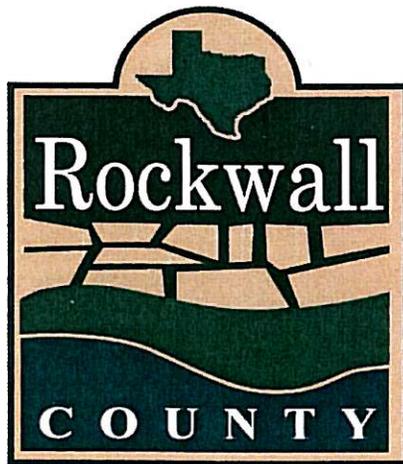
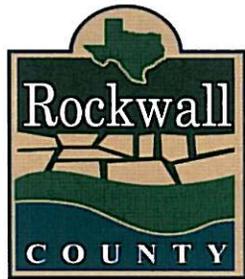


# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Rockwall County, Texas



Fiscal Year Ended September 30, 2006



ROCKWALL COUNTY, TEXAS  
 ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

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**ROCKWALL COUNTY, TEXAS  
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**John A. Blackwood**  
**Rockwall County Auditor**

101 East Rusk Street  
Suite 101  
Rockwall, Texas 75087

Tel: 972/882-0250  
Fax: 972/882-0259

May 24, 2007

**To:** The Honorable County Judge, County Commissioners,  
Citizens and Stakeholders of Rockwall County, Texas

**Re:** The Comprehensive Annual Financial Report (CAFR)  
of Rockwall County, Texas

The Comprehensive Annual Financial Report (CAFR) of Rockwall County, Texas, for the year ended September 30, 2006, is submitted herewith. To the best of my knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the County, on a Government-wide and Fund basis. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

In 2006, the County issued its fourth year of financial statements under the new reporting model required as part of governmental financial reporting. The new reporting model issued by the Governmental Accounting Standards Board 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).

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter and a list of principal officials. The financial section includes the MD&A, Government-wide and Major Fund presentations, Required Supplementary Information, Combining Individual Fund Statements, as well as the independent auditor's report on the financial statements and schedules. The statistical section includes supplemental information regarding population and commercial and residential property values.

GENERAL INFORMATION – ROCKWALL COUNTY

Rockwall County ("the County") was created in 1873. The estimated population in 2006 was 69,155. This was an increase of 60.53% from the 2000 census which showed the population of 43,080 making it one of the fastest growing counties in Texas. The census estimates 147 square miles as the size of the County. Rockwall County is located in the Dallas Metroplex.

The County's major operations include law enforcement, judiciary, detention, public works, health, libraries, and general administrative services.

#### ECONOMIC CONDITIONS AND OUTLOOK

The economic outlook for Rockwall County is strong and is projected to continue to grow at a rapid pace. The tax base is primarily residential. The various local economic development agencies are working to increase business properties in an effort to balance the tax base between residential and commercial revenues. The new technology park in the City of Rockwall is a success story.

#### MAJOR INITIATIVES

Rockwall County is involved in a number of projects:

- ❖ The Harbor Development, which is a planned economic project with the City of Rockwall.
- ❖ Planning and building of a new County Library.
- ❖ Planning for a future toll road. The corridor study has been completed and the actual corridor has been identified.
- ❖ Planning and building four Interstate Highway interchanges.
- ❖ Developing a County-wide thoroughfare plan.
- ❖ Planning for the expansion and renovation of the County jail facility.
- ❖ Continuing to establish County-wide election services.
- ❖ Determination of the governmental space needs for a build out population of 300,000 citizens and the associated planning to address the needs.

#### FINANCIAL INFORMATION

##### Accounting Procedures and Budgetary Controls

The County's accounting records for general government are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities are incurred.

The budgetary process begins each year with the preparation of both current and proposed year expenditure estimates by the County's budget officer – the County Judge. The County Auditor and the Treasurer assume a leadership role in the preparation of a draft budget. As part of each year's budget development process, departments are required to update expenditure estimates for the current fiscal year. These estimates are reviewed by the County Auditor, Treasurer, and the Commissioners Court concurrent with review of the proposed budget. The County Judge then makes adjustments and modifications based on his sense of County priorities and obligations. The County Judge's draft budgets are submitted to the Commissioners Court for their adoption or amendment.

## OTHER INFORMATION

### Independent Audit

Rockwall County has engaged the firm of Conway Company CPAs, P.C. to perform the annual audit and their opinion has been included in this report. It should be noted that the auditors included all funds in their audit, performed their audit in accordance with generally accepted auditing standards, and stated that, in their opinion, the statements herein present fairly, in all material respects, the financial position of the County at September 30, 2006, and the changes in financial position and cash flows of its proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### Detection of Malfeasance and Recovery of County Assets

In May of 2006, the County Auditor turned over documents to the Rockwall County Sheriff's Office that showed one or more employees in the County Treasurer's Office was manipulating the timing of bank deposits in order, presumably, to use County monies for personal purposes.

Iterative and convergent audit processes routinely deployed by the County Auditor's staff led inexorably to a point at which the former Treasurer refused to provide access to certain documents. Upon encountering this resistance to a full and transparent disclosure, the County Auditor summoned law enforcement and disclosed the audit evidence of malfeasance. Within days the former Treasurer confessed her improprieties and pled guilty to abuse of official capacity. All monies were recovered and the County registered no financial losses.

Rockwall County Sheriff's personnel, especially Detectives Kirk and Fitzwater, skillfully used the internal audit data to elicit the confession from the former Treasurer. They deserve special commendation for their professionalism and alacrity.

On or about April 9th of this year, the Travis County grand jury indicted the Criminal District Attorney on three felony counts of alleged abuse of official capacity. During a routine audit, the County Auditor identified that State funds for deposit into accounts under the jurisdiction of the District Attorney had not been received. In September 2004, the County Auditor notified the County Treasurer and the State Comptroller of the irregularities. The State Comptroller indicated the funds had been deposited into a new account which had been designated by the District Attorney. Upon further investigation, the Texas Rangers and the FBI were summoned for assistance. Again, all monies were recovered and the County registered no financial losses.

The District Attorney has denied the allegations and declared that he is innocent of the charges.

#### Retention of Forensic Audit Engagement

In March of 2007, County Judge Chris Florance announced his intention to seek Commissioners Court approval to dispatch a forensic audit to serve as a declaratory and definitive third party testament to the soundness of the Rockwall County internal financial controls. Consensual wisdom in the wider community of audit professionals has historically subscribed to the proposition that a clever and knowledgeable perpetrator can always beat an organization's internal control system if he is determined to fraudulently misrepresent transactions in order to commit malfeasance. The burden of an internal control system is to establish a filigree of checks and balances that makes fraudulent misrepresentation of transactions more difficult to execute and to evade detection.

A reasonable question to raise in the wake of the conviction of the former Treasurer and an indictment of the Criminal District Attorney is: were these incidents elicited by exploitable structural weaknesses in the internal control system that are correctable or were they simply the product of knowledgeable people who calculated malfeasance because they thought their respected positions placed them above suspicion and, therefore, immune from routine audit scrutiny?

A related issue is: is it more accurate to say that the detection of fraudulent activity represents the effectiveness of the internal controls or their insufficiency? Clearly, some may believe that criminal activity, by definition, implies that the control system is flawed. Regardless, the consensus of professional experts is that the detection of malfeasance activity is most often a confirmation of the effectiveness of the system.

The Court concurred with Judge Florance's desire to demonstrate the integrity of the internal financial controls by performance of the referenced audit. On May 14, 2007, the Court hired Whitley Penn to conduct that engagement.

The implementation of a forensic audit to assess the quality of the internal control infrastructure can only be interpreted as a sound business practice and a reasonable action - given the recent instances of real and alleged malfeasance - to demonstrate to the stakeholders of the County that County assets are managed and protected with the

vigilance and operative control mechanisms sufficient to attenuate or prevent their compromise *via* fraudulent activity.

### Recent Bond Ratings

The bond market recently interpreted the detection of malfeasance and alleged malfeasance as indicants of an effective internal financial control system. In April 2007, Standard and Poor's Bond Rating Service elevated the Rockwall County bond rating from A to A+. Likewise, Moody's Bond Rating Service elevated our bond rating from A1 to Aa3.

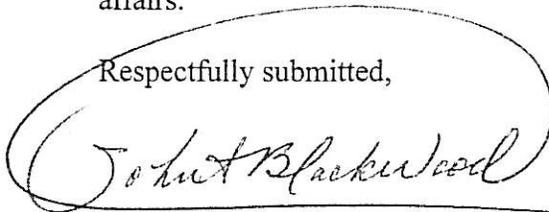
### Acknowledgements

It is worth reminding that the County's information supply chain includes employees throughout the organization who deserve appreciation for their efforts and cooperation, especially those employees in the County Treasurer's office who were instrumental in the successful completion of this report.

It is especially noteworthy to salute their efforts given that Rockwall County has received the "unqualified opinion" attest statement from the outside auditors – in other words, "clean audits" – for each of the last ten years. The "unqualified opinion" is the highest grade that an organization can achieve on an audit conducted by an outside audit firm. The last three years, the outside audit firm has been Conway Company, CPAs. The previous seven years, the audits were conducted by Patillo, Brown & Hill.

My appreciation is also extended to the County Judge and Commissioners Court for providing the resources necessary to maintain the integrity of the County's financial affairs.

Respectfully submitted,

A handwritten signature in cursive script, enclosed in a large, hand-drawn oval. The signature reads "John A. Blackwood".

John A. Blackwood  
Rockwall County Auditor  
Rockwall County, Texas

**ROCKWALL COUNTY, TEXAS  
PRINCIPAL OFFICIALS**

COMMISSIONERS COURT:

Chris Florance  
Jerry Wimpee  
Lori Grinnan  
Bruce Beaty  
David Magness

County Judge  
Commissioner, Precinct 1  
Commissioner, Precinct 2  
Commissioner, Precinct 3  
Commissioner, Precinct 4

BOARD OF DISTRICT JUDGES:

Brett Hall

District Court

COUNTY JUDGES:

David Rakow  
David Karr  
Larry Holloway

County Court at Law  
Justice of the Peace, Precinct 1  
Justice of the Peace, Precinct 2

LAW ENFORCEMENT:

Harold Eavenson  
Ray Sumrow  
Angie Scalf  
Brett Gilbert  
Randy Parks  
John Cullins

Sheriff  
District Attorney  
Director, Juvenile Probation  
Director, Adult Probation  
Constable, Precinct 1  
Constable, Precinct 2

ADMINISTRATIVE OFFICIALS:

John A. Blackwood  
Kathryn Feldpausch  
Brian Crenshaw  
William Sinclair

County Auditor  
Tax Assessor-Collector  
Information Systems  
Treasurer

RECORDING OFFICIALS:

Lisa Constant  
Kay McDaniel

County Clerk  
District Clerk

## INTRODUCTORY SECTION



## FINANCIAL SECTION





Michael Conway, CPA  
Neil Conway, CPA

**CONWAY COMPANY CPAs PC**  
**ACCOUNTANTS & ADVISORS**

[www.conwaycpas.com](http://www.conwaycpas.com)

PO Box 8234  
Greenville, Texas 75404-8234

*Member*  
American Institute of CPAs  
Texas Society of CPAs

Toll Free (800) 594-7951  
Metro (903) 450-1200

May 15, 2007

**Independent Auditor's Report on Financial Statements**

Honorable County Judge  
Honorable Commissioners Court  
Rockwall County  
101 East Rusk, Ste 101  
Rockwall, TX 75087

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Rockwall County, Texas (the "County") as of and for the year ended September 30, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for Rockwall County, Texas as of September 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the budgetary information identified as Required Supplementary Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,

Conway Company CPAs, P.C.

1021 Park Street  
Commerce, Texas 75428  
Office (903) 886-2123  
Fax (903) 886-6580

8910 Wesley Street  
Greenville, Texas 75402  
Office (903) 455-9898  
Fax (903) 454-3181

#1 Horizon Court  
Rockwall, Texas 75032  
Office (972) 771-1065  
Fax (903) 454-3181



# ROCKWALL COUNTY

## MANAGEMENT DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2006

As management of Rockwall County, we offer readers of Rockwall County's financial statements this narrative overview and analysis of the financial activities of Rockwall County for the fiscal year ended September 30, 2006. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

### Financial Highlights

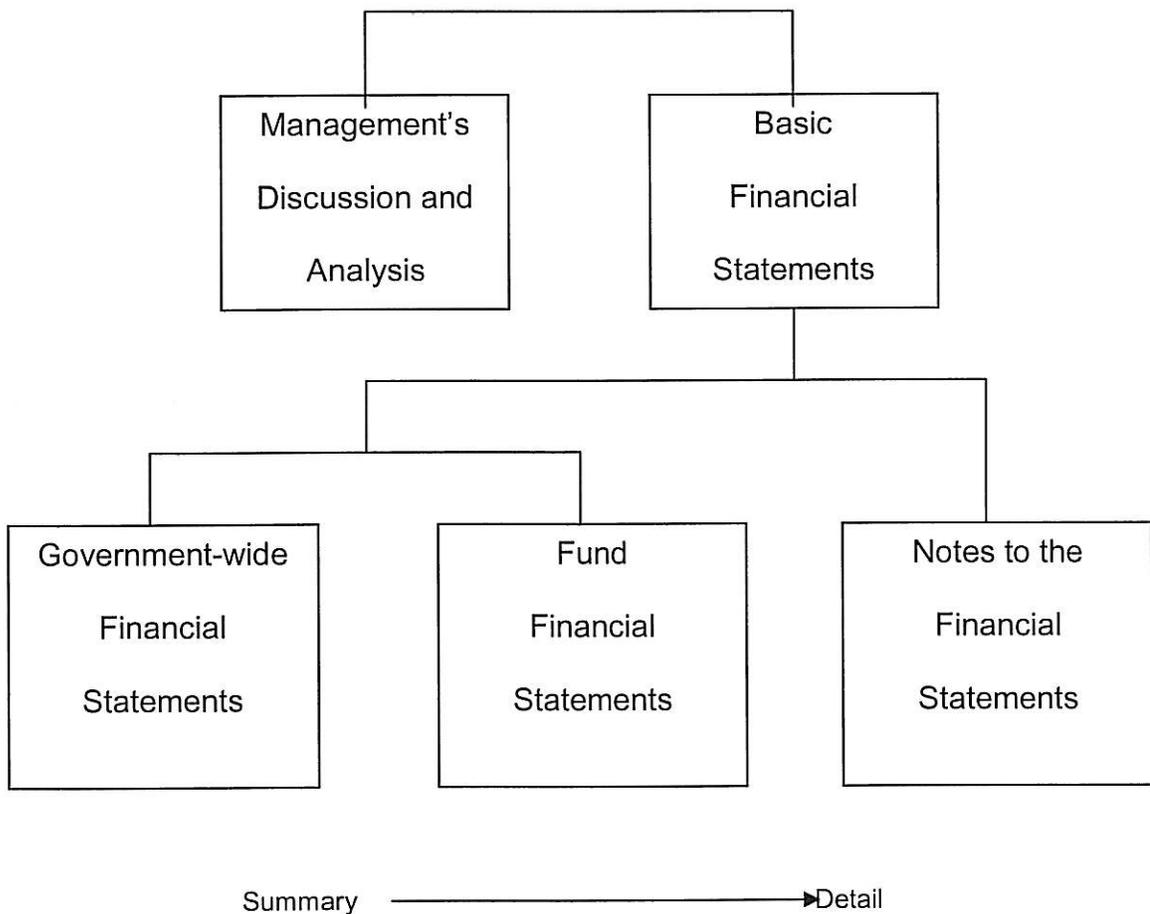
- The assets of Rockwall County exceeded its liabilities at the close of the fiscal year by \$23,859,439 (net assets).
- The government's total net assets increased by \$6,507,014 due to increases in the government-type activities net assets.
- As of the close of the current fiscal year, Rockwall County's governmental funds reported combined ending fund balances of \$17,065,968, an increase of \$4,083,613 in comparison with the prior year. Approximately 84.06% of this total amount, or \$14,346,222, is available for spending at the government's discretion. (unreserved fund balance).
- Rockwall County's total bonded debt decreased by (\$1,105,000) or (10.12%) during current fiscal year.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Rockwall County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the County of Rockwall County.

Required Components of Annual Financial Report

Figure 1



**Basic Financial Statements**

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

**ROCKWALL COUNTY**  
MANAGEMENT DISCUSSION AND ANALYSIS

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets is one way to gauge the County's financial condition.

The statement of *net assets* presents information on all of Rockwall 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 Rockwall County is improving or deteriorating.

The *changes in net assets* presents information showing how the government'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 and earned but unused vacation leave).

Both the government-wide financial statements distinguish functions of Rockwall County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business activities). The governmental activities of the County include general government, public safety, judicial, and community services.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

**Fund Financial Statements**

The fund financial statements (see Figure 2) provide a more detailed look at the County's most significant activities. 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 of Rockwall, like all other governmental entities in Texas, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of the County of Rockwall, Texas can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

## ROCKWALL COUNTY MANAGEMENT DISCUSSION AND ANALYSIS

The County of Rockwall, Texas adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Commissioners Court about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows three columns: 1) the final budget as amended by the Commissioners; 2) the actual resources, charges to appropriations, and ending balances in the General Fund; and 3) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

**Proprietary Funds** – Rockwall County has one proprietary fund, the Internal Service Fund. *Proprietary Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Rockwall County uses proprietary funds to account for its internal service activity. These funds are the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

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

**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 are on pages 30 to 47 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees and budget to actual schedule for general fund and road and bridge fund. Required supplementary information can be found beginning on page 50 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 56 to 82 of this report.

### **Government-Wide Financial Analysis**

The government-wide financial statements for the fiscal year ended September 30, 2006 continue the implementation of a new standard of financial reporting for Rockwall County, and many other units of government across the United States.

**ROCKWALL COUNTY  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2006**

**Rockwall County's Net Assets**

**Figure 2**

	2006 Governmental Activities	2005 Governmental Activities
Current and other assets	\$ 21,241,839	\$ 16,832,218
Capital assets	17,600,933	16,388,078
Total assets	<u>38,842,772</u>	<u>33,220,296</u>
Current liabilities	3,751,669	3,394,461
Long-term liabilities	11,231,664	12,316,154
Total liabilities	<u>14,983,333</u>	<u>15,710,615</u>
Net assets:		
Invested in capital assets, net of related debt	6,685,933	4,368,078
Reserved	4,272,287	1,918,372
Unreserved	12,901,219	11,223,231
Total net assets	<u>\$ 23,859,439</u>	<u>\$ 17,509,681</u>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The net assets of Rockwall County exceeded liabilities by \$23,859,439 as of September 30, 2006. The County's net assets increased by \$6,349,758 for the fiscal year ended September 30, 2006. However the largest portion, (28%), reflects the County's investment in capital assets (e.g. land, buildings, machinery and equipment) less any related debt still outstanding that was issued to acquire those items. Rockwall County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Rockwall County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

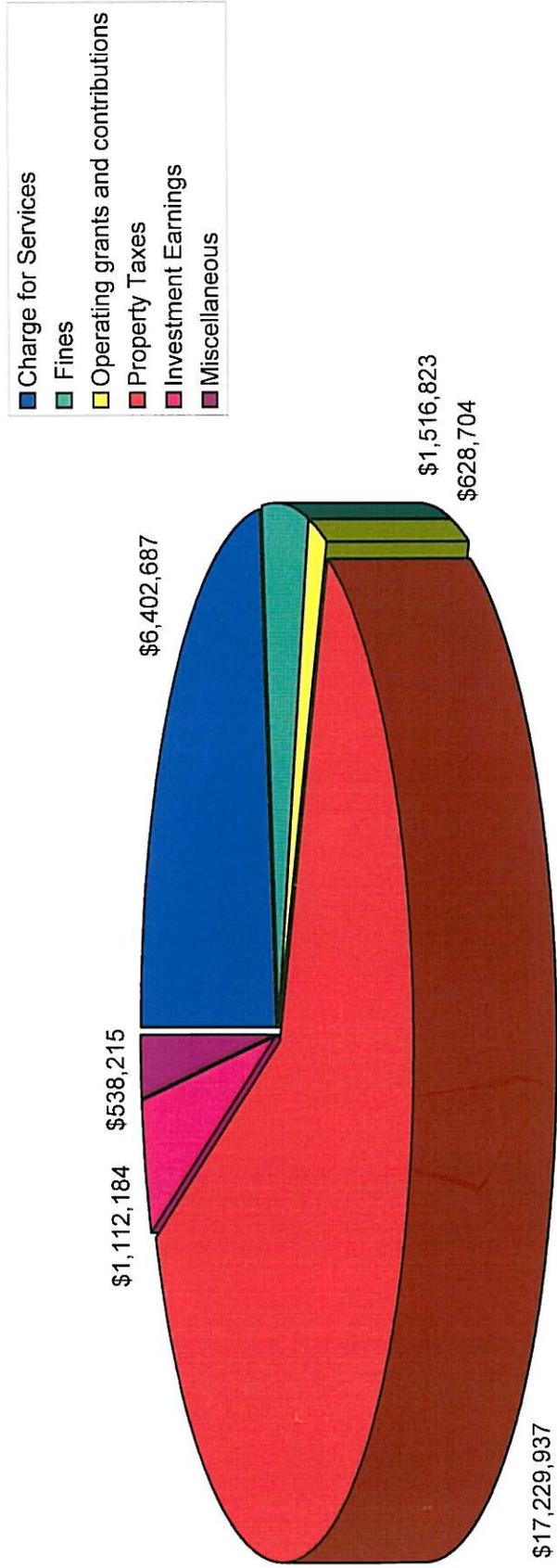
**ROCKWALL COUNTY  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2006**

**Rockwall County Changes in Net Assets**

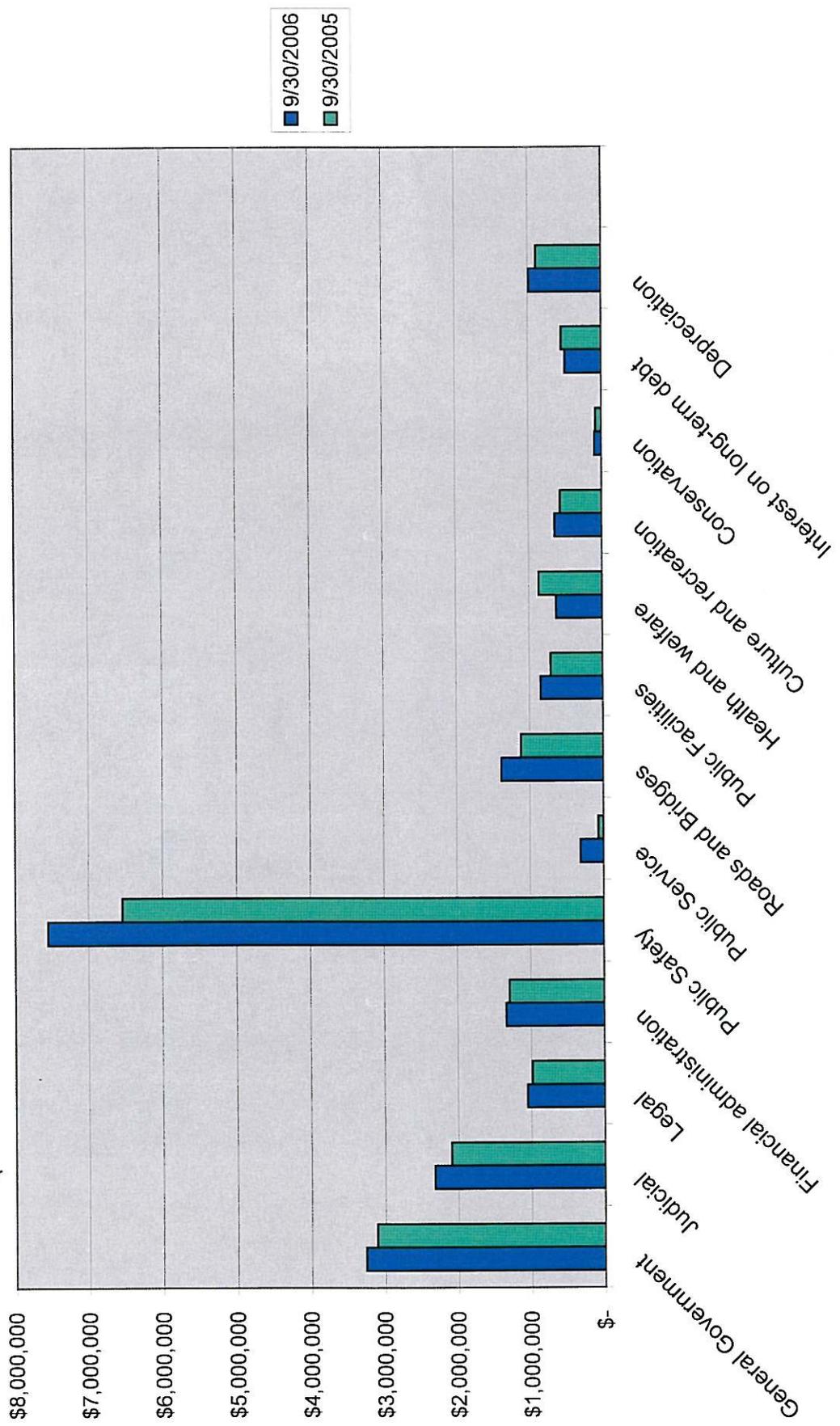
**Figure 3**

	<b>Government Activities 2006</b>	<b>Government Activities 2005</b>
	<u>2006</u>	<u>2005</u>
<b>REVENUE</b>		
Program revenues:		
Charge for Services	\$ 6,402,687	\$ 4,757,099
Fines	1,516,823	1,061,896
Operating grants and contributions	628,704	413,694
General revenues:		
Property Taxes	17,229,938	15,894,950
Mixed Drink Taxes	126,189	106,517
Sales Tax	226,676	-
Investment Earnings	1,112,183	575,186
Intergovernmental Revenue	140,386	-
Notes	-	(18,000)
Sale of Assets	13,200	-
Miscellaneous	31,764	380,045
<b>Total Revenues</b>	<u>27,428,550</u>	<u>23,171,387</u>
<b>EXPENDITURES</b>		
Current:		
General Government	3,258,914	3,008,701
Judicial	2,316,420	2,083,829
Legal	1,047,173	978,229
Financial administration	1,329,449	1,284,196
Public Safety	7,548,286	6,535,582
Public Service	309,945	100,404
Roads and Bridges	1,383,151	1,113,833
Public Facilities	844,255	704,179
Health and welfare	623,740	863,916
Culture and recreation	640,766	567,371
Conservation	94,101	81,278
Capital Outlay	-	68,859
Contractual	-	585
Interest on long-term debt	495,453	545,811
Other	46,340	5,049
Depreciation	983,543	888,565
<b>Total Expenditures</b>	<u>20,921,536</u>	<u>18,830,387</u>
<b>Excess of revenues over expenditures</b>	6,507,014	4,341,000
<b>Fund Balances/Equity, October 1</b>	17,509,681	13,116,875
<b>Prior Period Adjustments</b>	(157,256)	51,806
<b>Fund Balances/Equity, September 30</b>	<u>\$ 23,859,439</u>	<u>\$ 17,509,681</u>

**Rockwall County - Revenues By Source  
For the Year Ended September 30, 2006**



**Comparison of Expenses by Program  
For the 12 Months Ended September 30, 2005 and 2006**



**ROCKWALL COUNTY  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2006**

**Governmental-type activities** - Governmental activities increased the County's net assets by \$6,507,014, thereby accounting for 100% of the total increase in the net assets of Rockwall County. Key elements of this increase are as follows:

- Property tax revenues increased by 9%.
- Service Fee revenues increased by 36%.

**Financial Analysis of the County's Funds**

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

**Governmental Funds** - The focus of Rockwall County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Rockwall County's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of Rockwall County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$13,296,447. As a measure of the general fund's liquidity, it may be useful to compare the unreserved fund balance to total fund expenditures. Unreserved fund balance represents 75.86% of total General Fund expenditures.

At September 30, 2006, the governmental funds of the Rockwall County reported a combined financial condition. The net assets of Rockwall County exceeded liabilities by \$23,859,439 as of September 30, 2006. The County's net assets increased by \$6,507,014 for the fiscal year.

**General Fund Budgetary Highlights:** During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and (3) increases in appropriations that become necessary to maintain services.

Revenues were slightly more than the budgeted amounts mainly in the areas of property taxes and sales taxes. However, expenditures were generally in line with budgeted amounts.

**ROCKWALL COUNTY  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2006**

**Capital assets** - Rockwall County's investment in capital assets for its governmental activities as of September 30, 2006, totals \$17,600,933 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- The County continued work on street improvements.
- No major demolitions were recorded this year.

**Figure 4**

**Rockwall County  
Capital Assets  
As of September 30, 2006**

	Governmental Activities
Land & Improvements	5,417,583
Machinery & Equipment	6,152,299
Buildings	11,336,345
Infrastructure	1,014,200
Construction in Progress	357,706
Accumulated Depreciation	(6,677,200)
<i>Total</i>	<u><u>\$ 17,600,933</u></u>

**Long-term Debt** - As of September 30, 2006, Rockwall County had total bonded debt outstanding of \$10,915,000.

**Rockwall County  
Outstanding Bonds  
As of September 30, 2006**

<i>General Funds</i>	10,915,000
<i>Total</i>	<u><u>\$ 10,915,000</u></u>

Rockwall County's bonded debt decreased by \$1,105,000 (9.19%) during the past fiscal year.

**ROCKWALL COUNTY**  
MANAGEMENT DISCUSSION AND ANALYSIS

**Budget Highlights for the Fiscal Year Ending September 30, 2006**

**Governmental Activities** - Property tax revenues (benefiting from the economic growth) and revenues from county services are expected to increase during 2006. The County will use the current revenues in addition to any increases in revenues to any finance programs currently in place.

Budgeted expenditures in the General Fund are expected to rise 17% to \$20,959,816. The largest increments are in infrastructure expenditures. This increase will be covered by the excess of budget revenues over expenditures in the county's governmental activities.

**Requests for Information**

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning the information found in this report or requests for additional information should be directed to the Treasurer, or County Auditor, in Rockwall County, Texas.



## BASIC FINANCIAL STATEMENTS



ROCKWALL COUNTY, TEXAS  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2006

Primary Government

Governmental  
Activities

ASSETS AND OTHER DEBITS

ASSETS

Current Assets:

Cash and Investments	
Unrestricted	\$ 8,836,062
Restricted	10,860,122
Receivables (net of allow for uncollectibles)	
Taxes	608,445
Fees and Services	707,746
Prepaid Expense	7,840
Due from Other Funds	111,738
Due from Other Governments	109,886
<b>Total Current Assets</b>	<u>21,241,839</u>

Capital Assets:

Property, Plant & Equipment	
Land & Improvements	5,417,583
Machinery & Equipment	6,152,299
Infrastructure	1,014,200
Buildings	11,336,345
Construction in Progress	357,706
Accumulated Depreciation	(6,677,200)
<b>Total Capital Assets</b>	<u>17,600,933</u>

**Total Assets**

38,842,772

LIABILITIES AND NET ASSETS

LIABILITIES

Current Liabilities:

Accounts Payable	1,546,362
Other Liabilities	1,510,244
Deferred Revenue	504,695
Due to Other Governments	112,665
Interest Payable	77,703
Current Portion of General Obligation Debt	1,595,000
Current Portion of Certificate of Obligation Debt	210,000
<b>Total Current Liabilities</b>	<u>5,556,669</u>

Noncurrent Liabilities

Long Term Debt	
General Obligation Bonds	7,680,000
Certificates of Obligation Payable	3,235,000
Compensated Absences	316,664
Less Current Portion	(1,805,000)
<b>Total Noncurrent Liabilities</b>	<u>9,426,664</u>

**Total Liabilities**

14,983,333

NET ASSETS

Investment in capital assets, net of related debt	6,685,933
Restricted	4,272,287
Unrestricted	12,901,219
<b>Total Net Assets</b>	<u>23,859,439</u>

**Total Liabilities and Net Assets**

\$ 38,842,772

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

ROCKWALL COUNTY, TEXAS  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities:				
General Government	\$ 3,258,914	\$3,283,646	\$ 350,083	\$ -
Judicial	2,316,420	2,437,339	-	-
Legal	1,047,173	39,820	-	-
Financial administration	1,329,449	262,021	-	-
Public facilities	844,255	-	-	-
Public Safety	7,548,286	799,585	-	-
Public Service	309,945	-	28,997	249,624
Roads and Bridges	1,383,151	1,046,909	-	-
Health and Welfare	623,740	-	-	-
Culture and Recreation	640,766	50,190	-	-
Conservation	94,101	-	-	-
Depreciation	983,543	-	-	-
Other	46,340	-	-	-
Interest on long-term Debt	495,453	-	-	-
<b>Total governmental activities</b>	<b>\$ 20,921,536</b>	<b>\$7,919,510</b>	<b>\$ 379,080</b>	<b>\$ 249,624</b>

General revenues:  
 Taxes:  
     Property taxes, levied for general purposes  
     Property taxes, levied for debt service  
     Property taxes, levied for roads and bridges  
     Other tax revenue  
 Miscellaneous  
 Investment Earnings  
 Transfers  
 Intergovernmental Revenue  
 Sale of Asset  
     Total general revenues and transfers  
     Change in net assets  
 Net assets - beginning  
 Prior Period Adjustment  
     Net assets - ending

**Net (Expense)**  
**Revenue and Changes**  
**in Net Assets**  


---

**Primary Government**  


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**Governmental**  
**Activities**  


---

\$	374,815
	120,919
	(1,007,353)
	(1,067,428)
	(844,255)
	(6,748,701)
	(31,324)
	(336,242)
	(623,740)
	(590,576)
	(94,101)
	(983,543)
	(46,340)
	(495,453)
<hr/>	<hr/>
\$	(12,373,322)
<hr/>	<hr/>

\$	15,649,794
	1,502,083
	78,061
	352,865
	31,764
	1,112,183
	-
	140,386
	13,200
<hr/>	<hr/>
	18,880,336
<hr/>	<hr/>
	6,507,014
	17,509,681
	(157,256)
<hr/>	<hr/>
\$	23,859,439
<hr/>	<hr/>

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

ROCKWALL COUNTY, TEXAS  
BALANCE SHEET - GOVERNMENT FUNDS  
SEPTEMBER 30, 2006

	General Fund	Road and Bridge	Debt Service	Other Governmental Funds	Total
<b>ASSETS AND OTHER DEBITS</b>					
<b>ASSETS</b>					
Cash and Investments					
Unrestricted	\$ 6,670,081	\$ 605,341	\$ -	\$ 1,864,698	\$ 9,140,120
Restricted	9,110,499	235,654	473,106	504,582	10,323,841
Prepaid Expense	6,984	-	-	856	7,840
Receivables (net of allow for uncollectibles)					
Taxes	496,613	4,195	90,187	17,449	608,444
Fees and Services	581,920	-	-	1,824	583,744
Due from Other Governments	4,522	-	-	105,364	109,886
<b>Total Assets</b>	<b>16,870,619</b>	<b>845,190</b>	<b>563,293</b>	<b>2,494,773</b>	<b>20,773,875</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	1,025,862	145,936	610	119,066	1,291,474
Other Liabilities	1,510,245	-	-	-	1,510,245
Deferred Revenue	496,614	215,093	90,188	-	801,895
Due to Other Funds	984	-	-	103,309	104,293
<b>Total Liabilities</b>	<b>3,033,705</b>	<b>361,029</b>	<b>90,798</b>	<b>222,375</b>	<b>3,707,907</b>
<b>Fund Balances</b>					
Reserved	540,467	484,161	263,609	1,431,509	2,719,746
Unreserved-Undesignated	13,296,447	-	208,886	840,889	14,346,222
<b>Total Fund Balances</b>	<b>13,836,914</b>	<b>484,161</b>	<b>472,495</b>	<b>2,272,398</b>	<b>17,065,968</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 16,870,619</b>	<b>\$ 845,190</b>	<b>\$ 563,293</b>	<b>\$ 2,494,773</b>	<b>\$ 20,773,875</b>

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

ROCKWALL COUNTY, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
SEPTEMBER 30, 2006

<b>Total fund balances - governmental funds balance sheet</b>	\$ 17,065,968
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.	17,600,935
Other long-term assets are not available to pay for current period expenditures and, therefore, deferred in the funds	399,569
Long-term liabilities, including capital leases payable, are not due and payable in the current period and, therefore are not reported in the funds.	(11,309,365)
Internal service funds are used by management to charge the costs of health insurance to individual funds	102,332
<b>Net assets of governmental activities - statement of net assets</b>	<u><u>\$ 23,859,439</u></u>

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

ROCKWALL COUNTY, TEXAS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES - GOVERNMENT FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

	General Fund	Road and Bridges	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>REVENUE</b>					
Property Taxes including P&I	\$ 15,665,955	\$ 78,198	\$ 1,513,388	\$ -	\$ 17,257,541
Fees and Commissions	2,723,064	1,046,909	-	570,469	4,340,442
Fines and Forfeitures	1,298,501	210,449	-	7,872	1,516,822
Sales Tax	33,734	-	-	192,942	226,676
Mixed Drink Tax	126,190	-	-	-	126,190
Intergovernmental	14,496	-	-	112,980	127,476
Grant Revenue	57,679	-	-	571,025	628,704
Note Proceeds	550,000	-	-	-	550,000
Miscellaneous	28,906	950	-	1,337	31,193
<b>Total Revenues</b>	<b>20,498,525</b>	<b>1,336,506</b>	<b>1,513,388</b>	<b>1,456,625</b>	<b>24,805,044</b>
<b>EXPENDITURES</b>					
Current operating:					
General Government	2,592,066	-	-	58,314	2,650,380
Administrative	1,187,947	-	-	7,392	1,195,339
Public Safety	7,276,803	-	-	265,681	7,542,484
Public Facilities	844,255	-	-	-	844,255
Public Service	219,595	-	-	85,437	305,032
Judicial	2,302,725	-	-	100	2,302,825
Legal	1,020,825	-	-	26,349	1,047,174
Culture and Recreation	619,159	-	-	37,855	657,014
Health and Welfare	623,740	-	-	-	623,740
Roads and Bridges	305,484	1,161,399	-	-	1,466,883
Conservation	94,101	-	-	-	94,101
Capital Outlay	395,473	-	-	494,018	889,491
Other	46,340	-	-	6,715	53,055
Debt Service					
Principal Retirement	-	-	1,655,000	-	1,655,000
Interest and Fiscal Agent Fees	-	-	518,772	-	518,772
<b>Total Expenditures</b>	<b>17,528,513</b>	<b>1,161,399</b>	<b>2,173,772</b>	<b>981,861</b>	<b>21,845,545</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>2,970,012</b>	<b>175,107</b>	<b>(660,384)</b>	<b>474,764</b>	<b>2,959,499</b>
<b>Other Revenues and Financing Sources (uses)</b>					
Operating Transfers In	-	40,436	784,319	88,861	913,616
Operating Transfers Out	(1,171,616)	-	-	258,000	(913,616)
Interest Income	937,473	43,514	84,951	44,976	1,110,914
Sale of Assets	13,200	-	-	-	13,200
<b>Total Other Financing Sources (uses)</b>	<b>(220,943)</b>	<b>83,950</b>	<b>869,270</b>	<b>391,837</b>	<b>1,124,114</b>
<b>Excess of revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>2,749,069</b>	<b>259,057</b>	<b>208,886</b>	<b>866,601</b>	<b>4,083,613</b>
<b>Fund Balances/Equity, October 1</b>	<b>11,219,390</b>	<b>225,104</b>	<b>263,609</b>	<b>1,431,508</b>	<b>13,139,611</b>
<b>Prior Period Adjustments</b>	<b>(131,545)</b>	<b>-</b>	<b>-</b>	<b>(25,711)</b>	<b>(157,256)</b>
<b>Fund Balances/Equity, September 30</b>	<b>\$ 13,836,914</b>	<b>\$ 484,161</b>	<b>\$ 472,495</b>	<b>\$ 2,272,398</b>	<b>\$ 17,065,968</b>

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

**ROCKWALL 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, 2006**

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 4,083,613</b>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>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</p>	1,212,856
<p>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.</p>	2,809
<p>Some revenues reported in the statement of activities do not reflect current financial resources and, therefore, are not reported as revenues in governmental funds.</p>	404
<p>The issuance of long-term debt (e.g. bonds, tax anticipation notes) 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.</p>	1,105,000
<p>Internal service funds are used by management to charge the costs of health insurance to individual funds</p>	102,332
<b>Change in net assets of governmental activities - statement of activities</b>	<b><u><u>\$ 6,507,014</u></u></b>

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

ROCKWALL COUNTY, TEXAS  
 STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 SEPTEMBER 30, 2006

	<u>Governmental Activities Internal Service Fund</u>
<b>ASSETS AND OTHER DEBITS</b>	
<b>ASSETS</b>	
Cash and Investments	
Restricted	\$ 232,223
Receivables (net of allow for uncollectibles)	
Fees and Services	13,262
Due from Other Funds	111,738
<b>Total Assets</b>	<u><u>357,223</u></u>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>Liabilities</b>	
Accounts Payable and Other Liabilities	<u>254,891</u>
<b>Total Liabilities</b>	<u>254,891</u>
<b>Fund Balances</b>	
Restricted	<u>102,332</u>
<b>Total Fund Balances</b>	<u>102,332</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 357,223</u></u>

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

ROCKWALL COUNTY, TEXAS  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES  
 IN FUND NET ASSETS-PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

	<u>Governmental Activities Internal Service Fund</u>
<b>OPERATING REVENUES:</b>	
Charges for Services	\$ 2,034,808
<b>Total Operating Revenues</b>	<u>2,034,808</u>
<b>OPERATING EXPENSES:</b>	
Insurance Claims	1,612,023
Stop-loss Insurance Premiums	176,426
Administrative and other	145,296
<b>Total Operating Expenses</b>	<u>1,933,745</u>
<b>Operating Income (Loss)</b>	<u>101,063</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>	
Interest Revenue	1,269
<b>Total Non-Operating Revenues (Expenses)</b>	<u>1,269</u>
<b>Net Income</b>	102,332
<b>Retained Earnings/Fund Balances, October 1</b>	-
<b>Retained Earnings/Fund Balances, September 30</b>	<u>\$ 102,332</u>

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

ROCKWALL COUNTY, TEXAS  
 STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

	<u>Governmental Activities Internal Service Fund</u>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Users	\$ 2,036,559
Cash Received from Other Sources	570
Cash Paid to Employees and Suppliers	<u>(1,916,279)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>120,850</u>
<b>Cash Flows from Non-capital Financing Activities</b>	
Interest on Investments	<u>1,268</u>
<b>Net Cash Provided by Non-capital Financing Activities</b>	<u>1,268</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>122,118</u>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>110,105</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u><u>232,223</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income (Loss)	<u>101,064</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in accounts receivable	2,320
Decrease in claims payable	<u>17,466</u>
<b>Total Adjustments</b>	<u>19,786</u>
<b>Net cash provided by operating activities</b>	<u><u>\$ 120,850</u></u>

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

ROCKWALL COUNTY, TEXAS  
 STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 SEPTEMBER 30, 2006

	Indigent Healthcare Private-purpose Trust Fund	Fiduciary Funds
	<u>                    </u>	<u>                    </u>
<b>ASSETS AND OTHER DEBITS</b>		
<b>ASSETS</b>		
Cash and Investments		
Unrestricted	\$    410,418	\$    3,683,552
Restricted	228,345	-
<b>Total Assets</b>	<u>638,763</u>	<u>3,683,552</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts Payable and Other Liabilities	4,650	-
Due to Others	-	2,425,881
Due to Other Funds	-	1,257,671
<b>Total Liabilities</b>	<u>4,650</u>	<u>3,683,552</u>
<b>Fund Balances</b>		
Unreserved	-	-
Reserved	634,113	-
<b>Total Fund Balances</b>	<u>634,113</u>	<u>-</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$    638,763</u>	<u>\$    3,683,552</u>

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

**ROCKWALL COUNTY, TEXAS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<u>Indigent Healthcare Private-purpose Trust Fund</u>
<b>ADDITIONS</b>	
County Contributions	\$ -
Interest Earnings	20,923
<b>Total Operating Revenues</b>	<u>20,923</u>
<b>DEDUCTIONS</b>	
Administrative Expenses	208,464
<b>Total Operating Expenses</b>	<u>208,464</u>
<b>Change in Net Assets</b>	(187,541)
<b>Retained Earnings/Fund Balances, October 1</b>	821,654
<b>Retained Earnings/Fund Balances, September 30</b>	<u>\$ 634,113</u>

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

ROCKWALL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

**A. Summary of Significant Accounting Policies**

Rockwall County (County) was founded in 1873 and operates under the laws of the State of Texas and subsequent court orders providing the following services: public safety (law enforcement and detention facilities, contracts for fire and ambulance service), public welfare (social services, public health), highways and streets, judicial administration and records, library, public improvements, and general administrative services.

The combined financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant policies:

1. Reporting Entity

The accompanying financial statements present the County and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the County's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the County. We have adopted the provisions of Statement No. 39 of the Governmental Accounting Standards Board, *Determining Whether Certain Organizations are Component Units* ("GASB 39"), an amendment of Statement No. 14 of the Governmental Accounting Standards Board, The Financial Reporting Entity, as of September 30, 2006. There are no organizations that met the requirement of GASB 39 which require inclusion in the basic financial statements.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activity display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines and charges paid by the recipient of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

ROCKWALL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

**A. Summary of Significant Accounting Policies**

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation (continued)

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statement for each fund category - *governmental*, *proprietary* and *fiduciary* - are present. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings result from nonexchange transactions or ancillary activities.

The County reports the following major governmental funds:

General Fund - The General Fund is the primary operating fund of the County. It is used to account for all financial resources of the general government, except for those required to be accounted for in another fund.

Road and Bridge Fund - The Road and Bridge Fund accounts for the collection and expenditures of those monies designated to be spent for acquisition, construction, and maintenance of county roads and bridges.

Debt Service Fund - The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt associated with the acquisition and/or construction of facilities and equipment for the County.

Capital Projects Fund - The Capital Projects Fund accounts for the financial resources to be used for the acquisition and/or construction of facilities and equipment for the County.

Grants Fund - The Grants Fund accounts for the activities conducted under the many grant agreements between the County and various state and federal governments.

The County reports the following fund types:

Internal Service Funds - These funds account for the County's self-insurance programs - general liability, workers' compensation, and employees benefit fund.

Private Purpose Trust Fund - This fund is used to account for resources legally held in trust by a not-for-profit organization devoted to providing indigent healthcare. All resources of the fund may be used for the organization's activities.

Agency Funds - These funds are used to report resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

ROCKWALL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

**A. Summary of Significant Accounting Policies**

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation (continued)

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support County programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide, proprietary and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. The primary revenue sources susceptible to accrual are property taxes, which are recognized as deferred revenue until cash is received, and grant income, which is accrued when the legal and contractual requirements of the individual programs are met. Expenditures are recorded when incurred. However, expenditures for principal and interest on general long-term debt, compensated absences, and claims and judgments are recorded when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

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 business-type activities and enterprise funds, subject to this same limitation. The government 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. 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, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenue. Likewise, general revenue includes all taxes.

**ROCKWALL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

**A. Summary of Significant Accounting Policies**

**3. Financial Statement Amounts**

- a. Cash and cash equivalents of the County and its component units 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. Cash and cash equivalents in the cash flow statement do not include restricted assets.
- b. All investments of the County and its component units are recorded at fair value (defined as the price at which two willing parties would complete an exchange) and made pursuant to the Texas Public Funds Investments Act and investment policy established and approved by the Commissioners Court. Authorized investments include the following:
  1. Obligations of the United States or its agencies and instrumentalities;
  2. Direct obligations of the State of Texas;
  3. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States;
  4. Obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent;
  5. Certificates of deposit issued by state and national banks domiciled in Texas that are:
    - (a) Guaranteed or insured by the FDIC, or its successor; or
    - (b) Secured by obligation described by Items above and that have a market value of not less than the principal amount of the certificate;
  6. Fully collateralized direct repurchase agreements having a defined termination date, secured by item 1 above, pledged with a third party selected or approved by the County, and placed through a primary government securities dealer or a bank domiciled in Texas;
  7. Commercial paper with a stated maturity of 270 days or less from the date of issuance that either:
    - (a) is rated not less than A-1, P-1 or the equivalent by at least two nationally recognized credit rating agencies; or
    - (b) is rated at least A-1, P-1 or the equivalent by at least one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state thereof.

**c. Supplies and Prepaid Items**

Supplies are recorded by the County at cost using the average cost method. The cost of government fund type inventories is recorded as an expenditure when consumed rather than when purchased.

**d. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure asset (e.g., roads and bridges), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements at cost. The County defines capital assets as assets with an individual cost of more than \$500 and an estimated useful life greater than 1 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.

**ROCKWALL COUNTY, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006**

**A. Summary of Significant Accounting Policies**

3. Financial Statement Amounts

d. Capital Assets(continued)

The costs of normal maintenance and repairs are charged to operations when incurred. Betterments and improvements that add to the value of the asset, change capacity, or materially extend assets lives are capitalized.

Capital assets of the County, as well as the component units, are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives. There is no salvage value for infrastructure since these assets will not be sold, although, some benefit may still be provided by fully depreciated roads and bridges.

The following presents the estimated useful lives for capital assets of the County:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	35-50
Buildings	20-50
Improvements	5-50
Equipment	5-20

e. Compensated Absences

County employees earn annual leave up to a maximum of 20 days per year based on months of service. Fulltime regular employees earn 10 days of sick leave per year. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amounts when employees separate from service with the County. Employees who have been employed for a year or more are eligible to be paid for all unused annual leave at their regular rate of pay upon termination of employment. Vacation pay is accrued when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

As of September 30, 2006, the County had accrued compensated absences in the amount of \$ 316,664.

f. 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 in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. 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.

ROCKWALL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

**A. Summary of Significant Accounting Policies**

3. Financial Statement Amounts

f. Long-term Obligations (continued)

In the fund financial statements, government 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 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.

g. Property Taxes

Property subject to taxation is real property and certain personal property situated in the County. Certain properties of religious, educational and charitable organizations are exempt from taxation. In addition, other special exemptions are allowed by the Commissioners Court of the County.

The County's ad valorem taxes are levied and become a legal enforceable claim, on October 1 on 100% of assessed valuation at a rate of \$0.3507 (\$0.2972 for the maintenance and operations and \$0.0535 for interest and sinking fund) per \$100 valuation as of the preceeding January 1. These taxes are due and payable from October 1 of the year in which levied until January 31 of the following year without interest or penalty. Taxes paid after February 1 of each year are subject to interest and penalty charges.

Collections of the current year's levy are reported as current collections if received by June 30 (within nine months of October 1 due date). Collections received thereafter are reported as delinquent collections.

The County's taxes on real property are a lien (as of the date of levy) against such property until paid. The County may foreclose on real property upon which it has a lien for unpaid taxes. Delinquent taxes on property not otherwise collected are generally paid when there is a sale or transfer of the title to the property.

Any liens and subsequent suits against the taxpayer for payment of delinquent personal property taxes are barred unless instituted within four years from the time such taxes became delinquent. Unlike real property, the sale or transfer of most personal property does not require any evidence that taxes thereon are paid.

h. Budgetary Information

The County judge serves as the budget officer for the Commissioners' Court and submits the annual budget for approval where the legal level of control is by category. Amendments to the budget and additional appropriations must be approved by Commissioners' Court. Following is a summary of the budget calendar:

1. The proposed budget is filed with the County Clerk and made available for public inspection.
2. The Commissioners' Court holds a public hearing on the proposed budget and subsequently makes changes and approves the budget including the adoption of a property tax levy which is effective on October 1 preceeding the beginning of the fiscal year.

ROCKWALL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

**A. Summary of Significant Accounting Policies**

3. Financial Statement Amounts

h. Budgetary Information (continued)

3. The approved budget is filed with the County Clerk.
4. During the course of the budget year, it may be necessary to amend the budget. The Commissioners' Court may, by order, 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 reasonable diligent thought and attention. The Commissioners' Court may issue an order to amend the budget by transferring an amount budgeted for one line item to another budgeted line item without authorizing an emergency expenditure.

To provide for a more meaningful budgetary comparison, the County's financial schedules of revenue and expenditures (budget versus actual) recognizes only the actual lease payments made on new capital leases, rather than recognizing the full acquisition price of the capital lease as both an expenditure and as an other financing source.

i. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation.

j. 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.

**ROCKWALL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

**B. Deposits and Investments**

At September 30, 2006, the carrying amount of the County's deposits (cash and interest-bearing savings accounts included in temporary investments) was \$19,606,136, and the bank balances were \$20,087,932. The bank balance was fully covered by federal depository insurance or by collateral held in the County's name.

At year-end, the County's investments consisted of funds invested in the Texas Local Government Investment Pool, Linsco, FNMA Securities, MBIA Municipal Investors Service Corporation, and certificates of deposit. Certificates of deposit with a maturity of three months or less are cash equivalents for the County.

Investments are categorized into these three categories of credit risk:

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

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

	Category			Carrying Amount	Fair Value
	1	2	3		
Government Securities	\$ -	\$ 12,214,424	\$ -	\$ 12,214,424	\$ 12,208,172
Library CD	193,596	-	-	193,596	193,596
<b>Total</b>	<b>\$ 193,596</b>	<b>\$ 12,214,424</b>	<b>\$ -</b>	<b>\$ 12,408,020</b>	<b>\$ 12,401,768</b>

Investments Not Subject to  
Categorization:

Texas Local Government - Investment Pool	\$ 1,411,185	\$ 1,411,185
TexStar Investment Pool	4,163,849	4,163,849
<b>Total</b>	<b>5,575,034</b>	<b>5,575,034</b>
<b>Total Investments</b>	<b>\$ 17,983,054</b>	<b>\$ 17,976,802</b>

ROCKWALL COUNTY, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

C. Receivables

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>	<u>Nonmajor Funds</u>
Receivables:				
Taxes	\$ 545,730	\$ 4,611	\$ 99,106	\$ -
Adjudicated fines	430,868	-	-	-
Accounts	151,051	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Gov.	4,522	-	-	105,364
Gross receivables	<u>1,132,171</u>	<u>4,611</u>	<u>99,106</u>	<u>105,364</u>
Less: allowance for uncollectibles	<u>(49,117)</u>	<u>(416)</u>	<u>(8,919)</u>	<u>-</u>
Net Total Receivables	<u>\$ 1,083,054</u>	<u>\$ 4,195</u>	<u>\$ 90,187</u>	<u>\$ 105,364</u>

ROCKWALL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

D. Capital Assets

Capital asset activity for the period ended September 30, 2006 was as follows:

	Beginning Balances	Prior Period Adjustments	Additions	Decreases	Ending Balances
Governmental activities:					
Capital assets, not being depreciated					
Land	\$ 5,417,583	\$ -	\$ -	\$ -	\$ 5,417,583
Construction in progress	-	-	357,706	-	357,706
Total capital assets not being depreciated	<u>5,417,583</u>	<u>-</u>	<u>357,706</u>	<u>-</u>	<u>5,775,289</u>
Capital assets, being depreciated					
Buildings and improvements	11,328,271	-	8,074	-	11,336,345
Infrastructure	34,910	-	979,290	-	1,014,200
Machinery and equipment	<u>5,411,562</u>	<u>-</u>	<u>851,328</u>	<u>(110,591)</u>	<u>6,152,299</u>
Total capital assets being depreciated	<u>16,774,743</u>	<u>-</u>	<u>1,838,692</u>	<u>(110,591)</u>	<u>18,502,844</u>
Less accumulated depreciation:					
Buildings	2,868,767	-	305,807	-	3,174,574
Infrastructure	600	-	3,889	-	4,489
Machinery and equipment	<u>2,934,881</u>	<u>-</u>	<u>673,847</u>	<u>(110,591)</u>	<u>3,498,137</u>
Total accumulated depreciation	<u>5,804,248</u>	<u>-</u>	<u>983,543</u>	<u>(110,591)</u>	<u>6,677,200</u>
Total capital assets, being depreciated, net	<u>16,388,078</u>	<u>-</u>	<u>1,212,855</u>	<u>-</u>	<u>17,600,933</u>
Governmental activities capital assets, net	<u>\$16,388,078</u>	<u>\$ -</u>	<u>\$ 1,212,855</u>	<u>\$ -</u>	<u>\$ 17,600,933</u>

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

Governmental Activities:	
General government	\$ 562,296
Public facilities	29,932
Judicial	20,313
Financial administration	4,894
Public safety	166,923
Roads and Bridges	192,805
Health and welfare	4,000
Culture and recreation	<u>2,380</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 983,543</u>

ROCKWALL COUNTY, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

**E. Long-Term Obligations**

General obligations debt, certificates of obligation and contractual obligations are generally payable from property tax revenues. All other obligations, including capital leases and compensated absences, are payable from revenues of the general fund.

Certificates of Obligation

The County periodically sells issues of certificates of obligation. Detailed information on outstanding certificates of obligation follows:

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Principal Balance</u>
\$4,500,000 Certificates of Obligation, Series 1998	1/15/1998	3.8% - 4.6%	<u>\$ 3,235,000</u>

The requirements to amortize all certificates of obligation outstanding, as of September 30, 2006, are as follows:

Year Ending September 30	<u>Certificates of Obligation</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 210,000	\$ 146,648	\$ 356,648
2008	220,000	137,933	357,933
2009	230,000	128,692	358,692
2010	240,000	118,802	358,802
2011-2013	780,000	290,778	1,070,778
2014-2018	1,555,000	227,050	1,782,050
	<u>\$ 3,235,000</u>	<u>\$ 1,049,903</u>	<u>\$ 4,284,903</u>

**ROCKWALL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

**F. Refunding Bonds**

The County issued permanent improvement refunding bonds in 1998 to refund \$1,435,000 of general obligation bonds. Tax revenue from yearly ad valorem tax assessments is pledged as security. Detailed information on outstanding refunding bonds follows:

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Principal Balance</u>
\$1,435,000 Permanent Improvements Refunding Bonds, Series 1998	1/15/1998	3.8% - 4.6%	<u>\$ 310,000</u>

The requirements to amortize all bonded debt outstanding, as of September 30, 2006, are summarized as follows:

Year Ending September 30 2007	<u>Refunding Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	<u>\$ 310,000</u>	<u>\$ 13,175</u>	<u>\$ 323,175</u>
	<u>\$ 310,000</u>	<u>\$ 13,175</u>	<u>\$ 323,175</u>

**G. Tax Notes**

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Principal Balance</u>
\$900,000 limited tax notes Series 2000A	12/12/2000	5.1%	\$ 200,000
\$3,900,000 permanent improvements limited tax notes, Series 2001	5/1/2001	4.8%	3,280,000
\$1,500,000 limited tax notes Series 2002	4/1/2002	3.7% - 4.2%	880,000
\$2,000,000 limited tax notes Series 2002A	10/23/2002	3%	1,045,000
\$850,000 limited tax notes Series 2003	12/2/2003	2.85%	590,000
\$950,000 limited tax notes Series 2004	11/4/2004	3.51%	825,000
\$550,000 limited tax notes Series 2005	11/30/2005	3.85%	550,000
			<u>\$ 7,370,000</u>

ROCKWALL COUNTY, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

**G. Tax Notes (continued)**

The requirements to amortize all tax notes outstanding, as of September 30, 2006, are summarized as follows:

Year Ending September 30	Tax Notes		
	Principal	Interest	Total
2007	\$ 1,285,000	\$ 265,396	\$ 1,550,396
2008	1,225,000	221,806	1,446,806
2009	1,265,000	179,997	1,444,997
2010	600,000	156,812	756,812
2011-2013	960,000	366,836	1,326,836
2014-2021	2,035,000	484,308	2,519,308
	<u>\$ 7,370,000</u>	<u>\$ 1,675,155</u>	<u>\$ 9,045,155</u>

**H. Schedule of Changes in Long-Term Debt**

Description	Amounts Original Issue	Amounts	Issued	Retired	Amounts
		Outstanding September 30 2005			Outstanding September 30 2006
Certificates of Obligation	\$ 4,500,000	\$ 3,440,000	\$ -	\$ 205,000	\$ 3,235,000
Refunding Bonds	1,435,000	610,000		300,000	310,000
Tax notes	10,950,000	7,970,000	550,000	1,150,000	7,370,000
Compensated Absences		296,154	20,510		316,664
	<u>\$16,885,000</u>	<u>\$ 12,316,154</u>	<u>\$ 570,510</u>	<u>\$ 1,655,000</u>	<u>\$ 11,231,664</u>

**ROCKWALL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

**I. Pension Plan**

**Defined Benefit Plan - Texas County and District Retirement System (TCDRS)**

**1. Plan Description**

The County provides retirement, disability, and death benefits for all of its fulltime 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-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 statues 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 contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer. Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

**2. 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 8.46% for the months of the accounting year in 2005 and 8.46% for the months of the accounting year in 2006.

The contribution rate payable by the employee members for calendar year 2006 is the rate of 7.0% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

For the employer's accounting year ended September 30, 2006, the annual pension cost for the TCDRS plan for its employees was \$805,029, and the actual contributions were \$805,029.

**ROCKWALL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

**I. Pension Plan**

**3. Annual Pension Cost**

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, 2004 and December 31, 2003, the basis for determining the contribution rates for calendar years 2004 and 2005. The December 31, 2005 actuarial valuation is the most recent valuation.

**Rockwall County, Texas  
Schedule of Actuarial Liabilities and Funding Progress**

	<u>12/31/03</u>	<u>12/31/04</u>	<u>12/31/05</u>
Actuarial Valuation Date	entry age	entry age	entry age
Actuarial cost method	level percentage	level percentage	level percentage
Amortization method	of payroll, open	of payroll, open	of payroll, open
Amortization period	20	20	20
Asset valuation method	long-term	long-term	long-term
UAAL as a Percentage of Covered Payroll	appreciation	appreciation	appreciation
	with adjustment	with adjustment	with adjustment
<b>Actuarial Assumptions:</b>			
Investment return	8.00%	8.00%	8.00%
Projected salary increases	5.5%	5.5%	5.5%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

**Trend Information for the  
Retirement Plan for the Employees of Rockwall County, Texas**

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2003	\$ 596,346	100%	-
9/30/2004	\$ 612,923	100%	-
9/30/2005	\$ 744,379	100%	-
9/30/2006	\$ 805,029	100%	-

**ROCKWALL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

**I. Pension Plan**

**3. Annual Pension Cost (continued)**

**Schedule of Funding Progress for the Retirement Plan  
For the Employees of Rockwall County, Texas**

Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Coverage Payroll (1) (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2003	9,698,723	11,890,210	2,191,487	81.57%	7,536,140	29.08%
2004	11,186,681	13,892,835	2,706,154	80.52%	8,170,746	33.12%
2005	13,003,283	15,861,964	2,858,681	81.98%	8,945,757	31.96%

1) The annual covered payroll is based on the employee contributions received by TCDRS for the year ending with the valuation date.

2) Revised economic and demographic assumptions due to an experience review were reflected in this valuation.

**J. Health Care Coverage**

During the year ended September 30, 2006, employees of the County were covered by a health insurance plan (the Plan). The County contributed \$675.00 per month per employee and 0% of the cost for dependents. Employees, at their option, authorized payroll withholdings to pay contributions for dependents. All contributions were paid to Fortis. The Plan was authorized by article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

**ROCKWALL COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

**K. Self-Insurance Coverage**

The County is exposed to various risks of loss in its normal daily operations. These risks include tort claims, theft/damage of County assets, errors and omissions, and natural disasters. The County has established a separate self-insurance fund (Internal Service) to account for these operations.

Below is a schedule of insurance in force.

Company	Policy Number	Description of Coverage	Amount of Coverage	Period Covered	Deductible
<b>Liability Coverage:</b>					
Tx Assoc of Counties Cnty Gov Risk Pool	1990	General	300,000 per occurrence	2/18/06 to 2/18/2007	\$ 1,000
Tx Assoc of Counties Cnty Gov Risk Pool	1990	Automotive	300,000 per occurrence	2/18/06 to 2/18/2007	\$ 1,000
Tx Assoc of Counties Cnty Gov Risk Pool	1990	Law Enforcement	2,000,000 per claim	2/18/06 to 2/18/2007	\$ 5,000
Tx Assoc of Counties Cnty Gov Risk Pool	1990	Public Empl Dishonesty	100,000 per claim	2/18/06 to 2/18/2007	\$ 1,000
Tx Assoc of Counties Cnty Gov Risk Pool	1990	Theft, Disapr Destruction	20,000 per claim	2/18/06 to 2/18/2007	\$ 1,000
Tx Assoc of Counties Cnty Gov Risk Pool	1990	Public Officials	2,000,000 per claim	2/18/06 to 2/18/2007	\$ 5,000
<b>Property Coverage:</b>					
Tx Assoc of Counties Cnty Gov Risk Pool	1990	Real and Personal	Replacement Cost	2/18/06 to 2/18/2007	\$ 1,000
Tx Assoc of Counties Cnty Gov Risk Pool	1990	Automobile- Phys. Damage	Comprehensive Scheduled	2/18/06 to 2/18/2007	\$ 1,000

**ROCKWALL COUNTY, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006**

**L. 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 for which the County carries commercial insurance. The County participates in a risk management program through Texas Association of Counties for workers' compensation coverage. The County currently provides health benefits for its employees.

The County has not had any significant reductions in insurance coverage from coverage in the prior year. The amount of settlements has not exceeded insurance coverage in any of the previous three years.

**M. 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, 2006, 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.

**N. Interfund Transfers**

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ -	\$ 831,281
Road & Bridge	43,295	-
Cities Readiness Initiative	12,815	-
COP Fast Grant	-	88,861
Emergency Mgmt Fed Grant	186,771	-
Courthouse Security	2,158	-
Records Management & Preservation	20,684	-
Capital Purchases	-	219,225
Debt Service	870,681	-
Sheriff	2,963	-
<i>Net Governmental</i>	<u>\$ 1,139,367</u>	<u>\$ 1,139,367</u>

## REQUIRED SUPPLEMENTARY INFORMATION



ROCKWALL COUNTY, TEXAS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Difference
	Original	Final		
<b>REVENUE</b>				
Property Taxes	\$ 14,592,555	\$ 14,592,555	\$ 15,665,955	\$ 1,073,400
Fees and commissions	1,953,176	1,953,176	2,723,064	769,888
Fines	950,000	950,000	1,298,501	348,501
Sales Tax	30,000	30,000	33,734	3,734
Beverage Taxes	100,000	100,000	126,190	26,190
Grant Revenue	30,000	30,000	57,679	27,679
Intergovernmental Revenue	-	-	14,496	14,496
Note Proceeds	550,000	550,000	550,000	-
Miscellaneous	43,000	43,000	28,906	(14,094)
<b>Total Revenues</b>	<b>18,248,731</b>	<b>18,248,731</b>	<b>20,498,525</b>	<b>2,249,794</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
<b>General Government:</b>				
County judge	97,690	97,690	136,287	(38,597)
County clerk	796,783	796,783	707,130	89,653
Information services	269,903	269,903	226,546	43,357
Nondepartmental	1,145,400	1,145,400	256,895	888,505
Nonprofessional fees	54,644	54,644	58,283	(3,639)
Noncapital equipment	50,000	50,000	1,253,265	(1,203,265)
<b>Total General Government</b>	<b>2,414,420</b>	<b>2,414,420</b>	<b>2,638,406</b>	<b>(223,986)</b>
<b>Judicial</b>				
District clerk	526,041	526,041	491,120	34,921
District court	994,484	994,484	903,277	91,207
Justice of the peace, precinct #1	236,731	236,731	231,408	5,323
Justice of the peace, precinct #2	231,044	231,044	226,279	4,765
Court at Law	519,709	519,709	450,641	69,068
Noncapital equipment	-	-	-	-
<b>Total Judicial</b>	<b>2,508,009</b>	<b>2,508,009</b>	<b>2,302,725</b>	<b>205,284</b>
<b>Legal</b>				
District attorney	1,046,849	1,046,849	1,020,825	26,024
Noncapital equipment	-	-	-	-
<b>Total Legal</b>	<b>1,046,849</b>	<b>1,046,849</b>	<b>1,020,825</b>	<b>26,024</b>
<b>Financial Administration</b>				
Tax assessor/collector	457,301	457,301	444,018	13,283
Central appraisal district	140,000	140,000	146,260	(6,260)
County treasurer	251,844	251,844	228,036	23,808
County auditor	385,000	385,000	369,633	15,367
Noncapital equipment	-	-	-	-
Maintenance and operations	-	-	-	-
<b>Total Financial Administration</b>	<b>1,234,145</b>	<b>1,234,145</b>	<b>1,187,947</b>	<b>46,198</b>

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

ROCKWALL COUNTY, TEXAS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual	Difference
	Original	Final	Amounts	
<b>Public Facilities</b>				
Maintenance and operations	848,121	848,121	844,255	3,866
<b>Total Public Facilities</b>	<b>848,121</b>	<b>848,121</b>	<b>844,255</b>	<b>3,866</b>
<b>Public safety:</b>				
Sheriff's department	2,895,407	2,895,407	2,852,896	42,511
County jail	3,927,648	3,927,648	3,809,834	117,814
Other law enforcement	553,500	553,500	469,665	83,835
Constable #1	75,648	75,648	74,889	759
Constable #2	70,778	70,778	69,519	1,259
Noncapital equipment	-	-	-	-
<b>Total Public Safety</b>	<b>7,522,981</b>	<b>7,522,981</b>	<b>7,276,803</b>	<b>246,178</b>
<b>Public Services</b>				
Election Administrator	207,307	207,307	199,504	7,803
Vine Program	-	-	20,091	(20,091)
Noncapital equipment	-	-	-	-
<b>Total Public Services</b>	<b>207,307</b>	<b>207,307</b>	<b>219,595</b>	<b>(12,288)</b>
<b>Roads and bridges:</b>				
County commissioner, precinct #1	80,707	80,707	78,727	1,980
County commissioner, precinct #2	77,397	77,397	73,910	3,487
County commissioner, precinct #3	80,507	80,507	78,246	2,261
County commissioner, precinct #4	79,097	79,097	74,601	4,496
<b>Total Roads and Bridges</b>	<b>317,708</b>	<b>317,708</b>	<b>305,484</b>	<b>12,224</b>
<b>Health and welfare:</b>				
County health coordinator	128,167	128,167	122,392	5,775
Welfare	218,800	218,800	209,643	9,157
Indigent health	300,000	300,000	-	300,000
Ambulance	299,300	299,300	278,750	20,550
911 services	54,849	54,849	9,924	44,925
Emergency management	67,344	67,344	3,031	64,313
<b>Total Health and welfare</b>	<b>1,068,460</b>	<b>1,068,460</b>	<b>623,740</b>	<b>444,720</b>
<b>Culture and recreation:</b>				
County library	570,994	570,994	619,159	(48,165)
<b>Total Culture and recreation</b>	<b>570,994</b>	<b>570,994</b>	<b>619,159</b>	<b>(48,165)</b>
<b>Conservation</b>				
County agent	97,852	97,852	94,101	3,751
<b>Total Conservation</b>	<b>97,852</b>	<b>97,852</b>	<b>94,101</b>	<b>3,751</b>

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

ROCKWALL COUNTY, TEXAS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual	Difference
	Original	Final	Amounts	
<b>Noncurrent:</b>				-
<b>Capital outlay</b>				
Capital equipment	792,440	792,440	395,473	396,967
Capital improvements	300,000	300,000	-	300,000
<b>Total Capital outlay</b>	<u>1,092,440</u>	<u>1,092,440</u>	<u>395,473</u>	<u>696,967</u>
<b>Debt service:</b>				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Debt service</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>18,929,286</u>	<u>18,929,286</u>	<u>17,528,513</u>	<u>1,400,773</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(680,555)	(680,555)	2,970,012	3,650,567
<b>Other Revenues and Financing Sources (uses)</b>				
Operating Transfers In	-	-	-	-
Operating Transfers Out	(121,320)	(121,320)	(1,171,616)	(1,050,296)
Interest Income	325,500	325,500	937,473	611,973
Sale of Assets	-	-	13,200	13,200
<b>Total Other Financing Sources (uses)</b>	<u>204,180</u>	<u>204,180</u>	<u>(220,943)</u>	<u>(425,123)</u>
<b>Excess of revenues and other financing sources over (under) expenditures and other financing uses</b>	(476,375)	(476,375)	2,749,069	3,225,444
<b>Fund Balances/Equity, October 1</b>	11,219,390	11,219,390	11,219,390	
<b>Prior Period Adjustments</b>	(131,545)	(131,545)	(131,545)	
<b>Fund Balances/Equity, September 30</b>	<u>\$ 10,611,470</u>	<u>\$ 10,611,470</u>	<u>\$ 13,836,914</u>	

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

ROCKWALL COUNTY, TEXAS  
ROAD AND BRIDGE  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Difference
	Original	Final		
<b>REVENUE</b>				
Property Taxes	\$ 122,905	\$ 122,905	\$ 78,198	\$ (44,707)
Fees and commissions	965,000	965,000	1,046,909	81,909
Fines	135,000	135,000	210,449	75,449
Interest Income	7,100	7,100	43,514	36,414
Miscellaneous	5,000	5,000	950	(4,050)
<b>Total Revenues</b>	<u>1,235,005</u>	<u>1,235,005</u>	<u>1,380,020</u>	<u>145,015</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Operating costs	1,311,343	1,311,343	1,161,399	149,944
<b>Total Current Expenditures</b>	<u>1,311,343</u>	<u>1,311,343</u>	<u>1,161,399</u>	<u>149,944</u>
<b>Total Expenditures</b>	<u>1,311,343</u>	<u>1,311,343</u>	<u>1,161,399</u>	<u>149,944</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(76,338)	(76,338)	218,621	294,959
<b>Other Revenues and Financing Sources (uses)</b>				
Operating Transfers In	-	-	40,436	40,436
<b>Total Other Financing Sources (uses)</b>	<u>-</u>	<u>-</u>	<u>40,436</u>	<u>40,436</u>
<b>Excess of revenues and financing sources over (under) expenditures and other financing uses</b>	(76,338)	(76,338)	259,057	335,395
<b>Fund Balances/Equity, October 1</b>	<u>225,104</u>	<u>225,104</u>	<u>225,104</u>	
<b>Fund Balances/Equity, September 30</b>	<u>\$ 148,766</u>	<u>\$ 148,766</u>	<u>\$ 484,161</u>	

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

ROCKWALL COUNTY, TEXAS  
DEBT SERVICE  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Difference
	Original	Final		
<b>REVENUE</b>				
Property Taxes	\$ 2,346,814	\$ 2,346,814	\$ 1,513,388	\$ (833,426)
Interest Income	39,000	39,000	84,951	45,951
<b>Total Revenues</b>	<u>2,385,814</u>	<u>2,385,814</u>	<u>1,598,339</u>	<u>(787,475)</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Principal	1,655,000	1,655,000	1,655,000	-
Interest	529,056	529,056	518,772	10,284
<b>Total Current Expenditures</b>	<u>2,184,056</u>	<u>2,184,056</u>	<u>2,173,772</u>	<u>10,284</u>
<b>Noncurrent:</b>				
Capital equipment	-	-	-	-
<b>Total Noncurrent Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>2,184,056</u>	<u>2,184,056</u>	<u>2,173,772</u>	<u>10,284</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	201,758	201,758	(575,433)	(777,191)
<b>Other Revenues and Financing Sources (uses)</b>				
Operating Transfers In	-	-	784,319	784,319
<b>Total Other Financing Sources (uses)</b>	<u>-</u>	<u>-</u>	<u>784,319</u>	<u>784,319</u>
<b>Excess of revenues and financing sources over (under) expenditures and other financing uses</b>	201,758	201,758	208,886	7,128
<b>Fund Balances/Equity, October 1</b>	<u>263,609</u>	<u>263,609</u>	<u>263,609</u>	
<b>Fund Balances/Equity, September 30</b>	<u>\$ 465,367</u>	<u>\$ 465,367</u>	<u>\$ 472,495</u>	

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



## SUPPLEMENTARY INFORMATION

ROCKWALL COUNTY, TEXAS  
BALANCE SHEET - GOVERNMENT FUNDS  
SEPTEMBER 30, 2006

	Special Revenue				Click It or Ticket Grant
	Law Library	Justice Court Bld Security	D.A. State	D.A. Seizure	
<b>ASSETS AND OTHER DEBITS</b>					
<b>ASSETS</b>					
Cash and Investments					
Unrestricted	\$ 76,272	\$ -	\$ 11,355	\$ 8,195	\$ -
Restricted	36,008	6,211	-	33,915	1,890
Receivables (net of allow. for uncoll.)					
Taxes	-	-	-	-	-
Fees and Services	-	-	-	-	-
Prepaid Expense	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
<b>Total Assets</b>	<u>112,280</u>	<u>6,211</u>	<u>11,355</u>	<u>42,110</u>	<u>1,890</u>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>					
<b>Liabilities</b>					
Accounts Payable	2,520	-	838	216	-
Due to Other Funds	-	-	-	-	-
<b>Total Liabilities</b>	<u>2,520</u>	<u>-</u>	<u>838</u>	<u>216</u>	<u>-</u>
<b>Equity and other credits:</b>					
Fund Balances					
Reserved	109,760	6,211	10,517	41,894	1,890
Unreserved					
Unreserved-Designated	-	-	-	-	-
Unreserved-Undesignated	-	-	-	-	-
<b>Total equity and other credits</b>	<u>109,760</u>	<u>6,211</u>	<u>10,517</u>	<u>41,894</u>	<u>1,890</u>
<b>Total Liabilities, Equity &amp; Other Credits</b>	<u>\$ 112,280</u>	<u>\$ 6,211</u>	<u>\$ 11,355</u>	<u>\$ 42,110</u>	<u>\$ 1,890</u>

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

**Special Revenue**

<u>Cities Readiness Initiative</u>	<u>Help America Vote Grant</u>	<u>Lone Star Libraries Grant</u>	<u>COPS Fast Grant</u>	<u>Emergency Mgmt Fed Grant</u>	<u>Task Force Grant</u>	<u>Sheriff's Abandoned</u>	<u>Errors &amp; Omission Insurance</u>
\$ -	\$ 248,338	\$ 29	\$ -	\$ (33,836)	\$ 13,155	\$ 20,820	\$ 41,865
6,053	-	-	15,803	-	-	-	30,657
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	19,364	86,000	-	-	-
<u>6,053</u>	<u>248,338</u>	<u>29</u>	<u>35,167</u>	<u>52,164</u>	<u>13,155</u>	<u>20,820</u>	<u>72,522</u>
2,512	-	-	6,531	86,000	-	-	-
-	-	-	-	-	-	-	-
<u>2,512</u>	<u>-</u>	<u>-</u>	<u>6,531</u>	<u>86,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
3,541	248,338	29	28,636	(33,836)	13,155	20,820	72,522
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>3,541</u>	<u>248,338</u>	<u>29</u>	<u>28,636</u>	<u>(33,836)</u>	<u>13,155</u>	<u>20,820</u>	<u>72,522</u>
<u>\$ 6,053</u>	<u>\$ 248,338</u>	<u>\$ 29</u>	<u>\$ 35,167</u>	<u>\$ 52,164</u>	<u>\$ 13,155</u>	<u>\$ 20,820</u>	<u>\$ 72,522</u>

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

ROCKWALL COUNTY, TEXAS  
 BALANCE SHEET - GOVERNMENT FUNDS  
 SEPTEMBER 30, 2006

	Special Revenue				
	Public Safety Sales Tax	Child Abuse Prevention	District Clerk Records Management	Court Reporter Service	Appellate Justice System
<b>ASSETS AND OTHER DEBITS</b>					
<b>ASSETS</b>					
Cash and Investments					
Unrestricted	\$ -	\$ -	\$ 15,886	\$ 54,241	\$ 13,330
Restricted	175,493	1,718	-	-	-
Receivables (net of allow. for uncoll.)					
Taxes	17,449	-	-	-	-
Fees and Services	-	-	-	-	-
Prepaid Expense	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
<b>Total Assets</b>	<u>192,942</u>	<u>1,718</u>	<u>15,886</u>	<u>54,241</u>	<u>13,330</u>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>					
<b>Liabilities</b>					
Accounts Payable	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Equity and other credits:</b>					
Fund Balances					
Reserved	192,942	1,718	15,886	54,241	13,330
Unreserved					
Unreserved-Designated	-	-	-	-	-
Unreserved-Undesignated	-	-	-	-	-
<b>Total equity and other credits</b>	<u>192,942</u>	<u>1,718</u>	<u>15,886</u>	<u>54,241</u>	<u>13,330</u>
<b>Total Liabilities, Equity &amp; Other Credits</b>	<u>\$ 192,942</u>	<u>\$ 1,718</u>	<u>\$ 15,886</u>	<u>\$ 54,241</u>	<u>\$ 13,330</u>

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

**Special Revenue**

<u>Justice Court Technology</u>	<u>CC Records Mgmt &amp; Preservation</u>	<u>Records Mgmt &amp; Preservation</u>	<u>Courthouse Security</u>	<u>Election Services</u>	<u>Library Building</u>	<u>Sheriff</u>
\$ 112,863	\$ 821,249	\$ 10,569	\$ 56,436	\$ -	\$ 198,019	\$ 195,862
-	92,649	482	15,414	45,654	-	-
-	-	-	-	-	-	-
-	-	-	-	1,824	-	-
-	-	-	-	856	-	-
-	-	-	-	-	-	-
<u>112,863</u>	<u>913,898</u>	<u>11,051</u>	<u>71,850</u>	<u>48,334</u>	<u>198,019</u>	<u>195,862</u>
892	-	510	4,299	14,749	-	-
-	-	-	-	-	-	103,309
<u>892</u>	<u>-</u>	<u>510</u>	<u>4,299</u>	<u>14,749</u>	<u>-</u>	<u>103,309</u>
111,971	913,898	10,541	67,551	33,585	198,019	92,553
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>111,971</u>	<u>913,898</u>	<u>10,541</u>	<u>67,551</u>	<u>33,585</u>	<u>198,019</u>	<u>92,553</u>
<u>\$ 112,863</u>	<u>\$ 913,898</u>	<u>\$ 11,051</u>	<u>\$ 71,850</u>	<u>\$ 48,334</u>	<u>\$ 198,019</u>	<u>\$ 195,862</u>

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

ROCKWALL COUNTY, TEXAS  
BALANCE SHEET - GOVERNMENT FUNDS  
SEPTEMBER 30, 2006

	<u>Capital Projects</u>		
	<u>Historic Courthouse</u>	<u>Library Renovation</u>	<u>Total</u>
<b>ASSETS AND OTHER DEBITS</b>			
<b>ASSETS</b>			
Cash and Investments			
Unrestricted	\$ -	\$ 48	\$ 1,864,696
Restricted	35,640	6,998	504,585
Receivables (net of allow. for uncoll.)			-
Taxes	-	-	17,449
Fees and Services	-	-	1,824
Prepaid Expense			856
Due from Other Governments			105,364
<b>Total Assets</b>	<u>35,640</u>	<u>7,046</u>	<u>2,494,774</u>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>			
<b>Liabilities</b>			
Accounts Payable	-	-	119,067
Due to Other Funds	-	-	103,309
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>222,376</u>
<b>Equity and other credits:</b>			
Fund Balances			
Reserved	35,640	7,046	2,272,398
Unreserved			-
Unreserved-Designated	-	-	-
Unreserved-Undesignated	-	-	-
Total equity and other credits	<u>35,640</u>	<u>7,046</u>	<u>2,272,398</u>
<b>Total Liabilities, Equity &amp; Other Credits</b>	<u>\$ 35,640</u>	<u>\$ 7,046</u>	<u>\$ 2,494,774</u>

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



ROCKWALL COUNTY, TEXAS  
STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENT FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Special Revenue				
	Law Library	Justice Court Bld Security	D.A. State	D.A. Seizure	Click It or Ticket Grant
<b>REVENUE</b>					
Fees and Commissions	\$ 50,190	\$ 6,211	\$ 33,627	\$ -	\$ -
Fines and Forefeitures	-	-	-	6,192	-
Sales Tax	-	-	-	-	-
Grants	-	-	-	-	2,892
Notes	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Revenues</b>	<u>50,190</u>	<u>6,211</u>	<u>33,627</u>	<u>6,192</u>	<u>2,892</u>
<b>EXPENDITURES</b>					
Current:					
General Government	-	-	-	-	-
Administrative	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Facilities	-	-	-	-	-
Public Service	-	-	-	-	1,002
Judicial	-	-	-	-	-
Legal	-	-	23,707	2,642	-
Culture and Recreation	37,833	-	-	-	-
Health and Welfare	-	-	-	-	-
Roads and Bridges	-	-	-	-	-
Conservation	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Contractual	-	-	-	-	-
Other	-	-	-	-	-
<b>Total Expenditures</b>	<u>37,833</u>	<u>-</u>	<u>23,707</u>	<u>2,642</u>	<u>1,002</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	12,357	6,211	9,920	3,550	1,890
<b>Other Revenues and Financing Sources (uses)</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
Interest Income	3,222	-	921	1,713	-
Sale of Assets	-	-	-	-	-
<b>Total Other Financing Sources (uses)</b>	<u>3,222</u>	<u>-</u>	<u>921</u>	<u>1,713</u>	<u>-</u>
<b>Excess of revenues and other financing sources over (under) expend. and other financing uses</b>	15,579	6,211	10,841	5,263	1,890
Fund Balances/Equity, October 1	94,181	-	49,620	36,631	-
Prior Period Adjustments	-	-	(49,944)	-	-
<b>Fund Balances/Equity, September 30</b>	<u>\$ 109,760</u>	<u>\$ 6,211</u>	<u>\$ 10,517</u>	<u>\$ 41,894</u>	<u>\$ 1,890</u>

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

Special Revenue

Cities Readiness Initiative	Help America Vote Grant	Lone Star Libraries Grant	COPS Fast Grant	Emergency Mgmt Fed Grant	Task Force Grant	Sheriff's Abandoned	Errors & Omission Insurance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,045	\$ 7,170
-	-	-	-	-	-	-	-
19,020	249,624	7,085	86,534	205,870	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>19,020</u>	<u>249,624</u>	<u>7,085</u>	<u>86,534</u>	<u>205,870</u>	<u>-</u>	<u>4,045</u>	<u>7,170</u>
-	-	-	-	-	-	-	-
-	-	-	173,072	-	-	-	-
-	-	-	-	-	-	-	-
2,651	2,096	7,056	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
12,828	258,000	-	-	186,771	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>15,479</u>	<u>260,096</u>	<u>7,056</u>	<u>173,072</u>	<u>186,771</u>	<u>-</u>	<u>-</u>	<u>-</u>
3,541	(10,472)	29	(86,538)	19,099	-	4,045	7,170
-	-	-	88,861	-	-	-	-
-	258,000	-	-	-	-	-	-
-	810	-	698	-	-	447	2,271
-	-	-	-	-	-	-	-
<u>-</u>	<u>258,810</u>	<u>-</u>	<u>89,559</u>	<u>-</u>	<u>-</u>	<u>447</u>	<u>2,271</u>
3,541	248,338	29	3,021	19,099	-	4,492	9,441
-	-	-	25,615	(52,935)	13,155	16,328	63,081
-	-	-	-	-	-	-	-
<u>\$ 3,541</u>	<u>\$ 248,338</u>	<u>\$ 29</u>	<u>\$ 28,636</u>	<u>\$ (33,836)</u>	<u>\$ 13,155</u>	<u>\$ 20,820</u>	<u>\$ 72,522</u>

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

ROCKWALL COUNTY, TEXAS  
STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENT FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Special Revenue				
	Public Safety Sales Tax	Child Abuse Prevention	District Clerk Records Management	Court Reporter Service	Appellate Justice System
<b>REVENUE</b>					
Fees and Commissions	\$ -	\$ -	\$ 6,605	\$ 21,513	\$ 7,165
Fines and Forefeitures	-	1,680	-	-	-
Sales Tax	192,942	-	-	-	-
Grants	-	-	-	-	-
Notes	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Revenues</b>	<u>192,942</u>	<u>1,680</u>	<u>6,605</u>	<u>21,513</u>	<u>7,165</u>
<b>EXPENDITURES</b>					
Current:					
General Government	-	-	-	-	-
Administrative	-	-	1,067	6,325	-
Public Safety	-	-	-	-	-
Public Facilities	-	-	-	-	-
Public Service	-	-	-	-	-
Judicial	-	-	-	-	-
Legal	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Roads and Bridges	-	-	-	-	-
Conservation	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Contractual	-	-	-	-	-
Other	-	-	-	-	6,715
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>1,067</u>	<u>6,325</u>	<u>6,715</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	192,942	1,680	5,538	15,188	450
<b>Other Revenues and Financing Sources (uses)</b>					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
Interest Income	-	38	323	1,162	370
Sale of Assets	-	-	-	-	-
<b>Total Other Financing Sources (uses)</b>	<u>-</u>	<u>38</u>	<u>323</u>	<u>1,162</u>	<u>370</u>
<b>Excess of revenues and other financing sources over (under) expend. and other financing uses</b>	192,942	1,718	5,861	16,350	820
Fund Balances/Equity, October 1	-	-	10,025	37,891	12,510
Prior Period Adjustments	-	-	-	-	-
<b>Fund Balances/Equity, September 30</b>	<u>\$ 192,942</u>	<u>\$ 1,718</u>	<u>\$ 15,886</u>	<u>\$ 54,241</u>	<u>\$ 13,330</u>

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

**Special Revenue**

<u>Justice Court Technology</u>	<u>CC Records Mgmt &amp; Preservation</u>	<u>Records Mgmt &amp; Preservation</u>	<u>Courthouse Security</u>	<u>Election Services</u>	<u>Library Building</u>	<u>Sheriff</u>
\$ 38,477	\$ 286,463	\$ 19,568	\$ 68,400	\$ -	\$ -	\$ 21,035
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	106,217	-	6,764
-	-	-	-	-	-	1,337
<u>38,477</u>	<u>286,463</u>	<u>19,568</u>	<u>68,400</u>	<u>106,217</u>	<u>-</u>	<u>29,136</u>
-	33,977	24,338	-	-	-	-
-	-	-	-	-	-	-
-	-	-	88,690	-	-	3,919
-	-	-	-	72,632	-	-
100	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,672	21,041	2,785	-	-	-	10,922
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,772</u>	<u>55,018</u>	<u>27,123</u>	<u>88,690</u>	<u>72,632</u>	<u>-</u>	<u>14,841</u>
36,705	231,445	(7,555)	(20,290)	33,585	-	14,295
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,213	20,734	299	2,151	-	4,971	310
-	-	-	-	-	-	-
<u>2,213</u>	<u>20,734</u>	<u>299</u>	<u>2,151</u>	<u>-</u>	<u>4,971</u>	<u>310</u>
38,918	252,179	(7,256)	(18,139)	33,585	4,971	14,605
73,053	661,719	17,797	85,690	-	193,048	53,715
-	-	-	-	-	-	24,233
<u>\$ 111,971</u>	<u>\$ 913,898</u>	<u>\$ 10,541</u>	<u>\$ 67,551</u>	<u>\$ 33,585</u>	<u>\$ 198,019</u>	<u>\$ 92,553</u>

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

ROCKWALL COUNTY, TEXAS  
 STATEMENT OF REVENUES,  
 EXPENDITURES, AND CHANGES  
 IN FUND BALANCES - GOVERNMENT FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

	<u>Capital Projects</u>		<u>Total Governmental Funds</u>
	<u>Historic Courthouse</u>	<u>Library Renovation</u>	
<b>REVENUE</b>			
Fees and Commissions	\$ -	\$ -	\$ 570,469
Fines and Forfeitures	-	-	7,872
Sales Tax	-	-	192,942
Grants	-	-	571,025
Notes	-	-	-
Intergovernmental	-	-	112,981
Miscellaneous	-	-	1,337
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>1,456,626</u>
<b>EXPENDITURES</b>			
Current:			
General Government	-	-	58,315
Administrative	-	-	7,392
Public Safety	-	-	265,681
Public Facilities	-	-	-
Public Service	-	-	85,437
Judicial	-	-	100
Legal	-	-	26,349
Culture and Recreation	-	23	37,856
Health and Welfare	-	-	-
Roads and Bridges	-	-	-
Conservation	-	-	-
Capital Outlay	-	-	494,019
Contractual	-	-	-
Other	-	-	6,715
<b>Total Expenditures</b>	<u>-</u>	<u>23</u>	<u>981,864</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	-	(23)	474,762
<b>Other Revenues and Financing Sources (uses)</b>			
Operating Transfers In	-	-	88,861
Operating Transfers Out	-	-	258,000
Interest Income	1,939	386	44,978
Sale of Assets	-	-	-
<b>Total Other Financing Sources (uses)</b>	<u>1,939</u>	<u>386</u>	<u>391,839</u>
<b>Excess of revenues and other and other financing uses</b>	1,939	363	866,601
<b>Fund Balances/Equity, October 1</b>	33,701	6,683	1,431,508
<b>Prior Period Adjustments</b>	-	-	(25,711)
<b>Fund Balances/Equity, September 30</b>	<u>\$ 35,640</u>	<u>\$ 7,046</u>	<u>\$ 2,272,398</u>

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

ROCKWALL COUNTY, TEXAS  
LAW LIBRARY  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Difference
	Original	Final		
<b>REVENUE</b>				
Fees and commissions	\$ 50,000	\$ 50,000	\$ 50,190	\$ 190
Interest Income	-	-	3,222	3,222
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<u>50,000</u>	<u>50,000</u>	<u>53,412</u>	<u>3,412</u>
<b>EXPENDITURES</b>				
<b><u>Current:</u></b>				
Personnel services	11,500	11,500	9,923	1,577
Operating costs	39,000	39,000	27,910	11,090
<b>Total Current Expenditures</b>	<u>50,500</u>	<u>50,500</u>	<u>37,833</u>	<u>12,667</u>
<b>Total Expenditures</b>	<u>50,500</u>	<u>50,500</u>	<u>37,833</u>	<u>12,667</u>
<b>Excess of revenues and financing sources over (under) expenditures</b>	(500)	(500)	15,579	16,079
<b>Fund Balances/Equity, October 1</b>	94,181	94,181	94,181	
<b>Fund Balances/Equity, September 30</b>	<u>\$ 93,681</u>	<u>\$ 93,681</u>	<u>\$ 109,760</u>	

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

ROCKWALL COUNTY, TEXAS  
 JUSTICE COURT BUILDING SECURITY  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Difference
	Original	Final		
<b>REVENUE</b>				
Fees and commissions	\$ -	\$ -	\$ 6,211	\$ 6,211
Interest Income	-	-	-	-
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>6,211</u>	<u>6,211</u>
<b>EXPENDITURES</b>				
<b><u>Current:</u></b>				
Operating Costs	-	-	-	-
<b>Total Current Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
expenditures and other financing uses	-	-	6,211	6,211
Fund Balances/Equity, October 1	-	-	-	
Prior Period Adjustments	-	-	-	
<b>Fund Balances/Equity, September 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,211</u>	

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

ROCKWALL COUNTY, TEXAS  
D.A.STATE  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Difference
	Original	Final		
<b>REVENUE</b>				
Fees and commissions	\$ -	\$ -	\$ 33,627	\$ 33,627
Interest Income	-	-	921	921
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>34,548</b>	<b>34,548</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Operating Costs	-	-	23,707	(23,707)
<b>Total Current Expenditures</b>	<b>-</b>	<b>-</b>	<b>23,707</b>	<b>(23,707)</b>
<b>Noncurrent:</b>				
Capital equipment	-	-	-	-
<b>Total Noncurrent Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>23,707</b>	<b>(23,707)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>-</b>	<b>-</b>	<b>10,841</b>	<b>10,841</b>
Fund Balances/Equity, October 1	49,620	49,620	49,620	
Prior Period Adjustments	(49,944)	(49,944)	(49,944)	
<b>Fund Balances/Equity, September 30</b>	<b>\$ (324)</b>	<b>\$ (324)</b>	<b>\$ 10,517</b>	

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

ROCKWALL COUNTY, TEXAS  
D A SEIZURE  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Difference
	Original	Final		
<b>REVENUE</b>				
Fines	\$ -	\$ -	\$ 6,192	\$ 6,192
Interest Income	-	-	1,713	1,713
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>7,905</u>	<u>7,905</u>
<b>EXPENDITURES</b>				
<u>Current:</u>				
Operating costs	-	-	2,642	(2,642)
<b>Total Current Expenditures</b>	<u>-</u>	<u>-</u>	<u>2,642</u>	<u>(2,642)</u>
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>2,642</u>	<u>(2,642)</u>
<b>Excess of revenues and financing sources over (under) expenditures</b>	-	-	5,263	5,263
<b>Fund Balances/Equity, October 1</b>	36,631	36,631	36,631	
<b>Fund Balances/Equity, September 30</b>	<u>\$ 36,631</u>	<u>\$ 36,631</u>	<u>\$ 41,894</u>	

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

ROCKWALL COUNTY, TEXAS  
 CLICK IT OR TICKET GRANT  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Difference
	Original	Final		
<b>REVENUE</b>				
Grant	\$ 5,000	\$ 5,000	\$ 2,892	\$ (2,108)
Interest Income	-	-	-	-
<b>Total Revenues</b>	<u>5,000</u>	<u>5,000</u>	<u>2,892</u>	<u>(2,108)</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Operating Costs	5,000	5,000	1,002	3,998
<b>Total Current Expenditures</b>	<u>5,000</u>	<u>5,000</u>	<u>1,002</u>	<u>3,998</u>
<b>Total Expenditures</b>	<u>5,000</u>	<u>5,000</u>	<u>1,002</u>	<u>3,998</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	-	-	1,890	1,890
<b>Fund Balances/Equity, October 1</b>	-	-	-	
<b>Fund Balances/Equity, September 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,890</u>	

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

ROCKWALL COUNTY, TEXAS  
CITIES READINESS INITIATIVE GRANT  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Difference
	Original	Final		
<b>REVENUE</b>				
Grant	\$ 36,000	\$ 36,000	\$ 19,020	\$ (16,980)
<b>Total Revenues</b>	<u>36,000</u>	<u>36,000</u>	<u>19,020</u>	<u>(16,980)</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Operating Costs	21,500	21,500	2,651	18,849
<b>Total Current Expenditures</b>	<u>21,500</u>	<u>21,500</u>	<u>2,651</u>	<u>18,849</u>
<b>Noncurrent:</b>				-
Capital equipment	14,500	14,500	12,828	1,672
<b>Total Noncurrent Expenditures</b>	<u>14,500</u>	<u>14,500</u>	<u>12,828</u>	<u>1,672</u>
<b>Total Expenditures</b>	<u>36,000</u>	<u>36,000</u>	<u>15,479</u>	<u>20,521</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	-	-	3,541	3,541
<b>Fund Balances/Equity, October 1</b>	-	-	-	
<b>Fund Balances/Equity, September 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,541</u>	

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

ROCKWALL COUNTY, TEXAS  
 HELP AMERICA VOTE ACT GRANT  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Difference
	Original	Final		
<b>REVENUE</b>				
Grant	\$ 316,246	\$ 316,246	\$ 249,624	\$ (66,622)
Interest Income	-	-	810	810
<b>Total Revenues</b>	<u>316,246</u>	<u>316,246</u>	<u>250,434</u>	<u>(65,812)</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Operating Costs	7,000	7,000	2,096	4,904
<b>Total Current Expenditures</b>	<u>7,000</u>	<u>7,000</u>	<u>2,096</u>	<u>4,904</u>
<b>Noncurrent:</b>				-
Capital equipment	246,246	246,246	258,000	(11,754)
<b>Total Noncurrent Expenditures</b>	<u>246,246</u>	<u>246,246</u>	<u>258,000</u>	<u>(11,754)</u>
<b>Total Expenditures</b>	<u>253,246</u>	<u>253,246</u>	<u>260,096</u>	<u>(6,850)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	63,000	63,000	(9,662)	(72,662)
<b>Other Revenues and Financing Sources (uses)</b>				
Operating Transfers In	-	-	258,000	258,000
<b>Total Other Financing Sources (uses)</b>	<u>-</u>	<u>-</u>	<u>258,000</u>	<u>258,000</u>
<b>Excess of revenues and financing sources over (under) expenditures and other financing uses</b>	63,000	63,000	248,338	185,338
<b>Fund Balances/Equity, October 1</b>	-	-	-	
<b>Fund Balances/Equity, September 30</b>	<u>\$ 63,000</u>	<u>\$ 63,000</u>	<u>\$ 248,338</u>	

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

ROCKWALL COUNTY, TEXAS  
 LONE STAR LIBRARIES GRANT  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Difference
	Original	Final		
<b>REVENUE</b>				
Grant	\$ 7,500	\$ 7,500	\$ 7,085	\$ (415)
<i>Total Revenues</i>	<u>7,500</u>	<u>7,500</u>	<u>7,085</u>	<u>(415)</u>
<b>EXPENDITURES</b>				
<u>Current:</u>				
Operating costs	7,500	7,500	7,056	444
<i>Total Current Expenditures</i>	<u>7,500</u>	<u>7,500</u>	<u>7,056</u>	<u>444</u>
<b>Total Expenditures</b>	<u>7,500</u>	<u>7,500</u>	<u>7,056</u>	<u>444</u>
<b>Excess of revenues and financing sources over (under) expenditures</b>	-	-	29	29
<b>Fund Balances/Equity, October 1</b>	-	-	-	
<b>Fund Balances/Equity, September 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29</u>	

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

ROCKWALL COUNTY, TEXAS  
 COPS FAST GRANT  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Difference
	Original	Final		
<b>REVENUE</b>				
Grant	\$ 106,980	\$ 106,980	\$ 86,534	\$ (20,446)
Interest Income	-	-	698	698
<b>Total Revenues</b>	<u>106,980</u>	<u>106,980</u>	<u>87,232</u>	<u>(19,748)</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Personnel services	178,300	178,300	173,072	5,228
<b>Total Current Expenditures</b>	<u>178,300</u>	<u>178,300</u>	<u>173,072</u>	<u>5,228</u>
<b>Total Expenditures</b>	<u>178,300</u>	<u>178,300</u>	<u>173,072</u>	<u>5,228</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(71,320)	(71,320)	(85,840)	(14,520)
<b>Other Revenues and Financing Sources (uses)</b>				
Operating Transfers In	71,320	71,320	88,861	17,541
<b>Total Other Financing Sources (uses)</b>	<u>71,320</u>	<u>71,320</u>	<u>88,861</u>	<u>17,541</u>
<b>Excess of revenues and financing sources over (under) expenditures and other financing uses</b>	-	-	3,021	3,021
<b>Fund Balances/Equity, October 1</b>	25,615	25,615	25,615	
<b>Fund Balances/Equity, September 30</b>	<u>\$ 25,615</u>	<u>\$ 25,615</u>	<u>\$ 28,636</u>	

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

ROCKWALL COUNTY, TEXAS  
 EMERGENCY MANAGEMENT FEDERAL GRANT  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Difference
	Original	Final		
<b>REVENUE</b>				
Fees and commissions	\$ 331,492	\$ 331,492	\$ 205,870	\$ (125,622)
<b>Total Revenues</b>	<u>331,492</u>	<u>331,492</u>	<u>205,870</u>	<u>(125,622)</u>
<b>EXPENDITURES</b>				
<b>Noncurrent:</b>				
Capital equipment	208,059	208,059	186,771	21,288
<b>Total Noncurrent Expenditures</b>	<u>208,059</u>	<u>208,059</u>	<u>186,771</u>	<u>21,288</u>
<b>Total Expenditures</b>	<u>208,059</u>	<u>208,059</u>	<u>186,771</u>	<u>21,288</u>
<b>Excess of revenues and financing sources over (under) expenditures and other financing uses</b>	123,433	123,433	19,099	(104,334)
<b>Fund Balances/Equity, October 1</b>	<u>(52,935)</u>	<u>(52,935)</u>	<u>(52,935)</u>	
<b>Fund Balances/Equity, September 30</b>	<u>\$ 70,498</u>	<u>\$ 70,498</u>	<u>\$ (33,836)</u>	

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

ROCKWALL COUNTY, TEXAS  
 SHERIFF'S ABANDONED AUTO  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Difference
	Original	Final		
<b>REVENUE</b>				
Fees and commissions	\$ 4,000	\$ 4,000	\$ 4,045	\$ 45
Interest Income	-	-	447	447
<b>Total Revenues</b>	<u>4,000</u>	<u>4,000</u>	<u>4,492</u>	<u>492</u>
<b>EXPENDITURES</b>				
<b><u>Current:</u></b>				
Personnel services	-	-	-	-
<b>Total Current Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of revenues and financing sources over (under) expenditures</b>	4,000	4,000	4,492	492
Fund Balances/Equity, October 1	<u>16,328</u>	<u>16,328</u>	<u>16,328</u>	
Fund Balances/Equity, September 30	<u>\$ 20,328</u>	<u>\$ 20,328</u>	<u>\$ 20,820</u>	

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

ROCKWALL COUNTY, TEXAS  
 ERRORS AND OMISSIONS INSURANCE  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Difference
	Original	Final		
<b>REVENUE</b>				
Fees and commissions	\$ 7,400	\$ 7,400	\$ 7,170	\$ (230)
Interest Income	600	600	2,271	1,671
<b>Total Revenues</b>	<u>8,000</u>	<u>8,000</u>	<u>9,441</u>	<u>1,441</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Personnel services	-	-	-	-
<b>Total Current Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>expenditures and other financing uses</b>	8,000	8,000	9,441	1,441
<b>Fund Balances/Equity, October 1</b>	<u>63,081</u>	<u>63,081</u>	<u>63,081</u>	
<b>Fund Balances/Equity, September 30</b>	<u>\$ 71,081</u>	<u>\$ 71,081</u>	<u>\$ 72,522</u>	

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

ROCKWALL COUNTY, TEXAS  
 PUBLIC SAFETY SALES TAX  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Difference
	Original	Final		
<b>REVENUE</b>				
Sales Tax	\$ -	\$ -	\$ 192,942	\$ 192,942
Interest Income	-	-	-	-
<b><i>Total Revenues</i></b>	<u>-</u>	<u>-</u>	<u>192,942</u>	<u>192,942</u>
<b>EXPENDITURES</b>				
<b><u>Current:</u></b>				
Operating Costs	-	-	-	-
<b><i>Total Current Expenditures</i></b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	-	-	192,942	192,942
<b>Fund Balances/Equity, October 1</b>	-	-	-	
<b>Fund Balances/Equity, September 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 192,942</u>	

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

ROCKWALL COUNTY, TEXAS  
 CHILD ABUSE PREVENTION  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Difference
	Original	Final		
<b>REVENUE</b>				
Fines	\$ -	\$ -	\$ 1,680	\$ 1,680
Interest Income	-	-	38	38
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>1,718</u>	<u>1,718</u>
<b>EXPENDITURES</b>				
<u>Current:</u>				
Operating Costs	-	-	-	-
<b>Total Current Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	-	-	1,718	1,718
Fund Balances/Equity, October 1	-	-	-	
Fund Balances/Equity, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,718</u>	

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

ROCKWALL COUNTY, TEXAS  
DISTRICT CLERK RECORDS MANAGEMENT  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Difference
	Original	Final		
<b>REVENUE</b>				
Fees and commissions	6,300	6,300	6,605	305
Interest Income	-	-	323	323
<b>Total Revenues</b>	<u>6,300</u>	<u>6,300</u>	<u>6,928</u>	<u>628</u>
<b>EXPENDITURES</b>				
<u>Current:</u>				
Personnel services	10,000	10,000	1,067	8,933
<b>Total Current Expenditures</b>	<u>10,000</u>	<u>10,000</u>	<u>1,067</u>	<u>8,933</u>
<b>Total Expenditures</b>	<u>10,000</u>	<u>10,000</u>	<u>1,067</u>	<u>8,933</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(3,700)	(3,700)	5,861	9,561
Fund Balances/Equity, October 1	10,025	10,025	10,025	
Prior Period Adjustments	-	-	-	
<b>Fund Balances/Equity, September 30</b>	<u>\$ 6,325</u>	<u>\$ 6,325</u>	<u>\$ 15,886</u>	

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

ROCKWALL COUNTY, TEXAS  
 COURT REPORTER SERVICE  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Difference
	Original	Final		
<b>REVENUE</b>				
Fees and commissions	\$ 21,600	\$ 21,600	\$ 21,513	\$ (87)
Interest Income	-	-	1,162	1,162
<b>Total Revenues</b>	<u>21,600</u>	<u>21,600</u>	<u>22,675</u>	<u>1,075</u>
<b>EXPENDITURES</b>				
<b><u>Current:</u></b>				
Personnel services	<u>14,000</u>	<u>14,000</u>	<u>6,325</u>	<u>7,675</u>
<b>Total Current Expenditures</b>	<u>14,000</u>	<u>14,000</u>	<u>6,325</u>	<u>7,675</u>
<b><u>Noncurrent:</u></b>				
Capital equipment	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
<b>Total Noncurrent Expenditures</b>	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
<b>Total Expenditures</b>	<u>24,000</u>	<u>24,000</u>	<u>6,325</u>	<u>17,675</u>
<b>expenditures and other financing uses</b>	(2,400)	(2,400)	16,350	18,750
Fund Balances/Equity, October 1	<u>37,891</u>	<u>37,891</u>	<u>37,891</u>	
Fund Balances/Equity, September 30	<u>\$ 35,491</u>	<u>\$ 35,491</u>	<u>\$ 54,241</u>	

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

ROCKWALL COUNTY, TEXAS  
 APPELLATE JUSTICE SYSTEM  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Difference
	Original	Final		
<b>REVENUE</b>				
Fees and commissions	\$ 5,100	\$ 5,100	\$ 7,165	\$ 2,065
Interest Income	100	100	370	270
<b>Total Revenues</b>	<u>5,200</u>	<u>5,200</u>	<u>7,535</u>	<u>2,335</u>
<b>EXPENDITURES</b>				
<b><u>Current:</u></b>				
Miscellaneous	7,500	7,500	6,715	785
<b>Total Current Expenditures</b>	<u>7,500</u>	<u>7,500</u>	<u>6,715</u>	<u>785</u>
<b>Total Expenditures</b>	<u>7,500</u>	<u>7,500</u>	<u>6,715</u>	<u>785</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(2,300)	(2,300)	820	3,120
<b>Fund Balances/Equity, October 1</b>	12,510	12,510	12,510	
<b>Fund Balances/Equity, September 30</b>	<u>\$ 10,210</u>	<u>\$ 10,210</u>	<u>\$ 13,330</u>	

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

ROCKWALL COUNTY, TEXAS  
 JUSTICE COURT TECHNOLOGY  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Difference
	Original	Final		
<b>REVENUE</b>				
Fees and commissions	\$ 25,000	\$ 25,000	\$ 38,477	\$ 13,477
Interest Income	-	-	2,213	2,213
<b>Total Revenues</b>	<u>25,000</u>	<u>25,000</u>	<u>40,690</u>	<u>15,690</u>
<b>EXPENDITURES</b>				
<b><u>Current:</u></b>				
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>100</u>	<u>900</u>
<b>Total Current Expenditures</b>	<u>1,000</u>	<u>1,000</u>	<u>100</u>	<u>900</u>
<b><u>Noncurrent:</u></b>				
Capital equipment	<u>40,000</u>	<u>40,000</u>	<u>1,672</u>	<u>38,328</u>
<b>Total Noncurrent Expenditures</b>	<u>40,000</u>	<u>40,000</u>	<u>1,672</u>	<u>38,328</u>
<b>Total Expenditures</b>	<u>41,000</u>	<u>41,000</u>	<u>1,772</u>	<u>39,228</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(16,000)	(16,000)	38,918	54,918
<b>Fund Balances/Equity, October 1</b>	<u>73,053</u>	<u>73,053</u>	<u>73,053</u>	
<b>Fund Balances/Equity, September 30</b>	<u>\$ 57,053</u>	<u>\$ 57,053</u>	<u>\$ 111,971</u>	

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

ROCKWALL COUNTY, TEXAS  
 CC RECORDS MANAGEMENT & PRESERVATION  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Difference
	Original	Final		
<b>REVENUE</b>				
Fees and commissions	\$ 240,000	\$ 240,000	\$ 286,463	\$ 46,463
Interest Income	-	-	20,734	20,734
<b>Total Revenues</b>	<u>240,000</u>	<u>240,000</u>	<u>307,197</u>	<u>67,197</u>
<b>EXPENDITURES</b>				
<b><u>Current:</u></b>				
Personnel services	174,500	174,500	33,977	140,523
<b>Total Current Expenditures</b>	<u>174,500</u>	<u>174,500</u>	<u>33,977</u>	<u>140,523</u>
<b><u>Noncurrent:</u></b>				
Capital equipment	21,500	21,500	21,041	459
<b>Total Noncurrent Expenditures</b>	<u>21,500</u>	<u>21,500</u>	<u>21,041</u>	<u>459</u>
<b>Total Expenditures</b>	<u>196,000</u>	<u>196,000</u>	<u>55,018</u>	<u>140,982</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	44,000	44,000	252,179	208,179
<b>Fund Balances/Equity, October 1</b>	661,719	661,719	661,719	
<b>Fund Balances/Equity, September 30</b>	<u>\$ 705,719</u>	<u>\$ 705,719</u>	<u>\$ 913,898</u>	

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

ROCKWALL COUNTY, TEXAS  
 RECORDS MANAGEMENT & PRESERVATION  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Difference
	Original	Final		
<b>REVENUE</b>				
Fees and commissions	\$ 20,000	\$ 20,000	\$ 19,568	\$ (432)
Interest Income	500	500	299	(201)
<b>Total Revenues</b>	<u>20,500</u>	<u>20,500</u>	<u>19,867</u>	<u>(633)</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Personnel services	32,900	32,900	24,338	8,562
<b>Total Current Expenditures</b>	<u>32,900</u>	<u>32,900</u>	<u>24,338</u>	<u>8,562</u>
<b>Noncurrent:</b>				
Capital equipment	2,400	2,400	2,785	(385)
<b>Total Noncurrent Expenditures</b>	<u>2,400</u>	<u>2,400</u>	<u>2,785</u>	<u>(385)</u>
<b>Total Expenditures</b>	<u>35,300</u>	<u>35,300</u>	<u>27,123</u>	<u>8,177</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(14,800)	(14,800)	(7,256)	7,544
<b>Fund Balances/Equity, October 1</b>	17,797	17,797	17,797	
<b>Fund Balances/Equity, September 30</b>	<u>\$ 2,997</u>	<u>\$ 2,997</u>	<u>\$ 10,541</u>	

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

ROCKWALL COUNTY, TEXAS  
 COURTHOUSE SECURITY  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Difference
	Original	Final		
<b>REVENUE</b>				
Fees and commissions	\$ 64,000	\$ 64,000	\$ 68,400	\$ 4,400
Interest Income	500	500	2,151	1,651
<b>Total Revenues</b>	<u>64,500</u>	<u>64,500</u>	<u>70,551</u>	<u>6,051</u>
<b>EXPENDITURES</b>				
<b><u>Current:</u></b>				
Personnel services	101,834	101,834	83,444	18,390
Operating Costs	15,418	15,418	5,246	10,172
<b>Total Current Expenditures</b>	<u>117,252</u>	<u>117,252</u>	<u>88,690</u>	<u>28,562</u>
<b>Total Expenditures</b>	<u>117,252</u>	<u>117,252</u>	<u>88,690</u>	<u>28,562</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(52,752)	(52,752)	(18,139)	34,613
<b>Other Revenues and Financing Sources (uses)</b>				
Operating Transfers In	50,000	50,000	-	(50,000)
<b>Total Other Financing Sources (uses)</b>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
<b>Excess of revenues and financing sources over (under) expenditures and other financing uses</b>	(2,752)	(2,752)	(18,139)	(15,387)
<b>Fund Balances/Equity, October 1</b>	85,690	85,690	85,690	
<b>Fund Balances/Equity, September 30</b>	<u>\$ 82,938</u>	<u>\$ 82,938</u>	<u>\$ 67,551</u>	

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

ROCKWALL COUNTY, TEXAS  
ELECTION SERVICES  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Difference
	Original	Final		
<b>REVENUE</b>				
Intergovernmental Revenue	\$ -	\$ -	\$ 106,217	\$ 106,217
Interest Income	-	-	-	-
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>106,217</u>	<u>106,217</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Operating Costs	-	-	72,632	(72,632)
<b>Total Current Expenditures</b>	<u>-</u>	<u>-</u>	<u>72,632</u>	<u>(72,632)</u>
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>72,632</u>	<u>(72,632)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	-	-	33,585	33,585
<b>Fund Balances/Equity, October 1</b>	-	-	-	
<b>Fund Balances/Equity, September 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,585</u>	

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

ROCKWALL COUNTY, TEXAS  
LIBRARY BUILDING  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Difference
	Original	Final		
<b>REVENUE</b>				
Interest Income	\$ 6,000	\$ 6,000	\$ 4,971	\$ (1,029)
<b>Total Revenues</b>	<u>6,000</u>	<u>6,000</u>	<u>4,971</u>	<u>(1,029)</u>
<b>EXPENDITURES</b>				
<b><u>Noncurrent:</u></b>				
Capital equipment	5,000	5,000	-	5,000
<b>Total Noncurrent Expenditures</b>	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
<b>Total Expenditures</b>	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	1,000	1,000	4,971	3,971
<b>Fund Balances/Equity, October 1</b>	193,048	193,048	193,048	
<b>Fund Balances/Equity, September 30</b>	<u>\$ 194,048</u>	<u>\$ 194,048</u>	<u>\$ 198,019</u>	

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

ROCKWALL COUNTY, TEXAS  
SHERIFF  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Difference
	Original	Final		
<b>REVENUE</b>				
Intergovernmental Revenue	\$ -	\$ -	\$ 6,764	\$ 6,764
Fees and Commissions	-	-	21,035	21,035
Interest Income	-	-	310	310
Miscellaneous	-	-	1,337	1,337
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>29,446</u>	<u>29,446</u>
<b>EXPENDITURES</b>				
<b><u>Current:</u></b>				
Operating Costs	-	-	3,919	(3,919)
<b>Total Current Expenditures</b>	<u>-</u>	<u>-</u>	<u>3,919</u>	<u>(3,919)</u>
<b><u>Noncurrent:</u></b>				
Capital equipment	-	-	10,922	(10,922)
<b>Total Noncurrent Expenditures</b>	<u>-</u>	<u>-</u>	<u>10,922</u>	<u>(10,922)</u>
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>14,841</u>	<u>(14,841)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	-	-	14,605	14,605
Fund Balances/Equity, October 1	-	-	53,715	
Prior Period Adjustments	-	-	24,233	
<b>Fund Balances/Equity, September 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,553</u>	

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

ROCKWALL COUNTY, TEXAS  
HISTORIC COURTHOUSE  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budgeted Amounts		Actual Amounts	Difference
	Original	Final		
<b>REVENUE</b>				
Interest Income	\$ 1,000	\$ 1,000	\$ 1,939	\$ 939
<b>Total Revenues</b>	<u>1,000</u>	<u>1,000</u>	<u>1,939</u>	<u>939</u>
<b>EXPENDITURES</b>				
<b><u>Noncurrent:</u></b>				
Capital equipment	35,000	35,000	-	35,000
<b>Total Noncurrent Expenditures</b>	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>
<b>Total Expenditures</b>	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>
<b>Excess of revenues and financing sources over (under) expenditures</b>	(34,000)	(34,000)	1,939	35,939
<b>Fund Balances/Equity, October 1</b>	<u>33,701</u>	<u>33,701</u>	<u>33,701</u>	
<b>Fund Balances/Equity, September 30</b>	<u>\$ (299)</u>	<u>\$ (299)</u>	<u>\$ 35,640</u>	

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

ROCKWALL COUNTY, TEXAS  
LIBRARY RENOVATION  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

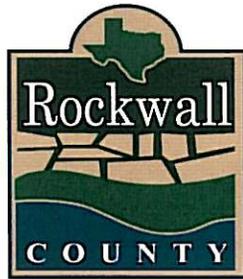
	Budgeted Amounts		Actual Amounts	Difference
	Original	Final		
<b>REVENUE</b>				
Interest Income	\$ 200	\$ 200	\$ 386	\$ 186
<b>Total Revenues</b>	<u>200</u>	<u>200</u>	<u>386</u>	<u>186</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Operating Costs	7,500	7,500	23	7,477
<b>Total Current Expenditures</b>	<u>7,500</u>	<u>7,500</u>	<u>23</u>	<u>7,477</u>
<b>Total Expenditures</b>	<u>7,500</u>	<u>7,500</u>	<u>23</u>	<u>7,477</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(7,300)	(7,300)	363	7,663
<b>Fund Balances/Equity, October 1</b>	6,683	6,683	6,683	
<b>Fund Balances/Equity, September 30</b>	<u>\$ (617)</u>	<u>\$ (617)</u>	<u>\$ 7,046</u>	

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

ROCKWALL COUNTY  
 TRUST AND AGENCY FUNDS  
 COMBINING BALANCE SHEET  
 SEPTEMBER 30, 2006

	Agency Funds						Totals
	Tax Assessor/ Collector	County Clerk	District Attorney	District Clerk	Sheriff	Bail Bond Board	
<b>ASSETS</b>							
Cash and investments	\$ 1,257,671	\$ 185,317	\$ 263,202	\$ 1,349,428	\$ 90,673	\$ 537,261	\$ 3,683,552
<b>Total assets</b>	<u>1,257,671</u>	<u>185,317</u>	<u>263,202</u>	<u>1,349,428</u>	<u>90,673</u>	<u>537,261</u>	<u>3,683,552</u>
<b>LIABILITIES</b>							
Due to others	-	185,317	263,202	1,349,428	90,673	537,261	2,425,881
Due to other governments	1,257,671	-	-	-	-	-	1,257,671
<b>Total liabilities</b>	<u>\$ 1,257,671</u>	<u>\$ 185,317</u>	<u>\$ 263,202</u>	<u>\$ 1,349,428</u>	<u>\$ 90,673</u>	<u>\$ 537,261</u>	<u>\$ 3,683,552</u>

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



STATISTICAL SECTION (unaudited)

**ROCKWALL COUNTY, TEXAS  
 COMPUTATION OF LEGAL DEBT MARGIN  
 SEPTEMBER 30, 2006  
 (UNAUDITED)**

Assessed Value of Real Property		\$ 4,887,294,818
Debt Limit Rate (1)		<u>0.25</u>
Amount of Debt Limit		<u>\$ 1,221,823,705</u>
Assessed Value of All Taxable Property		\$ 5,596,620,367
Debt Limit Rate (2)		0.05
Amount of Debt Limit		279,831,018
Total General Bonded Debt	\$ 10,915,000	
Less Debt Service Fund Cash and Investments	<u>17,983,054</u>	
Total Net Bonded Debt		<u>(7,068,054)</u>
Amount of Debt Margin		<u>\$ 286,899,072</u>

(1) Texas Constitution Article 3 Section 52 (b)

(2) Vernon's Texas Codes Annotated-Government Code 1301.003 (c)

**ROCKWALL COUNTY, TEXAS**  
(unaudited)

**GENERAL INFORMATION**

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Date of Incorporation	1873
Area - square miles	147
Governing body	
County Judge	1
Commissioners	4
Elected Officials	16
Appointed Officials	6

**SCHOOLS**

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Rockwall ISD encompasses 108 square miles, approximately 70% of Rockwall County, and a mix of residential, commercial, and agricultural use properties. Approximately 48,000 live in the County. This geographic area includes Rockwall, Heath, McLendon-Chisholm, Fate, Royse City, a portion of Rowlett, and surrounding rural areas.

There are 10 elementary schools with a total enrollment of 6,411 students, 2 middle schools with a total enrollment of 1,759 students, a freshman center with 425 students, and two high schools with an enrollment of 2,883 students. Rockwall ISD employs approximately 680 teachers to instruct the students. Complementing the District's for excellence in education are extracurricular programs, drug education, health services, and guidance and counseling for all students. English as a second language, bilingual, gifted and talented, and special education programs supplement the regular curriculum.

**ROCKWALL COUNTY, TEXAS**

**NUMBER OF EMPLOYEES IN MAJOR WORK FORCE SECTORS**

(UNAUDITED)

<b><i>Industry</i></b>	<b><u>2000</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>
Construction	1,128	1,053	999	1,041	1,145	1,284	1,429
Manufacturing	1,595	1,351	1,206	1,098	1,140	1,299	1,358
Trade, Transportation & Utilities	4,025	4,078	4,132	3,928	4,131	4,121	4,070
Financial Activities	508	515	536	520	575	580	621
Professional Education	4,163	4,296	4,633	5,000	5,460	6,244	4724
Leisure & Other	1,526	1,697	1,811	2,183	2,498	2,717	2282
Other	528	549	606	687	662	677	671
	<u>13,473</u>	<u>13,539</u>	<u>13,923</u>	<u>14,457</u>	<u>15,611</u>	<u>16,922</u>	<u>15,155</u>

Source: TWC, 'QCEW data'

**ROCKWALL COUNTY, TEXAS  
CONSTRUCTION  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Year	Single Family Residential Construction	
	Number of Permits	Value
1995	247	172,800
1996	410	158,800
1997	391	154,600
1998	495	169,200
1999	761	165,900
2000	955	194,400
2001	1,267	171,000
2002	1,224	171,000
2003	1,219	168,500
2004	1,598	168,100
2005	1,756	183,400
2006	1,190	201,800

**ROCKWALL COUNTY, TEXAS**  
 (UNAUDITED)

**UNEMPLOYMENT AND HOUSEHOLD BUYING POWER**

	Unemployment Rate	Per Capita Personal Income
2006	4.5	28,573
2005	4.4	34,449
2004	4.9	33,870
2003	5.1	34,135
2002	5.2	34,995
2001	4.4	36,772
2000	2.9	36,935
1999	2.3	35,293
1998	2.3	33,049
1997	2.8	31,105
1996	2.7	29,229

**POPULATION**

1920	8,591
1930	7,658
1940	7,051
1950	6,156
1960	5,878
1970	7,046
1980	14,528
1990	25,604
2000	43,080
2001 Estimates	44,481
2002 Estimates	45,791
2003 Estimates	47,121
2004 Estimates	48,392
2005 Estimates	49,325
2006 Estimates	69,155

Sources: U.S. Bureau of Census, Texas; U.S. Dept of Commerce  
 Comptroller, Texas Workforce Commission  
 Regional Economic Information System, Bureau of Economic Analysis

## COMPLIANCE SECTION





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Neil Conway, CPA

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# CONWAY COMPANY CPAs PC

## ACCOUNTANTS & ADVISORS

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Texas Society of CPAs

### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Commissioners  
Rockwall County, Texas

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rockwall County, Texas as of and for the year ended September 30, 2006, which collectively comprise the County's basic financial statements and have issued our report thereon dated May 15, 2007. 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.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Rockwall County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the 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, which we have reported to management of Rockwall County in a separate letter dated May 15, 2007.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rockwall County's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, 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, or other matters that are required to be reported under Government Auditing Standards. However, we noted certain matters that we reported to management of Rockwall County in a separate letter dated May 15, 2007.

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This report is intended solely for the information and use of management, commissioners, 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.

Respectfully Submitted,

Conway Company CPAs, P.C.

*Conway Company CPAs, P.C.*

Greenville, Texas  
May 15, 2007