

AGENDA ITEM 31**Hear report on Fiscal Year 2003 Audit from Pattillo, Brown, & Hill, L.L.P.**

Kathy Wierzowiecki, of the office of the County Auditor, introduced Todd Pruitt, a CPA with Pattillo, Brown & Hill, L.L.P., who gave the report of the independent auditor and reviewed the management letter enclosed therein. He explained that, due to a new system of auditing, the report noted millions of dollars in assets that are not reported, thus showing a greater amount of bond-liabilities than fixed-assets. This model, which was designed for the commercial sector, is deceptive in this manner when applied to the public sector, a fact that should be taken into account when reading the report. Mr. Pruitt also reported on the single audit, which is required of all local governments that spend more than \$300,000 in federal dollars.

County Auditor David Flores addressed the Court to extend special thanks to Alison Whetston, of the Information Technology Services department, for the work she did to help implement the new payroll system. **County Treasurer Vivian Wood** and Julie Kiley also addressed the Court.

< Attachment >

WILLIAMSON COUNTY, TEXAS**COMMENTS AND SUGGESTIONS****FOR THE YEAR ENDED SEPTEMBER 30, 2003****ANTIFRAUD PROGRAMS AND CONTROLS**

Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. An organization's management is responsible for designing and implementing effective systems and procedures for preventing, deterring and detecting fraud. With the recently intensified focus on fraudulent financial statement reporting, as well as the ever-present risk of misappropriation of assets, many organizations are now more interested in establishing effective antifraud programs and controls.

The risk of fraud can be reduced through a combination of prevention, deterrence and detection measures. However, fraud can be difficult to detect, and the time and expense required for fraud investigation can be very costly. Therefore, it is essential to place a strong emphasis on fraud prevention to reduce opportunities for fraud and fraud deterrence that discourages individuals from committing fraud because of the likelihood of detection and punishment.

The AICPA fraud task force of the Auditing Standards Board commissioned a group of organizations and individuals with expertise in the area of fraud prevention, deterrence and detection to develop guidance to help companies improve their antifraud programs and controls. In November 2002, the AICPA and six other professional organizations jointly published a document titled, "Management Antifraud Programs and Controls: Guidance to Help Prevent, Deter and Detect Fraud." This document identifies measures entities can implement to prevent, deter and detect fraud. It discusses these measures in the context of three fundamental elements. Broadly stated, these fundamental elements are:

- 1) create and maintain a culture of honesty and high ethics;
- 2) evaluate the risks of fraud and implement the processes, procedures and controls needed to mitigate the risks and reduce the opportunities for fraud;
and
- 3) develop an appropriate oversight process.

We recommend the County develop a heightened "fraud awareness" and an appropriate fraud risk-management program with oversight provided by the Commissioners' Court. An effective system of antifraud program and controls should encompass prevention, deterrence and detection techniques and activities.

Response: A successful fraud awareness program requires development of policies and procedures by elected officials, department heads. The Internal Audit section of the Auditor's Office is available to assist departments in developing a fraud awareness and internal control program.

INVESTMENT POLICY

In testing the County's compliance with the Public Funds Investment Act, we noted that the quarterly investment reports are not presented to the Commissioners' Court on a timely basis. We recommend the County ensure that the investment reports are presented on a quarterly basis.

Response: The County Treasurer is aware that investment reports require timelier reporting of information to the commissioners court. In the past, it has been difficult to coordinate all members of the investment committee but a more concerted effort will be made to ensure this important process is improved.

FOSTER CARE TITLE IV E GRANT

For the Title IV E grants, the County submits all the quarterly data to a third party, which is responsible for preparing the necessary reports and filing the claim with the State on behalf of the County. We noted that the County is not submitting their quarterly data to the third party in a timely manner, which in turn delays the preparation of reports, the filing of the claims and results in late reimbursement for the county. We recommend the County prepare and submit their quarterly data to third party at the prompt end of every quarter.

Response: Williamson County is now submitting all data in a timely fashion. The third party that is responsible for preparing the necessary reports and filing the claim with the State on behalf of the County has suffered an inordinate amount of personnel turnover in the past few months. The county is considering going out for bid and may secure a different vendor to accomplish this work.

COLLATERALIZATION

While testing the County's collateral position, we noted that the County was under collateralized as of year-end and on the highest cash balance day. We strongly recommend the County analyze its collateral position on a regular basis to ensure that they are properly collateralized at all times.

Response: The county treasurer has worked with the county depository and they have responded by providing the needed collateralization for county business. In designing the next bank depository contract for the upcoming fiscal year, the market value factor for daily collateralization will be considered to ensure proper collateralization of county assets.

PRIOR YEAR COMMENTS**PROJECTS MODULE*****Prior Year Comment:***

The County recently converted its Grant and Capital Projects Funds into a projects module. At the time of the audit, we were informed by County personnel that the module does not provide a detailed statement of revenue and expenditures. In order to prepare financial statements in accordance with generally accepted accounting standards, revenues should be classified by source and sufficiently detailed to be meaningful. Expenditures, at a minimum, should be classified by character and function. We recommend the County incorporate procedures to ensure this information is readily available from the general ledger.

Current Status:

This matter has been resolved.

PAYROLL TAX REPORTING***Prior Year Comment:***

We were informed the County had been contacted by the Internal Revenue Service regarding discrepancies with 941 filings for the prior year. As of the end of audit fieldwork, this matter has not been resolved. When 941 forms are filed improperly, the County may be assessed fines and penalties. We recommend the County resolve this matter as soon as possible. Additionally, management should increase its monitoring of 941 reporting to ensure all forms are filed accurately and in a timely manner.

Current Status:

The County is currently appealing and resubmitting the proper reports.

Response: At the time of this writing, this issue has been resolved.

OUTSTANDING CHECKS***Prior Year Comment:***

In the course of reviewing the County's bank reconciliations, we noted checks that had been outstanding for a considerable period of time. We recommend the County implement a policy to periodically investigate these checks. After a designated period of time, a payment should be stopped and an entry made restoring such items to cash and an appropriate liability account. This will improve internal controls over cash and provide a more accurate representation of deposits held by the County.

Current Status:

Unchanged

Response: In the past, the treasurer's office/accounts payable department has requested that the department receiving the benefit of the original check (payroll or vendor) attempt to have the check cashed or request the check be voided. At this time, a policy is being written by the treasurer stating that stale-dated checks will be voided after six months.

INVESTMENTS ACCOUNTS***Prior Year Comment:***

We noted several investment accounts of the County that were not recorded on the County's general ledger. In order to provide a proper framework of internal controls, we strongly recommend the County account for all of its assets, liabilities, revenues and expenditures (expenses) in the County's general ledger accounting system.

Current Status:

This matter has been resolved.

GASB STATEMENT NO. 34***Prior Year Comment:***

In June 1999, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This statement was issued in order to create a new financial reporting model for governmental entities. The effective date for implementing the new standards varies depending on the size of the governmental entity. The County will be required to implement the new standards for the fiscal year ending September 30, 2003.

Some of the new model’s key elements are as follows:

- New government-wide financial statements to be integrated with enhanced fund reporting;
- Presentation of a management’s discussion and analysis (MD&A) as required supplementary information;
- Reporting on infrastructure assets (such as roads and bridges); and
- Budgetary comparison schedules showing the original budget, the final budget and actual amounts on the budgetary basis.

GASB Statement No. 34 makes significant changes in the way state and local governments report their financial statements. County personnel will need to comprehend and implement a vast number of changes in accounting and financial reporting. Implementation will be an ongoing process as new information is developed and new materials are provided by organizations such as the AICPA and GASB. Some matters to consider follow:

- Financial personnel should familiarize themselves with the requirements of the new standards and how they will affect the County.
- The County should consider the availability of the financial information required by the new standards, such as accrual information and capital asset records.
- Management should consider any changes in the accounting system that may need to be made.
- Financial personnel will need to be able to explain the changes in accounting and reporting to users who are unfamiliar with the particulars of accounting.

Current Status:

GASB 34 was implemented this year.

PAYROLL***Prior Year Comment:***

The County's payroll software system is independent of the financial accounting software system. The process of posting payroll to the general ledger is performed manually. There have been numerous differences discovered between the amounts posted to the general ledger and the generated payroll reports. The integration problem has led to delays in performing bank reconciliations, the under-funding of payroll and numerous errors in the general ledger. We recommend the County consider the implementation of a payroll that interfaces with the general ledger accounting system. Until this matter is resolved, the County should continue to reconcile the payroll reports to the information posted to the general ledger.

Current Status:

This matter has been resolved.

POSITIVE PAY***Prior Year Comment:***

In recent years, check fraud has become a common problem for many local governments. In an effort to deter check fraud, many financial institutions now offer positive pay. Under this process, an issuer and its bank work together to detect check fraud by identifying items presented for payment that the issuer did not issue.

Specifically, an issuer transmits information regarding all issued checks (including check number, amount and date) to its bank. The bank compares checks received for payment against the record of all issued checks. The bank identifies items that do not match the issue amount and check number and presents the rejected items to the issuer for its consideration for payment.

We recommend the County consider implementing positive pay into its check disbursement policies and procedures. This service can be an effective method of protection against check fraud.

Current Status:

The County is still exploring the possibility of implementing positive pay.

INTEREST INCOME***Prior Year Comment:***

The Texas Juvenile Probation Commission (TJPC) requires that interest earned on TJPC funds be used for the provision of juvenile probation services. However, interest generated from TJPC funds is not being allocated to the County's Juvenile Probation Department. Instead, the interest earned on these funds is recorded in the General Fund. We recommend the County compute and allocate interest earned on these funds to the Juvenile Probation Department as required by TJPC.

Current Status:

Unchanged

Response: The General Fund supports TJPC and while interest is not calculated and recognized specifically to this grant, the support provided by the general fund is viewed as an appropriate allocation of revenue and is readily available when needed.

FIXED ASSET ADDITIONS***Prior Year Comment:***

Several discrepancies were noted while auditing the County's fixed assets. For example, we found many capital additions that had not been added to the general fixed assets account group. We suggest the County perform a physical inventory at least every two years and reconcile this to the accounting records. Inventorying property is not difficult, but can be time-consuming and requires a considerable amount of preparation and organization.

Current Status:

With the implementation of GASB 34, the County is no longer required to maintain a General Fixed Assets Account Group. They are required to maintain a fixed asst ledger and calculate depreciation. Some discrepancies were noted for the fiscal year ending September 30, 2003.

PERSONNEL FILES***Prior Year Comment:***

Employees' personnel files are stored in unlocked wooden cabinets. These cabinets are located in an office that does not restrict access by payroll office personnel

and maintenance employees. Personnel files should be located in a fireproof, secure location and access should be restricted to provide adequate safeguards of confidential personnel information.

Current Status:

This matter has been resolved.

CODING OF TRANSACTIONS

Prior Year Comment:

We found instances where both revenues and expenditures were coded to the same general ledger account number. This practice will understate both the revenue and expenditure amounts for these transactions. All revenue and expenditure should be recorded in separate general ledger account numbers in order to provide an accurate accounting of the County's transactions.

Current Status:

Unchanged

Response: The County has made strides to code revenues and expenditures separately. Continued effort will be made for improvement in this area.

FEE OFFICES

Prior Year Comment:

During our testing of internal controls, several issues were noted concerning the segregation of duties for certain fee offices. Specifically, we noted the following:

Justice of the Peace, Precinct 2

The checking account only requires one signature for disbursements.

Current Status:

This matter has been resolved.

County Attorney

The employee who receipts funds received through the mail also opens the mail and is allowed to sign checks. This employee also prepares bank reconciliations.

Current Status:

This matter has been resolved.

District Clerk

One employee is responsible for all duties associated with the Jury Fund.

An essential element of any internal control system is the separation of functions in such a manner that no single individual could perpetrate an error and conceal it without the error being discovered in a timely manner. Three general categories of functions that should be separated to achieve effective internal control are:

- Custody of assets; i.e., check writing, handling cash, wire transfer capability
- Recording control functions; i.e., preparation of bank reconciliations
- Authorization functions; i.e., generation and authorization of transactions

One individual's ability to perform functions in all of the categories above indicates a risk exists that this individual could create an error, intentionally or unintentionally, and cover that error without detection in a timely manner.

Proper segregation of duties is always difficult in smaller offices. However, we recommend incompatible duties be separated to the extent possible. Of course, when considering any changes to the current internal control structure, the costs of implementation should be weighed against the benefits derived.

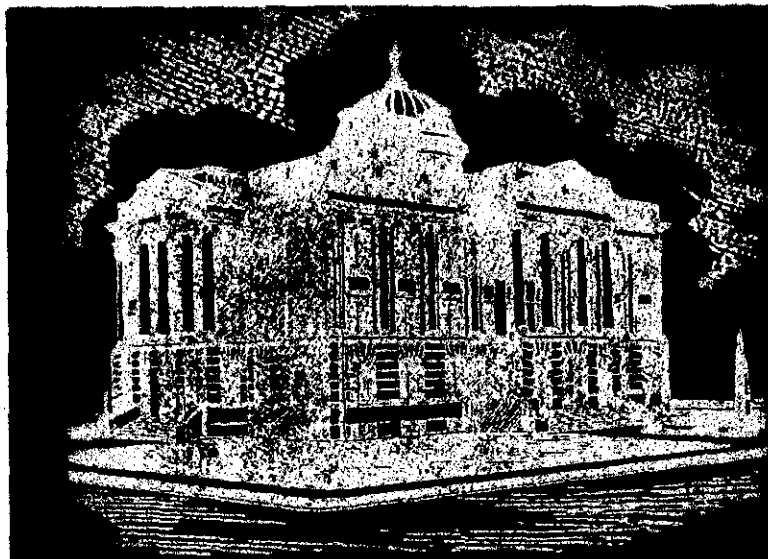
Current Status:

The County is working towards segregating these duties. This employee no longer reconciles the bank account and the supervisor verifies payments.

* * * * *

We appreciate the opportunity to be of service to **Williamson County, Texas**. If you have any questions or require further information, please do not hesitate to contact our office.

Williamson County



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
SEPTEMBER 30, 2003

"...in pursuit of excellence..."

-Williamson County Auditor's Office

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Williamson County,
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2002

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

WILLIAMSON COUNTY, TEXAS
COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED

SEPTEMBER 30, 2003

PRINCIPAL OFFICIALS

COUNTY JUDGE	JOHN DOERFLER
COMMISSIONER, PRECINCT I	MIKE HEILIGENSTEIN
COMMISSIONER, PRECINCT II	GREG BOATRIGHT
COMMISSIONER, PRECINCT III	DAVID HAYS
COMMISSIONER, PRECINCT IV	FRANKIE LIMMER
COUNTY AUDITOR	DAVID FLORES
TAX ASSESSOR-COLLECTOR	DEBORAH HUNT
COUNTY CLERK	NANCY RISTER
COUNTY ATTORNEY	EUGENE TAYLOR
COUNTY TREASURER	VIVIAN WOOD
DISTRICT CLERK	BONNIE WOLBRUECK
DISTRICT ATTORNEY	JOHN BRADLEY
SHERIFF	JOHN MASPERO

OFFICIAL ISSUING REPORT

DAVID U. FLORES
COUNTY AUDITOR

WILLIAMSON COUNTY, TEXAS

OFFICIALS

<u>Title</u>	<u>Name</u>
Judge, 26th Judicial District Court	Billy R. Stubblefield
Judge, 368th Judicial District Court	Burt Carnes
Judge, 395 th Judicial District Court	Mike Jergins
Judge, 277th Judicial District Court	Ken Anderson
County Auditor	David U. Flores
CSCD Director	Rick Zinsmeyer
Juvenile Probation Director	Charles Skaggs
County Judge	John C. Doerfler
Commissioner, Precinct 1	Mike Heiligenstein
Commissioner, Precinct 2	Greg Boatright
Commissioner, Precinct 3	David Hays
Commissioner, Precinct 4	Frankie Limmer
Communications Director	Melissa Pogue
Maintenance Supervisor	Joe Latteo
Unified Road System Administrator	Greg Bergeron
Department of Fleet Services	Mike Fox
Emergency Service Director	John Sneed
Elections Administrator/Human Resources	John Willingham
Information Systems Director	Jay Schade
Veterans Service Director	Raymond Nelson
County Extension Service Agent	Ronnie Leps
Constable, Precinct 1	Gary Griffin
Constable, Precinct 2	Jim Wilson
Constable, Precinct 3	Bobby Gutierrez
Constable, Precinct 4	Marty Ruble
County Clerk	Nancy Rister
County Court at Law #1	Suzanne Brooks
County Court at Law #2	Tim Wright
County Court at Law #3	Don Higginbotham
District Attorney	John Bradley
District Clerk	Bonnie Wolbrueck
Justice of the Peace, Precinct 1	Dain Johnson
Justice of the Peace, Precinct 2	Edna Staudt
Justice of the Peace, Precinct 3	Steve Benton
Justice of the Peace, Precinct 4	Judy S. Hobbs
County Attorney	Eugene Taylor
Sheriff	John Maspero
Tax Assessor/Collector	Deborah Hunt
Treasurer	Vivian Wood

WILLIAMSON COUNTY, TEXAS

CONTENTS

	<u>Page Number</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i – v
FINANCIAL SECTION	
Independent Auditors' Report.....	1 – 2
Management's Discussion and Analysis	3 – 11
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets.....	12
Statement of Activities.....	13
Fund Financial Statements	
Balance Sheet – Governmental Funds	14 – 15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	16 – 17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Special Road and Bridge Fund.....	20
Statement of Fund Net Assets – Proprietary Funds	21

(continued)

WILLIAMSON COUNTY, TEXAS

CONTENTS
(Continued)

	<u>Page Number</u>
FINANCIAL SECTION (Continued)	
Fund Financial Statements (Continued)	
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	22
Statement of Cash Flows – Proprietary Funds.....	23
Statement of Fiduciary Net Assets.....	24
Statement of Changes in Fiduciary Net Assets.....	25
Notes to Financial Statements.....	26 – 48
Combining and Individual Fund Statements and Schedules	
General Fund	
Schedule of Revenues – Budget and Actual	49
Schedule of Expenditures – Budget and Actual	50 – 51
Debt Service Fund	
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual.....	52
Nonmajor Special Revenue Funds	
Combining Balance Sheet.....	53 – 57
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	58 – 62

(continued)

WILLIAMSON COUNTY, TEXAS

CONTENTS
(Continued)

	<u>Page Number</u>
FINANCIAL SECTION (Continued)	
Combining and Individual Fund Statements and Schedules (Continued)	
Nonmajor Special Revenue Funds (Continued)	
Statement of Revenues, Expenditures and Changes in Fund Balances – Bartlett State Jail	63
Statement of Revenues, Expenditures and Changes in Fund Balances – Law Library.....	64
Statement of Revenues, Expenditures and Changes in Fund Balances – County Attorney Hot Check.....	65
Statement of Revenues, Expenditures and Changes in Fund Balances – District Attorney Hot Check	66
Statement of Revenues, Expenditures and Changes in Fund Balances – District Attorney Drug Enforcement.....	67
Statement of Revenues, Expenditures and Changes in Fund Balances – County Sheriff Drug Enforcement	68
Statement of Revenues, Expenditures and Changes in Fund Balances – Probate Court.....	69
Statement of Revenues, Expenditures and Changes in Fund Balances – Texas Youth Commission.....	70
Statement of Revenues, Expenditures and Changes in Fund Balances – Election Services Contract	71
Statement of Revenues, Expenditures and Changes in Fund Balances – Court Reporter.....	72

(continued)

WILLIAMSON COUNTY, TEXAS

CONTENTS **(Continued)**

Page **Number**

FINANCIAL SECTION (Continued)

Combining and Individual Fund Statements and Schedules (Continued)

Nonmajor Special Revenue Funds (Continued)

Statement of Revenues, Expenditures and Changes in Fund Balances – Firing Range Management	73
Statement of Revenues, Expenditures and Changes in Fund Balances – Williamson County Conservation	74
Statement of Revenues, Expenditures and Changes in Fund Balances – Records Management	75
Statement of Revenues, Expenditures and Changes in Fund Balances – Courthouse Security	76
Statement of Revenues, Expenditures and Changes in Fund Balances – Alternate Dispute Resolution	77
Statement of Revenues, Expenditures and Changes in Fund Balances – Records Management and Preservation	78
Statement of Revenues, Expenditures and Changes in Fund Balances – Summer School	79

Internal Service Funds

Combining Statement of Net Assets	80
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	81
Combining Statement of Cash Flows	82

(continued)

WILLIAMSON COUNTY, TEXAS

CONTENTS
(Continued)

	<u>Page Number</u>
FINANCIAL SECTION (Continued)	
Combining and Individual Fund Statements and Schedules (Continued)	
Agency Funds	
Combining Balance Sheet	83 – 84
Combining Statement of Changes in Assets and Liabilities	85 – 87
MISCELLANEOUS STATISTICAL INFORMATION	
Comparative Condensed Summary of Revenue – All Governmental Fund Types	88 – 89
Comparative Summary of Expenditures – All Governmental Fund Types	90 – 91
Tax Levies and Tax Collections – Road and Bridge Districts	92
Tax Levies and Tax Collections – General and Debt Service Funds	93
Property Tax Rates and Tax Levies	94 – 95
Assessed and Estimated Actual Values of Taxable Properties	96
Principal Taxpayers	97
Ratio of Annual Debt Service for General Bonded Debt to Total General Government Expenditures	98
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	99
Computation of Direct and Overlapping Bonded Debt	100

(continued)

WILLIAMSON COUNTY, TEXAS

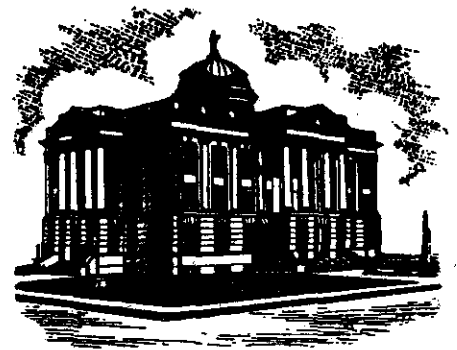
CONTENTS
(Continued)

	<u>Page Number</u>
MISCELLANEOUS STATISTICAL INFORMATION (Continued)	
Schedule of Legal Debt Margin Bonds Issued Under Article 3, Section 52(B) of the Texas Constitution.....	101
Property Value, Construction and Bank Deposits	102
Miscellaneous Information	103 – 108
Government.....	109 – 114
FEDERAL AWARD PROGRAMS	
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.....	115–116
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	117–118
Schedule of Expenditures of Federal Awards	119–121
Notes to Schedule of Expenditures of Federal Awards	122
Schedule of Findings and Questioned Costs.....	123
Summary Schedule of Prior Audit Findings.....	124

Williamson County

Georgetown, Texas

DAVID U. FLORES
COUNTY AUDITOR



March 13, 2004

The Honorable District Judges
Billy R. Stubblefield, 26th Judicial District
Ken Anderson, 277th Judicial District
Burt Carnes, 368th Judicial District
Mike Jergins, 395th Judicial District

The Honorable Commissioners' Court, Williamson County, Texas
John C. Doerfler, County Judge
Bradley Curlee, County Commissioner, Precinct I
Greg Boatright, County Commissioner, Precinct II
David Hays, County Commissioner, Precinct III
Frank Limmer, County Commissioner, Precinct IV

The Citizens of Williamson County

Gentlemen and Citizens:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Williamson County for the fiscal year ended September 30, 2003.

This report consists of management's representations concerning the finances of Williamson County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Williamson County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Williamson County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Williamson County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As financial management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Williamson County's financial statements have been audited by Pattillo, Brown & 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 Williamson County for the fiscal year ended September 30, 2003, 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 statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Williamson County's financial statements for the fiscal year ended September 30, 2003, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Williamson County was 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 audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the last section of this report.

GAAP requires 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 complement MD&A and should be read in conjunction with it. Williamson County's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Williamson County, organized in 1853, is located in the central part of the state, which is considered to be the top growth area in the state, and one of the top growth areas in the country. Williamson County currently occupies a land area of 1,104 square miles and serves a population of 303,587 per the July 2003 census estimate. Williamson County is empowered to levy a property tax on both real and personal properties located within its boundaries.

Williamson County is a political subdivision of the State of Texas. It has no legislative powers and very restrictive judicial and administrative powers. The governing body of the County is the Commissioners' Court of five members. The County Judge is the chairman of the court and the Commissioner from each of the four road and bridge precincts are also members. The Court has only such powers as are conferred upon it by the Constitution and the Statutes or by necessary implication there from.

Williamson County provides many varied services for the public it serves. Among these services are judicial, detention facilities, public safety, county roads, emergency medical service, health and limited social services, public improvements and general administrative services.

In counties over 225,000, the budget is prepared by the County Auditor acting as budget officer. The budget officer in these larger counties is entitled to any information necessary from other County officials in order to prepare the budget. The County budget officer budgets for the General Fund, Road and Bridge, and Debt Service funds. The budgets must be carefully itemized to make possible a comparison of the proposed expenditures with the expenditures of the preceding year. The budget must show as definitely as possible or with reasonable accuracy the purpose of each expenditure and the amount of money to be spent.

When the County Auditor has completed the preparation of the budget, the auditor files a copy of the proposed budget with the County Clerk. The Commissioners' Court holds a public hearing on the proposed budget. Any taxpayer of the County may attend and may participate in the hearing.

At the conclusion of the public hearing, the Commissioners' Court takes action on the proposed budget. The Commissioners' Court may make any changes in the proposed budget that it considers warranted by law and required in the best interest of the taxpayers.

The Commissioners' Court may levy taxes only in accordance with the budget. After final approval of the budget, the County Auditor shall file the budget with the County Clerk and may spend County funds only in strict compliance with the budget, except in an emergency.

The Commissioners' Court may authorize an emergency expenditure as an amendment to the original budget only in a case of grave public necessity to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonably diligent thought and attention. If the Court amends the original budget to meet an emergency, the Court files a copy of its order amending the budget with the County Clerk. The clerk attaches the copy to the original budget.

The Commissioners' Court, by order, may amend the budget to transfer an amount budgeted for one item to another budgeted item within the same fund without authorizing an emergency expenditure.

State Law requires counties to adopt a budget before they adopt a tax rate. The Commissioners' Court may levy taxes only in accordance with the budget. Chapter 26 of the Property Tax Code requires taxing units to comply with truth-in-taxation laws in setting their tax rates. This law has two purposes:

- to make the taxpayers more knowledgeable about tax rate proposals;
- and, in certain cases, to allow taxpayers to roll back or limit a tax increase.

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 Williamson County operates.

Local economy. Williamson County, once a rural community, is busy in agribusiness, manufacturing of electric motors, structural products and electronic products that dominate the economy. Southwestern University and Inner Space Caverns are located in Georgetown.

The growth rate of Williamson County has stabilized somewhat, however, it is the second fastest growing County in the state and 12th fastest growing County in the nation. Williamson County benefits from its geographic location in the heart of the growing I-35 Corridor. While manufacturing and high tech industries have experienced a slight slow down, the economic base of the area is enhanced by state and local government, higher education, and agriculture.

Dell Computer Corporation is headquartered in the city of Round Rock. In addition, this area is home to large research and development and manufacturing arms of companies such as Motorola, Applied Materials, IBM, 3M, and Advanced Micro Devices (AMD), DuPont Photomask, Cypress Semiconductor, and TECO-Westinghouse. In addition, Dell Diamond is located in Round Rock and is the home of the Round Rock Express, a minor league baseball team.

Long-term financial planning. The County continues working on several needed capital projects. Several of the voter approved \$350 million dollar road projects, of which \$295 million have been issued, involved engineering, environmental, right of way and utility relocation contracts which are now in place. Parmer Lane Phase I, Chandler Road and the majority of construction on the Georgetown Inner Loop, specifically DB Woods and Cedar Breaks are nearing completion. Approximately \$32 million dollars in expenditures during fiscal year 2003 represents the County's participation in SH45, a major highway running north from Austin funded by voter authorized unlimited tax road bonds. Construction was completed on the Jail expansion project this year. The Justice Center expansion will be completed in 2004. Other projects funded through a combination of voter and non-voter authorized certificates of obligation and general obligation bonds are the Williamson County Regional Park which is substantially completed and planning has begun on the Berry Springs Park. The East Williamson County Special Events Center will be completed soon as well as the new offices for the Precinct #4 Justice of the Peace. The Inner Loop Annex project was completed to provide office space for the Community Supervision and Corrections Department and will be expanded in the near future. Phases of various parks and hike and bike trails were completed this fiscal year with plans to expand in upcoming years.

Cash management policies and practices. In accordance with Section 116.112, Local Government Code, the County Treasurer, with direction of the Commissioners' Court is authorized to withdraw any County funds deposited in a County depository that are not immediately required to pay obligations of the County. The Treasurer may invest those funds as provided by this section, unless such an investment or withdrawal is prohibited by law, or the withdrawal is contrary to the terms of the depository contract.

The Commissioners' Court according to the Texas Investment Act has appointed an Investment Committee that, with the County Treasurer, reviews all investments to ensure compliance with the County's Investment Policy. The County has contracted investment expertise with First Southwest Asset Management, Inc. to oversee long-term investments. The court has also authorized the state investment pool known as Texpool for short-term investments. This provided the County with safety, liquidity, and a reasonable yield that equaled or exceeded the yield of Treasury Bills during the 2003 fiscal year. Investments are reported at fair value based on quoted market prices.

Risk Management. The County provides for the management of risks through a combination of self-insurance and traditional insurance. Property and casualty coverage has continued to be obtainable at reasonable premium rates on building and improvements. Comprehensive general liability and public officials' liability coverage have not been obtainable at reasonable rates. As a result, these risks are self-insured by the County.

The County elected to provide group medical and dental benefits to its employees on a self-funded basis, as allowed by state statutes. An insurance company provides stop-loss coverage. An independent company serves as Claim Administrator and the County Auditor's office audits the Benefit Program plan.

Pension and other postemployment benefits. The County provides retirement benefits for its retired employees through Texas County and District Retirement System. Williamson County also provides medical benefits to retirees through a self-funded program. The County provides an option to employees to participate in COBRA benefits.

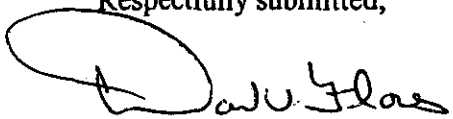
Awards and Acknowledgements. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Williamson County for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2002. This was the 11th consecutive year that the County has received this prestigious award.

In addition, this fiscal year, the Procurement department of the Auditor's office, headed by Robert Space, CPA, Procurement Director, was recognized with several awards including the Texas Association of Counties Leadership Foundation Award for Best Practices among Counties. This award was received in August 2003 for an innovative contracts tracking application. The National Institution of Government Purchasing awarded the department with The Outstanding Agency Accreditation Achievement Award for Excellence in Public Procurement. This is the third consecutive year the award has been presented to the Williamson County Purchasing department. For the fourth consecutive year, the National Purchasing Institute has recognized this department with the Achievement of Excellence in Procurement Award.

This report would not have been possible without the efficient and dedicated service of the entire staff of the Auditor's office and the audit team of Pattillo, Brown, Hill, L.L.P. I would like to express my appreciation to all members of the department who contributed to the preparation of this report. In addition, I would like to express my appreciation to the Commissioners' Court and to the District Judges for their interest and continued support, and for the responsive and progressive manner in which they support the financial operations of the County. Also, my gratitude goes to all elected officials, and employees in all matters related to the operation of this office during the past year and their efforts toward improving County business.

Special recognition and appreciation goes to Ms. Alison Whetston, member of the Information Technology team for Williamson County, for her tireless effort and dedication to the implementation of new programs and support of existing programs that serve as the backbone for financial, purchasing, and audit functions in this office and around the County.

Respectfully submitted,



David U. Flores
County Auditor



PB&H
PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable County Judge
and County Commissioners
Williamson County, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Williamson County, Texas as of September 30, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Williamson County, Texas' management. Our responsibility is to express an opinion on these basic 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, the provisions of Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Nonprofit Organizations." 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 opinion.

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 Williamson County, Texas, as of September 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund and the Special Road and Bridge Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note I, the County has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as of September 30, 2003.

In accordance with Government Auditing Standards, we have also issued a report dated March 13, 2004, on our consideration of Williamson County, Texas' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 11 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Williamson County, Texas' basic financial statements. The introductory section, combining and individual nonmajor financial statements, 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section 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.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Nonprofit Organizations," and is not a required part of the basic financial statements of the County. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Pattillo, Braun & Hill, L.L.P.

March 13, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS



Management's Discussion and Analysis

As management of Williamson County, we offer readers of the Williamson County financial statements this narrative overview and analysis of the financial activities of Williamson County for the fiscal year ended September 30, 2003. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i – v of this report.

This is the first year Williamson County is presenting financial information in the new reporting format required by Governmental Accounting Standards Board (GASB) Statement 34.

Financial Highlights

- The liabilities of Williamson County exceeded its assets at the close of the most recent fiscal year by \$81,550,862, due to unreported infrastructure assets.
- The County's total net assets decreased by \$21.8 million.
- Unrestricted net assets of \$17.1 million may be used to meet the County's ongoing obligations to citizens and creditors.
- Restricted assets of \$19.2 million are funds set aside for specific purposes.
- As of the close of the current fiscal year, Williamson County's governmental funds reported combined ending fund balances of \$131.4 million, a decrease of \$91.7 million in comparison with the prior year.
- Unreserved fund balance for the General Fund was \$14.5 million, or 22 percent of total General Fund expenditures.
- Williamson County's total debt decreased by \$6.6 million or less than 1 percent during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Williamson County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of Williamson County's finances in a manner similar to a private-sector business.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Williamson County is improving or deteriorating.

The statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, debt payments, and earned but unused vacation leave).

The government-wide financial statements can be found on pages 12 – 13 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of available resources, as well as on balances of available resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Williamson County maintains 30 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Special Road and Bridge Fund, and Capital Project Fund, all of which are considered to be major funds. Data from the other twenty-six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Williamson County adopts an annual appropriated budget for its General Fund, certain Special Revenue Funds, and the Debt Service Fund. Budgetary comparison statements have been provided for the General Fund and Special Road and Bridge Fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 14 – 20 of this report.

Proprietary funds. Williamson County maintains proprietary funds. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. Williamson County uses Internal Service Funds to account for its Fleet Maintenance and Benefits Fund. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Fleet Maintenance and Benefits Fund. Both Internal Service Funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the Internal Service Funds is provided in the form of combining statements elsewhere in the report.

The basic proprietary fund financial statements can be found on pages 21 – 23 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Williamson County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 24 – 25 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 – 48 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and Internal Service Funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 49 – 87 of this report.

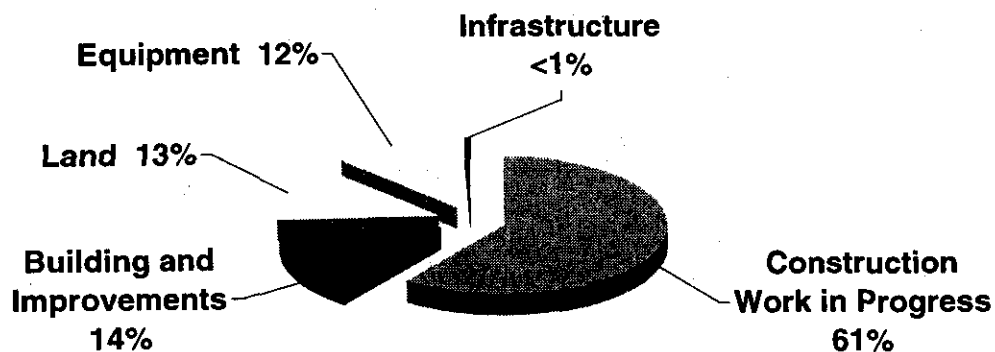
Financial Analysis of Government-wide Statements

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Williamson County, liabilities exceeded assets by \$81.5 million at the close of the most recent fiscal year. At the end of the current fiscal year, the County is unable to report a positive balance in the Statement of Net Assets for two reasons. One reason is because of the long-range impact of voter approved bond sales for past and present infrastructure improvements. The second reason is Williamson County is not required to include all infrastructure assets at this time. This is the first year of reporting under GASB 34 requirements, and infrastructure valuation includes only those roads and bridges built in FY 2003. Infrastructure assets are required to be reported no later than FY 2007 and will be included in future financial statements.

WILLIAMSON COUNTY'S NET ASSETS

	Governmental Activities 2003
Current assets	\$ 155,427,129
Capital assets	<u>160,809,003</u>
Total assets	<u>316,236,132</u>
Current liabilities	19,476,232
Noncurrent liabilities	<u>378,310,762</u>
Total liabilities	<u>397,786,994</u>
Net assets:	
Invested in capital assets, net of related debt	(117,831,069)
Restricted	19,208,104
Unrestricted	<u>17,072,103</u>
Total net assets	<u>\$(81,550,862)</u>

A portion of the County's net assets (\$160.8 million) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment). Williamson County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. It should be noted that the resources needed to repay the debt associated with these capital assets must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Capital assets are shown in the chart below.

Williamson County Capital Assets

An additional portion of the County's net assets (\$19.2 million) represents resources that are subject to external restrictions on how they may be used. The unrestricted net assets (\$17.1 million) may be used to meet the County's ongoing obligations to citizens and creditors.

The County's net assets decreased by \$21.8 million during the current fiscal year mainly due to infrastructure expenditures that can not be capitalized. The County can not capitalize all capital project expenditures because a large portion of these funds have been provided to other governmental entities to build infrastructure that will benefit the citizens of Williamson County in the future. These entities will capitalize and maintain these future assets.

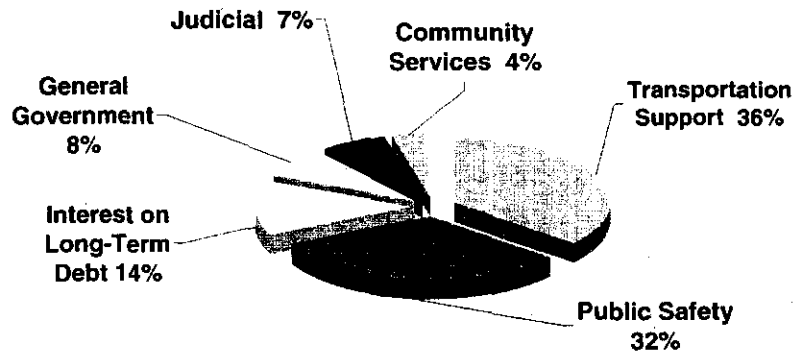
WILLIAMSON COUNTY'S CHANGES IN NET ASSETS

	Governmental Activities 2003
REVENUES	
Program revenues:	
Charges for services	\$ 33,212,771
Operating grants and contributions	12,337,715
Capital grants and contributions	222,848
General revenues:	
Property taxes	88,067,034
Investment earnings	3,338,374
Miscellaneous	341,130
Total revenues	<u>137,519,872</u>
EXPENSES	
General government	12,407,706
Public safety	50,231,160
Transportation support	57,597,735
Judicial	11,034,637
Community services	6,119,800
Interest on long-term debt	21,943,879
Total expenses	<u>159,334,917</u>
CHANGE IN NET ASSETS	(21,815,045)
NET ASSETS, BEGINNING	(59,735,817)
NET ASSETS, ENDING	<u>\$ (81,550,862)</u>

Property taxes are collected to support government activity through the General Fund, Special Road and Bridge Fund, and Debt Service. Property taxes increased by \$22.0 million (33 percent) to \$88.1 million for the year. Of the \$22.0 million increase, 54 percent was applied to Debt Service and 46 percent was applied to General Fund activity. Operating grants for governmental activities totaled \$12.3 million.

Expenses for governmental activities totaled \$159.1 million and are shown by activity in the chart below.

Governmental Expenses by Activity



Prior year information is not available in the format required by Government Accounting Standards Board Statement 34; therefore, we are unable to provide a comparative analysis. In future years, the County will present a comparative analysis of government-wide data.

Financial Analysis of the Governmental Funds

As noted earlier, Williamson County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Williamson County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

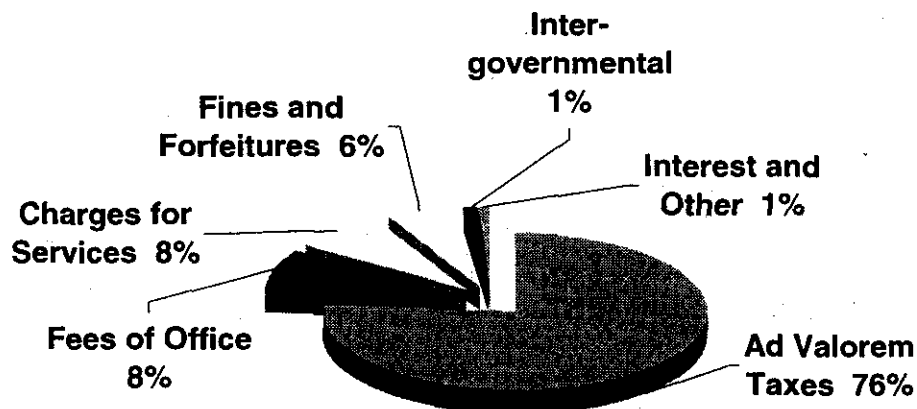
As of the end of the current fiscal year, Williamson County's governmental funds reported combined ending fund balances of \$131.4 million, a decrease of \$91.1 million in comparison with the prior year. Approximately 99% of this total amount constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance, \$356,548 is reserved and is not available for new spending because it has been reserved for State Highway 45 expenditures.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, total fund balance of the General Fund was \$14.5 million with none reserved. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 22 percent of total General Fund expenditures.

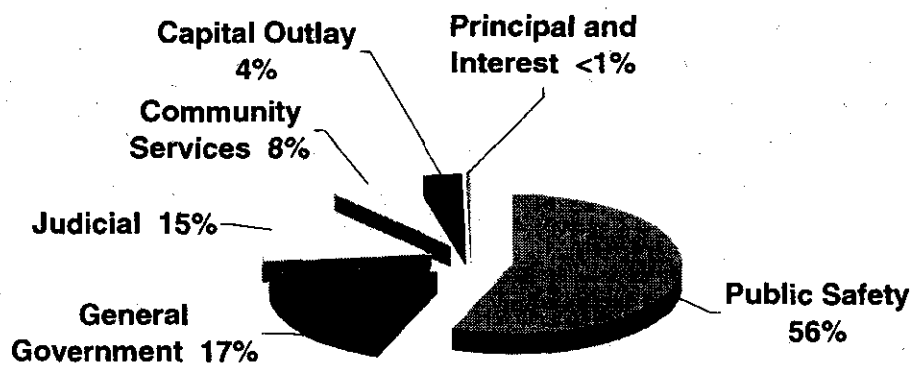
The fund balance of Williamson County's General Fund increased by 42 percent during the current fiscal year. A key factor in this growth is an increase of \$10.2 million in ad valorem taxes allocated to the General Fund.

General Fund revenues and expenditures are graphically depicted below.

General Fund Revenues



General Fund Expenditures



The Debt Service Fund has a total fund balance of \$3.1 million, all of which is reserved for the payment of debt service. The net increase in the fund balance during the current year in the Debt Service Fund was \$346,951. The County levied property tax for debt service at the beginning of the current fiscal year. The current levy produced revenues of \$ 11.9 million in the current fiscal year. Interest expenditures, however, also increased during the current period by \$8.2 million.

The Special Road and Bridge Fund has a total fund balance of \$6.4 million, with a net change of \$514,976.

The Capital Projects Fund has a total fund balance of \$98.2 million which is a reduction from the FY 2002 of \$98.4 million. Total expenditures were \$109.2 with capital outlay expenditures accounting for \$61.0 million and transportation support expenditures accounting for \$47.6 million. The balance was spent on general government and public safety.

Proprietary funds. Williamson County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Proprietary funds are made up two Internal Service Funds which include Fleet Service and Benefits Fund.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were relatively minor and can be briefly summarized as follows:

- Actual revenues exceeded budgeted revenues by \$2.3 million
- Actual revenues exceeded expenditures by \$3.9 million
- Original expenditure budget was amended and increased by \$1.2 million
- Actual expenditures were under the final budgeted amount by \$4.5 million

Capital Asset and Debt Administration

Capital assets. Williamson County's investment in capital assets for its governmental activities as of September 30, 2003, amounts to \$160.8 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery and equipment, park facilities, roads, highways, and bridges.

Major capital asset events during the current fiscal year included the following:

- Jail expansion project
- Road construction projects
- Parks projects
- East Williamson Special Events Center
- Precinct #4 Justice of the Peace Offices

Additional information about Williamson County's capital assets can be found in Note IV.C. found on page 40.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$376.9 million. The full amount is backed by the full faith and credit of the County. Williamson County's total debt decreased by \$6.6 million during the current fiscal year.

During fiscal year 2004, the County refinanced some of its existing debt to take advantage of favorable interest rates and issued additional debt. See subsequent events note on page 48.

Williamson County maintains an "AA-" rating from Standard & Poor's and an "Aa2" rating from Moody's Investment Services for certificates of obligation and general obligation debt. According to Moody's Investment Services, "Williamson County's financial operations continue to be well managed, reflecting ongoing revenue growth resulting in ample reserve levels." In addition, Standard & Poor's states that "Williamson County's financial performance and position are sound. The County has consistently met, or exceeded, its minimum General Fund balance policy of maintaining reserves equal to two months of operating expenditures since fiscal 1993."

State statutes limit the amount of debt a governmental entity may issue to 25 percent of its total assessment valuation of real property. The current debt limitation for Williamson County is \$3.9 billion, which is significantly in excess of Williamson County's outstanding general obligation debt.

Additional information on Williamson County's long-term debt can be found in Note IV. E. on pages 42 – 44 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Williamson County is currently 5.4 percent, which is a decrease from the rate of 6.1 percent a year ago. This compares favorably to the state's average unemployment rate of 6.6 percent and the national average rate of 6.9 percent.
- The occupancy rate of the government's central business district has remained at 97 percent for the past three years.

All of these factors were considered in preparing Williamson County's budget for the FY 2004.

During the current fiscal year, unreserved fund balance in the General Fund increased to \$14.5 million. Williamson County has appropriated \$2 million of this amount for spending in the FY 2004 budget.

Requests for Information

This financial report is designed to provide a general overview of Williamson County's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following:

Office of the County Auditor
710 South Main Street, Suite 301
Georgetown, Texas 78626



**BASIC
FINANCIAL STATEMENTS**

WILLIAMSON COUNTY, TEXAS

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2003

	Primary Government
	Governmental Activities
ASSETS	
Current assets:	
Cash and investments	\$ 141,806,477
Due from other governments	511,846
Accounts receivable (net of allowance)	6,167,555
Prepaid items	5,447
Inventory	315,786
Restricted cash	6,620,018
Total current assets	<u>155,427,129</u>
Non current assets:	
Capital assets:	
Land	20,979,015
Buildings and improvements	30,213,205
Infrastructure	156,663
Equipment	32,791,183
Construction work in progress	97,402,024
Less: accumulated depreciation	(20,733,087)
Total capital assets	<u>160,809,003</u>
Total noncurrent assets	<u>160,809,003</u>
Total assets	<u>316,236,132</u>
LIABILITIES	
Current liabilities:	
Accounts payable	8,886,613
Due to other governments	165,155
Due to others	683,707
Accrued liabilities	6,335,496
Arbitrage payable	783,688
Unearned revenue	98,624
Accrued interest	2,522,949
Total current liabilities	<u>19,476,232</u>
Noncurrent liabilities:	
Due within one year	10,025,762
Due in more than one year	368,285,000
Total noncurrent liabilities	<u>378,310,762</u>
Total liabilities	<u>397,786,994</u>
NET ASSETS	
Invested in capital assets, net of related debt	(117,831,069)
Restricted for:	
Debt service	3,556,476
Road and Bridge	6,572,279
Conservation	1,724,423
Tobacco	3,613,313
Other purposes	3,741,613
Unrestricted	<u>17,072,103</u>
Total net assets	<u>\$ (81,550,862)</u>

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

WILLIAMSON COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2003

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental activities:					
General government	\$ 12,407,706	\$ 4,570,423	\$ 6,868,209	\$ 29,890	\$ (939,184)
Public safety	50,231,160	16,167,807	1,890,452	103,879	(32,069,022)
Transportation support	57,597,735	4,804,479	103,403	89,079	(52,600,774)
Judicial	11,034,637	7,252,525	121,891	-	(3,660,221)
Community services	6,119,800	417,537	3,353,760	-	(2,348,503)
Interest on long-term debt	21,943,879	-	-	-	(21,943,879)
Total governmental activities	<u>159,334,917</u>	<u>33,212,771</u>	<u>12,337,715</u>	<u>222,848</u>	<u>(113,561,583)</u>
Total primary government	<u>\$ 159,334,917</u>	<u>\$ 33,212,771</u>	<u>\$ 12,337,715</u>	<u>\$ 222,848</u>	<u>\$ (113,561,583)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					\$ 52,528,265
Property taxes, levied for farm to market					6,351,501
Property taxes, levied for debt service					29,187,268
Investment earnings					3,338,374
Miscellaneous					<u>341,130</u>
Total general revenues					<u>91,746,538</u>
Change in net assets					(21,815,045)
Net assets, beginning					<u>(59,735,817)</u>
Net assets, ending					<u>\$ (81,550,862)</u>

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

WILLIAMSON COUNTY, TEXAS

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2003

	Special Revenue		
	General	Special Road and Bridge	Debt Service
ASSETS			
Cash and investments	\$ 17,793,747	\$ 6,798,976	\$ 3,018,534
Due from other governments	333,455	-	-
Accounts receivable (net of allowance)	4,362,375	204,260	569,195
Due from other funds	108,593	-	-
Prepaid items	2,136	-	-
Inventory	-	161,658	-
Restricted cash	-	-	-
Total assets	<u>\$ 22,600,306</u>	<u>\$ 7,164,894</u>	<u>\$ 3,587,729</u>
LIABILITIES AND EQUITY			
Liabilities:			
Accounts payable	\$ 1,682,343	\$ 269,955	\$ -
Due to other governments	139,425	-	-
Due to other funds	-	-	-
Due to others	640,750	42,957	-
Accrued liabilities	2,335,939	259,895	-
Arbitrage payable	-	-	34,253
Deferred revenue	<u>3,272,233</u>	<u>174,055</u>	<u>461,945</u>
Total liabilities	<u>8,070,690</u>	<u>746,862</u>	<u>496,198</u>
Fund balances:			
Reserved for:			
SH 45 construction	-	-	-
Unreserved, reported in:			
General fund	14,529,616	-	-
Special revenue funds	-	6,418,032	-
Debt service fund	-	-	3,091,531
Capital projects fund	-	-	-
Total fund balances	<u>14,529,616</u>	<u>6,418,032</u>	<u>3,091,531</u>
Total liabilities and fund balances	<u>\$ 22,600,306</u>	<u>\$ 7,164,894</u>	<u>\$ 3,587,729</u>

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.

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

An Internal Service Fund is used by management to charge the costs of certain capital assets to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the statement of net assets.

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Net assets of governmental activities

The accompanying notes are an integral part of these financial statements.

Capital Projects	Other Governmental Funds	Total
\$ 101,399,652	\$ 9,238,612	\$ 138,249,521
-	178,391	511,846
-	975,014	6,110,844
-	-	108,593
-	-	2,136
-	-	161,658
<u>6,620,018</u>	<u>-</u>	<u>6,620,018</u>
\$ <u>108,019,670</u>	\$ <u>10,392,017</u>	\$ <u>151,764,616</u>
\$ 5,678,908	\$ 1,106,884	\$ 8,738,090
-	25,730	165,155
-	108,593	108,593
-	-	683,707
3,252,778	71,458	5,920,070
749,435	-	783,688
<u>98,621</u>	<u>3</u>	<u>4,006,857</u>
<u>9,779,742</u>	<u>1,312,668</u>	<u>20,406,160</u>
356,548	-	356,548
-	-	14,529,616
-	9,079,349	15,497,381
-	-	3,091,531
<u>97,883,380</u>	<u>-</u>	<u>97,883,380</u>
<u>98,239,928</u>	<u>9,079,349</u>	<u>131,358,456</u>
\$ <u>108,019,670</u>	\$ <u>10,392,017</u>	
		160,746,872
		3,908,233
		3,269,288
		<u>(380,833,711)</u>
		<u>\$ (81,550,862)</u>

WILLIAMSON COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

		<u>Special Revenue</u>	
	<u>General</u>	<u>Special Road and Bridge</u>	<u>Debt Service</u>
REVENUES			
Taxes	\$ 52,506,103	\$ 6,335,598	\$ 28,993,243
Fees of office	5,498,881	-	-
Fines and forfeitures	4,072,977	-	-
Charges for services	5,403,699	9,947	-
Intergovernmental	709,047	192,482	-
Motor vehicle registration	-	4,744,671	-
Interest and other	589,200	126,085	147,529
Total revenues	<u>68,779,907</u>	<u>11,408,783</u>	<u>29,140,772</u>
EXPENDITURES			
Current:			
General government	11,253,617	-	-
Public safety	36,302,939	-	-
Transportation support	-	9,579,705	-
Judicial	9,618,343	-	-
Community services	5,221,234	-	-
Capital outlay	2,326,376	1,275,295	-
Debt service:			
Principal	190,555	-	6,330,000
Interest	7,398	-	22,429,569
Other	-	-	34,252
Total expenditures	<u>64,920,462</u>	<u>10,855,000</u>	<u>28,793,821</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>3,859,445</u>	<u>553,783</u>	<u>346,951</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	20,500	-	-
Transfers out	(177,097)	(38,807)	-
Total other financing sources	<u>(156,597)</u>	<u>(38,807)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	3,702,848	514,976	346,951
FUND BALANCES, BEGINNING	10,214,313	5,903,056	2,744,580
PRIOR PERIOD ADJUSTMENT	<u>612,455</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 14,529,616</u>	<u>\$ 6,418,032</u>	<u>\$ 3,091,531</u>

The accompanying notes are an integral part of these financial statements.

<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ -	\$ -	\$ 87,834,944
-	1,885,567	7,384,448
-	14,558	4,087,535
-	424,067	5,837,713
6,868,209	15,290,124	23,059,862
-	-	4,744,671
<u>2,574,454</u>	<u>94,838</u>	<u>3,532,106</u>
<u>9,442,663</u>	<u>17,709,154</u>	<u>136,481,279</u>
28,523	426,327	11,708,467
252,192	12,050,644	48,605,775
47,645,002	-	57,224,707
364	1,096,466	10,715,173
301,602	489,550	6,012,386
61,006,471	261,139	64,869,281
-	79,222	6,599,777
-	1,633	22,438,600
-	-	<u>34,252</u>
<u>109,234,154</u>	<u>14,404,981</u>	<u>228,208,418</u>
(99,791,491)	<u>3,304,173</u>	(91,727,139)
1,349,951	168,453	1,538,904
(8,000)	(1,315,000)	(1,538,904)
<u>1,341,951</u>	(1,146,547)	-
(98,449,540)	2,157,626	(91,727,139)
196,689,468	6,921,723	222,473,140
-	-	<u>612,455</u>
<u>\$ 98,239,928</u>	<u>\$ 9,079,349</u>	<u>\$ 131,358,456</u>

WILLIAMSON COUNTY, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2003

Amounts reported for governmental activities in the Statement of Activities (page 13) are different because:

Net change in fund balances - total governmental funds (pages 16 - 17)	\$(91,727,139)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	61,354,756
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) decreased net assets.	(244,942)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	956,574
The issuance of long-term debt (e.g., bonds, leases) provides 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 costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	6,599,777
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.	108,860
Internal Service Funds are used by management to charge the costs of certain capital assets to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>1,137,069</u>
Change in net assets of governmental activities (page 13)	<u>\$(21,815,045)</u>

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

WILLIAMSON COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 51,686,000	\$ 51,686,000	\$ 52,506,103	\$ 820,103
Fees of office	4,423,800	4,423,800	5,498,881	1,075,081
Fines and forfeitures	4,123,000	4,123,000	4,072,977	(50,023)
Charges for services	5,018,500	5,018,500	5,403,699	385,199
Intergovernmental	422,000	422,000	709,047	287,047
Interest and other	848,000	848,000	589,200	(258,800)
Total revenues	<u>66,521,300</u>	<u>66,521,300</u>	<u>68,779,907</u>	<u>2,258,607</u>
EXPENDITURES				
Current:				
General government	12,907,179	12,691,424	11,253,617	1,437,807
Public safety	36,799,397	37,829,376	36,302,939	1,526,437
Judicial	9,759,013	10,061,033	9,618,343	442,690
Community services	5,215,652	5,601,172	5,221,234	379,938
Capital outlay	3,369,261	3,079,325	2,326,376	752,949
Debt service:				
Principal	197,713	197,713	190,555	7,158
Interest	7,157	7,399	7,398	1
Total expenditures	<u>68,255,372</u>	<u>69,467,442</u>	<u>64,920,462</u>	<u>4,546,980</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(1,734,072)</u>	<u>(2,946,142)</u>	<u>3,859,445</u>	<u>6,805,587</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	-	84,500	20,500	(64,000)
Transfer out	(1,137,872)	(815,617)	(177,097)	638,520
Total other financing sources (uses)	<u>(1,137,872)</u>	<u>(731,117)</u>	<u>(156,597)</u>	<u>574,520</u>
NET CHANGE IN FUND BALANCES	<u>(2,871,944)</u>	<u>(3,677,259)</u>	<u>3,702,848</u>	<u>7,380,107</u>
FUND BALANCES, BEGINNING	<u>10,214,313</u>	<u>10,214,313</u>	<u>10,214,313</u>	<u>-</u>
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>612,455</u>	<u>612,455</u>
FUND BALANCES, ENDING	<u>\$ 7,342,369</u>	<u>\$ 6,537,054</u>	<u>\$ 14,529,616</u>	<u>\$ 7,992,562</u>

The accompanying notes are an integral part of these financial statements.

WILLIAMSON COUNTY, TEXAS

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

SPECIAL ROAD AND BRIDGE

FOR THE YEAR ENDED SEPTEMBER 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Taxes	\$ 6,209,500	\$ 6,209,500	\$ 6,335,598	\$ 126,098
Charges for services	-	-	9,947	9,947
Intergovernmental	110,000	110,000	192,482	82,482
Motor vehicle registration	4,350,000	4,350,000	4,744,671	394,671
Interest and other	100,500	100,500	126,085	25,585
Total revenues	<u>10,770,000</u>	<u>10,770,000</u>	<u>11,408,783</u>	<u>638,783</u>
EXPENDITURES				
Transportation support:				
Salaries	4,012,282	4,061,036	3,932,373	128,663
Employee benefits	1,577,918	1,690,419	1,570,537	119,882
Maintenance and construction				
of roads and bridges	4,958,800	4,836,434	2,720,940	2,115,494
Equipment maintenance	911,750	1,193,830	1,165,466	28,364
Office and occupancy	125,000	127,140	73,235	53,905
Other	254,550	202,444	117,154	85,290
Total transportation support	<u>11,840,300</u>	<u>12,111,303</u>	<u>9,579,705</u>	<u>2,531,598</u>
Capital outlay	1,582,000	1,406,000	1,275,295	130,705
Total expenditures	<u>13,422,300</u>	<u>13,517,303</u>	<u>10,855,000</u>	<u>2,662,303</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,652,300)</u>	<u>(2,747,303)</u>	<u>553,783</u>	<u>3,301,086</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	38,807	(38,807)	(77,614)
Total other financing sources	<u>-</u>	<u>38,807</u>	<u>(38,807)</u>	<u>(77,614)</u>
NET CHANGE IN FUND BALANCES	<u>(2,652,300)</u>	<u>(2,708,496)</u>	<u>514,976</u>	<u>3,223,472</u>
FUND BALANCES, BEGINNING	<u>5,903,056</u>	<u>5,903,056</u>	<u>5,903,056</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 3,250,756</u>	<u>\$ 3,194,560</u>	<u>\$ 6,418,032</u>	<u>\$ 3,223,472</u>

The accompanying notes are an integral part of these financial statements.

WILLIAMSON COUNTY, TEXAS**STATEMENT OF FUND NET ASSETS****PROPRIETARY FUNDS****SEPTEMBER 30, 2003****Governmental
Activities -
Internal
Service Funds****ASSETS****Current assets:**

Cash and investments	\$ 3,556,956
Accounts receivable	56,711
Prepaid expenses	3,311
Inventory	<u>154,128</u>
Total current assets	<u>3,771,106</u>

Noncurrent assets:**Capital assets:**

Machinery and equipment	173,705
Less accumulated depreciation	<u>(111,574)</u>
Total capital assets (net of accumulated depreciation)	<u>62,131</u>
Total assets	<u>3,833,237</u>

LIABILITIES**Current liabilities:**

Accounts payable	148,523
Accrued liabilities	<u>415,426</u>
Total liabilities	<u>563,949</u>

NET ASSETS

Invested in capital assets	62,131
Unrestricted	<u>3,207,157</u>
Total net assets	<u>\$ 3,269,288</u>

The accompanying notes are an integral part of these financial statements.

WILLIAMSON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	<u>Governmental Activities - Internal Service Funds</u>
OPERATING REVENUES	
Employer contributions	\$ 5,468,893
Employee contributions	1,967,537
Charges for services	<u>1,654,516</u>
Total operating revenues	<u>9,090,946</u>
OPERATING EXPENSES	
Claims	5,423,870
Insurance	441,963
Administration	2,188,652
Depreciation	<u>13,981</u>
Total operating expenses	<u>8,068,466</u>
Operating income	<u>1,022,480</u>
NON OPERATING REVENUE (EXPENSES)	
Investment earnings	<u>38,477</u>
Total nonoperating revenues (expenses)	<u>38,477</u>
INCOME BEFORE TRANSFERS	1,060,957
Transfers in	<u>76,112</u>
CHANGE IN NET ASSETS	1,137,069
TOTAL NET ASSETS, BEGINNING	<u>2,132,219</u>
TOTAL NET ASSETS, ENDING	<u>\$ 3,269,288</u>

The accompanying notes are an integral part of these financial statements.

WILLIAMSON COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	<u>Governmental Activities - Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 8,880,295
Payments to suppliers	(7,520,785)
Payments to employees	(626,739)
Net cash provided by operating activities	<u>732,771</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in	<u>76,112</u>
Net cash flows provided by noncapital financing activities	<u>76,112</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchase of capital assets	(76,112)
Net cash flows used by capital financing activities	(76,112)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment earnings	<u>38,477</u>
Net cash flows provided by investing activities	<u>38,477</u>
INCREASE IN CASH AND CASH EQUIVALENTS	771,248
CASH AND EQUIVALENTS AT OCTOBER 1, 2002	<u>2,785,708</u>
CASH AND EQUIVALENTS AT SEPTEMBER 30, 2003	<u>\$ 3,556,956</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income	\$ 1,022,480
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	13,981
(Increase) decrease in accounts receivable	(56,523)
(Increase) decrease in inventory	(154,128)
(Increase) decrease in prepaid expenses	(3,311)
(Decrease) increase in accounts payable	(153,563)
(Decrease) increase in accrued liabilities	<u>63,835</u>
Net cash provided by operating activities	<u>\$ 732,771</u>

The accompanying notes are an integral part of these financial statements.

WILLIAMSON COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2003

	Private Purpose Trust Available School	Agency Funds
ASSETS		
Cash and investments	\$ 7,155	\$ 13,157,179
Total assets	\$ 7,155	\$ 13,157,179
LIABILITIES		
Due to other governments	\$ -	\$ 2,884,614
Due to others	7,155	10,272,565
Total liabilities	\$ 7,155	\$ 13,157,179

The accompanying notes are an integral part of these financial statements.

WILLIAMSON COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	<u>Private Purpose Trust Available School</u>
ADDITIONS	
Investment earnings	\$ 63,286
DEDUCTIONS	
Apportionment to schools	<u>4,782,207</u>
CHANGE IN NET ASSETS	(4,718,921)
TOTAL NET ASSETS, BEGINNING	<u>4,718,921</u>
TOTAL NET ASSETS, ENDING	\$ <u>-</u>

The accompanying notes are an integral part of these financial statements.

WILLIAMSON COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Williamson County, Texas, (the County) uses a commission form of government under the laws and statutes of the constitution of the State of Texas. The County provides various services to advance the welfare, health, morals, comfort, safety, and convenience of the County and its inhabitants. A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

A. Reporting Entity

In 1991, GASB issued "Statement No. 14, The Financial Reporting Entity," which established standards for defining and reporting on the financial reporting entity. The discussion that follows includes not only the *minimum guidelines for an entity's inclusion* in the County's financial statements, but also the reasons that certain entities were excluded from the statements.

The definition of the reporting entity is based primarily on the notion of financial accountability. The elected officials governing Williamson County are accountable to their constituents for their public policy decisions, regardless of whether those decisions are carried out directly through the operations of the County or by their appointees through the operations of a separate entity. Therefore, the County is not only financially accountable for the organizations that make up its legal entity, it is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the County.

Depending upon the significance of the County's financial and operational relationships with various separate entities, the organizations are classified as blended or discretely presented *component units, related organizations, joint ventures, or jointly governed organizations*, and the financial disclosure is treated accordingly.

Related Organizations – Where the Commissioners' Court is responsible for appointing a majority of the members of a board of another organization, but the County's accountability does not extend beyond making such appointments, disclosure is made in the form of the relation between the County and such organization.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Blended Component Unit

Williamson County Conservation is a nonprofit corporation formed under the laws of the Texas Nonprofit Corporation Act. It was formed by the Williamson County Commissioners' Court in December of 2002, as a pro-active approach to providing for conservation of the recovery of endangered species in the Williamson County area. The Foundation is overseen by a board of directors appointed by the Williamson County Commissioners' Court.

Based upon the foregoing criteria, the following entities are not included in the accompanying financial statements: the Williamson County Health Department, the Williamson County Crisis Center, the Williamson County Board of Alcoholism, Northeast Round Rock Road District No. 1, Southeast Williamson County Road District No. 1, Southwest Williamson County Road District No. 1, and Georgetown Road District No. 1.

B. Implementation of New Accounting Pronouncement

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments. Certain of the significant changes in the Statement include the following:

- For the first time, the financial statements include:
 - A Management Discussion and Analysis (MD&A) section providing an analysis of the County's overall financial position and results of operations.
 - Financial statements prepared using full accrual accounting for all of the County's activities, including infrastructure (roads, bridges, etc.)
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The County implemented the general provisions of the Statement in the current year.

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the government. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenue.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**C. Government-wide and Fund Financial Statements (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) 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 among program revenue are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

D. 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, as are the proprietary fund financial statements. 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the 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 to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation**
(Continued)

The County reports the following major governmental funds:

The General Fund is the County's primary operating fund. It accounts for all financial resources of the County, except those required to be accounted for in another fund.

The Special Road and Bridge Fund is A Special Revenue Fund used to account for revenue derived from ad valorem taxes, vehicle registration fees and rebates from the State of Texas. Expenditures are for maintenance and construction of County roads and bridges.

The Capital Projects Fund is used to account for the acquisition of fixed assets or construction of major capital projects.

The Debt Service Fund is used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs.

Additionally, the County reports the following fund types:

Internal Service Funds – account for Benefits Program and Fleet Maintenance services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

The Private-purpose Trust Fund is used to account for investments, interest, rents and royalties for the benefit of various school districts in the County. The revenues are distributed to the various school districts.

Agency Funds – are used to account for assets held by the County as an agent for individuals and other governments. Agency Funds are custodial in nature and do not include measurements of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their internal service funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation**
(Continued)

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's internal service funds are charges to customers for services. Operating expenses for the internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Assets, Liabilities and Net Assets or Equity**1. Cash and Investments**

The County pools cash resources of some funds and invests these funds jointly. Each fund owns a prorata share of the cash and investments. The County is entitled to invest in obligations of the United States, the State of Texas, and certificates of deposit of state or national banks or savings and loan associations within the State. All investments are stated at fair value.

Investment earnings are allocated to the respective funds based on the cash balances outstanding at the end of each month.

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**E. Assets, Liabilities and Net Assets or Equity (Continued)****2. Receivables and Payables (Continued)**

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.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for uncollectibles.

Ad valorem property taxes attach as enforceable liens as of January 1. Taxes are levied prior to September 30, payable on October 1, and are delinquent on February 1. The majority of the County's property tax collections occur during December and early January each year. To the extent that County property tax revenue result in current receivables as defined by the Governmental Accounting Standards Board (GASB) they are recognized when levied.

3. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method.

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. Restricted Assets

Certain funds are set aside and classified as restricted assets on the balance sheet because they are maintained in a separate bank account and their use is restricted by third parties.

5. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items) are reported in the governmental activities column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost 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 repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Assets or Equity (Continued)

5. Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20 - 40
Vehicles	3 - 10
Machinery and equipment	5 - 15
Infrastructure	5 - 50

6. Federal and State Grants

Revenue from federal and state grants is recognized on the basis of actual expenditures incurred, limited to the amount of the total grant award. Shared revenue is recognized based on the fiscal period to which the entitlements received apply.

7. Compensated Absences

The Williamson County Personnel Policy provides employees with vacation leave and nonvesting accumulating rights to sick pay benefits. The policy allows all employees to accumulate a range of 80 to 160 hours of vacation per year. Employees are allowed to carry their vacation balance forward to the next fiscal year in an amount not to exceed 80 to 160 hours, respectively. Employees may also accrue up to 240 hours of compensatory time. Additionally, holiday time is accrued up to a maximum of 200 hours. Unused compensatory time, vacation leave, and holiday time is paid upon termination. Governmental fund liability and expenditures are not recognized until they come due for payment in accordance with the provisions of GASB Interpretation 6.

8. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, 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.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**E. Assets, Liabilities and Net Assets or Equity (Continued)****8. Long-term Obligations (Continued)**

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 the use for specific purposes. Designations of fund balance represent tentative management plans that are subject to change.

10. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

11. Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

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 – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains, “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(380,833,711) difference are as follows:

General and certifications of obligation	\$(376,880,000)
Accrued interest payable	(2,522,949)
Compensated absences	(1,430,762)
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	\$(380,833,711)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$61,354,756 difference are as follows:

Capital outlay	\$ 64,869,281
Depreciation expense	(3,514,525)
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ 61,354,756

Another element of that reconciliation states, “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) decreased net assets.” The details of this \$(244,942) difference are as follows:

(continued)

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

In the Statement of Activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.

\$ (244,942)

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

\$ (244,942)

Another element of that reconciliation states, "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this \$956,574 difference are as follows:

Property taxes	\$ 486,188
Adjudicated fines	233,668
Emergency medical services	158,795
Other revenues	<u>77,923</u>

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

\$ 956,574

Another element of that reconciliation states, "The issuance of long-term debt (e.g., bonds, leases) provides 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." The details of this \$6,599,777 difference are as follows:

Principal repayments	\$ <u>6,599,777</u>
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Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*

\$ 6,599,777

(continued)

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation states, "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 \$108,860 difference are as follows:

Compensated absences	\$(420,113)
Accrued interest	<u>528,973</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 108,860</u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

In accordance with the Local Government Budget and Fiscal Control Act, the County follows these procedures in establishing the budgetary data reflected in the financial report:

- (1) The County Auditor submits to the County Commissioners a proposed operating budget for the fiscal year commencing the following October. The operational budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted to obtain taxpayer comments.
- (3) The budget is legally enacted through passage of an ordinance by September 30 each year.

The County Commissioners may amend the budget ordinance at any time after its adoption so long as the amended ordinance continues to meet the requirements of "Local Government Budget and Fiscal Control Act". During the year, several supplementary appropriations to the original budget were necessary. Individual amendments to the ordinance were not material in relation to the original appropriations. The budget amounts shown in the combined financial statements represent the budget as amended at September 30, 2003. Under State statute, actual expenditures cannot exceed budgetary appropriations at any level for which the budget is formally approved. The County's legally adopted budget is at the function level. All budgets are fixed in nature. For internal management purposes, the budgets are detailed by line item and entered into the accounting records. Comparisons of actual expenditures or expenses to budget are made on an ongoing basis. Budgets of the General, Special Revenue, and Debt Service are prepared on an annual basis. Formal budgetary integration is not employed for Capital Projects Funds because budgetary control is achieved through legally binding construction contracts.

(continued)

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**Budgetary Information (Continued)**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General, Special Revenue (except as noted in the following paragraph) and Debt Service Funds. All annual appropriations lapse at fiscal year-end.

Annually appropriated budgets are not adopted for all Special Revenue Funds. The County CWICS Fund, Records Archive Fund, Child Safety Fund, Tobacco Fund, Justice Court Technology Fund, Juvenile Delinquency Preservation Fund, Out-of-State Billing Fund, County Sheriff Fund and Grants Fund do not have legally adopted budgets. Accordingly, budget and actual comparisons do not include these funds.

IV. DETAILED NOTES ON ALL FUNDS**A. Deposits and Investments****Deposits**

At year-end the carrying amount of the County's deposits was \$5,262,137 and the bank balance was \$18,897,601. The bank balance was covered by federal depository insurance or by collateral pledged to the County by the County's depository bank and held by the County's agent in the County's name.

Investments

Investments are reported at fair value based on quoted market prices. Changes in fair value of investments are recognized as revenue in the operating statement.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the government or its agent in the government's name.
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name.
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the government's name.

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Investments (Continued)

At year-end, the government's investment balances were as follows:

	Category			Fair Value
	1	2	3	
Investments not subject to categorization:				
Texas Local Government				
Investment Pool				\$ 156,328,692
Total Investments				\$ 156,328,692

The Texas Local Government Investment Pool (TexPool) is a public funds investment pool created pursuant to the Interlocal Cooperation Act of the State of Texas.

The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both Participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. Finally, TexPool is rated AAAM by Standard & Poors. As a requirement to maintain the rating weekly portfolio, information must be submitted to Standard & Poors, as well as the Office of the Comptroller of Public Accounts for review.

TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

B. Receivables

Receivables as of year-end for the government's individual major funds, nonmajor funds and enterprise funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds				Total
	General	Road and Bridge	Debt Service	Other Governmental Funds	
Receivables:					
Property taxes	\$ 1,214,230	\$ 179,473	\$ 569,195	\$ -	\$ 1,962,898
Adjudicated fines	1,371,583	-	-	-	1,371,583
Emergency medical services	5,619,642	-	-	-	5,619,642
Other	356,762	24,787	-	975,014	1,356,563
Gross receivables	8,562,217	204,260	569,195	975,014	10,310,686
Less: allowance for uncollectibles	4,199,842	-	-	-	4,199,842
Net total receivables	\$ 4,362,375	\$ 204,260	\$ 569,195	\$ 975,014	\$ 6,110,844

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables (Continued)

Governmental funds report *deferred revenue* in connection with receivables for revenue that is 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. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
General Fund		
Delinquent property taxes receivable	\$ 1,014,932	\$ -
Adjudicated fines	542,727	-
Emergency medical services	1,592,712	-
Other	121,862	-
Total General Fund	<u>3,272,233</u>	<u>-</u>
Special Road and Bridge Fund:		
Delinquent property taxes receivable	154,247	-
Other	19,808	-
Total Special Road and Bridge Fund	<u>174,055</u>	<u>-</u>
Debt Service Fund		
Delinquent property taxes receivable	461,945	-
Total Debt Service Fund	<u>461,945</u>	<u>-</u>
Capital Projects Fund		
Intergovernmental	-	98,621
Total Capital Projects Fund	<u>-</u>	<u>98,621</u>
Other Governmental Funds		
Intergovernmental	-	3
Total Other Governmental Funds	<u>-</u>	<u>3</u>
Total Governmental Funds	<u>\$ 3,908,233</u>	<u>\$ 98,624</u>

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

Capital asset activity for the year ended September 30, 2003, was as follows:

Primary Government

	Beginning Balance	Adjustments	Increases	Decreases	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 16,769,248	\$ 279,658	\$ 3,930,109	\$ -	\$ 20,979,015
Construction in progress	40,673,119	372,399	56,949,931	593,425	97,402,024
Total assets not being depreciated	57,442,367	652,057	60,880,040	593,425	118,381,039
Capital assets, being depreciated:					
Buildings and improvements	28,681,222	1,055,771	476,212	-	30,213,205
Infrastructure	-	-	156,663	-	156,663
Machinery and equipment	28,689,852	1,109,998	3,949,791	958,458	32,791,183
Total capital assets being depreciated	57,371,074	2,165,769	4,582,666	958,458	63,161,051
Less accumulated depreciation:					
Buildings and improvements	6,622,954	-	743,305	-	7,366,259
Infrastructure	-	-	757	-	757
Machinery and equipment	11,295,143	-	2,784,444	713,516	13,366,071
Total accumulated depreciation	17,918,097	-	3,528,506	713,516	20,733,087
Total capital assets being depreciated, net	39,452,977	2,165,769	1,054,160	244,942	42,427,964
Governmental activities capital assets, net	\$ 96,895,344	\$ 2,817,826	\$ 61,934,200	\$ 838,367	\$ 160,809,003

Depreciation expense was charged to functions/programs of the County as follows:

Governmental Activities:	
General government	\$ 573,015
Public safety	1,867,778
Transportation support	561,811
Judicial	406,720
Community services	119,183
Total Depreciation Expense - Governmental Activities	\$ 3,528,507

GASB Statement No. 34 requires the County to report and depreciate new infrastructure assets effective with the beginning of the current year. Infrastructure assets include roads, bridges, etc. These infrastructure assets are likely to be the largest asset class of the County. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first required for the fiscal year ending in 2007. The County has implemented the general provisions of GASB Statement No. 34 in the current year and will implement the retroactive infrastructure provisions no later than the fiscal year ending September 30, 2007.

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2003, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other governmental funds	\$ 108,593
Total		\$ 108,593

This balance resulted from the time lag between the dates that 1) interfund goods and services are provided on reimbursable expenditures occur, and 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Interfund transfers:

	<u>Transfers In</u>			<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	
Transfers Out:				
General Fund	\$ -	\$ 11,144	\$ 165,953	\$ 177,097
Special Road and Bridge	-	38,807	-	38,807
Capital Projects	7,500	-	500	8,000
Other governmental funds	13,000	1,300,000	2,000	1,315,000
Total Transfers Out	\$ 20,500	\$ 1,349,951	\$ 168,453	1,538,904
Transfer in of General Capital Assets:				
Assets:				
To Internal Service Funds from existing general capital assets				76,112
Total Transfers In				\$ 1,615,016

In the fund financial statements, total transfers in of \$1,615,016 are greater than total transfers out of \$1,538,904, because of the treatment of transfers of capital assets to the Fleet Maintenance Internal Service Fund. During the year, existing capital assets related to governmental funds, with a book value of \$76,112, were transferred to the Internal Service Fund. No amounts were reported in the governmental funds, as the amount did not involve the transfer of financial resources. However, the Internal Service Fund did report a transfer in for the capital resources received.

The transfers totaling \$1,300,000 to the Capital Projects Fund from the Other Governmental Funds was to pay the Capital Projects Fund for land that is to be reserved for the conservation of caves.

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Receivables, Payables and Transfers

The transfer of \$165,953 from the General Fund to other governmental funds is to fund the County match portion for grants.

E. Long-term Liabilities

The following is a summary of the long-term liability transactions of the County for the year ended September 30, 2003.

	Balance October 1, 2002	Additions	Retirements	Balance September 30, 2003	Amounts Due Within One Year
<u>Governmental Activities</u>					
Bonds payable	\$ 383,210,000	\$ -	\$ 6,330,000	\$ 376,880,000	\$ 8,595,000
Capital leases payable	269,777	-	269,777	-	-
Compensated absences	1,010,649	2,197,091	1,776,978	1,430,762	1,430,762
Total Governmental Activities	\$ 384,490,426	\$ 2,197,091	\$ 8,376,755	\$ 378,310,762	\$ 10,025,762

On May 6, 1997, the County authorized \$20,200,000 of Certificates of Obligation by an order passed by the Commissioners' Court. \$9,100,000 and \$11,100,000 of such certificates of obligations were issued during the fiscal year ended September 30, 1999. The certificates of obligation constitute direct obligations of the County payable from ad valorem taxes levied upon all taxable property within the County. Interest at rates ranging from 4.5% to 6.0% is payable at February 15 and August 15 of each year for both certificates of obligation.

On June 17, 1997, the County authorized \$18,000,000 of General Obligation Bonds by an order passed by the Commissioners' Court. These bonds were issued during the fiscal year ended September 30, 1999, for road improvements. The bonds are payable from an ad valorem tax levied within the County. Interest at rates ranging from 4.7% to 5.75% is payable at February 15 and August 15 of each year for both bond issues.

During fiscal year 2000, the County authorized \$82,500,000 of Certificates of Obligation by an order passed by the Commissioners' Court. \$22,500,000 and \$60,000,000 of such bonds were issued during the fiscal year ended September 30, 2000. The bonds are payable from an ad valorem tax levied within the County. Interest at rates ranging from 5.2% to 7% is payable at February 15 and August 15 of each year for both bond issues.

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)**E. Long-term Liabilities (Continued)**

In May of 2001, the County issued \$95,000,000 of combination tax and revenue certificates of obligation. The certificates of obligation constitute direct obligations of the county payable from ad valorem taxes levied upon all taxable property located within the County. Interest at rates ranging from 4.5% to 5.5% is payable at February 15 and August 15 of each year.

Additionally, in May of 2001, the County issued \$19,700,000 of general obligation and refunding bonds. \$1,703,225 of these bonds was used to provide resources to purchase securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$1,650,000 of refunded debt. As a result, the refunded debt is considered to be defeased and the liability has been removed from the General Long-term Debt Account Group. This advance refunding was undertaken to reduce total debt service payments in the next year by \$1,664,560 and resulted in an economic loss of \$10,834. The bonds constitute direct obligations of the County payable from ad valorem taxes levied upon all taxable property located within the County. Interest at rates ranging from 4.5% to 5% is payable at February 15 and August 15 of each year.

In June of 2002, the County issued \$122,785,000 of combination tax and revenue certificates of obligation. The certificates of obligation constitute direct obligations of the county payable from ad valorem taxes levied upon all taxable property located within the County. Interest at rates ranging from 3% to 5.5% is payable at February 15 and August 15 of each year.

In June of 2002, the County issued \$7,000,000 of general obligation and refunding bonds. The bonds constitute direct obligations of the County payable from ad valorem taxes levied upon all taxable property located within the County. Interest at rates ranging from 3% to 5.125% is payable at February 15 and August 15 of each year.

Additionally in June of 2002, the County issued a \$23,925,000 tax certificates of obligation. The bonds constitute a direct obligation of the County payable from ad valorem taxes levied upon all taxable property located within the County. Interest at rates ranging from 3% to 5% is payable at February 15 and August 15 of each year.

(continued)

IV. DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term Liabilities (Continued)

The debt service requirements to maturity on the bonds are:

Fiscal Year Ending September 30,	Principal	Interest	Total
2004	\$ 8,595,000	\$ 20,116,168	\$ 28,711,168
2005	12,710,000	19,609,018	32,319,018
2006	13,545,000	18,934,493	32,479,493
2007	14,575,000	18,227,330	32,802,330
2008	15,350,000	17,455,423	32,805,423
2009-2013	74,705,000	67,687,281	142,392,281
2014-2018	86,640,000	53,933,665	140,573,665
2019-2023	88,330,000	27,503,352	115,833,352
2024-2028	62,430,000	5,268,288	67,698,288
Total	\$ 376,880,000	\$ 248,735,018	\$ 625,615,018

V. OTHER INFORMATION

A. Retirement Plan

Plan Description

Williamson County, Texas, 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 (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 535 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 TCDRS 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 Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service, but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum are not entitled to any amounts contributed by their employer.

(continued)

V. OTHER INFORMATION (Continued)**A. Retirement Plan (Continued)****Plan Description (Continued)**

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 deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy

The employer has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually.

The employer contributed using the actuarially determined rate of 9.97% for the months of the accounting year in 2002, and 10.26% for the months of the accounting year in 2003.

The deposit rate payable by the employee members for calendar year 2003 is the rate of 7%, as adopted by the governing body of the employer.

For the employer's accounting year ending September 30, 2003, the annual pension cost for the TCDRS plan for its employees was \$43,326,320 and the actual contributions were \$43,326,320.

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2000 and December 31, 2001, the basis for determining the contribution rates for calendar years 2002 and 2003. The December 31, 2002, actuarial valuation is the most recent valuation.

(continued)

V. OTHER INFORMATION (Continued)

A. Retirement Plan (Continued)

Actuarial Liabilities and Funding Progress

Actuarial Valuation Date	12/31/00	12/31/01	12/31/02
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, open	level percentage of payroll, open	level percentage of payroll, open
Amortization period	20	20	20
Asset valuation method	long-term appreciation with adjustment	long-term appreciation with adjustment	long-term appreciation with adjustment
Actuarial Assumptions:			
Investment return	8.00%	8.00%	8.00%
Projected salary increases	5.9%	5.5	5.5
Inflation	4.0%	3.5	3.5
Cost-of-living adjustments	0.0%	0.0%	0.0%

Trend Information for the Retirement Plan for the Employees of Williamson County

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/01	\$ 3,042,265	100%	\$ -
09/30/02	3,357,981	100%	-
09/30/03	43,326,320	100%	-

Schedule of Funding Progress for the Retirement Plan For the Employees of Williamson County

Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (1) (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2000	\$ 40,137,453	\$ 50,625,522	\$ 10,488,069	79.28%	\$ 31,623,703	33.17%
2001	47,668,267	59,659,809	11,991,542	79.90%	35,722,606	33.57%
2002	55,171,355	68,991,846	13,820,491	79.97%	39,345,390	35.13%

B. Employee Benefits Plan

The County provides group medical benefits to its employees on a self-funded basis. Stop-loss coverage is provided by an insurance company and an independent company serves as Claim Administrator.

All fulltime County employees (regularly scheduled to work at least 30 hours per week) are eligible for coverage under the Plan. Employees can enroll for personal coverage and dependent coverage.

(continued)

V. OTHER INFORMATION (Continued)**B. Employee Benefits Plan (Continued)**

A reconciliation of claims liabilities is shown below.

	<u>2003</u>
Claims liabilities at October 1	\$ 579,553
Incurred claims	5,274,657
Payments on claims	<u>5,510,790</u>
Claims liabilities at September 30	<u>\$ 343,420</u>

C. Risk Management

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. The County provides for the management of risks through a combination of self-insurance and traditional insurance. The amount of settlements has not exceeded insurance coverage for each of the past three fiscal years.

D. Commitments and Contingencies

The County is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of the management the outcome of these lawsuits will not have a material adverse effect on the accompanying combined financial statements and accordingly, no provision for losses has been recorded.

The County participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at September 30, 2003, may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

(continued)

V. OTHER INFORMATION (Continued)**E. Prior Period Adjustment**

In prior years, the County did not accrue certain revenues related to emergency medical services. As of September 30, 2003, the County has accrued these revenues in accordance with Statement No. 33 of the Governmental Accounting Standards Board. The effect of this adjustment was an increase to the beginning fund balance of the General Fund of \$612,455.

F. Subsequent Event

On March 15, 2004, the County issued \$82,535,000 of Unlimited Tax Road and Refunding Bonds. The proceeds will be used for (i) constructing acquiring by purchase, maintaining and operating roads within the County, (ii) advanced refunding a portion of existing debt of the County, and (iii) paying the cost of issuance. The interest rate on the bonds range from 3.00 – 5.00 percent and the maturity date is January 18, 2025.

Additionally on March 15, 2004, the County issued \$62,110,000 of Limited Tax Refunding Bonds. The proceeds will be used for (i) advance refunding portions of existing debt of County, and (ii) paying the costs of issuance. The interest rate on the bonds range from 3.00 – 5.00 percent and the maturity date is February 15, 2020.

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**



NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specified revenue sources or to finance specified activities as required by law or administrative regulation.

The following comprise the County's Nonmajor Special Revenue Funds:

Bartlett State Jail – This fund is used to account for monies received from the State of Texas for the purpose of maintaining a state jail located in Williamson County. Monies are spent for the support of inmates and to maintain the facility.

Law Library – Monies collected through civil cases filed in the County or district court are accounted for through this fund. Monies collected are used to support the management and expenditures necessary to maintain law libraries throughout the County.

County Attorney Hot Check – This fund is used to account for monies received from fees collected on the payment of hot checks. Expenditures are made for the improvement of the operation of the County Attorney's office.

District Attorney Hot Check – This fund is used to account for monies received from fees collected on the payment of hot checks. Expenditures are made for the improvement of the operation of the District Attorney's Office.

District Attorney Drug Enforcement – This fund is used to account for monies received from Federal and State court cases dealing with illegal drug violations. Money is distributed to entities involved in the resolution of the drug case and used for education or equipment needed to enhance law enforcement activities.

County Sheriff Drug Enforcement – This fund is used to account for monies received from Federal and State court cases dealing with illegal drug violations. Money is distributed to entities involved in the resolution of the drug case and use for education or equipment needed to enhance law enforcement activities.

Probate Court – This fund accounts for fees from all probate court cases filed and used for training for County Courts at Law personnel.

Texas Youth Commission – This fund accounts for money paid to the County by the state when the County provides parole supervision and additional contracted services for the youth of Williamson County. Chargeable rates are set by the state and are billed by Williamson County Juvenile Services Department monthly.

Election Services Contract – This fund is used to support and contain costs generated from an election. Contracts between political parties and other entities are handled through the court and paid by the contracting party for administering election services.

Court Reporter – The clerk of each court that has an official court reporter shall collect a court reporter service fee of \$15 as a court cost in each civil case filed with the clerk to maintain a court reporter who is available for assignment in the court.

Firing Range Management – This fund was established through an inter-local agreement where participating parties share the cost of improvements to the firing range based on an agreed-upon fee in exchange for use of the firing range. Williamson County operates, manages and maintains the range. Monies collected from participating entities are to be used for project improvement only.

Williamson County Conservation – This fund was formed by the Williamson County Commissioners' Court in December of 2002, as a pro-active approach to providing for conservation of the recovery of endangered species in the Williamson County area.

Records Management – This fund is used to account for monies collected from fees charged by the County and District Clerk. These funds are used Countywide for records management, records management training and for the disposal of large quantities of outdated documents.

Courthouse Security – This fund is used to collect court costs of defendants convicted of felony and misdemeanor offenses. The clerks collect the costs and pay them to the County treasurer where it is designated for security purposes such as, metal detectors, identification cards, and surveillance cameras.

Alternate Dispute Resolution – This fund was set up to aid in a week long mass mediation session held annually to clear open cases and finalize documentation in question. The monies are spent on advertisement and preparation necessary to acquire attention and attendance.

Records Management and Preservation – This fund is compiled of the fees for records management and preservation services performed by the County Clerk. All records are documented, filed and must be paid for at the time the document is filed. This fee may be used for specific records preservation and automation projects.

Summer School Fund – The Texas Juvenile Probation Commission provides funding for summer school attended by at-risk youth. Funding is based on attendance and the daily rate is set by the state. Claims are filed by the County's Juvenile Services Department.

Countywide Interagency Communication System (CWICS) – This fund is used to account for money collected from governmental entities utilizing the countywide radio communications system.

Records Archive – This fund was established specifically to support the preservation and restoration services performed by the County Clerk in connection with maintaining archived records. These monies support and will be dedicated to assisting County Clerks with maintaining public documents filed before January 1, 1990.

Child Safety – This fund is used to account for \$1.50 tax collected during the vehicle registration process. This fund is used to provide a school crossing guard program and/or programs designed to enhance child safety, health or nutrition.

Tobacco – Monies received by the County from the state as a pro rata distributions from the lump sum payment made by tobacco companies are accounted for through this fund. The money collected from the state is to be spent on health-related issues.

Justice Court Technology – This fund accounts for money charged to a defendant convicted of a misdemeanor in a justice court. It is designated for the purpose of financing the purchase of technological enhancements for a justice court.

Juvenile Delinquency Prevention Fund – This fund is used to repair damage and reward the public for identifying and aiding in the apprehension of offenders who vandalize public and personal property. Funds are also used for recognition and recreation programs for teens; local teen court programs; local juvenile probation department and educational and intervention programs to prevent juveniles from engaging in delinquent conduct.

Out of State Billing – This fund is used to account for money received from out-of-state entities for the support of inmates housed in Texas but that hold residency in states other than Texas. This fund also receives money from Williamson County for the support of “over-flow” inmate from the County jail population. Monies are spent for the support of these inmates and for the maintenance of the facility.

County Sheriff – This fund is used to account for jail inmates’ purchase of food and toiletry items or other supplies. Expenditures are for the purchase of these items. Any revenue generated may be used for the benefit of the inmate.

Grants – These funds are set up to account for federal and state monies provided for the enhancement of programs not fully funded by the County.

NONMAJOR INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the County on a cost-reimbursement basis.

Benefits Program – This fund is used to account for the accumulation and allocation of costs associated with medical and dental benefits.

Fleet Maintenance – This fund is used to account for the maintenance and repair of motor vehicles and related costs.

WILLIAMSON COUNTY, TEXAS
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Positive</u> <u>(Negative)</u>
REVENUES				
Taxes:				
Ad valorem taxes	\$ 51,532,000	\$ 51,532,000	\$ 52,252,005	\$ 720,005
Alcohol beverage taxes	154,000	154,000	254,098	100,098
Total taxes	<u>51,686,000</u>	<u>51,686,000</u>	<u>52,506,103</u>	<u>820,103</u>
Fees of office:				
County Sheriff	82,000	82,000	103,823	21,823
County Clerk	2,000,000	2,000,000	2,634,768	634,768
Tax Assessor/Collector	1,000,000	1,000,000	1,122,469	122,469
District Clerk	400,000	400,000	511,176	111,176
Justice of the Peace	245,000	245,000	290,726	45,726
District Attorney	5,000	5,000	5,255	255
Constables	460,000	460,000	539,945	79,945
Other	231,800	231,800	290,719	58,919
Total fees of office	<u>4,423,800</u>	<u>4,423,800</u>	<u>5,498,881</u>	<u>1,075,081</u>
Fines and forfeitures:				
County Sheriff	-	-	28,850	28,850
County Clerk	1,500,000	1,500,000	1,349,755	(150,245)
District Clerk	650,000	650,000	827,088	177,088
Justice of the Peace	1,973,000	1,973,000	1,867,284	(105,716)
Total fines and forfeitures	<u>4,123,000</u>	<u>4,123,000</u>	<u>4,072,977</u>	<u>(50,023)</u>
Charges for services:				
Emergency Medical Service	4,250,000	4,250,000	4,494,411	244,411
Other	768,500	768,500	909,288	140,788
Total charges for services	<u>5,018,500</u>	<u>5,018,500</u>	<u>5,403,699</u>	<u>385,199</u>
Intergovernmental:				
Federal payments in lieu of taxes	30,000	30,000	57,773	27,773
State shared	392,000	392,000	651,274	259,274
Total intergovernmental	<u>422,000</u>	<u>422,000</u>	<u>709,047</u>	<u>287,047</u>
Interest and other:				
Interest	650,000	650,000	419,708	(230,292)
Other	198,000	198,000	169,492	(28,508)
Total interest and other	<u>848,000</u>	<u>848,000</u>	<u>589,200</u>	<u>(258,800)</u>
Total revenues	<u>\$ 66,521,300</u>	<u>\$ 66,521,300</u>	<u>\$ 68,779,907</u>	<u>\$ 2,258,607</u>

WILLIAMSON COUNTY, TEXAS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
EXPENDITURES				
General government:				
County Judge	\$ 232,304	\$ 232,640	\$ 222,321	\$ 10,319
Commissioners' Court	499,661	500,345	445,913	54,432
County Clerk	508,268	511,807	503,776	8,031
Non-departmental	3,119,984	2,611,828	1,519,061	1,092,767
County Auditor	1,492,033	1,493,908	1,456,954	36,954
County Treasurer	235,196	235,435	224,072	11,363
Tax Assessor/Collector	1,738,960	1,740,460	1,682,740	57,720
Office buildings	2,393,610	2,631,475	2,631,439	36
Data processing	1,789,868	1,767,694	1,649,936	117,758
Human resources	349,504	349,911	314,911	35,000
General elections	547,791	615,921	602,494	13,427
Total general government	<u>12,907,179</u>	<u>12,691,424</u>	<u>11,253,617</u>	<u>1,437,807</u>
Public safety:				
Constable, Precinct 1	552,986	567,247	562,103	5,144
Constable, Precinct 2	458,177	466,942	449,422	17,520
Constable, Precinct 3	572,871	615,564	597,020	18,544
Constable, Precinct 4	469,687	476,398	468,297	8,101
County Sheriff	9,203,921	9,368,216	9,019,384	348,832
Department of Public Safety	185,419	190,328	181,531	8,797
Jail and law enforcement	11,747,999	11,990,583	11,662,852	327,731
Juvenile services	4,678,677	5,153,965	4,770,748	383,217
Adult probation	10,500	10,500	3,773	6,727
Emergency Medical Services	7,077,860	7,147,647	7,008,945	138,702
911 Communications	1,799,498	1,800,426	1,547,675	252,751
911 Addressing	41,802	41,560	31,189	10,371
Total public safety	<u>36,799,397</u>	<u>37,829,376</u>	<u>36,302,939</u>	<u>1,526,437</u>
Judicial:				
County Courts at Law	1,109,890	1,120,841	1,093,379	27,462
District courts	940,361	1,130,718	1,052,012	78,706
26th Judicial Court	150,823	150,676	150,330	346
277th Judicial Court	153,898	154,087	149,177	4,910
368th Judicial Court	153,096	153,219	150,858	2,361
395th Judicial Court	149,737	149,897	147,984	1,913
District Attorney	1,470,237	1,485,657	1,429,299	56,358
District Clerk	1,091,087	1,091,893	968,461	123,432

(continued)

WILLIAMSON COUNTY, TEXAS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
EXPENDITURES (Continued)				
Judicial: (Continued)				
Justice Court, Precinct 1	\$ 414,505	\$ 434,992	\$ 424,471	\$ 10,521
Justice Court, Precinct 2	453,195	468,553	453,161	15,392
Justice Court, Precinct 3	588,984	589,394	552,202	37,192
Justice Court, Precinct 4	469,948	470,206	457,519	12,687
County Attorney	2,068,343	2,119,554	2,068,952	50,602
County Clerk	544,909	541,346	520,538	20,808
Total judicial	<u>9,759,013</u>	<u>10,061,033</u>	<u>9,618,343</u>	<u>442,690</u>
Community services:				
Veterans Service	95,800	96,413	87,219	9,194
Health Department	2,583,930	3,194,271	3,128,486	65,785
Agricultural Extension Service	315,582	317,271	273,110	44,161
Parks department	849,000	617,877	451,089	166,788
Public welfare	1,191,640	1,195,640	1,128,485	67,155
Child welfare	179,700	179,700	152,845	26,855
Total community services	<u>5,215,652</u>	<u>5,601,172</u>	<u>5,221,234</u>	<u>379,938</u>
Capital outlay	<u>3,369,261</u>	<u>3,079,325</u>	<u>2,326,376</u>	<u>752,949</u>
Debt service:				
Principal	197,713	197,713	190,555	7,158
Interest	7,157	7,399	7,398	1
Total debt service	<u>204,870</u>	<u>205,112</u>	<u>197,953</u>	<u>7,159</u>
Total expenditures	<u>\$ 68,255,372</u>	<u>\$ 69,467,442</u>	<u>\$ 64,920,462</u>	<u>\$ 4,546,980</u>

WILLIAMSON COUNTY, TEXAS

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

DEBT SERVICE

FOR THE YEAR ENDED SEPTEMBER 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Taxes	\$ 28,711,986	\$ 28,993,243	\$ 281,257
Interest and other	51,000	147,529	96,529
Total revenues	<u>28,762,986</u>	<u>29,140,772</u>	<u>377,786</u>
EXPENDITURES			
Debt service:			
Principal	6,330,000	6,330,000	-
Interest	22,432,987	22,429,569	3,418
Other	-	34,252	(34,252)
Total expenditures	<u>28,762,987</u>	<u>28,793,821</u>	<u>(30,834)</u>
NET CHANGE IN FUND BALANCES	(1)	346,951	346,952
FUND BALANCES, BEGINNING	<u>2,744,580</u>	<u>2,744,580</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 2,744,579</u>	<u>\$ 3,091,531</u>	<u>\$ 346,952</u>

WILLIAMSON COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2003

	Special Revenue				
	Bartlett State Jail	Law Library	County Attorney Hot Check	District Attorney Hot Check	District Attorney Drug Enforcement
ASSETS					
Cash and investments	\$ 65,008	\$ 253,569	\$ 34,532	\$ 8,181	\$ 128,988
Due from other governments	-	-	-	-	-
Accounts receivable	<u>964,670</u>	<u>448</u>	<u>64</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,029,678</u>	<u>\$ 254,017</u>	<u>\$ 34,596</u>	<u>\$ 8,181</u>	<u>\$ 128,988</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 950,523	\$ 7,046	\$ 2,160	\$ 27	\$ 350
Due to other governments	-	-	-	-	-
Due to other funds	-	-	-	-	-
Accrued liabilities	4,232	-	6,080	-	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>954,755</u>	<u>7,046</u>	<u>8,240</u>	<u>27</u>	<u>350</u>
Fund balance:					
Unreserved reported in:					
Special revenue	<u>74,923</u>	<u>246,971</u>	<u>26,356</u>	<u>8,154</u>	<u>128,638</u>
Total fund balance	<u>74,923</u>	<u>246,971</u>	<u>26,356</u>	<u>8,154</u>	<u>128,638</u>
Total liabilities and fund balance	<u>\$ 1,029,678</u>	<u>\$ 254,017</u>	<u>\$ 34,596</u>	<u>\$ 8,181</u>	<u>\$ 128,988</u>

Special Revenue						
County Sheriff Drug Enforcement	Probate Court	Texas Youth Commission	Election Services Contract	Court Reporter	Firing Range Management	Williamson County Conservation
\$ 15,220	\$ 14,120	\$ 23,116	\$ 63,364	\$ 384,043	\$ 17,791	\$ 1,752,017
-	-	13,518	-	-	-	-
-	20	15	904	195	-	-
<u>\$ 15,220</u>	<u>\$ 14,140</u>	<u>\$ 36,649</u>	<u>\$ 64,268</u>	<u>\$ 384,238</u>	<u>\$ 17,791</u>	<u>\$ 1,752,017</u>
\$ -	\$ -	\$ -	\$ -	\$ 241	\$ 64	\$ 27,594
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	4,680	-	-	-	-
-	-	-	-	-	-	-
-	-	4,680	-	241	64	27,594
<u>15,220</u>	<u>14,140</u>	<u>31,969</u>	<u>64,268</u>	<u>383,997</u>	<u>17,727</u>	<u>1,724,423</u>
<u>15,220</u>	<u>14,140</u>	<u>31,969</u>	<u>64,268</u>	<u>383,997</u>	<u>17,727</u>	<u>1,724,423</u>
<u>\$ 15,220</u>	<u>\$ 14,140</u>	<u>\$ 36,649</u>	<u>\$ 64,268</u>	<u>\$ 384,238</u>	<u>\$ 17,791</u>	<u>\$ 1,752,017</u>

(continued)

WILLIAMSON COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

SEPTEMBER 30, 2003

	Special Revenue				
	Records Management	Courthouse Security	Alternate Dispute Resolution	Records Management and Preservation	Summer School
ASSETS					
Cash and investments	\$ 1,046,885	\$ 218,686	\$ 80,979	\$ 484,815	\$ 182,336
Due from other governments	-	-	-	-	-
Accounts receivable	<u>2,529</u>	<u>2,017</u>	<u>39</u>	<u>2,994</u>	<u>-</u>
Total assets	<u>\$ 1,049,414</u>	<u>\$ 220,703</u>	<u>\$ 81,018</u>	<u>\$ 487,809</u>	<u>\$ 182,336</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 77,690	\$ 76	\$ -	\$ -	\$ 2,770
Due to other governments	-	-	-	-	-
Due to other funds	-	-	-	-	-
Accrued liabilities	16,271	12,696	105	-	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>93,961</u>	<u>12,772</u>	<u>105</u>	<u>-</u>	<u>2,770</u>
Fund balance:					
Unreserved reported in:					
Special revenue	<u>955,453</u>	<u>207,931</u>	<u>80,913</u>	<u>487,809</u>	<u>179,566</u>
Total fund balance	<u>955,453</u>	<u>207,931</u>	<u>80,913</u>	<u>487,809</u>	<u>179,566</u>
Total liabilities and fund balance	<u>\$ 1,049,414</u>	<u>\$ 220,703</u>	<u>\$ 81,018</u>	<u>\$ 487,809</u>	<u>\$ 182,336</u>

Special Revenue						
<u>CWICS</u>	<u>Records Archive</u>	<u>Child Safety</u>	<u>Tobacco</u>	<u>Justice Court Technology</u>	<u>Juvenile Delinquency Preservation</u>	<u>Out of State Billing</u>
\$ 203,623	\$ -	\$ 363,964	\$ 3,648,503	\$ 137,634	\$ 6,507	\$ 55
-	-	-	-	-	-	-
-	35	-	-	1,084	-	-
<u>\$ 203,623</u>	<u>\$ 35</u>	<u>\$ 363,964</u>	<u>\$ 3,648,503</u>	<u>\$ 138,718</u>	<u>\$ 6,507</u>	<u>\$ 55</u>
\$ -	\$ -	\$ -	\$ 35,190	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	35,190	-	-	-
203,623	35	363,964	3,613,313	138,718	6,507	55
<u>203,623</u>	<u>35</u>	<u>363,964</u>	<u>3,613,313</u>	<u>138,718</u>	<u>6,507</u>	<u>55</u>
<u>\$ 203,623</u>	<u>\$ 35</u>	<u>\$ 363,964</u>	<u>\$ 3,648,503</u>	<u>\$ 138,718</u>	<u>\$ 6,507</u>	<u>\$ 55</u>

(continued)

WILLIAMSON COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

SEPTEMBER 30, 2003

	Special Revenue		
	County Sheriff	Grants	Total Nonmajor Funds
ASSETS			
Cash and investments	\$ 104,676	\$ -	\$ 9,238,612
Due from other governments	-	164,873	178,391
Accounts receivable	-	-	975,014
Total assets	\$ 104,676	\$ 164,873	\$ 10,392,017
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ -	\$ 3,153	\$ 1,106,884
Due to other governments	-	25,730	25,730
Due to other funds	-	108,593	108,593
Accrued liabilities	-	27,394	71,458
Deferred revenue	-	3	3
Total liabilities	-	164,873	1,312,668
Fund balance:			
Unreserved reported in:			
Special revenue	104,676	-	9,079,349
Total fund balance	104,676	-	9,079,349
Total liabilities and fund balance	\$ 104,676	\$ 164,873	\$ 10,392,017



WILLIAMSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Special Revenue				
	Bartlett State Jail	Law Library	County Attorney Hot Check	District Attorney Hot Check	District Attorney Drug Enforcement
REVENUES					
Fees of office	\$ -	\$ 139,384	\$ 149,027	\$ -	\$ -
Fines and forfeitures	-	-	-	-	5,648
Charges for services	67,530	292	-	-	-
Intergovernmental	10,347,913	-	-	-	-
Interest and other	-	2,559	-	-	1,722
Total revenues	<u>10,415,443</u>	<u>142,235</u>	<u>149,027</u>	<u>-</u>	<u>7,370</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	10,405,201	-	-	-	-
Judicial	-	85,877	154,157	1,694	6,836
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>10,405,201</u>	<u>85,877</u>	<u>154,157</u>	<u>1,694</u>	<u>6,836</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,242</u>	<u>56,358</u>	<u>(5,130)</u>	<u>(1,694)</u>	<u>534</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	2,000	-
Transfers out	-	-	(2,000)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(2,000)</u>	<u>2,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>10,242</u>	<u>56,358</u>	<u>(7,130)</u>	<u>306</u>	<u>534</u>
FUND BALANCES, BEGINNING	<u>64,681</u>	<u>190,613</u>	<u>33,486</u>	<u>7,848</u>	<u>128,104</u>
FUND BALANCES, ENDING	<u>\$ 74,923</u>	<u>\$ 246,971</u>	<u>\$ 26,356</u>	<u>\$ 8,154</u>	<u>\$ 128,638</u>

Special Revenue						
County Sheriff Drug Enforcement	Probate Court	Texas Youth Commission	Election Services Contract	Court Reporter	Firing Range Management	Williamson County Conservation
\$ -	\$ 2,860	\$ -	\$ 81,801	\$ 67,995	\$ -	\$ -
8,910	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	73,863	-	-	5,000	3,238,887
109	-	-	-	4,513	437	12,199
<u>9,019</u>	<u>2,860</u>	<u>73,863</u>	<u>81,801</u>	<u>72,508</u>	<u>5,437</u>	<u>3,251,086</u>
-	-	-	44,252	-	-	-
8,860	-	109,970	-	-	-	-
-	-	-	-	27,961	-	204,663
-	-	-	-	-	-	-
-	-	-	-	-	100,910	22,000
-	-	-	-	-	-	-
<u>8,860</u>	<u>-</u>	<u>109,970</u>	<u>44,252</u>	<u>27,961</u>	<u>100,910</u>	<u>226,663</u>
159	2,860	(36,107)	37,549	44,547	(95,473)	3,024,423
-	-	-	-	-	40,000	-
-	-	-	(13,000)	-	-	(1,300,000)
-	-	-	(13,000)	-	40,000	(1,300,000)
159	2,860	(36,107)	24,549	44,547	(55,473)	1,724,423
<u>15,061</u>	<u>11,280</u>	<u>68,076</u>	<u>39,719</u>	<u>339,450</u>	<u>73,200</u>	<u>-</u>
<u>\$ 15,220</u>	<u>\$ 14,140</u>	<u>\$ 31,969</u>	<u>\$ 64,268</u>	<u>\$ 383,997</u>	<u>\$ 17,727</u>	<u>\$ 1,724,423</u>

(continued)

WILLIAMSON COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Special Revenue				
	Records Management	Courthouse Security	Alternate Dispute Resolution	Records Management and Preservation	Summer School
REVENUES					
Fees of office	\$ 632,184	\$ 240,385	\$ 13,584	\$ 102,595	\$ -
Fines and forfeitures	-	-	-	-	-
Charges for services	-	-	-	-	-
Intergovernmental	-	-	-	-	101,510
Interest and other	11,427	2,704	946	5,212	-
Total revenues	<u>643,611</u>	<u>243,089</u>	<u>14,530</u>	<u>107,807</u>	<u>101,510</u>
EXPENDITURES					
Current:					
General government	374,975	-	-	7,100	-
Public safety	-	-	-	-	44,117
Judicial	-	250,439	3,834	-	-
Community services	-	-	-	-	-
Capital outlay	86,694	-	-	-	-
Debt service:					
Principal	79,222	-	-	-	-
Interest	1,633	-	-	-	-
Total expenditures	<u>542,524</u>	<u>250,439</u>	<u>3,834</u>	<u>7,100</u>	<u>44,117</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>101,087</u>	<u>(7,350)</u>	<u>10,696</u>	<u>100,707</u>	<u>57,393</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	500	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>101,087</u>	<u>(6,850)</u>	<u>10,696</u>	<u>100,707</u>	<u>57,393</u>
FUND BALANCES, BEGINNING	<u>854,366</u>	<u>214,781</u>	<u>70,217</u>	<u>387,102</u>	<u>122,173</u>
FUND BALANCES, ENDING	<u>\$ 955,453</u>	<u>\$ 207,931</u>	<u>\$ 80,913</u>	<u>\$ 487,809</u>	<u>\$ 179,566</u>

Special Revenue						
CWICS	Records Archive	Child Safety	Tobacco	Justice Court Technology	Juvenile Delinquency Preservation	Out of State Billing
\$ -	\$ -	\$ 366,103	\$ -	\$ 88,949	\$ 700	\$ -
-	-	-	-	-	-	-
-	35	-	-	-	-	-
-	-	-	114,873	-	-	-
-	-	3,296	47,766	1,198	-	-
-	35	369,399	162,639	90,147	700	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	20,211	-	-
-	-	331,798	157,752	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	331,798	157,752	20,211	-	-
-	-	-	-	-	-	-
-	35	37,601	4,887	69,936	700	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	35	37,601	4,887	69,936	700	-
203,623	-	326,363	3,608,426	68,782	5,807	55
\$ 203,623	\$ 35	\$ 363,964	\$ 3,613,313	\$ 138,718	\$ 6,507	\$ 55

(continued)

WILLIAMSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	<u>Special Revenue</u>		
	<u>County Sheriff</u>	<u>Grants</u>	<u>Totals</u>
REVENUES			
Fees of office	\$ -	\$ -	\$ 1,885,567
Fines and forfeitures	-	-	14,558
Charges for services	356,210	-	424,067
Intergovernmental	-	1,408,078	15,290,124
Interest and other	750	-	94,838
Total revenues	<u>356,960</u>	<u>1,408,078</u>	<u>17,709,154</u>
EXPENDITURES			
Current:			
General government	-	-	426,327
Public safety	-	1,482,496	12,050,644
Judicial	340,794	-	1,096,466
Community services	-	-	489,550
Capital outlay	-	51,535	261,139
Debt service:			
Principal	-	-	79,222
Interest	-	-	1,633
Total expenditures	<u>340,794</u>	<u>1,534,031</u>	<u>14,404,981</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>16,166</u>	<u>(125,953)</u>	<u>3,304,173</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	125,953	168,453
Transfers out	-	-	(1,315,000)
Total other financing sources (uses)	<u>-</u>	<u>125,953</u>	<u>(1,146,547)</u>
NET CHANGE IN FUND BALANCES	16,166	-	2,157,626
FUND BALANCES, BEGINNING	<u>88,510</u>	<u>-</u>	<u>6,921,723</u>
FUND BALANCES, ENDING	<u>\$ 104,676</u>	<u>\$ -</u>	<u>\$ 9,079,349</u>

WILLIAMSON COUNTY, TEXAS

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

BARTLETT STATE JAIL

FOR THE YEAR ENDED SEPTEMBER 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Charges for services	\$ 152,507	\$ 67,530	\$(84,977)
Intergovernmental	<u>11,240,835</u>	<u>10,347,913</u>	<u>(892,922)</u>
Total revenues	<u>11,393,342</u>	<u>10,415,443</u>	<u>(977,899)</u>
EXPENDITURES			
Current:			
Public safety	<u>11,396,543</u>	<u>10,405,201</u>	<u>991,342</u>
Total expenditures	<u>11,396,543</u>	<u>10,405,201</u>	<u>991,342</u>
NET CHANGE IN FUND BALANCES	(3,201)	10,242	13,443
FUND BALANCE, BEGINNING	<u>64,681</u>	<u>64,681</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 61,480</u>	<u>\$ 74,923</u>	<u>\$ 13,443</u>

WILLIAMSON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
LAW LIBRARY
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Fees of office	\$ 73,700	\$ 139,384	\$ 65,684
Charges for services	300	292	(8)
Interest and other	<u>3,000</u>	<u>2,559</u>	<u>(441)</u>
Total revenues	<u>77,000</u>	<u>142,235</u>	<u>65,235</u>
EXPENDITURES			
Current:			
Judicial	<u>97,000</u>	<u>85,877</u>	<u>11,123</u>
Total expenditures	<u>97,000</u>	<u>85,877</u>	<u>11,123</u>
NET CHANGE IN FUND BALANCES	(20,000)	56,358	76,358
FUND BALANCES, BEGINNING	<u>190,613</u>	<u>190,613</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 170,613</u>	<u>\$ 246,971</u>	<u>\$ 76,358</u>

WILLIAMSON COUNTY, TEXAS

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

COUNTY ATTORNEY HOT CHECK

FOR THE YEAR ENDED SEPTEMBER 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Fees of office	\$ 166,000	\$ 149,027	\$(16,973)
Total revenues	<u>166,000</u>	<u>149,027</u>	<u>(16,973)</u>
EXPENDITURES			
Current:			
Judicial	<u>163,553</u>	<u>154,157</u>	<u>9,396</u>
Total expenditures	<u>163,553</u>	<u>154,157</u>	<u>9,396</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,447</u>	<u>(5,130)</u>	<u>(7,577)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	447	(7,130)	(7,577)
FUND BALANCES, BEGINNING	<u>33,486</u>	<u>33,486</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 33,933</u>	<u>\$ 26,356</u>	<u>\$(7,577)</u>

WILLIAMSON COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

DISTRICT ATTORNEY HOT CHECK

FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Budget	Actual	Variance Positive (Negative)
REVENUES	\$ -	\$ -	\$ -
EXPENDITURES			
Current:			
Judicial	7,000	1,694	5,306
Total expenditures	7,000	1,694	5,306
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,000)	(1,694)	5,306
OTHER FINANCING SOURCES			
Transfers in	-	2,000	2,000
Total other financing sources	-	2,000	2,000
NET CHANGE IN FUND BALANCES	(7,000)	306	7,306
FUND BALANCES, BEGINNING	7,848	7,848	-
FUND BALANCES, ENDING	\$ 848	\$ 8,154	\$ 7,306

WILLIAMSON COUNTY, TEXAS

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

DISTRICT ATTORNEY DRUG ENFORCEMENT

FOR THE YEAR ENDED SEPTEMBER 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Fines and forfeitures	\$ -	\$ 5,648	\$ 5,648
Interest and other	<u>-</u>	<u>1,722</u>	<u>1,722</u>
Total revenues	<u>-</u>	<u>7,370</u>	<u>7,370</u>
EXPENDITURES			
Current:			
Judicial	<u>33,000</u>	<u>6,836</u>	<u>26,164</u>
Total expenditures	<u>33,000</u>	<u>6,836</u>	<u>26,164</u>
NET CHANGE IN FUND BALANCES	(33,000)	534	33,534
FUND BALANCES, BEGINNING	<u>128,104</u>	<u>128,104</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 95,104</u>	<u>\$ 128,638</u>	<u>\$ 33,534</u>

WILLIAMSON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COUNTY SHERIFF DRUG ENFORCEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Fines and forfeitures	\$ 10,000	\$ 8,910	\$ (1,090)
Charges for services	500	-	(500)
Interest and other	<u>1,400</u>	<u>109</u>	<u>(1,291)</u>
Total revenues	<u>11,900</u>	<u>9,019</u>	<u>(2,881)</u>
EXPENDITURES			
Current:			
Public safety	<u>16,000</u>	<u>8,860</u>	<u>7,140</u>
Total expenditures	<u>16,000</u>	<u>8,860</u>	<u>7,140</u>
NET CHANGE IN FUND BALANCES	(4,100)	159	4,259
FUND BALANCES, BEGINNING	<u>15,061</u>	<u>15,061</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 10,961</u>	<u>\$ 15,220</u>	<u>\$ 4,259</u>

WILLIAMSON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PROBATE COURT
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Fees of office	\$ 1,400	\$ 2,860	\$ 1,460
Total revenues	<u>1,400</u>	<u>2,860</u>	<u>1,460</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,400	2,860	1,460
FUND BALANCES, BEGINNING	<u>8,604</u>	<u>11,280</u>	<u>2,676</u>
FUND BALANCES, ENDING	\$ <u>10,004</u>	\$ <u>14,140</u>	\$ <u>4,136</u>

WILLIAMSON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
TEXAS YOUTH COMMISSION
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 110,392	\$ 73,863	\$(36,529)
Total revenues	<u>110,392</u>	<u>73,863</u>	<u>(36,529)</u>
EXPENDITURES			
Current:			
Public safety	<u>110,729</u>	<u>109,970</u>	<u>759</u>
Total expenditures	<u>110,729</u>	<u>109,970</u>	<u>759</u>
NET CHANGE IN FUND BALANCES	(337)	(36,107)	(35,770)
FUND BALANCES, BEGINNING	<u>68,076</u>	<u>68,076</u>	<u>-</u>
FUND BALANCES, ENDING	\$ <u>67,739</u>	\$ <u>31,969</u>	\$ <u>(35,770)</u>

WILLIAMSON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ELECTION SERVICES CONTRACT
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Fees of office	\$ -	\$ 81,801	\$ 81,801
Total revenues	<u>-</u>	<u>81,801</u>	<u>81,801</u>
EXPENDITURES			
Current:			
General government	<u>67,001</u>	<u>44,252</u>	<u>22,749</u>
Total expenditures	<u>67,001</u>	<u>44,252</u>	<u>22,749</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(67,001)</u>	<u>37,549</u>	<u>104,550</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(13,000)</u>	<u>(13,000)</u>	<u>-</u>
Total other financing sources	<u>(13,000)</u>	<u>(13,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(80,001)</u>	<u>24,549</u>	<u>104,550</u>
FUND BALANCES, BEGINNING	<u>39,719</u>	<u>39,719</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ (40,282)</u>	<u>\$ 64,268</u>	<u>\$ 104,550</u>

WILLIAMSON COUNTY, TEXAS

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

COURT REPORTER

FOR THE YEAR ENDED SEPTEMBER 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Fees of office	\$ 53,000	\$ 67,995	\$ 14,995
Interest and other	<u>-</u>	<u>4,513</u>	<u>4,513</u>
Total revenues	<u>53,000</u>	<u>72,508</u>	<u>19,508</u>
EXPENDITURES			
Current:			
Judicial	<u>53,000</u>	<u>27,961</u>	<u>25,039</u>
Total expenditures	<u>53,000</u>	<u>27,961</u>	<u>25,039</u>
NET CHANGE IN FUND BALANCES	-	44,547	44,547
FUND BALANCES, BEGINNING	<u>339,450</u>	<u>339,450</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 339,450</u>	<u>\$ 383,997</u>	<u>\$ 44,547</u>

WILLIAMSON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FIRING RANGE MANAGEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 5,000	\$ 5,000
Interest and other	<u>-</u>	<u>437</u>	<u>437</u>
Total revenues	<u>-</u>	<u>5,437</u>	<u>5,437</u>
EXPENDITURES			
Current:			
Capital outlay	<u>106,327</u>	<u>100,910</u>	<u>5,417</u>
Total expenditures	<u>106,327</u>	<u>100,910</u>	<u>5,417</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(106,327)</u>	<u>(95,473)</u>	<u>10,854</u>
OTHER FINANCING SOURCES			
Transfers in	<u>-</u>	<u>40,000</u>	<u>40,000</u>
Total other financing sources	<u>-</u>	<u>40,000</u>	<u>40,000</u>
NET CHANGE IN FUND BALANCES	<u>(106,327)</u>	<u>(55,473)</u>	<u>50,854</u>
FUND BALANCES, BEGINNING	<u>73,200</u>	<u>73,200</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ (33,127)</u>	<u>\$ 17,727</u>	<u>\$ 50,854</u>

WILLIAMSON COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

WILLIAMSON COUNTY CONSERVATION

FOR THE YEAR ENDED SEPTEMBER 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 3,238,887	\$ 3,238,887
Interest and other	-	12,199	12,199
Total revenues	-	3,251,086	3,251,086
EXPENDITURES			
Current:			
Judicial	317,874	204,663	113,211
Capital outlay	26,195	22,000	4,195
Total expenditures	317,874	204,663	113,211
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(317,874)</u>	<u>3,046,423</u>	<u>3,364,297</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(2,838,760)</u>	<u>(1,300,000)</u>	<u>1,538,760</u>
Total other financing sources	<u>(2,838,760)</u>	<u>(1,300,000)</u>	<u>1,538,760</u>
NET CHANGE IN FUND BALANCES	<u>(3,156,634)</u>	<u>1,746,423</u>	<u>4,903,057</u>
FUND BALANCES, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ (3,156,634)</u>	<u>\$ 1,746,423</u>	<u>\$ 4,903,057</u>

WILLIAMSON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
RECORDS MANAGEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Fees of office	\$ 500,000	\$ 632,184	\$ 132,184
Interest and other	<u>18,000</u>	<u>11,427</u>	<u>(6,573)</u>
Total revenues	<u>518,000</u>	<u>643,611</u>	<u>125,611</u>
EXPENDITURES			
Current:			
General government	386,735	374,975	11,760
Capital outlay	89,399	86,694	2,705
Debt service:			
Principal	79,222	79,222	-
Interest	<u>1,633</u>	<u>1,633</u>	<u>-</u>
Total expenditures	<u>556,989</u>	<u>542,524</u>	<u>14,465</u>
NET CHANGE IN FUND BALANCES	(38,989)	101,087	140,076
FUND BALANCES, BEGINNING	<u>854,366</u>	<u>854,366</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 815,377</u>	<u>\$ 955,453</u>	<u>\$ 140,076</u>

WILLIAMSON COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

COURTHOUSE SECURITY

FOR THE YEAR ENDED SEPTEMBER 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Fees of office	\$ 197,000	\$ 240,385	\$ 43,385
Interest and other	<u>3,000</u>	<u>2,704</u>	<u>(296)</u>
Total revenues	<u>197,000</u>	<u>243,089</u>	<u>46,089</u>
EXPENDITURES			
Current:			
Judicial	<u>271,466</u>	<u>250,439</u>	<u>21,027</u>
Total expenditures	<u>271,466</u>	<u>250,439</u>	<u>21,027</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(74,466)</u>	<u>(7,350)</u>	<u>67,116</u>
OTHER FINANCING SOURCES			
Transfers in	<u>500</u>	<u>500</u>	<u>-</u>
Total other financing sources	<u>500</u>	<u>500</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(73,966)</u>	<u>(6,850)</u>	<u>67,116</u>
FUND BALANCES, BEGINNING	<u>214,781</u>	<u>214,781</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 140,815</u>	<u>\$ 207,931</u>	<u>\$ 67,116</u>

WILLIAMSON COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

ALTERNATE DISPUTE RESOLUTION

FOR THE YEAR ENDED SEPTEMBER 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Fees of office	\$ 6,600	\$ 13,584	\$ 6,984
Interest and other	-	946	946
Total revenues	<u>6,600</u>	<u>14,530</u>	<u>7,930</u>
EXPENDITURES			
Current:			
Judicial	<u>6,600</u>	<u>3,834</u>	<u>2,766</u>
Total expenditures	<u>6,600</u>	<u>3,834</u>	<u>2,766</u>
NET CHANGE IN FUND BALANCES	-	10,696	10,696
FUND BALANCES, BEGINNING	<u>70,217</u>	<u>70,217</u>	-
FUND BALANCES, ENDING	<u>\$ 70,217</u>	<u>\$ 80,913</u>	<u>\$ 10,696</u>

WILLIAMSON COUNTY, TEXAS

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

RECORDS MANAGEMENT AND PRESERVATION

FOR THE YEAR ENDED SEPTEMBER 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Fees of office	\$ 45,000	\$ 102,595	\$ 57,595
Interest and other	<u>-</u>	<u>5,212</u>	<u>5,212</u>
Total revenues	<u>45,000</u>	<u>107,807</u>	<u>62,807</u>
EXPENDITURES			
Current:			
General government	<u>45,000</u>	<u>7,100</u>	<u>37,900</u>
Total expenditures	<u>45,000</u>	<u>7,100</u>	<u>37,900</u>
NET CHANGE IN FUND BALANCES	-	100,707	100,707
FUND BALANCES, BEGINNING	<u>387,102</u>	<u>387,102</u>	<u>-</u>
FUND BALANCES, ENDING	\$ <u>387,102</u>	\$ <u>487,809</u>	\$ <u>100,707</u>

WILLIAMSON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SUMMER SCHOOL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ <u>-</u>	\$ <u>101,510</u>	\$ <u>101,510</u>
Total revenues	<u>-</u>	<u>101,510</u>	<u>101,510</u>
EXPENDITURES			
Current:			
Public safety	<u>68,460</u>	<u>44,117</u>	<u>24,343</u>
Total expenditures	<u>68,460</u>	<u>44,117</u>	<u>24,343</u>
NET CHANGE IN FUND BALANCES	(<u>68,460</u>)	<u>57,393</u>	<u>125,853</u>
FUND BALANCES, BEGINNING	<u>122,173</u>	<u>122,173</u>	<u>-</u>
FUND BALANCES, ENDING	\$ <u>53,713</u>	\$ <u>179,566</u>	\$ <u>125,853</u>

WILLIAMSON COUNTY, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
SEPTEMBER 30, 2003

	<u>Benefits Program</u>	<u>Fleet Maintenance</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and investments	\$ 3,522,875	\$ 34,081	\$ 3,556,956
Accounts receivable	50,994	5,717	56,711
Prepaid expenses	3,311	-	3,311
Inventory	-	154,128	154,128
Total current assets	<u>3,577,180</u>	<u>193,926</u>	<u>3,771,106</u>
Noncurrent assets:			
Capital assets:			
Machinery and equipment	-	173,705	173,705
Less accumulated depreciation	<u>-</u>	<u>(111,574)</u>	<u>(111,574)</u>
Total capital assets (net of accumulated depreciation)	<u>-</u>	<u>62,131</u>	<u>62,131</u>
Total assets	<u>3,577,180</u>	<u>256,057</u>	<u>3,833,237</u>
LIABILITIES			
Accounts payable	79,078	69,445	148,523
Accrued liabilities	<u>383,548</u>	<u>31,878</u>	<u>415,426</u>
Total liabilities	<u>462,626</u>	<u>101,323</u>	<u>563,949</u>
NET ASSETS			
Invested in capital assets	-	62,131	62,131
Unrestricted	<u>3,114,554</u>	<u>92,603</u>	<u>3,207,157</u>
Total net assets	<u>\$ 3,114,554</u>	<u>\$ 154,734</u>	<u>\$ 3,269,288</u>

WILLIAMSON COUNTY, TEXAS

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS

FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Benefits Program	Fleet Maintenance	Total
OPERATING REVENUES			
Employer contributions	\$ 5,468,893	\$ -	\$ 5,468,893
Employee contributions	1,967,537	-	1,967,537
Charges for services	-	1,654,516	1,654,516
Total operating revenues	<u>7,436,430</u>	<u>1,654,516</u>	<u>9,090,946</u>
OPERATING EXPENSES			
Claims	5,423,870	-	5,423,870
Insurance	441,963	-	441,963
Administration	626,739	1,561,913	2,188,652
Depreciation	-	13,981	13,981
Total operating expenses	<u>6,492,572</u>	<u>1,575,894</u>	<u>8,068,466</u>
Operating income	<u>943,858</u>	<u>78,622</u>	<u>1,022,480</u>
NON OPERATING REVENUES (EXPENSES)			
Investment earnings	38,477	-	38,477
Total nonoperating revenues (expenses)	<u>38,477</u>	<u>-</u>	<u>38,477</u>
INCOME BEFORE TRANSFERS	982,335	78,622	1,060,957
Transfers in	-	76,112	76,112
CHANGE IN NET ASSETS	982,335	154,734	1,137,069
TOTAL NET ASSETS, BEGINNING	<u>2,132,219</u>	<u>-</u>	<u>2,132,219</u>
TOTAL NET ASSETS, ENDING	<u>\$ 3,114,554</u>	<u>\$ 154,734</u>	<u>\$ 3,269,288</u>

WILLIAMSON COUNTY, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	<u>Benefits Program</u>	<u>Fleet Maintenance</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 7,385,624	\$ 1,494,671	\$ 8,880,295
Payments to suppliers	(6,060,195)	(1,460,590)	(7,520,785)
Payments to employees	(626,739)	-	(626,739)
Net cash provided by operating activities	<u>698,690</u>	<u>34,081</u>	<u>732,771</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	76,112	76,112
Net cash flows provided by noncapital financing activities	<u>-</u>	<u>76,112</u>	<u>76,112</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Purchase of capital assets	-	(76,112)	(76,112)
Cash flows used by capital financing activities	<u>-</u>	<u>(76,112)</u>	<u>(76,112)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings	38,477	-	38,477
Net cash flows provided by investing activities	<u>38,477</u>	<u>-</u>	<u>38,477</u>
INCREASE IN CASH AND CASH EQUIVALENTS	737,167	34,081	771,248
CASH AND EQUIVALENTS, BEGINNING	<u>2,785,708</u>	<u>-</u>	<u>2,785,708</u>
CASH AND EQUIVALENTS, ENDING	<u>\$ 3,522,875</u>	<u>\$ 34,081</u>	<u>\$ 3,556,956</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 943,858	\$ 78,622	\$ 1,022,480
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	-	13,981	13,981
(Increase) decrease in accounts receivable	(50,806)	(5,717)	(56,523)
(Increase) decrease in inventory	-	(154,128)	(154,128)
(Increase) decrease in prepaid expenses	(3,311)	-	(3,311)
(Decrease) increase in accounts payable	(223,008)	69,445	(153,563)
(Decrease) increase in accrued liabilities	<u>31,957</u>	<u>31,878</u>	<u>63,835</u>
Net cash provided by operating activities	<u>\$ 698,690</u>	<u>\$ 34,081</u>	<u>\$ 732,771</u>

FIDUCIARY FUNDS

Agency Funds

Agency Funds serve primarily as clearing mechanisms for cash resources which are collected by a governmental unit, held as such for a brief period, and then distributed to authorized recipients.

The following comprise the County's Agency Funds:

- County Clerk Trust
- District Clerk Trust
- Sheriff Special Cash Bond
- County Attorney Hot Check Restitution
- Juvenile Probation
- Justice of the Peace Bond
- Tax Assessor – Collector
- State Agency
- Avery Ranch
- Historical Commission
- Inmate Trust

WILLIAMSON COUNTY, TEXAS
COMBINING BALANCE SHEET - FIDUCIARY FUNDS
AGENCY FUNDS
SEPTEMBER 30, 2003

	<u>County Clerk Trust</u>	<u>District Clerk Trust</u>	<u>Sheriff Special Cash Bond</u>	<u>County Attorney Hot Check Restitution</u>	<u>Juvenile Probation</u>
ASSETS					
Cash and investments	\$ <u>5,443,021</u>	\$ <u>3,225,487</u>	\$ <u>94,500</u>	\$ <u>71,802</u>	\$ <u>45,471</u>
Total assets	\$ <u>5,443,021</u>	\$ <u>3,225,487</u>	\$ <u>94,500</u>	\$ <u>71,802</u>	\$ <u>45,471</u>
LIABILITIES					
Liabilities:					
Due to other governments	\$ -	\$ -	\$ -	\$ -	\$ -
Due to others	<u>5,443,021</u>	<u>3,225,487</u>	<u>94,500</u>	<u>71,802</u>	<u>45,471</u>
Total liabilities	\$ <u>5,443,021</u>	\$ <u>3,225,487</u>	\$ <u>94,500</u>	\$ <u>71,802</u>	\$ <u>45,471</u>

<u>Justice of Peace Bond</u>	<u>Tax Assessor- Collector</u>	<u>State Agency</u>	<u>Avery Ranch</u>	<u>Historical Commission</u>	<u>Inmate Trust</u>	<u>Totals</u>
\$ 36,245	\$ 3,218,589	\$ 472,316	\$ 499,152	\$ 27,842	\$ 22,754	\$ 13,157,179
\$ 36,245	\$ 3,218,589	\$ 472,316	\$ 499,152	\$ 27,842	\$ 22,754	\$ 13,157,179
\$ -	\$ 2,884,614	\$ -	\$ -	\$ -	\$ -	\$ 2,884,614
36,245	333,975	472,316	499,152	27,842	22,754	10,272,565
\$ 36,245	\$ 3,218,589	\$ 472,316	\$ 499,152	\$ 27,842	\$ 22,754	\$ 13,157,179

WILLIAMSON COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<u>COUNTY CLERK TRUST</u>				
Assets:				
Cash and investments	\$ <u>1,529,651</u>	\$ <u>38,194,445</u>	\$ <u>34,281,075</u>	\$ <u>5,443,021</u>
Liabilities:				
Due to others	\$ <u>1,529,651</u>	\$ <u>38,194,445</u>	\$ <u>34,281,075</u>	\$ <u>5,443,021</u>
<u>DISTRICT CLERK TRUST</u>				
Assets:				
Cash and investments	\$ <u>4,131,440</u>	\$ <u>3,349,208</u>	\$ <u>4,255,161</u>	\$ <u>3,225,487</u>
Liabilities:				
Due to others	\$ <u>4,131,440</u>	\$ <u>3,349,208</u>	\$ <u>4,255,161</u>	\$ <u>3,225,487</u>
<u>SHERIFF SPECIAL CASH BOND</u>				
Assets:				
Cash and investments	\$ <u>229,762</u>	\$ <u>1,645,748</u>	\$ <u>1,781,010</u>	\$ <u>94,500</u>
Liabilities:				
Due to others	\$ <u>229,762</u>	\$ <u>1,645,748</u>	\$ <u>1,781,010</u>	\$ <u>94,500</u>
<u>COUNTY ATTORNEY HOT CHECK</u>				
<u>RESTITUTION</u>				
Assets:				
Cash and investments	\$ <u>97,156</u>	\$ <u>1,044,697</u>	\$ <u>1,070,051</u>	\$ <u>71,802</u>
Liabilities:				
Due to others	\$ <u>97,156</u>	\$ <u>1,044,697</u>	\$ <u>1,070,051</u>	\$ <u>71,802</u>
<u>JUVENILE PROBATION</u>				
Assets:				
Cash and investments	\$ <u>37,744</u>	\$ <u>78,850</u>	\$ <u>71,123</u>	\$ <u>45,471</u>
Liabilities:				
Due to others	\$ <u>37,744</u>	\$ <u>78,850</u>	\$ <u>71,123</u>	\$ <u>45,471</u>

(continued)

WILLIAMSON COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL AGENCY FUNDS

(Continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>JUSTICE OF THE PEACE BOND</u>				
Assets:				
Cash and investments	\$ 43,320	\$ 113,097	\$ 120,172	\$ 36,245
Liabilities:				
Due to others	\$ 43,320	\$ 113,097	\$ 120,172	\$ 36,245
<u>TAX ASSESSOR-COLLECTOR</u>				
Assets:				
Cash and investments	\$ 2,730,491	\$ 317,078,906	\$ 316,590,808	\$ 3,218,589
Liabilities:				
Due to other governments	\$ 2,486,913	\$ 243,854,789	\$ 243,457,088	\$ 2,884,614
Due to others	243,578	73,224,117	73,133,720	333,975
Total liabilities	\$ 2,730,491	\$ 317,078,906	\$ 316,590,808	\$ 3,218,589
<u>STATE AGENCY</u>				
Assets:				
Cash and investments	\$ 412,911	\$ 6,606,576	\$ 6,547,171	\$ 472,316
Liabilities:				
Due to others	\$ 412,911	\$ 6,606,576	\$ 6,547,171	\$ 472,316
<u>AVERY RANCH</u>				
Assets:				
Cash and investments	\$ 510,278	\$ 5,726,195	\$ 5,737,321	\$ 499,152
Liabilities:				
Due to others	\$ 510,278	\$ 5,726,195	\$ 5,737,321	\$ 499,152

(continued)

WILLIAMSON COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL AGENCY FUNDS
(Continued)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<u>HISTORICAL COMMISSION</u>				
Assets:				
Cash and investments	\$ 30,222	\$ 7,113	\$ 9,493	\$ 27,842
Liabilities:				
Due to others	\$ 30,222	\$ 7,113	\$ 9,493	\$ 27,842
<u>INMATE TRUST</u>				
Assets:				
Cash and investments	\$ 10,261	\$ 726,899	\$ 714,406	\$ 22,754
Liabilities:				
Due to others	\$ 10,261	\$ 726,899	\$ 714,406	\$ 22,754
<u>TOTALS - ALL AGENCY FUNDS</u>				
Assets:				
Cash and investments	\$ 9,763,236	\$ 374,571,734	\$ 371,177,791	\$ 13,157,179
Liabilities:				
Due to governments	2,486,913	243,854,789	243,457,088	2,884,614
Due to others	7,276,323	130,716,945	127,720,703	10,272,565
Total liabilities	\$ 9,763,236	\$ 374,571,734	\$ 371,177,791	\$ 13,157,179

**MISCELLANEOUS
STATISTICAL INFORMATION**

WILLIAMSON COUNTY, TEXAS

COMPARATIVE CONDENSED SUMMARY OF REVENUE -
ALL GOVERNMENTAL FUND TYPES

	Year Ending September 30,				
	2003	2002	2001	2000	1999
Taxes	\$ 87,834,944	\$ 66,273,475	\$ 53,570,374	\$ 89,841,338	\$ 35,219,080
Fees of office	7,384,448	13,229,784	14,310,256	14,985,055	14,913,061
Fines and forfeitures	4,087,535	3,993,397	4,081,594	3,735,753	3,515,883
Charges for services	5,837,713	4,507,989	4,487,010	3,881,200	3,753,398
Intergovernmental	23,059,862	15,868,851	13,798,242	13,750,783	16,144,281
Motor vehicle registration	4,744,671	4,222,986	3,876,721	3,531,394	3,347,441
Interest and other	<u>3,532,106</u>	<u>6,345,907</u>	<u>4,713,250</u>	<u>2,897,253</u>	<u>799,529</u>
Total	<u>\$ 136,481,279</u>	<u>\$ 114,442,389</u>	<u>\$ 98,837,447</u>	<u>\$ 132,622,776</u>	<u>\$ 77,692,673</u>
By Fund Type					
General	\$ 68,779,907	\$ 57,968,229	\$ 50,544,129	\$ 43,223,838	\$ 39,274,253
Special revenue	29,117,937	30,526,798	30,049,392	30,006,892	31,379,239
Debt service	29,140,772	17,223,232	12,956,404	5,886,151	5,645,810
Capital projects	<u>9,442,663</u>	<u>8,724,130</u>	<u>5,287,522</u>	<u>3,715,895</u>	<u>1,393,371</u>
Total	<u>\$ 136,481,279</u>	<u>\$ 114,442,389</u>	<u>\$ 98,837,447</u>	<u>\$ 82,832,776</u>	<u>\$ 77,692,673</u>

Source: Audited Financial Statements

Year Ending September 30,				
1998	1997	1996	1995	1994
\$ 25,900,692	\$ 25,900,692	\$ 23,457,126	\$ 20,636,613	\$ 18,151,380
8,126,813	8,126,813	4,849,308	3,805,617	3,249,289
2,562,755	2,562,755	2,057,357	1,832,808	1,669,899
3,802,454	2,166,293	1,556,984	1,036,032	696,814
11,697,549	11,697,549	9,175,522	3,526,519	4,135,903
2,868,193	2,868,193	2,647,213	2,440,775	2,204,698
<u>862,563</u>	<u>2,498,724</u>	<u>1,717,535</u>	<u>1,501,482</u>	<u>1,050,376</u>
\$ <u>55,821,019</u>	\$ <u>55,821,019</u>	\$ <u>45,461,045</u>	\$ <u>34,779,846</u>	\$ <u>31,158,359</u>
\$ 28,116,419	\$ 28,116,419	\$ 25,523,087	\$ 22,674,296	\$ 20,087,589
23,930,426	23,930,426	16,995,556	9,192,147	8,876,170
2,987,117	2,987,117	2,871,374	2,782,383	2,190,477
<u>787,057</u>	<u>787,057</u>	<u>71,028</u>	<u>131,020</u>	<u>4,123</u>
\$ <u>55,821,019</u>	\$ <u>55,821,019</u>	\$ <u>45,461,045</u>	\$ <u>34,779,846</u>	\$ <u>31,158,359</u>

WILLIAMSON COUNTY, TEXAS

COMPARATIVE SUMMARY OF EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES

	Year Ending September 30,				
	2003	2002	2001	2000	1999
General government	\$ 11,708,467	\$ 11,238,028	\$ 10,594,792	\$ 10,214,880	\$ 9,370,360
Public safety	48,605,775	49,395,451	44,777,479	44,892,158	39,458,129
Transportation support	57,224,707	9,615,290	18,814,505	22,266,796	7,828,423
Judicial	10,715,173	8,983,695	8,057,859	6,877,177	6,130,402
Community services	6,012,386	4,460,409	3,672,527	4,991,846	2,870,169
Capital outlay	64,869,281	133,298,346	26,625,432	5,379,255	7,944,684
Debt service	<u>29,072,629</u>	<u>26,069,983</u>	<u>15,302,536</u>	<u>5,643,459</u>	<u>5,593,128</u>
Total	<u>\$ 228,208,418</u>	<u>\$ 243,061,202</u>	<u>\$ 127,845,130</u>	<u>\$ 100,265,571</u>	<u>\$ 79,195,295</u>
By Fund Type					
General	\$ 64,920,462	\$ 57,177,837	\$ 55,614,198	\$ 43,825,840	\$ 38,420,909
Special revenue	25,259,981	29,179,542	28,246,344	30,229,179	27,559,693
Debt service	28,793,821	17,453,640	12,715,284	5,643,459	5,593,128
Capital projects	<u>109,234,154</u>	<u>139,250,183</u>	<u>36,914,990</u>	<u>18,768,378</u>	<u>7,621,565</u>
Total	<u>\$ 228,208,418</u>	<u>\$ 243,061,202</u>	<u>\$ 133,490,816</u>	<u>\$ 98,466,856</u>	<u>\$ 79,195,295</u>

Source: Audited Financial Statements

Year Ending September 30,				
<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
\$ 7,460,277	\$ 7,076,541	\$ 7,406,277	\$ 4,373,681	\$ 4,259,572
37,246,207	30,229,533	20,627,524	11,770,538	9,853,280
7,689,043	7,211,822	6,161,056	5,826,561	4,410,206
5,713,972	5,318,346	4,703,263	4,312,812	3,879,118
2,494,329	2,636,917	2,490,798	2,651,001	2,534,910
3,961,605	8,546,903	3,331,017	4,486,284	1,639,200
<u>5,741,580</u>	<u>2,711,146</u>	<u>2,715,649</u>	<u>2,933,986</u>	<u>2,387,533</u>
\$ <u>70,307,013</u>	\$ <u>63,731,208</u>	\$ <u>47,435,584</u>	\$ <u>36,354,863</u>	\$ <u>28,963,819</u>
\$ 32,841,334	\$ 29,126,562	\$ 24,371,273	\$ 21,884,917	\$ 19,112,383
28,096,902	23,306,733	16,963,152	9,193,794	7,643,410
5,405,074	2,711,146	2,715,649	2,733,262	1,948,016
<u>3,909,703</u>	<u>8,590,531</u>	<u>1,343,896</u>	<u>2,542,890</u>	<u>259,950</u>
\$ <u>70,253,013</u>	\$ <u>63,734,972</u>	\$ <u>45,393,970</u>	\$ <u>36,354,863</u>	\$ <u>28,963,759</u>

WILLIAMSON COUNTY, TEXAS

**TAX LEVIES AND TAX COLLECTIONS
ROAD AND BRIDGE DISTRICTS**

LAST TEN YEARS

<u>Fiscal Year</u>	<u>Tax Levies</u>	<u>Collection of Current Years' Taxes During Fiscal Tax Year</u>	<u>Percentage of Levy Collected During Fiscal Year</u>	<u>Collections of Prior Years' Taxes During Fiscal Tax Year</u>	<u>Total Collections</u>	<u>Ratio of Total Collections to Tax Levy</u>
1994	\$ 2,985,679	\$ 2,923,776	97.93%	\$ 222,977	\$ 3,146,753	105.39%
1995	3,170,568	3,132,521	98.80%	141,983	3,274,504	103.28%
1996	3,609,628	3,573,532	99.00%	84,758	3,658,290	101.35%
1997	3,977,417	3,937,642	99.00%	48,028	3,985,670	100.21%
1998	4,606,262	4,560,199	99.00%	69,237	4,629,436	100.50%
1999	4,773,907	4,694,682	98.34%	91,180	4,785,862	100.25%
2000	5,526,656	5,465,187	98.89%	91,018	5,556,205	100.53%
2001	6,485,113	6,411,858	98.87%	75,557	6,487,415	100.04%
2002	6,845,932	6,754,837	98.67%	124,427	6,879,264	100.49%
2003	6,285,036	6,192,284	98.52%	133,506	6,325,790	100.65%

Note: Tax levies consider supplemental value changes

Source: Williamson County Tax Assessor/Collector

WILLIAMSON COUNTY, TEXAS

**TAX LEVIES AND TAX COLLECTIONS
GENERAL AND DEBT SERVICE FUNDS**

LAST TEN YEARS

<u>Fiscal Year</u>	<u>Tax Levies</u>	<u>Collection of Current Years' Taxes During Fiscal Tax Year</u>	<u>Percentage of Levy Collected During Fiscal Year</u>	<u>Collections of Prior Years' Taxes During Fiscal Tax Year</u>	<u>Total Collections</u>	<u>Ratio of Total Collections to Tax Levy</u>
1994	\$ 14,329,754	\$ 14,186,456	99.00%	\$ 818,171	\$ 15,004,627	104.71%
1995	17,056,691	16,974,239	99.52%	387,870	17,362,109	101.79%
1996	19,505,694	19,310,637	99.00%	488,199	19,798,836	101.50%
1997	21,609,315	21,393,221	99.00%	521,801	21,915,022	101.41%
1998	27,302,569	27,029,543	99.00%	239,381	27,268,924	99.88%
1999	30,418,842	29,903,010	98.30%	530,208	30,433,218	100.05%
2000	34,451,180	34,071,276	98.90%	522,556	34,593,832	100.41%
2001	47,749,943	47,213,026	98.88%	452,410	47,665,436	99.82%
2002	59,243,394	58,452,760	98.67%	824,839	59,277,599	100.06%
2003	81,272,986	80,073,322	98.52%	1,006,957	81,080,279	99.76%

Note: Tax levies consider supplemental value changes

Source: Williamson County Tax Assessor/Collector

WILLIAMSON COUNTY, TEXAS
PROPERTY TAX RATES AND TAX LEVIES

Property Tax Rates

<u>Fiscal Year</u>	<u>General</u>	<u>Debt Service</u>	<u>Total County</u>	<u>Road and Bridge</u>	<u>Total County-Wide</u>
1994	0.25980	0.04240	0.30220	0.06340	0.36560
1995	0.25230	0.04600	0.29830	0.05590	0.35420
1996	0.24500	0.04000	0.28500	0.05280	0.33780
1997	0.23730	0.03390	0.27120	0.05000	0.32120
1998	0.23730	0.05860	0.29590	0.05000	0.34590
1999	0.25010	0.04940	0.29950	0.04810	0.34760
2000	0.25620	0.09650	0.35270	0.04730	0.40000
2001	0.25066	0.10363	0.35429	0.04100	0.39529
2002	0.26270	0.15270	0.41540	0.04290	0.45830
2003	0.27270	0.15270	0.42540	0.03290	0.45830

Property Tax Levies

<u>Fiscal Year</u>	<u>General</u>	<u>Debt Service</u>	<u>Total County</u>	<u>Road and Bridge</u>	<u>Total County-Wide</u>
1994	\$ 12,319,226	\$ 2,010,528	\$ 14,329,754	\$ 2,985,679	\$ 17,315,433
1995	14,426,427	2,630,264	17,056,691	3,170,568	20,227,259
1996	16,768,053	2,737,641	19,505,694	3,609,628	23,115,322
1997	18,908,150	2,701,164	21,609,314	3,977,417	25,586,731
1998	21,895,572	5,406,997	27,302,569	4,606,262	31,908,831
1999	30,012,299	4,880,389	34,892,688	4,714,633	39,607,321
2000	35,378,222	12,635,079	48,013,301	6,523,371	54,536,672
2001	40,146,246	16,597,604	56,743,850	6,556,488	63,300,338
2002	41,914,697	17,328,697	59,243,394	6,845,932	66,089,326
2003	52,149,138	28,931,141	81,080,279	6,285,036	87,365,315

* Tax rates are per \$100 assessed values

Source: Williamson County Tax Office
Taxing Entities

County Property Tax Rates						
Cities	School Districts	Central Education Districts	Municipal Utility Districts	Rural Fire Districts	Community College	Other Taxing Districts
Various	Various		Various	0.03000	0.05000	-
				0.03000	0.04660	-
				0.03000	0.04660	-
				0.03000	0.04660	-
				Various	0.05000	-
0.12390-.62920	1.37000-1.73000	.02000-.89220		Rates	0.05000	-
.12390-.62920	1.37000-1.73000			Various	0.05000	-
.12543-.71542	1.49990-1.73865	0	0.38-0.90	0.06-0.10	0.05000	-
.14086-.74876	1.484-1.73	0	0.4475-0.90	0.074-0.10	0.05000	Various
.14086-.74876	1.498-1.765	0	0.046352-0.90	0.075-0.10	0.07710	-

Property Tax Levies						
Cities	School Districts	Central Education Districts	Municipal Utility Districts	Rural Fire Districts	Community College	Other Taxing Districts
\$ 10,672,694	\$ 94,851,450	\$ -	\$ 7,861,311	\$ 222,056	\$ 309,960	\$ -
11,643,269	106,659,320	-	7,944,316	285,817	390,596	-
13,282,017	136,593,702	-	9,049,991	331,017	494,883	-
15,096,318	162,355,795	-	9,587,239	762,661	591,233	-
17,957,951	182,286,342	-	10,518,797	964,924	730,084	-
25,080,381	236,143,076	-	11,996,162	1,361,600	950,309	-
25,037,468	236,368,937	-	12,433,479	1,369,385	950,308	-
39,361,892	359,759,563	-	16,484,619	2,802,676	1,395,378	-
46,992,977	420,627,632	-	19,390,010	3,453,236	1,712,914	3,006,899
51,477,089	448,078,198	-	20,002,360	3,985,351	2,807,445	3,543,866

WILLIAMSON COUNTY, TEXAS

ASSESSED AND ESTIMATED ACTUAL VALUES OF TAXABLE PROPERTIES

Fiscal Year	County		Road and Bridge	
	Net Assessed Value	Estimated Actual Value	Net Assessed Value	Estimated Actual Value
1994	\$ 4,741,811,585	\$ 4,741,811,585	\$ 4,709,272,553	\$ 4,709,272,553
1995	5,717,965,706	5,717,965,706	5,671,856,437	5,671,856,437
1996	6,844,103,407	6,844,103,407	6,836,415,746	6,836,415,746
1997	7,968,036,392	7,968,036,392	7,954,834,074	7,954,834,074
1998	9,226,958,113	9,226,958,113	9,212,524,760	9,212,524,760
1999	11,622,917,043	11,431,240,187	11,622,917,043	11,417,566,433
2000	13,808,829,899	13,808,829,899	13,791,481,446	13,791,481,446
2001	16,016,215,641	19,412,848,749	15,991,443,742	19,411,619,349
2002	18,074,433,786	21,749,085,736	18,044,328,042	21,749,077,004

Fiscal Year	County		Road and Bridge	
	Taxable Value	Estimated Value	Taxable Value	Estimated Market Value
2003	\$ 18,973,239,162	\$ 22,946,442,103	\$ 19,045,685,946	\$ 22,946,289,523

Source: Williamson County Appraisal District

WILLIAMSON COUNTY, TEXAS

PRINCIPAL TAXPAYERS

SEPTEMBER 30, 2003

	<u>Total Assessed Taxable Value</u>	<u>% of Total</u>
Dell Computer Corporation	\$ 174,361,699	0.92 %
Oncor Electric Delivery Co.	96,961,190	0.51 %
Dell Computer Holdings, LP	84,533,048	0.45 %
Atlantic Financial Group, LTD	81,964,220	0.43 %
Lakeline Developers	81,477,530	0.41 %
Southwestern Bell Telephone	78,196,174	0.39 %
Baltgem Development Corp. Et. Al.	74,758,917	0.36 %
Dupont Photomasks, Inc.	68,683,323	0.32 %
Centepulse Orthopedics Inc.	60,999,030	0.32 %
State Farm Mutual Auto Insurance Co.	<u>46,534,487</u>	<u>0.25 %</u>
Total	\$ <u>848,469,618</u>	<u>4.47 %</u>
Total County Assessed Value	\$ <u>18,973,239,162</u>	<u>100.00 %</u>

Source: Williamson County Tax Office
Williamson County Appraisal District

WILLIAMSON COUNTY, TEXAS

**RATIO OF ANNUAL DEBT SERVICE FOR GENERAL
BONDED DEBT TO TOTAL GENERAL GOVERNMENT EXPENDITURES (1)**

<u>Fiscal Year</u>	<u>Total Debt Service</u>	<u>Total General Government Expenditures</u>	<u>Ratio of Debt Service to General Government Expenditures</u>
1994	\$ 1,948,016	\$ 28,963,759	6.73%
1995	2,733,262	36,354,863	7.52%
1996	2,715,649	45,393,970	5.98%
1997	2,711,146	63,734,972	4.25%
1998	5,405,074	70,253,013	7.69%
1999	5,593,128	79,195,295	7.06%
2000	5,643,459	98,466,856	5.73%
2001	12,715,284	133,490,816	9.53%
2002	17,453,640	243,061,202	7.18%
2003	28,793,821	228,208,418	12.62%

Source: Audited Financial Statements

(1) Includes General, Special Revenue, Debt Service and Capital Projects Funds.

WILLIAMSON COUNTY, TEXAS

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA

Fiscal Year	Estimated Population	Assessed Value	Gross Bonded Debt	Amount Available in Debt Service Fund	Bonded Debt	Net Debt	
						Ratio to Assessed Valuation	Per Capita
1994	172,500	\$ 4,741,811,585	\$ 17,160,000	\$ 1,348,163	\$ 15,811,837	0.3335 %	91.66
1995	184,034	5,717,965,706	15,310,000	1,397,284	13,912,716	0.2433 %	75.60
1996	200,000	6,844,103,407	13,340,000	1,563,348	11,776,652	0.1721 %	58.88
1997	210,477	7,968,036,392	49,455,000	1,839,319	47,615,681	0.5976 %	226.23
1998	223,024	9,226,958,113	47,230,000	1,825,544	45,404,456	0.4921 %	203.59
1999	226,207	11,622,917,043	44,005,000	1,878,226	42,126,774	0.3624 %	186.23
2000	235,000	13,808,829,899	123,085,000	2,308,068	120,776,932	0.8746 %	513.94
2001	249,967	16,016,215,641	232,515,000	2,529,650	229,985,350	1.4360 %	920.06
2002	278,715	18,074,433,786	383,210,000	2,744,581	380,465,419	2.1050 %	1,365.07
2003	289,924	18,973,239,162	376,880,000	3,091,531	373,788,469	1.9701 %	1,289.26

Source: Williamson County Audited Financial Statements

WILLIAMSON COUNTY, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
SEPTEMBER 30, 2003

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Applicable to Williamson County</u>
Estimated Overlapping Debt:		
Cities	\$ 889,650,620	\$ 187,695,997
I.S.D.	959,305,108	587,130,722
M.U.D.	221,689,551	138,689,219
Road District	* <u>10,710,656</u>	<u>1,071</u>
Total	2,081,355,935	913,517,009
Direct Debt - Williamson County	** <u>373,788,469</u>	<u>373,788,469</u>
Direct and Overlapping Debt	\$ <u>2,455,144,404</u>	\$ <u>1,287,305,478</u>

* Gross Debt

** Excludes amount available for repayment in the Debt Service Fund

Source: Texas Municipal Reports

WILLIAMSON COUNTY, TEXAS**SCHEDULE OF LEGAL DEBT MARGIN
BONDS ISSUED UNDER ARTICLE 3, SECTION 52(B)
OF THE TEXAS CONSTITUTION****SEPTEMBER 30, 2003**

	<u>2002</u>
Total taxable value	\$ 18,973,239,162
Assessed value of real property	17,021,637,047
Debt limit rate	<u>25 %</u>
Amount of debt limit	<u>4,255,409,262</u>
Bonded debt	376,880,000
Less debt service available	<u>3,091,531</u>
Net bonded debt	<u>373,788,469</u>
Legal debt margin	<u>\$ 3,881,620,793</u>

Texas Constitution Art.3 Section 52(B)

Under Legislative provision, any county, any political subdivision of a county, any number of adjoining counties, or any political subdivision of the State, or any defined district now or hereafter to be described and defined within the State of Texas, and which may or may not include towns, villages, or municipal corporations, upon a vote of two-thirds majority of the resident property taxpayers voting thereon who are qualified electors of such district or territory to be affected thereby, in addition to all other debts, any 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, except that the total bonded indebtedness of any city or town shall never exceed the limits imposed by other provisions of this Constitution, and levy and collect taxes to pay the interest thereon and provide a sinking fund for the redemption thereof.

WILLIAMSON COUNTY, TEXAS
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN YEARS

<u>Calendar Year</u>	<u>Commercial Construction Permits</u>	<u>Residential Construction Permits</u>	<u>Total Bank Deposits</u>	<u>Assessed Property Value</u>
1994	97	2,113	\$ 836,101,342	\$ 4,741,811,585
1995	145	4,260	*	5,717,965,706
1996	166	3,810	*	6,689,107,522
1997	175	3,385	*	7,968,036,392
1998	205	3,266	*	9,141,157,458
1999	277	4,188	*	11,622,917,043
2000	264	5,605	*	13,791,481,446
2001	140	3,550	*	16,016,215,641
2002	138	3,951	*	18,074,433,786
2003	150	4,207	*	18,973,239,162

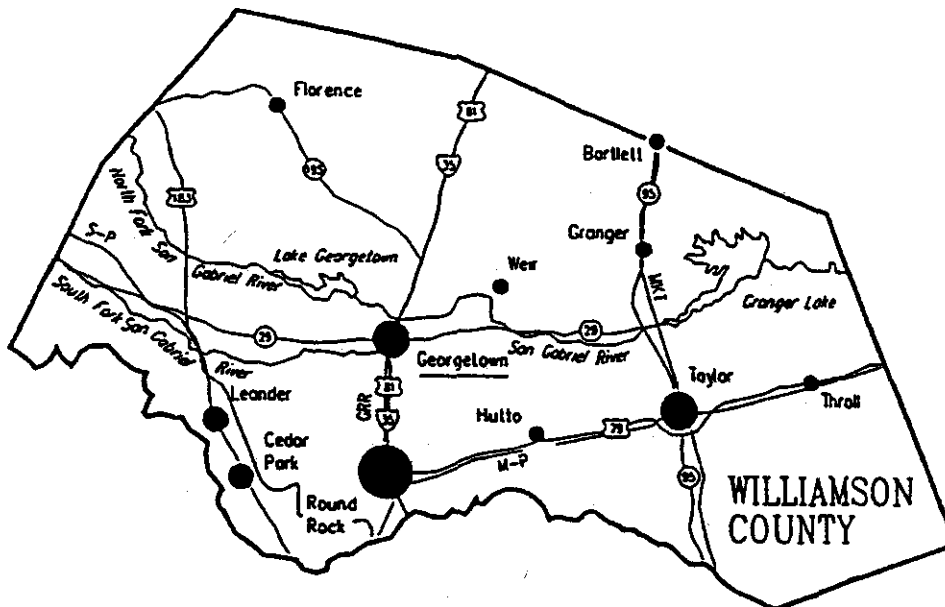
Total bank deposits for 1992, 1993 and 1994 does not include First Texas Bank, Georgetown branch or Bank One, Round Rock branch. Total deposits for individual branches no longer available.

* Information not available due to several banks no longer providing information to the public.

Sources: Cities of Cedar Park, Florence, Georgetown, Leander, Pflugerville, Round Rock, Taylor, Thrall and Banks of major municipalities within Williamson County.

Williamson County Appraisal District

**WILLIAMSON COUNTY, TEXAS
MISCELLANEOUS INFORMATION**



Organized in 1848

Form of Government: A political subdivision of the State of Texas.

Area: 1,104 square miles

Economic Resources:

Business: The high-tech industry, construction agribusiness, varied manufacturing and education are main economic factors in Williamson County, also part of the Austin, Texas MSA.

Recreation: San Gabriel Park, water recreation on Lakes Georgetown and Granger, Inner Space Cavern, historic sites, hunting, Dan Moody Museum in Taylor; rattlesnake sacking, chili and barbecue cookoffs, Round Rock Express (Minor League baseball team).

Minerals: Building stone, sand and gravel, and oil.

Agriculture: More than \$75 million average yearly income, divided among sorghum, wheat, corn, cotton, cattle, hogs, poultry, sheep, goats, income from deer leases and cedar post.

1 Source: CAPCO, Regional Overall Economic Development Plan 1990-1992

Employment Statistics Williamson County

	2003	2002	2001	2000
Total employed	157,847	154,947	155,418	148,258
Unemployed	6,457	7,414	6,643	2,053
Total Labor Force	164,304	162,361	162,061	150,311
Percent of Unemployment	3.90%	4.60%	4.10%	1.40%

Employment by Categories
(Standard Industrial Classification System)

	2001	%
Agriculture	950	1.07%
Manufacturing	9,550	10.71%
Construction	7,122	7.99%
Transportation, Communication and utilities	1,347	1.51%
Retail and wholesale trade	27,053	30.34%
Finance, insurance and real estate	3,042	3.42%
Service and mining	16,725	18.75%
Government	13,163	14.76%
Education and other	10,228	11.47%
	89,180	100.02%

Employment by Categories
(North American Industry Classification
System – Effective 2003)

	2003	%	2002	%
Natural resources, mining and agriculture	572	0.70%	620	0.79%
Construction	7,413	9.02%	7,113	9.09%
Manufacturing	6,371	7.75%	7,678	9.81%
Trade, transportation and utilities	22,446	27.32%	22,082	28.21%
Information	752	0.92%	854	1.09%
Financial activities	3,667	4.46%	2,952	3.77%
Professional and business services	7,548	9.19%	7,007	8.95%
Education and health services	7,607	9.26%	6,735	8.60%
Leisure and hospitality	7,771	9.46%	6,449	8.24%
Other services	2,795	3.40%	2,434	3.11%
Nonclassifiable	179	0.22%	48	0.06%
Government	15,037	18.30%	14,307	18.28%
	82,158	100.00%	78,279	100.00%

Number of County Employees

	2003	2002	2001
Administrative	146	173	128
Judicial	155	138	133
Public safety	588	518	486
Road and bridge	125	127	123
Health and public welfare	97	171	158

Source: Texas Workforce Commission

Agricultural Impact on Williamson County
Gross Annual Receipts for Livestock, Row Crops, Vegetables, Fruit and Nuts

<u>Calendar Year</u>	<u>Gross Receipts</u>
1996	\$ 44,316,598
1997	63,756,390
1998	48,412,534
1999	74,900,000
2000	52,813,500
2001	67,582,900
2002	53,102,000
2003	59,304,160

Sales Tax Fluctuations

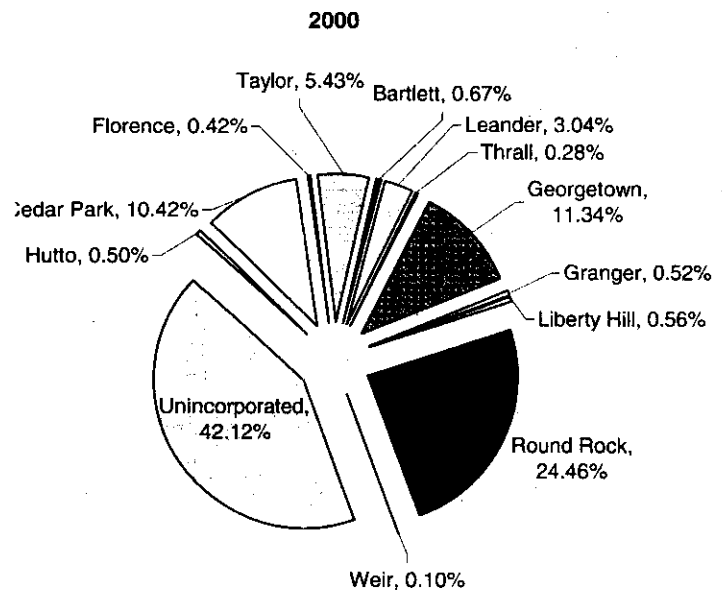
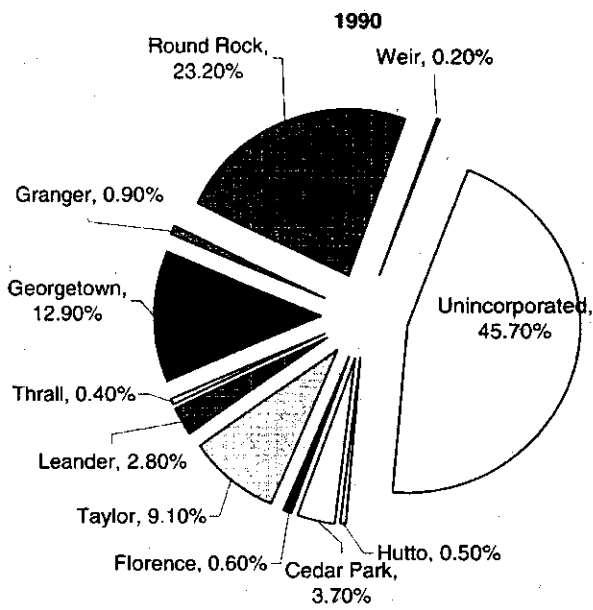
<u>Calendar Year</u>	<u>New Permits Issued</u>	<u>Taxpayers Filing Out of Business</u>	<u>Net Result</u>
1995	1,720	896	824
1996	1,543	900	643
1997	148	88	60
1998	948	1,215	(267)
1999	1,441	723	718
2000	1,818	1,352	466
2001	1,523	464	1,059
2002	2,242	776	1,466
2003	2,461	870	1,591

Per Capita Income Estimates

<u>Year</u>	<u>Williamson County</u>	<u>State of Texas</u>	<u>United States</u>
1995	\$ 20,737	\$ 21,118	\$ 23,196
1996	21,929	22,324	24,436
1997	23,453	23,707	25,288
1998	*	*	*
1999	*	*	*
2000	26,149	26,858	28,562
2001	28,552	25,369	28,542
2002	29,822	28,581	30,472
2003	30,413	28,472	26,940

* Information not available

- 1 Source: Williamson County Agriculture Extension
2 Source: State of Texas Comptroller of Public Accounts
3 Source: Bureau of Economic Analysis



Population:

1920	42,934
1930	44,146
1940	41,698
1950	38,853
1960	35,044
1970	37,305
1980	76,521
1990	139,551
1995	184,034
2000	249,967
2003	303,587

Registered Voters at December 31,

	2003	2002	2001	2000
Number of Voters	17,685	177,935	165,288	154,640
Number of Votes	31,570	75,964	16,951	94,010

* Comparable figures not available.

1 Source: CAPCO Regional Overall Economic Development Plan Update 1990 – 1992

2 Source: Williamson County Elections Office

Mileage and Average Daily Vehicle Miles of Roads

	<u>Miles of Roads</u>	<u>Daily Vehicle Miles Traveled</u>
2003	1439.76	5,701,792
2002	1439.76	5,701,792
2001	1408.44	5,446,430
2000	1420.00	4,987,448
1999	1412.00	4,971,287
1998	*	*
1997	*	*
1996	1412.00	4,226,591

Note: Total mileage or roads includes: Farm or Ranch to Market Roads, U. S. Highways, State Highways, Interstate Highways and frontage roads, metropolitan highways, city streets and County roads.

Travel and Tourism
Financial Impact on Williamson County, 2001 – 2003
 Reported in 000's

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Travel expenditures	\$ 264,780	\$ 253,250	\$ 230,450
Tax receipts	5,500	5,270	5,240
Travel generated payroll	58,210	51,820	46,190
Travel related jobs	2,930	3,290	3,250
Gross hotel receipts	25,846	25,270	22,263

Business Barometer

<u>Calendar Year</u>	<u>Banks Deposits (\$)</u>	<u>Building Permits</u>
2003	**	4,357
2002	**	4,089
2001	**	3,690
2000	**	5,877
1999	**	4,465
1998	**	3,471

* Information not available

** Bank deposit information not available since banks no longer provide this information to the public.

- 1 Source: Texas Department of Transportation
 2 Source: Texas Department of Travel and Tourism
 3 Source: Various City Hall – Building Inspection Departments

Students Enrolled in Colleges and Universities Located Near or Within the County:

<u>University</u>	<u>Fall 2003 Enrollment</u>
Southwestern University	1,265
University of Texas	51,426
St. Edward's University	4,443
Concordia Lutheran University	1,160
Austin Community College	28,862
Huston-Tillotson College	667

Medical Facilities

To keep up with the growing needs of better health and medical services and the increasing services required for indigent health care, the following health care facilities are located in or near Williamson County:

Hospitals:

- * Round Rock Medical Center
- * Johns Community Hospital
- * Georgetown Healthcare Systems
- * North Austin Medical Center
- * Seton Northwest Hospital
- * Scott & White Hospital

Volunteer Clinic Facilities:

- * Samaritan Health Ministries

Clinic Facilities:

- * The Health Center at Johns Community Hospital
- * Round Rock Health Clinic
- * Round Rock Medical Clinic
- Georgetown Community Clinic
- * Scott & White Cedar Park Clinic
- * Scott & White Round Rock Clinic
- * Scott & White Georgetown Clinic
- * Scott & White Johns Clinic
- Georgetown Medical Center
- * Seton Cedar Park
- Seton Pflugerville
- Austin Regional Clinic at Round Rock
- Austin Diagnostic Clinic
- Northwest Diagnostic Clinic
- Family Practice Center of Cedar Park
- * Hill Country Family Health Specialists
- Leander Medical Center
- * Physician Associates of Georgetown
- Physician's Center, P.A.
- Family Medical Center of Georgetown
- Family Medical Associates of Round Rock
- Brushy Creek Family Medical Associates
- Central Texas Diagnostic Clinic

* Indicates facilities that accept Indigent Healthcare

GOVERNMENT

The government of Williamson County, Texas is subdivided into several different offices; each with its own legally constituted duties as prescribed by the constitution and/or legislative act. The heads of some offices are elected officials; others are appointed by the Commissioners' Court or the District Judges of Williamson County as provided by law.

Constitutional Offices

Williamson County is a political body. The general governing body of the County is the Commissioners' Court, which has none of the functions of a court, but has powers and duties clearly set forth and defined in the constitution and statutes. The Commissioners' Court is comprised of four commissioners, each of whom is elected by the qualified voters of one of four precincts in the County, and a County Judge, who is elected Countywide as presiding officer. Commissioners' Court was created to carry out a policy common to the whole state, whereas, it was not mainly created to advance the interest of the particular locality in which it is located. The election of the various County officials ensures, in most instances, the application of state laws and regulations, in the light of local conditions and statutes, and to establish a courthouse and jail, appoint numerous officials, fill vacancies in certain County offices, let contracts in the name of the County, build roads and bridges, administer the County's public welfare services, perform numerous duties in regard to elections, set the County tax rate, issue bonds and adopt the County budget.

District Courts

There are four District Courts in Williamson County, each of which is a court of general jurisdiction and may try both civil and criminal cases. The judge of each of the respective courts is elected Countywide. The District Courts have original jurisdiction in all criminal cases of the grade of felony, all suits on behalf of the state to recover penalties, forfeitures and escheat. The District Courts preside over all cases of divorce, misdemeanors involving official misconduct, suits to recover damages, slander or defamation of character, suits for title of land and for enforcement of liens thereon, suits for the right of property levied upon by virtue of any writ of execution, sequestration, or attachment when the property levied on is valued at an amount of \$500 (exclusive of interest) and all suits concerning contested elections.

These courts and the judges thereof have power to issue writs of habeas corpus, mandamus, injunction, certiorari and all writs necessary to enforce their jurisdictions. The District Courts also have appellate jurisdiction and general supervisory control over the County Commissioners' Court. They have general original jurisdiction over all causes of action which a remedy or jurisdiction is not provided by law or the Constitution. The District Court, concurrently with County Court, has the general jurisdiction of a probate court and may do all things associated with the duties of a probate court enumerated under County Court. In addition, the District Courts share concurrent jurisdiction with the County Courts at Law when the matter in controversy exceeds \$500, but is less than \$5,000. Along with these constitutional and statutory responsibilities, the District Judges have the statutory responsibility of appointing the Community Supervision and Corrections Officer, the County Auditor, and Court Reporters for each of the respective District Courts. The County Juvenile Board comprised of the District Judges and the County Judge appoints the Chief Juvenile Probation Officer.

Constables

In general, the duties of the Constable are to perform a service or act, execute and return, as provided by law, all civil and criminal processes, writs, citations, subpoenas, summons, warrants, and precepts, directed and delivered by a lawful official, anywhere in the constable's County, or in a County contiguous to the constable's County, and in other locations as provided by law. The Constable may seize and sell real estate and personal property upon order of the court, take eviction action and attend justice court proceedings. The Constable may enforce all state laws and arrest offenders with or without warrant for felonies or misdemeanor offenses committed against the peace and dignity of the state.

County Attorney

The Countywide electorate elects the County Attorney. Duties include representation of the State of Texas in all criminal proceedings under investigation or pending before the County Courts at Law and Justice Courts of the County, examination and prosecution of all cases pending before the Juvenile Courts, and representation of the State in all cases appealed to or from any of these courts. The County Attorney also processes felony and misdemeanor hot checks, obtains protective orders for victims of domestic violence, represents the Department of Protective and Regulatory Services in cases involving abuse or neglect of children or helpless adults, and obtains commitment orders for mental illness and substance abuse. The County Attorney attends Commissioners' Court as the civil lawyer for the County and provides a full range of legal services in that capacity. Also provided by the County Attorney is legal advice to all County officials and employees. Where applicable, the County Attorney oversees the representation of officials and employees who are involved in litigation.

County Clerk

The Countywide electorate elects the County Clerk and the duties and fees of the office are prescribed by the legislature. The County Clerk is the clerk of the County and of Commissioners' Court and is the official recorder of County business. By legislation in Williamson County, the County Clerk functions as the clerk of the court for each of the County Courts at Law. In addition, the County Clerk acts as recorder of deeds and other instruments, records and issues death and birth certificates, issues marriage licenses, registers cattle brands, records and retains all plats, and maintains records of mental health commitments. The County Clerk serves as clerk of the Probate and Civil Court and keeps all records, books, paper, and proceedings of the probate court as well as the County Courts at Law criminal dockets. Additional responsibilities include keeping all records properly indexed, arranged and preserved.

District Attorney

The legislature may create the Office of the District Attorney in any judicial district in the state and prescribe the duties of that office. Such an office in Williamson County has been created and the District Attorney is a constitutional officer. The Countywide electorate elects the District Attorney. The duties of the office in general are to represent the State of Texas on all criminal matters before the District Courts of Williamson County. These matters include grand jury proceedings along with bond and asset forfeitures. The District Attorney also handles all appeals from any such matters that are taken to the Court of Appeals, Texas Court of Criminal Appeals, the Texas Supreme Court and the United States Supreme Court.

District Clerk

The Countywide electorate elects the District Clerk. In general, the functions of this office are to serve in an administrative capacity for the District Courts, to perform judicial or quasi-judicial duties in connection therewith, to act as custodian of the court records, to receive money in the clerk's official capacity, and to perform general assessed duties as are enjoined by statute or imposed by the lawful authority of the court. The District Clerk of Williamson County also maintains the files for all criminal, civil, family, and tax cases handled by these courts.

Justice of the Peace Courts

There are four Justice of the Peace Courts in Williamson County. Each Justice of the Peace is elected by the voters living within their respective precinct. Justices of the Peace have jurisdiction in all Class C misdemeanor criminal matters where such fines established by statute do not exceed \$500. Also, the Justices of the Peace have jurisdiction in civil matters either in Small Claims Court or Justice Court where the amount in controversy is \$5,000 or less (exclusive of interest) of which exclusive original jurisdiction is not given to the County or District Courts. Appeals to the County Court shall be allowed in all cases decided in Justice Court, however, in civil cases, only when the judgment is for more than \$20 (exclusive of costs). The Small Claims Court exercise concurrent jurisdiction with the Justice Courts in all actions for recovery of money by any person, association of persons, corporations or by any attorney for such parties or other legal entity where the amount involved, exclusive of cost, does not exceed the sum of \$5,000. All decisions of Small Claims Court and Justice Courts, provided that the amount in controversy, exclusive of costs, exceeds the sum of \$20 may, upon rendition of final judgment by the Judge of the Court, be appealed to the County Court or County Courts at Law. Other duties of the Justices of the Peace in Williamson County include death inquests, mental probable cause hearings, criminal prisoner admonishments, peace bond hearings, school truancy cases, juvenile magistrate statements, and animal cruelty hearings.

Sheriff

The qualified voters of the County elect the Sheriff to office. The duties of the Sheriff are prescribed by the legislature. The Sheriff may employ guards for the safekeeping of prisoners in the jail and, subject to regulations of Commissioners' Court, has charge and control of the courthouse. In addition, the Sheriff shall execute all processes and precepts directed by legal authority and make return thereof to the proper court. The Sheriff is the Chief Law Enforcement Officer for the County and custodian of the County jail. In addition to apprehending criminals and serving writs and other legal papers for the Civil, County, and District Courts, the Sheriff is also charged with keeping order in the courtrooms. The Sheriff also administers proactive programs aimed at crime prevention and substance abuse control such as the Drug Abuse Resistance Education (DARE) program.

Tax Assessor-Collector

The Tax Assessor-Collector is elected by the Countywide electorate and performs all of the duties with respect to assessing property for the purpose of taxation and collection of taxes as may be prescribed by the legislature. The duties of the office consist of assessing and collecting County property taxes. The officer may serve in a similar capacity for any incorporated city, town, village, school districts--independent or otherwise, drainage district, and water control in the County. The Assessor-Collector of Williamson County, in addition to assessing and collecting for taxable real and personal property within the County, collects the taxes for many independent cities and districts. Other duties include collecting state and County license fees, occupation fees, beer and liquor taxes and state automobile transaction taxes.

County Treasurer

The Countywide electorate elects the County Treasurer. The duties of the County Treasurer are to receive County funds and disburse them, subject to the County Auditor's countersignature. The function of this office is an essential part of internal control in financial matters in that all monies due to the County must be placed in the treasurer's custody. Monies are forwarded to the County Treasury and can be withdrawn upon the signature of the County Treasurer and countersignature of the County Auditor. Additional responsibilities of the County Treasurer include signatory authority for all payroll related payments with the countersignature of the County Auditor. Also, the County Treasurer is responsible for the reconciliation of all bank accounts upon which the Treasurer acts as signatory. The County Treasurer prepares and submits all required reports and payments to the State of Texas and serves as Treasurer to the Bail Bond Board. In addition, the County Treasurer serves as the Certified Investment Officer for the County relative to all requirements of the Public Funds Investment Act.

OFFICES CREATED BY LEGISLATIVE LAW**County Court at Law**

There are three County Courts at Law in Williamson County, each created by the legislature. The Countywide electorate elects each of the County Court at Law judges. These courts have jurisdiction in all misdemeanor cases, probate, and mental illness and chemical dependency matters. The County Courts at Law have concurrent jurisdiction with the District Courts in family law cases, including divorces, child custody cases and in civil matters where the amount in controversy does not exceed \$100,000 (exclusive of punitive or exemplary damages, costs, and interest). The County Courts at Law have appellate jurisdiction in all appeals in criminal and civil cases from Justice Courts and Municipal Courts.

County Auditor

The County Auditor is appointed by the District Judges and serves as the Chief Accounting Officer of the County. The County Auditor has general oversight of all County records and is the Budget Officer for the County. The County Auditor must sign all checks written for the County. It is the responsibility of the County Auditor's office to audit each department of the County at least once each quarter. Financial reporting is also performed by the County Auditor's office. The creation of the Comprehensive Annual Financial Report (CAFR) that is submitted each year to the Government Finance Officers Association for review is the responsibility of the County Auditor. In addition, the County Auditor oversees the purchasing and payroll function for the entire County. Other responsibilities include managing fixed assets and administering and reporting all grant funds received from the state and federal government. The County Auditor also serves as the fiscal officer for the Community Services and Corrections Department and Chief Fiscal Officer for Juvenile Services.

Chief Juvenile Probation Officer

The County Juvenile Board, comprised of four District Judges and the County Judge appoint the Chief Juvenile Probation Officer. The general duties of this office are to properly investigate, process, and handle all cases referred to them by the courts, law enforcement agencies, parents, and other agencies. The Juvenile Probation Department compiles and prepares a detailed social history on all referred offenders and recommends corrective action to the Juvenile Court. The department provides professional casework services and supervision to delinquent children who are placed on probation by the Juvenile Court. Juvenile detention and intensive residential care is also provided by and through the Juvenile Service Department. Each of these units provide care 365 day a year. Several specialized programs are operated through Juvenile Services to include Community Services and Restitution, Gang Intervention, and Juvenile Drug and Delinquency Prevention. One specialized sex offender caseload officer is also provided through Juvenile Services.

Maintenance Supervisor

The County Judge with the advice and consent of the Commissioners' Court appoints the maintenance supervisor of Williamson County. The maintenance supervisor's duty is to ensure the quality and completion of maintenance and repair for all County-owned buildings and grounds. Maintenance includes all major and minor repairs to County facilities, supervision of all cleaning and grounds maintenance contractors, and overseeing payment of all suppliers, contractors, and utilities.

County Emergency Medical Services Director

The County Judge with the advice and consent of Commissioners' Court appoints the Director of the Emergency Medical Services (EMS) of Williamson County. It is the Director's duty to control and direct the training efforts of the emergency management and disaster relief organization of Williamson County including the maintenance of the necessary liaison with other municipal districts, state, County, regional, federal and other emergency management organizations. The Director is responsible for managing all emergency medical services Countywide.

Information Systems/Telecommunications Director

The County Judge with the advice and consent of the Commissioners' Court appoints the Information Systems/Telecommunications Director of Williamson County. The Director's duty is to control, maintain and direct all information processing functions of the County. More specifically, duties include installing new systems, protecting computer stored records, maintaining control of daily EDP functions, and troubleshooting within County offices as computer related problems arise. In addition, this position oversees the Countywide telecommunications function.

County Extension Service Agent

The Williamson County Office of the Texas Agricultural Extension Service is a unique partnership between the County Commissioners Court and the Texas A&M University System. County Extension Agents provide outreach education to the citizens of Williamson County in the areas of Agriculture, Family and Consumer Sciences, 4-H, and Youth Development, and Horticulture. Agents utilize research-based information to conduct workshops, clinics, tours, meeting and programs, as well as preparing news releases and web-based education. The Extension Service values and promotes principles of citizen and community involvement, research-based education, lifelong learning, and volunteerism.

Human Resource Director/Elections Administrator

The Human Resource (HR) Director for Williamson County serves as the Elections Administrator and is appointed by the County Benefits Committee and the Commissioners' Court. The Director must ensure the County is in compliance with state and federal hiring laws, that applicants meet the qualifications of a particular job opening and that the public is notified when a job opening becomes available within the County. The HR Director is responsible for the management of the Self-Funded Benefits Plan and various other medical and dental benefit plans offered by the County as well as life and long-term disability insurance, workers' compensation insurance, the wellness program and the employee assistance program. The HR Director also monitors the claims disbursement made under the Self-Funded Benefits Plan and must ensure the various benefits plans are administered in compliance with federal laws and regulation. The HR Director must ensure the County complies with the Drug Free Workplace Policy, the Family and Medical Leave Act (FMLA) and the Americans with Disabilities Act (ADA). The duties of the Elections Administrator include registering voters and conducting elections in accordance with all federal, state, and local laws.

911 Communications Director

The County Judge appoints the 911 Communications Director under the advisement and consent of the Commissioners' Court. The impact of the work accomplished by the 911 Communications Director is far reaching and is of the utmost importance to the County overall. This position controls and coordinates all 911 communications between the general public and County agencies tasked with rapid response. The Director is responsible for the purchase and maintenance of all 911 equipment within the County. This position hires, trains, and supervises all 911 operators and is responsible for maintaining all call and response records for the County.

FEDERAL AWARD PROGRAMS





PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable County Judge
and Commissioners' Court
Williamson County, Texas

We have audited the basic financial statements of Williamson County, Texas, as of and for the year ended September 30, 2003, and have issued our report thereon dated March 13, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether Williamson County, Texas' basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Williamson County, Texas' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Williamson County, Texas, in a separate letter dated March 13, 2004.

This report is intended solely for the information and use of the Commissioners' Court, audit committee, management, others within the organization and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Patillo, Brown & Hill, L.L.P.

March 13, 2004



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable County Judge
and Commissioners' Court
Williamson County, Texas

Compliance

We have audited the compliance of Williamson County, Texas, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2003. Williamson County, Texas' major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Williamson County, Texas' management. Our responsibility is to express an opinion on Williamson County, Texas' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; OMB Circular A-133, "Audits of States, Local Governments and Nonprofit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Williamson County, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Williamson County, Texas' compliance with those requirements.

In our opinion, Williamson County, Texas, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2003.

Internal Control Over Compliance

The management of Williamson County, Texas, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Williamson County, Texas' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weakness.

This report is intended solely for the information and use of the Commissioners' Court, audit committee, management, others within the organization and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Patillo, Brown & Hill, L.L.P.

March 13, 2004

WILLIAMSON COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2003

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Award Amount</u>	<u>Expenditures</u>
<u>U. S. Department of Agriculture:</u>				
Passed through Texas Department of Health and Human Resources:				
National School Lunch Program	10.555	N/A	N/A	\$ 56,410
Total Passed through Texas Department of Health and Human Resources				56,410
Total U. S. Department of Agriculture				56,410
<u>U. S. Department of Justice:</u>				
Passed through Texas Department of Criminal Justice				
Criminal Justice Division:				
Juvenile Accountability Incentive Block Grant	16.523	JB-01-J20-13308-04	\$ 44,164	30,172
Justice of the Peace -JPO	16.540	JA-01-J22-14848-03	14,826	2,745
Victims of Crime Assistance	16.575	VA-02-V30-13776-04	78,380	58,078
Victims of Crime Assistance	16.575	VA-03-V30-13776-05	73,214	12,740
Total Passed through Texas Department of Criminal Justice - Criminal Justice Division				103,735
Passed through the Office of Justice:				
Local Law Enforcement Block Grant	16.592	2002-LB-BX-0494	36,584	24,631
Local Law Enforcement Block Grant	16.592	2001-LB-BX-0833	41,527	654
Local Law Enforcement Block Grant	16.592	2001-LB-BX-0242	41,817	7
State Alien Assistance Program	16.572	2002-AP-BX-0280	92,128	92,128
Total Passed through the Office of Justice				117,420

(continued)

WILLIAMSON COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 (Continued)
 YEAR ENDED SEPTEMBER 30, 2003

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Expenditures</u>
<u>U. S. Department of Justice: (Continued)</u>				
Passed through the Office of Community-Oriented Policing Service:				
Cops Grant	16.710	2000CKWX0192	\$ 5,051	\$ 790
Total Passed through the Office of Community-Oriented Policing Service				790
Passed through the Office of the Governor - Criminal Justice Division:				
Substance Abuse Treatment Program	16.523	JB-02-J20-13308-05	37,095	4,644
Justice of the Peace	16.540	JA-02-J20-14848-04	7,413	6,967
Purchase of Juvenile Justice Alternatives	16.540	JA-01-J20-14847-03	6,210	1,159
Total Passed through the Office of the Governor - Criminal Justice Division				12,770
Passed through the Capital Area Planning Council: Juvenile Accountability Incentive Block Grant	16.523	JB-01-J20-16274-01	46,212	27,737
Total Passed through Capital Area Planning Council				27,737
Passed through the Office of the Attorney General - Criminal Justice Division:				
Victims Assistance Discretionary Grant	16.582	02-G03763	14,250	9,834
Total Passed through the Office of the Attorney General - Criminal Justice Division				9,834
Total U. S. Department of Justice				272,286

(continued)

WILLIAMSON COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)
YEAR ENDED SEPTEMBER 30, 2003

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Expenditures</u>
<u>U. S. Department of Transportation</u>				
Passed through the Texas Department of Transportation				
TEA-21 Cross County Heritage	20.205	STP00(534)TE	\$ 827,892	\$ 29,890
Total Passed through Texas Department of Transportation				29,890
Total U. S. Department of Transportation				29,890
<u>Federal Emergency Management</u>				
Emergency Management Performance	83.552	EMT-2003-GM-133	54,529	54,529
Total Federal Emergency Management				54,529
<u>U. S. Department of Education</u>				
Passed through the Office of the Governor - Criminal Justice Division				
School Resource Officer	84.186	ED-02-J20-15452-03	32,141	29,355
Total Passed through the Office of Governor - Criminal Justice Division				29,355
Total U. S. Department of Education				29,355
<u>U. S. Department of Health and Human Services</u>				
Passed through the State of Texas Juvenile Probation Commission:				
Title IV E Foster Care Program	93.658	TJPC-E-02-246	N/A	52,127
Title IV E Foster Care Program	93.658	TJPC-E-03-246	N/A	98,909
Title IV E Foster Care Program	93.658	N/A	N/A	2,966
Title IV E Foster Care Program	93.658	N/A	N/A	43,931
Total Passed through State of Texas Juvenile Probation Commission				197,933
Total U. S. Department of Health and Human Services				197,933
Total Federal Awards				\$ 640,403

WILLIAMSON COUNTY, TEXAS**NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS****SEPTEMBER 30, 2003****1. GENERAL**

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal awards programs of Williamson County, Texas. The County's reporting entity is defined in Note I of the basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

2. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note I of the basic financial statements.

WILLIAMSON COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2003

Summary of Audit Results

Type of report on financial statements	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Reportable condition(s) identified that are not considered to be material weakness(es)?	None reported
Internal control over major programs:	
Material weakness(es) identified?	No
Reportable condition(s) identified that are not considered to be material weakness(es)?	None reported
Noncompliance which is material to the basic financial statements	None
Type of report on compliance with major programs	Unqualified
Findings and questioned costs for federal awards as defined in Section 501(a), OMB Circular A-133	None
Dollar threshold considered between Type A and Type B federal programs	\$300,000
Low risk auditee statement	The County was classified as a low-risk auditee in the context of OMB Circular A-133
Major federal programs	U. S. Department of Health and Human Services: Title IV-E -- Foster Care (CFDA #93.658)

Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None

Findings and Questioned Costs for Federal Awards

None

WILLIAMSON COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

None

AGENDA ITEM 32

Hear review of monthly construction summary report from HNTB.

Paul Petrich addressed the Court.

AGENDA ITEM 33

Discuss and take appropriate action on road bond program.

Paul Petrich addressed the Court.

AGENDA ITEM 34

Consider a resolution authorizing condemnation of certain property interests necessary for the construction of the Parmer Lane extension project and take appropriate action. (Parcel 50 - Smith)

Charles Crossfield addressed the Court.

Moved: **Commissioner Hays**

Seconded: **Judge Doerfler**

Motion: To approve a resolution authorizing condemnation of certain property interests necessary for the construction of the Parmer Lane extension project. (Parcel 50 - Smith)

Vote: **5 – 0**

< Attachment >