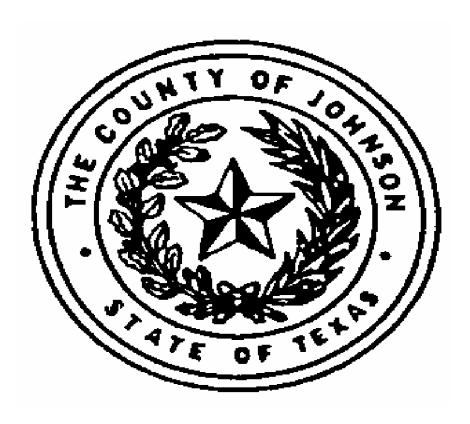
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2008

JOHNSON COUNTY, TEXAS JOHNSON COUNTY AUDITOR'S OFFICE #2 North Main Cleburne, Texas 76031



**JOHNSON COUNTY, TEXAS** *Comprehensive Annual Financial Report*For the Year Ended September 30, 2008

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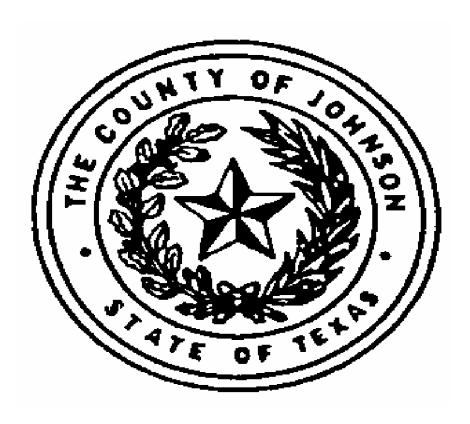
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J.R. Kirkpatrick
County Auditor

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#1 N. Main ~ Cleburne, Texas 76031

Fax (817) 556-6807

April 13, 2009

THE HONORABLE DISTRICT JUDGES AND THE HONORABLE COMMISSIONERS' COURT:

#### Gentlemen:

In compliance with the statutory duties of the County Auditor as prescribed by Section 114.025 of the Local Government Code of the State of Texas, the Comprehensive Annual Financial Report of Johnson County, Texas, for the fiscal year ended September 30, 2008, is submitted herewith. Responsibility for both the accuracy of the presented data, and the completeness and fairness of the presentation, including all disclosures, rests with the County. This report has been prepared using generally accepted accounting principles and guidelines promulgated by the Governmental Accounting Standards Board. We have endeavored to conform substantially to the high standards of public financial reporting as recommended by the Government Finance Officers Association of the United States and Canada. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

The comprehensive annual financial report is presented in four sections; introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, Certificate of Achievement for Excellence in Financial Reporting, an organization chart of the County, and a directory of principal officials. The financial section includes the independent public auditors' report, Management's Discussion and Analysis, basic financial statements, including government-wide and fund financial statements, and notes thereto which present an overview of the County's financial operations, and more detailed combining and supplementary statements. The statistical section includes unaudited data depicting certain financial history of the County for the past 10 years and other information.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U. S. Office of Management and Budget Circular A-133, <u>Audits of States, Local Governments and Nonprofit Organizations</u>. Information related to this single audit,

including the Schedule of Federal Financial Assistance, Findings and Recommendations, and the independent auditors' reports of the internal control structure and compliance with applicable laws and regulations are included in the single audit section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Johnson County's MD&A can be found immediately following the report of the independent auditors.

#### **ECONOMIC CONDITION AND OUTLOOK**

Johnson County is strategically located in north central Texas and is considered a part of the Fort Worth metropolitan area (comprised of Tarrant, Parker and Johnson Counties). The area has experienced tremendous growth, which is expected to continue for several years due to the influence of Dallas and Fort Worth adjacent to our northern border.

Johnson County currently enjoys a very favorable economic environment and local indicators point to continued stability. The region has a varied manufacturing and industrial tax base that contributes to the favorable unemployment rate. During the past year the County has seen a leveling off in gas exploration due to the falling of the price of natural gas. This industry has had a noticeably favorable economic impact. The County has seen a spike in the tax base and its citizens have experienced the benefit of a royalty income unlike anything before. With this comes challenges for the County such as increased road maintenance needs, due to heavy truck traffic as required by the gas exploration activity. Additionally, with the effect of the metropolitan influence on population growth to the north, Johnson County will experience significant change over the next few years.

The Johnson County Economic Development Commission (JCEDC) has been in existence since September 1989. The Commission has had another successful year in attracting new business to the area, resulting in new jobs and significant increases to the tax rolls.

The State Highway 121 project is in the planning stages with more right-of-way being purchased this past year; as in the past several. The highway project will consist of approximately 13 miles of new location highway in Johnson County from FM 1187 to U.S. 67. This highway will provide a much needed north-south route from southern Johnson County to Tarrant County. Continued growth and urbanization in the Dallas-Fort Worth region, specifically in this case, Johnson County, has resulted in the need for more efficient transportation systems to reduce existing congestion and accommodate future traffic demand. Future traffic volumes of the proposed highway are projected to be 22,000 vehicles per day. Proposed is a four-lane divided controlled access highway to facilitate the demand. A 2-lane facility is proposed for initial construction. Future widening to four lanes will occur as traffic demands and funding availability allows. Although this project has been in the planning stages for several years, it appears to becoming a reality with the right-of-way purchases being made and route selection determined. This year the project has continued to clear more requirements of TXDOT.

The County provides a full range of services authorized by statute. Such services include general governmental services such as recording and licensing, sustaining the District, County and Justice court systems, maintaining public facilities, ensuring public safety, preserving public health and welfare, aiding conservation, and maintaining County roads and bridges.

Even though the economy has slowed down somewhat, there continues to be significant residential growth in Cleburne, Burleson and other cities. Combined efforts of the cities and County governments have proven to be effective in attracting industry as well. Evidence of such is the construction currently underway in the downtown area of Cleburne as a result of aggressive tax incentives approved by the city and County. The old multi-storied hotel in downtown Cleburne, as reported last year, is nearly completed of a total renovation and is currently hiring staff and the new theatre that came to town appears to be doing well.

### **MAJOR INITIATIVES**

Johnson County, because of its continued growth, is faced with many challenges in delivering services to its citizens, while maintaining a conservative financial approach. County administration has been committed to meeting increasing needs for services and facilities. The following initiatives reflect the government's commitment to ensuring that its citizens are able to live and work in an enviable environment.

### For the Year

Completion of the Guinn Courts Building was accomplished in fiscal year 2004 and still proves to meet all our District and County court needs. In 2006, the County purchased all the land and buildings surrounding the Guinn Courts Building. As of the end of 2008, there were even more plans to acquire additional adjacent property to ensure all intermediate judicial needs are met. This will allow the addition of Community Service and Corrections to have much needed office space along with other court-supporting functions.

The newly-expanded jail has been up and running with a third party jail management contractor. The expectation is that the County saves money with this arrangement. After a year of operation we will review the endeavor to determine that the goal was met.

The renovation of the old historic courthouse on the town square was complete. Certain county departments, previously located in the Bank of America annex building, moved to the old courthouse. This has alleviated the office overcrowding problems the County was facing.

### For the Future

With the county purchasing the land and buildings around the Guinn Courts Building, which was previously leased from the school district, construction plans have been underway for office space to accommodate the needs of additional Community Service and Corrections Department personnel. An architect has been hired and the bidding begun for the project. The growth experienced by the county requires our elected officials to be forward thinking to address issues before they become problems. As in most Texas counties, the need to accommodate the law enforcement and administration of justice functions is truly a challenge.

The County will continue its commitment to provide government services in the most cost effective manner to meet the demands of continued growth. To accomplish this, the county will embrace the latest technology available while engaging in the pursuit of various problem-solving legislation at the state level.

The Corp of Engineers has completed the first phase of a park on the Brazos River for overnight camping and a boat launch which should prove to be a positive tourist attraction. The second phase is nearing completion with the park expected to open in May, 2009. This project has been funded with federal monies made available by congress. Although this is a new endeavor for Johnson County, with the challenge of having to work through management issues, the park will give the county a different kind of attraction, resulting in further economic growth.

#### FINANCIAL INFORMATION

In developing the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes (1) the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. The County Auditor's Office continually assesses its ability to ensure that adequate internal accounting controls are in place to safeguard assets and provide reasonable assurance of proper recording of financial transactions. With this goal, the internal audit function becomes a larger task each year, addressing the needs that change and growth dictate.

Administration. The officials having responsibility for the financial administration of the County are the County Judge and four County Commissioners (the "Commissioners' Court"), the Tax Collector and the County Treasurer, all of whom are elected for four-year terms, and the County Auditor who is appointed for a two-year term by the State District Judges having jurisdiction within the County. The governing body of the County is the Commissioners' Court. It has only powers expressly granted to it by the legislature and powers necessarily implied from such grant. Among other things, it approves the County budget, determines the County tax rate, approves contracts in the name of the County, determines whether a proposition to issue bonds should be submitted to the voters, conducts official business of the County at designated meeting times, and appoints certain County officials.

The County Judge is the presiding officer of the Commissioners' Court. Each Commissioner represents one of the four precincts into which the County is divided and is elected by the voters of his precinct. The County Commissioners supervise construction and maintenance of the County road systems as well as perform other administrative duties.

The Tax Assessor-Collector is responsible for collecting ad valorem taxes, certain State and County fees and other revenues. The office also contracts with other taxing entities to collect taxes for them. Therefore, money is saved by taxpayers since only one tax collection organization is needed; eliminating a costly duplication of effort.

The County Treasurer is the custodian of funds and has the sole authority to disburse funds for the County. This includes receipting and depositing all funds paid to the County.

The County Auditor is the chief financial officer of the County and is responsible for substantially all County financial and accounting control functions. The responsibilities of the County Auditor include those of accounting, auditing, payroll and financial operations. The

County Auditor also determines the type, terms, and amounts of investments of County funds. The Commissioners' Court designated the County Auditor as the Investment Officer and has adopted an investment policy in compliance with the Public Funds Investment Act.

As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management.

<u>Cash Management</u>. Temporarily idle cash in the various funds is invested in fully insured or collateralized demand deposits, and investment pools, such as Texas Local Government Investment Pool and TexStar. Interest rates on demand deposits and certificates of deposit are governed by the County depository contract which is awarded for a four-year period. Interest rates for demand deposits on the current contract are competitive and reflect current market conditions. Interest rates are subject to change daily. On demand deposits, interest rates are based on the 91-day U. S. Treasury Bill. Rates with the investment pools average approximately the same as a one-year Treasury note and the cash is liquid with one-day transfer time.

<u>Risk Management</u>. The County consistently reviews areas of loss control and risk management. The Road and Bridge precincts have safety equipment and supplies budgeted to provide protection for the road workers. The County participates in a liability pool created by the Texas State Legislature and managed by the Texas Association of Counties. Through this self-insurance fund, counties are able to join together to self-insure for general, automobile, public official and law enforcement liability. The County also participates in the Texas Association of Counties Property and Casualty Self-Insurance Fund for its property and automobile physical damage coverage. The County's proactive initiatives have resulted in a favorable loss trend.

<u>Pension Benefits</u>. The County continued its membership in the Texas County and District Retirement System (TCDRS). Through TCDRS, the County provides pension, disability, and death benefits for all of its full-time employees through a nontraditional, joint-contributory, defined benefit plan. The contribution rate payable by all employee members is 7% as adopted by the governing body of the County. The employer contribution rate is actuarially determined as a result of the annual actuarial valuation. Therefore, the employer's contribution rate may vary from year to year.

#### OTHER INFORMATION

Independent Audit. The County's financial statements have been audited by Kennemer, Masters and Lunsford, L.L.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended September 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Johnson County, Texas' financial statements for the fiscal year ended September 30, 2008, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

<u>Awards</u>. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Johnson County for its comprehensive annual financial report for fiscal year ended September 30, 2007. This was the 17<sup>th</sup> consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

<u>Acknowledgments</u>. The production of this report is attributable to the dedication and work of the County Auditor's Office staff and Kennemer, Masters and Lunsford, L.L.C, our independent auditor.

In closing, I would like to thank all Johnson County Elected Officials, Department Heads and their staffs for their cooperation and leadership in conducting the financial affairs of the County. A special thanks is extended to my staff that worked so diligently throughout the year.

Respectfully submitted,

J. R. Kirkpatrick
Johnson County Auditor

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

# Johnson County Texas

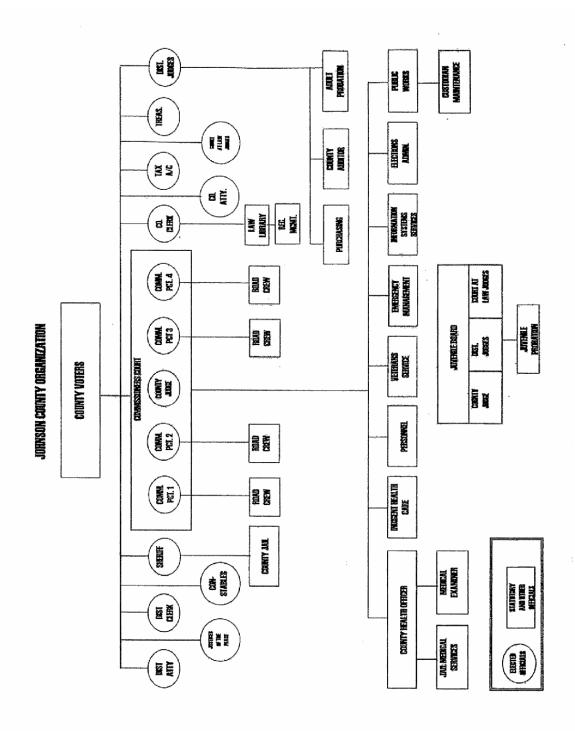
For its Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2007

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

MANGE OFFICE TO THE STATE OF TH

President

Executive Directo



#### PRINCIPAL OFFICIALS

# **COMMISSIONERS' COURT**

COUNTY JUDGE Roger Harmon

**COUNTY COMMISSIONERS** 

Precinct 1 R.C. McFall
Precinct 2 John W. Matthews
Precinct 3 Mark Carpenter
Precinct 4 Don Beeson

#### **JUDICIAL**

DISTRICT JUDGE

18th Judicial DistrictJohn E. Neill249th Judicial DistrictWayne Bridewell413th Judicial DistrictWilliam C. Bosworth, Jr.COUNTY COURT-AT-LAW IRobert B. Mayfield, IIICOUNTY COURT-AT-LAW IIJerry D. Webber

JUSTICE OF THE PEACE

Precinct 1 Ronald R. McBroom

Precinct 2 Jeff Monk
Precinct 3 Pat Jacobs
Precinct 4 Betty Stiles

#### LAW ENFORCEMENT AND LEGAL

DISTRICT ATTORNEY
COUNTY ATTORNEY
Bill Moore
SHERIFF
Bob Alford

**CONSTABLES** 

Precinct 1
Precinct 2
Precinct 3
Precinct 4

COMMUNITY SUPERVISION DIRECTOR\*

CHIEF JUVENILE PROBATION OFFICER\*

Bill Pierce
Adam Crawford
Mike White
Gary Braly
Toby Ross
Lisa Tomlinson

### **FINANCIAL ADMINISTRATION**

COUNTY AUDITOR\*

COUNTY TREASURER

TAX ASSESSOR—COLLECTOR
PURCHASING AGENT\*

J. R. Kirkpatrick, Jr.

Barbara Robinson

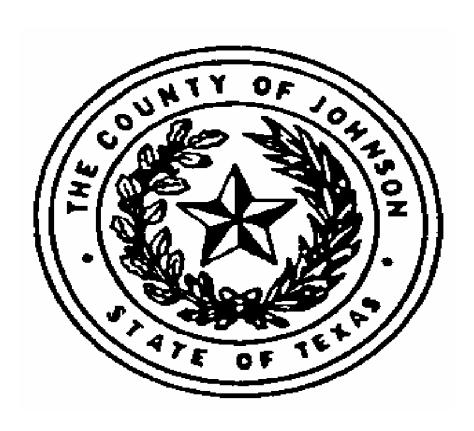
Scott Porter

Margaret Cook

#### COURT CLERKS

DISTRICT CLERK
COUNTY CLERK
Curtis Douglas

<sup>\*</sup>Denotes appointed officials. All others are elected officials.







# KENNEMER, MASTERS & LUNSFORD

CERTIFIED PUBLIC ACCOUNTANTS
Limited Liability Company

Lake Jackson Office: 8 West Way Court Lake Jackson, Texas 77566 (979) 297-4075 Fax: (979) 297-6648 (800) 399-4075 Houston Office: 10850 Richmond Avenue, Suite 250 Houston, Texas 77042 (713) 974-3030 Fax: (713) 974-3513

# Independent Auditor's Report

April 13, 2009

The Honorable County Judge, and Members of Commissioners' Court of Johnson County, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Johnson County, Texas (the "County") as of and for the year ended September 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion 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 financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Johnson County, Texas as of September 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2009 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Honorable County Judge, and Members of Commissioners' Court of Johnson County, Texas April 13, 2009 Page 2

### Required Supplementary Information

The Management's Discussion and Analysis and Statement of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund and Major Special Revenue Fund, and the Texas County and District Retirement System Schedule of Funding – Last Three Years on pages 3 through 13 and 58 through 60, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principals generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Combining and Individual Fund Statements and Schedules, and Federal and State Awards Section

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The accompanying information identified in the table of contents as combining and individual fund statements and schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Similarly, the accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations, the* State of Texas *Single Audit Circular,* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

## Introductory and Statistical Sections

The information identified in the table of contents as Introductory and Statistical Sections is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the County. Such additional information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on it.

Herrener, Masters & Hungford, LLC

Management's Discussion and Analysis For the Year Ended September 30, 2008

As management of Johnson County, Texas ("County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - v of this report.

## **Financial Highlights**

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year for governmental activities by \$ 69,560,831 (net assets). Of this amount, \$21,340,607 (unrestricted net assets), may be used to meet the government's ongoing obligations to citizens and creditors with the County's fund designation.
- The County's total net assets increased for governmental activities by \$ 4,968,393.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$ 29,093,200. 89.81% of this amount, \$ 26,128,035 (unreserved fund balance), were available for use within the County's fund designations. Of the governmental funds amount, \$ 11,652,432 has been designated for specific uses.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$14,475,603 or 43.16% of the total general fund expenditure.

#### **Overview of the Financial Statements**

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

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

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

The statement of activities presents information showing how the County's net assets changed during the fiscal year. All changes in net assets are reported when 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 the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Management's Discussion and Analysis For the Year Ended September 30, 2008

The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The *governmental activities* of the County include general government, administration of justice, financial administration, elections, law enforcement, highways and streets, health and welfare, culture and recreation, and conservation. The County has no *business-type activities*.

The government-wide financial statements can be found on pages 16 and 17 of this report.

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

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

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

The County maintains forty-seven (47) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General and Road and Bridge (special revenue fund), Courthouse Renovation Construction (capital projects fund), and Equipment Purchase (capital projects fund); all of which are considered to be major funds. Data from the other forty-three (43) funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental funds financial statements can be found on pages 18 through 27 of this report.

• **Proprietary Funds.** The County maintains no proprietary funds.

Management's Discussion and Analysis For the Year Ended September 30, 2008

• **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 statements because the resources of those funds are *not* available to support the County's operations. The County is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets that can be found on pages 116 through 118.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29 through 56 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 58 through 60 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented following the required supplementary information on pensions. Combining and individual statements and schedules can be found on pages 62 through 118 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the County, assets exceeded liabilities by \$ 69,560,831 as of September 30, 2008.

The largest portion of the County's net assets, \$ 35,509,134 (51.05%) reflects its investments in capital assets (e.g., land; buildings and improvements; furniture, equipment and vehicles; infrastructure; and construction in progress), less any debt used to acquire those assets that is still outstanding. The County uses capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

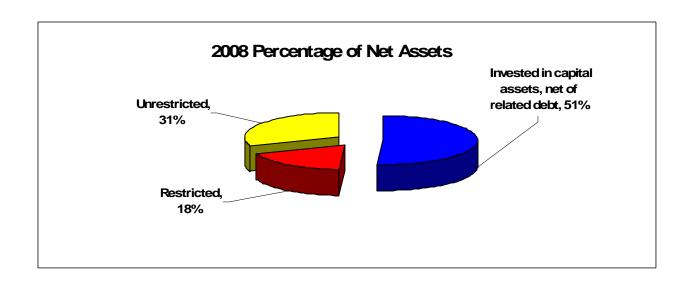
An additional portion of the County's net assets of \$12,711,090 (18.27%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$21,340,607 (30.68%) may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2008, the County is able to report positive balances in all three categories of net assets.

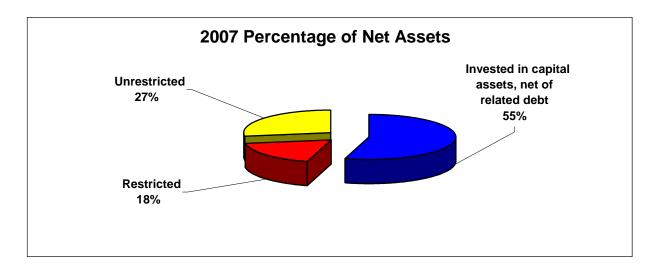
Management's Discussion and Analysis For the Year Ended September 30, 2008

# **JOHNSON COUNTY'S NET ASSETS**

	Governmental Activities						
	September 30, 2008	Net Change					
Current and other assets Capital assets	\$ 40,306,948 60,201,455		\$ 6,447,807 ( 530,696)				
Total assets	100,508,403	94,591,292	5,917,111				
Current and other liabilities Long-term liabilities Total liabilities	3,487,031 27,460,541 30,947,572	3,541,102 26,457,752 29,998,854	( 54,071) 1,002,789 948,718				
Net Assets: Invested in capital assets, net of related debt Restricted Unrestricted	35,509,134 12,711,090 21,340,607	11,756,299	372,329 954,791 <u>3,641,273</u>				
Total net assets	\$ <u>69,560,831</u>	\$ <u>64,592,438</u>	\$ <u>4,968,393</u>				



Management's Discussion and Analysis For the Year Ended September 30, 2008



**Analysis of the County's Operations.** Governmental activities reported an increase in net assets in the amount of \$4,968,393. The following table provides a summary of the County's operations for the year ended September 30, 2008.

## **JOHNSON COUNTY'S CHANGES IN NET ASSETS**

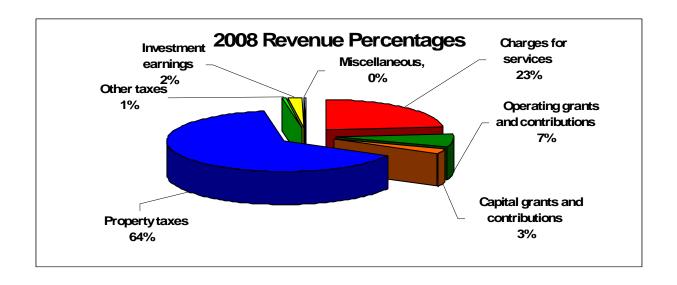
Governmental Activities								
Restated								
Se	September 30,		eptember 30,		Net			
2008			2007		Change			
\$	12,911,754	\$	11,488,706	\$	1,423,048			
	3,834,540		3,065,163		769,377			
	1,420,109		5,398,255	(	3,978,146)			
				-				
	35,641,748		30,215,929		5,425,819			
	323,262		216,965		106,297			
	1,008,287		1,535,829	(	527,542)			
			63,844	(	63,844)			
_	<u> 175,565</u>	_	1,221,477	Ĺ	1,045,912)			
	55.315.265		53.206.168		2,109,097			
	_	\$ 12,911,754 3,834,540 1,420,109 35,641,748 323,262 1,008,287	September 30, 2008  \$ 12,911,754 \$ 3,834,540	September 30, 2008       Restated September 30, 2007         \$ 12,911,754       \$ 11,488,706         3,834,540       3,065,163         1,420,109       5,398,255         35,641,748       30,215,929         323,262       216,965         1,008,287       1,535,829         63,844       1,75,565         1,221,477	Restated September 30, 2008  \$ 12,911,754 \$ 11,488,706 \$ 3,834,540 \$ 3,065,163 \$ 1,420,109 \$ 5,398,255 (  \$ 35,641,748 \$ 30,215,929 \$ 323,262 \$ 216,965 \$ 1,008,287 \$ 1,535,829 \$ (63,844 \$ (175,565 \$ 1,221,477 \$ (			

(Continued)

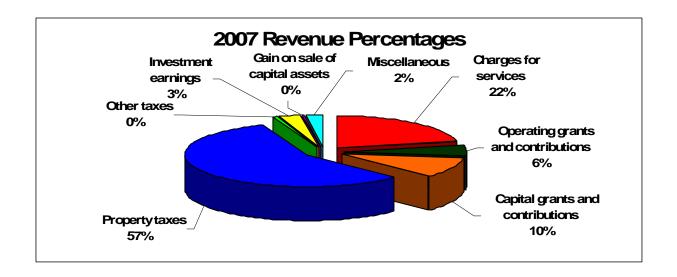
Management's Discussion and Analysis For the Year Ended September 30, 2008

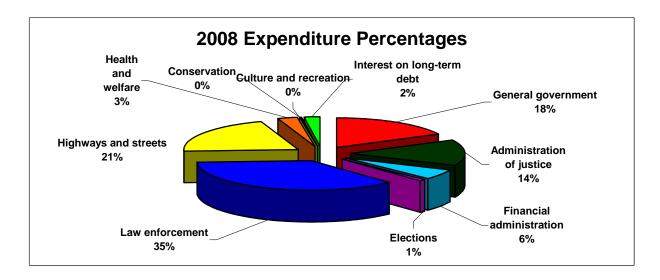
# JOHNSON COUNTY'S CHANGES IN NET ASSETS - Continued

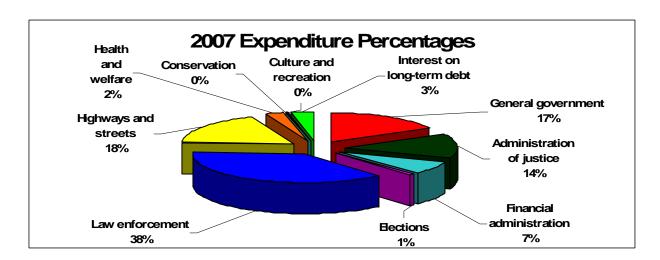
	Governmental Activities							
	Restated							
	Se	ptember 30,	Se	eptember 30,		Net		
	2008			2007		Change		
Expenses:								
General government	\$	8,851,599	\$	7,345,815	\$	1,505,784		
Administration of justice		7,029,121		5,983,462		1,045,659		
Financial Administration		2,906,858		3,012,304	(	105,446)		
Elections		370,967		295,768		75,199		
Law enforcement		18,163,642		16,139,399		2,024,243		
Highways and streets		10,423,688		7,747,391		2,676,297		
Health and welfare		1,280,130		1,038,950		241,180		
Culture and recreation		5,235		7,464	(	2,229)		
Conservation		137,925		114,188		23,737		
Interest on long-term debt		1,177,707	_	1,497,019	(	319,312)		
Total expenses		50,346,872	_	43,181,760	_	7,165,112		
Increase (decrease) in net assets before contributions and transfers		4,968,393		10,024,408	(	5,056,015)		
None	_		_					
Increase (decrease) in net assets		4,968,393		10,024,408	(	5,056,015)		
Net assets – October 1, (restated)		64,592,438	_	54,568,030		10,024,408		
Net assets - September 30,	\$_	69,560,831	\$_	64,592,438	\$_	4,968,393		



Management's Discussion and Analysis For the Year Ended September 30, 2008







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Management's Discussion and Analysis For the Year Ended September 30, 2008

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

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$29,093,200. 89.81% of this total amount (\$26,128,035) constitutes unreserved fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) for prepaid expenditures (\$471,337), 2) for the expenditure of inventories (\$288,360), 3) for the expenditure of encumbrances (\$528,587), and 4) to pay for debt service (\$1,676,881).

Fund balance of the General Fund increased by \$ 2,948,269; the Road and Bridge (special revenue fund) increased by \$ 303,917; the Courthouse Renovation Construction (capital projects fund) increased by \$ 101,385; the Equipment Purchase (capital projects fund) increased by \$ 1,880,131; and, other (non-major) governmental funds increased by \$ 672,113.

The increase in the General Fund is simply due to actual revenue exceeding the budgeted revenue by 9% and actual expenditures coming under budget by 6%. Most of the additional revenue was a result of, 1) under-budgeting ad valorem taxes due to late appraisals that were not a part of the original certified tax role, 2) unexpected state reimbursements, and 3) fine revenue exceeding the revenue budget. General Fund expenditures were less than budgeted due largely to significant unspent budgets for software and the Sheriff's Office enforcement and jail detention. Regarding the Road & Bridge Funds, the increase in fund balance is attributed to unexpected donation by gas well operators for damage done to road by their heavy trucks. The Courthouse Renovation Construction Fund had received an excessive General Fund transfer as of year-end. The year-end increase in the Equipment Purchase Fund is due to early funding of tax notes issued for funding fiscal year 2009. The fund balance increase in the non-major governmental funds is generally a result of unexpected growth in the county; creating fees in excess of our revenue budgets.

**General Fund Budgetary Highlights**. The County budget is prepared by the County Judge's Office and presented to Commissioners Court for approval. The county operates within this budget for the fiscal year with expenditure amendments made as needed.

The difference between the General Fund original expenditure budget and the revised budget was approximately a \$2.1 million increase. The largest amendments are enumerated here with many smaller amendments: workers compensation \$100,000; Appraisal District dues \$100,000; clean air state grant \$491,014; and Sheriff's Office – Detention \$272,540.

During the year, however, revenues exceeded budgetary estimates and expenditures were less than estimated. The major variances include the following: current taxes \$ 1,552,999; delinquent taxes \$ 164,957; state reimbursement \$ 452,766; state fees earned \$ 144,393; jail detention fees \$ 170.035; and fines \$ 445.709.

Management's Discussion and Analysis For the Year Ended September 30, 2008

Total General Fund revenue exceeded the budget by 12% and total fund expenditures were under budget by 7%.

# **Capital Assets**

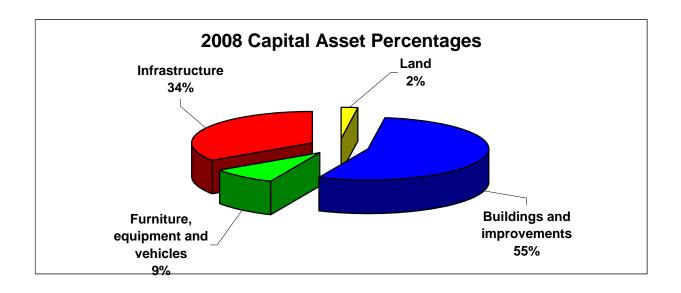
This investment in capital assets includes land; buildings and improvements; furniture, equipment and vehicles; infrastructure; and construction in progress.

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

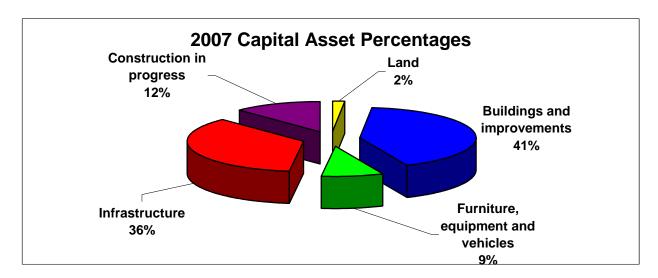
- Completion of the courthouse renovation project and acquisition of real property.
- Contribution of approximately \$842,828 of equipment and roads.
- Acquisition of general equipment purchased from the issuance of tax notes.
- Acquisition of real property adjacent to the Courts Building and Courthouse Annex.

# JOHNSON COUNTY'S CAPITAL ASSETS Net of Accumulated Depreciation

		Governmental Activities								
	Se	eptember 30, 2008	Se	Restated eptember 30, 2007	<del>-</del>					
Land Buildings and improvements Furniture, equipment and vehicles Infrastructure Construction in progress	\$	1,289,806 32,748,899 5,405,002 20,757,748	\$	973,805 25,386,869 5,167,306 21,800,719 7,403,452	\$	316,001 7,362,030 237,696 1,042,971) 7,403,452)				
Total	\$_	60,201,455	\$_	60,732,151	\$ <u>(</u>	530,696)				



Management's Discussion and Analysis For the Year Ended September 30, 2008



Additional information on the County's capital assets can be found in note 5 on pages 46 through 47 of this report.

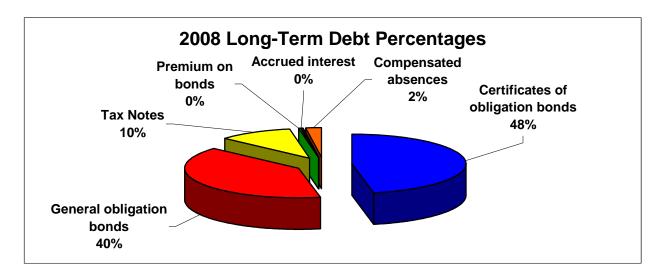
#### **DEBT ADMINISTRATION**

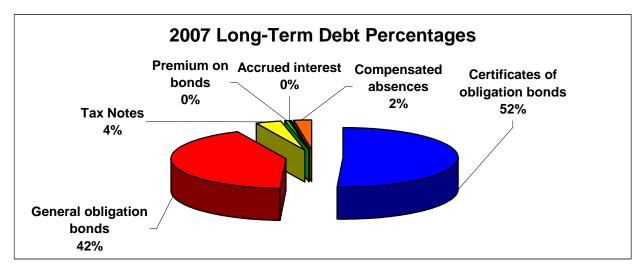
At the end of the current fiscal year, the County had a total bonded debt and tax note of \$26,677,135, which, compromises bonded and tax note debt backed by the full faith and credit of the County. These bonds will be retired with revenues from property taxes, and fees for services.

JOHNSON COUNTY'S LONG-TERM DEBT Bonds, Tax Notes, Components of Debt, and Compensated Absences

	Governmental Activities								
	Restated								
	September 30,			eptember 30,		Net			
		2008	_	2007		Change			
Certificates of Obligation bonds	\$	12,905,000	\$	13,430,000	\$(	525,000)			
General Obligation bonds		10,916,135		11,180,098	(	263,963)			
Tax notes		2,856,000		994,000		1,862,000			
Components of Debt:									
Premium on bonds		85,858		93,074	(	7,216)			
Accrued interest payable		120,777		127,442	(	6,665)			
Compensated absences	_	576,771	_	633,138	<u>(</u>	56,367)			
Total	\$_	27,460,541	\$_	26,457,752	\$	1,002,789			

Management's Discussion and Analysis For the Year Ended September 30, 2008





During the fiscal year, the County's total debt increased \$ 1,002,789 or 3.8%. The increase was due primarily to the issuance of Tax Notes, Series 2008 and 2007, totaling \$ 2,815,000 for the acquisition of capital assets and general maintenance.

All of the outstanding Bonds of the County payable from its limited taxes are insured and are, therefore, rated "A1" by Moody's Investors Service Inc. ("Moody's"), and "AA" by Standard & Poor's ("S&P"). State statutes limit the amount of general obligation debt a government may issue to 25% of its total assessed valuation. The current limitation for Johnson County significantly exceeds the outstanding general obligation debt.

Additional information on the County's long-term debt can be found in note 7 on pages 48 through 51 of this report.

Management's Discussion and Analysis For the Year Ended September 30, 2008

# **Economic Factors and Next Year's Budgets and Rates**

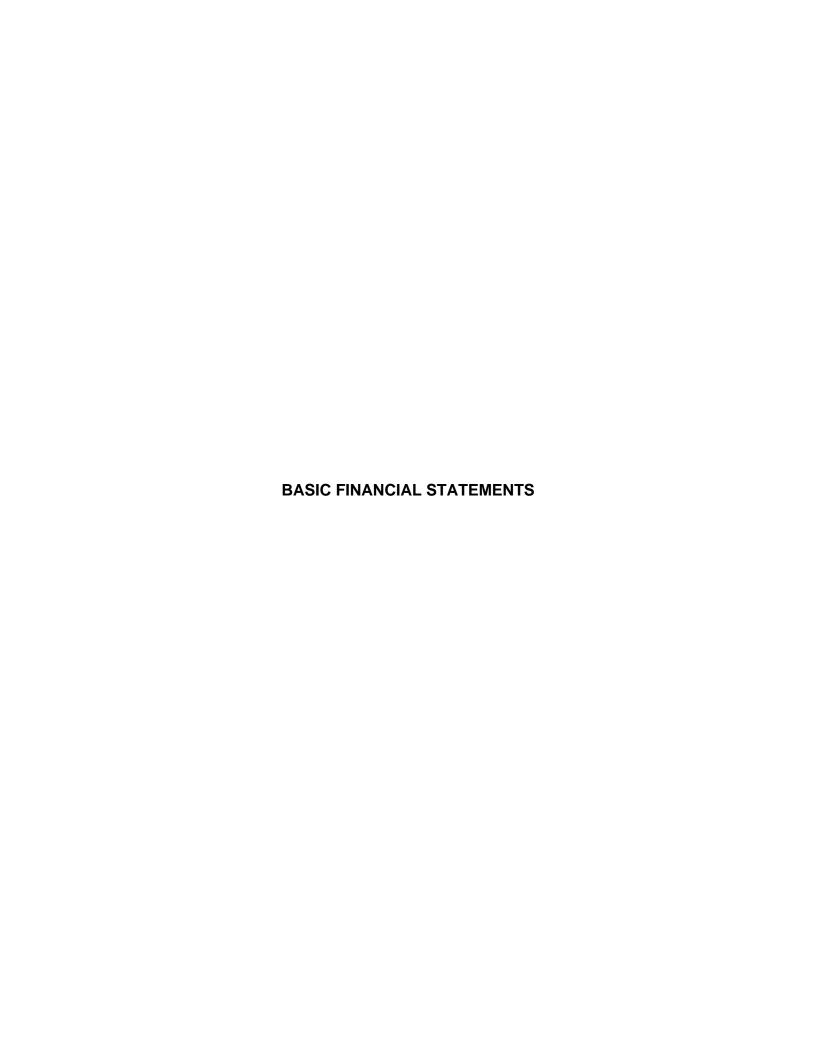
The annual budget is the means by which Commissioners' Court sets the direction of the County, and allocates its resources.

In considering the budget for FY 2009, Commissioners' Court considered the following factors:

- Property tax rates decreased; however, tax revenues increased due to the rise in certified values. A large factor is the increase in mineral values due to gas exploration.
- Employees were given a 6.0% cost of living increase, effective October 1, 2007.

# **Request for Information**

This financial report is designed to provide a general overview of the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Johnson County Auditor, #2 N. Main, Cleburne, Texas, 76031, or call (817) 556-6305.



**JOHNSON COUNTY, TEXAS** STATEMENT OF NET ASSETS

September 30, 2008

Exhibit 1

	G 	overnmental Activities
Assets Cash and temporary investments Receivables (Net of Allowance for Uncollectibles):	\$	30,743,864
Taxes Accounts Due from other governments Prepaid items		696,513 7,009,283 484,372 471,337
Inventories Bond issuance cost (net of accumulated amortization) Capital Assets:		288,360 613,219
Land Buildings and improvements (net) Furniture, equipment and vehicles (net) Infrastructure (net)		1,289,806 32,748,899 5,405,002 20,757,748
Total assets		100,508,403
Liabilities Accounts and accrued liabilities payable Due to others Unearned revenue Noncurrent Liabilities: Due within one year		2,668,771 437,841 380,419 3,544,727
Due in more than one year	_	23,915,814
Total liabilities		30,947,572
Net Assets Invested in capital assets, net of related debt Restricted For:		35,509,134
General government Administration of justice Financial administration Elections Law enforcement Highways and streets Health and welfare Culture and recreation Debt service Unrestricted		2,063,601 1,410,862 21,499 64,109 138,806 5,037,562 1,722,777 33,169 2,218,705 21,340,607
Total net assets	\$ <u></u>	69,560,831

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

# **JOHNSON COUNTY, TEXAS** STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2008

Exhibit 2

Net

				Program Revenues Operating Capital Charges for Grants and Grants and						(Expense) evenue and Change In Net Assets evernmental
		Expenses	•	Services		Contributions		ontributions		Activities
Functions/Programs Governmental Activities: General government Administration of justice Financial administration Elections Law enforcement	\$	8,851,599 7,029,121 2,906,858 370,967 18,163,642	\$	3,773,067 3,821,564 1,043,597 51,532 1,363,846		738 419,558 9,145 1,761,804		555,530 81,391	\$( ( (	4,522,264) 2,787,999) 1,863,261) 310,290) 14,956,601)
Highways and streets Health and welfare Culture and recreation Conservation Interest on long-term debt	_	10,423,688 1,280,130 5,235 137,925 1,177,707	_	2,816,738 31,410 10,000	_	1,009,431 633,864	_	726,923 40,000 16,265	( ( _ (	5,870,596) 614,856) 44,765 121,660) 1,177,707)
Total governmental activities  General Revenue: Property taxes Other taxes Unrestricted investment earnings Miscellaneous	_	50,346,872		12,911,754	_	3,834,540	_	1,420,109	_	32,180,469) 35,641,748 323,262 1,008,287 175,565
Total general revenues, special items	and t	ransfers							_	37,148,862
Change in net assets										4,968,393
Net assets – beginning (restated)									_	64,592,438
Net assets – ending									\$	69,560,831

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

**JOHNSON COUNTY, TEXAS**BALANCE SHEET - GOVERNMENTAL FUNDS September 30, 2008

				Major	Fur	nds			
ASSETS		General Fund	Road & Bridge Fund			Courthouse Renovation Construction Fund	Equipment Construction and Maintenance Fund		
ASSETS Cash and temporary investments Receivables (Net of Allowance for Uncollectibles): Taxes Accounts Due from other governments Due from other funds	\$	16,056,223 514,821 232,663 32,311 525,357	\$	4,894,037 100,096 100,504	\$	400,000	\$	2,103,487	
Prepaid expenditures Inventories	_	469,097		288,360	_	_	_		
Total assets	\$	17,830,472	\$	5,382,997	\$ <u>_</u>	400,006	\$	2,103,487	
LIABILITIES AND FUND BALANCES Liabilities:									
Accounts and accrued liabilities payable Due to others Due to other funds	\$	1,936,471 437,841 112,915	\$	471,485 17,671	\$	400,006	\$	34,053	
Deferred revenue		397,925		80,337	_				
Total liabilities		2,885,152		569,493	_	400,006		34,053	
Fund Balances: Reserved: Prepaid expenditures Inventories Encumbrances Debt service Unreserved:		469,097 620		288,360 117,953				2,517	
Designated: Capital projects Subsequent years expenditures								2,066,917	
(Special Revenue) Undesignated	_	14,475,603		4,407,191	_				
Total fund balances	_	14,945,320		4,813,504	_	-0-	_	2,069,434	
Total liabilities and fund balance	\$	17,830,472	\$	5,382,997	\$_	400,006	\$	2,103,487	

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

# Non-Major Funds

_	Other Governmental Funds	Total Governmental Funds	
\$	7,690,111	\$ 30,743,86	4
_	81,596 55,621 52,061 112,596 2,240	696,51 388,78 484,37 637,95 471,33 288,36	8 2 3 7
\$_	7,994,225	\$ <u>33,711,18</u>	7
\$	226,762 60,999 441,522	\$ 2,668,77 437,84 591,59 919,78	1
_	729,283	4,617,98	
	2,240 407,497 1,676,881	471,33 288,36 528,58 1,676,88	0 7
	1,238	2,068,15	5
_	5,177,086	9,584,27 14,475,60	
_	7,264,942	29,093,20	0
\$_	7,994,225	\$ <u>33,711,18</u>	7

**JOHNSON COUNTY, TEXAS**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENTAL ACTIVITIES STATEMENT OF NET ASSETS September 30, 2008

Exhibit 3R Page 1

Total fund balances - governmental funds balance sheet (Exhibit 3)	\$	29,093,200
Amounts reported for <i>governmental activities</i> in the statement of net assets (Exhibit 1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Capital assets include \$ 97,786,885 in assets less \$ 37,585,430 in accumulated depreciation.		60,201,455
Judicial accounts receivables net of related allowance for uncollectible accounts are unavailable to pay for current period expenditures and availability of funds that are uncertain as to availability are not recorded in the funds. Judicial receivables of \$ 11,104,213 net of allowance for uncollectible accounts of \$ 4,530,080 in the general fund amounted to \$ 6,574,133.		6,574,133
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds. Deferred property tax revenues for the general fund, Road and Bridge special revenue fund, Indigent Care special revenue fund, Interest & Sinking debt service fund, and the Equipment debt service fund amounted to \$ 397,925, \$ 80,337, \$ 11,721, \$ 31,398 and \$ 17,984, respectively.		539,365
Debt issuance costs are reported as current financial uses for governmental funds but the expenditures increase long-term assets in the statement of net assets. This amount is amortized over the life of the debt. Debt issuance costs of \$ 939,709 less accumulated amortization of \$ 326,490.		613,219
Payables for bond principal are not reported in the funds.	(	23,821,135)
Payables for note principal are not reported in the funds.	(	2,856,000)
Premium on the issuance of bonds provide current financial resources to governmental funds but the proceeds decrease long-term assets in the statement of net assets. This amount is amortized over the life of the bonds. Net premium on the issuance of bonds were \$ 85,858 (premium on the sale of bonds of \$ 99,325 less		
amortization of \$ 13,467).	(	85,858)
Payables for debt interest is not reported in the funds except for amounts received from the sale of bonds or issuance of notes after the issuance date. Total accrued interest payable of \$ 120,777.	(	120,777)
Payables for compensated absences are not reported in the funds.	<u>(</u>	576,771)
Net assets of governmental activities - statement of net assets (Exhibit 1)	\$ <u></u>	69,560,831

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



# STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended September 30, 2008

	Major Funds							
		General Fund		Road & Bridge Fund		Courthouse Renovation Construction Fund	(	Equipment Construction and Naintenance Fund
Revenues: Taxes Intergovernmental Fees	\$	27,137,182 1,536,014 5,233,752	\$	4,642,607 2,293,078	\$	555,530	\$	
Fines Investment income Miscellaneous		2,023,732 2,023,348 593,789 946,755		176,519 1,447,141		961		13,028
Total revenues	_	37,470,840	_	8,559,345	_	556,491		13,028
Expenditures: Current: General administration Administration of justice Financial administration Elections Law enforcement		6,658,361 6,739,301 2,886,685 325,511 15,239,511				384,998		318,281 835 473 183,096
Highways and streets Health and welfare Culture and recreation Conservation		452,387 137,775		7,314,636				2,206
Conservation Capital outlay Debt Service: Principal Interest and fiscal charges	_	1,097,013	_	940,792	_	685,755		393,006
Total expenditures	_	33,536,544	_	8,255,428	_	1,070,753		897,897
Excess (deficiency) of revenues over expenditures	_	3,934,296	_	303,917	<u>(</u>	<u>514,262</u> )	(	884,869)

# Non-Major Funds

G	Other Governmental Funds		Total Governmental Funds
\$	4,161,158 1,379,767 1,001,325 44,100 223,990 420,494 7,230,834	\$	35,940,947 3,471,311 8,528,155 2,067,448 1,008,287 2,814,390 53,830,538
	7,230,034	_	33,030,330
	277,434 241,446 9,218 45,526 1,693,789 783,673 832,289 5,235		7,639,074 6,981,582 2,896,376 371,037 17,116,396 8,100,515 1,284,676 5,235 137,775 3,334,376
	1,843,000 1,044,715	_	1,843,000 1,044,715
	6,994,135 236,699	_	50,754,757 3,075,781

(continued)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS - Continued

For the Year Ended September 30, 2008

	Major Funds							
		General Fund		Road & Bridge Fund		Courthouse Renovation Construction Fund		Equipment Construction and Maintenance Fund
Other Financing Sources (Uses): Proceeds from sale of capital assets Issuance of tax notes	\$	15,034	\$		\$	/15 / 47	\$	2,765,000
Transfers in Transfers out	(	110,976 1,112,037)			_	615,647	_	
Total other financing sources and (uses)	<u>(</u>	986,027)		-0-	_	615,647	_	2,765,000
Net change in fund balances		2,948,269		303,917		101,385		1,880,131
Fund balances - beginning (restated)		11,997,051		4,509,587	(	101,385)	_	189,303
Fund balances - ending	\$	14,945,320	\$	4,813,504	\$_	-0-	\$_	2,069,434

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

# Non-Major Funds

Other Governmental Funds			Total Governmental <u>Funds</u>						
\$		\$	15,034						
	50,000		2,815,000						
	496,390		1,223,013						
(	<u>110,976</u> )	(	<u>1,223,013</u> )						
	435,414	_	2,830,034						
	672,113		5,905,815						
	6,592,829	_	23,187,385						
\$	7,264,942	\$	29,093,200						

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

Exhibit 4R Page 1

For the Year Ended September 30, 2008

Net change in fund balances - total governmental funds (Exhibit 4)

\$ 5,905,815

# Amounts reported for *governmental activities* in the statement of activities (Exhibit 2) are different because:

Governmental funds report capital outlays as expenditures. However, in the governmental activities statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation \$ 4,628,034 exceeded capital outlays \$ 3,334,376 in the current period.

1,293,658)

Contributions of capital assets are not reported in the funds, however, contributions of capital assets are reported as capital contributions in the governmental activities statement of activities. During the current year, \$ 842,828 of land and equipment were contributed to and accepted by the County.

842,828

Property tax revenues in the governmental activities statement of activities do not provide current available resources and are not reported as revenues in the funds. Deferred property tax revenues for the general fund, Road and Bridge special revenue fund, Indigent Health Care special revenue fund, Interest & Sinking debt service fund, and Equipment debt service fund amounted to \$ 18,801, \$ 11,210, \$ (8,163), \$ (2,080), and \$ 4,295, respectively.

24.063

Governmental funds report proceeds from the sale of assets as revenue. However, in the governmental activities statement of activities, the cost of the assets disposed is offset against the proceeds to report gain or loss on the disposition of assets. The costs of assets disposed were \$ 79,866. (Cost of \$ 861,993 less accumulated depreciation of \$ 782,127).

79,866)

Judicial revenues (resulting from accounts receivables net of related allowance for uncollectible accounts)
In the governmental activities statement of activities does not provide current available resources and are not reported as revenues in the funds. The change in these net receivables resulted in a decrease in revenues reported in the governmental activities statement of activities.

617,836

Debt issuance cost is an expenditure in the governmental fund, but the cost increases long-term assets in the statement of net assets. This amount is amortized over the life of the debt. Debt issuance costs of \$ 50,001 less current amortization of \$ 95,837.

45,836)

Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the governmental activities statement of net assets. The funds statements reported \$ 2,815,000 in note proceeds.

2,815,000)

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the governmental activities statement of net assets. The funds statements reported \$ 890,000 and \$ 953,000 in bond and note principal payments.

1,843,000

(continued)

JOHNSON COUNTY, TEXAS  RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO GOVERNMENTAL ACTIVITIES STATEMENT OF ACTIVITIES - Continued For the Year Ended September 30, 2008		Exhibit 4R Page 2
Premium on the issuance of bonds provide current financial resources to governmental funds but the proceeds decrease long-term assets in the statement of net assets. This amount is amortized over the life of the bonds. Amortization of issuance of bonds was \$ 7,216.	\$	7,216
Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the amount of accretion and accrued interest on long-term debt. Current bond accretion of \$ 101,037 less the change in accrued interest on note and bonds of \$ 6,665	(	94,372)
Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the amount of change in compensated absences.	_	<u> 56,367</u>
Change in net assets of governmental activities (see Exhibit 2)	\$	4,968,393

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

**JOHNSON COUNTY, TEXAS** STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS September 30, 2008

Exhibit 5

	Agency <u>Funds</u>
Assets Cash and temporary investments Receivables:	\$ 9,359,965
Accounts receivable  Due from other funds	182,644 319
Total assets	\$ <u>9,542,928</u>
<u>Liabilities</u> Accounts and accrued liabilities payable Due to other funds Amounts held for others	\$ 220,342 46,681 
Total liabilities	\$ <u>9,542,928</u>

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

JOHNSON COUNTY, TEXAS
Notes to the Financial Statements
For The Year Ended September 30, 2008

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Notes to the Financial Statements For The Year Ended September 30, 2008

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of Johnson County, Texas (County) related to the funds in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled <u>Audits of State and Local Governmental Units</u> and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's <u>Codification of Governmental Accounting and Financial Reporting Standards</u>, the County has elected not to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the County are described below.

#### Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the County's reporting entity. Financial statements for component units can be obtained from the office of the County Auditor.

Included in the reporting entity:

Johnson County, Texas (Primary Government) -

The County is a political subdivision of the State of Texas. The County is governed by the Commissioners' Court, composed of four elected County Commissioners and an elected County Judge. Each of these officials serves a term of four years. The primary activities of the County include: the construction and maintenance of county roads, provision of public safety through a sheriff's department, support of area fire protection and ambulance service, administration of justice, correctional facilities, health and welfare services, culture and recreation, and other social and administrative services.

For the year ended September 30, 2008, no other organizations have been combined for either blended or discrete presentation in the County's financial statements. The following organizations are not considered "related organizations."

Excluded from the reporting entity:

#### Adult Probation -

This entity is considered a separate agency of the State of Texas. While the County provides office space, utilities, telephone and certain supplies, the operations of this unit are primarily provided for by the State. A separate board develops the operating budget, which is also approved and controlled by the State of Texas. Required County expenditures are disclosed as a department within the General Fund function of Corrections. Due to custodial responsibility, the accounts of this entity are reported as an Agency Fund of the County.

Notes to the Financial Statements For The Year Ended September 30, 2008

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Reporting Entity - continued

Johnson County Appraisal District -

This is a separate entity providing property appraisal services to all taxing units within the county. This entity has its own governing board, elected by the various taxing units, which it serves; however, the taxing units do not designate management or significantly influence operations. The Appraisal District's cost of operations is divided on a prorated basis among the various taxing units within the county. Johnson County's share of this cost is disclosed within the General Fund under the Financial Administration function.

Other entities within the county which provide similar services but are not included in the reporting entity because they do not meet the criteria are: municipalities, school districts, drainage districts, hospital districts, water districts and various non-profit organizations.

#### Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report financial information on all of the nonfiduciary activities of the primary government. For the most part, interfund activity has been removed from these statements; however, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Johnson County has no business-type activities.

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

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The County has no enterprise fund.

### Measurement Focus, Basis Of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Notes to the Financial Statements For The Year Ended September 30, 2008

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis Of Accounting, and Financial Statement Presentation - continued

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

Revenues from property and other taxes, grants and contracts, fees (charges for services), fines (including forfeitures), and interest associated with the current fiscal period are all considered to be susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Revenue from investments, including governmental external investment pools, is based upon fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Most investments are reported at amortized cost when the investments have remaining maturities of one year or less at time of purchase. External investment pools are permitted to report short-term debt investments at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer, or other factors. For that purpose, a pool's short-term investments are those with remaining maturities of up to ninety days.

Grant funds are considered earned to the extent of the expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until the related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the County to refund all or part of the unused amount.

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

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

Notes to the Financial Statements
For The Year Ended September 30, 2008

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis Of Accounting, and Financial Statement Presentation - continued

The County has presented the following major governmental funds:

The *General fund* is the County's primary operating fund. It accounts for all financial resources of the County, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the general fund.

The Road and Bridge special revenue fund accounts for the property taxes and fees from auto registration, certificates of title, gross weight and axle fees, and approved expenditures for public transportation projects.

The Courthouse Renovation Construction fund accounts for grant revenues and local matching support authorized for renovation of the County's historic courthouse.

The *Equipment Purchase fund* accounts for tax note proceeds for the purpose of the acquisition and maintenance of the County's major equipment needs.

Additionally, the County reports the following fiduciary funds:

The agency funds account for assets that the government holds on behalf of others as their agent. The County's agency funds include unclaimed money, Tax Assessor/Collector, District and County Clerk trusts, Sheriff Department, Justice of the Peace, seizure and restitution, and Community Corrections and Supervision (Adult Probation) funds.

#### **New Pronouncements**

GASB No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," was issued June 2004. This statement establishes standards for the measurement, recognition, and display of other postemployment benefits (OPEB) expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. This statement is effective for periods beginning after December 15, 2007. Since the County maintains no OPEB plans, this statement will not have an impact upon its financial position, results of operations or its cash flows upon adoption.

GASB No. 46, "Net Assets Restricted by Enabling Legislation: an amendment of GASB Statement No. 34", was issued December 2004. This statement clarifies the meaning of legally enforceable as applied to restrictions on net asset use imposed by enabling legislation. This statement is effective for periods beginning after June 15, 2006. The statement was implemented and did not have a material impact on the County's financial statements.

GASB No. 47, "Accounting for Termination Benefits", was issued April 2005. This statement provides guidance for measuring, recognizing, and reporting liabilities and expense/expenditures related to all termination benefits, both voluntary and involuntary. This statement is effective for periods beginning after June 15, 2005. This statement was implemented during the year ended August 31, 2006. This statement has been implemented and did not have a material effect on the financial statements of the County.

Notes to the Financial Statements For The Year Ended September 30, 2008

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### New Pronouncements - continued

GASB No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra Entity Transfers of Assets and Future Revenues", was issued September 2006. This statement provides guidance for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. This statement is effective for periods beginning after December 15, 2006. The statement was implemented and did not have an impact on the County's financial statements.

GASB No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", was issued November 2006. This statement provides guidance for pollution remediation obligations. This statement is effective for periods beginning after December 15, 2007. The management of the County does not believe that the implementation of this statement will have a material effect on the financial statements of the County.

GASB No. 50, "Pension Disclosures", was issued May 2007. This statement provides guidance for financial reporting by pension plans and by employers that provide defined benefit and contribution plans. This statement is effective for periods beginning after June 15, 2007. The statement was implemented and did not have an impact on the County's financial statements.

GASB No. 51, "Accounting and Financial Reporting for Intangible Assets", was issued June 2007. This statement provides guidance for financial reporting of intangible assets for all state and local governments. This statement is effective for periods beginning after June 15, 2009. The management of the County does not believe that the implementation of this statement will have a material effect on the financial statements of the County.

GASB No. 52, "Land and Other Real Estate Held as Investments by Endowments", was issued November 2007. This statement does not apply to the County as it holds no endowment funds. This statement is effective for periods beginning after June 15, 2008.

GASB No. 53, "Accounting and Financial Reporting for Derivative Instruments", was issued June 2008. This statement provides guidance for financial reporting of derivative instruments for all state and local governments. This statement is effective for periods beginning after June 15, 2009. The management of the County does not believe that the implementation of this statement will affect the financial statements of the County since it does not make direct investments in derivative instruments.

#### **Budgetary Data**

The budget law of the State of Texas provides that amounts budgeted for current expenditures from the various funds of the County shall not exceed the balances in the funds, plus the anticipated revenues for the current year as estimated by the County Auditor. The legal level of budgetary control is at the fund level of each fund. Any expenditure, which alters the total budgeted amounts of a fund must be approved by Commissioners' Court, and the budget amended. Budgets are adopted on a basis consistent with generally accepted accounting principles.

Notes to the Financial Statements For The Year Ended September 30, 2008

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

### Budgetary Data - continued

Annual appropriated budgets are adopted for the general fund, certain special revenue funds (Road and Bridge Fund, Lateral Roads Fund, Law Library Fund, Records Management and Preservation Fund, Records Archive – County Clerk Fund, Records Archive – District Clerk Fund, Juvenile Probation Fees Fund, Courthouse Security Fund, Juvenile Probation Fund, Juvenile Justice Alternative Education Fund, Special Crimes Operations Fund, District Attorney Forfeiture Fund, Sheriff Forfeiture Fund, Indigent Health Care Fund, TDSHS Cities Readiness Initiative Fund, CDBG County (HUD) Fund, Right of Way Fund, Election Services Contract Fund, HAVA Grant Fund, Justice Court Security Building Fund, CPOS SOS Grant Fund, Pecan Valley MHMR Fund, Texas Solid Waste Investigator Fund, and Historical Society Fund), and debt service funds.

Prior to May 1 of each year, or as soon thereafter as practical, the County Judge, assisted by the County Auditor, prepares a proposed operating budget for the subsequent fiscal year beginning the following October 1st. The proposed operating budget establishes estimated revenues and other resources available for appropriation. Proposed expenditures may not exceed estimated revenues, other resources, and available fund balances.

Subsequent to May 15 and after proper publication of notice, a public hearing is conducted by the Commissioners' Court to obtain taxpayer comments. If an increase to the effective tax rate of more than 3% is proposed as a result of the proposed budget, additional notices and public hearings are required.

After the public hearing(s) the Commissioners' Court makes appropriate budget changes and adopts the budget through the passage of an order at a regularly scheduled meeting. A separate order is adopted to levy the taxes necessary to finance the budgeted expenditures.

Although the level of budgetary control is total revenues plus available fund balance, the County adopts its budget at a line-item level for managerial control purposes. Line item level is defined for revenue purposes as the type of revenue to be derived and for expenditure purposes by department and type of expenditures (salaries and wages, and employee benefits; operating expenses/expenditures; and capital outlay).

Budget amendments to transfer budgeted amounts from one line item to another may be made at the discretion of Commissioners' Court. Amendments to provide for items not included in the original budget may be made by the Commissioners' Court upon finding and declaration of the existence of an emergency sufficient to require action. County management has no prerogative to amend the budget without the approval of Commissioners' Court. Appropriations not exercised in the current year lapse at the end of the year. One hundred fifty-one supplemental budget amendments in the general and special revenue funds were deemed necessary due to the timing of planned expenditures and construction projects.

#### **Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized. Encumbrances outstanding at year-end are reported as a reservation of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Notes to the Financial Statements For The Year Ended September 30, 2008

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### **Encumbrances** continued

The following outstanding encumbrances were provided for in the subsequent year's budget:

Major Funds:	
General Fund	\$ 620
Road and Bridge (Special Revenue Fund)	117,953
Equipment Construction and Maintenance Fund (Capital Projects Fund)	2,517
Nonmajor funds	 407,497
Total	\$ 528,587

#### Cash and Investments

Cash and temporary investments include amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the County. For purposes of the cash flow statement, cash and temporary investments are considered cash equivalents. In accordance with GASB Statement 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", investments are stated at fair value.

The County maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as cash and temporary investments under each fund's caption. Funds are allowed to exceed the amount of their equity in the pooled cash account. Funds with overdrawn accounts are disclosed as an interfund payable in the liability section of the balance sheet.

#### **Property Taxes**

Property taxes are levied as of October 1st of each year with statements prepared and mailed at that date or soon thereafter. The tax levy is based upon appraised property values as of each previous January 1st for all taxable property within the County. Payments are due and payable when taxes are levied and may be timely paid through January 31st. On February 1st, taxes become delinquent and subject to penalty and interest charges. After June 30th, any uncollected taxes are subject to tax suit and additional charges to offset related legal costs. The lien date for property taxes is July 1st.

The appraisal of property within the county is the responsibility of the Johnson County Appraisal District. The Texas Legislature established the Appraisal District and the related Appraisal Review Board in 1979 through the adoption of a comprehensive Property Tax Code. The Appraisal District is required under the Code to assess property at 100% of its appraised value. Real property is reappraised at least every four years. Under certain circumstances, taxpayers and taxing units including the County, may challenge orders of the Appraisal Review Board through various appeals and, if necessary, legal action.

Under the Code, the Commissioners' Court will continue to set annual tax rates on the property. The Code also provides that, if approved by the qualified voters in the Appraisal District, collection functions may be placed with the Appraisal District. The County bills and collects its property taxes and those of certain other taxing entities. Collections of those taxes pending distribution are accounted for in an agency fund.

Notes to the Financial Statements For The Year Ended September 30, 2008

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The County is permitted by Article VIII, Section 9 of the State of Texas Constitution to levy taxes up to \$ .80 per \$ 100 assessed valuation for general governmental services including payment of principal and interest on general long-term debt and maintenance of roads and bridges. Article 6790 of Vernon's Civil Statutes permits the County to collect an additional \$ .15 per \$ 100 valuation for road and bridge purposes. Article 7048a of Vernon's Civil Statutes permits the County to collect \$ .30 per \$ 100 valuation for road, bridge and flood control purposes.

The County's 2007 tax levy, supporting the 2008 fiscal period budget, totaled \$ 0.409752 per \$ 100 valuation and was comprised as follows:

Constitutional Levy:

General Fund \$ 0.309311
Indigent Health Care \$ 0.009356
Road and Bridge \$ 0.052790

Special Road and Bridge:

Article 6790 -0Article 7048a -0-

Debt Service:

Interest and Sinking:

General Obligation Refunding Bonds, Series 2001;

Certificates of Obligation Bonds, Series 2001;

Certificates of Obligation Bonds, Series 2004;

Certificates of Obligation Bonds, Series 2004A; and

General Obligation Refunding Bonds, Series 2007 0.024268

Equipment Interesting and Sinking:

Tax Notes, Series 2006, 2007, and 2008 0.014027

Combined tax rate \$ 0.409752

#### Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All outstanding balances between funds are reported as "due to/from other funds". The County had no advances between funds. All activity between funds was for short-term cash flow requirements. See Note 4 for additional discussion of interfund receivables and payables.

#### Inventories

The County utilizes the consumption method to account for inventory. Under this method, inventory is considered an expenditure when used rather than when purchased. Significant inventories are reported on the balance sheet at cost, using the first-in, first-out method, with an offsetting reservation of fund balance in the governmental fund financial statements since they do not constitute "available spendable resources" even though they are a component of current assets. Inventories in the governmental funds are comprised of road materials, bulk fuel, parts, and chemicals.

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

Notes to the Financial Statements For The Year Ended September 30, 2008

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Capital Assets

Capital assets, which include land, buildings and improvements, furniture, equipment and vehicles, runways, infrastructure, and construction in progress are reported in the governmental activities column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest cost to be capitalized on assets with tax-exempt borrowing is equal to the cost of the borrowing less interest earned on the related tax-exempt borrowing. During the year ended September 30, 2008, no capitalized interest was included in the cost of capital assets under construction.

Assets capitalized have an original cost of \$5,000 or more and over two years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Leased assets are depreciated over the lesser of the term of the related lease or the estimated useful lives of the assets. Estimated useful lives are as follows:

Buildings and improvements 5-50 Years Furniture, equipment and vehicles 5-20 Years Infrastructure 20-35 Years

#### Compensated Absences

Employees are allowed paid absences due to sickness and vacation time. Sick leave benefits are earned by all full time employees at a rate of 96 hours annually. The leave policy allows employees to accumulate up to ninety days of sick leave benefit. Sick leave benefits are recognized in the period in which time off is actually taken. Vacation benefits accrue monthly at rates depending upon an employee's length of service. Employees may accumulate a maximum of 18 months of vacation credits based on the earning rate and length of service. Employees who reach the maximum accumulated rate will not accrue additional time until they use sufficient vacation to bring their accumulated rate below the maximum level.

The liability for compensated absences disclosed in the financial statements represents accumulated vacation and compensatory time at September 30, 2008, computed at pay rates in effect at that time was \$576,771.

Compensated absence liabilities for governmental activities have been paid from the general fund and various special revenue funds.

Notes to the Financial Statements For The Year Ended September 30, 2008

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities 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 straight-line 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt is reported as other financing resources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### **Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

#### Net Assets

Net assets represent the differences 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. Restricted net assets, as presented in the government-wide Statement of Net Assets, are reported when constraints placed on the use of net assets are either 1) externally imposed by creditors (such as through debt covenants, grantors, contributors, or laws or regulations of other governments), or 2) imposed by law through constitutional provisions or enabling legislation.

#### **NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES**

The County classifies deposits and investments for financial statement purposes as cash and temporary investments, and investments based upon both liquidity (demand deposits) and maturity date (deposits and investments) of the asset at the date of purchase. For this purpose, a temporary investment is one that when purchased had a maturity date of three months or less. See Note 1 for additional Governmental Accounting Standards Board Statement No. 31 disclosures. Cash and temporary investments as reported on the financial statements at September 30, 2008 are as follows:

Notes to the Financial Statements For The Year Ended September 30, 2008

#### NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued

	<u>G</u>	overnmental		Fiduciary		Total
Cash and Temporary Investments: Cash (petty cash accounts) Financial Institution Deposits:	\$	3,890	\$		\$	3,890
Demand deposits  Local Government Investment Pool:		2,837,615		8,483,147		11,320,762
Texpool TexSTAR	_	22,596,875 5,305,484	_	876,818		23,473,693 5,305,484
	\$ <u></u>	30,743,864	\$_	9,359,965	\$_	40,103,829

#### **Deposits**

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to them. The County requires that all deposits with financial institutions be collateralized in an amount equal to 100 percent of uninsured balances.

At year-end, in addition to petty cash of \$3,890, the carrying amount, of the County's deposits, was \$11,320,762, while the financial institution balances totaled \$12,472,434. Of these balances, \$3,049,584 represents amounts controlled by County courts and held by various financial institutions jointly under the name of the County and the courts beneficiaries and carrying the identification number of the beneficiaries. These accounts are entirely covered by federal deposit insurance. Of the financial institution balances, \$3,149,584 was covered by federal depository insurance coverage, and \$9,322,850 was covered by collateral held by the County's agent in the County's name.

#### <u>Investments</u>

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the County to invest its funds under written investment policy (the "investment policy") that primarily emphasizes safety of principal and liquidity, addresses investment diversification, yield, and maturity and addresses the quality and capability of investment personnel. This investment policy defines what constitutes the legal list of investments allowed under the policies, which excludes certain instruments allowed under chapter 2256 of the Texas Government Code.

The County's deposits and investments are invested pursuant to the investment policy, which is approved by Commissioners' Court. The investment policy includes lists of authorized investment instruments and allowable stated maturity of individual investments. In addition it includes an "Investment Strategy Statement" that specifically addresses each investment option and describes the priorities of suitability of investment type, preservation and safety of principal, liquidity, marketability, diversification and yield. Additionally, the soundness of financial institutions (including broker/dealers) in which the County will deposit funds is addressed. The County's investment policy and types of investments are governed by the Public Funds Investment Act (PFIA). The County's management believes it complied with the requirements of the PFIA and the County's investment policy.

Notes to the Financial Statements For The Year Ended September 30, 2008

#### NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued

#### <u>Investments</u> - continued

The County's Investment Officer submits an investment report each quarter to the Commissioners' Court. The report details the investment positions of the County and the compliance of the investment portfolio as it relates to both the adopted investment strategy statements and Texas State law.

The County is authorized to invest in the following investment instruments provided that they meet the guidelines of the investment policy:

- 1. Obligations of the United States or its agencies and instrumentalities;
- 2. Direct obligations of the State of Texas or its agencies and instrumentalities;
- 3. No-load money market mutual funds: regulated by SEC, with a dollar-weighted average stated maturity of 90 days or less, includes in its investment objectives the maintenance of a stable \$ 1.00 net asset value per each share, and limited in quantity to the requirements, set forth in Chapter 2256, Government Code Section 2256.014;
- 4. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities;
- 5. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent;
- 6. Certificates of deposit if issued by a state or national bank domiciled in the State of Texas and is: guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, secured in any manner and amount provided by law for deposits of the County;
- 7. Fully collateralized repurchase agreements, if it: has a defined termination date, is secured by obligations described by Section 2256.009(a)(1) of the Public Funds Investment Act, requires the securities being purchased by the County to be pledged to the County, held in the County's name, and deposited at the time the investment is made with the County or with a third party selected and approved by the County, is placed through a primary government securities dealer, approved by the County, or a financial institution doing business in the State of Texas;
- 8. Commercial paper is an authorized investment, if the commercial paper: has a stated maturity of 270 days or fewer from the date of its issuance, and is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit agencies or 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;
- 9. Eligible investment pools if the Commissioners' Court by resolution authorizes investment in the particular pool. An investment pool shall invest funds it receives from entities in authorized investments permitted by the Public Funds Investment Act. The County by contract may delegate to an investment pool the authority to hold legal title as custodian of investments purchased with its local funds; and,

The County participates in Texpool and TexSTAR, Local Government Investment Pools. The State Comptroller oversees Texpool with Lehman Brothers and Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. Although there is no regulatory oversight over TexSTAR, advisory boards consisting of participants or their designees, maintains oversight responsibility for TexSTAR.

Notes to the Financial Statements For The Year Ended September 30, 2008

#### NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued

#### Investments - continued

The County invests in both Texpool and TexSTAR to provide its liquidity needs. Texpool and TexSTAR are local government investment pools that were established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. Texpool is a 2(a)7 like fund, meaning that it is structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of \$ 1.00, although this cannot be fully guaranteed. Texpool is rated AAA and must maintain a dollar weighted average maturity not to exceed 60 days, which is the limit.

At September 30, 2008 Texpool and TexSTAR had a weighted average maturity of 44 and 41 days, respectively. Although Texpool and TexSTAR had a weighted average maturity of 44 and 41 days, the County considers holdings in these funds to have a one day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value.

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

Investment Type	Interest Rate	Fair Value	Weighted Average <u>Maturity (Days)</u>
Local Government Investment Pools: Texpool TexSTAR	Varies Varies	\$ 23,473,693 5,305,484	1.00 1.00
		\$ <u>28,779,177</u>	1.00

Credit Risk – As of September 30, 2008, the LGIP's (which represent approximately 100.00% of the investment portfolio) are rated AAAm by Standard and Poor's or AAA by Finch, therefore, the County does not have a significant exposure to credit risk.

Interest Rate Risk – As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy requires that investment maturities will not exceed the lesser of a dollar weighted average maturity of 365 days or the anticipated cash flow requirements of the funds. Quality short-to-medium term securities may be purchased, which complement each other in a structured manner that minimizes risk and meets the County's cash flow requirements.

#### **Derivatives**

Interest in derivative products has increased in recent years. Derivatives are investment products, which may be a security or contract, which derives its value from another security, currency, commodity, or index, regardless of the source of funds used. The County made no direct investments in derivatives during the year ended September 30, 2008, and holds no direct investments in derivatives at September 30, 2008.

Notes to the Financial Statements For The Year Ended September 30, 2008

#### NOTE 3 - RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND DEFERRED REVENUES

#### Receivables and Allowances

Receivables as of September 30, 2008, for the government's individual governmental major and nonmajor funds, proprietary major fund, internal service funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

			Governmental Funds							
Descirebles	(	General Fund		Road & Bridge Fund	Re	ourthouse enovation enstruction Fund	Go	Other vernmental Funds		Total
Receivables: Taxes (property) Accounts Receivables from other	\$	1,784,330 232,663	\$	338,243 100,504	\$		\$	297,751 55,621	\$	2,420,324 388,788
governments		32,311	_			400,000		52,061	_	484,372
Gross receivables		2,049,304		438,747		400,000		405,433		3,293,484
Less allowance for uncollectibles		<u>1,269,509</u>	_	238,147				216,155		1,723,811
Net total receivables	\$	779,795	\$_	200,600	\$	400,000	\$_	189,278	\$_	1,569,673
										Fiduciary Funds
Receivables: Accounts receivable									\$_	182,644
Gross receivables										182,644
Less Allowance For Uncollectible Accounts receivable	es:								_	-0-
Net receivables									\$_	182,644

#### Receivables From Other Governments

The County participates in a variety of federal and state programs from which it receives grants to, partially or fully, finance certain activities. In addition, the County receives entitlements from the State through the legislative actions and taxes collected by the State on behalf of the County (other taxes). All federal grants shown below are either direct or passed through state or local agencies and are reported on the financial statements as due from other governments.

Notes to the Financial Statements For The Year Ended September 30, 2008

#### NOTE 3 - RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND DEFERRED REVENUES - Continued

#### Receivables From Other Governments - continued

Amounts due from federal, state, and local governments as of September 30, 2008 are summarized below:

	Entit	itate lements <u>Taxes</u>		Federal Grants		State Grants	Local Governments		Total
General Fund Courthouse Renovation Fund Other funds	\$	9,929	\$	2,565 5,538	\$	13,819 400,000 46,523	\$ 5,998	\$	32,311 400,000 52,061
Net total receivables	\$ <u></u>	9,929	\$_	8,103	\$_	460,342	\$ <u>5,998</u>	\$ <u></u>	484,372

#### <u>Judicial Receivables</u>

Judicial receivables are reported in the governmental activities statement of net assets. Since these receivables do not represent current available resources, they are not reported in the governmental funds balance sheet. The allowance for uncollectible receivables related to the County's various court assessments is determined based on historical experience and evaluation of collectibility in relation to the aging of customer accounts. The following is a summary of the receivable and allowance for uncollectible as of September 30, 2008:

	<u> F</u>	Judicial Receivable	U	lowance for ncollectible Accounts	_ F	Net Receivable
Judicial Receivables: Justice of the Peace County courts District courts	\$	953,036 3,325,677 6,825,500	\$	285,911 831,419 3,412,750	\$	667,125 2,494,258 3,412,750
	\$	11,104,213	\$ <u></u>	4,530,080	\$	6,574,133

#### <u>Deferred Revenue</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. As of September 30, 2008, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

Notes to the Financial Statements For The Year Ended September 30, 2008

### NOTE 3 - RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND DEFERRED REVENUES - Continued

#### <u>Deferred Revenue</u> - continued

	Governmental Funds							
	(	General Fund		Road & Bridge Fund	Go	Other overnmenta Funds	l	Total
Unavailable: Delinquent property taxes receivable Unearned:	\$	397,925	\$	80,337	\$	61,103	\$	539,365
Federal grants State grants	_		_		_	333,995 46,424	_	333,995 46,424
Total	\$	397,925	\$_	80,337	\$_	441,522	\$_	919,784

#### NOTE 4 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at September 30, 2008 consisted of the following:

Receivable Fund	Payable Fund	 09-30-08	
General Fund	Road and Bridge Fund	\$ 17,671	
General Fund	Courthouse Renovation Construction Fund	400,006	
General Fund	Other governmental funds	60,999	
General Fund	Fiduciary Funds	46,681	
Other governmental funds	General Fund	112,596	
Fiduciary funds	General Fund	 319	
		\$ 638,272	

Interfund receivables and payables represent short-term borrowings primarily for cash flow purposes. These include short-term borrowings for reimbursement grants and some revenue or expenditures/expense adjustments between funds at or near year-end.

Interfund transfers for the year ended September 30, 2008 consisted of the following individual fund transfers in and transfers out:

Transferring Fund	Receiving Fund	 09-30-08
General Fund General Fund Other governmental funds	Courthouse Renovation Construction Fund Other governmental funds General Fund	\$ 615,647 496,390 110,976
Total		\$ 1,223,013

The Commissioners' Court approved these transfers, as transfers of operational funds to cover planned expenditures/expenses.

**JOHNSON COUNTY, TEXAS** *Notes to the Financial Statements* For The Year Ended September 30, 2008

## **NOTE 5 - CAPITAL ASSETS**

## Restatement of Prior Year Balances

		Prior Balance 09-30-07	Prior Period Adjustments	Restated Balance 10-01-07
Governmental Activities: Capital Assets, Not Depreciated:				
Land Construction in progress		\$ 973,805 7,403,452	\$	\$ 973,805 7,403,452
Total capital assets not being depreciated		8,377,257	-0-	8,377,257
Capital Assets, Being Depreciated: Buildings and improvements Furniture, equipment and vehicles Infrastructure		35,468,333 13,673,288 36,821,864	130,932	35,468,333 13,804,220 36,821,864
Total capital assets being depreciated		85,963,485	130,932	86,094,417
Less Accumulated Depreciation For: Buildings and improvements Furniture, equipment and vehicles Infrastructure		10,081,464 8,636,914 15,021,145		10,081,464 8,636,914 15,021,145
Total accumulated depreciation		33,739,523	-0-	33,739,523
Total capital assets being depreciated, net		52,223,962	130,932	52,354,894
Governmental activities capital assets, net		\$ <u>60,601,219</u>	\$ <u>130,932</u>	\$ <u>60,732,151</u>
Capital Transactions				
Governmental Activities:	Restated Balance 10-01-07	Additions	Retirements	Balance 09-30-08
Capital Assets, Not Depreciated: Land Construction in progress	\$ 973,805 7,403,452	\$ 316,001 673,518	\$ <u>8,076,970</u>	\$ 1,289,806 -0-
Total capital assets not being depreciated	8,377,257	989,519	8,076,970	1,289,806
Capital Assets, Being Depreciated: Buildings and improvements Furniture, equipment and vehicles Infrastructure	35,468,333 13,804,220 <u>36,821,864</u>	8,994,966 1,573,476 696,213	28,464 233,624 599,905	44,434,835 15,144,072 36,918,172
Total capital assets being depreciated	86,094,417	11,264,655	861,993	96,497,079
				(continued)

Notes to the Financial Statements For The Year Ended September 30, 2008

#### NOTE 5 - CAPITAL ASSETS - Continued

### Capital Transactions - continued

		Restated Balance 10-01-07		Additions	R	etirements		Balance 09-30-08
Less Accumulated Depreciation For: Buildings and improvements Furniture, equipment and vehicles Infrastructure	\$	10,081,464 8,636,914 15,021,145	\$	1,605,625 1,283,225 1,739,184	\$	1,153 181,069 599,905	\$	11,685,936 9,739,070 16,160,424
Total accumulated depreciation	_	33,739,523	_	4,628,034		782,127	_	37,585,430
Total capital assets being depreciated, net	_	52,354,894	_	6,636,621		79,866	_	58,911,649
Governmental activities capital assets, net	\$	60,732,151	\$ <u>_</u>	7,626,140	\$	8,156,836	\$_	60,201,455

During the year ended September 30, 2008, the County received equipment and roads from various sources totaling \$ 842,828.

### **Depreciation**

Depreciation expense was charged as direct expense to functional categories of the County as follows:

Governmental Activities:				09-30-08
General government Administration of justice				\$ 1,136,313 32,764
Law enforcement				1,139,519
Highways and streets Health and welfare				2,315,131 4,307
rieatti and wellare				
				\$ <u>4,628,034</u>
Construction Commitments				
	Projects	Expended		Requiring Further
	Authorized	To Date	Commitment	Financing
September 30, 2008: Governmental Activities:				
None				
September 30, 2007:				
Governmental Activities:				
Courthouse renovation (historic)	\$ <u>7,040,543</u>	\$ <u>6,503,020</u>	\$ <u>537,523</u>	537,523
Total governmental activities	\$ <u>7,040,543</u>	\$ <u>6,503,020</u>	\$ <u>537,523</u>	\$ <u>537,523</u>

Notes to the Financial Statements For The Year Ended September 30, 2008

#### NOTE 6 - DISAGGREGATION OF ACCOUNTS AND ACCRUED LIABILITIES PAYABLE

Accounts and accrued liabilities payable as of September 30, 2008, for the government's individual governmental major and nonmajor funds, and fiduciary funds in the aggregate are as follows:

		Governmental Funds					
		Equipment					
		Road &	Construction &	Other			
	General	Bridge	Maintenance	Governmental			
	Fund	<u>Fund</u>	<u>Fund</u>	Funds	Total		
Accounts and Accrued Liabilities Payable:							
Vendors	\$ 1,504,214	\$ 389,431	\$ 34,053	\$ 191,553	\$ 2,119,251		
Accrued compensation	432,257	82,054		35,209	549,520		
Totals	\$ <u>1,936,471</u>	\$ <u>471,485</u>	\$ <u>34,053</u>	\$ <u>226,762</u>	\$ <u>2,668,771</u>		
					Fiduciary <u>Funds</u>		
Accounts and Accrued Liabilitie Vendors	s Payable:				\$ 106,009		
Accrued compensation					114,333		
Totals					\$ <u>220,342</u>		

#### **NOTE 7 - LONG-TERM DEBT**

### **General Obligation Bonded Debt**

General obligation and certificates of obligations payable at September 30, 2008, are summarized as follows:

			Bonds		
	Interest Rate %	Issued	Maturity	Callable	Outstanding 09-30-08
General Obligation Refunding Bonds, Series 2001	6.20 - 6.45	2001	2010		\$ 1,095,000
Certificates of Obligation Bonds, Series 2001	4.15 - 5.70	2001	2014		5,355,000
Certificates of Obligation Bonds, Series 2004	3.00 - 4.35	2003	2024		4,745,000
Certificates of Obligation Bonds, Series 2004A	3.50 - 4.30	2004	2024		3,330,000
General Obligation Refunding Bonds, Series 2007	4.00 - 5.00	2007	2020		10,085,098
Total					\$ <u>24,610,098</u>

Notes to the Financial Statements For The Year Ended September 30, 2008

#### NOTE 7 - LONG-TERM DEBT - Continued

#### General Obligation Debt - continued

General obligation and certificates of obligation bond transactions for the year ended September 30, 2008 were as follows:

Bonds outstanding, October 1, 2007	\$ 24,610,098
Accreted	101,037
Maturities	<u>( 890,000</u> )

Bonds outstanding, September 30, 2008

\$ 23,821,135

The \$ 708,865 difference between the general obligation bonds outstanding at September 30, 2008 of \$ 23,821,135 and the general obligation bond principal requirements of \$ 24,530,000 represents the amount of capital appreciation bonds to be accreted as interest over the life of these bonds.

The bond ordinances require that a tax be levied sufficient to pay current interest and create a sinking fund of not less than the amount to pay current principal and interest. For the year ended September 30, 2008, the amount of ad valorem taxes collected for interest and sinking were \$ 2,116,330, while the debt service requirements for principal and interest was \$ 1,845,189. The bond resolutions provide no express remedies in the event of default and make no provision for acceleration of maturity of the bonds.

The following is a summary of general obligation bond requirements by year as of September 30, 2008:

Year Ending			Total
September 30.	_ Principal	Interest	<u>Requirement</u>
2009	\$ 1,005,000	\$ 907,613	\$ 1,912,613
2010	1,145,000	857,110	2,002,110
2011	1,290,000	803,956	2,093,956
2012	1,440,000	747,469	2,187,469
2013	1,600,000	683,081	2,283,081
2014-2018	10,145,000	2,585,660	12,730,660
2019-2022	7,255,000	663,905	7,918,905
2023-2027	<u>650,000</u>	14,760	664,760
	\$ <u>24,530,000</u>	\$ <u>7,263,554</u>	\$ <u>31,793,554</u>

On March 27, 2007 the County sold \$ 10,895,000 of General Obligation Refunding Bonds, Series 2007. The net proceeds of \$ 9,938,058 were placed in escrow for the defeasement of \$ 9,649,961 in Certificate of Obligation, Series 2001 bonds. These refunding bonds (Series 2007) were issued for the purpose of generating resources and decreasing the total debt service payments. This refunding issue defeased a portion of the outstanding certificates of obligation bonds from the original issue of 2001. All future debt service payments on the original bonds were provided for by placing the proceeds of the refunding bonds in an irrevocable trust. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's basic financial statements.

Notes to the Financial Statements For The Year Ended September 30, 2008

#### NOTE 7 - LONG-TERM DEBT - Continued

#### General Obligation Debt - continued

The difference between the cash flow required to service the old debt and that required to service the new debt and complete the refunding was a decrease of \$662,684. The economic gain resulting from the transaction was \$457,782. The balance of the escrow account and the liability for the defeased bonds as of September 30, 2008, was \$10,045,518 and \$10,068,702, respectively.

#### Tax Note Debt

Tax notes payable at September 30, 2008 are summarized as follows:

			Bonds		
	Interest Rate %	Issued	Maturity	Callable	Outstanding 09-30-08
Tax Notes: Tax Note, Series 2007	7.75	2006	2009	N/A	\$ 506,000
Tax Note, Series 2007	3.80	2007	2009	N/A	480,000
Tax Note, Series 2008	2.85	2008	2010	N/A	1,870,000
Total					\$ <u>2,856,000</u>

Tax note transactions for the year ended September 30, 2008 were as follows:

Notes outstanding, October 1, 2007 Issued Maturities	\$ <u>(</u>	994,000 2,815,000 953,000)
Notes outstanding, September 30, 2008	\$ <u>_</u>	2,856,000

On November, 9, 2006, November 11, 2007, and September 23, 2008, the County issued \$ 1,595,000 of Tax Notes, Series 2006, \$ 945,000 of Tax Notes, Series 2007, \$ 1,870,000 of Tax Notes, Series 2008, respectively. These funds are to be utilized for major equipment acquisition and maintenance. The note requires that a tax be levied sufficient to pay current interest and create a sinking fund of not less than the amount to pay current principal and interest. For the year ended September 30, 2008, the amount of ad valorem taxes collected for interest and sinking was \$ 1,220,433, while the debt service requirements for principal and interest was \$ 1,042,526. The Tax note resolutions provide no express remedies in the event of default and make no provision for acceleration of maturity of the bonds.

The following is a summary of tax note requirements by year as of September 30, 2008:

Year Ending September 30,	_	Principal _		Interest	Re	Total equirement
2009 2010	\$	1,936,000 920,000	\$	50,717 13,110	\$	1,986,717 933,110
	\$ <u></u>	2,856,000	\$_	63,827	\$_	2,919,827

Notes to the Financial Statements For The Year Ended September 30, 2008

#### NOTE 7 - LONG-TERM DEBT - Continued

#### Changes in Outstanding Debt

Transactions for the year ended September 30, 2008 are summarized as follows:

	Balance 10-01-07	Issues or Additions	Payments or Expenditures	Balance 09-30-08	Due Within One Year
Governmental Type Activities:					
Certificates of obligation bonds	\$ 13,430,000	\$	\$ 525,000	\$ 12,905,000	\$ 640,000
General obligation bonds	11,180,098	101,037	365,000	10,916,135	263,963
Tax notes	994,000	2,815,000	953,000	2,856,000	1,936,000
Component of Bonded Debt:					
Premium on bonds	93,074		7,216	85,858	7,216
Accrued interest	127,442	120,777	127,442	120,777	120,777
Compensated absences	633,138	807,495	863,862	576,771	576,771
Total governmental activities	\$ <u>26,457,752</u>	\$ 3,844,309	\$ <u>2,841,520</u>	\$ <u>27,460,541</u>	\$ 3,544,727

#### **NOTE 8 - LEASING OPERATIONS**

#### Operating Leases - Lessor

The County is involved in various operating leases as lessor. These leases are for facilities rental. These leases expire from 2009 through 2015. The County has not determined the cost of these facilities as of September 30, 2008.

Minimum future rentals to be received on noncancelable leases, as of September 30, 2008, for each of the next five years and in the aggregate are as follows:

Year Ended September 30,	2008
2009	\$ 96,345
2010	13,500
2011	13,500
2012	13,500
2013	13,500
2014	13,500
2015	13,500
	\$ <u>177,345</u>

Gross rental income for operating leases, including month-to-month, for the year ended September 30, 2008 was \$ 108,788.

Notes to the Financial Statements For The Year Ended September 30, 2008

#### NOTE 8 - LEASING OPERATIONS - Continued

#### Operating Leases - Lessee

The County is involved in an operating lease with the City of Cleburne for parking facilities as lessee. This lease expires in 2022.

Minimum future rentals to be paid on noncancelable leases, as of September 30, 2008, for each of the next five years and in the aggregate are as follows:

Year Ended September 30,	2008
2009	\$ 3,600
2010	3,600
2011	3,600
2012	3,600
2013	3,600
2014-2018	18,000
2019-2022	12,600
	\$ 48,600

Gross rental expenditures for this operating lease for the year ended September 30, 2008 was \$ 3,600.

#### **NOTE 9 - PENSION PLAN**

#### Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 574 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated 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.

Notes to the Financial Statements
For The Year Ended September 30, 2008

#### NOTE 9 - PENSION PLAN - Continued

#### **Funding Policy**

The employer has elected the annually determined contribution rate (ADCR) 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 the 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 7.53% for the months of the accounting year in 2007, and 7.11% for the months of the accounting year in 2008.

The contribution rate payable by the employee members for calendar years 2008 and 2007 is the rate of 7% 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.

#### **Annual Pension Cost**

For the employer's accounting years ending September 30, 2008 and 2007, the annual pension cost for the TCDRS plan for its employees was \$ 1,598,231 and \$ 1,464,630, and the actual contributions were \$ 1,598,321 and \$ 1,464,630, respectively.

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2005 and December 31, 2006, the basis for determining the contribution rates for calendar years 2006 and 2007. The December 31, 2007 actuarial valuation is the most recent valuation.

#### **Actuarial Valuation Information**

Actuarial valuation date	12/31/05	12/31/06	12/31/07
Actuarial cost method Amortization method	entry age entry age evel percentage of payroll, open of payroll, closed		entry age level percentage of payroll, closed
Amortization period in years Asset valuation method	20 Long-term appreciation with adjustment	15 SAF: 10 Year smooth value ESP: Fund value	15 SAF: 10 Year smoothed value ESP: Fund value
Actuarial Assumptions: Investment return <sup>1</sup> Projected salary increases Inflation Cost-of-living adjustments	3.5%	8.0% 5.3% 3.5% 0.0%	8.0% 5.3% 3.5% 0.0%

<sup>&</sup>lt;sup>1</sup>Includes inflation at the stated rate

Notes to the Financial Statements For The Year Ended September 30, 2008

#### NOTE 9 - PENSION PLAN - Continued

Annual Pension Cost - continued

#### **Trend Information**

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	
9/30/06 9/30/07	\$ 1,213,484 1,464,630		\$ -0- -0-	
9/30/07	1,598,231		-0- -0-	

Schedule of Funding Progress

		Scried	uic	or r unung r r	ogie	33		
		Actuarial		-	-			UAAL as a
	Actuarial	Accrued		Unfunded	_		Annual	Percentage of
Actuarial	Value	Liability		AAL	F	unded	Covered	Covered
Valuation	Assets	(AAL)		(UAAL)		Ratio	Payroll <sup>1</sup>	Payroll
Date	(a)	`(b) ´		`(b-a) <sup>′</sup>		(a/b)	(c)	((b-a)/c)
12/31/05	\$ 28,142,322	\$ 30,802,429	\$	2,660,107		91.36%	\$ 15,991,223	16.63%
12/31/06	32,139,577	33,979,884		1,840,307		94.58%	17,769,690	10.36%
12/31/07	36,022,416	38,350,707		2,328,291		93.93%	20,335,433	11.45%

<sup>&</sup>lt;sup>1</sup>The annual covered payroll is based on the employee contributions received by TCDRS for the year ending with the valuation date.

#### **NOTE 10 - GRANTS, ENTITLEMENTS AND SHARED REVENUES**

During the year ended September 30, 2008, the County applied for and received federal and state grants related to various activities. The operations of these grants are reported in the general fund, various special revenue funds, and capital projects fund. For the most part, these grants are reimbursement type grants, therefore, revenues equal expenditures. Grant revenues are classified as intergovernmental revenues. The federal financial assistance programs are covered by the requirements of the Single Audit Act and OMB Circular A-133. The state financial assistance programs are covered by the State of Texas Single Audit Circular. A single audit was performed on state financial assistance programs but not for federal financial assistance programs, as the federal financial assistance programs did not meet the \$500,000 threshold.

#### **NOTE 11 - BAIL BOND COLLATERAL**

The County holds, as collateral, time deposits and other cash equivalents and real property pledged toward bail bonds. The County does not have access to the assets unless the bond is violated; therefore, these assets are not reported in the financial statements of the County as of September 30, 2008. As of September 30, 2008, bail bonds outstanding totaled \$ 3,500,401 and collateral pledged against these bonds amounted to \$ 1,017,627, respectively.

Notes to the Financial Statements
For The Year Ended September 30, 2008

## **NOTE 12 - LITIGATION**

The County is involved in the following legal actions, and is represented by legal counsel. The stated probable outcome and the possible effect are the opinion of legal counsel based upon conditions existing as of February 10, 2009.

Cause No. C:04-CXV-2066-D, styled *Peggy Johnson, individually and as the Administratrix of the Estate of Eugene Johnson, and as next friend of David Johnson, Jonathan Johnson v. Johnson County.* Lawsuit arises from an incident which occurred on September 1, 2002, in which Eugene Harry Johnson, Jr. committed suicide while incarcerated in the Johnson County Law Enforcement Center in Johnson County, Texas. Plaintiff's seek unspecified monetary damages for the wrongful death of Eugene Johnson including loss of companionship, mental anguish, loss of support, attorneys' fees and costs of court. County contests liability. Opinion issued in favor of Johnson County. Case is currently on appeal at the Tenth Court of Appeals. Liability is improbable. Potential loss, if any, cannot be fully assessed at this time. Insurance carrier has been notified.

Cause No. 3-08CV1548-G, styled *Lyle Loper and Patricia Loper v. Johnson Count* in the United States District for the Northern District of Texas, Dallas Division. Plaintiff claims that individuals employed by Johnson County refused to provide Plaintiff Lyle Loper with his blood pressure medication. On or about September 2, 2006, at the Johnson County Law Enforcement Center in Johnson County, Texas, Plaintiffs claim that Lyle Loper lost consciousness due to the lack of blood pressure medication. Plaintiffs seek unspecified damages for physical and mental pain, physical impairment, disfigurement, and reasonable medical expenses. In addition, Plaintiffs request exemplary damages. County contests liability. Liability is not expected. Potential loss, if any, cannot be fully assessed at this time. Insurance carrier has been notified.

Cause No. 3-08CV1207-P, styled Joanna Mays, Individually and as a Representative of the Estate of Kyle Tony Mays and as Next Friend of Parker Mays, a minor, and Christa Mays, Individually and as Next Friend of Christopher Mays and Dylan Mays, minors v. Johnson County, Texas, In the United States District Court for the Northern District of Texas, Dallas Division. Lawsuit arises from an incident which occurred on or about May 1, 2007, while incarcerated in the Johnson County Law Enforcement Center in Johnson County, Texas, in which Kyle Tony Mays apparently ingested paint chips from the wall of his cell which subsequently caused his death. Plaintiffs seek unspecified monetary damages for the wrongful death of Kyle Tony Mays including damages for violation of constitutional rights, medical expenses, mental anguish, and loss of future economic benefits, loss of consortium, attorneys' fees and costs of court. County contests liability. Liability is not expected. Potential loss, if any, cannot be fully assessed at this time. Insurance carrier has been notified.

Cause No. 3-08-CV-364-D, styled Nathan Paul Stewart v. Johnson County Attorney Bill Moore, Jim B. Simpson, Stuart M. Madison, Ryan Lawton, Daniel Hunt, Charles Brady, Kason Mobley, Carol Long, Unnamed Child Protective Service Agents, Cleburne Police Department, Chief Terry Powell, Commander Glover and Other Unnamed Officers, and Judge William Brigham, In the United States District Court for the Northern District of Texas, Dallas Division. Lawsuit filed on or about January 16, 2008 wherein Plaintiff claims that the Johnson County Attorney's Office, Child Protective Services, and Judge William Brigham wrongfully placed his child in the temporary care of Plantiff's parents and wrongfully signed a Protective Order for the welfare of the child. Plaintiff claims that Cleburne Police Department and Johnson County withheld his daughter from him which in turned violated his civil rights.

Notes to the Financial Statements For The Year Ended September 30, 2008

## **NOTE 12 – LITIGATION – continued**

Plaintiff seeks maximum allowed damages allowed by law for loss of property, separation of affection, attempted exile, pain and suffering, sever emotional distress, liable and slander, defamation of character, coercion, criminal conspiracy, abduction, abuse of process, lack of due process, lack of due diligence, malicious prosecution, omission, official mis-conduct and any other offense that surfaces. Liability is not expected. Potential loss, if any, cannot be fully assessed at this time. Insurance carrier has been notified.

The County has been notified of potential claims for which liability is disputed, no suits have been filed and the County's insurance carrier has been notified.

## **NOTE 13 - PRIOR PERIOD ADJUSTMENTS**

During the year ended September 30, 2008, County personnel determined that a capital expenditure was made during the year ended September 30, 2007, but was not correctly reported as capital outlay. These expenditures were for the acquisition of equipment and were not included in capital assets. This error had no affect on the governmental fund balances as of September 30, 2008. For further information, see Note 5 – Capital Assets.

The following is a summary of prior period adjustments, restated to September 30, 2007 net assets, for governmental activities:

	Governmental Activities
Net Assets - September 30, 2007 (Previously Reported)	\$ 64,461,506
Prior Period Adjustment: Understatement Of:	
Capital assets	130,932
Net Assets - September 30, 2007 (Restated)	\$ <u>64,592,438</u>

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND AND MAJOR SPECIAL REVENUE FUND (ROAD AND BRIDGE FUND)

For the Year Ended September 30, 2008

	General Fund							
	Budgeted Amounts Original Final Actual	Variance with Final Budget Positive (Negative)						
Revenues:     Taxes     Intergovernmental     Fees     Fines     Investment income     Miscellaneous	\$ 25,739,431 \$ 25,739,431 \$ 27,137,182 807,693 858,693 1,536,014 4,890,060 4,839,060 5,233,752 1,558,000 1,558,000 2,023,348 621,200 621,200 593,789 347,780 347,780 946,755	\$ 1,397,751 677,321 394,692 465,348 ( 27,411) 598,975						
Total revenues	<u>33,964,164</u> <u>33,964,164</u> <u>37,470,840</u>	3,506,676						
Expenditures: Current: General government Administration of justice Financial administration Elections Law enforcement Highways and street Health and welfare Conservation Capital outlay	6,888,727 7,542,733 6,658,361 7,204,717 7,351,851 6,739,301 3,343,161 3,384,411 2,886,685 343,617 363,667 325,511 15,816,879 16,146,981 15,239,511  452,814 515,619 452,387 142,980 143,980 137,775 1,090,602 1,097,013	884,372 612,550 497,726 38,156 907,470 -0- 63,232 6,205 ( 6,411)						
Total expenditures	<u>34,192,895</u> <u>36,539,844</u> <u>33,536,544</u>	3,003,300						
Excess (deficiency) of revenues over expenditures	( 228,731) ( 2,575,680) <u>3,934,296</u>	6,509,976						
Other Financing Sources (Uses): Proceeds from sale of capital assets Transfers in Transfers out	15,034 110,976 ( <u>880,700</u> ) ( <u>8,408,129</u> ) ( <u>1,112,037</u> )	15,034 110,976 <u>7,296,092</u>						
Total other financing sources (uses)	( <u>880,700</u> ) ( <u>8,408,129</u> ) ( <u>986,027</u> )	7,422,102						
Net change in fund balances	( 1,109,431) ( 10,983,809) 2,948,269	13,932,078						
Fund balances – beginning (restated)	<u> 11,997,051</u>	-0-						
Fund balances – ending	\$ <u>10,887,620</u> \$ <u>1,013,242</u> \$ <u>14,945,320</u>	\$ <u>13,932,078</u>						

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

			Road and E	Bridge	e Fund		
	Budgeted	Amo					ariance With inal Budget Positive
	Original		Final		Actual	(	(Negative)
\$	4,348,367	\$	4,348,367	\$	4,642,607	\$	294,240 -0-
	2,064,000		2,064,000		2,293,078		229,078 -0-
	144,500 60,000		144,500 60,000		176,519 1,447,141		32,019 1,387,141
	6,616,867		6,616,867		8,559,345		1,942,478
							-0- -0- -0-
	8,242,230		9,075,756		7,314,636		-0- 1,761,120 -0-
	871,000		1,208,877		940,792		-0- <u>268,085</u>
	9,113,230	_	10,284,633	_	8,255,428		2,029,205
(	2,496,363)	(	3,667,766)		303,917		3,971,683
,		,					-0- -0-
(	<u>500</u> )	(	<u>500</u> )			_	500
(	<u>500</u> )	(	<u>500</u> )	_	-0-		500
(	2,496,863)	(	3,668,266)		303,917		3,972,183
	4,509,587		4,509,587		4,509,587	_	-0-
\$	2,012,724	\$	841,321	\$	4,813,504	\$	3,972,183

REQUIRED SUPPLEMENTARY INFORMATION TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM SCHEDULE OF FUNDING PROGRESS LAST THREE YEARS Exhibit 7

Actuarial Valuation Date	Actuarial Value of Assets*	Actuarial Accrued Liability* (AAL)-	Unfunded AAL (UAAL)	Percentage Funded	Annual Covered Payroll**	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	(b-a)(/c)
12-31-05 12-31-06 12-31-07	\$ 28,142,322 32,139,577 36,022,416	\$ 30,802,429 33,979,884 38,350,707	\$ 2,660,107 1,840,307 2,328,291	91.36% 94.58% 93.93%	\$ 15,991,223 17,769,690 20,335,433	16.63% 10.36% 11.45%

<sup>\*</sup> As of December 31 of the preceding year, the date of the actuarial valuation.

<sup>\*\*</sup> Annual covered payroll is based on the employee contributions received by TCDRS for the year ending with the valuation date.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

## **Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

**Lateral Road Fund-** This fund accounts for intergovernmental revenue received from the State of Texas for use restricted to lateral roads as defined by the State Department of Highways and Public Transportation. Reports concerned with the use of these resources are filed annually each fiscal year ended August 31 with the State Treasurer's office.

**Law Library Fund** - This fund accounts for the cost of operating and maintaining a law library for public use. Revenues are derived from law library fees assessed against each civil case filed in District and County courts.

**Records Management and Preservation Fund** - The "Records Management and Preservation" fee collected by the County and District Clerks pursuant to Local Government Code 118.011 is for the records management and preservation services performed after the filing and recording of a document in the records of the office of the clerk. The fee is used to provide funds for specific records preservation and automation projects.

**Records Archive - County Clerk Fund** – The "Records Archive" fee collected by the County Clerk, pursuant to Local Government Code 118.011 (f) is for the preservation and restoration services performed by the County Clerk in connection with maintaining a County Clerk's records archive.

**Records Archive - District Clerk Fund** – The "Records Archive" fee collected by the District Clerk, pursuant to Local Government Code 118.011 (f) is for the preservation and restoration services performed by the District Clerk in connection with maintaining a District Clerk's records archive.

**Justice of the Peace Technology Fund -** This fund accounts for the mandate that each Johnson County justice court assess a technology fee of \$ 4.00 as cost of court on each conviction, as defined by Art. 102.0173 Code of Criminal Procedure, for a fine-only misdemeanor committed on or after January 1, 2002. The use of this fee is restricted to the purchase of technological enhancements for a justice court.

**Courthouse Security Fund** – This fund accounts for funds used to monitor and increase courthouse security.

**Justice Court Security Building Fund -** The State Legislature amended the Court of Criminal Procedures Art. 102.017 by adding \$1 to the existing Courthouse Security Fund. The Justice of the Peace collect the funds and deposit them in a Justice Court building security fund for providing security services for a Justice Court located in a building that is not in the County Courthouse.

**Elections Services Contract Fund** - This fund accounts for surplus funds from Election Service Contracts under the Texas Election Code 31.003. Funds are used only to defray expenses of the county election officer's office in connection with election-related duties or functions.

## Special Revenue Funds - Continued

**Juvenile Probations Fee Fund** – This fund accounts for the receipt and disbursement of fees collected by the Juvenile Probation Department.

Foster Care Title IV-E - This fund accounts for the grant receipts and expenditures under the juvenile foster care.

**Juvenile Probation Fund** - This fund accounts for revenues received from the Texas Juvenile Probation Commission to supplement expenditures of the County in administering a Juvenile Probation Department. The County operates under an approved budget with the TJPC and submits reports quarterly with an annual contract report submitted as of each fiscal year ended August 31.

**Juvenile Justice Alternative Education Fund** - This fund accounts for intergovernmental revenues from the Texas Juvenile Probation Commission to fund mandatory juvenile justice alternative education programs as required under Chapter 37, Texas Education Code.

**Special Crime Operation Fund** - This fund accounts for the funds utilized for the Special Crimes program.

HAVA Grant Fund - This fund accounts grant funds utilized for the Help America Vote Act programs.

**County Attorney Collection Fund** – This fund accounts for receipt and disbursement of fees earned for the collection of bad checks issued in the County. Disbursement is at the discretion of the County Attorney.

**18**<sup>th</sup> **Judicial Attorney Fund** – This fund accounts for funds received from the state for salary supplements and welfare fraud expense reimbursements in the District Attorney's Office.

**District Attorney Collection Fund** - This fund accounts for receipt and disbursement of fees earned for the collection of bad checks issued in the County. Disbursement is at the discretion of the District Attorney.

STOP Federal Forfeiture Fund - This fund accounts for funds forfeited from the STOP seizure fund.

**District Attorney Forfeiture** - This fund accounts for funds forfeited by the court to the District Attorney. Disbursement is at the discretion of the District Attorney.

**Sheriff Forfeiture** - This fund accounts for funds forfeited by the court to the Sheriff. Disbursement is at the discretion of the Sheriff.

**Constables LEOSE Fund** - This fund accounts for fees provided for the utilized of law enforcement officers' educational expenditures under the Law Enforcement Officers Standards & Education program.

**Sheriff LEOSE Fund** - This fund accounts for fees provided for the utilized of law enforcement officers' educational expenditures under the Law Enforcement Officers Standards & Education program.

**County Attorney LEOSE** - This fund accounts for fees provided for the utilized of law enforcement officers' educational expenditures under the Law Enforcement Officers Standards & Education program.

## Special Revenue Funds - Continued

**Abandoned Vehicle Fund** - This fund is used to account for funds collected from the storage and sale of abandoned vehicles. Expenditures are for the costs of towing, processing and auctioning of these vehicles.

**Sheriff Inmate Commissary Fund** - This fund is used to account for jail inmates' purchase of food, toiletry items, and other supplies. Expenditures are for the purchase of stock and profits generated may be used by the Sheriff to purchase items for the benefit of the inmate population.

**Indigent Health Care Fund** - This fund is used to account for the cost of providing medical care to indigent County residents. Property taxes are allocated each year for this purpose.

**Pecan Valley MHMR Fund** – This fund is utilized to manage the properties (land and buildings) contributed to the County by the Pecan Valley MHMR organization.

**Teen Court Fund** - This fund accounts for the resources provided for the funding of the Teen Court.

**TDHSH Cities Readiness Initiative Fund** - This fund accounts for grant proceeds that allows the County to assist the Office of Public Health in the implementation of activities associated with the FY 04 Centers for Disease Control and Prevention (CDC) Public Health Preparedness and Response for Bioterrorism Cooperative Agreement. This project is designed to upgrade state and local public health jurisdictions' preparedness for a response to bioterrorism, other outbreaks of infectious disease, and other public health threats and emergencies.

**CDBG County (HUD) Fund** - This fund accounts for grant proceeds awarded for the installation of 10,560 linear feet of 8" water line, 20 service connections, 23 fire hydrants, and replace related fittings, gates, valves, service lines, and connection to the water system within the County.

**STEP Grant Fund** - This fund accounts for grant proceeds awarded for the Texas Traffic Safety Program – STEP Comprehension.

**Special Inventory Interest Fund** - This fund accounts for interest earned from the Tax Assessor/Collector Special Inventory Account to provide more efficient service to dealers. Disbursement is at the discretion of the Tax Assessor/Collector.

**Right of Way Fund** – This fund accounts for proceeds used to acquire right-of-way for various road projects throughout the County.

**Historical Society Account Fund** – This fund accounts for resources used to preserve the history and heritage of Johnson County.

**COPS SOS (Save Our Schools) Grant Fund** - This fund accounts for federal grant revenues utilized for the Public Safety Partnership & Community Policing Grant.

**Guardianship Fee Fund** - This fund accounts for proceeds that provide guardians for indigent incapacitated persons who do not have family members suitable and willing to serve as guardians.

## Special Revenue Funds - Continued

**Indigent Defense Formula/Improvements Fund** - This fund accounts for state grant revenues utilized to improve the county's indigent defense system.

**Texas Solid Waste Investigator Fund** - This fund accounts for state grant revenues utilized to hire and equip a second solid waste investigator for an existing program.

## **Debt Service Funds**

Debt service funds account for the accumulation of resources from governmental resources and the payments of general obligation debt principal, interest and related costs.

**Interest & Sinking Fund** - This fund is utilized to account for property tax collections for the repayment of general obligation bonded debt of the County.

**Equipment Interest & Sinking** - This fund is utilized to account for property tax collections for the repayment of tax anticipation notes issued to purchase major capital equipment used by the County.

## **Capital Projects Funds**

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

**Jail Construction Fund** – This fund is used to account for the capital expenditures incurred in the construction of a new jail. This project was funded by the issuance of general obligation debt by the County.

**CSCD/Dispatch Construction Fund** - This fund is used to account for the capital expenditures incurred in the construction of adult probation facilities and sheriff dispatch facilities. This project has not been funded at this time.

JOHNSON COUNTY, TEXAS COMBINING BALANCE SHEET -NONMAJOR GOVERNMENTAL FUNDS September 30, 2008

						<u>Special</u>
Assets	1	ateral Road Fund	Law Library Fund	Records Management and Preservation Fund		
	Φ.	10.110	•	400 500		4 470 044
Cash and temporary investments Receivables (Net of Allowance for Uncollectibles): Taxes	\$	43,442	\$	439,522	\$	1,173,244
Accounts  Due from other governments				13		
Due from other funds Prepaid expenditures				9,077		32,067 1,621
Total assets	\$	43,442	\$	448,612	\$ <u>_</u>	1,206,932
<u>Liabilities and Fund Balance</u>						
Liabilities: Accounts and accrued liabilities payable Due to other funds Deferred revenue	\$ 	2,527	\$	2,391	\$	13,500
Total liabilities		2,527		2,391	_	13,500
Fund Balance (Deficit): Reserved: Prepaid expenditures Encumbrances Debt service Unreserved:		171				1,621 90,689
Designated for capital projects		40.744		116 221		1 101 122
Undesignated		40,744		446,221	_	1,101,122
Total fund balance		40,915		446,221	_	1,193,432
Total liabilities and fund balance	\$ <u></u>	43,442	\$	448,612	\$ <u>_</u>	1,206,932

Reve	enue Funds										
	Record Archives - County Clerk Fund	_	Record Archives - District Clerk Fund		Justice of the Peace Technology Fund		Courthouse Security Fund		Justice Court Security Building Fund		Election Services Contract Fund
\$	810,985	\$	54,808	\$	189,693	\$	39,751	\$	26,061	\$	14,703
											43,336
	24,760	_	840		3,001		9,291		716		6,287
\$ <u></u>	835,745	\$ <u>_</u>	<u>55,648</u>	\$ <u></u>	<u>192,694</u>	\$ <u></u>	49,042	\$ <u></u>	26,777	\$ <u></u>	64,326
\$		\$		\$	3,591	\$	6,581	\$		\$	217
_	-0-	_	-0-	_	3,591	_	6,581	_	-0-	_	217
	314,352				1,452						45
	521,393	_	55,648	_	187,651		42,461		26,777		64,064
	835,745	_	55,648	_	189,103		42,461	_	26,777	_	64,109
\$ <u></u>	835,745	\$ <u>_</u>	55,648	\$ <u>_</u>	<u> 192,694</u>	\$ <u></u>	49,042	\$ <u></u>	<u> 26,777</u>	\$ <u></u>	64,326

JOHNSON COUNTY, TEXAS COMBINING BALANCE SHEET -NONMAJOR GOVERNMENTAL FUNDS - Continued September 30, 2008

						<u>Special</u>		
<u>Assets</u>	Pr	uvenile obation Fees Fund	Foster Care Title IV-E Fund			Juvenile Probation Fund		
	\$	29,690	¢	410,614	¢	90,731		
Cash and temporary investments Receivables (Net of Allowance for Uncollectibles): Taxes Accounts Due from other governments	<b>\$</b>	29,090	Þ	410,014	Φ	2,376		
Due from other funds Prepaid expenditures						7,014		
Total assets	\$ <u></u>	29,690	\$	410,614	\$ <u></u>	100.121		
<u>Liabilities and Fund Balance</u>								
Liabilities: Accounts and accrued liabilities payable Due to other funds Deferred revenue	\$		\$	4,156 6,351 333,995	\$	36,388 46,424		
Total liabilities		-0-		344,502		82,812		
Fund Balance (Deficit): Reserved: Prepaid expenditures Encumbrances Debt service						60		
Unreserved: Designated for capital projects Undesignated		29,690		<u>66,112</u>		17,249		
Total fund balance		29,690		66,112		17,309		
Total liabilities and fund balance	\$ <u></u>	29,690	\$ <u></u>	410,614	\$ <u></u>	100,121		

Re	venue Funds													
	Juvenile Justice Alternative Education Fund		Special Crimes Operation Fund		HAVA Grant Fund		County Attorney Collection Fund		18th Judicial Attorney Fund		Judicial Attorney		District Attorney Collection Fund	
\$	98,523	\$	253,971	\$	9,681	\$	80,799	\$	16,283	\$	53,993			
	1,535				3,366									
_		_	619	_				_		_				
\$ <u></u>	100,058	\$ <u></u>	254,590	\$ <u></u>	13,047	\$	80,799	\$ <u></u>	16,283	\$ <u></u>	<u>53,993</u>			
\$	15,091	\$	20,177	\$	13,047	\$		\$		\$				
_	15,091	_	20,177	_	13,047		-0-	_	-0-	_	-0-			
	74		619 100											
_	84,893	_	233,694	_			80,799	_	16,283	_	53,993			
_	84,967		234,413		-0-		80,799	_	16,283	_	53,993			
\$ <u></u>	100,058	\$ <u></u>	<u> 254,590</u>	\$ <u></u>	13,047	\$ <u></u>	80,799	\$ <u></u>	<u> 16,283</u>	\$ <u></u>	53,993			

JOHNSON COUNTY, TEXAS COMBINING BALANCE SHEET -NONMAJOR GOVERNMENTAL FUNDS - Continued September 30, 2008

					Special
<u>Assets</u>	Fe Forf	FOP deral feiture und	District Attorney Forfeiture Fund	Sheriff Forfeiture Fund	
Cash and temporary investments Receivables (Net of Allowance for Uncollectibles): Taxes Accounts Due from other governments Due from other governments Prepaid expenditures	\$	812 \$	66,096	\$	18,192
Total assets	\$	<u>812</u> \$	66,096	\$	<u> 18,192</u>
Liabilities and Fund Balance  Liabilities:  Accounts and accrued liabilities payable  Due to other funds  Deferred revenue	\$	\$		\$	
Total liabilities  Fund Balance (Deficit): Reserved: Prepaid expenditures Encumbrances Debt service Unreserved: Designated for capital projects Undesignated		<u>-0-</u> 812	-0- 66,096		<u>-0-</u> 18,192
Total fund balance		812	66,096		18,192
Total liabilities and fund balance	\$ <u></u>	<u>812</u> \$	66,096	\$	<u> 18,192</u>

Revenue Funds
---------------

	Constables LEOSE Fund	LEOSE LEOSE		_	County Attorney LEOSE Fund		Abandoned Vehicle Fund		Sheriff Inmate Commissary Fund		Indigent Health Care Fund		
\$	6,905	\$	6,202	\$	990	\$	4,128	\$	102,567	\$	1,769,313		
											17,734		
\$ <u></u>	6.905	\$ <u></u>	6,202	\$ <u></u>	990	\$ <u></u>	4,128	\$ <u></u>	102,567	\$ <u></u>	1,787,047		
\$		\$		\$		\$		\$		\$	119,326		
				_		_		_			11,721		
_	-0-	_	-0-	_	-0-		-0-	_	-0-	_	131,047		
											554		
	6,905		6,202	_	990	_	4,128	_	102,567		1,655,44 <u>6</u>		
_	6,905	_	6,202	_	990	_	4,128	_	102,567	_	1,656,000		
\$	6,905	\$ <u></u>	6,202	\$ <u></u>	990	\$ <u></u>	4,128	\$ <u></u>	102,567	\$ <u></u>	1,787,047		

JOHNSON COUNTY, TEXAS COMBINING BALANCE SHEET -NONMAJOR GOVERNMENTAL FUNDS - Continued September 30, 2008

						<u>Special</u>
<u>Assets</u>	N	an Valley /IHMR Fund		Teen Court Fund		TDSHS Cities Readiness Initiative Fund
Cash and temporary investments Receivables (Net of Allowance for Uncollectibles):	\$	27,469	\$	1,149	\$	30,388
Taxes Accounts Due from other governments Due from other funds Prepaid expenditures					_	2,172
Total assets	\$	27,469	\$	1,149	\$	32,560
Liabilities and Fund Balance  Liabilities:    Accounts and accrued liabilities payable    Due to other funds    Deferred revenue	\$		\$		\$	188
Total liabilities		-0-		-0-		188
Fund Balance (Deficit): Reserved: Prepaid expenditures Encumbrances Debt service Unreserved: Designated for capital projects						
Undesignated		27,469		1,149		32,372
Total fund balance		27,469		1,149	_	32,372
Total liabilities and fund balance	\$ <u></u>	27,469	\$ <u></u>	1,149	\$	32,560

CDBG County (HUD) Fund		STEP Grant Fund		Special Inventory Interest Fund		Right of way Fund		Historical Society Account Fund		COPS SOS Grant Fund		
\$		\$	1,601	\$	19,825	\$	102,544 262	\$	33,217	\$		
					1,674							
\$	-0-	\$	1,601	\$ <u></u>	21,499	\$	102,806	\$ <u></u>	33,217	\$		-0
\$		\$	1,601	\$		\$		\$	48	\$		
	-0-		1,601		-0-	_	-0-	_	48			-0
	-0-		-0-	_	21,499 21,499		102,806 102,806		33,169 33,169			-0
\$	-0-	\$_	1,601	\$	21,499	\$	<u> 102,806</u>	\$		\$		

JOHNSON COUNTY, TEXAS COMBINING BALANCE SHEET -NONMAJOR GOVERNMENTAL FUNDS - Continued September 30, 2008

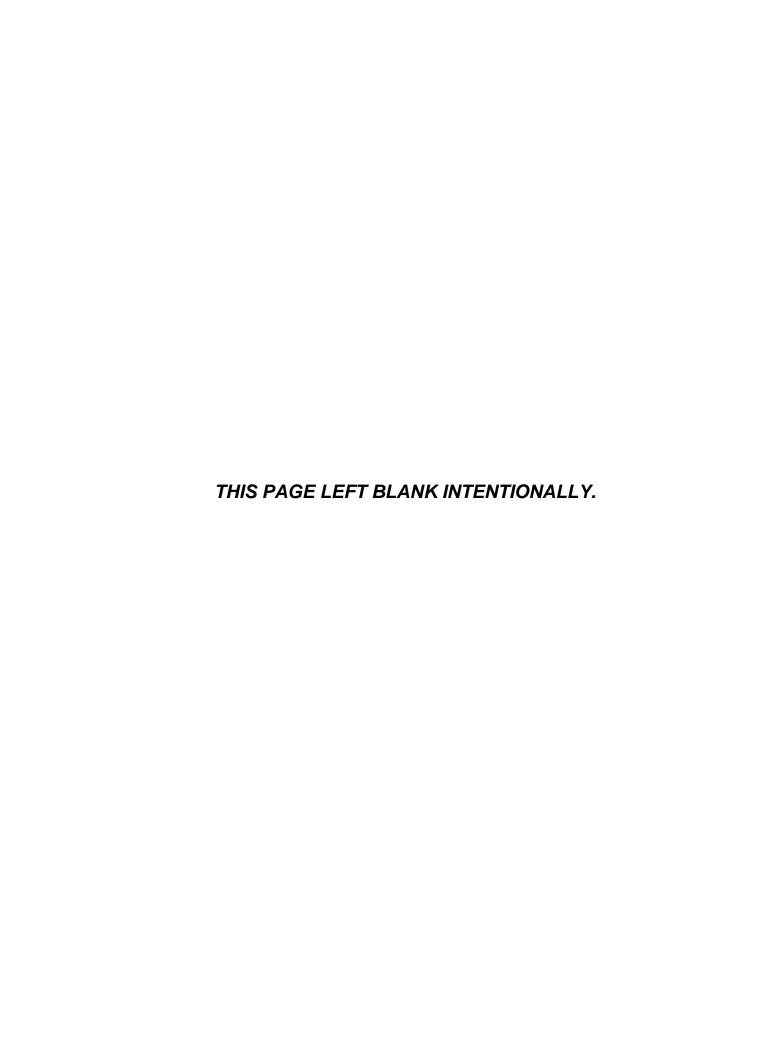
			Special Revenue		
<u>Assets</u>		rdianship Fee Fund	Indigent Defense Formula/ Improvements Fund		Texas olid Waste vestigator Fund
Cash and temporary investments Receivables (Net of Allowance for Uncollectibles): Taxes	\$	5,126	\$	\$	20,795
Accounts Due from other governments Due from other funds Prepaid expenditures		680	22,684		21,463
Total assets	\$	5,806	\$	\$ <u></u>	42,258
Liabilities and Fund Balance  Liabilities:  Accounts and accrued liabilities payable  Due to other funds  Deferred revenue	\$		\$	\$	2,258 40,000
Total liabilities		-0-	-0-		42,258
Fund Balance (Deficit): Reserved: Prepaid expenditures Encumbrances Debt service Unreserved: Designated for capital projects Undesignated		5,80 <u>6</u>	22,684		
Total fund balance		5,806	22,684		-0-
Total faria salarioo		5,000			<u> </u>
Total liabilities and fund balance	\$	5,806	\$\$	\$	42,258

<u>Fun</u>	ds			De	ebt Service Funds	_	Capital Projects Funds				
	Total Special Revenue Funds		Interest & Sinking Fund	Equipment Interest & Sinking Fund		Total Debt Service Fund		Jail Construction Fund		CSCD/ Dispatch Construction Fund	
\$	6,053,813	\$	1,011,439	\$	623,621	\$	1,635,060	\$		\$	1,238
	17,996 44,884 52,061 95,407		41,414		22,186 10,737 17,189		63,600 10,737 -0- 17,189				
	2,240						-0-	_		_	
\$	6,266,401	\$	1,052,853	\$	673,733	\$	1,726,586	\$_	-0-	\$_	1,238
\$	226,439 60,999 392,140	\$	323 31,398	\$	17,984	\$	323 -0- 49,382	\$		\$	
	679,578		31,721		17,984		49,705	_	-0-	_	-0-
	2,240 407,497 -0-		1,021,132		655,749		-0- -0- 1,676,881				
	-0- 5,177,086						-0- -0-	_		_	1,238
	5,586,823		1,021,132		655,749		1,676,881	_	-0-	_	1,238
\$ <u></u>	<u>6,266,401</u>	\$ <u></u>	1,052,853	\$ <u></u>	673,733	\$ <u></u>	1,726,58 <u>6</u>	\$ <u>_</u>	-0-	\$ <u>_</u>	1,238

**JOHNSON COUNTY, TEXAS**COMBINING BALANCE SHEET -NONMAJOR GOVERNMENTAL FUNDS - Continued September 30, 2008

Exhibit 8 Page 6 of 6

	_	Total Capital Projects Funds		Total Non-Major overnmental Funds
<u>Assets</u>				
Cash and temporary investments Receivables (Net of Allowance for Uncollectibles): Taxes Accounts Due from other governments Due from other funds Prepaid expenditures	\$	1,238 -0- -0- -0- -0-	\$	7,690,111 81,596 55,621 52,061 112,596 2,240
Total assets	\$ <u></u>	1,238	\$	7,994,225
Liabilities and Fund Balance				
Liabilities: Accounts and accrued liabilities payable Due to other funds Deferred revenue  Total liabilities	\$	-0- -0- -0-	\$	226,762 60,999 441,522 729,283
Fund Balance (Deficit): Reserved: Prepaid expenditures Encumbrances Debt service		-0- -0- -0-		2,240 407,497 1,676,881
Unreserved: Designated for capital projects Undesignated	_	1,238 -0-		1,238 5,177,086
Total fund balance	_	1,238		7,264,942
Total liabilities and fund balance	\$ <u></u>	1,238	\$ <u></u>	7,994,225



COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2008

						Special
		.ateral Road Fund		Law Library Fund		Records lanagement and reservation Fund
Revenues: Taxes	\$		\$		\$	
Intergovernmental	Ψ	68,921	Ψ		Ψ	
Fees Fines				124,344		370,413
Investment income Miscellaneous		1,307		11,511 <u>66</u>		32,764 95
Total revenues		70,228		135,921		403,272
Expenditures: Current: General government Administration of justice Financial administration Elections Law enforcement		(2.055		66,065		270,369
Highways and streets Health and welfare Culture and recreation Capital outlay Debt Service: Principal Interest and fees		63,055		7,613		
Total expenditures		63,055		73,678		270,369
Excess (deficiency) of revenue over (under) expenditures		7,173		62,243		132,903
Other Financing Sources (Uses): Issuance of tax notes Operating transfers in Operating transfers out						
Total other financing sources (uses)		-0-		-0-		-0-
Net change in fund balances		7,173		62,243		132,903
Fund Balance (Deficits): Beginning of year		33,742		383,97 <u>8</u>		1,060,529
End of year	\$	40,915	\$	446,221	\$	1,193,432

Re	venue Funds						
	Record Archives - County Clerk Fund	Record Archives - District Clerk Fund	Justice of the Peace Technology Fund	Courthouse Security Fund	Justice Court Security Building Fund	Election Services Contract Fund	
\$		\$	\$	\$	\$	\$	
	262,980	11,357	42,005	113,229	9,686		
_	15,220	1,091	4,979	940 	425	653 51,532	
	278,200	12,448	46,984	114,247	10,111	52,185	
			18,918	129,179	2,638		
						38,818	
_	-0-	-0-	18,918	129,179	2,638	38,818	
	278,200	12,448	28,066	( 14,932)	7,473	13,367	
						( 27,885)	
_	-0-	-0-	-0-	-0-	-0-	( 27,885	
	278,200	12,448	28,066	( 14,932)	7,473	( 14,518	
_	557,545	43,200	161,037	57,393	19,304	78,627	
\$	835,745	\$\$55,648	\$ <u>189,103</u>	\$\$	\$\$	\$64,109	

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2008

				Special
		Juvenile Probation Fees Fund	Foster Care Title IV-E Fund	Juvenile Probation Fund
Revenues: Taxes Intergovernmental Fees	\$	13,902	\$ 112,813	\$ 505,482
Fines Investment income Miscellaneous		459	8,345	3,423
Total revenues		14,361	121,158	508,905
Expenditures: Current: General government Administration of justice Financial administration Elections Law enforcement Highways and streets Health and welfare Culture and recreation Capital outlay Debt Service: Principal Interest and fees		5,017	112,977	505,659
Total expenditures		5,017	112,977	505,659
Excess (deficiency) of revenue over (under) expenditures		9,344	8,181	3,246
Other Financing Sources (Uses): Issuance of tax notes Operating transfers in Operating transfers out		_		
Total other financing sources (uses)		-0-	-0-	
Net change in fund balance		9,344	8,181	3,246
Fund Balance (Deficits): Beginning of year	_	20,346	57,931	14,063
End of year	\$	29,690	\$66,112	\$17,309

Reve	enue Funds					
	Juvenile Justice Alternative Education Fund	Special Crimes Operation Fund	HAVA Grant Fund	County Attorney Collection Fund	18th Judicial Attorney Fund	District Attorney Collection Fund
\$	160,229	\$	\$ 6,708	\$ 38,496	\$ 38,693	\$ 8,383
	2,320 485	38,560 6,410 377		1,610	198	907
	163,034	45,347	6,708	40,106	38,891	9,290
				16,286	6,924	
	313,335	158,647	6,708			
		42,770		5,715		
_	313,335		6,708	22,001	6,924	
	150,301)	( 156,070)	0-	18,105	31,967	9,290
	100,000			( 21,290)	) ( 29,607)	
	100,000	-0-	-0-			
(	50,301)	( 156,070)	-0-			9,290
	135,268	390,483		83,984	13,923	44,703
\$	84,967	\$\$	\$	\$\$	\$16,283	\$53,993

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2008

					Special
	ST Fed Forfe Fu	eral eiture	District Attorney Forfeiture Fund	Fo	Sheriff rfeiture Fund
Revenues: Taxes	\$	\$		\$	
Intergovernmental Fees					
Fines		22	5,540		272
Investment income Miscellaneous		32	1,285		373
Total revenues		32	6,825		373
Expenditures: Current: General government Administration of justice Financial administration Elections Law enforcement Highways and streets Health and welfare Culture and recreation Capital outlay Debt Service: Principal Interest and fees		1,520			952
Total expenditures		1,520	-0-		952
Excess (deficiency) of revenue over (under) expenditures	(	1,488)	6,825	(	<u>579</u> )
Other Financing Sources (Uses): Issuance of tax notes Operating transfers in Operating transfers out					_
Total other financing sources (uses)		-0-	-0-		-0-
Net change in fund balance	(	1,488)	6,825	(	579)
Fund Balance (Deficits): Beginning of year		2,300	59,271		18,771
End of year	\$	<u>812</u> \$	66,096	\$	18,192

Revenue	Fund	ς

Constables LEOSE Fund		Sheriff LEOSE Fund		County Attorney LEOSE Fund		Abandoned Vehicle Fund			Sheriff Inmate Commissary Fund		Indigent Health Care Fund	
\$	4,806	\$	18,706	\$	999	\$	260	\$		\$	590,340 147,567	
	213		203 5,602		23		100		1,887 327,567		55,907 7,639	
	5,019		24,511		1,022		360		329,454		801,453	
					1,436							
	2,687		23,010				2,505		299,544		792,211	
	2,687		23,010		1,436		2,505		299,544		792,211	
	2,332		1,501	(	414)	(	2,145)		29,910		9,242	
		(	3,286)					(	28,908)			
	-0-	(	3,286)		-0-		-0-	(	28,908)		-0-	
	2,332	(	1,785)	(	414)	(	2,145)		1,002		9,242	
	4,573		7,987		1,404		6,273		101,565		1,646,758	
\$	6,905	\$	6,202	\$	990	\$	4,128	\$	102,567	\$	1,656,000	

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2008

					Special
	N	an Valley IHMR Fund	Teen Court Fund		TDSHS Cities Readiness Initiative Fund
Revenues: Taxes Intergovernmental Fees	\$		\$ 490	\$	37,155
Fines Investment income Miscellaneous		596 9	17		355 15
Total revenues		605	507		37,525
Expenditures: Current: General government Administration of justice Financial administration Elections Law enforcement Highways and streets Health and welfare Culture and recreation Capital outlay Debt Service: Principal Interest and fees		7,065		_	40,078
Total expenditures		7,065			40,078
Excess (deficiency) of revenue over (under) expenditures	(	6,460)	507	(_	2,553)
Other Financing Sources (Uses): Issuance of tax notes Operating transfers in Operating transfers out				_	34,925
Total other financing sources (uses)		-0-	-0-		34,925
Net change in fund balance	(	6,460)	507		32,372
Fund Balance (Deficits): Beginning of year		33,929	642	. <u> </u>	
End of year	\$	27,469	\$1,149	\$	32,372

Rev	enue Funds									
	CDBG County (HUD) Fund	STEP Grant Fund		Special Inventory Interest Fund		Right of way Fund		Historical Society Account Fund		COPS SOS Grant Fund
\$	168,588	\$ 1,524	\$		\$	234,055	\$		\$	64,285
		 		11,382		6,596 17,029	_	1,399 10,000	_	
	168,588	 1,524		11,382		257,680	_	11,399	_	64,285
	168,588	1,524		9,218		720,618				64,285
								5,235		
_	168,588	 1,524	_	9,218		720,618	_	5,235	_	64,285
	-0-	 -0-		2,164	(	462,938)	) _	6,164		-0-
			_			200,000	_		_	
	-0-	 -0-	_	-0-		200,000		-0-		-0-
	-0-	-0-		2,164	(	262,938)	)	6,164		-0-
		 		19,335		365,744	_	27,005		
\$	-0-	\$ -0-	\$	21,499	\$	102,806	\$_	33,169	\$	-0-

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2008

					Special Revenue
	_	Guardianship Fee Fund	Indigent Defense Formula/ Improvements Fund		Texas Solid Waste Investigator Fund
Revenues: Taxes Intergovernmental Fees	\$	5,780	\$	\$	43,291
Fines Investment income Miscellaneous	_	26		_	131
Total revenues		5,806	-0-		43,422
Expenditures: Current: General government Administration of justice Financial administration Elections Law enforcement Highways and streets Health and welfare Culture and recreation Capital outlay Debt Service: Principal Interest and fees	_			_	21,671 21,751
Total expenditures	_	-0-		_	43,422
Excess (deficiency) of revenue over (under) expenditures	_	5,806		_	-0-
Other Financing Sources (Uses): Issuance of tax notes Operating transfers in Operating transfers out	_		22,684		
Total other financing sources (uses)		-0-	22,684	_	-0-
Net change in fund balance		5,806	22,684		-0-
Fund Balance (Deficits): Beginning of year	_	-0-	-0-		-0-
End of year	\$	5,806	\$\$	\$	-0-

Funds  Total Special Revenue Fund			Debt Service Funds					Capital Projects Funds						
		Interest & Sinking Fund		Equipment Interest & Sinking Fund		Total Debt Service Fund		Jail Construction Fund			CSCD/ Dispatch Construction Fund			
\$	824,395 1,379,767 1,001,325	\$	2,116,330	\$	1,220,433	\$	3,336,763 -0- -0-	\$		\$				
	44,100 173,087 420,494		33,038		17,487		-0- 50,525 -0-	_	323	_	55			
	3,843,168		2,149,368		1,237,920		3,387,288	_	323	-	<u>55</u>			
	277,434 241,446 9,218 45,526						-0- -0- -0- -0-							
	1,681,921 783,673 832,289 5,235 77,849						-0- -0- -0- -0- -0-		139,961		11,868			
	-0- -0-		890,000 955,189		953,000 89,526		1,843,000 1,044,715			_				
	3,954,591		1,845,189	_	1,042,526	_	2,887,715	_	139,961	_	11,868			
<u>(</u>	111,423)	)	304,179	_	195,394		499,573	<u>(</u>	139,638)	(	11,813)			
<u>(</u>	-0- 357,609 110,97 <u>6</u> )	)			50,000	_	50,000 -0- -0-		113,781	-	25,000			
	246,633	_	-0-	_	50,000	_	50,000	_		_				
	135,210		304,179		245,394		549,573	(	25,857)		13,187			
	5,451,613		716,953		410,355		1,127,308	_	25,857	(	11,949)			
\$	5,586,823	\$	1,021,132	\$	655,749	\$	1,676,881	\$_	-0-	\$_	1,238			

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2008

Exhibit 9 Page 6 of 6

	Ca Pro	otal pital jjects inds	Total Non-Major Governmental Funds
Revenues:			
Taxes	\$	-0- \$	
Intergovernmental		-0-	1,379,767
Fees Fines		-0- -0-	1,001,325
Investment income		-u- 378	44,100 223,990
Miscellaneous		-0-	420,494
Miscellaticous		-0-	420,474
Total revenues		378	7,230,834
Expenditures:			
Current:		0	277 424
General government		-0- -0-	277,434
Administration of justice Financial administration		-0- -0-	241,446 9,218
Elections		-0-	45,526
Law enforcement		11,868	1,693,789
Highways and streets		-0-	783,673
Health and welfare		-0-	832,289
Culture and recreation		-0-	5,235
Capital outlay		139,961	217,810
Debt Service:			
Principal		-0-	1,843,000
Interest and fees		-0-	1,044,715
Total expenditures		151,829	6,994,135
Excess (deficiency) of revenue over (under) expenditures	(	151 <u>,</u> 451)	236,699
Other Financing Sources (Uses):			
Issuance of tax notes		-0-	50,000
Operating transfers in		138,781	496,390
Operating transfers out		-0-	<u>( 110,976</u> )
Total other financing sources (uses)		138,781	435,414
Net change in fund balance	(	12,670)	672,113
Fund Balance (Deficits):			
Beginning of year		13,908	6,592,829
End of year	\$	1,238 \$	7,264,942



STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS (NONMAJOR)
For the Year Ended September 30, 2008

	Lateral Road Fund								
		Budgeted Original	Amour	nts Final	Actual			Variance with Final Budget Positive (Negative)	
Revenues: Intergovernmental Fees Investment income	\$	68,400	\$	68,400	\$	68,921 1,307	\$	521 -0- 1,307	
Miscellaneous					_		-	-0-	
Total revenues		68,400		68,400	_	70,228	-	1,828	
Expenditures: Current: Administration of justice Highways and street Capital outlay		68,400		68,400	_	63,055	-	-0- 5,345 -0-	
Total expenditures		68,400		68,400	_	63,055	_	5,345	
Excess (deficiency) of revenues over expenditures		-0-		-0-	_	7,173	-	7,173	
Other Financing Sources (Uses): Transfers in Transfers out					_		_	-0- -0-	
Total other financing sources (uses)		-0-		-0-		-0-	-	-0-	
Net change in fund balances		-0-		-0-		7,173		7,173	
Fund balances – beginning		33,742		33,742	_	33,742	-	-0-	
Fund balances – ending	\$	33,742	\$	33,742	\$	40,915	\$	7,173	

		Law Libr	ary	Fund	
		l Amounts			Variance With Final Budget Positive
	Original	Final		Actual	(Negative)
\$	106,200	\$ 106,200	\$	124,344	\$ -0- 18,144
_	9,200	9,200	=	11,511 <u>66</u>	2,311 66
	115,400	115,400	_	135,921	20,521
	99,935	100,835		66,065	34,770 -0-
_	9,000	8,100	-	7,613	487
_	108,935	108,935	_	73,678	35,257
_	6,465	6,465	-	62,243	55,778
_			-		-0- -0-
_	-0-	-0-	-	-0-	-0-
	6,465	6,465		62,243	55,778
_	383,978	383,978	-	383,978	-0-
\$	390,443	\$390,443	\$_	446,221	\$ <u>55,778</u>

		R	ecord	<u>Is Managemen</u>	t & F	Preservation Fu	nd	
	_	Budgeted Original	Amounts Final			Actual		ariance with Final Budget Positive (Negative)
Revenues: Fees Investment income Miscellaneous	\$	383,045 29,500	\$	383,045 29,500	\$	370,413 32,764 95	\$(	12,632) 3,264 95
Total revenues		412,545		412,545	_	403,272	(	9,273)
Expenditures: Current: General government Capital outlay  Total expenditures  Excess (deficiency) of revenues over expenditures		250,023 66,865 316,888 95,657	_ _ _	397,409 397,409 15,136	_	270,369 270,369 132,903	_	127,040 -0- 127,040 117,767
Other Financing Sources (Uses): Transfers in Transfers out	_				_			-0- -0-
Total other financing sources (uses)		-0-	_	-0-	_	-0-	_	-0-
Net change in fund balances		95,657		15,136		132,903		117,767
Fund balances – beginning		1,060,529		1,060,529	_	1,060,529	_	-0-
Fund balances – ending	\$	1,156,186	\$	1,075,665	\$_	1,193,432	\$	117,767

	Records Archive County Clerk Fund													
	Budgeted Original				Actual	Variance With Final Budget Positive (Negative)								
\$	265,000 16,000	\$	265,000 \$ 262,980 \$( 16,000 15,220 (			2,020) 780) -0-								
	281,000		281,000		278,200	(	2,800)							
	300,000		400,000				400,000 -0-							
	300,000		400,000		-0-		400,000							
(	19,000)	(	119,000)		278,200		397,200							
							-0- -0-							
	-0-		-0-		-0-		-0-							
(	19,000)	(	119,000)		278,200		397,200							
	557,545		<u>557,545</u>		557,545		-0-							
\$	538,545	\$	438,545	\$	835,745	\$	397,200							

(continued)

			District Clerk Fund	. Fund		
		Actual	Variance with Final Budget Positive (Negative)			
Revenues: Fees Investment income	\$	10,800	\$ 10,800 1,000	\$ 11,357 1,091		
investment income		1,000	1,000	1,091	91	
Total revenues		11,800	11,800	12,448	648	
Expenditures: Current:						
Law enforcement					-0-	
Total expenditures		-0-	-0-	-0-	-0-	
Excess (deficiency) of revenues over expenditures		11,800	11,800	12,448	648	
Other Financing Sources (Uses): Transfers in Transfers out					-0- -0-	
Total other financing sources (uses)		-0-	0-		-0-	
Net change in fund balances		11,800	11,800	12,448	648	
Fund balances – beginning		43,200	43,200	43,200	-0-	
Fund balances – ending	\$	55,000	\$55,000	\$ <u>55,648</u>	\$ <u>648</u>	

	Juvenile Probation Fees											
	Budgeted Original	<u>Amo</u>	unts Final		Actual	Variance With Final Budget Positive (Negative)						
\$		\$		\$	13,902 459	\$ 13,902 459						
	-0-		-0-		14,361	14,361						
	23,139	_	23,139	-	<u>5,017</u>	18,122						
	23,139		23,139		5,017	18,122						
(	23,139)	(	23,139)		9,344	32,483						
						-0- -0-						
_	-0-		-0-		-0-	-0-						
(	23,139)	(	23,139)		9,344	32,483						
_	20,346	_	20,346		20,346	-0-						
\$ <u>(</u>	2,793)	\$ <u>(</u>	2,793)	\$	29,690	\$32,483						

(continued)

				Courthouse S	Secur	ity Fund		
	Budgeted Amounts Original Final					Actual	Variance with Final Budget Positive (Negative)	
Revenues: Intergovernmental Fees Investment income Miscellaneous	\$	118,000 1,800	\$	118,000 1,800	\$	113,229 940 78	\$ ( (	-0- 4,771) 860) <u>78</u>
Total revenues		119,800		119,800	_	114,247	(	5,553)
Expenditures: Current: Administration of justice Law enforcement		138,477		138,777		129,179		9,598 -0-
Total expenditures		138,477		138,777	_	129,179		9,589
Excess (deficiency) of revenues over expenditures	(	18,677)	(	18,977)	(	14,932)		4,045
Other Financing Sources (Uses): Transfers in Transfers out	_				_			-0- -0-
Total other financing sources (uses)		-0-		-0-		-0-		-0-
Net change in fund balances	(	18,677)	(	18,977)	(	14,932)		4,045
Fund balances – beginning		57,393		57,393	_	57,393		-0-
Fund balances – ending	\$	38,716	\$	38,716	\$	42,461	\$	4,045

	Juvenile Probation Fund										
	Budgeted	l Amo	unts			Variance With Final Budget Positive					
	Original		Final		Actual	(Negative)					
\$		\$		\$	505,482	\$ 505,482 -0-					
					3,423	3,423 					
	-0-	_	-0-	_	508,905	508,905					
_	549,018	_	549,018	_	505,659	-0- 43,359					
_	249,018	_	549,018	_	505,659	43,359					
(	549,018)	(	549,018)	_	3,246	552,264					
				_		-0- -0-					
	-0-	_	-0-		-0-	-0-					
(	549,018)	(	549,018)		3,246	552,264					
_	14,063	_	14,063	_	14,063						
\$ <u>(</u>	534,955)	\$ <u>(</u>	534,955)	\$	17,309	\$552,264					

		Jı	uvenile	e Justice Alteri	native	Education Ful	nd	
		Budgeted Original	Amounts Final		<u> Actual</u>		Fir	riance with nal Budget Positive Negative)
Revenues: Intergovernmental Fines	\$	240,000	\$	240,000	\$	160,229	\$(	79,771) -0-
Investment income Miscellaneous		5,000		5,000		2,320 485	(	2,680) 485
Total revenues	_	245,000		245,000		163,034		81,966)
Expenditures: Current: Law enforcement Capital outlay		353,027		356,276		313,335	_	42,941 -0-
Total expenditures		353,027		356,276		313,335		42,941
Excess (deficiency) of revenues over expenditures	(	108,027)	(	111,276)	(	150,301)	(	39,025)
Other Financing Sources (Uses): Transfers in Transfers out	_	100,000		100,000		100,000		-0- -0-
Total other financing sources (uses)		100,000		100,000		100,000		-0-
Net change in fund balances	(	8,027)	) (	11,276)	(	50,301)	(	39,025)
Fund balances – beginning		135,268		135,268		135,268		-0-
Fund balances – ending	\$	127,241	\$	123,992	\$	84,967	\$ <u>(</u>	39,025)

	Special Crimes Operations Fund												
	Budgeted Original	Amou	ints Final		Actual	Variance With Final Budget Positive (Negative)							
_		_		_									
\$ 	13,500	\$	13,500	\$	38,560 6,410 377	(	-0- 38,560 7,090) <u>377</u>						
_	13,500		13,500		45,347		31,847						
_	145,000 5,000		196,025 49,100		158,647 42,770		37,378 6,330						
_	150,000		245,125		201,417		43,708						
<u>(</u>	136,500)	(	231,625)	<u>(</u>	156,070)		<u>75,555</u>						
							-0- -0-						
_	-0-		-0-		-0-		-0-						
(	136,500)	(	231,625)	(	156,070)		75,555						
_	390,483		390,483		390,483		-0-						
\$	253,983	\$	158,858	\$	234,413	\$	<u>75,555</u>						

	District Attorney Forfeiture Fund									
	C	Budgeted Original	l Amounts Final		Actual		Fin I	riance with lal Budget Positive legative)		
Revenues:	ф		Φ.		Φ.	F F 40	Φ.	F F 40		
Fines	\$	1 500	\$	1 500	\$	5,540	\$	5,540		
Investment income		1,500		1,500		1,285	<u></u>	<u>215</u> )		
Total revenues		1,500		1,500		6,825		5,325		
Expenditures: Current: Administration of justice Law enforcement		5,550		5,550				5,550 -0-		
				_			<u></u>			
Total expenditures		5,550		5,550		-0-		<u>5,550</u>		
Excess (deficiency) of revenues over expenditures	(	4,050)	(	4,050)		6,825		10,875		
Other Financing Sources (Uses): Transfers in Transfers out							_	-0- -0-		
Total other financing sources (uses)		-0-		-0-		-0-		-0-		
Net change in fund balances	(	4,050)	(	4,050)		6,825		10,875		
Fund balances – beginning		59,271		59,271		59,271		-0-		
Fund balances – ending	\$	55,221	\$	55,221	\$	66,096	\$	10,875		

Sheriff Forfeiture Fund													
Budgeted Original	d Amounts Final	Actual	Variance With Final Budget Positive (Negative)										
\$ 800	\$ 800	\$ 373	\$ -0- ( 427)										
800	800	373	( 427)										
			0										
11,500	11,500	952	-0- 10,548										
11,500	11,500	952	10,548										
( 10,700)	) ( 10,700)	( 579)	10,121										
			-0- -0-										
( 10,700)	) ( 10,700)	( 579)	10,121										
18,771	18,771	18,771	0-										
\$8,071	\$ <u>8,071</u>	\$ <u>18,192</u>	\$ <u>10,121</u>										

				Indigent H	ealth	Fund		
	Budgeted Amounts Original Final					Actual		rariance with Final Budget Positive (Negative)
Revenues: Taxes Intergovernmental Investment income Miscellaneous	\$	572,594 40,000 38,000	\$	572,594 40,000 38,000	\$	590,340 147,567 55,907 7,639	\$	17,746 107,567 17,907 7,639
Total revenues		650,594		650,594	_	801,453	_	150,859
Expenditures: Current: Health and welfare  Total expenditures  Excess (deficiency) of revenues over expenditures		650,594 650,594 -0-		750,594 750,594 100,000)	_	792,211 792,211 9,242	<u>(</u>	41,617) 41,617) 192,476
Other Financing Sources (Uses): Transfers in Transfers out			_					-0- -0-
Total other financing sources (uses)		-0-		-0-		-0-	_	-0-
Net change in fund balances		-0-	(	100,000)		9,242		192,476
Fund balances – beginning		1,646,758		1,646,758		1,646,758		-0-
Fund balances – ending	\$	1,646,758	\$	1,546,758	\$	1,656,000	\$	192,476

	TDSHS Cities Readiness Initiative Fund										
	Budgeted Original	<u>Amo</u>	unts Final		Actual	Variance With Final Budget Positive (Negative)					
							-				
\$ 		\$		\$ 	37,155 355 <u>15</u>	\$	-0- 37,155 355 <u>15</u>				
	-0-	_	-0-		37,525	-	37,525				
	23,375		88,000	_	40,078	_	47,922				
	23,375		88,000	_	40,078	-	47,922				
(	23,375)	(	88,000)	(	2,553)	-	85,447				
_		_		_	34,925	-	34,925 -0-				
_	-0-		-0-		34,925	-	34,925				
(	23,375)	(	88,000)		32,372		120,372				
		_		_			-0-				
\$ <u>(</u>	23,375)	\$ <u>(</u>	88,000)	\$	32,372	\$	120,372				

	CDBG County (HUD)							
		Variance with Final Budget Positive (Negative)						
Revenues: Taxes Intergovernmental Investment income Miscellaneous	\$		\$		\$ 168,588	\$	-0- 168,588 -0- -0-	
Total revenues		-0-		-0-	168,588		168,588	
Expenditures: Current: Law enforcement Highways and streets  Total expenditures		590,544		590,544 590,544	168,588  168,588		421,956 -0- 421,956	
Excess (deficiency) of revenues over expenditures	(	590,544)	(	590,544)	-0-		590,544	
Other Financing Sources (Uses): Transfers in Transfers out							-0- -0-	
Total other financing sources (uses)		-0-		-0-	-0-		-0-	
Net change in fund balances	(	590,544)	(	590,544)	-0-		590,544	
Fund balances – beginning							-0-	
Fund balances – ending	\$ <u>(</u>	<u>590,544</u> )	\$ <u>(</u>	<u>590,544</u> )	\$	\$	590,544	

	Right of Way Fund									
	Variance With Final Budget  Budgeted Amounts Positive									
	Budgeted Original	Final		Actual						
	Original	FIIIdI		Actual	(Negative)					
\$	201,000	\$ 201,000	\$	234,055	\$ 33,055 -0-					
_	14,000	14,000		6,596 17,029	( 7,404) 17,029					
_	215,000	215,000		257,680	42,680					
_	215,000	761,500		720,618	-0- 40,882					
_	215,000	761,500		720,618	40,882					
	-0-	( 546,500	) <u>(</u>	462,938)	83,562					
				200,000	200,000					
_	-0-	-0-		200,000	200,000					
	-0-	( 546,500	) (	262,938)	283,562					
	365,744	365,744	_	365,744						
\$	365,744	\$ <u>( 180,756</u>	) \$	102,806	\$283,562					

	Elections Services Contract							
	Budgeted Amounts Original Final					Actual	Variance with Final Budget Positive (Negative)	
Revenues: Intergovernmental Investment income Miscellaneous	\$	400	\$	400	\$	653 51,532	\$ -0- 253 51,532	
Total revenues		400		400		52,185	51,785	
Expenditures: Current: Elections				<u>42,960</u>		38,818	4,142	
Total expenditures		-0-		42,960		38,818	4,142	
Excess (deficiency) of revenues over expenditures		400	(	42,560)		13,367	55,927	
Other Financing Sources (Uses): Transfers in Transfers out	(	<u> 27,885</u> )	(	<u>27,885</u> )	<u>(</u>	<u>27,885</u> )	-0- -0-	
Total other financing sources (uses)	(	27,885)	(	27,885)	(	27,885)	-0-	
Net change in fund balances	(	27,485)	(	70,445)	(	14,518)	55,927	
Fund balances – beginning		78,627		78,627		78,627	-0-	
Fund balances – ending	\$	51,142	\$	8,182	\$	64,109	\$55,927	

			HAVA	Gran	nt			
	Budgeted Amounts Original Final				Actual	Variance With Final Budget Positive (Negative)		
\$		\$		\$	6,708	\$	6,708 -0- -0-	
	-0-		-0-		6,708		6,708	
_	184,769		184,769		6,708		178,061	
	184,769		184,769		6,708	_	178,061	
	184,769)		184,769)		-0-		184,769	
							-0- -0-	
	-0-		-0-		-0-	_	-0-	
(	184,769)	(	184,769)		-0-		184,769	
							-0-	
\$ <u>(</u>	<u>184,769</u> )	\$ <u>(</u>	<u>184,769</u> )	\$	200,000	\$	184,769	

(continued)

	Justice Court Security Building								
	0	Variance with Final Budget Positive (Negative)							
Revenues: Intergovernmental Fees Investment income	\$	11,400 400	\$ 11,400 400	\$ 9,686 <u>425</u>	\$ -0- ( 1,714) 25				
Total revenues		11,800	11,800	10,111	( 1,689)				
Expenditures: Current: Administration of justice Law enforcement			2,638	2,638	-0- -0-				
Total expenditures		-0-	2,638	2,638	-0-				
Excess (deficiency) of revenues over expenditures		11,800	9,162	7,473	( 1,689)				
Other Financing Sources (Uses): Transfers in Transfers out					-0- -0-				
Total other financing sources (uses)		-0-	-0-	-0-	-0-				
Net change in fund balances		11,800	9,162	7,473	( 1,689)				
Fund balances – beginning		19,304	19,304	19,304	-0-				
Fund balances – ending	\$	31,104	\$	\$ <u>26,777</u>	\$ <u>( 1,689</u> )				

COPS SOS Grant										
	Budgeted Amounts Original Final				Actual	Variance With Final Budget Positive (Negative)				
\$		\$	_	\$	64,285	\$ 64,285 -0- -0-				
	-0-		-0-		64,285	64,285				
	420,300		420,300		64,285	-0- <u>356,015</u>				
	420,300		420,300	_	64,285	356,015				
(	420,300)	(	420,300)	_	-0-	420,300				
				_		-0- -0-				
	-0-		-0-	_	-0-	-0-				
(	420,300)	(	420,300)		-0-	420,300				
_										
\$ <u>(</u>	420,300)	\$ <u>(</u>	420,300)	\$	-0-	\$ 420,300				

	Pecan Valley MHMR							
	C	Budgeted Original	Amounts Final			<u>Actual</u>	Variance with Final Budget Positive (Negative)	
Revenues: Intergovernmental Investment income Miscellaneous	\$		\$		\$	596 9	\$ -0- 596 9	
Total revenues		-0-		-0-		605	605	
Expenditures: Current: General government Law enforcement Capital outlay		33,689		33,689		7,065	26,624 -0- 0-	
Total expenditures		33,689		33,689		7,065	26,624	
Excess (deficiency) of revenues over expenditures	(	33,689)	(	33,689)	(	6,460)	27,229	
Other Financing Sources (Uses): Transfers in Transfers out							-0- -0-	
Total other financing sources (uses)		-0-		-0-		-0-	-0-	
Net change in fund balances	(	33,689)	(	33,689)	(	6,460)	27,229	
Fund balances – beginning		33,929		33,929		33,929	-0-	
Fund balances – ending	\$	240	\$	240	\$	27,469	\$\$	

		Tex	kas Solid Was	ste Ir	vestigator		ance With		
	Budgeted	Amour	nte			Final Budget Positive			
(	<u>Original</u>		Final		Actual	(Negative)			
\$	70,595	\$	70,595	\$	43,291 131	\$( 	27,304) 131 <u>-0-</u>		
	70,595		70,59 <u>5</u>		43,422	(	27,173)		
	72,675		72,675		21,671		-0- 51,004		
	22,000		22,000	_	21,751		249		
	94,675		94,675		43,422		51,253		
(	24,080)	(	24,080)		-0-		24,080		
_	24,080		24,080			(	24,080) -0-		
	24,080		24,080		-0-	(	24,080)		
	-0-		-0-		-0-		-0-		
							-0-		
¢	0	¢	0	¢	0	¢	0		

(continued)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS (NONMAJOR) - Continued For the Year Ended September 30, 2008

Exhibit 10 Page 12 of 12

	Historical Society Fund							
	C	unts Final	 Actual			Variance with Final Budget Positive (Negative)		
Revenues: Investment income Miscellaneous	\$	800 7,500	\$	800 7,500	\$	1,399 10,000	\$_	599 2,500
Total revenues		8,300		8,300		11,399	_	3,099
Expenditures: Current: Culture and recreation		32,000		32,000		5,23 <u>5</u>	_	<u> 26,765</u>
Total expenditures		32,000		32,000		5,235	_	26,765
Excess (deficiency) of revenues over expenditures	(	23,700)	(	23,700)		6,164	_	29,864
Other Financing Sources (Uses): Transfers in Transfers out							_	-0- -0-
Total other financing sources (uses)		-0-		-0-		-0-	_	-0-
Net change in fund balances	(	23,700)	(	23,700)		6,164		29,864
Fund balances – beginning		27,005	_	27,005		27,005	_	-0-
Fund balances – ending	\$	3,305	\$	3,305	\$	33,169	\$_	29,864



SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - DEBT SERVICE FUNDS (NONMAJOR)
For the Year Ended September 30, 2008

	Interest & Sinking Fund							
	Budgeted A Original	Variance with Final Budget Positive (Negative)						
Revenues: Taxes Investment income	\$ 1,800,055 \$ <u>22,000</u>	\$ 1,800,055 22,000	\$ 2,116,330 33,038	\$ 316,275 11,038				
Total revenues	1,822,055	1,822,055	2,149,368	327,313				
Expenditures: Debt Service: Principal on long-term debt Interest on long-term debt	890,000 954,955	890,000 956,000	890,000 <u>955,189</u>	-0- <u>811</u>				
Total expenditures	1,844,955	1,846,000	1,845,189	<u>811</u>				
Excess (deficiency) of revenues over expenditures	( 22,900)	( 23,945)	304,179	328,124				
Other Financing Sources (Uses): Issuance of tax notes				-0-				
Total other financing sources (uses)		-0-	-0-	-0-				
Net change in fund balances	( 22,900)	( 23,945)	304,179	328,124				
Fund balances – beginning	716,953	716,953	716,953					
Fund balances – ending	\$ <u>694,053</u> \$	\$ <u>693,008</u>	\$ <u>1,021,132</u>	\$328,124				

		Equipment Intere	st &	Sinking Fund				
		. ,		-		ance With		
	Budgeted	I Amounts			Final Budget Positive			
	<u>Original</u>	Final		Actual	(Negative)			
\$	1,021,662 11,000	\$ 1,021,662 11,000	\$_	\$ 1,220,433 17,487		198,771 6,487		
	1,032,662	1,032,662		1,237,920		205,258		
	953,000	953,000		953,000		-0-		
_	55,662	55,662	_	89,526	(	33,864)		
_	1,008,662	1,008,662	_	1,042,526	(	33,864)		
	24,000	24,000	_	195,394		171,394		
			_	50,000		50,000		
	-0-	-0-	_	50,000		50,000		
	24,000	24,000		245,394		221,394		
_	410,355	410,355	_	410,355		-0-		
\$	434,355	\$ <u>434,355</u>	\$_	655,749	\$	221,394		

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

For the Year Ended September 30, 2008

Exhibit 12 Page 1 of 3

UNCLAIMED MONEY FUND:	Balance 10-01-07	Additions	Deductions	Balance 09-30-08
Assets				
Cash and temporary investments	\$28,263	\$19,604	\$35,313	\$ <u>12,554</u>
Total assets	\$ <u>28,263</u>	\$ <u>19,604</u>	\$ <u>35,313</u>	\$ <u>12,554</u>
Liabilities and Fund Balance				
Liabilities:  Due to other funds  Due to others	\$ 17,285 10,978		\$ 17,285 18,028	\$ -0- 12,554
Total liabilities	\$ <u>28,263</u>	\$ <u>19,604</u>	\$ <u>35,313</u>	\$ <u>12,554</u>
TAX ASSESSOR/COLLECTOR FUNDS:				
Assets				
Cash and temporary investments	\$ <u>1,861,316</u>	\$ 227,058,154	\$ 227,168,256	\$ <u>1,751,214</u>
Total assets	\$ <u>1,861,316</u>	\$ <u>227,058,154</u>	\$ <u>227,168,256</u>	\$ <u>1,751,214</u>
Liabilities and Fund Balance				
Liabilities: Due to other funds Due to others	\$ 82,330 1,778,986		\$ 31,181,801 	\$ 22,936 
Total liabilities	\$ <u>1.861.316</u>	\$ <u>227.058,154</u>	\$ <u>227,168,256</u>	\$ <u>1,751,214</u>
COUNTY CLERK FUNDS:				
Assets				
Cash and temporary investments	\$2,628,728	\$6,707,486	\$ <u>5,855,636</u>	\$3,480,578
Total assets	\$ <u>2,628,728</u>	\$ <u>6,707,486</u>	\$ <u>5,855,636</u>	\$ <u>3,480,578</u>
Liabilities and Fund Balance				
Liabilities: Due to other funds Due to others	\$ 11,199 <u>2,617,529</u>		\$ 2,831,474 3,024,162	\$ 9,840 3,470,738
Total liabilities	\$ <u>2,628,728</u>	\$ <u>6,707,486</u>	\$ <u>5,855,636</u>	\$ <u>3,480,578</u>

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -AGENCY FUNDS - Continued For the Year Ended September 30, 2008

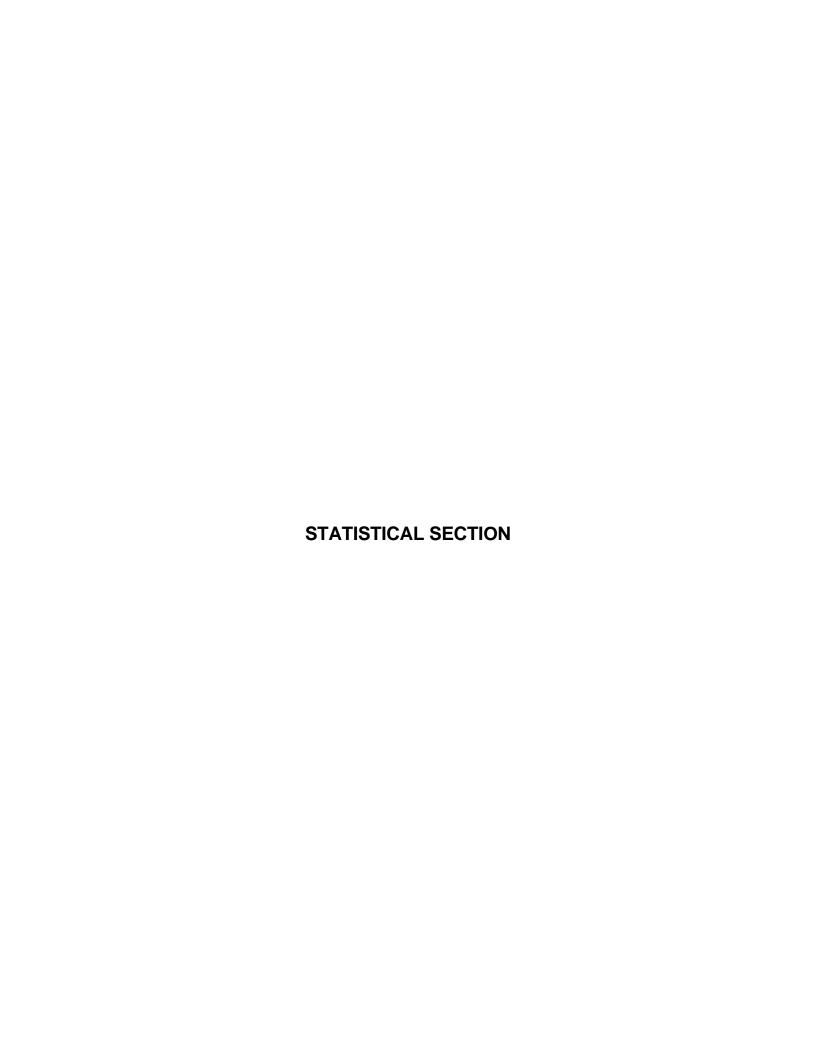
Exhibit 12 Page 2 of 3

DISTRICT CLERK FUNDS:	Balance 10-01-07 Additions Deduction	Balance ns 09-30-08
Assets		
Cash and temporary investments	\$ <u>2,983,037</u> \$ <u>4,947,195</u> \$ <u>5,062</u>	., <u>838</u> \$ 2,867,394
Total assets	\$ 2,983,037 \$ 4,947,195 \$ 5,062	
Liabilities and Fund Balance		
Liabilities: Due to other funds Due to others	\$ 13,962 \$ 387,062 \$ 387 2,969,075 4,560,133 4,675	,119 \$ 13,905 ,719 <u>2,853,489</u>
Total liabilities	\$ <u>2.983.037</u> \$ <u>4.947.195</u> \$ <u>5.062</u>	<u>2,838</u> \$ <u>2,867,394</u>
SHERIFF DEPARTMENT FUNDS:		
Assets		
Cash and temporary investments	\$ <u>70,781</u> \$ <u>1,694,425</u> \$ <u>1,710</u>	<u>,750</u> \$ <u>54,456</u>
Total assets	\$ <u>70,781</u> \$ <u>1,694,425</u> \$ <u>1,710</u>	<u>,750</u> \$ <u>54,456</u>
Liabilities and Fund Balance		
Liabilities: Due to other funds Due to others	\$ 1,661 \$ 349,009 \$ 350 69,120 1,345,416 1,360	,670 \$ -0- ,080 <u>54,456</u>
Total liabilities	\$ <u>70.781</u> \$ <u>1.694.425</u> \$ <u>1,710</u>	<u>,750</u> \$ <u>54,456</u>
JUSTICE OF THE PEACE FUNDS:		
Assets		
Cash and temporary investments Due from other funds	\$ 38,605 \$ 2,424,952 \$ 2,435 62	,769 \$ 27,788 62
Total assets	\$ <u>38,605</u> \$ <u>2,425,014</u> \$ <u>2,435</u>	<u>.769</u> \$ <u>27.850</u>
Liabilities and Fund Balance		
Liabilities: Due to other funds Due to others	\$ 406 \$ 263,340 \$ 263 38,199 2,161,674 2,172	,746 \$ -0- ,023 <u>27,850</u>
Total liabilities	\$ <u>38.605</u> \$ <u>2.425.014</u> \$ <u>2.435</u>	<u>,769</u> \$ <u>27,850</u>

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS - Continued
For the Year Ended September 30, 2008

Exhibit 12 Page 3 of 3

SEIZURE AND RESTITUTION FUNDS:	Balance 10-01-07	Additions	Deductions	Balance 09-30-08
Assets				
Cash and temporary investments	\$ 59,743	\$ 39,548	\$ 54,778	\$ 44,513
Total assets	\$ 59,743			\$ <u>44,513</u> \$ <u>44,513</u>
Liabilities and Fund Balance	Ψ <u> </u>	Ψ	ψ <u> 31,770</u>	Ψ <u>11,010</u>
Liabilities: Due to others	\$ <u>59,743</u>	\$ <u>39,548</u>	\$ <u>54,778</u>	\$ <u>44,513</u>
Total liabilities	\$ <u>59,743</u>	\$ <u>39,548</u>	\$ <u>54,778</u>	\$ <u>44,513</u>
TDCJ-CJAD:				
Assets				
Cash and temporary investments Accounts receivable Due from other funds	\$ 1,277,315 163,713 18,416	\$ 3,852,438 182,644 257	\$ 4,008,285 163,713 18,416	\$ 1,121,468 182,644 257
Total assets	\$ <u>1,459,444</u>	\$ <u>4,035,339</u>	\$ <u>4,190,414</u>	\$ <u>1,304,369</u>
Liabilities and Fund Balance				
Liabilities: Accounts payable and accrued expenses Due to others	\$ 178,528 1,280,916	\$ 3,292,580 742,759	\$ 3,250,766 939,648	\$ 220,342 1,084,027
Total liabilities	\$ <u>1,459,444</u>	\$ <u>4,035,339</u>	\$ <u>4,190,414</u>	\$ <u>1,304,369</u>
TOTALS - ALL AGENCY FUNDS:				
Assets				
Cash and temporary investments Accounts receivable Due from other funds	\$ 8,947,788 163,713 18,416	\$ 246,743,802 182,644 319	\$ 246,331,625 163,713 18,416	\$ 9,359,965 182,644 319
Total assets	\$ <u>9,129,917</u>	\$ <u>246,926,765</u>	\$ <u>246,513,754</u>	\$ <u>9,542,928</u>
Liabilities and Fund Balance				
Liabilities: Accounts payable and accrued expenses Due to other funds Due to others	\$ 178,528 126,843 	34,951,933 208,682,252	35,032,095 208,230,893	46,681 <u>9,275,905</u>
Total liabilities	\$ <u>9,129,917</u>	\$ <u>246,926,765</u>	\$ <u>246,513,754</u>	\$ <u>9,542,928</u>





Statistical Section (unaudited)

This part of Johnson County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and additional supplementary information say about the County's overall financial health.

<u>Content</u> <u>Table</u>

Financial Trends 1-4

These tables contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity 5-8

These tables contain information to help the reader assess the County's most significant local revenue source, the property tax.

Debt Capacity 9-11

These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

#### **Demographic and Economic Indicators**

12-14

These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

#### **Operating Information**

15

This table contains service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides.

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement 34 in 2003; tables presenting government-wide information include information beginning in that year.

JOHNSON COUNTY, TEXAS
NET ASSETS BY COMPONENTS

Last Ten Fiscal Years<sup>1</sup>

Table 1

	1999	2000	2001	2002	2003
Governmental Activities: Invested in capital assets, net of related debt Restricted Unrestricted	\$	\$	\$	\$	\$ 5,509,581 13,714,296 9,125,190
Total governmental activities net assets	\$	<u>-0-</u> \$	<u>-0-</u> \$	<u>0-</u> \$ <u>     -</u> (	<u>0-</u> \$ <u>28,349,067</u>

Source: Comprehensive Annual Financial Report (Statement of Net Assets)

<sup>&</sup>lt;sup>1</sup> Ten years of information is not available, the County did not implement GASB Statement 34 until 2003.

2004	2005	2006	2007	2008
\$ 26,264,076 16,532,649 13,503,382	\$ 26,019,061 12,721,810 _17,243,663	\$ 27,551,960 6,865,408 21,150,662	\$ 35,136,805 11,756,299 17,699,334	\$ 35,509,134 12,711,090 20,722,771
\$ <u>56,300,107</u>	\$ <u>55,984,534</u>	\$ <u>54,568,030</u>	\$ <u>64,592,438</u>	\$ <u>68,942,995</u>

CHANGES IN NET ASSETS
Last Ten Fiscal Years <sup>1</sup>

Expenses		1999		2000	_	2001		2002	2003
Governmental Activities: General government <sup>2</sup> Highways/streets Law Enforcement Administration of justice Financial Public health and welfare Interest on long-term debt	\$		\$		\$		\$		\$ 7,354,208 6,249,617 12,104,480 2,992,458 444,101 3,223,354 938,815
Total expenses	\$	-0-	\$_	-0-	\$_	-0-	\$_	-0-	\$ <u>33,307,033</u>
Program Revenues Governmental Activities: Fees, Fines and Charges for Services: General government <sup>2</sup> Highways/streets Law Enforcement Administration of justice Financial Public health and welfare	\$		\$		\$		\$		\$ 3,874,274 2,090,833 544,538 155,423
Operating grants and contributions Capital grants and contributions	_		_		_				3,969,343
Total governmental activities program revenues	_	-0-	_	-0-	_	-0-	_	-0-	10,634,411
Net (expense) revenue	\$	-0-	\$_	-0-	\$_	-0-	\$	-0-	\$ <u>(22,672,622</u> )
General Revenues and Other Changes in Net Assets Governmental Activities: Property taxes Investment earnings Loss on disposal Miscellaneous	\$		\$		\$		\$		\$ 19,180,815 359,886 
Total general revenues	\$ <u></u>	-0-	\$_	-0-	\$ <u>_</u>	-0-	\$_	-0-	\$ <u>20,546,852</u>
Change in assets before extraordinary items Extraordinary items	\$		\$		\$		\$		\$( 2,125,770) <u>2,500,000</u>
Change in net assets	\$_	-0-	\$_	-0-	\$_	-0-	\$_	-0-	\$ <u>374,230</u>
Prior period adjustment	\$_	-0-	\$_	-0-	\$ <u>_</u>	-0-	\$_	-0-	\$ <u>422,500</u>

Source: Comprehensive Annual Financial Report

1 Ten years of information is not available, the County did not implement GASB 34 until 2003.

2 Elections, Culture & Recreation and Conservation programs included here.

2004	2005	2006	2007	2008		
\$ 7,687,361 7,824,243 12,660,979 3,645,720 464,622 2,014,287 945,480 \$ 35,242,692	\$ 9,312,766 7,465,644 12,780,185 3,812,413 469,342 1,578,568 1,187,004 \$ 36,605,922	\$ 8,181,158 7,367,643 15,769,865 4,865,771 533,187 1,269,057 1,169,216 \$ 39,155,897	\$ 7,763,235 7,747,391 16,139,399 5,983,462 3,012,304 1,038,950 1,497,019 \$ 43,181,760	\$ 9,365,726 10,423,688 18,163,642 7,029,121 2,906,858 1,280,130 1,177,707 \$ 50,346,872		
\$ 4,376,927 2,089,045	\$ 4,049,529 2,258,279	\$ 5,153,714 2,216,100	\$ 3,235,707 2,214,245	\$ 3,898,229 2,816,738		
493,836	381,404	564,555	1,590,551	1,363,846		
795,960	2,844,599	2,487,519	3,585,853 862,350	3,140,098 1,043,597		
			002,000	31,410		
2,554,415	3,336,944	2,628,142	3,065,163	3,834,540		
			5,398,255	<u>1,420,109</u>		
10,310,183	12,870,755	13,050,030	19,952,124	17,548,567		
\$ <u>(24,932,509</u> )	\$ <u>(23,735,167</u> )	\$ <u>(26,105,867</u> )	\$ <u>(23,229,636</u> )	\$ <u>(32,798,305</u> )		
\$ 21,489,545 328,941	\$ 23,354,100 842,666	\$ 26,103,185 1,161,504 ( 282,023)	\$ 30,432,894 1,535,829 63,844	\$ 35,965,010 1,008,287		
1,262,172	539,844	<u>1,216,413</u>	<u>1,221,477</u>	<u>175,565</u>		
\$ <u>23,080,658</u>	\$ <u>24,736,610</u>	\$ <u>28,199,079</u>	\$ <u>33,254,044</u>	\$ <u>37,148,862</u>		
\$( 1,851,851)	\$ 1,001,443	\$ 2,093,212	\$ 10,024,408	\$ 4,350,557		
\$ <u>( 1,851,851</u> )	\$ <u>1,001,443</u>	\$ <u>2,093,212</u>	\$ <u>10,024,408</u>	\$ <u>4,350,557</u>		
\$ <u>29,082,891</u>	\$ <u>1,317,016</u>	\$ <u>( 798,098</u> )	\$ <u>( 2,711,629</u> )	\$ <u>130,932</u>		

**JOHNSON COUNTY, TEXAS** *FUND BALANCES, GOVERNMENTAL FUNDS* 

Last Ten Fiscal Years

(modified accrual basis of accounting)

Constant Found		1999	_	2000		2001	_	2002		2003
General Fund: Reserved Unreserved	\$	2,409,952	\$	1,512,472	\$	<u>1,518,951</u>	\$	1,156,420	\$	1,897,454
Total general fund	\$_	2,409,952	\$_	1,512,472	\$_	<u>1,518,951</u>	\$_	1,156,420	\$_	1,897,454
Road and Bridge Fund: Reserved Unreserved	\$		\$		\$		\$		\$	2,301,677
Total road and bridge	\$ <u>_</u>	-0-	\$_	-0-	\$_	-0-	\$_	-0-	\$ <u>_</u>	2,301,677
All Other Governmental Funds: Reserved for debt service Other Unreserved:	\$	40,953	\$	40,840	\$(	14,071)	\$	365,090	\$	262,036
Capital projects funds Special revenue funds	_	1,295,387 8,753,223	_	1,278,768 8,303,220	_	13,199,989 7,298,186	_	12,007,434 6,977,290	_	6,264,270 5,232,845
Total all other governmental funds	\$_	10,089,563	\$_	9,622,828	\$_	20,484,104	\$_	19,349,814	\$_	11,759,151

Table 3

Source: Comprehensive Annual Financial Report (Balance Sheet)

_	2004	2005	2006	2007	2008
\$	3,327,363	\$ 5,494,132	\$ 	\$ 1,534,905 	\$ 469,717 
\$_	3,327,363	\$ <u>5,494,132</u>	\$ <u>7,073,102</u>	\$ <u>11,997,051</u>	\$ <u>14,945,320</u>
\$	2,141,192	\$ 2,076,088	\$ 2,336,572	\$ 493,959 4,015,628	\$ 406,313 4,407,191
\$_	2,141,192	\$ <u>2,076,088</u>	\$ <u>2,336,572</u>	\$ <u>4,509,587</u>	\$ <u>4,813,504</u>
\$	341,976	\$ 322,090	\$ 604,455	\$ 1,127,308 7,396	\$ 1,676,881 412,254
_	9,980,478 4,677,869	5,982,111 5,648,376	1,716,845 4,473,217	101,826 5,444,217	2,068,155 5,177,086
\$_	<u>15,000,323</u>	\$ <u>11,952,577</u>	\$ <u>6,794,517</u>	\$ <u>6,680,747</u>	\$ <u>9,334,376</u>

## **JOHNSON COUNTY, TEXAS**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS Last Ten Fiscal Years

Table 4

	1999	2000	2001	2002	2003
Revenues:					
Taxes	\$ 12,716,973	\$ 13,786,494	\$ 14,848,383	\$ 17,030,271	\$ 19,059,086
Licenses and permits	N/A	N/A	2,055,415	2,115,617	2,084,792
Intergovernmental	1,942,496	433,861	2,683,141	2,710,365	3,969,343
Fees	4,377,271	4,786,467	4,042,265	3,991,230	3,303,182
Fines Interest	1,041,730	1,222,303	1,153,088	1,208,992	1,277,094
Miscellaneous	805,156 <u>2,880,965</u>	937,142 <u>1,980,524</u>	1,231,315	627,841 <u>3,664,728</u>	359,886 1,006,151
Miscellatieous	<u> </u>	1,900,324	<u>2,642,895</u>	<u> </u>	1,000,131
Total revenues	23,766,591	23,146,791	28,656,502	31,349,044	31,059,534
Expenditures:					
General government	4,626,319	5,460,539	6,470,795	7,360,531	6,781,222
Highways/streets	3,692,390	3,672,555	5,606,309	5,122,038	5,699,207
Law enforcement	8,453,739	9,563,498	8,483,517	9,466,560	11,838,315
Administration of justice	N/A	N/A	5,088,199	5,502,583	2,968,082
Financial	641,274	701,287	333,386	409,506	442,432
Public health and welfare	2,185,292	2,053,815	2,421,329	2,566,089	3,216,302
Capital outlay	1,908,851	2,924,111	2,252,831	1,632,568	5,835,751
Debt Service:	1 000 000	4.45.000	4 075 000		
Principal	1,080,000	1,115,000	1,275,000	620,000	300,000
Interest	171,650	131,260	543,713	1,110,975	701,514
Other	372	<u>752</u>		10,255	
Total expenditures	22,759,887	25,622,817	32,475,079	33,801,105	37,782,825
Excess of revenues over (under) expenditures	( 379,416)	1,006,704	( 3,818,477)	<u>( 2,452,061</u> )	( 6,723,291)
Other Financing Sources (Uses):					
Transfers in	1,197,000	1,119,565	104,644	1,799,358	2,527,005
Transfers out	( 1,197,000)	( 1,119,565)	( 104,644)	(1,799,358)	( 2,527,005)
Debt issuance/other		<u>1,115,000</u>	<u>14,000,574</u>	500,000	
Total other financing sources (uses)		1,115,000	14,000,574	500,000	
Extraordinary items					2,500,000
Net change in fund balances	\$ <u>1,006,704</u>	\$ <u>(_1,361,026</u> )	\$ <u>10,181,997</u>	\$ <u>(_1,952,061</u> )	\$ <u>(_4,223,291</u> )
Debt service as a percentage of noncapital expenditures	6.0%	5.5%	6.0%	5.4%	3.1%

Source: Comprehensive Annual Financial Reports (Statement of Revenues, Expenditures, and Changes in Fund Balances).

2004	2005	2006	2007	2008
\$ 21,610,079	\$ 23,474,200	\$ 26,127,510	\$ 31,235,915	\$ 35,940,947
2,089,045	2,199,800	2,216,100	Ψ 31,233,713	Ψ 33,710,717
2,554,415	3,527,418	1,965,268	4,041,247	3,471,311
3,788,752	4,668,039	6,892,207	8,608,032	8,528,155
1,250,247	1,276,788	1,454,090	1,880,639	2,067,448
328,941	845,183	1,161,504	1,535,829	1,008,287
<u>1,262,172</u>	901,224	1,216,413	<u>2,300,966</u>	2,814,390
22 002 451	24 002 452	<i>4</i> 1 022 002	40 A02 A20	E2 020 E20
32,883,651	36,892,652	41,033,092	49,602,628	53,830,538
7,408,860	8,389,639	8,600,515	6,826,813	8,153,121
5,348,608	5,593,591	5,885,584	5,447,360	8,100,515
11,865,471	11,968,031	14,084,973	15,159,789	17,116,396
3,308,311	3,753,590	4,896,102	5,950,970	6,981,582
464,622	469,342	533,187	3,008,958	2,896,376
2,009,726	1,578,568	1,269,057	1,035,673	1,284,676
6,273,037	4,662,900	7,403,055	5,720,961	3,334,376
550,000	480,000	835,000	1,491,000	1,843,000
701,467	1,124,777	1,045,927	1,271,587	1,044,715
701,107				
27 020 102	20.020.420	44 552 400	4F 010 111	FO 7F4 7F7
37,930,102	38,020,438	44,553,400	45,913,111	50,754,757
( 5,046,451)	( 1,127,786)	(3,520,308)	3,689,517	3,075,781
2,221,544	621,267	3,897,357	442,436	1,223,013
( 2,221,544)	( (04 0 (7)	( 2 007 257)	( 440.40()	( 1,223,013)
9,558,670	( 621,267) <u>26,187</u>	(3,897,357)	( 442,436) <u>2,025,200</u>	2,830,034
7,550,070	20,107		2,023,200	2,030,034
9,558,670	26,187	375,000	2,025,200	2,830,034
-0-	-0-	-0-	-0-	-0-
				-
\$ <u>4,512,219</u>	\$ <u>( 1,101,599</u> )	\$ <u>( 3,145,308</u> )	\$ <u>5,714,717</u>	\$ <u>5,905,815</u>
4.0%	4.8%	5.2%	6.9%	6.5%

## ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY<sup>a,b</sup> Last Ten Fiscal Years

			Real Property						Less Exempt,			
Fiscal			Residential		Commercial		Other		Personal	H	omestead, Other	
	Year	ear Property			Property		Property		Property		Exemptions	
	1999	\$		\$		\$		\$		\$		
	2000											
	2001											
	2002											
	2003		2,955,165,941		566,121,867		1,286,511,633		743,120,174		1,098,031,899	
	2004		3,235,158,380		687,490,620		1,402,327,760		683,474,160		1,101,770,746	
	2005		3,509,632,135		724,348,644		1,480,363,908		738,299,499		1,100,963,620	
	2006		3,800,150,897		762,049,149		1,697,576,588		786,294,620		1,026,339,574	
	2007		4,056,545,082		797,867,553		2,260,555,194		963,850,697		1,120,558,568	
	2008		4,499,312,497		908,382,252		2,889,030,474		1,313,208,833		1,245,790,168	

Source: Johnson County Central Appraisal District

Note: Property is required to be reappraised at least once every three years according to Texas Tax Code.

Totals do not include tax-exempt property.

1998-2001 Tax data unavailable for these specific categories.

<sup>&</sup>lt;sup>a</sup> Property is assessed at actual value; therefore, the assessed values are equal to actual value.

<sup>&</sup>lt;sup>b</sup> The assessed values represent the Appraisal Review Board's approved totals from original certified roll.

<sup>&</sup>lt;sup>c</sup> Tax rates are \$100 of assessed value.

essed	Total Direct Tax Rate <sup>c</sup>
	0.417360
	0.417360
	0.417350
52,887,716	0.425085
06,680,174	0.434878
51,680,566	0.434878
19,731,680	0.434878
58,259,958	0.421794
64,143,888	0.409752
	Taxable sessed alue 52,887,716 56,680,174 51,680,566 19,731,680 58,259,958 64,143,888

# **JOHNSON COUNTY, TEXAS**DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years (rate per \$100 of assessed value)

Table 6 Page 1 of 2

Cities:	1999	2000	2001	2002
	Tax Rate	Tax Rate	Tax Rate	Tax Rate
Alvarado Burleson Cleburne Godley Grandview Joshua Keene Rio Vista Venus	0.778670	0.778670	0.778670	0.778670
	0.637774	0.630846	0.604380	0.604260
	0.695000	0.694000	0.693000	0.730000
	0.638600	0.638600	0.638600	0.619530
	0.506361	0.676361	0.721361	0.710662
	0.361100	0.486428	0.476430	0.524700
	0.751600	0.716782	0.729599	0.729599
	0.591000	0.578100	0.493700	0.498900
	0.692500	0.692500	0.692500	0.731680
School Districts: Alvarado ISD Burleson ISD Cleburne ISD Godley ISD Grandview ISD Joshua ISD Keene ISD Rio Vista ISD Venus ISD	1.450000	1.450000	1.690000	1.171000
	1.684690	1.677667	1.824330	1.779913
	1.583440	1.622030	1.673100	1.693700
	1.540000	1.600000	1.600000	1.613340
	1.500000	1.500000	1.540000	1.585000
	1.490000	1.454430	1.598080	1.738080
	1.580000	1.580000	1.600000	1.740000
	1.770000	1.760000	1.669250	1.650000
	1.590000	1.550000	1.500000	1.500000
Johnson County: County FMLR Total	0.341310 0.076050 0.417360	0.341310 0.076050 0.417360	0.345440 0.071910 0.417350	0.357295 0.067790 0.425085
Special District Rates: Emergency Service Hill College - Alvarado ISD Hill College - Cleburne ISD Hill College - Godley ISD Hill College - Grandview ISD Hill College - Joshua ISD Hill College - Keene ISD Hill College - Rio Vista ISD Hill College - Venus ISD	0.030000	0.030000	0.030000	0.030000
	0.050000	0.047200	0.046878	0.045450
	0.050000	0.050000	0.048941	0.049774
	0.045000	0.043000	0.039407	0.038010
	0.050000	0.048800	0.045524	0.042548
	0.050000	0.046800	0.043667	0.042254
	0.049000	0.046980	0.045656	0.044966
	0.048760	0.048390	0.041833	0.040982
	0.050000	0.041431	0.040630	0.040790

Johnson County Appraisal District (1999-2006) Johnson County Tax Office (2007-2008)

2003	2004	2005	2006	2007	2008
Tax Rate	Tax Rate	Tax Rate	Tax Rate	Tax Rate	Tax Rate
0.750000	0.750000	0.750000	0.750000	0.697315	0.697313
0.598480	0.598480	0.596400	0.629900	0.661825	0.694000
0.711900	0.711900	0.748108	0.714000	0.650000	0.620000
0.609930	0.583450	0.583450	0.500000	0.500000	0.500000
0.724185	0.682700	0.754984	0.742823	0.742823	0.742823
0.520000	0.540900	0.633500	0.669000	0.656219	0.653476
0.687071	0.676614	0.676614	0.676614	0.821737	0.757861
0.489200	0.495500	0.649860	0.590143	0.528004	0.515560
0.755000	0.755000	0.762698	0.794900	0.794900	0.801506
1.710000 1.749599 1.678700 1.607840 1.575000 1.738080 1.740000 1.650000 1.550000	1.720000 1.748400 1.686700 1.596840 1.575000 1.738080 1.558500 1.630000 1.590000	1.730000 1.735220 1.693500 1.438795 1.575000 1.738080 1.500000 1.630000	1.406883 1.450050 1.238550 1.011963 1.115050 1.538850 1.400500 1.600500 1.40050	1.410000 1.405100 1.236800 1.031820 1.115000 1.460000 1.040000 1.180000	1.306900 0.468800 1.236600 1.081800 1.160000 1.390000 1.420000 1.144500 1.240000
0.382088	0.382088	0.382088	0.369004	0.356962	0.306708
0.052790	0.052790	0.052790	0.052790	0.052790	0.052790
0.434878	0.434878	0.434878	0.421794	0.409752	0.359498
0.030000	0.030000	0.030000	0.030000	0.030000	0.030000
0.041633	0.041392	0.045873	0.043862	0.039360	0.025254
0.048507	0.048140	0.050000	0.044988	0.039930	0.030717
0.036094	0.034769	0.025531	0.015924	0.015843	0.011388
0.041123	0.039714	0.045167	0.034489	0.036045	0.031739
0.040287	0.040203	0.040203	0.038778	0.034000	0.028234
0.045234	0.040498	0.046877	0.044475	0.041379	0.035143
0.038482	0.033976	0.034621	0.028091	0.026756	0.020197
0.039233	0.039250	0.040007	0.036287	0.031375	0.025562

# JOHNSON COUNTY, TEXAS PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Table 7

			2008			1999					
Taxpayer		Taxable Assessed Value	Rank	% of Total Assessed Value	_	Taxable Assessed Value	Rank	% of Total Assessed Value			
Chesapeake Operating Inc.	\$	777,565,756	1	9.30%	\$						
EOG Resources Inc.	Ψ	712,573,550	2	8.52%	Ψ						
Devon Energy Op Co LP		351,564,944	3	4.20%							
XTO Energy Inc		295,802,237	4	3.54%							
Halliburton Energy Services Inc		114,827,442	5	1.37%							
Brazos Electric Power Corp		98,941,455	6	1.18%							
Texas Midstream Gas		92,148,142	7	1.10%							
Johns Manville Corp		86,814,270	8	1.04%		58,500,593	1	1.90%			
James Hardie Building		85,301,060	9	1.02%		38,017,304	3	1.24%			
Wal-Mart Store East		81,580,330	10	0.98%							
Southwestern Bell						42,844,741	2	1.39%			
T U Electric						32,805,487	4	1.07%			
Tenaska						23,880,526	5	0.78%			
TCFF Correctional						25,692,685	6				
Wal-Mart Store						23,793,139	7	0.77%			
Johnson County Electric						22,211,760	8	0.72%			
Burlington Northern						19,955,292	9	0.65%			
Air Liquide America	_	<u></u>				22,500,000	10	0.73%			
Total	\$ <u></u>	2,697,119,186		32.25%	\$ <u></u>	310,201,527		9.26%			
Total Taxable Assessed Value	\$	8,364,143,888			\$	<u>3,071,856,257</u>					

Source: Johnson County Central Appraisal District

### **General and Debt Service**

			 Collected V Fiscal Year				 Total Collection	ons to Date
Fiscal Year			 Amount	Percentage of Levy	Subsequent Collections		Amount	Percentage of Levy
1999	\$	12,495,652	\$ 12,092,399	96.77%	\$	337,381	\$ 12,429,780	99.47%
2000		13,591,258	13,063,441	96.12%		434,043	13,497,484	99.31%
2001		14,944,998	14,243,886	95.31%		589,866	14,833,752	99.26%
2002		16,912,712	16,117,370	95.30%		664,412	16,781,782	99.23%
2003		18,872,838	18,047,602	95.63%		698,558	18,746,160	99.33%
2004		21,353,691	20,519,404	96.09%		594,727	21,114,131	98.88%
2005		23,176,557	22,331,369	96.35%		454,934	22,786,303	98.32%
2006		25,838,712	25,037,560	96.90%		454,778	25,492,338	98.66%
2007		30,456,562	29,799,402	97.84%		401,562	30,200,964	99.16%
2008		35,534,532	34,698,756	97.65%			34,698,756	97.65%

Source: Johnson County Tax Assessor-Collector

<sup>&</sup>lt;sup>a</sup> Tax levies consider supplemental value changes during the initial fiscal year.

## RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last	Ten	Fiscal	Υ	ears

	Ge	eneral Bonded	Debt Outstand	ling							
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Tax Anticipation Notes	Tax icipation		s: nts ble bt pal	Remaining	Percentage of Actual Taxable Property ng Value <sup>a</sup>		Per Capita <sup>b</sup>	
1999	\$	\$ 3,228,997	\$ 451,071	\$ 3,680,068	\$ 40	),953	\$ 3,639,115	\$ (	0.12%	\$	30.66
2000		2,412,560	1,164,598	3,577,158	40	,840	3,536,318	(	0.11%		27.89
2001		15,885,395	570,000	16,455,395	( 14	1,071)	16,469,466	(	0.46%		125.50
2002		15,843,016	510,000	16,353,016	365	5,090	15,987,926	(	0.40%		117.82
2003		16,030,317	260,000	16,290,317	262	2,036	16,028,281	(	0.36%		114.49
2004		25,382,279	300,000	25,682,279	341	,976	25,340,303	(	0.52%		173.09
2005	1,460,000	23,860,684		25,320,684	322	2,090	24,998,594	(	0.47%		166.15
2006	1,460,000	23,335,903	190,000	24,985,903	604	1,455	24,381,448	(	0.41%		159.77
2007	11,180,098	13,430,000	994,000	25,604,098	1,127	7,308	24,476,790	(	0.35%		157.00
2008	10,764,579	12,905,000	2,856,000	26,525,579	1,676	6,881	24,848,698	(	0.30%		159.54

Source: Comprehensive Annual Financial Report (Detailed Notes on all Funds).

Assessed values from the office of the Johnson County Central Appraisal District.
 North Central Texas Council of Governments.

Source: Municipal Advisory Council of Texas

**JOHNSON COUNTY, TEXAS**COMPUTATION OF DIRECT AND OVERLAPPING DEBT

As of September 30, 2008

Table 10

Taxing Jurisdiction	<u>_</u> F	Total unded Debt	Estimated % Applicable		Overlapping Funded Debt
Governmental Subdivision Johnson County	\$	26,863,940	100.00%	\$	26,863,940
County-Line Special Districts Acton Municipal Utility District		270,000	2.88%		7,776
Cities City of Alvarado City of Cleburne City of Godley City of Grandview City of Joshua City of Keene City of Rio Vista City of Venus		9,219,000 20,782,247 1,972,000 1,710,000 3,200,000 7,637,428 525,000 114,590	100.00% 100.00% 100.00% 100.00% 100.00% 100.00% 100.00%		9,219,000 20,782,247 1,972,000 1,710,000 3,200,000 7,367,428 525,000 114,590
County-Line Cities City of Burleson City of Mansfield		57,054,114 92,376,332	75.79% 4.64%		43,241,313 4,286,262
School Districts Alvarado ISD Cleburne ISD Joshua ISD Keene ISD Venus ISD		59,206,528 56,414,399 74,356,334 15,000,000 13,507,358	100.00% 100.00% 100.00% 100.00% 100.00%		59,206,528 56,414,399 74,356,334 15,000,000 13,507,358
Co-Line School Districts  Burleson ISD Crowley ISD Godley ISD Granbury ISD Grandview ISD Mansfield ISD Rio Vista ISD	_	221,179,596 316,893,144 34,729,791 53,589,951 3,514,713 701,849,741 5,365,974	63.11% 1.99% 96.28% 2.55% 93.60% 6.28% 98.15%	_	139,586,443 6,306,174 33,437,843 1,366,544 3,289,771 44,076,164 5,266,703
Total Direct & Overlapping Debt	\$ <u>_1</u>	,777,062,180	32.14%	\$_	<u>571,103,817</u>
Debt Percentage Per Assessed Valuation Debt Percentage Per Capita				\$	4.84% 3,661

# **JOHNSON COUNTY, TEXAS**COMPUTATION OF LEGAL DEBT MARGIN

Last Ten Fiscal Years

Table 11

	1999	2000	2001	2002	2003
Assessed value of real property <sup>(1)</sup>	\$ 2,303,818,199	\$ 2,575,086,538	\$ 2,710,038,747	\$ 4,034,803,165	\$ 4,413,227,804
Debt limit <sup>(2)</sup>	575,954,550	643,771,635	677,509,687	1,008,700,791	1,103,306,951
Amount of Debt Applicable to Limit (3) Total bonded debt Less: Assets in debt service fund	3,680,068 40,953	3,577,158 40,840	16,455,395 ( <u>14,071</u> )	16,353,016 <u>365,090</u>	16,290,317 262,036
Total net debt applicable to limit	3,639,115	3,536,318	16,469,466	15,987,926	16,028,281
Legal debt margin	\$ <u>572,315,435</u>	\$640,235,317	\$661,040,221	\$992,712,865	\$ <u>1,087,278,670</u>
Total net debt applicable to the limit as a percentage of debt limit	0.63%	0.55%	2.43%	1.59%	1.45%
	2004	2005	2006	2007	2008
Assessed value of real property <sup>(1)</sup>	\$ 4,898,680,174	\$ 5,351,680,566	\$ 5,946,896,158	\$ 6,921,013,152	\$ 8,364,143,888
Debt limit <sup>(2)</sup>	1,224,670,044	1,337,920,142	1,486,724,040	1,730,253,288	2,091,035,972
Amount of Debt Applicable to Limit <sup>(3)</sup> Total bonded debt Less: Assets in debt service fund	25,682,279 <u>341,976</u>	25,320,684 322,090	24,985,903 604,455	26,316,186 1,706,088	26,525,579 1,683,067
Total net debt applicable to limit	25,340,303	24,998,594	24,381,448	24,610,098	24,842,512
Legal debt margin	\$ <u>1,199,329,741</u>	\$ <u>1,312,921,548</u>	\$ <u>1,462,342,592</u>	\$ <u>1,705,643,190</u>	\$ <u>2,066,193,460</u>
Total net debt applicable to the limit as a percentage of debt limit	2.07%	1.87%	1.64%	1.42%	1.19%

## Source:

Johnson County Appraisal District.

Debt limit is 25% of assessed value of real property Article 3 Section 52 of the Texas Constitution.

Comprehensive Annual Financial Report (Statement of Net Assets).

### **JOHNSON COUNTY, TEXAS**

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Ta	ble	12
ıu	$\sim$	

Calendar <u>Year</u>	Estimated Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	F	er Capita Personal ncome <sup>b</sup>	Unemployment Rate <sup>c</sup>
1999	123,248	\$ 2,802,048	\$	22,735	3.3%
2000	127,970	3,088,334		24,133	3.9%
2001	131,699	3,241,036		24,609	4.3%
2002	134,924	3,355,533		24,870	5.8%
2003	138,326	3,500,624		25,307	6.3%
2004	141,550	3,604,126		25,462	5.4%
2005	144,030	3,812,243		26,468	4.7%
2006	146,162	4,088,566		27,973	3.7%
2007	155,900	N/A		N/A	4.1%
2008	159,750	N/A		N/A	6.0%

### N/A - Not available.

<sup>&</sup>lt;sup>a</sup> Estimated Population data for 1999 trough 2006 is from BEA, Regional Economic Accounts. Figures for 2007 and 2008 are from the North Central Texas Council of Governments.

Personal Income from 1999 through 2006 is from BEA, Regional Economic Accounts. Figures for 2007 and 2008 are not available.

<sup>&</sup>lt;sup>c</sup> Unemployment rates were provided by the Texas Workforce Commission.

# JOHNSON COUNTY, TEXAS PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Table 13

		2008			1999	
	Number		% of Total	Number		% of Total
	of		County	of		County
<u>Employer</u>	<u>Employees</u>	Rank	Employment	<u>Employees</u>	Rank	Employment
D 1 10D	4.47	4	0.050/	N1/A		N1/A
Burleson ISD	1,466	1	2.05%	N/A		N/A
Cleburne ISD	1,068	2	1.49%	N/A		N/A
Wal-Mart Distribution Center	910	3	1.27%	N/A		N/A
Joshua ISD	648	4	0.91%	N/A		N/A
Wal-Mart Supercenter (Burleson)	614	5	0.86%	N/A		N/A
Wal-Mart Supercenter (Cleburne)	585	6	0.82%	N/A		N/A
Johnson County	574	7	0.80%	N/A		N/A
Harris Methodist Walls Hospital	425	8	0.59%	N/A		N/A
Johns Manville	400	9	0.56%	N/A		N/A
City of Cleburne	362	10	0.51%	N/A		N/A
Total	7,052		9.86%	N/A		N/A
Total County Employment	71,552			N/A		

Source: Johnson County Economic Development Commission Individual Employers

N/A - Not Available

## **JOHNSON COUNTY, TEXAS** *FULL-TIME COUNTY GOVERNMENT EMPLOYEES BY FUNCTION* Last Ten Fiscal Years

Table 14

					Fiscal	Year				
Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government					84	87	93	98	106	126
Highways/streets					75	77	78	77	74	72
Law enforcement					231	243	238	263	293	304
Administrative justice					49	54	62	63	70	81
Financial					12	12	12	12	12	12
Public health & welfare					11	10	10	10	10	9
Total	N/A	<u>N/A</u>	N/A	N/A	462	483	493	<u>523</u>	<u>565</u>	604

Source: County budget records N/A - Not available

# **JOHNSON COUNTY, TEXAS**OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

Table 15 Page 1 of 2

<u>Function</u>	1999	2000	Fiscal Year 2001	2002	2003
General Government:					
County Clerka					
Criminal Cases filed	3,558	3,707	4,078	4,278	4,823
Civil Cases filed	1,139	1,229	1,104	1,129	1,096
Juvenile petitions filed	154	275	154	242	223
Personnel <sup>b</sup>					
Positions filed	N/A	N/A	N/A	550	560
Payroll checks processed	N/A	10,213	13,950	14,023	14,213
Durchasings					
Purchasing <sup>c</sup> Purchase orders issued	7,689	0.704	7 755	0 504	0.041
	7,009 56	8,706 41	7,755	8,506 31	8,061 28
Competitive bids	00	41	33	31	28
Tax Assessor/Collectord					
County Tax accounts	67,827	70,227	71,878	70,433	72,853
Automobile registrations	112,564	114,993	121,601	125,648	129,982
Elections Administratione					
Registered voters	65,829	68,240	N/A	71,096	73,737
Administrative Justice:					
District Courts <sup>a</sup>					
Civil cases filed	2,166	2,751	2,735	2,725	2,756
Criminal cases filed	1,096	1,177	1,173	1,322	1,481
County Courts <sup>a</sup>					
Criminal cases disposed	4,149	5,588	4,199	4,765	4,762
Civil cases disposed	1,100	1,114	1,133	1,103	909
Juvenile petitions disposed	247	269	114	216	247
Suverille petitions disposed	247	209	114	210	247
District Clerk <sup>a</sup>					
Civil cases disposed	2,770	2,696	2,563	3,094	3,177
Criminal cases disposed	1,288	1,355	1,584	1,489	1,688
Justice of the Peacea					
Civil cases filed	1,199	1,052	1,432	1,516	1,676
Criminal cases filed	9,234	12,725	10,568	11,593	15,298
Law Enforcement:					
County Jailf					
Average daily jail population	302	340	440	460	506
Sheriff  E 011 calls received (approx)	25 000	3E 000	3E 000	21 022	221 022
E-911 calls received (approx) Warrants received	25,000 5,570	25,000 5,500	25,000	31,922 10,440	331,922 12,157
vvarianis receiveu	5,579	5,590	8,688	10,440	12,157
					(continued)

		Fiscal Year		
2004	2005	2006	2007	2008
5,446	5,597	6,546	6,317	4,972
1,293	1,370	1,671	1,800	1,723
202	177	200	264	309
577	625	675	685	725
14,394	14,546	16,302	16,829	17,816
7,791	8,014	6,584	6,643	7,018
34	31	42	39	55
75,343	77,907	82,549	92,788	114,151
129,465	133,814	142,218	146,544	157,150
73,939	76,694	80,834	76,890	78,544
73,737	70,074	00,034	70,070	70,044
2,935	2,191	3,134	3,297	3,544
1,630	1,326	1,724	1,881	1,596
5,344	6,220	6,181	7,238	6,070
1,038	1,026	1,096	1,803	1,859
202	192	188	184	212
3,086	3,074	3,126	2,835	3,195
1,851	1,747	2,071	1,798	1,546
1,001	.,, .,	2,071	1,770	1,010
1,771	1,585	1,754	1,839	2,804
15,810	16,820	17,551	18,698	15,047
515	449	503	566	447
31,922	31,922	31,922	52,231	64,500
8,904	8,600	10,210	15,400	18,256
-,	- 1	- 1	-1	-,

## JOHNSON COUNTY, TEXAS OPERATING INDICATORS BY FUNCTION - Continued Last Ten Fiscal Years

Table 15 Page 2 of 2

	Fiscal Year						
Function	1999	2000	2001	2002	2003		
Financial: County Auditorg	0 450	0.422	10 715	11 245	0.752		
A/P checks processed	8,459	9,622	10,715	11,265	9,752		
Highways and Streetsh Miles of roads resurfaced	159	216	201	99	213		
Public Health & Welfare Autopsies performed <sup>i</sup>	70	75	70	78	37		
Medical Examiner cases <sup>i</sup> Indigent clients <sup>i</sup>	364 N/A	384 N/A	390 N/A	391 N/A	354 N/A		

### Sources:

- <sup>a</sup> Texas Courts Online Annual Statistical Reports

- b Johnson County Personnel
   c Johnson County Purchasing
   d Johnson County Tax Assessor/Collector
   e Johnson County Elections Administrator

- f Johnson County Sheriff

- Johnson County Auditor
   Johnson County Commissioners
   Johnson County Medical Examiner
   Johnson County Indigent Health Care

Fiscal Ye	ear	
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2008	2007	2006	2005	2004
6,624	6,780	6,312	7,588	8,925
221	299	104	126	180
87 460 107	44 355 128	36 360 175	28 344 300	39 327 421







## KENNEMER, MASTERS & LUNSFORD

CERTIFIED PUBLIC ACCOUNTANTS
Limited Liability Company

Lake Jackson Office: 8 West Way Court Lake Jackson, Texas 77566 (979) 297-4075 Fax: (979) 297-6648 (800) 399-4075 Houston Office: 10850 Richmond Avenue, Suite 250 Houston, Texas 77042 (713) 974-3030 Fax: (713) 974-3513

### Independent Auditor's Report

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement Performed in Accordance with Government Auditing Standards

April 13, 2009

The Honorable County Judge, and Members of Commissioners' Court of Johnson County, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Johnson County, Texas (the "County") as of and for the year ended September 30, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated April 13, 2009. 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 the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs (Item 08-1, 08-2, and 08-3) to be significant deficiencies in internal control over financial reporting.

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The Honorable County Judge, and Members of Commissioners' Court of Johnson County, Texas April 13, 2009 Page 2

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items (08-1, 08-2 and 08-3) to material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its 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 is required to be reported under *Government Auditing Standards*.

We have performed tests designed to verify the County's compliance with the requirements of the Public Funds Investment Act. During the year ended September 30, 2008, no instances of noncompliance were found.

We noted certain matters that we reported to management of the County, in a separate letter dated April 13, 2009.

This report is intended solely for the information and use of the County Judge, members of Commissioners' Court, management, and appropriate state and federal agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Herrener, Masters & Hungford, LLC

## KENNEMER, MASTERS & LUNSFORD

CERTIFIED PUBLIC ACCOUNTANTS
Limited Liability Company

Lake Jackson Office: 8 West Way Court Lake Jackson, Texas 77566 (979) 297-4075 Fax: (979) 297-6648 (800) 399-4075 Houston Office: 10850 Richmond Avenue, Suite 250 Houston, Texas 77042 (713) 974-3030 Fax: (713) 974-3513

### Independent Auditor's Report

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

April 13, 2009

The Honorable County Judge and Members of Commissioners' Court of Johnson County, Texas

### Compliance

We have audited the compliance of Johnson County (the "County"), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major state programs for the year ended September 30, 2008. The County's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County, complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended September 30, 2008.

The Honorable County Judge, and Members of Commissioners' Court of Johnson County, Texas April 13, 2009 Page 2

### Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency that we consider to be a material weakness.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that non compliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item (08-4) to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the entity's internal control. The significant deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider item 08-04 to be material weakness.

Johnson County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County Judge, members of Commissioners' Court, management, and appropriate state and federal agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Herrener, Masters & Hungford, LLC

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended September 30, 2008

- I. Summary of auditor's results:
  - 1. Type of auditor's report issued on the financial statements: Unqualified.
  - 2. Three internal control findings (08-1, 08-2, and 08-3), that were required to be reported in this schedule, were disclosed in the audit of the financial statements. They were considered to be material weaknesses.
  - 3. Noncompliance, which is material to the financial statements: None.
  - 4. One internal control finding (08-4) that is required to be reported in this schedule was disclosed in the audit of the major programs and is considered a material weakness.
  - 5. Type of auditor's report on compliance for major programs: Unqualified.
  - 6. Did the audit disclose findings which are required to be reported under Sec.\_510(a): No
  - 7. Major programs include:

Federal:

None

#### State:

- Aircheck Texas Repair and Replacement Assistance Program Cluster Programs:
- TJPC-A-08/09-126 State Aid Program
- TJPC-Y-08/09-126 Community Correction Assistance Program
- TJPC-Z-08/09-126 Salary Adjustment Funding JP and Detention Centers
- TJPC-F-08/09-126 Progressive Sanctions JPO
- TJPC-X-08/09-126 Intensive Community Based Placement
- TJPC-G-08/09-126 Progressive Sanctions Level 1-2-3
- TJPC-P-08-126 Juvenile Justice Alternative Education Program (Boot Camp)
- 8. Dollar threshold used to distinguish between Type A and Type B programs: Federal N/A; State \$ 300,000.

Low risk auditee: No.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended September 30, 2008

#### II. Findings related to the financial statements

The audit disclosed the following findings required to be reported:

 Schedule reference number 08-1: Control over the General ledger. Controls over general ledger accounts were limited to cash and related revenues and expenditures as they relate to the budget. Other balance sheet accounts were not reconciled and required significant adjustments for the financial statements to be fairly presented in accordance with accepted accounting principals.

Criteria: Accounting procedures should provide for control of all general ledger accounts. Changes in balance sheet accounts other than cash can have a significant effect on revenues, expenditures and equities.

Condition Found: General ledger balance sheet accounts other than cash were not reconciled and required significant prior period adjustments in order for the financial statements to be fairly presented at September 30, 2008.

Questioned costs/basis: None

Instances/universe: The variances in the balance sheet accounts were noted during the performance of our substantive audit procedures performed as of September 30, 2008.

Effect: Internal control procedures do not extend to control over balance sheet accounts other than cash and significantly weaken the internal control over financial reporting.

Recommendations: A concerted effort needs to be made to establish accounting procedures to reconcile and adjust (if necessary) all balance sheet accounts on a monthly basis to ensure adequate controls over financial reporting.

2. Schedule reference number 08-2: Control over all County Funds. Numerous County funds are not maintained on the County's general ledger system on a current basis. Except for a few, these funds do not produce accounting records other than banks statements and related reconciliations.

Criteria: Accounting procedures should provide transaction accounting for all funds of the County. Regardless of Fee Officer authority over approval of transactions, all transactions should be recorded in an accounting system that provides adequate internal controls over balances and transactions.

Condition Found: Accounting records for numerous accounts of the County were not maintained in an accounting system that would provide for adequate controls over financial reporting.

Questioned costs/basis: None

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended September 30, 2008

- II. Findings related to the financial statements Continued
  - Schedule reference number 08-2 Continued

Instances/universe: These funds (accounts) were identified during the performance of our substantive audit procedures (including confirmations) performed as of September 30, 2008.

Effect: Internal control procedures cannot be properly maintained unless adequate accounting records are maintained over all funds of the County. Failure to do so is a significant weakness in internal control over financial reporting.

Recommendations: We recommend that all funds (accounts) be controlled on the County's general ledger system. Initially, this may require monthly acquisition of transactions and posting of transactions through journal entries as the result of a proof of cash. Ultimately, the County should require all funds (accounts) to utilize the existing accounting software to record transactions as they occur utilizing the internal control procedures maintained for other funds. Fee Officers should not confuse authority over transactions as a reason for not accounting for all County transactions and not applying adequate internal controls that can be verified by the County Auditor.

 Schedule reference number 08-3: Software Cash Receipts Controls – Controls over cash receipts were not consistently maintained during the year ended September 30, 2008. General ledger cash receipts software allows changing and reprinting of cash receipts until such time as cash accounts and account codes are verified.

Criteria: Software controls and accounting procedures should be modified to establish adequate controls over cash receipts to ensure the accuracy and completeness of transactions. Once printed, receipts should not be able to be changed. Any corrections resulting from errors should be documented through the journal entry control process.

Condition Found: The computer software and related accounting procedures utilized to record cash receipts contain a significant control deficiency. This software and accounting procedures are utilized by the Treasurer and Auditor offices in the cash receipts process from customers and Fee Officers during the year ended September 30, 2008.

Questioned costs/basis: None

Instances/universe: The control deficiencies were noted during test of controls procedures performed during September 2008 as part of interim audit fieldwork.

Effect: Internal control procedures over cash receipts are weakened by deficiencies in software controls as well as accounting procedures over cash receipts.

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended September 30, 2008

II. Findings related to the financial statements - Continued

The audit disclosed the following findings required to be reported:

Schedule reference number 08-3 - Continued

Recommendations: Weakness in software controls should be addressed with the software vendor. Based on available changes in software controls, accounting procedures should be developed to eliminate weakness in internal controls over cash receipts and subsequent controls over financial reporting.

- III. Findings and questioned costs related to the federal and state awards.
  - Schedule reference number 08-4: Financial and Grant Reporting. Since controls
    over the general ledger do not provide for accurate accrual reporting, some grant
    reporting has not been performed in accordance with grant requirements. Grant
    operations are decentralized and lack accounting controls and knowledge of
    grant requirements that centralization could provide. See finding 08-1 for further
    detail.

Criteria: Accounting procedures should provide for accurate grant reporting on an accrual basis when required. Failure to accurately report transactions on an accrual basis could result in errors in reporting grant expenditures in total and or in the correct project period.

Condition Found: Grant reports were prepared primarily on the cash basis with no reconciliation of accruals between project periods. Grants funds were found to be requested accurately in total for the projects although interim reporting was found to be inaccurate. Further, grants are administered by various employees throughout the County with and without the knowledge of a grant coordinator or at least the County Auditor.

Questioned costs/basis: None.

Instances/universe: This condition was noted during the performance of our reconciliation of grant revenues (receipts) and expenditures (disbursements) as part of compliance procedures in the substantive audit procedures performed as of September 30, 2008.

Effect: Control procedures for grants do not extend to accruals which could unfavorably affect the accuracy of grant reporting and compliance.

Recommendations: The County should maintain control over the general ledger as recommended in item 08-1, above. Further, the County should centralize control over grants to ensure proper reporting and compliance with grant requirements. Failure to identify the existence and proper administration of grants could result in loss of grants and or repayment.

Schedule reference number 07-1: Control over the General ledger. Controls over general ledger accounts were limited to cash and related revenues and expenditures as they relate to the budget. Other balance sheet accounts were not reconciled and required significant adjustments for the financial statements to be fairly presented in accordance with accepted accounting principals.

Corrective action taken: The Auditor's Office has initiated plans to adjust responsibilities within the office to focus on current reconciliations of all general ledger accounts. Once completed, the reassignment of personnel responsibilities should provide adequate controls over all general ledger accounts. Further, the Auditor's Office is investigating additional training that may assist its staff in accomplishing the restoration of controls over all general ledger accounts. This same finding was reported in the current year.

Schedule reference number 07-2: Control over all County Funds. Numerous County funds are not maintained on the County's general ledger system. Except for a few, these funds do not produce accounting records other than banks statements and related reconciliations. Some of these funds were not previously reported in the financial statements of the County and required prior period adjustments of equities.

Corrective action taken: The Auditor's Office initiated plans to adjust responsibilities within the office to focus on maintaining all County funds on the general ledger and ensuring adequate accounting records are maintained, however, these procedures were not actively initiated during the current year. Auditor Office personnel performed annual proofs of cash and recorded the accounting transactions. This same finding was reported in the current year.

Schedule reference number 07-3: Software Cash Receipts Controls – Controls over cash receipts were not consistently maintained during the year ended September 30, 2007.

Corrective action taken: Upon initial notification of software control deficiencies, the County Auditor requested and the County Judge and Commissioners approved a request of the software providers to appropriately modify controls over their software. Changes in Net Data software were initiated during the year ended September 30, 2008. No changes were made to the general ledger cash receipts software during the year ended September 30, 2008. A similar finding was reported in the current year.

Schedule reference number 07-4: Financial and Grant Reporting. Since controls over the general ledger do not provide for accurate accrual reporting, some grant reporting has not been performed in accordance with grant requirements. Grant operations are decentralized and lack accounting controls and knowledge of grant requirements that centralization could provide.

Corrective action plan: Commissioners' Court has investigated the possibility of centralizing grant operations within the County. Until action is taken, the County Auditor's Office has been responsible for maintaining reconciliations of grant revenues (receipts) and expenditures and to coordinate with grant administrators in an effort to strengthen controls over grant reporting. Grant reports were prepared, however, due to personnel issues, reconciliations were limited. This same finding was reported in the current year.

### JOHNSON COUNTY, TEXAS CORRECTIVE ACTION PLAN Year Ended September 30, 2008

Schedule reference number 08-1: Control over the General ledger. Controls over general ledger accounts were limited to cash and related revenues and expenditures as they relate to the budget. Other balance sheet accounts were not reconciled and required significant adjustments for the financial statements to be fairly presented in accordance with accepted accounting principals.

Corrective action plan: The Auditor's Office has initiated plans to adjust responsibilities within the office to focus on current reconciliations of all general ledger accounts. The reassignment of personnel responsibilities should provide adequate controls over all general ledger accounts. Further, the Auditor's Office is investigating additional training that may assist its staff in accomplishing the restoration of controls over all general ledger accounts. J.R. Kirkpatrick, Jr., County Auditor, will monitor on an ongoing basis to ensure proper performance of these processes and procedures. This same finding was reported in the prior year.

Schedule reference number 08-2: Control over all County Funds. Numerous County funds are not maintained on the County's general ledger system. Except for a few, these funds do not produce accounting records other than banks statements and related reconciliations.

Corrective action plan: The Auditor's Office has initiated plans to adjust responsibilities within the office to focus on maintaining all County funds on the general ledger or ensuring adequate accounting records are maintained. The resulting maintenance of accounting records should provide adequate controls over all County funds (accounts). Further, the Auditor's Office is investigating the utilization of existing and other software to accomplish the required accounting documentation for all County Funds (accounts). J.R. Kirkpatrick, Jr., County Auditor, will monitor on an ongoing basis to ensure proper performance of these processes and procedures. This same finding was reported in the prior year.

Schedule reference number 08-3: Software Cash Receipts Controls – Controls over cash receipts were not consistently maintained during the year ended September 30, 2008.

Corrective action plan: Upon initial notification of software control deficiencies, the County Auditor requested and the County Judge and Commissioners approved a request of the software providers to appropriately modify controls over their software. The general ledger cash receipts software provider was not requested to modify its software, therefore, the County Auditor plans on establishing other controls to overcome this deficiency in internal controls. J.R. Kirkpatrick, Jr., County Auditor, will monitor on an ongoing basis to ensure proper performance of these processes and procedures. This same finding was reported in the prior year.

Schedule reference number 08-4: Financial and Grant Reporting. Since controls over the general ledger do not provide for accurate accrual reporting, some grant reporting has not been performed in accordance with grant requirements. Grant operations are decentralized and lack accounting controls and knowledge of grant requirements that centralization could provide.

Corrective action plan: Currently, Commissioners' Court is investigating the possibility of centralizing grant operations within the County. Until action is taken, the County Auditor's Office plans to maintain reconciliations of grant revenues (receipts) and expenditures and will coordinate with grant administrators in an effort to strengthen controls over grant reporting. J.R. Kirkpatrick, Jr., County Auditor, will monitor on an ongoing basis to ensure proper performance of these processes and procedures. This same finding was reported in the prior year.

# **JOHNSON COUNTY, TEXAS**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2008

Exhibit 13 Page 1

Federal Grantor/ Pass-Through Grantor/ Program Title U.S. Department of Housing and Urban Development:	Federal CFDA <u>Number</u>	Contract/ Program Number	Indi O	penditures frect Costs or Award Amount
Passed Through Office of Rural Community Affairs (ORCA): Community Development Block Grant Community Development Block Grant	14.228 14.228	726030 727310	\$	150,838 17,750
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELO	PMENT		\$	168,588
U.S. Department of Interior: Passed Through Fish and Wildlife Service: Refuge Revenue Sharing Act of 1978	15.000		\$	738
TOTAL U.S. DEPARTMENT OF INTERIOR			\$	738
U.S. Department of Justice: Direct: 2008 State Criminal Alien Assistance Program Bulletproof Vest Partnership (BVP)	16.606 16.607	2008-AP-BX-0041 	\$	33,618 1,114
Public Safety Partnership & Community Policing Grant Edward Byrne Memorial Justice Assistance Grant Program	16.710 16.738	 2005-DJ-BX-1106		64,285
Edward bythe Memorial Justice Assistance Grant Program	10.738	2003-DJ-BX-1100		4,038
TOTAL U.S. DEPARTMENT OF JUSTICE			\$	103,055
U.S. Department of Transportation: Passed Through Texas Department of Transportation: 2007 Texas Traffic Safety Program - STEP Comprehension	20.600	587XXF5012	\$	1,524
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			\$	1,524
General Services Administration: Passed Through Texas Secretary of State: Help America Vote Act - County Education Help America Vote Act - Team Compatability	39.011 39.011	 	\$	1,094 2,262
TOTAL GENERAL SERVICES ADMINISTRATION			\$	3,356
U.S. Department of Education: Passed Through Office of Governor - Criminal Justice Division: School Resource Officer School Resource Officer	84.186 84.186	18298-02 18298-03	\$	23,216 1,451
TOTAL DEPARTMENT OF EDUCATION			\$	24,667
Elections Assistance Commission: Passed Through Texas Secretary of State: Help America Vote Act - Voting System Accessibility	90.401		\$	3,351
TOTAL GENERAL SERVICES ADMINISTRATION			\$	3,351
			*	<u> </u>

## **JOHNSON COUNTY, TEXAS**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued For the Year Ended September 30, 2008

Exhibit 13 Page 2

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Contract/ Program Number	Expenditures ndirect Costs or Award Amount
U.S. Department of Health and Human Service: Passed Through Texas Department of State Health Services: Cities Readiness Initiative Passed Through Texas Department of Family and Protective Services:	93.283	2008-000000	\$ 37,155
Foster Care Title IV-E	93.658	E-2008-126	 112,813
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICE			\$ 149,968
U.S. Department of Homeland Security:  Passed Through the Governor's Office –  Division of Emergency Management:  Homeland Security HSGP UASI 2006	97.074	2006-GE-T6-0068	\$ 13,376
TOTAL DEPARTMENT OF HOMELAND SECURITY			\$ 13,376
TOTAL FEDERAL ASSISTANCE			\$ 468,623
TOTAL MAJOR PROGRAMS			None
TYPE A PROGRAM			N/A

# **JOHNSON COUNTY, TEXAS**SCHEDULE OF EXPENDITURES OF STATE AWARDS

For the Year Ended September 30, 2008

Exhibit 14 Page 1

State Grantor/ Pass-Through Grantor/ Program Title Office of Governor - Criminal Justice Division:	Contract/ Program Number	Expenditures or Award Amount	
Direct Programs: Criminal Justice Planning Fund (Fund 421) Criminal Justice Planning Fund (Fund 421)	19329-01 19329-02	\$	30,794 2,470
TOTAL OFFICE OF GOVERNOR		\$ <u></u>	33,264
Texas Juvenile Probation Commission:  Direct Programs: State Aid Program (1) State Aid Program (1) Community Correction Assistance Program (1) Salary Adjustment Funding JP and Detention Centers (1) Salary Adjustment Funding JP and Detention Centers (1) Progressive Sanctions JPO (1) Progressive Sanctions JPO (1) Progressive Sanctions Level 1-2-3 (1) Progressive Sanctions Level 1-2-3 (1) Intensive Community Based Placement (1) Intensive Community Based Placement (1) Level 5 Placement Passed Through Texas Education Agency: Juvenile Justice Alternative Education Program (Boot Camp) (1)	TJPC-A-08-126 TJPC-A-09-126 TJPC-Y-08-126 TJPC-Z-08-126 TJPC-Z-08-126 TJPC-F-08-126 TJPC-F-09-126 TJPC-G-08-126 TJPC-G-09-126 TJPC-X-08-126 TJPC-X-08-126 TJPC-X-08-126 TJPC-CCP-LV5	\$	109,669 11,772 243,649 19,739 26,307 2,762 21,170 212 32,761 3,261 31,803 2,376 132,205
TOTAL TEXAS JUVENILE PROBATION COMMISSION		\$	782,019
Texas Commission on Environmental Quality: Direct: Aircheck Texas Repair and Replacement Assistance Program Passed Through North Central Council of Governments: 2008-2009 Regional Solid Waste Grant Program		\$	449,142 43,291
TOTAL TEXAS COMMISSION ON ENVIRONMENTAL QUALITY		\$	492,433
Texas Historical Commission: Direct Program: Texas Historical Preservation Program		\$	555,530
TOTAL TEXAS HISTORICAL COMMISSION		\$ <u></u>	555,530
Secretary of State - Elections Division: Direct Program: Chapter 19 - Election Funds Management  TOTAL SECRETARY OF STATE		\$ \$	2,437 2,437

(1) Cluster Programs per TJPC

**JOHNSON COUNTY, TEXAS**SCHEDULE OF EXPENDITURES OF STATE AWARDS - Continued For the Year Ended September 30, 2008

Exhibit 14 Page 2

State Grantor/ Pass-Through Grantor/ Program Title	Contract/ Program Number	Expenditures or Award Amount	
Commission on State of Texas Emergency Communications:			
Passed Through North Central Council of Governments:		¢	10 270
911 Addressing Maintenance Contract		φ <u></u>	10,379
TOTAL COMMISSION ON STATE OF TEXAS EMERGENCY COMMUNICATIONS		\$	10,379
Office of Attorney General:			
Direct Program:			
Sexual Assault Prevention and Crisis Services Program		\$	7,007
Texas Victim Information and Notification Everyday (VINE)	08-00946		30,108
Texas Victim Information and Notification Everyday (VINE)	09-08285		2,509
TOTAL OFFICE OF ATTORNEY GENERAL		\$ <u></u>	39,624
Texas Task Force on Indigent Defense:			
Direct Program:			
Indigent Defense Services		\$	104,939
TOTAL TEVAS TASK FORSE SHANDISENT REFERIOR		φ.	104.000
TOTAL TEXAS TASK FORCE ON INDIGENT DEFENSE		\$	104,939
TOTAL STATE ASSISTANCE		\$	2,020,625
TOTAL MAJOR PROGRAMS		\$ <u></u>	1,098,956
TVDE A DDOCDAM		ф	200.000
TYPE A PROGRAM		\$ <u></u>	300,000

### **JOHNSON COUNTY, TEXAS**

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AND STATE AWARDS Year Ended September 30, 2008

1. The County uses funds and account groups to report its financial position and the results of its operations. Fund accounting is designated to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designated to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available resources. Funds are classified into two categories: governmental and fiduciary. Each category, in turn is divided into separate "fund types". The following fund types were utilized to account for federal awards.

#### Governmental Fund Types:

General Fund - is the general operating fund of the County. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund. Federal financial assistance not required to be reported in other funds is accounted for in the General Fund.

Special Revenue Funds - used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Federal financial assistance generally is accounted for in a Special Revenue Fund unless required to be reported in a Capital Projects Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

Capital Projects Funds - used to account for financial resources to be used for the acquisition or construction of major capital facilities. Federal financial assistance for the construction of major capital facilities generally is accounted for in a Capital Projects Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Federal and State grant funds were accounted for in the General Fund, Special Revenue Fund, and the Capital Projects Fund, a component of the Governmental Fund type.

The modified accrual basis of accounting is used for the Governmental Fund Types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal and state grant funds are considered to be earned to the extent of expenditures/expenses made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

### **JOHNSON COUNTY, TEXAS**

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AND STATE AWARDS - Continued Year Ended September 30, 2008

- 3. The period of availability for state grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Supplement.
- 4. Indirect Costs Johnson County, Texas received no reimbursements for indirect costs during the year ended September 30, 2008.