	0.4338	0.4239	0.4495	0.4495	0.4426	
Crawford	0.3845	0.4338	0.4259	0.4557	0.3678	0.3543	0.3341	0.3267	0.3402	0.3822	
Gholson	-	-	-	0.2500	0.2334	0.2454	0.2454	0.2454	0.2340	0.2179	
Hewitt	0.5000	0.5000	0.5000	0.5000	0.4550	0.4842	0.4842	0.4842	0.4842	0.4842	
Lacy-Lakeview	0.2539	0.2539	0.2715	0.3033	0.2883	0.2927	0.2810	0.2920	0.3285	0.3285	
Lorena	0.4208	0.4208	0.4208	0.4239	0.4234	0.4314	0.4353	0.5246	0.5004	0.5068	
Mart	0.7011	0.8076	0.9000	0.9085	0.8000	0.3448	0.7099	0.8320	0.7842	0.7988	
McGregor	0.5394	0.5367	0.5533	0.5567	0.5402	0.5349	0.5400	0.5700	0.5650	0.5577	
Moody	0.5216	0.5213	0.5508	0.6010	0.6010	0.5973	0.6130	0.4886	0.5004	0.5396	
Riesel (3)	0.2776	0.3300	0.3300	0.3960	0.3590	0.3570	0.1627	0.2500	0.2500	0.2500	
Robinson	0.6876	0.7148	0.7148	0.7148	0.7148	0.6997	0.6997	0.6997	0.6997	0.7862	
Waco	0.3208	0.3208	0.3208	0.3247	0.8925	0.2990	0.3390	0.3590	0.3676	0.4140	
West	0.4646	0.4646	0.4646	0.4829	0.2900	0.4572	0.4572	0.4572	0.4572	0.4572	
Woodway											
(Continued)											

Continued

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

Last Ten Fiscal Years
 (Unaudited)

Jurisdiction	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Fiscal Year Ending Date - September 30	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Tax Roll Date - October 1 (2)	1999	1999	2000	2001	2002	2003	2004	2005	2006	2007
School Districts:										
County-Line School Districts:										
Axtell Independent School District	1.2800	1.3050	1.3700	1.4200	1.3800	1.5000	1.4970	1.5000	1.3700	1.1700
Bruceville-Eddy Independent School District	1.3200	1.3200	1.3500	1.3600	1.4100	1.4100	1.4500	1.4500	1.3257	1.3250
China Spring Independent School District	1.5875	1.4777	1.5000	1.5000	1.5600	1.5725	1.5380	1.5900	1.4595	1.4296
Crawford Independent School District	1.3770	1.3918	1.4979	1.5299	1.5299	1.5492	1.5492	1.6200	1.4915	1.2479
Lorena Independent School District	1.5702	1.5070	1.5710	1.5910	1.6894	1.6894	1.7546	1.7000	1.5815	1.2474
Mart Independent School District	1.3974	1.5002	1.6150	1.6850	1.6500	1.6500	1.6329	1.5380	1.4204	1.1954
Moody Independent School District	1.3300	1.3800	1.3800	1.3800	1.3800	1.4200	1.4200	1.4200	1.2591	-
Oglesby Independent School District	1.3481	1.4000	1.4000	1.4000	1.5000	1.5000	1.5000	1.5000	1.3041	-
Riesel Independent School District	1.4600	1.4700	1.4322	1.5537	1.6486	1.6334	1.6271	1.6454	1.5126	1.1963
Robinson Independent School District	1.4814	1.6102	1.6615	1.6615	1.6403	1.6571	1.6510	1.6274	1.5109	1.1800
Valley Mills Independent School District	1.3314	1.6500	1.6400	1.6400	1.6950	1.6750	1.6750	1.6700	1.5100	-
West Independent School District	1.5000	1.5000	1.5000	1.5800	1.4974	1.6293	1.6964	1.7364	1.5510	1.2253
Other School Districts:										
Bosqueville Independent School District	1.5000	1.4185	1.4947	1.4989	1.5910	1.5698	1.4921	1.5300	1.4198	1.5613
Conrally Independent School District	1.4664	1.5269	1.5105	1.6496	1.4985	1.6243	1.6470	1.6520	1.5118	1.2300
Gholson Independent School District	1.2711	1.3671	1.4273	1.5000	1.4052	1.4500	1.4524	1.4524	1.3278	1.0400
Hallsburg Independent School District	1.1999	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000	1.5000	1.3700	1.0401
LaVega Independent School District	1.5060	1.5360	1.5360	1.5360	1.5080	1.5400	1.7200	1.6925	1.5366	1.1828
McGregor Independent School District	1.4300	1.5200	1.5100	1.6500	1.6500	1.6500	1.6500	1.6500	1.5211	1.2100
Midway Independent School District	1.5000	1.5000	1.6400	1.6400	1.6020	1.6220	1.6220	1.6220	1.5065	1.3200
Waco Independent School District	1.5130	1.5130	1.5812	1.5920	1.4850	1.5242	1.5383	1.5640	1.4438	1.3591

(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 Riesel started collecting taxes in FY 2005.

McLENNAN COUNTY, TEXAS
Principal Taxpayers
Current Year and Nine Years Ago

Taxpayer	2008			1999		
	2007 Tax Roll* Assessed Value	Rank	Percentage of Total Assessed Value	1998 Tax Roll* Assessed Value	Rank	Percentage of Total Assessed Value
Oncor Electric Delivery Co.	\$ 124,885,006	1	1.0117%	\$ -		
Mars SnackFood U.S.	96,286,104	2	0.7800%	104,848,955	2	1.7248%
Coca-Cola Company	66,654,450	3	0.5400%			
Southwestern Bell Telephone Co.	64,473,993	4	0.5223%	81,284,920	3	1.3372%
L-3 Communications	57,445,841	5	0.4654%			
Inland Western Waco Central LP	55,961,213	6	0.4533%			
Allergan Inc.	42,122,331	7	0.3412%			
Butt H.E. Grocery Co.	41,882,008	8	0.3393%			
Pilgrim's Pride Corporation	41,021,154	9	0.3323%			
CBL/Richland Mall LP	39,167,456	10	0.3173%			
Texas Utilities Electric Co.				150,326,910	1	2.4730%
Raytheon E-Systems, Inc.				59,700,278	4	0.9821%
Owens-Brockway Services				58,440,326	5	0.9614%
Minute Maid Company				50,281,079	6	0.8272%
Paragon Trade Brands				43,901,347	7	0.7222%
Huck Manufacturing Co.				43,673,570	8	0.7185%
Vision Pharmaceuticals				40,147,540	9	0.6605%
Sherwin Williams Co., Inc.				33,883,463	10	0.5574%
	<u>\$ 629,899,556</u>		<u>5.1027%</u>	<u>\$ 666,488,388</u>		<u>10.9642%</u>
Total Assessed Valuation	<u>\$12,344,440,141</u>			<u>\$6,078,757,368</u>		

* The Tax Roll provides funds for the following Fiscal Year.

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			
1999	20,746,501	20,041,868	87.76%	546,591	20,588,459	90.15%
2000	22,838,203	22,024,420	86.08%	741,977	22,766,397	88.98%
2001	25,586,354	24,657,462	91.38%	579,958	25,237,420	93.53%
2002	26,982,531	25,877,949	90.47%	542,683	26,420,632	92.36%
2003	28,604,693	27,218,896	87.15%	767,544	27,986,440	89.60%
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%
2008	44,027,709	42,941,073	97.53%	658,412	43,599,485	99.03%

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
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	6,162,545	46,970,554	0.67	208
2008	36,720,000	561,038	5,682,403	42,963,441	0.59	188

(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
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
2008	228,123	12,344,440	36,720,000	2,228,786	34,491,214	0.28	151

Source: McLennan County Financial Records

McLENNAN COUNTY, TEXAS

Computation of Direct and Overlapping Debt

September 30, 2008
(Unaudited)

Jurisdiction	As of	Net Debt Outstanding (1)	Percentage Applicable to County (2)	Amount Applicable to County
County-Wide Taxing Entities:				
McLennan County (3)	9/30/2008	\$ 33,533,619	100%	\$ 33,533,619
McLennan County College District	8/31/2008	85,845,000	100%	85,845,000
Special Districts:				
County-Line Special Districts:				
Aquilla-Hackberry Creek Conservation District	9/30/2008	-	25%	-
McLennan and Hill Counties Tehuacana Creek Water Control and Improvement District No. 1	9/30/2008	-	99.46%	-
McLennan and Hill Counties Tehuacana Creek Water Control and Improvement District - Benefit Tax	9/30/2008	-	79.87%	-
Other Special Districts:				
Elm Creek Watershed Authority	9/30/2008	-	100%	-
McLennan County Water Control and Improvement District No. 2	9/30/2008	-	100%	-
Tax Increment District No. 1	9/30/2008	-	100%	-
Tax Increment District No. 2	9/30/2008	-	100%	-
Cities:				
Bellmead	9/30/2008	2,766,000	100%	2,766,000
Beverly Hills	9/30/2008	-	100%	-
Bruceville-Eddy	12/31/2008	-	100%	-
Crawford	10/31/2008	599,444	100%	599,444
Gholson	9/30/2008	-	100%	-
Hewitt	9/30/2008	7,265,000	100%	7,265,000
Lacy-Lakeview	9/30/2008	2,650,008	100%	2,650,008
Lorena	9/30/2008	1,439,475	100%	1,439,475
Mart	9/30/2008	70,740	100%	70,740
McGregor	9/30/2008	2,774,099	100%	2,774,099
Moody	9/30/2008	135,000	100%	135,000
Riesel	9/30/2008	510,555	100%	510,555
Robinson	9/30/2008	4,022,190	100%	4,022,190
Waco	9/30/2008	105,793,796	100%	105,793,796
West	9/30/2008	-	100%	-
Woodway	9/30/2008	5,460,000	100%	5,460,000
(continued)				

McLENNAN COUNTY, TEXAS

Computation of Direct and Overlapping Debt

September 30, 2008
(Unaudited)

Jurisdiction	As of	Net Debt Outstanding (1)	Percentage Applicable to County (2)	Amount Applicable to County
School Districts:				
County-Line School Districts:				
Axtell Independent School District	8/31/2008	\$ -	93.41%	\$ -
Bruceville-Eddy Independent School District	6/30/2008	7,500,000	97.41%	7,305,750
China Spring Independent School District	6/30/2008	37,547,607	97.01%	36,424,934
Crawford Independent School District	8/31/2008	6,009,997	96.64%	5,808,061
Lorena Independent School District	8/31/2008	13,228,478	97.98%	12,961,263
Mart Independent School District	8/31/2008	3,330,000	79.04%	2,632,032
Moody Independent School District	8/31/2008	-	53.77%	-
Oglesby Independent School District	8/31/2008	745,000	7.11%	52,970
Riesel Independent School District	8/31/2008	2,329,831	49.98%	1,164,450
Robinson Independent School District	8/31/2008	11,869,988	98.51%	11,693,125
Valley Mills Independent School District	8/31/2008	8,664,999	46.38%	4,018,827
West Independent School District	8/31/2008	8,058,690	98.48%	7,936,198
Other School Districts:				
Bosqueville Independent School District	6/30/2008	10,600,679	100%	10,600,679
Connally Independent School District	8/31/2008	21,249,957	100%	21,249,957
Gholson Independent School District	8/31/2008	-	100%	-
Hallsburg Independent School District	6/30/2008	-	100%	-
LaVega Independent School District	8/31/2008	22,614,993	100%	22,614,993
McGregor Independent School District	8/31/2008	10,204,014	100%	10,204,014
Midway Independent School District	8/31/2008	100,709,005	100%	100,709,005
Waco Independent School District	8/31/2008	168,155,075	100%	168,155,075
		<u>\$685,683,239</u>		<u>\$ 676,396,259</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)

	1999	2000	2001	2002
<u>Debt Limit (Article 3, Section 52 of the Texas Constitution)</u>				
Assessed Value of Real Property	\$ 4,436,640	\$ 4,712,666	\$ 5,060,143	\$ 5,549,856
Debt Limit (One-fourth of the assessed value of Real Property	1,109,160	1,178,167	1,265,036	1,387,464
Road Bonds Outstanding	-	-	-	-
Legal Debt Margin	<u>\$ 1,109,160</u>	<u>\$ 1,178,167</u>	<u>\$ 1,265,036</u>	<u>\$ 1,387,464</u>
<u>Debt Limit (Under Texas General Laws)</u>				
Assessed Value of All Taxable Property	\$ 6,078,757	\$ 6,452,757	\$ 6,884,456	\$ 7,168,464
Debt Limit (5%)	303,938	322,638	344,223	358,423
Outstanding General Obligation Bonds, Net of Assets in Debt Service Funds	26,606	35,032	42,419	39,756
Legal Debt Margin	<u>\$ 277,332</u>	<u>\$ 287,606</u>	<u>\$ 301,804</u>	<u>\$ 318,667</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

2003	2004	2005	2006	2007	2008
\$ 6,782,069	\$ 7,213,337	\$ 7,922,995	\$ 8,710,431	\$ 9,438,987	\$ 10,112,257
1,695,517	1,803,334	1,980,749	2,177,608	2,359,747	2,528,064
-	-	-	-	-	-
<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>	<u>\$ 2,528,064</u>
\$ 8,542,415	\$ 9,208,393	\$ 10,119,984	\$ 10,829,902	\$ 11,623,772	\$ 12,344,440
427,121	460,420	505,999	541,495	581,189	617,222
45,335	42,370	39,615	41,230	37,985	34,491
<u>\$ 381,786</u>	<u>\$ 418,050</u>	<u>\$ 466,384</u>	<u>\$ 500,265</u>	<u>\$ 543,204</u>	<u>\$ 582,731</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)
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	-	4.2%
2008	228,123	7,323,133	31,410	41,366	-	4.6%

Source:

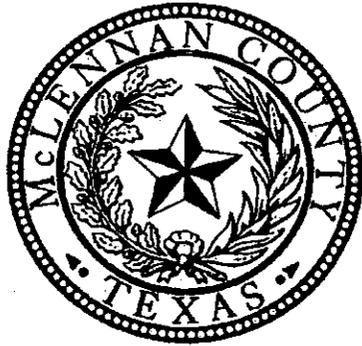
- (1) U.S. Census Bureau
- (2) Perryman Group
- (3) Texas Education Agency
- (4) U.S. Census Bureau (available only for selected years)
- (5) Texas Workforce Commission

MCCLENNAN COUNTY, TEXAS
Principal Employers
Current Year and Nine Years Ago
 (Unaudited)

Employer	Industry	2008			1999		
		Full Time Equivalent Employees	Rank	Percentage of Total County Workforce	Full Time Equivalent Employees (1)	Rank (1)	Percentage of Total County Workforce (1)
Providence Health Center	Medical Center / Hospital	2434	1	2.18 %	>1,000	-	-
Baylor University	University	2360	2	2.11 %	>1,000	-	-
Waco Independent School Dist	Public Education	2350	3	2.10 %	>1,000	-	-
City of Waco	City Government	1729	4	1.55 %	>1,000	-	-
Hillcrest Health System	Medical Center / Hospital	1700	5	1.52 %	>1,000	-	-
L-3 Integrated Systems (Raytheon E-Systems in 1999)	Aircraft Modification	1619	6	1.45 %	>1,000	-	-
H.E. Butt Grocery Co. (all stores)	Retail Grocery Stores	1350	7	1.21 %	>400	-	-
Wal-Mart Stores (all locations)	Retail Stores	1290	8	1.15 %	-	-	-
Sanderson Farms Inc.	Poultry Processing & Hatchery	1170	9	1.05 %	-	-	-
Midway Independent School Dist	Public Education	955	10	0.85 %	>400	-	-

Source: Greater Waco Chamber of Commerce

Note (1) Information on principal employers from 1999 is only available in terms of brackets (i.e. over 1,000 employees, over 700 employees, etc.) From that information it is not possible to determine the ranking nor the percentage of the workforce for that year.



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

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Administration	54	53	53	51	50	50	51	56	56	56
Judicial	87	83	88	84	89	92	90	96	97	104
Legal Services	33	36	36	36	39	39	39	44	46	47
Elections	4	5	5	5	5	5	5	5	5	5
Financial Administration	81	80	81	82	83	83	83	84	85	86
Public Safety	341	342	352	358	363	378	392	395	417	501
Health and Welfare	26	26	27	28	30	30	30	30	42	39
Conservation	7	7	7	7	7	7	7	7	7	7
Public Transportation	86	85	82	85	82	86	86	77	78	80
Total	719	717	731	736	748	770	783	794	833	925

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

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

	2003	2004	2005	2006	2007	2008
General Government						
County Auditor:						
Employees full time	18	18	18	18	18	18
Vouchers processed	31,645	32,396	31,919	32,927	33,737	34,156
Accounts payable checks issued	16,936	17,304	17,773	18,213	18,551	18,906
Internal audit months completed	386	386	385	385	365	370
County Judge						
Employees full time	4	4	4	4	4	4
Probate cases filed	N/A	N/A	436	605	553	559
Guardianship cases filed	N/A	N/A	51	70	69	48
Hearings held	N/A	N/A	563	734	682	651
County Treasurer:						
Employees full time	5	5	5	5	5	5
Payroll checks and advices issued	20,946	21,100	21,574	21,966	21,811	22,679
Cash receipts processed	3,611	3,594	3,229	3,514	3,407	3,479
Human Resources:						
Employees full time	4	4	4	4	4	4
New hires processed	136	115	138	132	141	165
Terminations processed	119	117	137	140	146	144
Purchasing:						
Employees full time	4	4	4	4	4	4
Purchase orders processed	6,367	6,004	6,049	6,144	6,376	6,259
Tax Assessor/Collector:						
Employees full time	35	37	37	37	36	37
Motor vehicle registrations	N/A	182,713	188,837	193,919	197,351	201,880
Ad valorem assessment notices issued	111374	112603	116163	117372	125207	117231
Judicial						
Bail Bond Office						
Employees full time	2	2	2	2	2	2
Bonds Posted	11,384	11,565	12,673	12,301	13,393	12,606
Dismissals	986	1,249	1,152	980	1,298	1,421
Dispositions	6,916	8,007	11,154	8,384	9,270	9,389
County Clerk:						
Employees full time	24	24	24	24	25	26
Civil cases	1583	1727	1859	2298	2627	2128
Criminal cases	5308	5249	5063	5553	6197	5834
Probate cases	638	691	623	674	623	610
Marriage licenses	2120	2188	2018	2036	2195	1998

(Continued)

(Continued)

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

	2003	2004	2005	2006	2007	2008
<u>Judicial (cont.)</u>						
District Clerk:						
Employees full time	21	21	21	22	25	25
Civil cases	4,118	4,203	3,845	4,034	5,956	6,302
Criminal cases	2,004	2,273	2,316	2,678	3,175	3,311
Juvenile cases	604	662	535	662	648	640
Jurors Summoned	N/A	23,000	26,000	27,600	27,600	28,400
Jurors Impaneled	N/A	1,004	1,004	960	906	1,105
Justices of the Peace:						
Employees full time	25	25	25	25	24	24
Civil cases filed	2,691	2,945	2,814	3,735	3,987	4,912
Criminal cases filed	20,178	17,780	19,701	19,150	18,398	18,466
Mental Health Court Services						
Employees full time	2	2	2	2	2	2
Mental health cases filed	393	438	401	366	396	252
90 day commitments	213	270	264	227	270	172
Warrants issued	172	230	212	254	287	291
<u>Public Safety</u>						
Constables:						
Employees full time	22	22	22	22	24	24
Civil process	13181	12704	12673	10896	12670	12004
County Sheriff						
Employees full time	98	95	94	94	97	97
Total arrests	11772	12575	12992	13000	13478	40287
Total charges	31717	35622	38673	39185	42411	40646
Jail						
Employees full time	177	187	185	185	186	229
Total prisoner days	285,891	282,662	271,184	309,781	328,777	322,175
Prisoner hospital expenditures	\$ 157,976	\$ 160,857	\$ 176,942	\$ 188,319	\$ 290,267	\$ 172,989
Prisoner physician expenditures	\$ 231,040	\$ 254,507	\$ 274,672	\$ 313,329	\$ 324,129	\$ 55,215
Prisoner pharmacy expenditures	\$ 277,369	\$ 363,479	\$ 362,797	\$ 346,818	\$ 336,296	\$ 638,187
<u>Welfare</u>						
County Welfare Department						
Employees full time	14	13	14	14	13	10
Clients registered	6,554	6,299	5,443	5,100	4,347	4,599
Clients seen	4,609	4,606	4,434	4,407	4,128	4,124
Clients screened	2,793	2,489	2,203	2,163	1,532	1,450
Pauper burials	40	52	47	62	75	48

Source: Various County departments

Statistical data for the County government is available back to 2003 only, the year GASB 34 was implemented.

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

Function	2003	2004	2005	2006	2007	2008
General Government						
General Administration	61,159	61,159	62,359	61,159	61,159	61,159
Legal	13,295	13,295	13,295	13,295	13,295	13,295
Elections	6,662	6,662	6,662	6,662	6,662	6,662
Financial Administration	63,365	63,365	63,365	63,365	63,365	63,365
Judicial	61,105	61,105	61,105	61,105	65,151	65,151
Public Safety						
Law Enforcement	26,518	26,518	26,518	26,518	59,668	59,668
Corrections	251,323	251,323	236,187	298,079	296,343	298,243
Other Protection	390	390	390	390	390	390
Public Transportation						
Engineering	1,935	1,935	1,935	1,935	1,935	1,935
Maintenance	31,840	31,840	30,640	31,168	31,840	36,640
Health	7,763	7,763	7,763	7,763	7,763	7,763
Welfare	51,832	51,832	51,832	51,832	4,193	4,193
Culture/Recreation	459,150	501,150	501,150	501,150	502,764	502,764
Conservation	5,000	5,000	5,000	5,000	5,000	5,000
Infrastructure:						
Road miles	1,071	1,074	1,074	1,074	1,074	1,074
Number of bridges	200	190	190	190	190	188

Source: McLennan County Auditor's Office

Note: All items show square footage unless otherwise indicated.

Statistical data for the County government is available back to 2003 only, the year GASB 34 was implemented.