

JOHNSON COUNTY, TEXAS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Fiscal Year Ended
September 30, 2016

JOHNSON COUNTY, TEXAS
JOHNSON COUNTY AUDITOR'S OFFICE
#2 North Main Street
Cleburne, Texas 76033



JOHNSON COUNTY, TEXAS
Comprehensive Annual Financial Report
 For the Year Ended September 30, 2016

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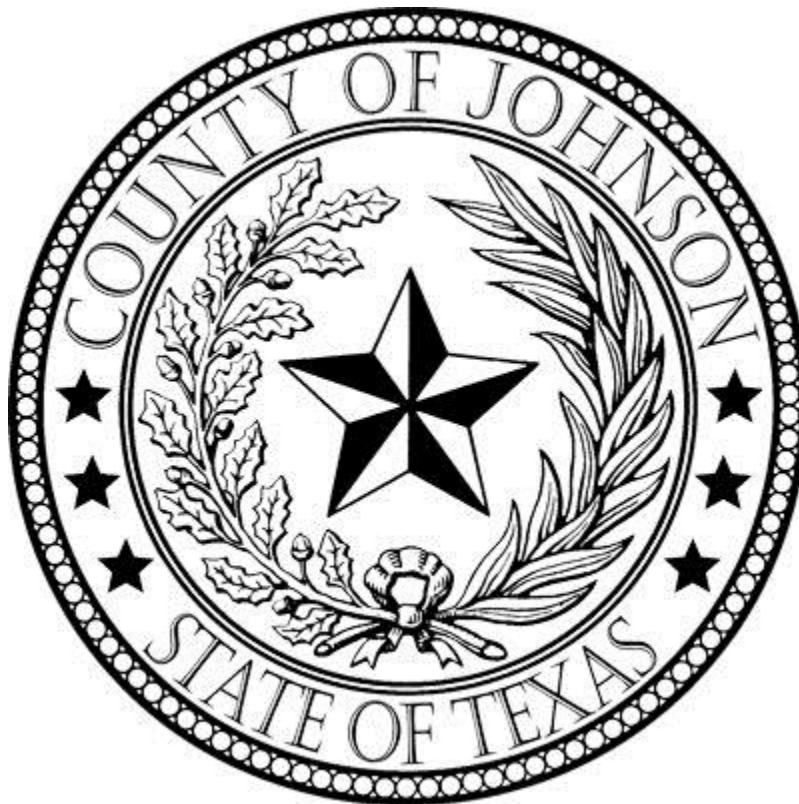
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INTRODUCTORY SECTION



JOHNSON COUNTY

AUDITOR'S OFFICE

J.R. Kirkpatrick
County Auditor

(817) 556-6305

#2 N. Main ~ Courthouse ~ Cleburne, Texas 76033

Fax (817) 556-6075

March 23, 2017

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, 2016, 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 County is required to undergo an annual single audit in conformity with the provisions of the *Texas Single Audit Circular* for state awards. Information related to this single audit, 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.

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 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.

ECONOMIC CONDITION AND OUTLOOK

Johnson County is strategically located in North Central Texas and is considered a part of the Fort Worth metropolitan area. Johnson County is a member of the North Central Texas Council of Governments which is comprised of sixteen counties. The area has experienced steady growth, which is expected to continue for several years due to the influence of Dallas and Fort Worth adjacent to our northern border and improved transportation routes.

Johnson County is seeing obvious signs of significant future growth. The region has a varied manufacturing and industrial tax base that contributes to the relatively favorable unemployment rate. During the past few years the County has seen a decrease in gas exploration due to the declining price of natural gas and it is felt that the mineral values are at a level that cannot decline any further. This period is now passed. It should be noted that our data on property values shows that oil and gas is not the significant factor it was a few years ago. This means the County has a more diverse tax base.

With the creation of the Johnson County Economic Development Commission (JCEDC) in September 1989, the County continues to be a competitive area for creating a favorable business climate. The Commission has a goal of attracting new business to the area, resulting in new jobs and significant increases to the tax rolls.

Population growth in Johnson County is expected to be at faster pace than seen in the recent past with even the smaller communities seeing impressive residential development. Combined efforts of the cities and county government have proven to be effective in attracting industry as well. The downtown area of Cleburne benefits from aggressive tax incentives approved by the city and county. Additionally, construction is underway for a minor league baseball team to start its season by April, 2017, with plans of several satellite retail endeavors in the area. The area is in close proximity to the tollway. This is a manifestation of much-expected and long-awaited benefits of the new thoroughfare into Fort Worth; the same highway that has cut commute time to about half of what it was before.

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.

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. The Commissioners Court has been committed to meeting increasing needs for services and facilities. The following initiatives reflect the County's commitment to ensuring that its citizens are able to live and work in an enviable environment.

For the Year

Construction of the expansion and renovation of the County jail was near completion at year end. This will serve the needs of the County for many years.

Johnson County is very near completion of the last phases of the new courts system software. The court software meets the new e-filing requirement mandate issued by the State. Our records management software, completed last year, has added efficiency and convenience. The law enforcement project, which began January 2015, has progressed very well. It will give the County state of the art efficiencies in mobile command, dispatch, and records management. The project will also create a regional law enforcement system that will allow all agencies in Johnson County to share vital information; increasing the level of service of law enforcement to citizens.

For the Future

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 challenging. Also, Johnson County will endeavor to stay ahead of the curve with the expected growth that is fast becoming a reality.

Johnson County will soon open the expanded new jail facility. This project will ensure that the County will be able to meet the mandated requirements of the State to appropriately house our inmates in a manner that will keep risk as low as possible for those incarcerated and those charged with the safekeeping of prisoners.

Johnson County has acquired property in close proximity to our courts building for additional parking and future improvements as it becomes necessary. Additionally, the County will begin plans on the expansion of the Burleson sub-courthouse. The tremendous growth in foot traffic will demand the expanded service of the Tax Office, Justice of the Peace, and County Clerk.

FINANCIAL CONDITION

Current Condition. For several years now, Johnson County has been well positioned, financially, with above average fund balances. This financial strength has been maintained with no hardship even with its decisions to fund capital projects with available cash. The County's Fund Balance Policy and the minimums established by the policy are taken seriously. Fund balances will continue to exceed the popular rules of thumb. The unencumbered fund balance of the General Fund has been at a healthy level for consecutive years and the County has always used prudence in the decisions to use cash to finance projects.

Long Range Financial Planning. Johnson County has a determination to manage funds in a conservative and judicious manner. In addition, the County includes a separate "Operating Reserve" line-item in the budget which ensures that unexpected situations do not create unmanageable conditions. With the knowledge that mineral royalty revenues and mineral values will fluctuate with the price of natural gas, the County has never and will not put itself in a position to depend upon such revenue.

Significant Financial Policy. It is the policy of Johnson County to maintain an above-average fund balance as evidenced by the Fund Balance Policy. To ensure fund balances remain at these levels the County will strive to balance the General Fund budget each year or use only a minimum amount of the fund balance to finance the budget. This conservative practice will ensure that the County has adequate funding in future years which may bring further economic challenges beyond those which we currently face.

Administration. The officials having responsibility for the financial administration of the County are the County Judge and four County Commissioners (the "Commissioners Court"), 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 those 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 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 Treasurer is also the designated County Investment Officer and confers with the County Auditor regarding investments of county funds. The Commissioners Court has adopted an investment policy in compliance with the Public Funds Investment Act.

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, accounts payable and financial operations. The County Auditor works with the Treasurer to determine the type, terms, and amounts of investments of County funds.

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.

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, 2016, 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 unmodified opinion that the Johnson County, Texas financial statements for the fiscal year ended September 30, 2016 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

Awards. 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, 2015. This was the twenty-fifth 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.

Acknowledgments. 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 staff 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



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

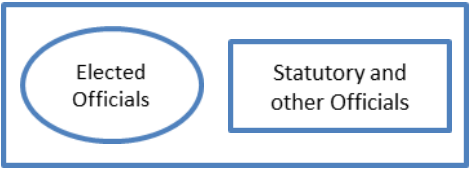
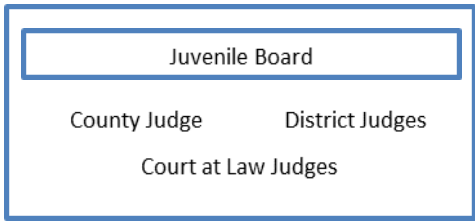
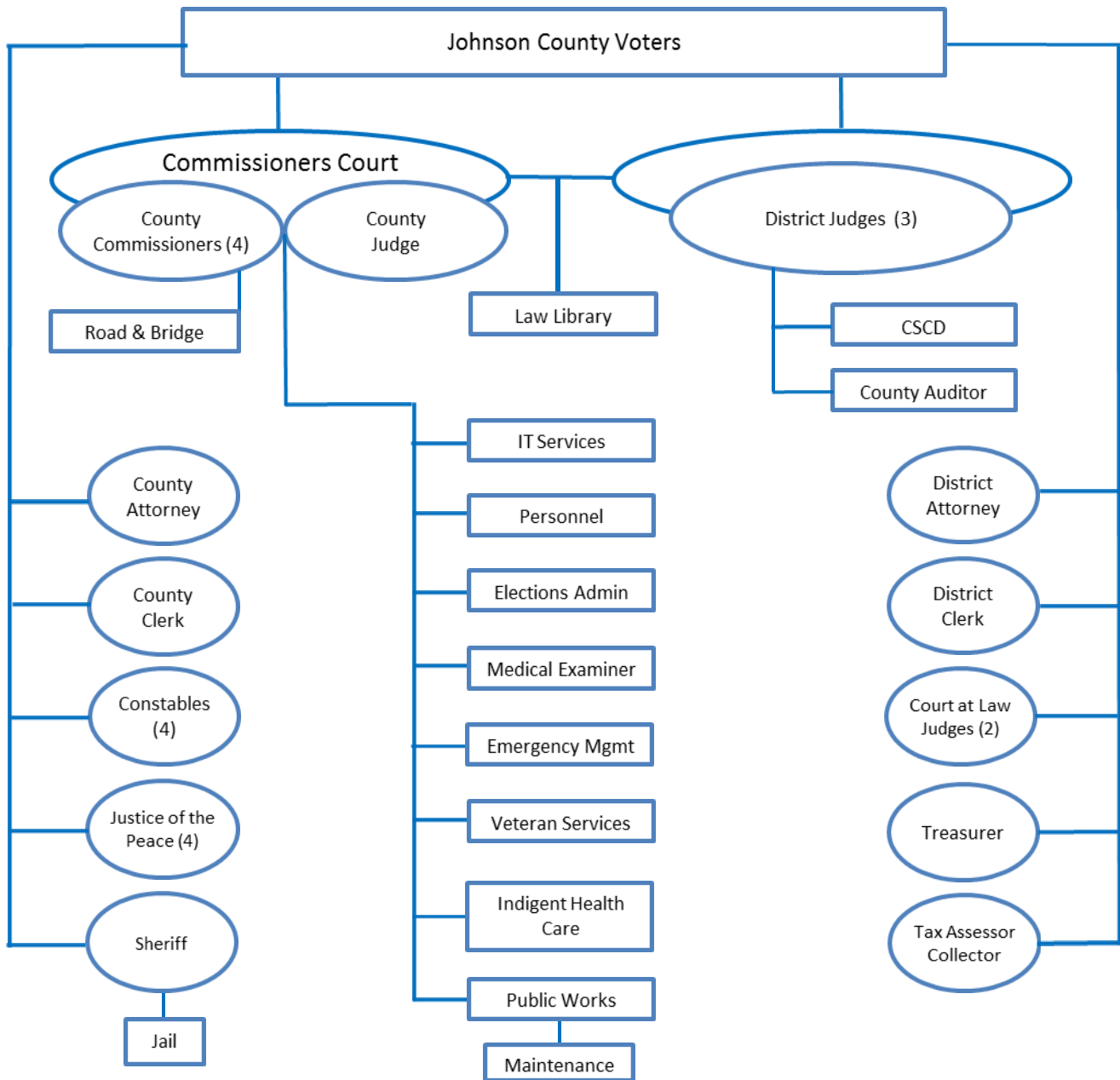
Presented to

**Johnson County
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO



JOHNSON COUNTY, TEXAS

PRINCIPAL OFFICIALS

COMMISSIONERS COURT

COUNTY JUDGE

Roger Harmon

COUNTY COMMISSIONERS

Precinct 1

Rick Bailey

Precinct 2

Kenny Howell

Precinct 3

Jerry Stringer

Precinct 4

Larry Woolley

JUDICIAL

DISTRICT JUDGE

18th Judicial District

John E. Neill

249th Judicial District

Wayne Bridewell

413th Judicial District

William C. Bosworth, Jr.

COUNTY COURT-AT-LAW I

Robert B. Mayfield, III

COUNTY COURT-AT-LAW II

Steve McClure

JUSTICE OF THE PEACE

Precinct 1

Ronald R. McBroom

Precinct 2

Jeff Monk

Precinct 3

Pat Jacobs

Precinct 4

John Bekkelund

LAW ENFORCEMENT AND LEGAL

DISTRICT ATTORNEY

Dale Hanna

COUNTY ATTORNEY

Bill Moore

SHERIFF

Bob Alford

CONSTABLES

Precinct 1

Matt Wylie

Precinct 2

Adam Crawford

Precinct 3

Mike White

Precinct 4

Timothy Kinman

COMMUNITY SUPERVISION DIRECTOR*

Bob Barnes

CHIEF JUVENILE PROBATION OFFICER*

Lisa Tomlinson

FINANCIAL ADMINISTRATION

COUNTY AUDITOR*

J. R. Kirkpatrick

COUNTY TREASURER

Debbie Rice

TAX ASSESSOR—COLLECTOR

Scott Porter

PURCHASING AGENT*

Ralph McBroom

COURT CLERKS

DISTRICT CLERK

David Lloyd

COUNTY CLERK

Becky Ivey

*Denotes appointed officials. All others are elected officials.

FINANCIAL SECTION



Kennemer, Masters & Lunsford

CERTIFIED PUBLIC ACCOUNTANTS

Limited Liability Company

Lake Jackson Office:
8 West Way Court
Lake Jackson, Texas 77566
979-297-4075

Angleton Office:
2801 N. Velasco Suite C
Angleton, Texas 77515
979-849-8297

El Campo Office:
201 W. Webb
El Campo, Texas 77437
979-543-6836

Houston Office:
10850 Richmond Ave., Ste 135
Houston, Texas 77042
281-974-3416

Independent Auditor's Report

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

Report on the Financial Statements

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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

www.kmandl.com – Email: kmkw@kmandl.com

Members: American Institute of Certified Public Accountants, Texas Society of Certified Public Accountants,
Partnering for CPA Practice Success

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Johnson County, Texas, as of September 30, 2016, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension schedules on pages 4 to 16 and pages 68 to 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of state awards is presented for purposes of additional analysis as required by the *Texas Single Audit Circular* and is also not a required part of the basic financial statements.

The combining and individual fund statements and the schedule of expenditures of state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and the schedule of expenditures of state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2017, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Kennemer, Masters & Hunsford, LLC

Lake Jackson, Texas
March 23, 2017

JOHNSON COUNTY, TEXAS

Management's Discussion and Analysis For the Year Ended September 30, 2016

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, 2016. 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 and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year for governmental activities by \$ 97,079,184 (net position). Of this amount, \$ 24,783,550 (unrestricted net position), 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 position increased for governmental activities by \$ 2,184,009.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$ 47,131,236. 41.18% of this amount, \$ 19,409,434 (unassigned fund balance), were available for use within the County's fund designations. Of the governmental funds amount, \$ 26,625,718 has been restricted for specific uses.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 19,448,434 or 35.61% of the total general fund expenditures.

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 position* presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the four reported as net position. Over time, increases or decreases in net position 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 position changed during the fiscal year. All changes in net position 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).

JOHNSON COUNTY, TEXAS

Management's Discussion and Analysis For the Year Ended September 30, 2016

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 18 and 19 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 fifty-one (51) 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, Road and Bridge (special revenue fund), and the General Debt Service (debt service fund); all of which are considered to be major funds. Data from the other forty-nine (48) 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 20 through 25 of this report.

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

JOHNSON COUNTY, TEXAS

Management's Discussion and Analysis For the Year Ended September 30, 2016

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 position on page 26 and a statement of changes in assets and liabilities – agency funds that can be found on pages 140 through 142.

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 27 through 66 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 68 through 72 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 74 through 103 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$ 97,079,184 as of September 30, 2016. This is an increase in net position of \$ 2,184,009 which is primarily due to a net increase in revenues.

The largest portion of the County's net position of \$ 54,807,680 (56.46%) 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 and 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. Net investment in capital assets increased by \$ 3,140,558 due to an increase in capital projects for the current fiscal year.

An additional portion of the County's net position of \$ 17,487,954 (18.01%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$ 24,783,550 (25.53%) may be used to meet the government's ongoing obligations to citizens and creditors.

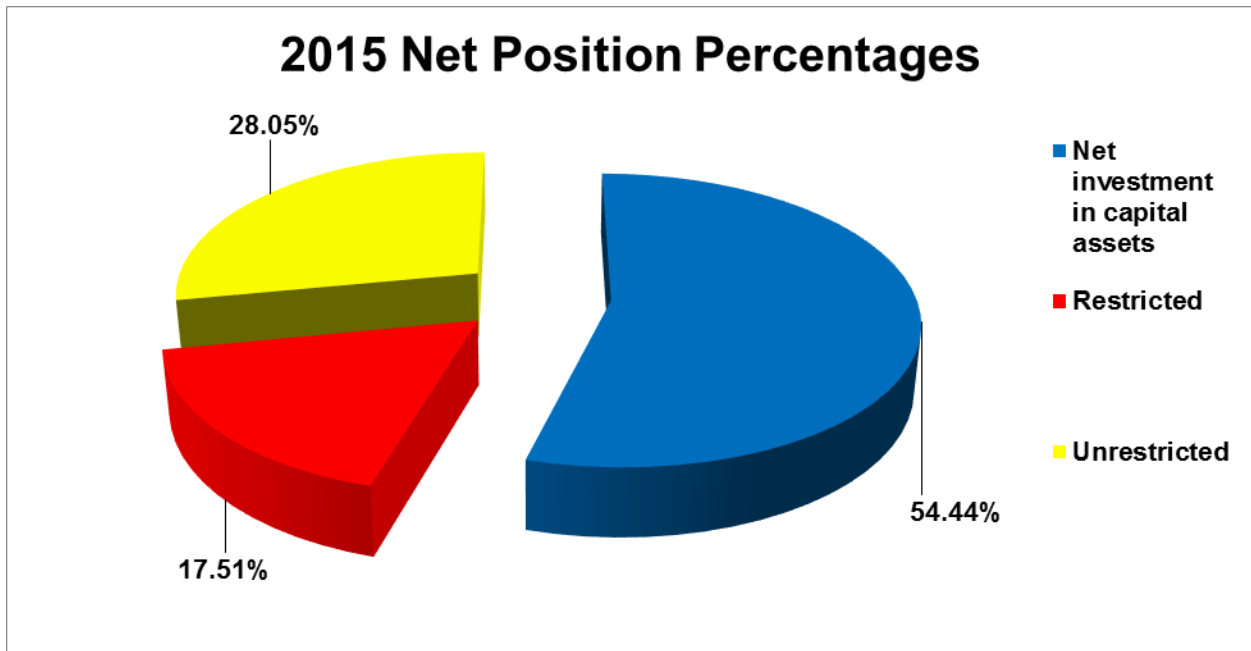
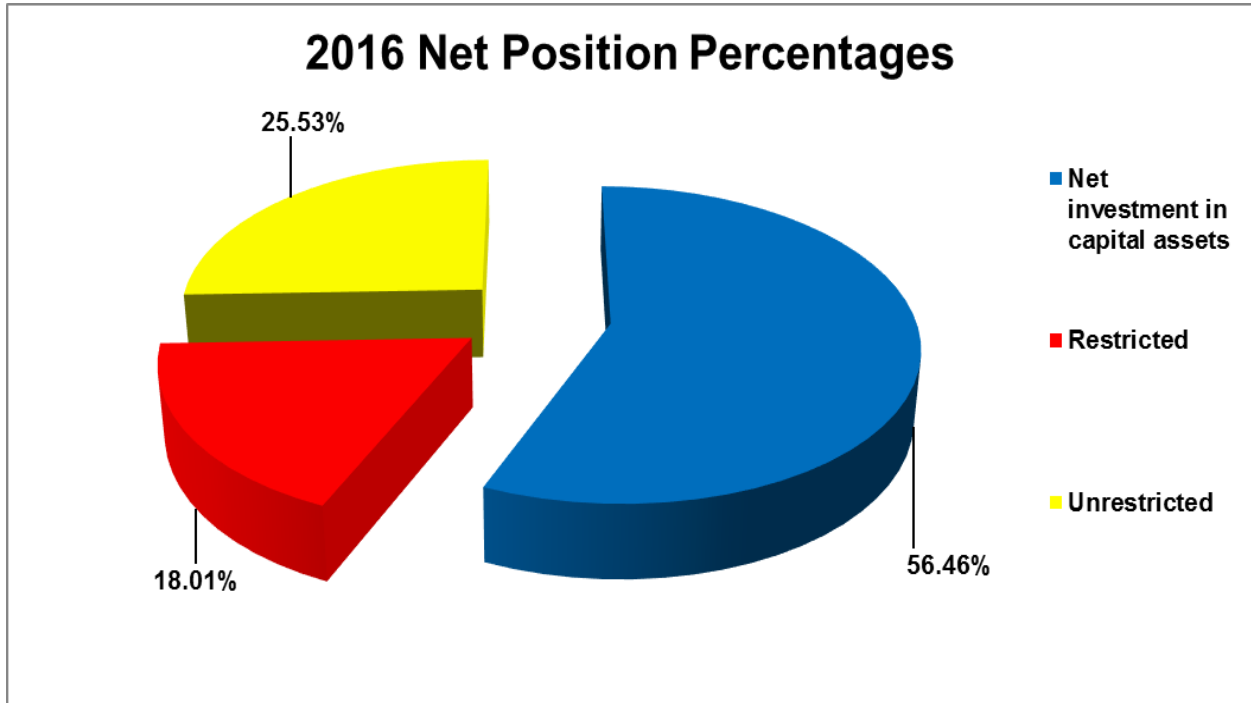
JOHNSON COUNTY, TEXAS

*Management's Discussion and Analysis
For the Year Ended September 30, 2016*

As of September 30, 2016, the County is able to report positive balances in all three categories of net position.

JOHNSON COUNTY'S NET POSITION

	<u>Governmental Activities</u>		<u>Net</u>
	<u>2016</u>	<u>2015</u>	<u>Change</u>
ASSETS			
Current and other assets	\$ 61,895,484	\$ 53,117,347	\$ 8,778,137
Capital assets	<u>77,842,823</u>	<u>64,174,900</u>	<u>13,667,923</u>
Total assets	<u>139,738,307</u>	<u>117,292,247</u>	<u>22,446,060</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources	<u>9,482,768</u>	<u>2,511,601</u>	<u>6,971,167</u>
Total deferred outflows of resources	<u>9,482,768</u>	<u>2,511,601</u>	<u>6,971,167</u>
LIABILITIES			
Current and other liabilities	6,235,290	5,372,721	862,569
Long-term liabilities	<u>44,948,681</u>	<u>19,535,952</u>	<u>25,412,729</u>
Total liabilities	<u>51,183,971</u>	<u>24,908,673</u>	<u>26,275,298</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources	<u>957,920</u>		<u>957,920</u>
Total deferred inflows of resources	<u>957,920</u>	<u>-0-</u>	<u>957,920</u>
NET POSITION			
Net investment in capital assets	54,807,680	51,667,122	3,140,558
Restricted	17,487,954	16,611,684	876,270
Unrestricted	<u>24,783,550</u>	<u>26,616,369</u>	<u>(1,832,819)</u>
Total net position	<u>\$ 97,079,184</u>	<u>\$ 94,895,175</u>	<u>\$ 2,184,009</u>



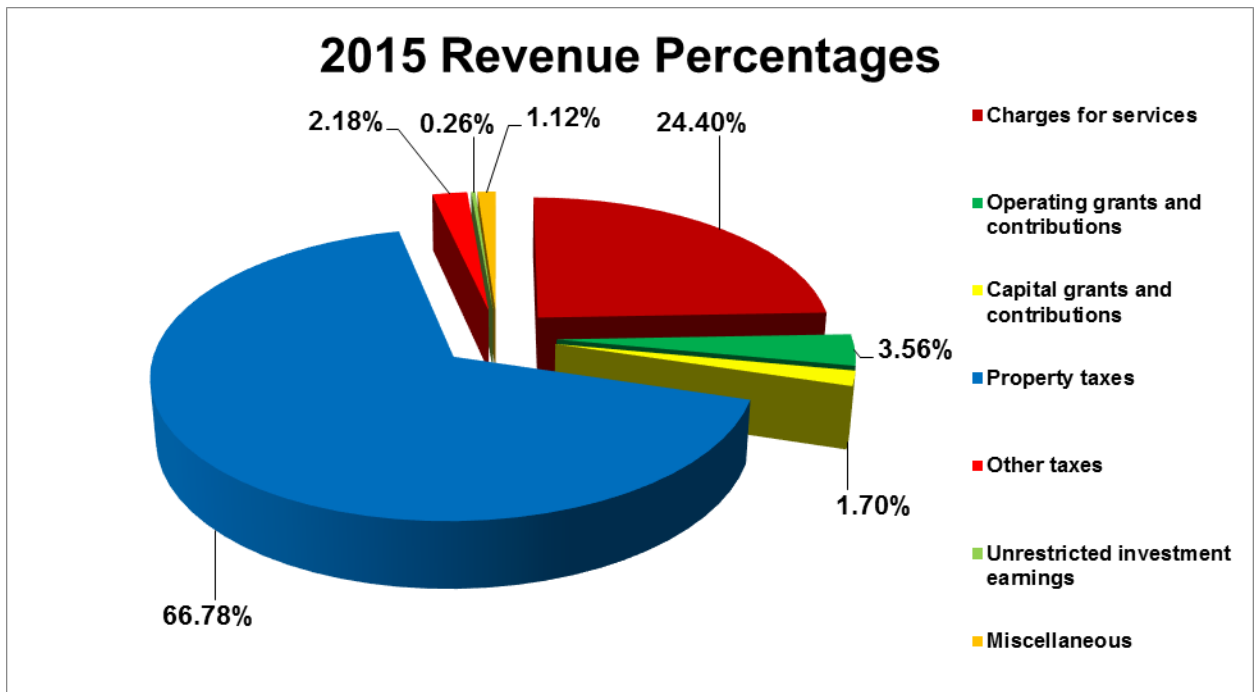
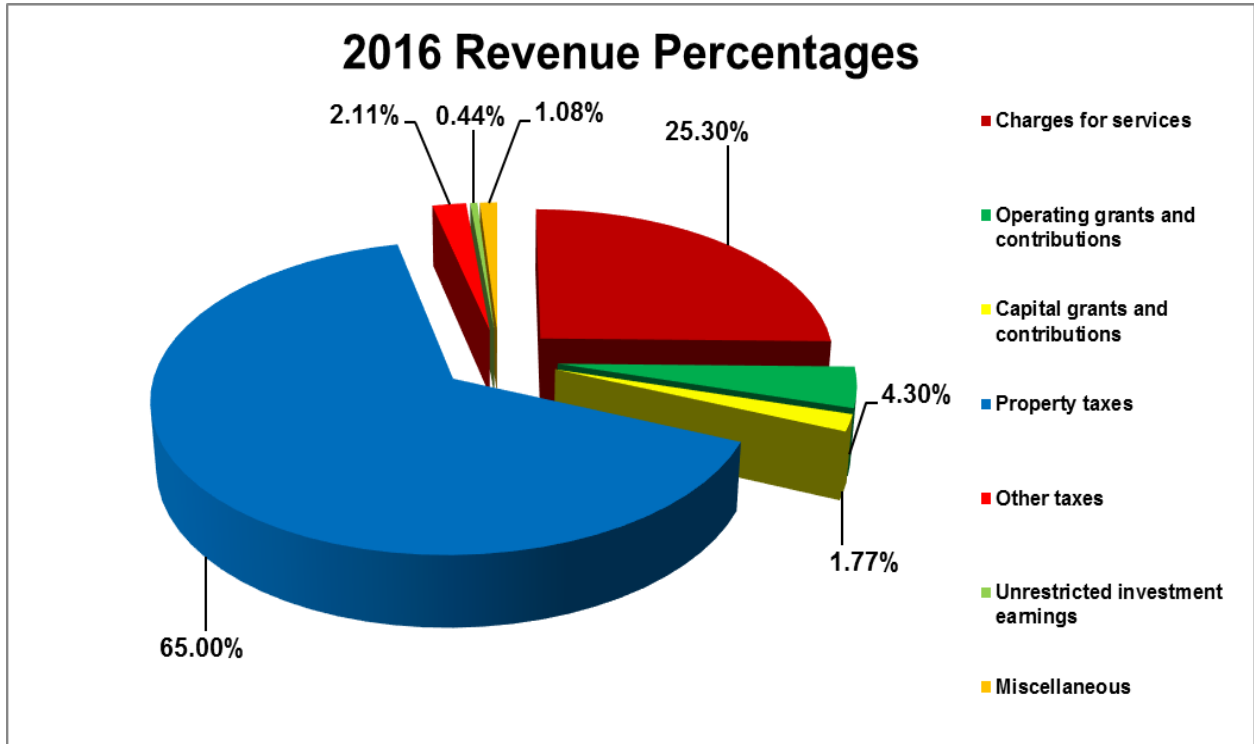
JOHNSON COUNTY, TEXAS

*Management's Discussion and Analysis
For the Year Ended September 30, 2016*

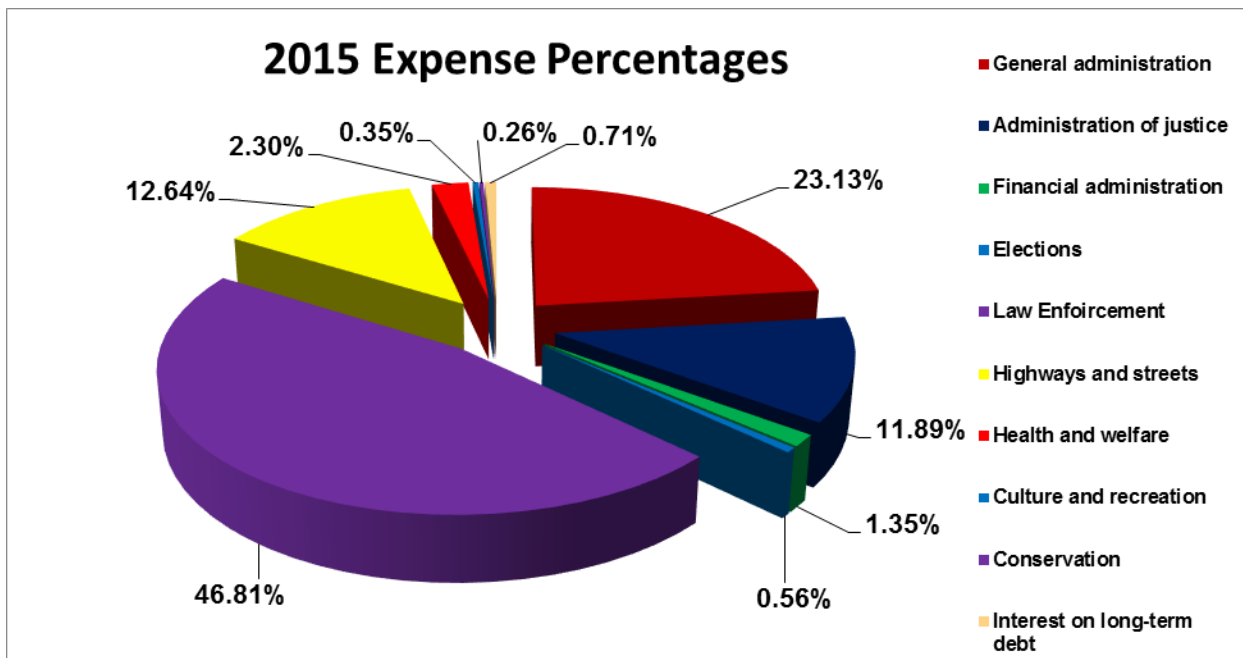
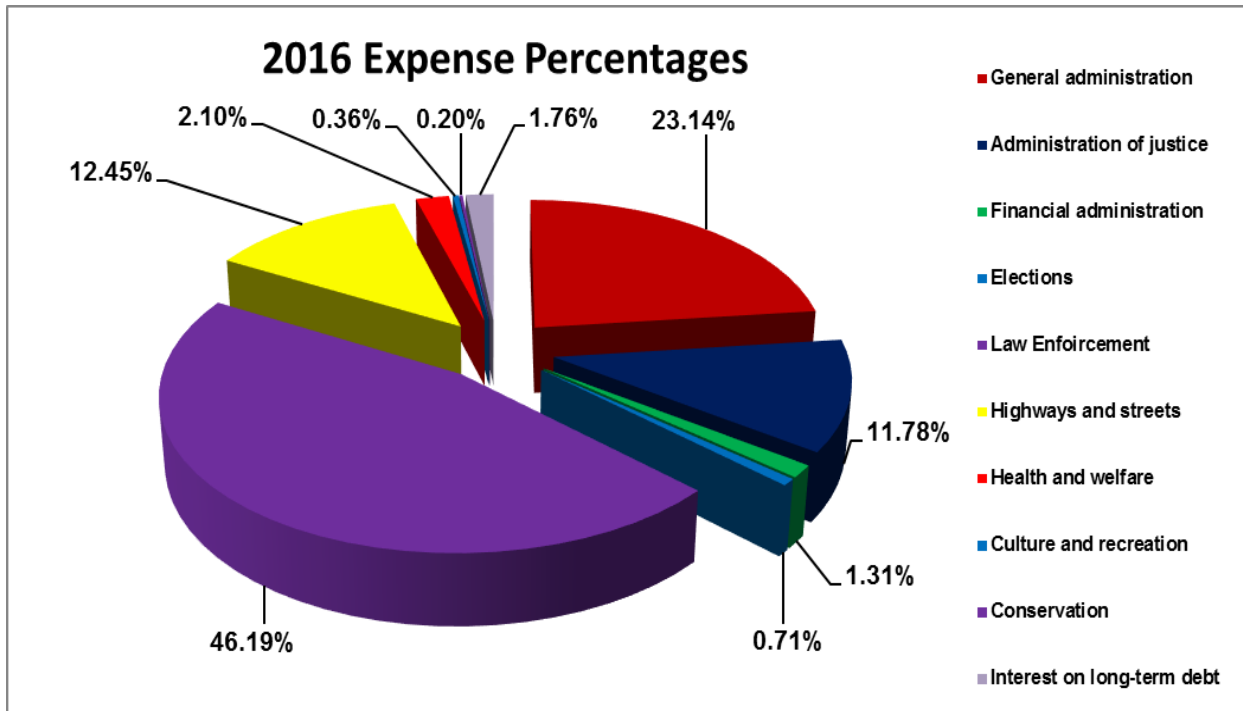
Analysis of the County's Operations. Governmental activities reported an increase in net position in the amount of \$ 2,184,009 due to increased property tax revenues. The following table provides a summary of the County's operations for the year ended September 30, 2016.

JOHNSON COUNTY'S CHANGES IN NET POSITION

	<u>Governmental Activities</u>		<u>Net</u>
	<u>2016</u>	<u>2015</u>	<u>Change</u>
Revenues:			
Program Revenues:			
Charges for services	\$ 19,193,848	\$ 17,330,704	\$ 1,863,144
Operating grants and contributions	3,263,020	2,531,965	731,055
Capital grants and contributions	1,343,092	1,209,257	133,835
General Revenues:			
Property taxes	49,308,528	47,438,475	1,870,053
Other taxes	1,596,248	1,552,118	44,130
Unrestricted Investment earnings	333,960	183,592	150,368
Miscellaneous	<u>822,446</u>	<u>791,863</u>	<u>30,583</u>
Total revenues	<u>75,861,142</u>	<u>71,037,974</u>	<u>4,823,168</u>
Expenses:			
General administration	17,047,039	15,662,910	1,384,129
Administration of justice	8,676,596	8,046,614	629,982
Financial Administration	964,805	916,563	48,242
Elections	522,092	379,181	142,911
Law enforcement	34,032,010	31,694,382	2,337,628
Highways and streets	9,170,169	8,559,760	610,409
Health and welfare	1,548,476	1,558,199	(9,723)
Culture and recreation	268,618	227,205	41,413
Conservation	150,686	177,799	(27,113)
Interest on long-term debt	<u>1,296,642</u>	<u>482,139</u>	<u>814,503</u>
Total expenses	<u>73,677,133</u>	<u>67,704,752</u>	<u>5,972,381</u>
Increase (decrease) in net position	2,184,009	3,333,222	(1,149,213)
Net position - October 1,	<u>94,895,175</u>	<u>91,561,953</u>	<u>3,333,222</u>
Net position - September 30,	<u>\$ 97,079,184</u>	<u>\$ 94,895,175</u>	<u>\$ 2,184,009</u>



JOHNSON COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2016



JOHNSON COUNTY, TEXAS

*Management's Discussion and Analysis
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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, unassigned 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 \$ 47,131,236. The unassigned fund balance of \$ 19,409,434 constitutes 41.18% of ending fund balance. The fund balance is categorized as 1) nonspendable (\$ 1,096,084), 2) restricted (\$ 26,625,718), and 3) unassigned (\$ 19,409,434).

Fund balance of the General Fund decreased by \$ 1,845,571; the Road and Bridge (special revenue fund) increased by \$ 796,138; the General Debt Service (debt service fund) increased by \$ 169,633, and, other (non-major) governmental funds increased by \$ 8,617,490.

The decrease in fund balance in the general fund is a result of the increase in total revenue from the prior year of \$ 3.8 million due to an increase in property tax revenue while the overall expenditures increased \$ 2.9 million due to an increase in payroll expenditures and transfers out increased \$ 5.6 million. The transfers of cash to other funds was made to fund projects that started in 2016. As for the Road & Bridge Fund (special revenue fund), the increase in fund balance was the result of increased intergovernmental revenues. The increase in fund balance for the General Debt Service (debt service fund) was primarily a result of the debt tax being calculated slightly higher than the need to service the debt for the year. The change in fund balance for other governmental funds is primarily the issuance of certificates of obligation bonds for capital projects which began in the middle of the fiscal year.

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 an increase of \$ 662,416, while the more significant budget revision occurred in other financing sources (uses) with the budget for transfers out increasing by \$ 4,702,242. There were no relatively large amendments approved this year, except for the increase in transfers out for programs and construction projects and anticipated increases in law enforcement costs.

During the year, revenues exceeded budget while expenditures were less than the budget. Revenues were higher across the board. Lower than budgeted expenditures resulted in many areas, primarily in the general administration and administration of justice expenditures.

Total General Fund revenue exceeded the budget by approximately 5.0% and total General Fund expenditures were under budget by approximately 2.5%.

JOHNSON COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2016

Capital Assets

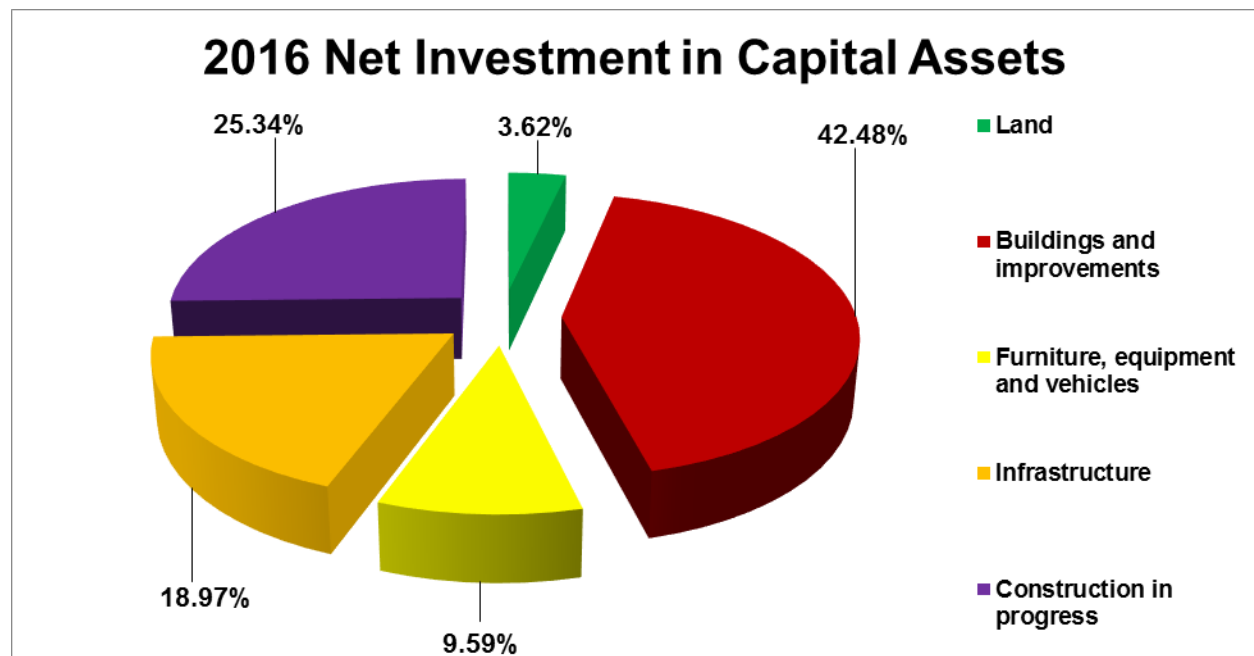
This investment in capital assets includes land; buildings and improvements; furniture, equipment and vehicles; infrastructure; and construction in progress.

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

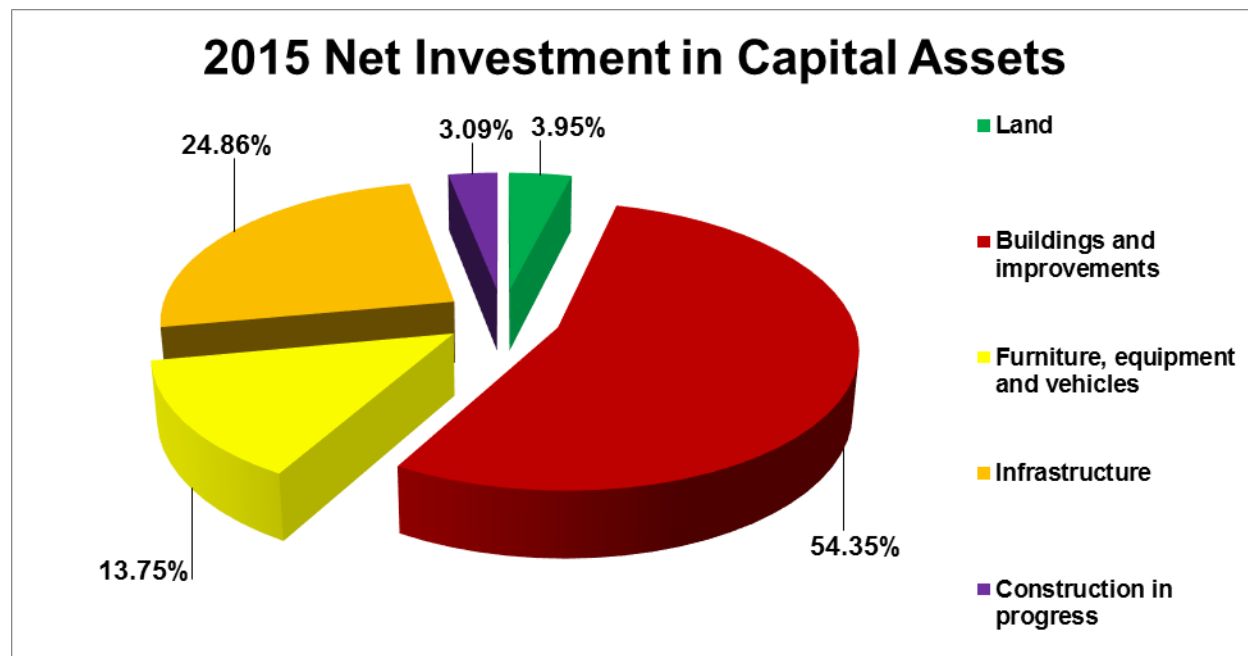
- Acquisition of new vehicles, tractors, various road and bridge equipment.
- Renovation of buildings that began in the current year and others completed during the fiscal year.
- Construction of software projects that are still in progress at the end of the fiscal year.
- Construction of a new jail that is still in progress at the end of the fiscal year.

JOHNSON COUNTY'S CAPITAL ASSETS
Net of Accumulated Depreciation

	<u>Governmental Activities</u>		<u>Net</u>
	<u>2016</u>	<u>2015</u>	<u>Change</u>
Land	\$ 2,818,919	\$ 2,536,813	\$ 282,106
Buildings and improvements	33,066,488	34,878,242	(1,811,754)
Furniture, equipment and vehicles	7,463,589	8,820,885	(1,357,296)
Infrastructure	14,770,696	15,953,606	(1,182,910)
Construction in progress	<u>19,723,131</u>	<u>1,985,354</u>	<u>17,737,777</u>
Total	<u>\$ 77,842,823</u>	<u>\$ 64,174,900</u>	<u>\$ 13,667,923</u>



JOHNSON COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2016



Additional information on the County's capital assets can be found in Note 6 on pages 49 through 50 of this report.

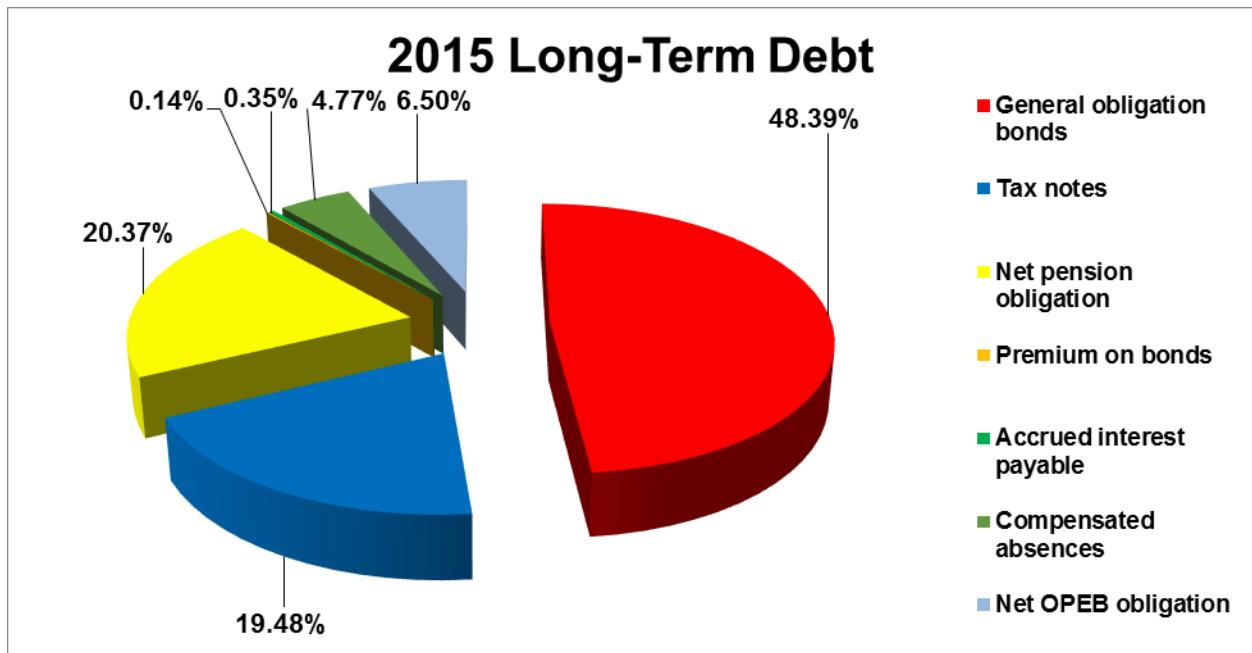
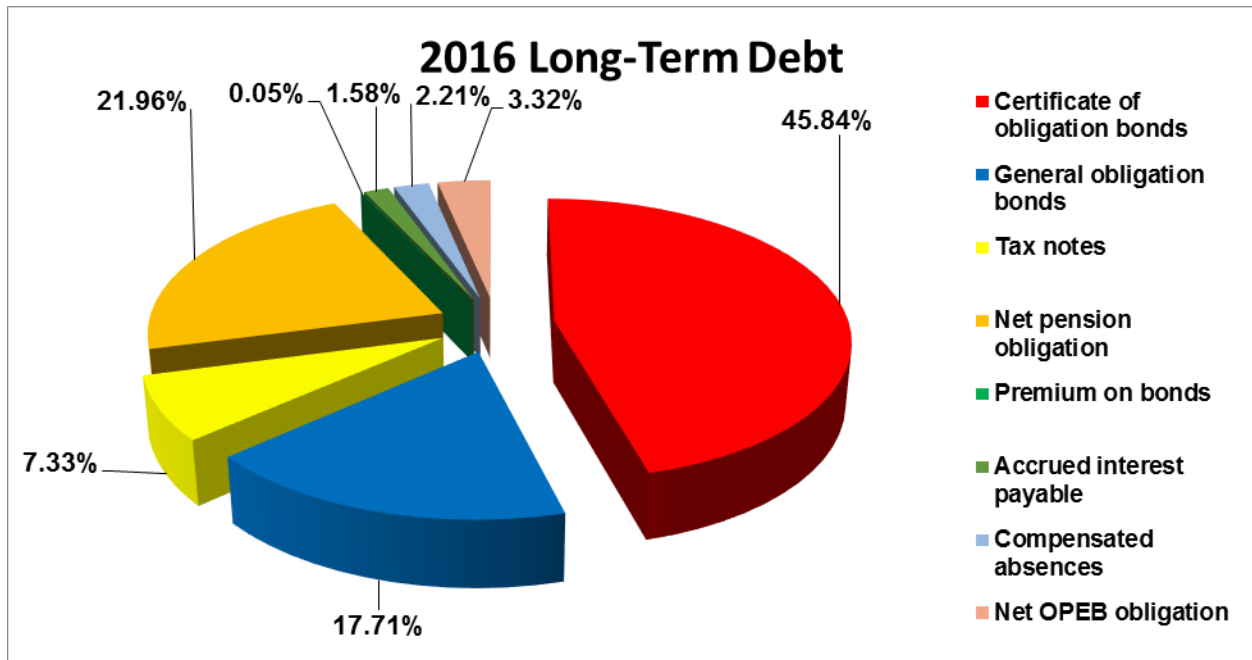
DEBT ADMINISTRATION

At the end of the current fiscal year, the County had a total bonded and note debt of \$ 31,860,000, which, comprises bonded and debt backed by the full faith and credit of the County agreement. The bonds and tax notes will be retired with revenues from property taxes and fees for services. During the current fiscal year, the jail facilities loan was extinguished in accordance with the agreement.

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

	<u>Governmental Activities</u>		<u>Net Change</u>
	<u>2016</u>	<u>2015</u>	
General obligation bonds	\$ 7,960,000	\$ 9,453,939	\$ (1,493,939)
Certificates of obligation bonds	20,605,000	-0-	20,605,000
Tax note payable	3,295,000	3,805,000	(510,000)
Net pension obligation	9,870,584	3,979,101	5,891,483
Components of Debt:			
Premium on bonds	21,204	27,480	(6,276)
Accrued interest payable	710,131	69,122	641,009
Compensated absences	995,526	931,080	64,446
Unfunded OPEB obligation	<u>1,491,236</u>	<u>1,270,230</u>	<u>221,006</u>
Total	<u>\$ 44,948,681</u>	<u>\$ 19,535,952</u>	<u>\$ 25,412,729</u>

JOHNSON COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2016



JOHNSON COUNTY, TEXAS

*Management's Discussion and Analysis
For the Year Ended September 30, 2016*

During the fiscal year, the County's total debt increased \$ 25,412,729 or 130.08%. The net increase was due primarily to the issuance of the certificates of obligation bonds and the increase of the net pension obligation.

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 the County significantly exceeds the outstanding general obligation debt.

Additional information on the County's long-term debt can be found in Note 8 on pages 51 through 53 of this report.

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 2017, Commissioners Court considered the following factors:

- Property tax rate was increased by 2.62% but was significantly under the rollback rate. It appears the County will continue to increase unencumbered fund balances.
- Employees were given additional compensation of \$ 1,000 each. This comes the year after there were significant increases approved due to a compensation review.

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 Street, Cleburne, Texas, 76033, or call (817) 556-6305.

BASIC FINANCIAL STATEMENTS

JOHNSON COUNTY, TEXAS
STATEMENT OF NET POSITION
September 30, 2016

Exhibit 1

	<u>Governmental Activities</u>
ASSETS	
Cash and temporary investments	\$ 38,950,498
Short-term investments	750,000
Receivables (Net of Allowance for Uncollectibles):	
Taxes	754,036
Accounts	9,206,562
Due from other governments	325,075
Inventories	317,943
Prepaid items	453,477
Investments	10,813,229
Noncurrent Receivables:	
Notes receivable	324,664
Capital Assets:	
Land	2,818,919
Buildings and improvements (net)	33,066,488
Furniture, equipment and vehicles (net)	7,463,589
Infrastructure (net)	14,770,696
Construction in progress	<u>19,723,131</u>
Total assets	<u>139,738,307</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources	<u>9,482,768</u>
Total deferred outflows of resources	<u>9,482,768</u>
LIABILITIES	
Accounts and accrued liabilities payable	6,078,247
Unearned revenue	157,043
Noncurrent Liabilities:	
Due within one year	6,296,844
Due in more than one year	<u>38,651,837</u>
Total liabilities	<u>51,183,971</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources	<u>957,920</u>
Total deferred inflows of resources	<u>957,920</u>
NET POSITION	
Net Investment in Capital Assets	54,807,680
Restricted:	
Debt service	884,286
Health services	2,100,125
Public transportation projects	9,555,757
Records management	2,892,083
Other	2,055,703
Unrestricted	<u>24,783,550</u>
Total net position	<u>\$ 97,079,184</u>

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, 2016

Exhibit 2

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General administration	\$ 17,047,039	\$ 4,979,622	\$ 1,136,169	\$ (10,931,248)
Administration of justice	8,676,596	2,707,047	1,255,201	(4,714,348)
Financial administration	964,805			(964,805)
Elections	522,092	49,708	77,583	(394,801)
Law enforcement	34,032,010	9,250,903	546,304	(24,206,293)
Highways and streets	9,170,169	2,158,370	216,814	(5,480,403)
Health and welfare	1,548,476		30,949	(1,517,527)
Culture and recreation	268,618	48,198		(220,420)
Conservation	150,686			(150,686)
Interest on long-term debt	<u>1,296,642</u>			<u>(1,296,642)</u>
Total governmental activities	<u>73,677,133</u>	<u>19,193,848</u>	<u>3,263,020</u>	<u>(49,877,173)</u>
General Revenue:				
Property taxes				49,308,528
Other taxes				1,596,248
Unrestricted investment earnings				333,960
Miscellaneous				<u>822,446</u>
Total general revenues, special items, and transfers				<u>52,061,182</u>
Change in net position				2,184,009
Net position – beginning				<u>94,895,175</u>
Net position – ending				<u>\$ 97,079,184</u>

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

JOHNSON COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2016

Exhibit 3
Page 1

	Major Funds			Non-Major Funds	Total Governmental Funds
	General Fund	Road & Bridge Fund	General Debt Service Fund	Other Governmental Funds	
Assets and Deferred Outflows of Resources					
Assets:					
Cash and temporary investments \$	13,012,530	\$ 6,521,972	\$ 1,557,114	\$ 17,858,882	\$ 38,950,498
Short-Term investments	250,000			500,000	750,000
Receivables (Net of Allowance for Uncollectibles):					
Taxes	589,351	111,831	37,303	15,551	754,036
Accounts	1,104,848	86,369		68,798	1,260,015
Due from other governments	43,042	142,492		139,541	325,075
Due from other funds	365,440			4,824,735	5,190,175
Inventories		317,943			317,943
Prepaid expenditures	449,790			3,687	453,477
Investments	7,858,330	1,280,460		1,674,439	10,813,229
Noncurrent Receivables:					
Notes receivable	<u>324,664</u>				<u>324,664</u>
Total assets	<u>23,997,995</u>	<u>8,461,067</u>	<u>1,594,417</u>	<u>25,085,633</u>	<u>59,139,112</u>
Deferred Outflows of Resources:					
Deferred outflows of resources					-0-
Total deferred outflows of resources	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total assets and deferred outflows of resources	<u>\$ 23,997,995</u>	<u>\$ 8,461,067</u>	<u>\$ 1,594,417</u>	<u>\$ 25,085,633</u>	<u>\$ 59,139,112</u>

(continued)

JOHNSON COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2016

Exhibit 3
Page 2

	Major Funds			Non-Major Funds	Total Governmental Funds
	General Fund	Road & Bridge Fund	General Debt Service Fund	Other Governmental Funds	
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts and accrued liabilities payable	\$ 3,296,411	\$ 374,120	\$	\$ 2,407,716	\$ 6,078,247
Due to other funds				5,190,175	5,190,175
Unearned revenue	<u>32,083</u>			<u>124,960</u>	<u>157,043</u>
Total liabilities	<u>3,328,494</u>	<u>374,120</u>	<u>-0-</u>	<u>7,722,851</u>	<u>11,425,465</u>
Deferred Inflows of Resources:					
Deferred inflows of resources	<u>446,613</u>	<u>95,731</u>	<u>28,289</u>	<u>11,778</u>	<u>582,411</u>
Total deferred inflows of resources	<u>446,613</u>	<u>95,731</u>	<u>28,289</u>	<u>11,778</u>	<u>582,411</u>
Fund Balances:					
Nonspendable	774,454	317,943		3,687	1,096,084
Restricted		7,673,273	1,566,128	17,386,317	26,625,718
Unassigned	<u>19,448,434</u>			<u>(39,000)</u>	<u>19,409,434</u>
Total fund balances	<u>20,222,888</u>	<u>7,991,216</u>	<u>1,566,128</u>	<u>17,351,004</u>	<u>47,131,236</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 23,997,995</u>	<u>\$ 8,461,067</u>	<u>\$ 1,594,417</u>	<u>\$ 25,085,633</u>	<u>\$ 59,139,112</u>

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

JOHNSON COUNTY, TEXAS**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENTAL ACTIVITIES STATEMENT OF NET POSITION**

September 30, 2016

Exhibit 3R

Page 1

Total fund balances - governmental funds balance sheet (Exhibit 3)	\$ 47,131,236
Amounts reported for governmental activities in the statement of net position (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 \$ 146,100,070 in assets less \$ 68,257,247 in accumulated depreciation.	77,842,823
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 \$ 14,644,961 net of allowance for uncollectible accounts of \$ 6,698,414 amounted to \$ 7,946,547.	7,946,547
Property taxes receivable unavailable to pay for current period expenditures are reported as deferred inflows of resources in the funds. Deferred inflows of resources (property tax revenues) for the General fund, Road and Bridge special revenue fund, Indigent Health Care special revenue fund, and the general debt service fund amounted to \$ 446,613, \$ 95,731, \$ 11,778 and \$ 28,289, respectively.	582,411
Pension deferred outflows are reported based upon the measurement date of December 31, 2015 and are unavailable at September 30, 2016 to pay for current period expenditures and are not recorded in the funds. Pension deferred outflows of \$ 7,479,882 (differences between expected and actual experience, changes in assumptions and net differences between projected and actual experience) and pension deferred inflows of \$ 957,920 (differences in economic/demographic gains or losses).	6,521,962
Deferred outflows for subsequent pension contributions of \$ 2,002,886 made during the period January 1, 2016 through September 30, 2016 are charged to expenditures in the funds but do not reduce the amount of net pension liability.	2,002,886
Payables for bond principal are not reported in the funds.	(28,565,000)
Payables for tax note principal are not reported in the funds.	(3,295,000)
Payables for net pension obligation are not reported in the funds.	(9,870,584)
Premium on the issuance of bonds provides current financial resources to governmental funds but the proceeds decrease long-term assets in the statement of net position. This amount is amortized over the life of the bonds. Net premium on the issuance of bonds were \$ 21,204 (premium on the sale of bonds of \$ 81,032 less amortization of \$ 59,828).	(21,204)
Payables for bonded debt interest are 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 \$ 710,131.	(710,131)
The liability for the unfunded OPEB obligation as calculated for the retiree health insurance benefits is not reported in the funds.	(1,491,236)
Payables for compensated absences are not reported in the funds.	(995,526)
Net position of governmental activities - statement of net position (Exhibit 1)	<u>\$ 97,079,184</u>

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

JOHNSON COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Exhibit 4

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2016

	Major Funds			Non-Major Funds	Total Governmental Funds
	General Fund	Road & Bridge Fund	General Debt Service Fund	Other Governmental Funds	
REVENUES					
Taxes	\$ 42,782,735	\$ 4,523,624	\$ 2,599,212	\$ 1,088,255	\$ 50,993,826
Intergovernmental	1,108,761	885,436		2,130,134	4,124,331
Prisoner housing services	7,149,116				7,149,116
Fees	4,897,658	2,158,370		1,194,752	8,250,780
Fines	1,645,759			24,581	1,670,340
Investment income	180,975	43,795	6,068	103,122	333,960
Miscellaneous	<u>1,374,102</u>	<u>257,064</u>		<u>883,785</u>	<u>2,514,951</u>
Total revenues	<u>59,139,106</u>	<u>7,868,289</u>	<u>2,605,280</u>	<u>5,424,629</u>	<u>75,037,304</u>
EXPENDITURES					
Current:					
General administration	13,080,363			2,163,842	15,244,205
Administration of justice	7,502,179			1,074,332	8,576,511
Financial administration	962,541			1,549	964,090
Elections	453,850			66,317	520,167
Law enforcement	30,991,868			1,069,150	32,061,018
Highways and streets		6,303,874			6,303,874
Health and welfare	876,738			623,193	1,499,931
Culture and recreation	248,214			2,659	250,873
Conservation	150,212				150,212
Capital outlay	350,455	867,135		18,702,920	19,920,510
Debt Service:					
Principal			2,030,000		2,030,000
Interest and fiscal charges			<u>405,647</u>	<u>230,201</u>	<u>635,848</u>
Total expenditures	<u>54,616,420</u>	<u>7,171,009</u>	<u>2,435,647</u>	<u>23,934,163</u>	<u>88,157,239</u>
Excess (deficiency) of revenues over expenditures	<u>4,522,686</u>	<u>697,280</u>	<u>169,633</u>	<u>(18,509,534)</u>	<u>(13,119,935)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	146,740	98,858		7,027	252,625
Issuance of certificates of obligation bonds				20,605,000	20,605,000
Transfers in	336,403			6,903,415	7,239,818
Transfers out	<u>(6,851,400)</u>			<u>(388,418)</u>	<u>(7,239,818)</u>
Total other financing sources and (uses)	<u>(6,368,257)</u>	<u>98,858</u>	<u>-0-</u>	<u>27,127,024</u>	<u>20,857,625</u>
Net change in fund balances (<u>1,845,571)</u>	<u>796,138</u>	<u>169,633</u>	<u>8,617,490</u>	<u>7,737,690</u>
Fund balances - beginning	<u>22,068,459</u>	<u>7,195,078</u>	<u>1,396,495</u>	<u>8,733,514</u>	<u>39,393,546</u>
Fund balances - ending	<u>\$ 20,222,888</u>	<u>\$ 7,991,216</u>	<u>\$ 1,566,128</u>	<u>\$ 17,351,004</u>	<u>\$ 47,131,236</u>

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

For the Year Ended September 30, 2016

Exhibit 4R

Page 1

Net change in fund balances - total governmental funds (Exhibit 4)	\$ 7,737,690
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 capital outlay of \$ 19,920,510 exceeded depreciation of \$ 6,638,433 in the current period.	13,282,077
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, \$ 645,960 of capital assets were contributed to and accepted by the County.	645,960
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 inflows of resources (property tax revenues) for the general fund, Road and Bridge special revenue fund, Indigent Health Care special revenue fund and General debt service fund amounted to \$(90,488), \$ 13,044, \$(8,909), and \$(2,697), respectively.	(89,050)
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 \$ 260,114. (Cost of \$ 2,465,690 less accumulated depreciation of \$ 2,205,576).	(260,114)
Judicial revenues (resulting from accounts receivable net of related allowance for uncollectible accounts) in the governmental activities statement of activities do not provide current available resources and are not reported as revenues in the funds. The change in these net receivables resulted in an increase in revenues reported in the governmental activities statement of activities.	266,928
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 position. The funds statements reported \$ 2,030,000 in long-term bond principal payments.	2,030,000
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 position. Long-term proceeds in the governmental funds were \$ 20,605,000 for certificates of obligation.	(20,605,000)
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 position. Bond premium amortization was \$ 6,276.	6,276
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 net amount of change in expenditures related to the change in net pension obligations.	121,764

(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, 2016

Exhibit 4R

Page 2

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 \$ 26,061 plus the change in accrued interest on notes and bonds of \$ 641,009.

\$(667,070)

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 the liability for the unfunded OPEB obligation for the post employment health insurance benefits.

(221,006)

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.

64,446

Change in net position of governmental activities (see Exhibit 2)

\$ 2,184,009

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

JOHNSON COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2016

Exhibit 5

	<u>Agency Funds</u>
<u>Assets</u>	
Cash and temporary investments	\$ 10,149,954
Receivables:	
Due from others	<u>1,261,905</u>
Total assets	<u>\$ 11,411,859</u>
 <u>Liabilities</u>	
Accounts and accrued liabilities payable	\$ 269,337
Amount held for others	<u>11,142,522</u>
Total liabilities	<u>\$ 11,411,859</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, 2016

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JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Johnson County, Texas (the "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 Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). 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, 2016, 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.

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

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 entity'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 position 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. The 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 (excluding agency funds, which have no measurement focus but are on the accrual basis of accounting) 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.

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

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 unearned 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.

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.

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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 *General Debt Service fund* is utilized to account for the accumulation of resources from property tax collections for the repayment of general obligation bonded debt, interest and related costs of the County.

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 Funds, Seizure and Restitution Funds, and Community Corrections and Supervision (Adult Probation) funds.

New Pronouncements

GASB issues statements on a routine basis with the intent to provide authoritative guidance on the preparation of financial statements and to improve governmental accounting and financial reporting of governmental entities. Management reviews these statements to ensure that preparation of its financial statements are in conformity with generally accepted accounting principles and to anticipate changes in those requirements. The following recent GASB Statements reflect the action and consideration of management regarding these requirements:

GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27", was issued June 2012. The statement has been implemented and did have a material effect on the County. This statement is effective for periods beginning after June 15, 2014.

GASB Statement No. 69, "Government Combinations and Disposals of Government Operations", was issued January 2013. The statement was implemented and did not have an impact on the County's financial statements. This statement is effective for periods beginning after December 15, 2013.

GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees", was issued April 2013. This statement is effective for periods beginning after June 15, 2013. The statement was implemented and did not have an impact on the County's financial statements.

GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68", was issued November 2013. The statement has been implemented and did have a material effect on the County. This statement is effective for periods beginning after June 15, 2014.

GASB No. 72, "Fair Value Measurement and Application" was issued February 2015. The statement has been implemented and did not have a material effect on the County. This statement is effective for periods beginning after June 15, 2015.

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Pronouncements - continued

GASB No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of Statements 67 and 68" was issued June 2015. The management of the County does not expect the implementation of this standard to have a material effect on the financial statements of the County. This statement is effective for periods beginning after June 15, 2016.

GASB No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans" was issued June 2015. The management of the County does expect the implementation of this standard to have a material effect on the financial statements of the County. This statement is effective for periods beginning after June 15, 2016.

GASB No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" was issued June 2015. The management of the County does expect the implementation of this standard to have a material effect on the financial statements of the County. This statement is effective for periods beginning after June 15, 2017.

GASB No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments" was issued June 2015. The statement has been implemented and did not have a material effect on the County. This statement is effective for periods beginning after June 15, 2015.

GASB No. 77 "Tax Abatement Disclosures" was issued in August 2015. The management of the County does not expect the implementation of this standard to have a material effect on the financial statements of the County. This statement is effective for periods beginning after December 15, 2015.

GASB No. 78 "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans" was issued in December 2015. The management of the County does not expect the implementation of this standard to have a material effect on the financial statements of the County. This statement is effective for periods beginning after December 15, 2015.

GASB No. 79 "Certain External Investment Pools and Pool Participants" was issued in December 2015. The management of the County does not expect the implementation of this standard to have a material effect on the financial statements of the County. This statement is effective for periods beginning after December 15, 2015.

GASB No. 80 "Blending Requirements for Certain Component Units and amendment of GASB No. 14" was issued in January 2016. The management of the County does not expect the implementation of this standard to have a material effect on the financial statements of the County. This statement is effective for periods beginning after June 15, 2016.

GASB No. 81 "Irrevocable Split-Interest Agreements" was issued in March 2016. The management of the County does not expect the implementation of this standard to have a material effect on the financial statements of the County. The requirements of this Statement are effective for periods beginning after December 15, 2016.

GASB No. 82 "Pension Issues – an amendment of GASB No. 67, No. 68, and No. 73" was issued in March 2016. The management of the County does not expect the implementation of this standard to have a material effect on the financial statements of the County. The requirements of this Statement are effective for periods beginning after June 15, 2016.

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Pronouncements - continued

GASB No. 83 "Certain Asset Retirement Obligations" was issued in November 2016. The management of the County does not expect the implementation of this standard to have a material effect on the financial statements of the County. The requirements of this Statement are effective for periods beginning after June 15, 2018.

GASB No. 84 "Fiduciary Activities" was issued in January 2017. The management of the County does not expect the implementation of this standard to have a material effect on the financial statements of the County. The requirements of this Statement are effective for periods beginning after December 15, 2018.

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 category or line item level (salaries and wages and employee benefits, and operating expenditures) within departments 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.

Annual appropriated budgets are adopted for the General fund, certain special revenue funds (Road and Bridge Fund, Right of Way Fund, Records Management and Preservation Fund, Record Archives – County Clerk Fund, Record Archives – District Clerk Fund, Court Records Preservation Digital Fund, Justice of the Peace Technology Fund, Courthouse Security Fund, County/District Court Technology Fund, District Court Records Technology Fund, Justice Court Building Security Fund, Juvenile Justice Alternative Education Fund, Juvenile Probation Fees Fund, Juvenile Case Manager Fund, District Attorney Forfeiture Fund, Sheriff Forfeiture Fund, Law Library Fund, STOP SCU Forfeiture Fund, STOP SCU Operations Fund; Pre-Trial Bond Supervision Fund, Indigent Health Care Fund, Guardianship Fee Fund, Election Services Contract Fund, Historical Commission Fund), and the General Debt Service fund.

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).

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Budgetary Data - continued

At the discretion of Commissioners Court, transfers of line item budgets within a fund may be made. 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. Numerous 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 do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. As of September 30, 2016, the County had no encumbrances outstanding.

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.

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property Taxes - continued

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.

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 2015 tax levy, supporting the 2016 fiscal period budget, totaled \$ 0.448000 per \$ 100 valuation and was comprised as follows:

Constitutional Levy:	
General Fund	\$ 0.374205
Indigent Health Care	0.009883
Road and Bridge	0.040300
Special Road and Bridge:	
Article 6790	-0-
Article 7048a	-0-
Debt Service:	
Interest and Sinking:	
General Debt Service and Equipment	
Interest and Sinking	<u>0.023612</u>
Combined tax rate	<u>\$ 0.448000</u>

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 5 for additional discussion of interfund receivables and payables.

Inventories and Prepaid Items

The County utilizes the consumption method to account for inventory and prepaid expenditures. Under this method, inventory and prepaid expenditures are 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.

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Inventories and Prepaid Items - continued

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

Capital Assets

Capital assets, which include land, buildings and improvements, furniture, equipment and vehicles, 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, 2016, 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, 2016, computed at pay rates in effect at that time was \$ 995,526.

Compensated absence liabilities for governmental activities have been paid from the general fund and the road and bridge fund.

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Outflows and Inflows of Resources

Guidance for deferred outflows of resources and deferred inflows of resources is provided by GASB No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net position by the government that is applicable to a future reporting period, and an acquisition of net position by the government that is applicable to a future period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Further, GASB No. 65, "Items Previously Reported as Assets and Liabilities", had an objective to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCERS's Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 position. Bond premiums and discounts 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 interest and fiscal charge expenses.

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.

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Equity

The County's Commissioners Court meets on a regular basis to manage and review cash financial activities and to ensure compliance with established policies. The County's Unassigned General Fund Balance is maintained to provide the County with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The unassigned General Fund Balance may only be appropriated by resolution of the County's Commissioners Court. Fund Balance of the County may be committed for a specific source by formal action of the County's Commissioners Court. Amendments or modifications of the committed fund balance must also be approved by formal action by the County's Commissioners Court. When it is appropriate for fund balance to be assigned, the County's Commissioners Court has delegated authority to the County Judge or the County Auditor. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended are as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

Fund Balance Classifications:

The *non-spendable* fund balance includes a portion of net resources that cannot be spent because of their form or because they must be maintained intact. Resources not in spendable form include inventories, prepaid expenditures and long-term receivables.

The *restricted* fund balance includes net resources that can be spent only for the specific purposes stipulated by constitution, external resource providers (creditors, grantors, and contributors), laws and regulations of other governments, or through enabling legislation.

The enabling legislation authorizes the County to access, levy, charge or otherwise mandate payment of resources from external resource providers; those resources can be used only for the specific purposes stipulated in the legislation. The County's fee revenue generated through enabling legislations include auto registration fees, birth/death certificate fees, adult bond supervision fees, child abuse protection fees, court technology fees, election service fees, family protection fees, financial security fees, juvenile case management fees, law library fees, records archive fees, and records management and preservation fees reported under Non-Major Special Revenue Funds, and auto registration fees, certificates of title, and gross weight and axle fees reported under the Road and Bridge Major Fund.

The *committed* fund balance includes spendable net resources that can only be used for specific purposes pursuant to constraints imposed by formal Commissioners Court actions, no later than the close of the fiscal year. Those constraints remain binding unless removed or changed in the same manner employed to previously commit those resources. At September 30, 2016, there are no commitments of fund balance.

The *assigned* fund balance includes amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Such intent should be expressed by Commissioners Court or its designated officials to assign amounts to be used. Constraints imposed on the use of assigned amounts can be removed with no formal Commissioners Court actions. At September 30, 2016, there are no assignments of fund balance.

The *unassigned* fund balance represents spendable net resources that have not been restricted, committed, or assigned to specific purposes.

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Governmental Fund Financial Statements:

The following schedule presents details of fund balance components at September 30, 2016:

	Major Funds			Non-Major Funds	Total Governmental Funds
	General Fund	Road & Bridge Fund	General Debt Service Fund	Other Governmental Funds	
Fund Balances:					
Non-spendable:					
Inventories	\$	\$ 317,943	\$	\$	\$ 317,943
Prepaid expenditures	449,790			3,687	453,477
Long-term receivables	324,664				324,664
Restricted:					
Capital projects				8,885,061	8,885,061
Contributor purposes				32,024	32,024
Court improvements and operations				564,546	564,546
Debt service			1,566,128		1,566,128
Election services				290,209	290,209
Health services				2,088,347	2,088,347
Inmate services				242,154	242,154
Juvenile services				241,626	241,626
Library services				166,025	166,025
Public safety personnel training				20,345	20,345
Public transportation projects		7,673,273		1,468,810	9,142,083
Records management				2,892,083	2,892,083
Special crimes operations				201,945	201,945
County/District attorney services				166,397	166,397
Sheriff services				9,790	9,790
Other				116,955	116,955
Unassigned	<u>19,448,434</u>			(39,000)	<u>19,409,434</u>
Total fund balances	<u>\$ 20,222,888</u>	<u>\$ 7,991,216</u>	<u>\$ 1,566,128</u>	<u>\$ 17,351,004</u>	<u>\$ 47,131,236</u>

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets net of accumulated depreciation and the outstanding balances of any borrowing spent for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Position:	Governmental
	<u>Activities</u>
Net investment in capital assets	\$ 54,807,680
Restricted:	
Debt service	884,286
Health services	2,100,125
Public transportation projects	9,555,757
Records management	2,892,083
Other:	
Contributor purposes	32,024
Court improvements and operations	564,546
Election services	290,209
Inmate services	242,154
Juvenile services	241,626
Library services	166,025
Public safety personnel training	20,345
Special crime operations	205,632
County/District attorney services	166,397
Sheriff services	9,790
Other	116,955
Unrestricted	<u>24,783,550</u>
Total	<u>\$ 97,079,184</u>

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. Investments are classified as either short-term investments or investments. Short-term investments have a maturity of one year or less and investments are those that have a maturity of one year or more. 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, 2016 are as follows:

	<u>Governmental</u>	<u>Fiduciary</u>	<u>Total</u>
Cash and Temporary Investments:			
Cash (petty cash and change funds accounts)	\$ 16,633	\$	\$ 16,633
Financial Institution Deposits:			
Demand deposits	11,622,038	10,149,954	21,771,992
Broker-Dealer:			
Demand deposits	273,880		273,880
Local Government Investment Pool:			
Texas CLASS	<u>27,037,947</u>		<u>27,037,947</u>
Sub-total	<u>38,950,498</u>	<u>10,149,954</u>	<u>49,100,452</u>

(continued)

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued

	<u>Governmental</u>	<u>Fiduciary</u>	<u>Total</u>
Short-Term Investments:			
Financial Institution Deposits:			
Certificates of deposit	\$ <u>750,000</u>	\$ <u> </u>	\$ <u>750,000</u>
Subtotal	<u>750,000</u>	<u>-0-</u>	<u>750,000</u>
Investments:			
Broker-Dealer:			
U.S. Treasury Notes	5,708,554		5,708,554
U.S. Agency Securities	<u>5,104,675</u>	<u> </u>	<u>5,104,675</u>
Sub-total	<u>10,813,229</u>	<u>-0-</u>	<u>10,813,229</u>
Total Cash and Temporary Investments, Short-Term Investments and Investments	\$ <u>50,513,727</u>	\$ <u>10,149,954</u>	\$ <u>60,663,681</u>

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 and change funds accounts of \$ 16,633, the carrying amount of the County's financial institution deposits, were \$ 22,795,872, while the financial institution balances totaled \$ 23,525,558. Of these balances, \$ 1,774,461 represents amounts controlled by County courts and held by various financial institutions jointly under the name of the County and the court’s beneficiaries and carrying the identification number of the beneficiaries. These accounts are entirely covered by federal deposit insurance. Of the remaining balances, \$ 1,250,000 was covered by federal depository insurance coverage, \$ 273,880 was covered by the Securities Investor Protection Corporation, and \$ 20,227,217 was covered by collateral held by the County's agent in the County's name.

Investments

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”). The investment policy 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.

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued

Investments - 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 is invested in certificates of deposit at various financial institutions to provide its liquidity needs. The overall weighted average maturity of less than 365 days. This investment is insured, registered, or the County's agent holds the securities in the County's name; therefore, the County is not exposed to custodial credit risk with these deposits.

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued

Investments - continued

The County participates in the Texas CLASS Local Government Investment Pool. Texas CLASS is administered by Public Trust Advisors LLC and Wells Fargo Bank of Texas, N.A. as custodian. Together, these organizations provide the powerful partnership of two leaders in financial services with a proven and noted track record in local government pool management.

The County invests in Texas CLASS to provide its liquidity needs. Texas CLASS is a local government investment pool that was 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.

At September 30, 2016 Texas CLASS had a weighted average maturity of 56 days. Although Texas CLASS had a weighted average maturity of 56 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, 2016, the County had the following investments:

<u>Investment Type</u>	<u>Interest Rate</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Local Government Investment Pools:			
Texas CLASS	Varies	\$ <u>27,037,947</u>	56
Total local government investment pools		<u>27,037,947</u>	56
Held by Financial Institutions:			
U.S. Treasury Note	1.25%	504,530	761
U.S. Treasury Note	1.25%	504,570	776
U.S. Treasury Note	1.50%	558,443	853
U.S. Treasury Note	1.50%	558,981	912
U.S. Treasury Note	1.50%	508,380	973
U.S. Treasury Note	1.50%	506,760	700
U.S. Treasury Note	1.63%	510,430	1,034
U.S. Treasury Note	2.38%	513,865	638
U.S. Treasury Note	2.38%	507,130	304
U.S. Treasury Note	2.88%	515,780	547
U.S. Treasury Note	4.25%	<u>519,685</u>	411
Total held by financial institutions		<u>5,708,554</u>	721

(continued)

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued

Investments - continued

Investment Type	Interest Rate	Fair Value	Weighted Average Maturity (Days)
U.S. Agency Securities:			
FFCB	0.80%	\$ 506,395	109
FHLB	1.80%	513,315	229
FHLMC	1.25%	524,848	469
FHLMC	2.63%	500,085	14
FHLMC	1.63%	501,150	159
FHLMC	0.38%	521,290	327
FNMA	0.88%	525,467	598
FNMA	2.00%	500,745	446
FNMA	2.50%	500,570	46
FNMA	2.88%	510,810	1,077
Total held by broker dealer		5,104,675	350
Certificates of Deposit	0.75%	250,000	160
Certificates of Deposit	0.65%	250,000	160
Certificates of Deposit	0.65%	250,000	160
Total certificates of deposit		750,000	24
Total investments		\$ 38,601,176	193

Credit Risk – As of September 30, 2016, the LGIP's (which represent approximately 69.55% of the investment portfolio) are rated AAAM by Standard and Poor's or AAA by Finch, the United States securities and agencies (which represent 28.52% of the investment portfolio) were covered by \$ 273,880 of Securities Investor Protection Corporation insurance and \$ 10,813,229 of private insurance and the certificates of deposit (which represents 1.93% of the investment portfolio) were covered by \$ 750,000 of Federal Depository Insurance coverage, respectively, therefore, the County does not have a significant exposure to credit risk. To receive funds from the County an investment pool must be rated no lower than AAA or AAAM or equivalent.

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 compliment each other in a structured manner that minimizes risk and meets the County's cash flow requirements.

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued

Fair Value Measures

Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the County's assets at fair value as of September 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury Notes	\$ 5,708,554	\$	\$	\$ 5,708,554
U.S. Agency Securities	<u>5,104,675</u>	<u> </u>	<u> </u>	<u>5,104,675</u>
Total assets at fair value	<u>\$10,813,229</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 10,813,229</u>

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, 2016, and holds no direct investments in derivatives at September 30, 2016.

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 3 - RECEIVABLES AND UNCOLLECTIBLE ACCOUNTS

Receivables and Allowances

Receivables as of September 30, 2016, for the government’s individual governmental major and nonmajor funds, internal service funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Major Funds</u>			<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Road & Bridge Fund</u>	<u>General Debt Service Fund</u>	<u>Other Governmental Funds</u>	
Receivables:					
Property Taxes	\$ 2,472,518	\$ 389,716	\$ 196,820	\$ 101,675	\$ 3,160,729
Accounts	1,104,848	86,369		68,798	1,260,015
Due from other governments	<u>43,042</u>	<u>142,492</u>		<u>139,541</u>	<u>325,075</u>
Gross receivables	3,620,408	618,577	196,820	310,014	4,745,819
Less Allowance for Uncollectible:					
Property taxes	<u>1,883,167</u>	<u>277,885</u>	<u>159,517</u>	<u>86,124</u>	<u>2,406,693</u>
Net receivables	<u>\$ 1,737,241</u>	<u>\$ 340,692</u>	<u>\$ 37,303</u>	<u>\$ 223,890</u>	<u>\$ 2,339,126</u>
				<u>Fiduciary Fund</u>	
Receivables:					
Accounts:					
Others					<u>\$ 1,261,905</u>
Net total receivables					<u>\$ 1,261,905</u>

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.

Amounts due from federal, state, and local governments as of September 30, 2016 are summarized below:

	<u>Federal Grants</u>	<u>State Grants</u>	<u>Other</u>	<u>Total</u>
Major Governmental Funds:				
General fund	\$ 23,217	\$ 19,825	\$	\$ 43,042
Road and Bridge fund	26,592	115,900		142,492
Non-major governmental funds	<u>5,727</u>	<u>133,814</u>		<u>139,541</u>
Total	<u>\$ 55,536</u>	<u>\$ 269,539</u>	<u>\$ -0-</u>	<u>\$ 325,075</u>

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 3 - RECEIVABLES AND UNCOLLECTIBLE ACCOUNTS - Continued

Judicial Receivables

Judicial receivables are reported in the governmental activities statement of net position. 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 collectability in relation to the aging of customer accounts. The following is a summary of the receivable and allowance for uncollectible as of September 30, 2016:

	<u>Judicial Receivable</u>	<u>Allowance for Uncollectible Accounts</u>	<u>Net Receivable</u>
Judicial Receivables:			
Justice of the Peace	\$ 409,003	\$ 122,701	\$ 286,302
County courts	2,169,062	542,266	1,626,796
District courts	<u>12,066,896</u>	<u>6,033,447</u>	<u>6,033,449</u>
Total	<u>\$ 14,644,961</u>	<u>\$ 6,698,414</u>	<u>\$ 7,946,547</u>

NOTE 4 - DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES AND UNEARNED REVENUE

Governmental Funds

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. As of September 30, 2016, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

	<u>Governmental Funds</u>				<u>Total</u>
	<u>General Fund</u>	<u>Road & Bridge Fund</u>	<u>General Debt Service Fund</u>	<u>Other Governmental Funds</u>	
Deferred Inflows of Resources:					
Delinquent property taxes receivable	\$ 446,613	\$ 95,731	\$ 28,289	\$ 11,778	\$ 582,411
Unearned Revenue:					
State grants				124,960	124,960
State allocations	<u>32,083</u>				<u>32,083</u>
Total	<u>\$ 478,696</u>	<u>\$ 95,731</u>	<u>\$ 28,289</u>	<u>\$ 136,738</u>	<u>\$ 739,454</u>

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 4 - DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES AND UNEARNED REVENUE -

Continued

Governmental Activities

Governmental activities defer the recognition of pension expense for contributions made from the measurement date (December 31, 2015) to the current year-end of September 30, 2016 and report these as deferred outflows of resources. Governmental activities also defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a deferred inflow of resources. Further, for governmental activities, like governmental funds, defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a liability (unearned revenue).

As of September 30, 2016, the various components of deferred outflows of resources reported in the governmental activities were as follows:

<u>Governmental Activities:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Unearned Revenue</u>
Pension Related:			
Differences between expected and actual experience	\$ 31,694	\$ 957,920	\$
Differences between projected and actual investment earnings	6,679,898		
Changes in assumptions	768,290		
Subsequent contributions	2,002,886		
Unearned Revenue:			
State grants			124,960
State allocations			32,083
Totals	<u>\$ 9,482,768</u>	<u>\$ 957,920</u>	<u>\$ 157,043</u>

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at September 30, 2016 consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>09-30-16</u>
General Fund	Other Governmental Funds	\$ 365,440
Other Governmental Funds	Other Governmental Funds	<u>4,824,735</u>
Total		<u>\$ 5,190,175</u>

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.

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

Interfund transfers for the year ended September 30, 2016 consisted of the following individual fund transfers in and transfers out:

<u>Transferring Fund</u>	<u>Receiving Fund</u>	<u>09-30-16</u>
General Fund	Other Governmental Funds	\$ 6,851,400
Other Governmental Funds	Other Governmental Funds	52,015
Other Governmental Funds	General Fund	<u>336,403</u>
Total		<u>\$ 7,239,818</u>

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

NOTE 6 - CAPITAL ASSETS

Capital Transactions

	<u>Balance 10-01-15</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments & Transfers</u>	<u>Balance 09-30-16</u>
Governmental Activities:					
Capital Assets, Not Depreciated:					
Land	\$ 2,536,813	\$ 305,586	\$ 23,480	\$	\$ 2,818,919
Construction in progress	<u>1,985,354</u>	<u>18,132,055</u>	<u></u>	<u>(394,278)</u>	<u>19,723,131</u>
Total capital assets not being depreciated	<u>4,522,167</u>	<u>18,437,641</u>	<u>23,480</u>	<u>(394,278)</u>	<u>22,542,050</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	59,560,613		541,349	369,136	59,388,400
Furniture, equipment and vehicles	25,711,453	1,361,867	1,133,225	25,142	25,965,237
Infrastructure	<u>38,205,057</u>	<u>766,962</u>	<u>767,636</u>	<u></u>	<u>38,204,383</u>
Total capital assets being depreciated	<u>123,477,123</u>	<u>2,128,829</u>	<u>2,442,210</u>	<u>394,278</u>	<u>123,558,020</u>
Less Accumulated Depreciation For:					
Buildings and improvements	24,682,371	1,995,394	355,853		26,321,912
Furniture, equipment and vehicles	16,890,568	2,693,167	1,082,087		18,501,648
Infrastructure	<u>22,251,451</u>	<u>1,949,872</u>	<u>767,636</u>		<u>23,433,687</u>
Total accumulated depreciation	<u>63,824,390</u>	<u>6,638,433</u>	<u>2,205,576</u>	<u>-0-</u>	<u>68,257,247</u>
Total capital assets being depreciated, net	<u>59,652,733</u>	<u>(4,509,604)</u>	<u>236,634</u>	<u>394,278</u>	<u>55,300,773</u>
Governmental activities capital assets, net	<u>\$ 64,174,900</u>	<u>\$ 13,928,037</u>	<u>\$ 260,114</u>	<u>\$ -0-</u>	<u>\$ 77,842,823</u>

During the year ended September 30, 2016, the County received equipment and roads from various sources totaling \$ 645,960.

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 6 - CAPITAL ASSETS - Continued

Depreciation

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

	<u>09-30-16</u>
Governmental Activities:	
General government	\$ 1,754,642
Administration of justice	48,407
Law enforcement	1,929,754
Highways and streets	2,845,828
Health and welfare	45,165
Culture and recreation	<u>14,637</u>
Total depreciation expense	<u>\$ 6,638,433</u>

Construction Commitments

Construction in progress for various projects at September 30, 2016 is as follows.

	<u>Contract Value</u>	<u>Expended To Date</u>	<u>Commitment</u>
C5 Jail construction	\$ 19,929,194	\$ 16,716,206	\$ 3,212,988
C1 Jail Construction	5,000,000	240,618	4,759,382
Building renovation projects	175,000		175,000
Software projects	<u>4,576,330</u>	<u>3,577,774</u>	<u>998,556</u>
Total	<u>\$ 29,680,524</u>	<u>\$ 20,534,598</u>	<u>\$ 9,145,926</u>

NOTE 7 - DISAGGREGATION OF ACCOUNTS AND ACCRUED LIABILITIES PAYABLE

Accounts and accrued liabilities payable as of September 30, 2016, for the government's individual governmental major and nonmajor funds, and fiduciary funds in the aggregate are as follows:

	<u>Governmental Funds</u>				<u>Total</u>
	<u>General Fund</u>	<u>Road & Bridge Fund</u>	<u>General Debt Service Fund</u>	<u>Other Governmental Funds</u>	
Accounts and Accrued Liabilities Payable:					
Vendors	\$ 1,914,047	\$ 249,623	\$	\$ 2,340,184	\$ 4,503,854
Other governments	457,214				457,214
Accrued compensation	893,946	124,497		43,332	1,061,775
Due to others	<u>31,204</u>	<u></u>	<u></u>	<u>24,200</u>	<u>55,404</u>
Total	<u>\$ 3,296,411</u>	<u>\$ 374,120</u>	<u>\$ -0-</u>	<u>\$ 2,407,716</u>	<u>\$ 6,078,247</u>

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 7 - DISAGGREGATION OF ACCOUNTS AND ACCRUED LIABILITIES PAYABLE - Continued

	<u>Fiduciary Funds</u>
Accounts and Accrued Liabilities Payable:	
Vendors	\$ 10,590
Bonds payable	151,165
Accrued compensation	<u>107,582</u>
 Total	 <u>\$ 269,337</u>

NOTE 8 - LONG-TERM DEBT

General Obligation Bonded Debt

General obligation and certificates of obligations payable at September 30, 2016, are summarized as follows:

	Interest Rate %	<u>Series Dates</u>			Bonds Outstanding 09-30-16
		<u>Issued</u>	<u>Maturity</u>	<u>Callable</u>	
General Obligation Refunding Bonds, Series 2007	4.00 - 5.00	2007	2020		\$ 7,960,000
Certificates of Obligation Bonds Taxable Series 2015	1.704 - 4.627	2015	2035		<u>20,605,000</u>
Total					<u>\$ 28,565,000</u>

General obligation and certificates of obligation bond transactions for the year ended September 30, 2016 were as follows:

Bonds outstanding, October 1, 2015	\$ 9,453,939
Accreted	26,061
Issued	20,605,000
Maturities	<u>(1,520,000)</u>
 Bonds outstanding, September 30, 2016	 <u>\$ 28,565,000</u>

During the year ended September 30, 2016, the capital appreciation bonds had accreted over the life of the bonds and the principal requirements were made. The County currently has no capital appreciation bonds outstanding 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, 2016, the amount of ad valorem taxes collected for interest and sinking were \$ 1,805,882, while the debt service requirements for principal and interest was \$ 1,860,712. The bond resolutions provide no express remedies in the event of default and make no provision for acceleration of maturity of the bonds.

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 8 - LONG-TERM DEBT - Continued

General Obligation Bonded Debt

The following is a summary of general obligation bond requirements by year as of September 30, 2016:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2017	\$ 1,675,000	\$ 1,634,382	\$ 3,309,382
2018	2,430,000	1,006,762	3,436,762
2019	2,650,000	915,740	3,565,740
2020	2,885,000	812,116	3,697,116
2021	585,000	749,457	1,334,457
2022-2026	5,435,000	3,297,120	8,732,120
2027-2031	6,530,000	2,198,670	8,728,670
2032-2035	<u>6,375,000</u>	<u>606,947</u>	<u>6,981,947</u>
Total	<u>\$ 28,565,000</u>	<u>\$ 11,221,194</u>	<u>\$ 39,786,194</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.

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.

On November 1, 2015, the County sold \$ 20,605,000 of Certificate of Obligation Bonds, Taxable Series 2015. These bonds were issued to pay for all or a portion of the County's contractual obligations for the acquisition, construction and equipment of certain public improvements for the renovation and expansion of the County jail and for paying for legal, fiscal and engineering fees in connection with such project.

Tax Note Debt

On November 26, 2013, the County issued a tax note from American National Bank of Texas in the amount of \$ 4,370,000, with an interest rate of 1.82% and a maturity date of November 15, 2020 and a call date of November 15, 2015 at par value. This tax note debt is to be utilized in the County's software upgrade project.

	<u>Interest Rate %</u>	<u>Issued</u>	<u>Maturity</u>	<u>Callable</u>	<u>Tax Note Outstanding 09-30-16</u>
Tax Note: Series 2013	1.82	2013	2020	2015	\$ <u>3,295,000</u>
Total					\$ <u>3,295,000</u>

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 8 - LONG-TERM DEBT - Continued

Tax Note Debt - continued

Tax note transactions for the year ended September 30, 2016 were as follows:

Tax notes outstanding, October 1, 2015	\$ 3,805,000
Maturities	<u>(510,000)</u>
Tax notes outstanding, September 30, 2016	<u>\$ 3,295,000</u>

The tax 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, 2016, the amount of ad valorem taxes collected for interest and sinking were \$ 793,330, while the debt service requirements for principal and interest was \$ 574,935. The tax note resolution provides for the acceleration of maturity in the event of default.

The following is a summary of tax note requirements by year as of September 30, 2016:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2017	\$ 405,000	\$ 56,284	\$ 461,284
2018	285,000	50,005	335,005
2019	160,000	45,955	205,955
2020	30,000	44,226	74,226
2021	<u>2,415,000</u>	<u>21,976</u>	<u>2,436,976</u>
Total	<u>\$ 3,295,000</u>	<u>\$ 218,446</u>	<u>\$ 3,513,446</u>

Changes in Long-Term Debt

Transactions for the year ended September 30, 2016 are summarized as follows:

	<u>Balance 10-01-15</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Balance 09-30-16</u>	<u>Due Within One Year</u>
Governmental Type Activities:					
General obligation bonds	\$ 9,453,939	\$ 26,061	\$ 1,520,000	\$ 7,960,000	\$ 1,675,000
Certificates of obligation bonds		20,605,000		20,605,000	
Tax note payable	3,805,000		510,000	3,295,000	405,000
Net pension obligation	3,979,101	19,082,194	13,190,711	9,870,584	2,511,927
Component of Bonded Debt:					
Premium on bonds	27,480		6,276	21,204	6,277
Accrued interest payable	69,122	710,131	69,122	710,131	710,131
Compensated absences	931,080	1,101,934	1,037,488	995,526	869,509
Unfunded OPEB obligation	<u>1,270,230</u>	<u>340,341</u>	<u>119,335</u>	<u>1,491,236</u>	<u>119,000</u>
Total governmental activities	<u>\$ 19,535,952</u>	<u>\$ 41,865,661</u>	<u>\$ 16,452,932</u>	<u>\$ 44,948,681</u>	<u>\$ 6,296,844</u>

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 9 - 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 2019 through 2020. The County has not determined the cost of these facilities as of September 30, 2016.

Minimum future rentals to be received on noncancelable leases, as of September 30, 2016, for each of the next five years and in the aggregate are as follows:

<u>Year Ended</u> <u>September 30,</u>	
2017	\$ 171,492
2018	171,492
2019	171,492
2020	<u>16,060</u>
Total	<u>\$ 530,536</u>

Gross rental income for operating leases, including month-to-month, for the year ended September 30, 2016 was \$ 184,025.

NOTE 10. TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN

Plan Description - The County provides retirement, disability, and death benefits for all of its full-time employees through a non-traditional 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 more than 700 non-traditional defined benefit 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, TX 79768-2034.

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 age 60 and above with 8 or more years of service, with 20 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.

All eligible employees of the County are required to participate in TCDRS.

The plan provisions are adopted by Commissioners Court of the County, within the options available in the state statutes governing TCDRS. Plan provisions for the County were as follows:

	<u>Plan Year 2015</u>	<u>Plan Year 2016</u>
Employee deposit rate	7.00%	7.00%
Employer deposit rate	10.32%	10.15%
Matching ratio (County to employee)	2 to 1	2 to 1
Years required for vesting	8	8
Service retirement eligibility (expressed as age/years of service)	60/8, 0/20	60/8, 0/20

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 10. TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN - Continued

Employees Covered by Benefit Terms:

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	291
Inactive employees entitled to but not yet receiving benefits	409
Active employees	<u>593</u>
	<u>1,293</u>

Contributions - The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee compensation, and the employer matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the employer. Under the state laws governing TCDRS, the contribution rate for each employer is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. Participating employers are required to contribute at the actuarially determined rates to ensure adequate funding for each employer's plan. Employer contribution rates are determined annually and approved by the TCDRS Board of Trustees.

Each employer has the opportunity to make additional contributions in excess of its annual required contribution rate either by adopting an elected rate that is higher than the required rate or by making additional contributions on an ad hoc basis. Employers may make additional contributions to pay down their liabilities faster, pre-fund benefit enhancements and/or buffer against future adverse experience. In addition, employers annually review their plans and may adjust benefits and costs based on their local needs and budgets. Although accrued benefits may not be reduced, employers may reduce future benefit accruals and immediately reduce costs.

Employees of the County were required to contribute 7% of their annual compensation during the fiscal year. The County's required contribution rates were 10.15% and 10.32% in calendar years 2016 and 2015, respectively. The County's contributions to TCDRS for the year ended September 30, 2016 were \$ 2,511,927.

Net Pension Liability/Asset - The County's Net Pension Liability/Asset (NPL/NPA) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability/Asset was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.5% per year
Investment Rate of Return	8.0%, net of pension plan investment expense, including inflation

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 10. TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN - Continued

Except where indicated in the section of this GASB 68 report entitled "Actuarial Methods and Assumptions Used for GASB Calculations", the assumptions used in this analysis for the December 31, 2015 financial reporting metrics are the same as those used in the December 31, 2015 actuarial valuation analysis for Johnson County.

Following is a description of the assumptions used in the December 31, 2015 actuarial valuation analysis for Johnson County. This information may also be found in the Johnson County December 31, 2015 Summary Valuation Report.

Economic Assumptions:

TCDRS System-Wide Economic Assumptions

Real rate of return	5.0%
Inflation	3.0%
Long-term investment return	8.0%

The assumed long-term investment return of 8% is net after investment and administrative expenses and is expected to enable the system to credit each employer's Subdivision Accumulation Fund (SAF) with a nominal annual rate of 8% on the combined ESF and SAF funds, less the amount credited to the employer's ESF. Under the TCDRS Act, the ESF is credited with a nominal annual rate of 7%. It is assumed interest will be credited at the nominal annual rate of 8% for calculating the actuarial accrued liability and the normal cost contribution rate for the retirement plan of each participating employer.

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.5% (made up of 3.0% inflation and 0.5% productivity increase assumptions) and a merit promotion and longevity component that on average approximates 1.4% per year for a career employee.

Employer Specific Economic Assumptions

Growth in membership	0.0%
Payroll growth	3.5%

The payroll growth assumption is for the aggregate covered payroll of an employer.

The long-term expected rate of return on pension plan investments is 8.1%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on the January 2016 information for a 7-10 year horizon. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon. The most recent analysis was performed in 2013. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 10. TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN - Continued

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.45%
Private Equities	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	14.00%	8.45%
Global Equities	MSCI World (net) index	1.50%	5.75%
International Equities – Developed	MSCI World Ex USA (net)	10.00%	5.45%
International Equities - Emerging	MSCI World Ex USA (net)	8.00%	6.45%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	1.00%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	5.10%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.09%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	5.00%	6.40%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	8.10%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	3.00%	4.00%
Commodities	Bloomberg Commodities Index	2.00%	(0.20%)
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	6.80%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	3.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund Of Funds Composite Index	25.00%	5.25%
Total		100.00%	8.10%

⁽¹⁾ Target asset allocation adopted at the April 2016 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return in addition to assumed inflation of 1.6% per Cliffwater's 2016 capital market assumptions.

⁽³⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

Discount Rate - The discount rate used to measure the Total Pension Liability was 8.10%. This rate reflects the long-term rate of return funding valuation assumption of 8.00%, plus 0.10% adjustment to be gross of administrative expenses. The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply. The discount rate is the single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not include in (1), calculated using the municipal bond rate.

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 10. TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN - Continued

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where that is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future value, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 10. TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN - Continued

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance as of December 31, 2014	\$ 88,055,066	\$ 84,075,965	\$ 3,979,101
Changes for the Year:			
Service cost	3,356,710		3,356,710
Interest on total pension liability ⁽¹⁾	7,131,530		7,131,530
Effect of plan changes ⁽²⁾	(605,396)		(605,396)
Effect of economic/demographic gains or losses	(1,277,227)		(1,277,227)
Effect of assumptions changes or inputs	1,024,387		1,024,387
Refunds of contributions	(427,533)	(427,533)	-0-
Contributions – employer		2,511,927	(2,511,927)
Contributions – employee		1,703,829	(1,703,829)
Net investment income		(616,199)	616,199
Benefit payment,	(3,371,598)	(3,371,598)	-0-
Administrative expense		(60,576)	60,576
Other changes ⁽³⁾		199,540	(199,540)
Balance as of December 31, 2015	<u>\$ 93,885,939</u>	<u>\$ 84,015,355</u>	<u>\$ 9,870,584</u>

⁽¹⁾ Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

⁽²⁾ Reflects new annuity purchase rates applicable to all TCDRS employers effective January 1, 2018.

⁽³⁾ Relates to allocation of system-wide items.

Sensitivity Analysis - The following presents the net pension liability of the county, calculated using the discount rate of 8.10%, as well as what the County's net pension liability would be if it were calculated using a discount rate of 1 percentage-point lower (7.10%) or 1 percentage-point higher (9.10%) than the current rate:

	1% Decrease In Discount Rate (7.10%)	Discount Rate (8.10%)	1% Increase In Discount Rate (9.10%)
Total pension liability	\$ 106,249,486	\$ 93,885,939	\$ 83,622,852
Fiduciary net position	<u>84,015,355</u>	<u>84,015,355</u>	<u>84,015,355</u>
Net pension liability / (asset)	<u>\$ 22,234,131</u>	<u>\$ 9,870,584</u>	<u>\$ (392,503)</u>

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 10. TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN - Continued

<i>Pension Expense (Income):</i>	<u>Year Ended 12-31-15</u>
Service cost	\$ 3,356,710
Interest on total pension liability ⁽¹⁾	7,131,530
Effect of plan changes	(605,396)
Administrative expenses	60,576
Member contributions	(1,703,829)
Expected investment return net of investment expenses	(6,892,793)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	(303,460)
Recognition of assumption changes or inputs	256,097
Recognition of investment gains or losses	1,726,033
Other ⁽²⁾	<u>(199,540)</u>
Pension expense (income)	\$ <u>2,825,928</u>

⁽¹⁾ Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

⁽²⁾ Related to allocation of system-wide items.

Deferred Inflows and Outflows - At September 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 31,694	\$ 957,920
Difference between projected and actual investment earnings	6,679,898	
Changes in assumptions	768,290	
Contributions subsequent to the measurement date ⁽³⁾	<u>2,002,886</u>	
Totals	\$ <u>9,482,768</u>	\$ <u>957,920</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expenses as follows:

<u>Year Ended September 30,</u>	
2016	\$ 1,678,670
2017	1,678,670
2018	1,662,823
2019	1,501,799
2020	-0-
Thereafter ⁽⁴⁾	-0-

⁽³⁾ If eligible employer contributions were made subsequent to the measurement date through the employer's fiscal year end, the employer should reflect these contributions, adjusted as outlined in GASB No. 71.

⁽⁴⁾ Total remaining balance to be recognized in future years, if any. Note that additional deferred inflows and outflows of resources may impact these numbers.

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 11 - POST EMPLOYMENT HEALTH INSURANCE BENEFITS

The County provides post employment health insurance benefits for retired employees that meet the following criteria: full time regular employees who, at the time they leave County employment are eligible for retirement benefits under the Texas County and District Retirement guidelines and have a total of 20 years of service with the County of which 10 years are continuous service and are covered under the County health insurance program at the time of their retirement and are not eligible for Medicare; or elected officials who at the time they leave County employment are eligible for retirement benefits under the Texas County and District Retirement guidelines and have a total of 16 years of service with the County of which at least 10 years are continuous service and are covered under the County group health insurance program at the time of their retirement and are not eligible for Medicare. The County does not contribute toward the coverage for retirees who do not meet the eligibility requirements stated previously. The plan began in the year ended September 30, 2009 and is funded on a pay-as-you-go basis. In October, 2011, the plan was amended to limit the County provided benefit to three years following retirement date. A separate, audited GAAP-basis post employment benefit plan report is not available for this plan.

Funding Policy - The County may contribute all, part, or none of the premium payment and the County's contribution, if any, is determined annually by Commissioners Court during the County budget process and is effective on a fiscal year basis. For the year ended September 30, 2016 the County contributed \$ 119,335 to the post employment health insurance benefits.

Annual Other Post Employment Benefit (OPEB) Cost- The County's annual other post-employment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of accrual that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excesses) over a period not to exceed thirty years. The County's annual OPEB cost for the fiscal year ending September 30, 2016 is as follows:

Annual required contribution	\$ 339,029
Interest on net OPEB obligation	50,809
Adjustment to annual required contribution	<u>(49,497)</u>
Annual OPEB cost	340,341
Contributions made	<u>(119,335)</u>
Increase in net OPEB obligation	221,006
Net OPEB obligation – beginning of year	<u>1,270,230</u>
Net OPEB obligation – end of year	<u>\$ 1,491,236</u>

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 11 - POST EMPLOYMENT HEALTH INSURANCE BENEFITS - Continued

The County's annual OPEB cost, the amount contributed by the employer, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending September 30, 2016 and the preceding two fiscal years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/14	\$ 243,781	\$ 59,175	19.9%	\$ 1,093,470
9/30/15	260,871	84,111	32.2%	1,270,230
9/30/16	340,341	119,335	35.1%	1,491,236

Funding Status - As of September 30, 2016, the most recent actuarial valuation date, the plan was 0% funded as the County is using a pay-as-you-go approach. The actuarial accrued liability for benefits was \$ 2,594,047, and the actuarial value of assets was \$ -0- resulting in an unfunded liability (UAAL) of \$ 2,594,047. Annual covered payroll is \$ 22,929,814 and the ratio of the UAAL to the covered payroll was 11.3 percent.

Actuarial Methods and Assumptions – The Projected Unit Credit Cost Method is used to calculate the GASB ARC for the County's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The actuarial cost method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the County and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and the County's employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial Methods and Assumptions

Inflation Rate	2.50% per annum
Investment rate of return	4.00% per annum, net of expenses
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level as a percentage of employee payroll
Amortization period	30 year open amortization
Payroll growth	3.00% per annum
Medical trend	Initial rate of 7.50% declining to an ultimate rate of 5.25% after 11 years

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the County's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 12 - GRANTS, ENTITLEMENTS AND SHARED REVENUES

During the year ended September 30, 2016, 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 the Uniform Guidance.

The state financial assistance programs are covered by the State of Texas Single Audit Circular. A single audit was performed on the state financial assistance programs as the state financial assistance programs met the \$ 750,000 threshold, while the federal financial assistance programs did not.

NOTE 13 - 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, 2016. As of September 30, 2016, bail bonds outstanding totaled \$ 6,840,000 and collateral pledged against these bonds amounted to \$ 1,370,600, respectively.

NOTE 14 - 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 March 23, 2017.

Cause No. 3-13-CV-04089, *Bonnie Allen-Pieroni, Brian Allen, Steve Gibbs and Mark Gibbs, Individually and as Heirs of Law to the Estate of Ivan Earl Allen, deceased vs. Southwestern Correctional, LLC d/b/a LaSalle Southwest Corrections, LaSalle Management, LLD, Johnson County, Sheriff Bob Alford, John Does 1-5 and Jane Does 1-5, in the United States District Court for the Northern District of Texas in the Dallas Division*. Plaintiffs claim wrongful death of Ivan Earl Allen while in the Johnson County jail. Mr. Allen was placed in the jail on or about October 9, 2011 for an infraction of a probation requirement. Plaintiffs claim Allen was denied medical attention and later died on or about October 30, 2011 at Harris Methodist Hospital. Plaintiffs are seeking compensatory, punitive, presumed and normal damages. An exact settlement figure is unknown at this time. Notified Texas Association of Counties. Jail was privatized and Johnson County has been under contract with LaSalle Southwest Corrections, since June 1, 2010. Pursuant to Section 11.1, Article XI, of the contract with LaSalle Southwest Corrections, Johnson County asserted its right to indemnification in this alleged wrongful death. LaSalle Management provided defense for all defendants and LaSalle accepted all responsibility and held the County, Sheriff Alford, and all other named defendants harmless as per agreement. Settlement reached between LaSalle and Plaintiff and case was terminated on September 30, 2016. LaSalle Southwest Corrections was responsible for all costs of settlement.

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 14 - LITIGATION - Continued

Cause No. DC-C201500232, *Robert Dennis vs. Mark Goetz – Task Force, Police Chief of Cleburne and Presiding Judge, Wayne Bridewell, 249th District Court*, In the 249th Judicial District of Johnson County, Texas. Plaintiff alleges he was asked to perform a crime (under duress) of buying illegal drugs undercover and being coerced (under duress) to do so or face forgery charges. Plaintiff alleges the prosecution was distorted, he was coerced under duress, and placed in danger due to his mental health capacity. Plaintiff is seeking compensatory damages in the amount of \$ 250,000 and punitive damages in the amount of \$ 100,000. Notified Texas Association of Counties. The Law Firm of Blaies & Hightower, L.L.P., 777 Main Street Suite 1900, Fort Worth, Texas 76102 has been assigned to represent Johnson County in this suit. On May 8, 2015, the 8th Judicial Region signed an Order of Assignment of F.B. (Bob) McGregor, Jr., Senior District Judge to preside in Cause Number DC-C201500232. On November 4, 2016, Judge F.B. McGregor, Jr. signed an Order of Dismissal on this suit.

Cause No. 3:16-CV-00448-B, *Kristi L. White, individually and on behalf of the Estate of Ronald Ray Beesley and as Next Fried of Ronald Ray Beesley, II, and Alice Diane Miller, individually and on behalf of the Estate of Ronald Ray Beesley v. Southwestern Correctional, LLC, d/b/a/ LaSalle Management Company, LLC, Johnson County, Texas, Bob Alford, Eddie Williams, David Blankenship, John Doe 1-5, and Jane Doe 1-5*, In the United States District Court for the Northern District of Texas Dallas Division. Plaintiffs claim wrongful death of Ronald Ray Beesley while in the Johnson county Law Enforcement Center. Mr. Beesley was placed in the jail on or about May 25, 2015 for an infraction of a probation requirement. Plaintiffs allege Beesley was not given proper medical treatment after sustaining injuries from an automobile accident prior to his incarceration on May 25, 2015. Plaintiffs allege Beesley's death was the proximate result of the grossly inadequate medical care and grossly negligent treatment Beesley received while incarcerated at the Johnson County Law Enforcement Center. Plaintiffs are seeking compensatory, punitive, presumed and nominal damages. An exact settlement figure is unknown at this time. Notified Texas Association of Counties. The Law Firm of Blaies & Hightower, L.L.P., 777 Main Street, Suite 1900, Fort Worth, Texas 76102 has been assigned to represent Johnson County in this suit. LaSalle Management has stated defense will be provided for all defendants and LaSalle will accept all responsibility and hold the County, Sheriff Alford, and all other named defendants harmless as per agreement. Liability vigorously disputed. Law firm of Fee, Smith, Sharp & Vitullo, LLP, Three Galleria Tower, 13155 Noel Road, Ste. 1000, Dallas, Texas 75240 is representing LaSalle Management. Mediation is set for May 9, 2017.

Cause No. DC-C201600236, *Richard Fuller v. Johnson County, Texas Honorable Roger Harmon, Honorable Rick Bailey, honorable Kenny Howell, Honorable Jerry Stringer, Honorable Larry Wooley in their official capacities; and Texas Department of Transportation and James Bass in his official capacity, Defendants*, in the 413th District Court of Johnson County, Texas. Plaintiff alleges that a bridge replaced by Johnson County and TXDOT at 17321 CR105-A is causing water to back up on his property in heavy rains and flood his property. Plaintiff seeks monetary relief over \$ 1,000,000.00. Notified Texas Association of Counties. The law firm of Blaies & Hightower, L.L.P., 777 Main Street, Suite 1900, Fort Worth, Texas 76102 has been assigned to represent Johnson County, County Judge Roger Harmon and all Commissioners of Johnson County in this suit. Currently, Johnson County, County Judge Roger Harmon and all Commissioners of Johnson County, through counsel, obtained a Rule 11 Agreement to allow the mediation deadline to May 15, 2017. Liability vigorously disputed.

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2016

NOTE 14 - LITIGATION - Continued

Cause No. DC-C201600361, *Richard Fuller v. Johnson County, Texas and Robert and Sandy Farmer*, Defendants, in the 413th District Court of Johnson County, Texas. Plaintiff claims Johnson County is wrongfully withholding and interfering with the usage of Plaintiff's property in frustration of the Warranty Deed and/or, Easement Agreement regarding the land located at 17321 CR 105-A, Grandview, Texas. Plaintiff seeks Johnson County to honor the Easement Agreement, and ceasing all interference. Plaintiff seeks monetary relief over \$ 1,000,000.00. Notified Texas Association of Counties. The law firm of Blaies & Hightower, L.L.P., 777 Main Street, Suite 1900, Fort Worth, Texas 76102 has been assigned to represent Johnson County in this suit. Defense counsel filed Plea to the Jurisdiction and Motion to Dismiss pursuant to Rule 91A. Plaintiff filed a Motion for Nonsuit without Prejudice and a subsequent Order for Non-Suit was signed and filed on October 12, 2016.

Cause No. DC-C201600483, *Ronald E. Wells, Inc. v. A.M.S. Company, Inc., Sedalco Inc., and Johnson County, in the 18th District Court of Johnson County, Texas*. Plaintiff claims Johnson County, as part of construction work on the jail, employed defendants A.M.S. Company, Inc. and Sedalco, Inc. to perform services. In the course of the contractors' work, an unknown amount of water from a retention pond was drained onto Wells' property. Plaintiff claims Defendants failed to obtain proper permits to discharge the water. In addition, Plaintiff claims Defendants were actively flooding his property. Plaintiff sees damages in excess of \$ 200,000 but less than \$ 1,000,000. Notified Texas Association of Counties. The law firm of Blaies & Hightower, L.L.P., 777 Main Street, Suite 1900, Fort Worth, Texas 76102 has been assigned to represent Johnson County in this suit. Currently, Johnson County, through counsel, obtained a Rule 11 Agreement to allow an additional extension for Defendant, Johnson County, to serve its objections and responses to Plaintiff's written discovery requests. Liability is vigorously disputed.

Cause No. 3:16-CV-220-M-BH, *Arcides Cruz Hernandez v. Johnson County Detention Center ICE*, in the United States District Court for the Northern District of Texas Dallas Division. Plaintiff claims improper medical treatment was provided after an apparent fall on or about August 8, 2014. Plaintiff was working as a trustee in the Johnson County Law Enforcement Center, ICE inmate, mopping a set of stairs in which Plaintiff slipped and fell. Plaintiff claims cruel and unusual punishment of excessive use of force by prison officers. Plaintiff is seeking compensatory and monetary damages. An exact settlement figure is unknown at this time. Notified Texas Association of Counties. The law firm of Blaies & Hightower, L.L.P., 777 Main Street, Suite 1900, Fort Worth, Texas 76102 has been assigned to represent Johnson County in this suit. Pursuant to Section 11.1, Article XI, of the contract with LaSalle Southwest Corrections, Johnson County asserted its right to indemnification in this alleged incident. LaSalle Management has stated defense will be provided for all defendants and LaSalle will accept all responsibility and hold the County harmless as per agreement. Motion to Dismiss filed by defense counsel on July 6, 2016. Findings and recommendations issued by the Court on January 6, 2017. Notice of Appeal was filed by Plaintiff on January 27, 2017. Liability vigorously disputed.

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 15 - RISK COVERAGE

The County is a participant in the Texas Association of Counties insurance pool for coverage of liability, property, and worker's compensation. The County pays annual premiums to the pool for the coverage stated. Property and liability insurance provide varying and appropriate coverage, with most claims subject to a \$ 5,000 deductible.

JOHNSON COUNTY, TEXAS
Notes to the Financial Statements
 For The Year Ended September 30, 2016

NOTE 16 - DEFICIT FUND BALANCES

As of September 30, 2016, one fund of the County had deficit fund balance as itemized below:

	2016
Fund Balances:	
Capital Projects Funds:	
Courthouse Restoration Fund	\$ 39,000

Deficit balances will either be offset by future revenues or reimbursed by other funds. The capital projects fund would be reimbursed by the General Fund.

NOTE 17 - LONG-TERM RECEIVABLE

The County and the City of Cleburne (the "City") entered into an interlocal agreement whereas the County agreed to pay funds in the amount of \$ 300,000 to the City to be used for construction of the entrance and exit ramps to connect the Chishold Trail Parkway to CR 1125. The City has agreed to use Tax Increment Reinvestment Zone #3 Funds to repay the County. The County entered into a settlement agreement with an undisclosed party whereas the undisclosed party has three (3) years, or until June 30, 2019 to pay an amount of \$ 324,664. The following is a summary of note receivable requirement, based on the expectation of collections, by year, as of September 30, 2016:

<u>Year Ended</u> <u>September 30,</u>	
2017	\$ 303,222
2018	13,221
2019	<u>8,221</u>
Total	<u>\$ 324,664</u>

NOTE 18 - EVALUATION OF SUBSEQUENT EVENTS

The County has evaluated subsequent events through March 23, 2017, the date which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY
INFORMATION**

JOHNSON COUNTY, TEXAS**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, 2016

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$ 41,036,513	\$ 41,036,513	\$ 42,782,735	\$ 1,746,222
Intergovernmental	1,138,744	1,319,259	1,108,761	(210,498)
Prisoner housing services	6,000,000	6,000,000	7,149,116	1,149,116
Fees	5,810,600	5,752,600	4,897,658	(854,942)
Fines	1,549,000	1,549,000	1,645,759	96,759
Investment income	244,400	24,400	180,975	156,575
Miscellaneous	639,112	639,112	1,374,102	734,990
Total revenues	56,418,369	56,320,884	59,139,106	2,818,222
Expenditures (Including Capital Outlay)				
Current:				
General administration	14,146,809	13,927,972	13,080,363	847,609
Administration of justice	7,559,512	7,893,035	7,502,179	390,856
Financial administration	986,592	987,467	962,541	24,926
Elections	532,817	532,817	453,850	78,967
Law enforcement	30,791,956	31,999,150	30,991,868	1,007,282
Highways and streets				-0-
Health and welfare	892,004	904,834	876,738	28,096
Culture and recreation	269,455	279,455	248,214	31,241
Conservation	188,414	188,414	150,212	38,202
Capital outlay		365,998	350,455	15,543
Total expenditures	55,367,559	57,079,142	54,616,420	2,462,722
Excess (deficiency) of revenues over expenditures	1,050,810	(758,258)	4,522,686	4,231,777
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	10,000	10,000	146,740	136,740
Transfers in	189,800	95,000	336,403	241,403
Transfers out	(1,327,265)	(7,101,528)	(6,851,400)	250,128
Total other financing sources (uses)	(1,127,465)	(6,996,528)	(6,368,257)	628,271
Net change in fund balances	(76,655)	(7,754,786)	(1,845,571)	5,909,215
Fund balances – beginning	22,068,459	22,068,459	22,068,459	-0-
Fund balances – ending	\$ 21,991,804	\$ 14,313,673	\$ 20,222,888	\$ 5,909,215

Road and Bridge Fund			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 4,519,144	\$ 4,519,144	\$ 4,523,624	\$ 4,480
68,000		885,436	885,436
			-0-
1,933,000	1,933,000	2,158,370	225,370
			-0-
38,240	38,240	43,795	5,555
<u>109,000</u>	<u>109,000</u>	<u>257,064</u>	<u>148,064</u>
<u>6,667,384</u>	<u>6,599,384</u>	<u>7,868,289</u>	<u>1,268,905</u>
			-0-
			-0-
			-0-
			-0-
			-0-
9,616,211	11,311,083	6,303,874	5,007,209
			-0-
			-0-
			-0-
<u>1,681,500</u>	<u>1,728,837</u>	<u>867,135</u>	<u>861,702</u>
<u>11,297,711</u>	<u>13,039,920</u>	<u>7,171,009</u>	<u>5,868,911</u>
(4,630,327)	(6,440,536)	697,280	7,137,816
		98,858	98,858
			-0-
			-0-
<u>-0-</u>	<u>-0-</u>	<u>98,858</u>	<u>98,858</u>
(4,630,327)	(6,440,536)	796,138	7,236,674
<u>7,195,078</u>	<u>7,195,078</u>	<u>7,195,078</u>	<u>-0-</u>
<u>\$ 2,564,751</u>	<u>\$ 754,542</u>	<u>\$ 7,991,216</u>	<u>\$ 7,236,674</u>

JOHNSON COUNTY, TEXAS*REQUIRED SUPPLEMENTARY INFORMATION**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS*

Exhibit 7

For the Ten Years Ended September 30, 2016

	Year Ended December 31, 2015	Year Ended December 31, 2014
Total Pension Liability		
Service cost	\$ 3,356,710	\$ 3,228,313
Interest on total pension liability	7,131,530	6,593,390
Effect of plan changes	(605,396)	
Effect of assumption changes or inputs	1,024,387	
Effect of economic/demographic (gains) or losses	(1,277,227)	63,386
Benefit payments/refunds of contributions	(3,799,131)	(3,231,425)
Net Change in Total Pension Liability	5,830,873	6,653,664
Total Pension Liability – beginning	<u>88,055,066</u>	<u>81,401,402</u>
Total Pension Liability – ending (a)	<u>\$ 93,885,939</u>	<u>\$ 88,055,066</u>
Fiduciary Net Position		
Employer contributions	\$ 2,511,927	\$ 2,470,381
Member contributions	1,703,829	1,688,738
Investment Income net of investment expense	(616,199)	5,292,764
Benefit payments/refunds of contributions	(3,799,131)	(3,231,425)
Administrative expense	(60,576)	(62,523)
Other	<u>199,540</u>	<u>(138,000)</u>
Net Change in Fiduciary Net Position	(60,610)	6,019,935
Fiduciary Net Position – beginning	<u>84,075,965</u>	<u>78,056,030</u>
Fiduciary Net Position – ending (b)	<u>\$ 84,015,355</u>	<u>\$ 84,075,965</u>
Net Pension Liability/asset, ending (a)-(b)	<u>\$ 9,870,584</u>	<u>\$ 3,979,101</u>
Fiduciary Net Position as a Percentage of Total Pension Liability	89.49%	95.48%
Pensionable covered payroll	\$ 24,340,413	\$ 24,124,827
Net Pension Liability as a Percentage of Covered Payroll	40.55%	16.49%

Note – This schedule is presented to illustrate the requirements to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 68, they should not be shown. Therefore, we have shown only years for which the new GASB statements have been implemented.

JOHNSON COUNTY, TEXAS*REQUIRED SUPPLEMENTARY INFORMATION
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS
For the Ten Years Ended September 30, 2016*

Exhibit 8

<u>Year Ended December 31, (Measurement Date)</u>	<u>Actuarially Determined Contribution⁽¹⁾</u>	<u>Actual Employer Contribution⁽¹⁾</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll⁽²⁾</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2006	1,247,432	1,247,432	-0-	17,769,690	7.0%
2007	1,531,258	1,531,258	-0-	20,335,433	7.5%
2008	1,556,594	1,556,594	-0-	21,893,025	7.1%
2009	1,765,911	1,765,911	-0-	21,774,490	8.1%
2010	1,997,412	1,997,415	-0-	22,392,507	8.9%
2011	1,998,023	1,998,023	-0-	22,151,038	9.0%
2012	2,157,393	2,157,393	-0-	22,926,651	9.4%
2013	2,240,034	2,240,034	-0-	22,834,220	9.8%
2014	2,470,381	2,470,381	-0-	24,124,827	10.2%
2015	2,511,927	2,511,927	-0-	24,340,413	10.3%

⁽¹⁾ TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.

⁽²⁾ Payroll is calculated based on contributions as reported to TCDRS.

JOHNSON COUNTY, TEXAS

Notes to the Required Supplementary Information

For The Year Ended September 30, 2016

NOTE 1 - BUDGETARY INFORMATION

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 fund budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles. The major funds, General Fund and Road and Bridge Fund, budget and actual comparisons are presented as Required Supplementary Information at the fund level.

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 expenditures purposes by department and type of expenditures (salaries and wages and employee benefits; operating expenditures; and capital outlay). Budget amendments to transfer budgeted amounts from one line item to another may be made at the discretion of the Commissioners Court. Appropriations not exercised in the current year lapse at the end of the year. The County made transfers out of the general fund for a communications upgrade to construct new communications towers. Other amendments include increases for building maintenance and capital murder trial expenditures.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Right of Way Fund - This fund accounts for proceeds used to acquire and maintain right-of-way's for various road projects throughout the County. These expenditures are a mixture of both capital and operating costs.

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.

Record Archives - 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.

Record Archives - 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.

Court Records Preservation Digital Fund - This fund accounts for funds received to provide systems to be used for court records preservation.

Justice of the Peace Technology Fund - This fund accounts for the mandate that each Johnson County justice court assess a technology fee 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.

County/District Court Technology Fund - This fund accounts for federal grant revenues utilized for the Public Safety Partnership & Community Policing Grant.

District Court Records Technology Fund - This fund accounts for fees collected and utilized solely for the preservation and restoration of District Court archives.

Justice Court Building Security 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.

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.

District Attorney 18th Judicial Fund - This fund accounts for funds received from the state for salary supplements and welfare fraud expense reimbursements in the District Attorney's Office.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds - Continued

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.

Juvenile Probation Fund - This fund accounts for revenues received from the Texas Juvenile Justice Department to supplement expenditures of the County in administering a Juvenile Probation Department. The County operates under an approved budget with the TJJD 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 Justice Department to fund mandatory juvenile justice alternative education programs as required under Chapter 37, Texas Education Code.

Juvenile Probation Fees Fund - This fund accounts for the receipt and disbursement of fees collected by the Juvenile Probation Department.

Juvenile Case Manager Fund - This fund accounts for proceeds which are used by Juvenile Case Managers for management of juvenile case activity.

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

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

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

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

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

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.

Abandoned Vehicle Fund - This fund accounts for funds collected from storage and sale of abandoned vehicles. Expenditures are for costs of towing, processing, and auctions of these vehicles.

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.

STOP SCU Forfeiture Fund - This fund accounts for the funds received from forfeitures.

STOP SCU Operations Fund - This fund accounts for the funds provided through interlocal agreements and utilized for the drug task force.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds - Continued

STOP SCU Federal Forfeitures Fund - This fund accounts for the funds received from forfeitures in a federal case.

Pre-Trial Bond Supervision Fund - This fund accounts for fees earned and expenditures authorized for participants' successful completion of the pre-trial bond program ordered by the court under the supervision of the Community Service and Corrections Department.

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.

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.

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

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.

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.

TCEQ Aircheck Texas Fund - This fund accounts for grant proceeds awarded by the TCEQ for use in the repair or replacement of noncompliant vehicles.

MVIE – Tax A/C Penalty & Interest - 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.

Historical Commission Fund - This fund accounts for resources used to preserve the history and heritage of Johnson County.

Unclaimed Juvenile Restitution Fund - This fund accounts for funds resulting from unclaimed juvenile restitution payments. Family Code, Section 54.0482 authorized such funds to be used for the same purposes for which the County may expend juvenile state aide.

Pecan Valley MHMR Fund - This fund accounts for proceeds from the sale of and purchase or maintenance of Real Property utilized by Pecan Valley.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds - Continued

Texas CDBG Fund - This fund is used to account for the receipt and expenditure of the Texas Community Block Grant current project proceeds to replace sewer lines and rehabilitate lift stations to enhance the services provided by Johnson County Special Utility District.

H.A.V.A. Grant Fund - This fund accounts for federal funds administered by the Help America Vote Act Grant for polling place accessibility and opportunity for access programs.

Body Worn Camera Fund - This fund accounts for state grant proceeds, awarded by the Office of the Governor-CJD, used for the purchase of body cameras and digital storage systems.

NONMAJOR GOVERNMENTAL FUNDS

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.

Equipment Purchase Fund - This fund is used to account for capital expenditures for the purchase of equipment.

Jail C5 Construction Fund - This fund is used to account for funding and expenditures incurred in the construction of a new jail facility.

Jail C1 Construction Fund - This fund is used to account for funding and expenditures incurred in the renovation of an existing jail facility.

Courthouse Restoration Fund - This fund is used to account for funding and expenditures incurred in the renovation of the historical courthouse.

Construction Projects Fund - This fund is used to record costs incurred in constructing or improving a capital asset that meet the capital construction criteria and are not funded by either grant or borrowed funds.

Software Projects Fund - This fund is used to account for the acquisition and implementation of new software systems.



JOHNSON COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2016

	Special		
	Right of Way Fund	Records Management and Preservation Fund	Record Archives - County Clerk Fund
Assets and Deferred Outflows of Resources			
Assets:			
Cash and temporary investments	\$ 529,337	\$ 1,311,631	\$ 845,372
Short-term investments	250,000		
Receivables (Net of Allowance for Uncollectibles):			
Taxes			
Accounts			
Due from other governments			
Due from other funds			
Prepaid expenditures			
Investments	<u>689,473</u>	<u>393,991</u>	<u></u>
Total assets	<u>1,468,810</u>	<u>1,705,622</u>	<u>845,372</u>
Deferred Outflows of Resources:			
Deferred outflows of resources	<u></u>	<u></u>	<u></u>
Total deferred outflows of resources	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total assets and deferred outflows of resources	<u>\$ 1,468,810</u>	<u>\$ 1,705,622</u>	<u>\$ 845,372</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts and accrued liabilities payable	\$	\$ 24,447	\$
Due to other funds			
Unearned revenue			
Total liabilities	<u>-0-</u>	<u>24,447</u>	<u>-0-</u>
Deferred Inflows of Resources:			
Deferred inflows of resources	<u></u>	<u></u>	<u></u>
Total deferred inflows of resources	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balance:			
Nonspendable			
Restricted	1,468,810	1,681,175	845,372
Unassigned			
Total fund balance	<u>1,468,810</u>	<u>1,681,175</u>	<u>845,372</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,468,810</u>	<u>\$ 1,705,622</u>	<u>\$ 845,372</u>

Revenue Funds

Record Archives - District Clerk Fund	Court Records Preservation Digital Fund	Justice of the Peace Technology Fund	Courthouse Security Fund	County/District Court Technology Fund	District Court Records Technology Fund
\$ 59,589	\$ 206,298	\$ 348,910	\$ 25,246	\$ 43,493	\$ 99,649
<u>59,589</u>	<u>206,298</u>	<u>348,910</u>	<u>25,246</u>	<u>43,493</u>	<u>99,649</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ 59,589</u>	<u>\$ 206,298</u>	<u>\$ 348,910</u>	<u>\$ 25,246</u>	<u>\$ 43,493</u>	<u>\$ 96,649</u>
\$	\$	\$	\$ 2,642	\$	\$
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>2,642</u>	<u>-0-</u>	<u>-0-</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
59,589	206,298	348,910	22,604	43,493	99,649
<u>59,589</u>	<u>206,298</u>	<u>348,910</u>	<u>22,604</u>	<u>43,493</u>	<u>99,649</u>
<u>\$ 59,589</u>	<u>\$ 206,298</u>	<u>\$ 348,910</u>	<u>\$ 25,246</u>	<u>\$ 43,493</u>	<u>\$ 99,649</u>

(continued)

JOHNSON COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2016

	Special		
	Justice Court Building Security Fund	County Attorney Collection Fund	District Attorney 18 th Judicial Fund
Assets and Deferred Outflows of Resources			
Assets:			
Cash and temporary investments	\$ 78,678	\$ 49,268	\$ 5,633
Short-term investments			
Receivables (Net of Allowance for Uncollectibles):			
Taxes			
Accounts			
Due from other governments			
Due from other funds			
Prepaid expenditures			
Investments			
Total assets	<u>78,678</u>	<u>49,268</u>	<u>5,633</u>
Deferred Outflows of Resources:			
Deferred outflows of resources			
Total deferred outflows of resources	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total assets and deferred outflows of resources	<u>\$ 78,678</u>	<u>\$ 49,268</u>	<u>\$ 5,633</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts and accrued liabilities payable	\$ 993	\$	\$ 3,661
Due to other funds			
Unearned revenue			
Total liabilities	<u>993</u>	<u>-0-</u>	<u>3,661</u>
Deferred Inflows of Resources:			
Deferred inflows of resources			
Total deferred inflows of resources	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balance:			
Nonspendable			
Restricted	77,685	49,268	1,972
Unassigned			
Total fund balance	<u>77,685</u>	<u>49,268</u>	<u>1,972</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 78,678</u>	<u>\$ 49,268</u>	<u>\$ 5,633</u>

Revenue Funds

District Attorney Collection Fund	Juvenile Probation Fund	Juvenile Justice Alternative Education Fund	Juvenile Probation Fees Fund	Juvenile Case Manager Fund	District Attorney Forfeiture Fund
\$ 5,852	\$ 151,674	\$ 72,834	\$ 69,268	\$ 122,010	\$ 107,973
		5,934	766		1,332
			2		
<u>5,852</u>	<u>151,674</u>	<u>78,768</u>	<u>70,036</u>	<u>122,010</u>	<u>109,305</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ 5,852</u>	<u>\$ 151,674</u>	<u>\$ 78,768</u>	<u>\$ 70,036</u>	<u>\$ 122,010</u>	<u>\$ 109,305</u>
\$	\$ 25,938 50,002 75,734	\$ 10,733	\$ 17,170	\$ 1,285	\$
<u>-0-</u>	<u>151,674</u>	<u>10,733</u>	<u>17,170</u>	<u>1,285</u>	<u>-0-</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
5,852		68,035	52,866	120,725	109,305
<u>5,852</u>	<u>-0-</u>	<u>68,035</u>	<u>52,866</u>	<u>120,725</u>	<u>109,305</u>
<u>\$ 5,852</u>	<u>\$ 151,674</u>	<u>\$ 78,768</u>	<u>\$ 70,036</u>	<u>\$ 122,010</u>	<u>\$ 109,305</u>

(continued)

JOHNSON COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2016

	Special		
	Sheriff Forfeiture Fund	County Attorney LEOSE Fund	Combined Constables LEOSE Fund
Assets and Deferred Outflows of Resources			
Assets:			
Cash and temporary investments	\$ 9,535	\$ 1,483	\$ 9,838
Short-term investments			
Receivables (Net of Allowance for Uncollectibles):			
Taxes			
Accounts			
Due from other governments			
Due from other funds			
Prepaid expenditures			
Investments			
	<u>9,535</u>	<u>1,483</u>	<u>9,838</u>
Total assets			
Deferred Outflows of Resources:			
Deferred outflows of resources			
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total deferred outflows of resources			
	<u>\$ 9,535</u>	<u>\$ 1,483</u>	<u>\$ 9,838</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts and accrued liabilities payable	\$	\$	\$ 2,413
Due to other funds			
Unearned revenue			
	<u>-0-</u>	<u>-0-</u>	<u>2,413</u>
Total liabilities			
Deferred Inflows of Resources:			
Deferred inflows of resources			
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total deferred inflows of resources			
Fund Balance:			
Nonspendable			
Restricted	9,535	1,483	7,425
Unassigned			
	<u>9,535</u>	<u>1,483</u>	<u>7,425</u>
Total fund balance			
	<u>\$ 9,535</u>	<u>\$ 1,483</u>	<u>\$ 9,838</u>
Total liabilities, deferred inflows of resources and fund balances			

Revenue Funds

Sheriff LEOSE Fund	Sheriff Inmate Commissary Fund	Abandoned Vehicle Fund	Law Library Fund	STOP SCU Forfeiture Fund	STOP SCU Operations Fund
\$ 11,437	\$ 251,781	\$ 255	\$ 176,305	\$ 163,553	\$ 46,336
	5,000		20		
					3,687
<u>11,437</u>	<u>256,781</u>	<u>255</u>	<u>176,325</u>	<u>163,553</u>	<u>50,023</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ 11,437</u>	<u>\$ 256,781</u>	<u>\$ 255</u>	<u>\$ 176,325</u>	<u>\$ 163,553</u>	<u>\$ 50,023</u>
\$	\$ 14,627	\$	\$ 10,300	\$	\$ 12,358
<u>-0-</u>	<u>14,627</u>	<u>-0-</u>	<u>10,300</u>	<u>-0-</u>	<u>12,358</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
11,437	242,154	255	166,025	163,553	3,687 33,978
<u>11,437</u>	<u>242,154</u>	<u>255</u>	<u>166,025</u>	<u>163,553</u>	<u>37,665</u>
<u>\$ 11,437</u>	<u>\$ 256,781</u>	<u>\$ 255</u>	<u>\$ 176,325</u>	<u>\$ 163,553</u>	<u>\$ 50,023</u>

(continued)

JOHNSON COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2016

	Special		
	STOP SCU Federal Forfeitures Fund	Pre-Trial Bond Supervision Fund	Indigent Health Care Fund
Assets and Deferred Outflows of Resources			
Assets:			
Cash and temporary investments	\$ 4,414	\$ 89,105	\$ 1,245,288
Short-term investments			250,000
Receivables (Net of Allowance for Uncollectibles):			
Taxes			15,551
Accounts			
Due from other governments			
Due from other funds			
Prepaid expenditures			
Investments			590,975
Total assets	<u>4,414</u>	<u>89,105</u>	<u>2,101,814</u>
Deferred Outflows of Resources:			
Deferred outflows of resources			
Total deferred outflows of resources	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total assets and deferred outflows of resources	<u>\$ 4,414</u>	<u>\$ 89,105</u>	<u>\$ 2,101,814</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts and accrued liabilities payable	\$	\$ 5,314	\$ 1,689
Due to other funds			
Unearned revenue			
Total liabilities	<u>-0-</u>	<u>5,314</u>	<u>1,689</u>
Deferred Inflows of Resources:			
Deferred inflows of resources			11,778
Total deferred inflows of resources	<u>-0-</u>	<u>-0-</u>	<u>11,778</u>
Fund Balance:			
Nonspendable			
Restricted	4,414	83,791	2,088,347
Unassigned			
Total fund balance	<u>4,414</u>	<u>83,791</u>	<u>2,088,347</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,414</u>	<u>\$ 89,105</u>	<u>\$ 2,101,814</u>

Revenue Funds

Cities Readiness Initiative Fund	Indigent Defense Formula/ Improvement Fund	Guardianship Fee Fund	Election Services Contract Fund	TCEQ Aircheck Texas Fund	MVIE Tax A/C Penalty & Interest Fund
\$ 18,209	\$ 143,058	\$ 71,854	\$ 236,334	\$	\$ 29,277
5,727	30,857		58,102	33,299	3,578
<u>23,936</u>	<u>173,915</u>	<u>71,854</u>	<u>294,436</u>	<u>33,299</u>	<u>32,855</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ 23,936</u>	<u>\$ 173,915</u>	<u>\$ 71,854</u>	<u>\$ 294,436</u>	<u>\$ 33,299</u>	<u>\$ 32,855</u>
\$ 235	\$ 1,055	\$	\$	\$ 33,299	\$
23,701	123,634		4,227		
	49,226				
<u>23,936</u>	<u>173,915</u>	<u>-0-</u>	<u>4,227</u>	<u>33,299</u>	<u>-0-</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
		71,854	290,209		32,855
<u>-0-</u>	<u>-0-</u>	<u>71,854</u>	<u>290,209</u>	<u>-0-</u>	<u>32,855</u>
<u>\$ 23,936</u>	<u>\$ 173,915</u>	<u>\$ 71,854</u>	<u>\$ 294,436</u>	<u>\$ 33,299</u>	<u>\$ 32,855</u>

(continued)

JOHNSON COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2016

	Special		
	Historical Commission Fund	Unclaimed Juvenile Restitution Fund	Pecan Valley MHMR Fund
Assets and Deferred Outflows of Resources			
Assets:			
Cash and temporary investments	\$ 32,250	\$ 309	\$
Short-term investments			
Receivables (Net of Allowance for Uncollectibles):			
Taxes			
Accounts			
Due from other governments			
Due from other funds			
Prepaid expenditures			
Investments			
	<u>32,250</u>	<u>309</u>	<u>-0-</u>
Total assets			
Deferred Outflows of Resources:			
Deferred outflows of resources			
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total deferred outflows of resources			
	<u>\$ 32,250</u>	<u>\$ 309</u>	<u>\$ -0-</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts and accrued liabilities payable	\$ 226	\$	\$
Due to other funds			
Unearned revenue			
	<u>226</u>	<u>-0-</u>	<u>-0-</u>
Total liabilities			
Deferred Inflows of Resources:			
Deferred inflows of resources			
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total deferred inflows of resources			
Fund Balance:			
Nonspendable			
Restricted	32,024	309	
Unassigned			
	<u>32,024</u>	<u>309</u>	<u>-0-</u>
Total fund balance			
	<u>\$ 32,250</u>	<u>\$ 309</u>	<u>\$ -0-</u>
Total liabilities, deferred inflows of resources and fund balances			

Revenue Funds				Capital Projects Funds	
Texas CDBG Fund	H.A.V.A. Grant Fund	Body Worn Camera Fund	Total Special Revenue Funds	Equipment Purchase Fund	Jail C5 Construction Fund
\$	\$	\$	\$ 6,673,336	\$ 59,337	\$ 9,674,781
			500,000		
			15,551		
			68,798		
		63,724	139,541		
			2		
			3,687		
			1,674,439		
<u>-0-</u>	<u>-0-</u>	<u>63,724</u>	<u>9,075,354</u>	<u>59,337</u>	<u>9,674,781</u>
<u>-0-</u>					
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 63,724</u>	<u>\$ 9,075,354</u>	<u>\$ 59,337</u>	<u>\$ 9,674,781</u>
\$	\$	\$	\$ 168,385	\$ 34,382	\$ 2,114,091
		63,724	265,288		4,824,733
			124,960		
<u>-0-</u>	<u>-0-</u>	<u>63,724</u>	<u>558,633</u>	<u>34,382</u>	<u>6,938,824</u>
			11,778		
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>11,778</u>	<u>-0-</u>	<u>-0-</u>
			3,687		
			8,501,256	24,955	2,735,957
			-0-		
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>8,504,943</u>	<u>24,955</u>	<u>2,735,957</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 63,724</u>	<u>\$ 9,075,354</u>	<u>\$ 59,337</u>	<u>\$ 9,674,781</u>

(continued)

JOHNSON COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2016

	<u>Capital Projects Funds</u>		
	<u>Jail C1 Construction Fund</u>	<u>Courthouse Restoration Fund</u>	<u>Construction Projects Fund</u>
Assets and Deferred Outflows of Resources			
Assets:			
Cash and temporary investments	\$	\$ 61,154	\$ 175,000
Short-term investments			
Receivables (Net of Allowance for Uncollectibles):			
Taxes			
Accounts			
Due from other governments			
Due from other funds	4,824,733		
Prepaid investments			
Investments			
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>4,824,733</u>	<u>61,154</u>	<u>175,000</u>
Deferred Outflows of Resources:			
Deferred outflows of resources			
	<u> </u>	<u> </u>	<u> </u>
Total deferred outflows of resources	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total assets and deferred outflows of resources	<u>\$ 4,824,733</u>	<u>\$ 61,154</u>	<u>\$ 175,000</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts and accrued liabilities payable	\$ 68,201	\$	\$
Due to other funds		100,154	
Unearned revenue			
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>68,201</u>	<u>100,154</u>	<u>-0-</u>
Deferred Inflows of Resources:			
Deferred inflows of resources			
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balance:			
Nonspendable			
Restricted	4,756,532		175,000
Unassigned		(39,000)	
	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>4,756,532</u>	<u>(39,000)</u>	<u>175,000</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,824,733</u>	<u>\$ 61,154</u>	<u>\$ 175,000</u>

<u>Capital Projects Funds</u>		
<u>Software Projects Fund</u>	<u>Total Capital Projects Funds</u>	<u>Total Non-Major Governmental Funds</u>
\$ 1,215,274	\$ 11,185,546	\$ 17,858,882
	-0-	500,000
	-0-	15,551
	-0-	68,798
	-0-	139,541
	4,824,733	4,824,735
	-0-	3,687
	-0-	1,674,439
<u>1,215,274</u>	<u>16,010,279</u>	<u>25,085,633</u>
	-0-	-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ 1,215,274</u>	<u>\$ 16,010,279</u>	<u>\$ 25,085,633</u>
\$ 22,657	\$ 2,239,331	\$ 2,407,716
	4,924,887	5,190,175
	-0-	124,960
<u>22,657</u>	<u>7,164,218</u>	<u>7,722,851</u>
	-0-	11,778
	-0-	11,778
1,192,617	-0-	3,687
	8,885,061	17,386,317
	(39,000)	(39,000)
<u>1,192,617</u>	<u>8,846,061</u>	<u>17,351,004</u>
<u>\$ 1,215,274</u>	<u>\$ 16,010,279</u>	<u>\$ 25,085,633</u>

JOHNSON COUNTY, TEXAS

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

For the Year Ended September 30, 2016

	Special		
	Right of Way Fund	Records Management and Preservation Fund	Record Archives - County Clerk Fund
Revenues:			
Taxes	\$	\$	\$
Intergovernmental			
Fees		380,787	321,380
Fines			
Investment income (loss)	9,394	6,727	4,133
Miscellaneous			
Total revenues	<u>9,394</u>	<u>387,514</u>	<u>325,513</u>
Expenditures:			
Current:			
General government		167,697	590,956
Administration of justice			
Financial administration			
Elections			
Law enforcement			
Health and welfare			
Culture and recreation			
Capital outlay			
Debt Service:			
Interest and fees			
Total expenditures	<u>-0-</u>	<u>167,697</u>	<u>590,956</u>
Excess (deficiency) of revenue over (under) expenditures	<u>9,394</u>	<u>219,817</u>	<u>(265,443)</u>
Other Financing Sources (Uses):			
Proceeds from sale of capital assets			
Operating transfers in			
Issuance of certificates of obligation bonds			
Operating transfers out			
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balances	<u>9,394</u>	<u>219,817</u>	<u>(265,443)</u>
Fund Balance (Deficits):			
Beginning of year	<u>1,459,416</u>	<u>1,461,358</u>	<u>1,110,815</u>
End of year	<u>\$ 1,468,810</u>	<u>\$ 1,681,175</u>	<u>\$ 845,372</u>

Revenue Funds

Record Archives - District Clerk Fund	Court Records Preservation Digital Fund	Justice of the Peace Technology Fund	Courthouse Security Fund	County/District Court Technology Fund	District Court Records Technology Fund
\$ 10,631	\$ 29,895	\$ 33,758	\$ 77,242	\$ 6,279	\$ 24,317
137	482	848	75	102	221
<u>10,768</u>	<u>30,377</u>	<u>34,606</u>	<u>77,317</u>	<u>6,381</u>	<u>24,538</u>
		7,243	92,242		
			7,984		
<u>-0-</u>	<u>-0-</u>	<u>7,243</u>	<u>100,226</u>	<u>-0-</u>	<u>-0-</u>
<u>10,768</u>	<u>30,377</u>	<u>27,363</u>	<u>(22,909)</u>	<u>6,381</u>	<u>24,538</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>10,768</u>	<u>30,377</u>	<u>27,363</u>	<u>(22,909)</u>	<u>6,381</u>	<u>24,538</u>
<u>48,821</u>	<u>175,921</u>	<u>321,547</u>	<u>45,513</u>	<u>37,112</u>	<u>75,111</u>
<u>\$ 59,589</u>	<u>\$ 206,298</u>	<u>\$ 348,910</u>	<u>\$ 22,604</u>	<u>\$ 43,493</u>	<u>\$ 99,649</u>

(continued)

JOHNSON COUNTY, TEXAS

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

For the Year Ended September 30, 2016

	Special		
	Justice Court Building Security Fund	County Attorney Collection Fund	District Attorney 18 th Judicial Fund
Revenues:			
Taxes	\$	\$	\$
Intergovernmental			20,146
Fees	8,208	11,543	
Fines			
Investment income (loss)	193	125	10
Miscellaneous			
	8,401	11,668	20,156
Total revenues			
Expenditures:			
Current:			
General government			
Administration of justice	3,758		
Financial administration			
Elections			
Law enforcement		4,840	797
Health and welfare			
Culture and recreation			
Capital outlay		19,980	
Debt Service:			
Interest and fees			
	3,758	24,820	797
Total expenditures			
Excess (deficiency) of revenue over (under) expenditures			
	4,643	(13,152)	19,359
Other Financing Sources (Uses):			
Proceeds from sale of capital assets		594	
Operating transfers in			
Issuance of certificates of obligation funds			
Operating transfers out			(20,243)
	-0-	594	(20,243)
Total other financing sources (uses)			
Net change in fund balance			
	4,643	(12,558)	(884)
Fund Balance (Deficits):			
Beginning of year	73,042	61,826	2,856
End of year	\$ 77,685	\$ 49,268	\$ 1,972

Revenue Funds

District Attorney Collection Fund	Juvenile Probation Fund	Juvenile Justice Alternative Education Fund	Juvenile Probation Fees Fund	Juvenile Case Manager Fund	District Attorney Forfeiture Fund
\$	\$	\$	\$	\$	\$
1,480	799,589	62,195	10,383	42,294	10,935
14		311	183	299	255
<u>1,494</u>	<u>799,589</u>	<u>62,506</u>	<u>10,566</u>	<u>42,593</u>	<u>11,190</u>
	768,473	223,261	3,493	35,041	
			17,171		
<u>-0-</u>	<u>768,473</u>	<u>223,261</u>	<u>20,664</u>	<u>35,041</u>	<u>6</u>
<u>1,494</u>	<u>31,116</u>	<u>(160,755)</u>	<u>(10,098)</u>	<u>7,552</u>	<u>11,184</u>
	(31,116)	215,075			
<u>-0-</u>	<u>(31,116)</u>	<u>215,075</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
1,494	-0-	54,320	(10,098)	7,552	11,184
<u>4,358</u>		<u>13,715</u>	<u>62,964</u>	<u>113,173</u>	<u>98,121</u>
<u>\$ 5,852</u>	<u>\$ -0-</u>	<u>\$ 68,035</u>	<u>\$ 52,866</u>	<u>\$ 120,725</u>	<u>\$ 109,305</u>

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(continued)

JOHNSON COUNTY, TEXAS

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

For the Year Ended September 30, 2016

	Special		
	Sheriff Forfeiture Fund	County Attorney LEOSE Fund	Combined Constables LEOSE Fund
Revenues:			
Taxes	\$	\$	\$
Intergovernmental			
Fees		836	3,380
Fines			
Investment income (loss)	38	4	24
Miscellaneous			
Total revenues	38	840	3,404
Expenditures:			
Current:			
General government			
Administration of justice			
Financial administration			
Elections			
Law enforcement	9,466	878	3,081
Health and welfare			
Culture and recreation			
Capital outlay			
Debt Service:			
Interest and fees			
Total expenditures	9,466	878	3,081
Excess (deficiency) of revenue over (under) expenditures	(9,428)	(38)	323
Other Financing Sources (Uses):			
Proceeds from sale of capital assets			
Operating transfers in			
Issuance of certificates of obligation bonds			
Operating transfers out			
Total other financing sources (uses)	-0-	-0-	-0-
Net change in fund balance	(9,428)	(38)	323
Fund Balance (Deficits):			
Beginning of year	18,963	1,521	7,102
End of year	\$ 9,535	\$ 1,483	\$ 7,425

Revenue Funds

Sheriff LEOSE Fund	Sheriff Inmate Commissary Fund	Abandoned Vehicle Fund	Law Library Fund	STOP SCU Forfeiture Fund	STOP SCU Operations Fund
\$	\$	\$	\$	\$	\$
					65,735
10,454			92,804		
33	566		460	11,646	288
	806,811		6	18,698	3,126
<u>10,487</u>	<u>807,377</u>	<u>-0-</u>	<u>93,270</u>	<u>30,902</u>	<u>69,149</u>
			122,055		
7,758	614,175			1,855	138,098
	9,306			27,715	28,510
<u>7,758</u>	<u>623,481</u>	<u>-0-</u>	<u>122,055</u>	<u>29,570</u>	<u>166,608</u>
<u>2,729</u>	<u>183,896</u>	<u>-0-</u>	<u>(28,785)</u>	<u>1,332</u>	<u>(97,459)</u>
				6,433	90,504
	(137,918)				
<u>-0-</u>	<u>(137,918)</u>	<u>-0-</u>	<u>-0-</u>	<u>6,433</u>	<u>90,504</u>
2,729	45,978	-0-	(28,785)	7,765	(6,955)
<u>8,708</u>	<u>196,176</u>	<u>255</u>	<u>194,810</u>	<u>155,788</u>	<u>44,620</u>
<u>\$ 11,437</u>	<u>\$ 242,154</u>	<u>\$ 255</u>	<u>\$ 166,025</u>	<u>\$ 163,553</u>	<u>\$ 37,665</u>

(continued)

JOHNSON COUNTY, TEXAS

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

For the Year Ended September 30, 2016

	Special		
	STOP SCU Federal Forfeitures Fund	Pre-Trial Bond Supervision Fund	Indigent Health Care Fund
Revenues:			
Taxes	\$	\$	\$ 1,088,255
Intergovernmental			30,949
Fees		120,066	
Fines	2,000		
Investment income (loss)	10	197	11,827
Miscellaneous			
Total revenues	<u>2,010</u>	<u>120,263</u>	<u>1,131,031</u>
Expenditures:			
Current:			
General government			
Administration of justice			
Financial administration			
Elections			
Law enforcement		105,143	
Health and welfare			623,193
Culture and recreation			
Capital outlay			
Debt Service:			
Interest and fees			
Total expenditures	<u>-0-</u>	<u>105,143</u>	<u>623,193</u>
Excess (deficiency) of revenue over (under) expenditures	<u>2,010</u>	<u>15,120</u>	<u>507,838</u>
Other Financing Sources (Uses):			
Proceeds from sale of capital assets			
Operating transfers in			
Issuance of certificates of obligation bonds			
Operating transfers out			(52,014)
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>(52,014)</u>
Net change in fund balance	2,010	15,120	455,824
Fund Balance (Deficits):			
Beginning of year	<u>2,404</u>	<u>68,671</u>	<u>1,632,523</u>
End of year	<u>\$ 4,414</u>	<u>\$ 83,791</u>	<u>\$ 2,088,347</u>

Revenue Funds

Cities Readiness Initiative Fund	Indigent Defense Formula/ Improvement Fund	Guardianship Fee Fund	Election Services Contract Fund	TCEQ Aircheck Texas Fund	MVIE Tax A/C Penalty & Interest Fund
\$ 34,883	\$ 151,995	\$ 9,015	\$ 72,583	\$ 399,585	\$
	365	171	621		65
			49,708		5,374
<u>34,883</u>	<u>152,360</u>	<u>9,186</u>	<u>122,912</u>	<u>399,585</u>	<u>5,439</u>
11,390	28,726	405	61,317	399,585	225
<u>11,390</u>	<u>28,726</u>	<u>405</u>	<u>61,317</u>	<u>399,585</u>	<u>225</u>
<u>23,493</u>	<u>123,634</u>	<u>8,781</u>	<u>61,595</u>	<u>-0-</u>	<u>5,214</u>
(23,493)	(123,634)				
(23,493)	(123,634)	-0-	-0-	-0-	-0-
-0-	-0-	8,781	61,595	-0-	5,214
-0-	-0-	63,073	228,614	-0-	27,641
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 71,854</u>	<u>\$ 290,209</u>	<u>\$ -0-</u>	<u>\$ 32,855</u>

(continued)

JOHNSON COUNTY, TEXAS

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

For the Year Ended September 30, 2016

	Special		
	Historical Commission Fund	Unclaimed Juvenile Restitution Fund	Pecan Valley MHMR Fund
Revenues:			
Taxes	\$	\$	\$
Intergovernmental			
Fees			
Fines			
Investment income (loss)	91	240	
Miscellaneous		62	
Total revenues	<u>91</u>	<u>302</u>	<u>-0-</u>
Expenditures:			
Current:			
General government	8,394		108,001
Administration of justice			
Financial administration			
Elections			
Law enforcement			
Health and welfare			
Culture and recreation			
Capital outlay			
Debt Service:			
Interest and fees			
Total expenditures	<u>8,394</u>	<u>-0-</u>	<u>108,001</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(8,303)</u>	<u>302</u>	<u>(108,001)</u>
Other Financing Sources (Uses):			
Proceeds from sale of capital assets			
Operating transfers in	10,000		
Issuance of certificates of obligation bonds			
Operating transfers out			
Total other financing sources (uses)	<u>10,000</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balance	1,697	302	(108,001)
Fund Balance (Deficits):			
Beginning of year	<u>30,327</u>	<u>7</u>	<u>108,001</u>
End of year	<u>\$ 32,024</u>	<u>\$ 309</u>	<u>\$ -0-</u>

Revenue Funds				Capital Projects Funds		
Texas CDBG Fund	H.A.V.A. Grant Fund	Body Worn Camera Fund	Total Special Revenue Funds	Equipment Purchase Fund	Jail C5 Construction Fund	
\$ 423,750	\$ 5,000	\$ 63,724	\$ 1,088,255	\$	\$	
			2,130,134			
			1,194,752			
			24,581			
			39,067	861	57,467	
			883,785			
<u>423,750</u>	<u>5,000</u>	<u>63,724</u>	<u>5,360,574</u>	<u>861</u>	<u>57,467</u>	
423,750			1,832,053	331,789		
			1,070,400	3,932		
			-0-	1,549		
	5,000		66,317			
		63,724	1,042,063	27,087		
			623,193			
			-0-	2,659		
			110,666	537,860	16,839,257	
			-0-		230,201	
<u>423,750</u>	<u>5,000</u>	<u>63,724</u>	<u>4,744,692</u>	<u>904,876</u>	<u>17,069,458</u>	
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>615,882</u>	<u>(904,015)</u>	<u>(17,011,991)</u>	
			7,027			
			315,579	916,686		
			-0-		20,605,000	
			(388,418)			
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(65,812)</u>	<u>916,686</u>	<u>20,605,000</u>	
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>550,070</u>	<u>12,671</u>	<u>3,593,009</u>	
			7,954,873	12,284	(857,052)	
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 8,504,943</u>	<u>\$ 24,955</u>	<u>\$ 2,735,957</u>	

(continued)

JOHNSON COUNTY, TEXAS

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

For the Year Ended September 30, 2016

	Capital Projects Funds		
	Jail C1- Construction Fund	Courthouse Restoration Fund	Construction Projects Fund
Revenues:			
Taxes	\$	\$	\$
Intergovernmental			
Fees			
Fines			
Investment income (loss)			
Miscellaneous			
Total revenues	-0-	-0-	-0-
Expenditures:			
Current:			
General government			
Administration of justice			
Financial administration			
Elections			
Law enforcement			
Health and welfare			
Culture and recreation			
Capital outlay	243,468	39,000	369,136
Debt Service:			
Interest and fees			
Total expenditures	243,468	39,000	369,136
Excess (deficiency) of revenue over (under) expenditures	(243,468)	(39,000)	(369,136)
Other Financing Sources (Uses):			
Proceeds from sale of capital assets			
Operating transfers in	5,000,000		544,136
Issuance of certificates of obligation bonds			
Operating transfers out			
Total other financing sources (uses)	5,000,000	-0-	544,136
Net change in fund balance	4,756,532	(39,000)	175,000
Fund Balance (Deficits):			
Beginning of year	-0-	-0-	-0-
End of year	\$ 4,756,532	\$(39,000)	\$ 175,000

<u>Capital Projects Funds</u>		
<u>Software Projects Fund</u>	<u>Total Capital Projects Funds</u>	<u>Total Non-Major Governmental Funds</u>
\$	\$ -0-	\$ 1,088,255
		2,130,134
		1,194,752
		24,581
5,727	64,055	103,122
	-0-	883,785
<u>5,727</u>	<u>64,055</u>	<u>5,424,629</u>
	331,789	2,163,842
	3,932	1,074,332
	1,549	1,549
	-0-	66,317
	27,087	1,069,150
	-0-	623,193
	2,659	2,659
563,533	18,592,254	18,702,920
	<u>230,201</u>	<u>230,201</u>
<u>563,533</u>	<u>19,189,471</u>	<u>23,934,163</u>
(557,806)	(19,125,416)	(18,509,534)
	-0-	7,027
127,014	6,587,836	6,903,415
	20,605,000	20,605,000
	-0-	(388,418)
<u>127,014</u>	<u>27,192,836</u>	<u>27,127,024</u>
(430,792)	8,067,420	8,617,490
<u>1,623,409</u>	<u>778,641</u>	<u>8,733,514</u>
<u>\$ 1,192,617</u>	<u>\$ 8,846,061</u>	<u>\$ 17,351,004</u>

JOHNSON COUNTY, TEXAS

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT
AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND**

For the Year Ended September 30, 2016

Exhibit 11
Page 1 of 8

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
General Administration:				
County Clerk:				
Salaries and wages, and employee benefits	\$ 1,951,614	\$ 1,951,614	\$ 1,920,995	\$ 30,619
Operating expenditures	83,300	83,300	77,008	6,292
Total County Clerk	2,034,914	2,034,914	1,998,003	36,911
County Judge:				
Salaries and wages, and employee benefits	390,319	389,844	382,683	7,161
Operating expenditures	9,750	9,750	8,971	779
Total County Judge	400,069	399,594	391,654	7,940
County Commissioners:				
Salaries and wages, and employee benefits	490,367	490,880	486,711	4,169
Total County Commissioners	490,367	490,880	486,711	4,169
Veterans:				
Salaries and wages, and employee benefits	209,010	209,010	165,746	43,264
Operating expenditures	8,500	8,500	7,500	1,000
Total Veterans	217,510	217,510	173,246	44,264
Public Works:				
Salaries and wages, and employee benefits	1,372,198	1,372,198	1,280,894	91,304
Operating expenditures	56,550	56,685	46,921	9,764
Total Public Works	1,428,748	1,428,883	1,327,815	101,068
Building Maintenance:				
Operating expenditures	1,399,700	1,316,900	1,142,684	174,216
Total Building Maintenance	1,399,700	1,316,900	1,142,684	174,216
Purchasing:				
Salaries and wages, and employee benefits	298,161	308,464	308,307	157
Operating expenditures	30,230	33,230	25,113	8,117
Total Purchasing	328,391	341,694	333,420	8,274
Information Technology:				
Salaries and wages, and employee benefits	755,239	755,239	740,258	14,981
Operating expenditures	1,386,096	1,319,281	1,286,477	32,804
Total Information Technology	2,141,335	2,074,520	2,026,735	47,785
Print Shop:				
Salaries and wages, and employee benefits	49,649	49,915	49,820	95
Operating expenditures	36,601	33,601	23,101	10,500
Total Print Shop	86,250	83,516	72,921	10,595

(continued)

JOHNSON COUNTY, TEXAS

*SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT
AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND - Continued*
For the Year Ended September 30, 2016

Exhibit 11
Page 2 of 8

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
General Administration - Continued:				
Mail Room:				
Salaries and wages, and employee benefits	\$ 91,026	\$ 91,501	\$ 91,451	\$ 50
Operating expenditures	11,000	11,000	8,332	2,668
Total Mail Room	102,026	102,501	99,783	2,718
Telecommunications:				
Salaries and wages, and employee benefits	42,291	42,291	42,445	(154)
Total Telecommunications	42,291	42,291	42,445	(154)
Personnel:				
Salaries and wages, and employee benefits	326,517	326,517	304,670	21,847
Operating expenditures	24,300	30,275	14,409	15,866
Total Personnel	350,817	356,792	319,079	37,713
County Tax Collector:				
Salaries and wages, and employee benefits	1,356,251	1,356,251	1,318,617	37,634
Operating expenditures	292,131	292,131	189,750	102,381
Total County Tax Collector	1,648,382	1,648,382	1,508,367	140,015
Non-departmental:				
Salaries and wages, and employee benefits	174,211	339,261	266,359	72,902
Operating expenditures	3,301,798	3,050,334	2,891,141	159,193
Capital outlay		318,492	318,405	87
Total Non-departmental	3,476,009	3,708,087	3,475,905	232,182
Total General Administration	14,146,809	14,246,464	13,398,768	847,696
Administration of Justice:				
County Court at Law I:				
Salaries and wages, and employee benefits	504,479	504,479	490,536	13,943
Operating expenditures	314,400	317,878	313,811	4,067
Total County Court at Law I	818,879	822,357	804,347	18,010
County Court at Law II:				
Salaries and wages, and employee benefits	433,967	433,967	425,314	8,653
Operating expenditures	284,000	349,740	347,429	2,311
Total County Court at Law II	717,967	783,707	772,743	10,964

(continued)

JOHNSON COUNTY, TEXAS

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT
AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND - Continued**

For the Year Ended September 30, 2016

Exhibit 11
Page 3 of 8

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Administration of Justice – Continued:				
General District Court:				
Salaries and wages, and employee benefits	\$ 73,800	\$ 103,685	\$ 75,725	\$ 27,960
Operating expenditures	85,995	78,255	66,944	11,311
Total General District Court	159,795	181,940	142,669	39,271
249 th District Court:				
Salaries and wages, and employee benefits	285,084	285,084	260,385	24,699
Operating expenditures	430,200	430,833	420,866	9,967
Total 249 th District Court	715,284	715,917	681,251	34,666
18 th District Court:				
Salaries and wages, and employee benefits	265,509	265,509	254,537	10,972
Operating expenditures	436,400	437,033	414,469	22,564
Total 18 th District Court	701,909	702,542	669,006	33,536
413 th District Court:				
Salaries and wages, and employee benefits	265,221	265,221	251,185	14,036
Operating expenditures	405,600	476,507	455,058	21,449
Total 413 th District Court	670,821	741,728	706,243	35,485
District Clerk:				
Salaries and wages, and employee benefits	1,221,257	1,221,257	1,190,373	30,884
Operating expenditures	83,630	86,092	85,646	446
Total District Clerk	1,304,887	1,307,349	1,276,019	21,330
Justice of the Peace #1:				
Salaries and wages, and employee benefits	286,946	288,772	288,536	236
Operating expenditures	11,400	11,310	9,554	1,756
Total Justice of the Peace #1	298,346	300,082	298,090	1,992
Justice of the Peace #2:				
Salaries and wages, and employee benefits	259,086	259,086	249,830	9,256
Operating expenditures	14,350	14,350	7,767	6,583
Total Justice of the Peace #2	273,436	273,436	257,597	15,839
Justice of the Peace #3:				
Salaries and wages, and employee benefits	262,116	262,116	244,232	17,884
Operating expenditures	13,000	13,000	12,253	747
Total Justice of the Peace #3	275,116	275,116	256,485	18,631

(continued)

JOHNSON COUNTY, TEXAS

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT
AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND - Continued**
For the Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Administration of Justice - Continued:				
Justice of the Peace #4:				
Salaries and wages, and employee benefits	\$ 222,360	\$ 222,360	\$ 213,900	\$ 8,460
Operating expenditures	10,650	10,650	6,542	4,108
Total Justice of the Peace #4	233,010	233,010	220,442	12,568
Non-departmental:				
Operating expenditures	219,087	194,732	127,985	66,747
Capital outlay		13,000		13,000
Total Non-departmental	219,087	207,732	127,985	79,747
Bail Bonds Office:				
Salaries and wages, and employee benefits	53,631	53,922	53,888	34
Operating expenditures	2,000	2,000	721	1,279
Total Bail Bonds Office	55,631	55,922	54,609	1,313
Adult Probation:				
Operating expenditures	5,050	7,850	2,660	5,190
Total Adult Probation	5,050	7,850	2,660	5,190
Juvenile Probation:				
Salaries and wages, and employee benefits	410,844	410,844	401,518	9,326
Operating expenditures	699,450	886,503	830,515	55,988
Total Juvenile Probation	1,110,294	1,297,347	1,232,033	65,314
Total Administration of Justice	7,559,512	7,906,035	7,502,179	403,856
Financial Administration:				
County Auditor:				
Salaries and wages, and employee benefits	763,145	772,829	765,547	7,282
Operating expenditures	48,400	39,591	36,413	3,177
Total County Auditor	811,545	812,420	801,960	10,460
County Treasurer:				
Salaries and wages, and employee benefits	163,347	163,347	149,545	13,802
Operating expenditures	11,700	11,700	11,036	664
Total County Treasurer	175,047	175,047	160,581	14,466
Total Financial Administration	986,592	987,467	962,541	24,926

(continued)

JOHNSON COUNTY, TEXAS

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT
AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND - Continued**
For the Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Administration of Justice - Continued:				
Elections:				
Elections:				
Salaries and wages, and employee benefits	\$ 370,667	\$ 370,667	\$ 356,280	\$ 14,387
Operating expenditures	162,150	162,150	97,570	64,580
Total Elections	532,817	532,817	453,850	78,967
Law Enforcement				
County Attorney:				
Salaries and wages, and employee benefits	1,863,955	1,875,372	1,875,080	292
Operating expenditures	93,354	93,354	74,059	19,295
Total County Attorney	1,957,309	1,968,726	1,949,139	19,587
District Attorney:				
Salaries and wages, and employee benefits	1,925,401	1,925,401	1,828,172	97,229
Operating expenditures	133,000	139,463	97,514	41,949
Total District Attorney	2,058,401	2,064,864	1,925,686	139,178
County/District Attorney Supplement:				
Salaries and wages, and employee benefits	38,140	38,140	18,738	19,402
Total County/District Attorney Supplement	38,140	38,140	18,738	19,402
Constable - Precinct 1:				
Salaries and wages, and employee benefits	277,693	284,367	283,129	1,238
Operating expenditures	37,266	37,266	30,020	7,246
Total Constable - Precinct 1	314,959	321,633	313,149	8,484
Constable - Precinct 2:				
Salaries and wages, and employee benefits	255,112	256,501	256,135	366
Operating expenditures	30,820	30,820	18,363	12,457
Total Constable - Precinct 2	285,932	287,321	274,498	12,823
Constable - Precinct 3:				
Salaries and wages, and employee benefits	296,380	296,380	245,292	51,088
Operating expenditures	30,670	30,670	14,906	15,764
Total Constable - Precinct 3	327,050	327,050	260,198	66,852
Constable - Precinct 4:				
Salaries and wages, and employee benefits	255,364	262,200	260,794	1,406
Operating expenditures	40,526	40,526	29,728	10,798
Total Constable - Precinct 4	295,890	302,726	290,522	12,204

(continued)

JOHNSON COUNTY, TEXAS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND - Continued

For the Year Ended September 30, 2016

Exhibit 11
Page 6 of 8

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Law Enforcement - Continued:				
ASAP-JISD:				
Salaries and wages, and employee benefits	\$ 64,729	\$ 65,071	\$ 63,579	\$ 1,492
Operating expenditures	<u>3,550</u>	<u>3,550</u>	<u>1,737</u>	<u>1,813</u>
Total ASAP-JISD	<u>68,279</u>	<u>68,221</u>	<u>65,316</u>	<u>3,305</u>
ASAP-BISD:				
Salaries and wages, and employee benefits	64,525	64,525	56,950	7,575
Operating expenditures	<u>6,370</u>	<u>6,370</u>	<u>3,105</u>	<u>3,265</u>
Total ASAP-BISD	<u>70,895</u>	<u>70,895</u>	<u>60,055</u>	<u>10,840</u>
ASAP-CISD:				
Salaries and wages, and employee benefits	127,427	128,754	126,793	1,961
Operating expenditures	<u>11,440</u>	<u>11,440</u>	<u>5,264</u>	<u>6,176</u>
Total ASAP-CISD	<u>138,867</u>	<u>140,194</u>	<u>132,057</u>	<u>8,137</u>
Sheriff Admin-Patrol:				
Salaries and wages, and employee benefits	7,374,232	7,316,590	6,781,819	534,771
Operating expenditures	848,185	683,227	617,043	66,184
Capital outlay		<u>34,506</u>	<u>32,050</u>	<u>2,456</u>
Total Sheriff Admin-Patrol	<u>8,222,417</u>	<u>8,034,323</u>	<u>7,430,912</u>	<u>603,411</u>
Sheriff-Jail:				
Salaries and wages, and employee benefits	1,068,404	1,068,404	1,036,215	32,189
Operating expenditures	<u>15,139,300</u>	<u>16,513,375</u>	<u>16,499,035</u>	<u>14,340</u>
Total Sheriff-Jail	<u>16,207,704</u>	<u>17,581,779</u>	<u>17,535,250</u>	<u>46,529</u>
Sheriff Licenses and Weights:				
Salaries and wages, and employee benefits	266,636	267,809	265,210	2,599
Operating expenditures	<u>44,300</u>	<u>44,300</u>	<u>23,693</u>	<u>20,607</u>
Total Sheriff Licenses and Weights	<u>310,936</u>	<u>312,109</u>	<u>288,903</u>	<u>23,206</u>
Mansfield Interlocal:				
Salaries and wages, and employee benefits	<u>73,752</u>	<u>86,419</u>	<u>83,979</u>	<u>2,440</u>
Total Mansfield Interlocal	<u>73,752</u>	<u>86,419</u>	<u>83,979</u>	<u>2,440</u>
Texas DPS Office:				
Salaries and wages, and employee benefits	72,772	75,703	75,249	454
Operating expenditures	<u>1,000</u>	<u>1,000</u>	<u>933</u>	<u>67</u>
Total Texas DPS Office	<u>73,772</u>	<u>76,703</u>	<u>76,182</u>	<u>521</u>

(continued)

JOHNSON COUNTY, TEXAS**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT
AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND - Continued**

For the Year Ended September 30, 2016

Exhibit 11
Page 7 of 8

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Law Enforcement - Continued:				
Texas DPS License Weight:				
Operating expenditures	\$ 1,250	\$ 1,250	\$ 1,247	\$ 3
Total Texas DPS License Weight	1,250	1,250	1,247	3
SRO-Godley ISD:				
Salaries and wages, and employee benefits	65,019	69,519	66,860	2,659
Operating expenditures	4,850	4,850	2,226	2,624
Total SRO-Godley ISD	69,869	74,369	69,086	5,283
SRO-Joshua ISD:				
Salaries and wages, and employee benefits	131,736	131,736	130,758	978
Operating expenditures	7,600	7,600	4,739	2,861
Total SRO-Joshua ISD	139,336	139,336	135,497	3,839
SRO-Alvarado ISD:				
Salaries and wages, and employee benefits	66,615	123,113	105,624	17,489
Operating expenditures	5,250	8,413	2,811	5,602
Total SRO-Alvarado ISD	71,865	131,526	108,435	23,091
SRO-Venus ISD:				
Salaries and wages, and employee benefits	61,383	4,885	4,882	3
Operating expenditures	3,950	787	187	600
Total SRO-Venus ISD	65,333	5,672	5,069	603
Total Law Enforcement	30,791,956	32,033,656	31,023,918	1,009,738
Health and Welfare:				
Medical Examiner:				
Salaries and wages, and employee benefits	173,668	185,725	176,861	8,864
Operating expenditures	227,750	227,750	217,505	10,245
Total Medical Examiner	401,418	413,475	394,366	19,109
Non-departmental:				
Operating expenditures	10,000	10,000	10,000	-0-
Total Non-departmental	10,000	10,000	10,000	-0-
Emergency Management:				
Salaries and wages, and employee benefits	179,884	179,884	174,397	5,487
Operating expenditures	300,702	301,475	297,975	3,500
Total Emergency Management	480,586	481,359	472,372	8,987
Total Health and Welfare	892,004	901,834	876,738	28,096

(continued)

JOHNSON COUNTY, TEXAS

*SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT
AND LEGAL LEVEL OF BUDGETARY CONTROL - GENERAL FUND - Continued*

For the Year Ended September 30, 2016

Exhibit 11
Page 8 of 8

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Culture and Recreation:				
Hamm Creek Park:				
Salaries and wages, and employee benefits	\$ 235,755	\$ 235,755	\$ 213,323	\$ 22,432
Operating expenditures	<u>33,700</u>	<u>43,700</u>	<u>34,891</u>	<u>8,809</u>
Total Hamm Creek Park	<u>269,455</u>	<u>279,455</u>	<u>248,214</u>	<u>31,241</u>
Total Culture and Recreation	<u>269,455</u>	<u>279,455</u>	<u>248,214</u>	<u>31,241</u>
Conservation:				
County Extension:				
Salaries and wages, and employee benefits	174,614	174,614	140,831	33,783
Operating expenditures	<u>13,800</u>	<u>13,800</u>	<u>9,381</u>	<u>4,419</u>
Total County Extension	<u>188,414</u>	<u>188,414</u>	<u>150,212</u>	<u>38,202</u>
Total Conservation	<u>188,414</u>	<u>188,414</u>	<u>150,212</u>	<u>38,202</u>
Total expenditures	<u>\$ 55,367,559</u>	<u>\$ 57,079,142</u>	<u>\$ 54,616,420</u>	<u>\$ 2,462,722</u>



JOHNSON COUNTY, TEXAS

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - BY FUNCTION, DEPARTMENT
AND LEGAL LEVEL OF BUDGETARY CONTROL - MAJOR SPECIAL REVENUE FUND
(ROAD AND BRIDGE FUND)**

Exhibit 12

For the Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Highways and Streets:				
Road and Bridge Precinct 1:				
Salaries and wages, and employee benefits	\$ 1,145,984	\$ 1,145,984	\$ 949,377	\$ 196,607
Operating expenditures	1,661,364	1,769,871	674,121	1,095,750
Capital outlay	816,500	766,500	133,205	633,295
Total Road and Bridge Precinct 1	<u>3,623,848</u>	<u>3,682,355</u>	<u>1,756,703</u>	<u>1,925,652</u>
Road and Bridge Precinct 2:				
Salaries and wages, and employee benefits	1,146,470	1,146,470	858,253	288,217
Operating expenditures	985,478	1,111,854	461,747	650,107
Capital outlay	230,000	247,337	169,663	77,674
Total Road and Bridge Precinct 2	<u>2,361,948</u>	<u>2,505,661</u>	<u>1,489,663</u>	<u>1,015,998</u>
Road and Bridge Precinct 3:				
Salaries and wages, and employee benefits	1,328,963	1,328,963	978,423	350,540
Operating expenditures	855,275	1,976,249	795,914	1,180,335
Capital outlay	352,000	352,000	271,493	80,507
Total Road and Bridge Precinct 3	<u>2,536,238</u>	<u>3,657,212</u>	<u>2,045,830</u>	<u>1,611,382</u>
Road and Bridge Precinct 4:				
Salaries and wages, and employee benefits	1,441,589	1,441,589	1,172,353	269,236
Operating expenditures	1,051,088	1,390,103	413,686	976,417
Capital outlay	283,000	363,000	292,774	70,226
Total Road and Bridge Precinct 4	<u>2,775,677</u>	<u>3,194,692</u>	<u>1,878,813</u>	<u>1,315,879</u>
Total expenditures	<u>\$ 11,297,711</u>	<u>\$ 13,039,920</u>	<u>\$ 7,171,009</u>	<u>\$ 5,868,911</u>

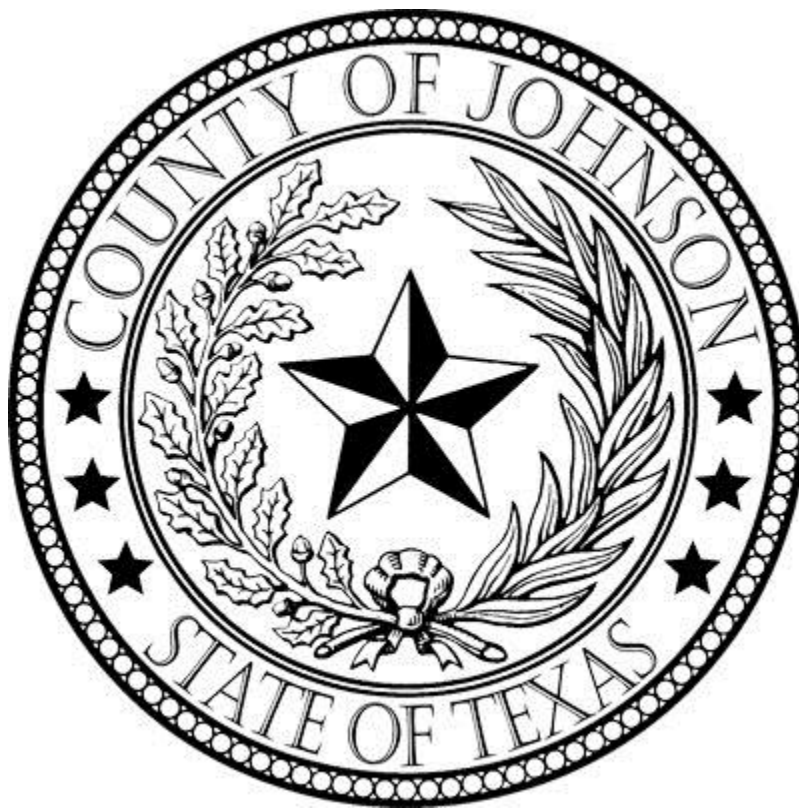
JOHNSON COUNTY, TEXAS

*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - DEBT SERVICE FUNDS (MAJOR)*

Exhibit 13
Page 1 of 1

Legal Level of Budgetary Control
For the Year Ended September 30, 2016

	General Debt Service Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$ 2,364,823	\$ 2,364,823	\$ 2,599,212	\$ 234,389
Investment income	1,200	1,200	6,068	4,868
Total revenues	<u>2,366,023</u>	<u>2,366,023</u>	<u>2,605,280</u>	<u>239,257</u>
Expenditures:				
Debt Service:				
Principal on long-term debt	2,030,000	2,030,000	2,030,000	-0-
Interest on long-term debt	409,823	409,823	405,647	4,176
Total expenditures	<u>2,439,823</u>	<u>2,439,823</u>	<u>2,435,647</u>	<u>4,176</u>
Excess (deficiency) of revenues over expenditures	<u>(73,800)</u>	<u>(73,800)</u>	<u>169,633</u>	<u>243,433</u>
Other Financing Sources (Uses):				
Transfers in				-0-
Transfers out				-0-
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balances	<u>(73,800)</u>	<u>(73,800)</u>	<u>169,633</u>	<u>243,433</u>
Fund balances – beginning	<u>1,396,495</u>	<u>1,396,495</u>	<u>1,396,495</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 1,322,695</u>	<u>\$ 1,322,695</u>	<u>\$ 1,566,128</u>	<u>\$ 243,433</u>



JOHNSON COUNTY, TEXAS

*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS (NONMAJOR)*

For the Year Ended September 30, 2016

	Right of Way Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Fees	\$	\$	\$	\$ -0-
Investment income (loss)	12,500	12,500	9,394	(3,106)
Total revenues	12,500	12,500	9,394	(3,106)
Expenditures:				
General Administration:				
Salaries and wages, and employee benefits				-0-
Operating expenditures				-0-
Total expenditures	-0-	-0-	-0-	-0-
Excess (deficiency) of revenues over expenditures	12,500	12,500	9,394	(3,106)
Other Financing Sources (Uses):				
Transfers in				-0-
Transfers out				-0-
Total other financing sources (uses)	-0-	-0-	-0-	-0-
Net change in fund balances	12,500	12,500	9,394	(3,106)
Fund balances – beginning	1,459,416	1,459,416	1,459,416	-0-
Fund balances – ending	\$ 1,471,916	\$ 1,471,916	\$ 1,468,810	\$(3,106)

Records Management and Preservation Fund			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 281,000	\$ 281,000	\$ 380,787	\$ 99,787
<u>8,400</u>	<u>8,400</u>	<u>6,727</u>	<u>(1,673)</u>
<u>289,400</u>	<u>289,400</u>	<u>387,514</u>	<u>98,114</u>
147,832	147,832	139,296	8,536
<u>270,000</u>	<u>270,000</u>	<u>28,401</u>	<u>241,599</u>
<u>417,832</u>	<u>417,832</u>	<u>167,697</u>	<u>250,135</u>
<u>(128,432)</u>	<u>(128,432)</u>	<u>219,817</u>	<u>348,249</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>(128,432)</u>	<u>(128,432)</u>	<u>219,817</u>	<u>348,249</u>
<u>1,461,358</u>	<u>1,461,358</u>	<u>1,461,358</u>	<u>-0-</u>
<u>\$ 1,332,926</u>	<u>\$ 1,332,926</u>	<u>\$ 1,681,175</u>	<u>\$ 348,249</u>

(continued)

JOHNSON COUNTY, TEXAS

*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS (NONMAJOR) - Continued*

For the Year Ended September 30, 2016

	Records Archive County Clerk Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Fees	\$ 270,000	\$ 270,000	\$ 321,380	\$ 51,380
Investment income	500	500	4,133	3,633
Total revenues	<u>270,500</u>	<u>270,500</u>	<u>325,513</u>	<u>55,013</u>
Expenditures:				
General Government:				
Operating expenditures	<u>1,000,000</u>	<u>1,000,000</u>	<u>590,956</u>	<u>409,044</u>
Total expenditures	<u>1,000,000</u>	<u>1,000,000</u>	<u>590,956</u>	<u>409,044</u>
Excess (deficiency) of revenues over expenditures	(729,500)	(729,500)	(265,443)	<u>464,057</u>
Other Financing Sources (Uses):				
Transfers in				-0-
Transfers out				-0-
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balances	(729,500)	(729,500)	(265,443)	464,057
Fund balances – beginning	<u>1,110,815</u>	<u>1,110,815</u>	<u>1,110,815</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 381,315</u>	<u>\$ 381,315</u>	<u>\$ 845,372</u>	<u>\$ 464,057</u>

Record Archives District Clerk Fund			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 10,300	\$ 10,300	\$ 10,631	\$ 331
<u>50</u>	<u>50</u>	<u>137</u>	<u>87</u>
<u>10,350</u>	<u>10,350</u>	<u>10,768</u>	<u>418</u>
			-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>10,350</u>	<u>10,350</u>	<u>10,768</u>	<u>418</u>
			-0-
			-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
10,350	10,350	10,768	418
<u>48,821</u>	<u>48,821</u>	<u>48,821</u>	<u>-0-</u>
<u>\$ 59,171</u>	<u>\$ 59,171</u>	<u>\$ 59,589</u>	<u>\$ 418</u>

(continued)

JOHNSON COUNTY, TEXAS

*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS (NONMAJOR) - Continued*

For the Year Ended September 30, 2016

	Court Records Preservation Digital Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Fees	\$ 29,000	\$ 29,000	\$ 29,895	\$ 895
Investment income (loss)	200	200	482	282
Total revenues	<u>29,200</u>	<u>29,200</u>	<u>30,377</u>	<u>1,177</u>
Expenditures:				
Administration of Justice:				
Operating expenditures				-0-
Total expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess (deficiency) of revenues over expenditures	<u>29,200</u>	<u>29,200</u>	<u>30,377</u>	<u>1,177</u>
Other Financing Sources (Uses):				
Transfers in				-0-
Transfers out				-0-
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balances	29,200	29,200	30,377	1,177
Fund balances – beginning	<u>175,921</u>	<u>175,921</u>	<u>175,921</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 205,121</u>	<u>\$ 205,121</u>	<u>\$ 206,298</u>	<u>\$ 1,177</u>

Justice of the Peace Technology Fund			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 21,800	\$ 21,800	\$ 33,758	\$ 11,958
<u>250</u>	<u>250</u>	<u>848</u>	<u>598</u>
<u>22,050</u>	<u>22,050</u>	<u>34,606</u>	<u>12,556</u>
<u>27,500</u>	<u>27,500</u>	<u>7,243</u>	<u>20,257</u>
<u>27,500</u>	<u>27,500</u>	<u>7,243</u>	<u>20,257</u>
(<u>5,450</u>)	(<u>5,450</u>)	<u>27,363</u>	<u>32,813</u>
			-0-
			-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
(<u>5,450</u>)	(<u>5,450</u>)	<u>27,363</u>	<u>32,813</u>
<u>321,547</u>	<u>321,547</u>	<u>321,547</u>	<u>-0-</u>
<u>\$ 316,097</u>	<u>\$ 316,097</u>	<u>\$ 348,910</u>	<u>\$ 32,813</u>

(continued)

JOHNSON COUNTY, TEXAS

*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS (NONMAJOR) - Continued*

For the Year Ended September 30, 2016

	Courthouse Security Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fees	\$ 64,000	\$ 64,000	\$ 77,242	\$ 13,242
Investment income (loss)	150	150	75	(75)
Total revenues	<u>64,150</u>	<u>64,150</u>	<u>77,317</u>	<u>13,167</u>
Expenditures:				
Law Enforcement:				
Salaries and wages, and employee benefits	62,489	62,489	63,029	(540)
Operating expenditures	55,663	55,663	29,213	26,450
Capital Outlay	9,715	9,715	7,984	1,731
Total expenditures	<u>127,867</u>	<u>127,867</u>	<u>100,226</u>	<u>27,641</u>
Excess (deficiency) of revenues over expenditures	(63,717)	(63,717)	(22,909)	<u>40,808</u>
Other Financing Sources (Uses):				
Transfers in				-0-
Transfers out				-0-
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balances	(63,717)	(63,717)	(22,909)	40,808
Fund balances – beginning	<u>45,513</u>	<u>45,513</u>	<u>45,513</u>	<u>-0-</u>
Fund balances – ending	<u>\$(18,204)</u>	<u>\$(18,204)</u>	<u>\$ 22,604</u>	<u>\$ 40,808</u>

<u>County/District Court Technology Fund</u>			
<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<u>Original</u>	<u>Final</u>		
\$ 7,100	\$ 7,100	\$ 6,279	\$ (821)
<u>50</u>	<u>50</u>	<u>102</u>	<u>52</u>
<u>7,150</u>	<u>7,150</u>	<u>6,381</u>	<u>(769)</u>
			-0-
			-0-
			-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>7,150</u>	<u>7,150</u>	<u>6,381</u>	<u>(769)</u>
			-0-
			-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
7,150	7,150	6,381	(769)
<u>37,112</u>	<u>37,112</u>	<u>37,112</u>	<u>-0-</u>
<u>\$ 44,262</u>	<u>\$ 44,262</u>	<u>\$ 43,493</u>	<u>\$ (769)</u>

(continued)

JOHNSON COUNTY, TEXAS

*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS (NONMAJOR) - Continued*

For the Year Ended September 30, 2016

	District Court Records Technology Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Fees	\$ 27,000	\$ 27,000	\$ 24,317	\$(2,683)
Investment income (loss)	100	100	221	121
Total revenues	<u>27,100</u>	<u>27,100</u>	<u>24,538</u>	<u>(2,562)</u>
Expenditures:				
Administration of Justice:				
Operating expenditures				-0-
Total expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess (deficiency) of revenues over expenditures	<u>27,100</u>	<u>27,100</u>	<u>24,538</u>	<u>(2,562)</u>
Other Financing Sources (Uses):				
Transfers in				-0-
Transfers out				-0-
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balances	27,100	27,100	24,538	(2,562)
Fund balances – beginning	<u>75,111</u>	<u>75,111</u>	<u>75,111</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 102,211</u>	<u>\$ 102,211</u>	<u>\$ 99,649</u>	<u>\$(2,562)</u>

<u>Justice Court Building Security Fund</u>			
<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<u>Original</u>	<u>Final</u>		
\$ 5,300	\$ 5,300	\$ 8,208	\$ 2,908
<u>100</u>	<u>100</u>	<u>193</u>	<u>93</u>
<u>5,400</u>	<u>5,400</u>	<u>8,401</u>	<u>3,001</u>
	<u>5,000</u>	<u>3,758</u>	<u>1,242</u>
<u>-0-</u>	<u>5,000</u>	<u>3,758</u>	<u>1,242</u>
<u>5,400</u>	<u>400</u>	<u>4,643</u>	<u>4,243</u>
			<u>-0-</u>
			<u>-0-</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
5,400	400	4,643	4,243
<u>73,042</u>	<u>73,042</u>	<u>73,042</u>	<u>-0-</u>
<u>\$ 78,442</u>	<u>\$ 73,442</u>	<u>\$ 77,685</u>	<u>\$ 4,243</u>

(continued)

JOHNSON COUNTY, TEXAS

*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS (NONMAJOR) - Continued*

For the Year Ended September 30, 2016

	Juvenile Justice Alternative Education Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenue	\$ 47,000	\$ 47,000	\$ 62,195	\$ 15,195
Fines				-0-
Investment income (loss)			311	311
Total revenues	<u>47,000</u>	<u>47,000</u>	<u>62,506</u>	<u>15,506</u>
Expenditures:				
Administration of Justice:				
Salaries and wages, and employee benefits	198,575	168,347	174,807	(6,460)
Operating expenditures	63,500	63,500	48,454	15,046
Capital outlay				-0-
Total expenditures	<u>262,075</u>	<u>231,847</u>	<u>223,261</u>	<u>8,586</u>
Excess (deficiency) of revenues over expenditures	<u>(215,075)</u>	<u>(184,847)</u>	<u>(160,755)</u>	<u>24,092</u>
Other Financing Sources (Uses):				
Transfers in	215,075	215,075	215,075	-0-
Transfers out				-0-
Total other financing sources (uses)	<u>215,075</u>	<u>215,075</u>	<u>215,075</u>	<u>-0-</u>
Net change in fund balances	-0-	30,228	54,320	24,092
Fund balances – beginning	<u>13,715</u>	<u>13,715</u>	<u>13,715</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 13,715</u>	<u>\$ 43,943</u>	<u>\$ 68,035</u>	<u>\$ 24,092</u>

Juvenile Probation Fees Fund			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final		
\$	\$	\$	\$
8,000	8,000	10,383	-0- 2,383
<u>500</u>	<u>500</u>	<u>183</u>	<u>(317)</u>
<u>8,500</u>	<u>8,500</u>	<u>10,566</u>	<u>2,066</u>
	19,151	3,493	-0- 15,658
	<u>43,813</u>	<u>17,171</u>	<u>26,642</u>
<u>-0-</u>	<u>62,964</u>	<u>20,664</u>	<u>42,300</u>
<u>8,500</u>	<u>(54,464)</u>	<u>(10,098)</u>	<u>44,366</u>
			-0- -0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
8,500	(54,464)	(10,098)	44,366
<u>62,964</u>	<u>62,964</u>	<u>62,964</u>	<u>-0-</u>
<u>\$ 71,464</u>	<u>\$ 8,500</u>	<u>\$ 52,866</u>	<u>\$ 44,366</u>

(continued)

JOHNSON COUNTY, TEXAS

*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS (NONMAJOR) - Continued*

For the Year Ended September 30, 2016

	Juvenile Case Manager Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Fees	\$ 28,000	\$ 28,000	\$ 42,294	\$ 14,294
Fines				-0-
Investment income (loss)	100	100	299	199
Total revenues	<u>28,100</u>	<u>28,100</u>	<u>42,593</u>	<u>14,493</u>
Expenditures:				
Administration of Justice:				
Salaries and wages, and employee benefits		30,228	33,931	(3,703)
Operating expenditures		5,000	1,110	3,890
Law Enforcement:				
Operating expenditures				-0-
Total expenditures	<u>-0-</u>	<u>35,228</u>	<u>35,041</u>	<u>187</u>
Excess (deficiency) of revenues over expenditures	<u>28,100</u>	<u>(7,128)</u>	<u>7,552</u>	<u>14,680</u>
Other Financing Sources (Uses):				
Transfers in				-0-
Transfers out				-0-
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balances	28,100	(7,128)	7,552	14,680
Fund balances – beginning	<u>113,173</u>	<u>113,173</u>	<u>113,173</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 141,273</u>	<u>\$ 106,045</u>	<u>\$ 120,725</u>	<u>\$ 14,680</u>

District Attorney Forfeiture Fund			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final		
\$	\$	\$	\$
		10,935	-0- 10,935
<u>50</u>	<u>50</u>	<u>255</u>	<u>205</u>
<u>50</u>	<u>50</u>	<u>11,190</u>	<u>11,140</u>
			-0- -0-
<u>1,350</u>	<u>1,350</u>	<u>6</u>	<u>1,344</u>
<u>1,350</u>	<u>1,350</u>	<u>6</u>	<u>1,344</u>
(<u>1,300</u>)	(<u>1,300</u>)	<u>11,184</u>	<u>12,484</u>
			-0- -0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
(<u>1,300</u>)	(<u>1,300</u>)	<u>11,184</u>	<u>12,484</u>
<u>98,121</u>	<u>98,121</u>	<u>98,121</u>	<u>-0-</u>
\$ <u><u>96,821</u></u>	\$ <u><u>96,821</u></u>	\$ <u><u>109,305</u></u>	\$ <u><u>12,484</u></u>

(continued)

JOHNSON COUNTY, TEXAS

*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS (NONMAJOR) - Continued*

For the Year Ended September 30, 2016

	Sheriff Forfeiture Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Fees	\$	\$	\$	\$
Investment income (loss)	25	25	38	13
Miscellaneous				-0-
Total revenues	<u>25</u>	<u>25</u>	<u>38</u>	<u>13</u>
Expenditures:				
General Government:				
Salaries and wages, and employee benefits				-0-
Operating expenditures				-0-
Law Enforcement:				
Operating expenditures	8,900	13,900	9,466	4,434
Capital outlay	<u>10,000</u>	<u>5,000</u>		<u>5,000</u>
Total expenditures	<u>18,900</u>	<u>18,900</u>	<u>9,466</u>	<u>9,434</u>
Excess (deficiency) of revenues over expenditures	<u>(18,875)</u>	<u>(18,875)</u>	<u>(9,428)</u>	<u>9,447</u>
Other Financing Sources (Uses):				
Transfers in				-0-
Transfers out				-0-
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balances	<u>(18,875)</u>	<u>(18,875)</u>	<u>(9,428)</u>	<u>9,447</u>
Fund balances – beginning	<u>18,963</u>	<u>18,963</u>	<u>18,963</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 88</u>	<u>\$ 88</u>	<u>\$ 9,535</u>	<u>\$ 9,447</u>

Law Library Fund			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 94,000	\$ 94,000	\$ 92,804	\$(1,196)
200	200	460	260
<u>150</u>	<u>150</u>	<u>6</u>	<u>(144)</u>
<u>94,350</u>	<u>94,350</u>	<u>93,270</u>	<u>(1,080)</u>
51,968	51,968	51,627	341
102,000	102,000	70,428	31,572
			-0-
			-0-
<u>153,968</u>	<u>153,968</u>	<u>122,055</u>	<u>31,913</u>
<u>(59,618)</u>	<u>(59,618)</u>	<u>(28,785)</u>	<u>30,833</u>
			-0-
			-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>(59,618)</u>	<u>(59,618)</u>	<u>(28,785)</u>	<u>30,833</u>
<u>194,810</u>	<u>194,810</u>	<u>194,810</u>	<u>-0-</u>
<u>\$ 135,192</u>	<u>\$ 135,192</u>	<u>\$ 166,025</u>	<u>\$ 30,833</u>

(continued)

JOHNSON COUNTY, TEXAS

*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS (NONMAJOR) - Continued*

For the Year Ended September 30, 2016

	STOP SCU Forfeiture Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Intergovernmental	\$	\$	\$	\$ -0-
Fines			11,646	11,646
Investment income (loss)	300	300	558	258
Miscellaneous	<u>2,000</u>	<u>2,000</u>	<u>18,698</u>	<u>16,698</u>
Total revenues	<u>2,300</u>	<u>2,300</u>	<u>30,902</u>	<u>28,602</u>
Expenditures:				
Law Enforcement:				
Operating expenditures	3,000	3,000	1,855	1,145
Capital outlay		<u>29,000</u>	<u>27,715</u>	<u>1,285</u>
Total expenditures	<u>3,000</u>	<u>32,000</u>	<u>29,570</u>	<u>2,430</u>
Excess (deficiency) of revenues over expenditures	<u>(700)</u>	<u>(29,700)</u>	<u>1,332</u>	<u>31,032</u>
Other Financing Sources (Uses):				
Proceeds from sale of capital assets			6,433	6,433
Transfers in				-0-
Transfers out				-0-
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>6,433</u>	<u>6,433</u>
Net change in fund balances	<u>(700)</u>	<u>(29,700)</u>	<u>7,765</u>	<u>37,465</u>
Fund balances – beginning	<u>155,788</u>	<u>155,788</u>	<u>155,788</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 155,088</u>	<u>\$ 126,088</u>	<u>\$ 163,553</u>	<u>\$ 37,465</u>

STOP SCU Operations Fund			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 63,735	\$ 65,735	\$ 65,735	\$ -0-
100	100	288	188
<u> </u>	<u> </u>	<u>3,126</u>	<u>3,126</u>
<u>63,835</u>	<u>65,835</u>	<u>69,149</u>	<u>3,314</u>
155,239	166,484	138,098	28,386
<u> </u>	<u>35,755</u>	<u>28,510</u>	<u>7,245</u>
<u>155,239</u>	<u>202,239</u>	<u>166,608</u>	<u>35,631</u>
(91,404)	(136,404)	(97,459)	38,945
90,504	90,504	90,504	-0-
<u> </u>	<u> </u>	<u> </u>	<u>-0-</u>
<u>90,504</u>	<u>90,504</u>	<u>90,504</u>	<u>-0-</u>
(900)	(45,900)	(6,955)	38,945
<u>44,620</u>	<u>44,620</u>	<u>44,620</u>	<u>-0-</u>
<u>\$ 43,720</u>	<u>\$(1,280)</u>	<u>\$ 37,665</u>	<u>\$ 38,945</u>

(continued)

JOHNSON COUNTY, TEXAS

*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS (NONMAJOR) - Continued*

For the Year Ended September 30, 2016

	Pre-Trial Bond Supervision Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$	\$	\$	\$ -0-
Intergovernmental				-0-
Fees	120,000	120,000	120,066	66
Investment income (loss)	50	50	197	147
Total revenues	<u>120,050</u>	<u>120,050</u>	<u>120,263</u>	<u>213</u>
Expenditures				
Administration of Justice:				
Salaries and wages, and employee benefits	84,556	84,756	78,569	6,187
Operating expenditures	33,500	33,300	26,574	6,726
Health and Welfare:				
Salaries and wages, and employee benefits				-0-
Operating expenditures				-0-
Total expenditures	<u>118,056</u>	<u>118,056</u>	<u>105,143</u>	<u>12,913</u>
Excess (deficiency) of revenues over expenditures	<u>1,994</u>	<u>1,994</u>	<u>15,120</u>	<u>13,126</u>
Other Financing Sources (Uses):				
Transfers in				-0-
Transfers out				-0-
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balances	1,994	1,994	15,120	13,126
Fund balances – beginning	<u>68,671</u>	<u>68,671</u>	<u>68,671</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 70,665</u>	<u>\$ 70,665</u>	<u>\$ 83,791</u>	<u>\$ 13,126</u>

Indigent Health Care Fund			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 1,075,216	\$ 1,075,216	\$ 1,088,255	\$ 13,039
30,000	30,000	30,949	949
			-0-
10,700	10,700	11,827	1,127
1,115,916	1,115,916	1,131,031	15,115
			-0-
			-0-
110,066	110,066	100,979	9,087
1,005,850	1,005,850	522,214	483,636
1,115,916	1,115,916	623,193	492,723
-0-	-0-	507,838	507,838
			-0-
-0-	-0-	(52,014)	(52,014)
-0-	-0-	(52,014)	(52,014)
-0-	-0-	455,824	455,824
1,632,523	1,632,523	1,632,523	-0-
\$ 1,632,523	\$ 1,632,523	\$ 2,088,347	\$ 455,824

(continued)

JOHNSON COUNTY, TEXAS

*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS (NONMAJOR) - Continued*

For the Year Ended September 30, 2016

	Guardianship Fee Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Intergovernmental	\$	\$	\$	\$ -0-
Fees	7,800	7,800	9,015	1,215
Investment income (loss)	75	75	171	96
Miscellaneous				-0-
Total revenues	<u>7,875</u>	<u>7,875</u>	<u>9,186</u>	<u>1,311</u>
Expenditures				
Administration of Justice:				
Operating expenditures		10,000	405	9,595
Elections:				
Operating expenditures				-0-
Total expenditures	<u>-0-</u>	<u>10,000</u>	<u>405</u>	<u>9,595</u>
Excess (deficiency) of revenues over expenditures	<u>7,875</u>	<u>(2,125)</u>	<u>8,781</u>	<u>10,906</u>
Other Financing Sources (Uses):				
Transfers in				-0-
Transfers out				-0-
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balances	7,875	(2,125)	8,781	10,906
Fund balances – beginning	<u>63,073</u>	<u>63,073</u>	<u>63,073</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 70,948</u>	<u>\$ 60,948</u>	<u>\$ 71,854</u>	<u>\$ 10,906</u>

Election Services Contract Fund			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final		
\$	\$	\$ 72,583	\$ 72,583
			-0-
250	250	621	371
<u>60,000</u>	<u>60,000</u>	<u>49,708</u>	<u>(10,292)</u>
<u>60,250</u>	<u>60,250</u>	<u>122,912</u>	<u>62,662</u>
			-0-
<u>42,500</u>	<u>63,700</u>	<u>61,317</u>	<u>2,383</u>
<u>42,500</u>	<u>63,700</u>	<u>61,317</u>	<u>2,383</u>
<u>17,750</u>	<u>(3,450)</u>	<u>61,595</u>	<u>65,045</u>
			-0-
			-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
17,750	(3,450)	61,595	65,045
<u>228,614</u>	<u>228,614</u>	<u>228,614</u>	<u>-0-</u>
<u>\$ 246,364</u>	<u>\$ 225,164</u>	<u>\$ 290,209</u>	<u>\$ 65,045</u>

(continued)

JOHNSON COUNTY, TEXAS

*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS (NONMAJOR) - Continued*
For the Year Ended September 30, 2016

Exhibit 14
Page 12 of 12

	Historical Commission Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Investment income (loss)	\$ 400	\$ 400	\$ 91	\$(309)
Total revenues	400	400	91	(309)
Expenditures				
General Government:				
Operating expenditures	17,500	16,310	8,394	7,916
Total expenditures	17,500	16,310	8,394	7,916
Excess (deficiency) of revenues over expenditures	(17,100)	(15,910)	(8,303)	7,607
Other Financing Sources (Uses):				
Transfers in	916,686	916,686	10,000	(906,686)
Total other financing sources (uses)	916,686	916,686	10,000	(906,686)
Net change in fund balances	899,586	900,776	1,697	(899,079)
Fund balances – beginning	30,327	30,327	30,327	-0-
Fund balances – ending	\$ 929,913	\$ 931,103	\$ 32,024	\$(899,079)



JOHNSON COUNTY, TEXAS**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS**

For the Year Ended September 30, 2016

Exhibit 15
Page 1 of 3

	<u>Balance 10-01-15</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 09-30-16</u>
UNCLAIMED MONEY FUND:				
<i>Assets</i>				
Cash and temporary investments	\$ <u>21,508</u>	\$ <u>3,244</u>	\$ <u>-0-</u>	\$ <u>24,752</u>
Total assets	\$ <u><u>21,508</u></u>	\$ <u><u>3,244</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>24,752</u></u>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Due to others	\$ <u>21,508</u>	\$ <u>3,244</u>	\$ <u>-0-</u>	\$ <u>24,752</u>
Total liabilities	\$ <u><u>21,508</u></u>	\$ <u><u>3,244</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>24,752</u></u>
TAX ASSESSOR/COLLECTOR FUNDS:				
<i>Assets</i>				
Cash and temporary investments	\$ 2,767,319	\$ 347,224,182	\$ 346,608,745	\$ 3,382,756
Due from others	<u>1,060,201</u>	<u>1,261,905</u>	<u>1,060,201</u>	<u>1,261,905</u>
Total assets	\$ <u><u>3,827,520</u></u>	\$ <u><u>348,486,087</u></u>	\$ <u><u>347,668,946</u></u>	\$ <u><u>4,644,661</u></u>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Due to others	\$ <u>3,827,520</u>	\$ <u>348,486,087</u>	\$ <u>347,668,946</u>	\$ <u>4,644,661</u>
Total liabilities	\$ <u><u>3,827,520</u></u>	\$ <u><u>348,486,087</u></u>	\$ <u><u>347,668,946</u></u>	\$ <u><u>4,644,661</u></u>
COUNTY CLERK FUNDS:				
<i>Assets</i>				
Cash and temporary investments	\$ <u>1,331,395</u>	\$ <u>1,125,988</u>	\$ <u>12,700</u>	\$ <u>2,444,683</u>
Total assets	\$ <u><u>1,331,395</u></u>	\$ <u><u>1,125,988</u></u>	\$ <u><u>12,700</u></u>	\$ <u><u>2,444,683</u></u>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Accounts payable and accrued expenses	\$ 163,865	\$	\$ 12,700	\$ 151,165
Due to others	<u>1,167,530</u>	<u>1,125,988</u>	<u></u>	<u>2,293,518</u>
Total liabilities	\$ <u><u>1,331,395</u></u>	\$ <u><u>1,125,988</u></u>	\$ <u><u>12,700</u></u>	\$ <u><u>2,444,683</u></u>

JOHNSON COUNTY, TEXAS*COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**AGENCY FUNDS - Continued*

For the Year Ended September 30, 2016

Exhibit 15

Page 2 of 3

	<u>Balance 10-01-15</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 09-30-16</u>
DISTRICT CLERK FUNDS:				
<i>Assets</i>				
Cash and temporary investments	\$ <u>2,632,537</u>	\$ <u>453,915</u>	\$ <u>58,253</u>	\$ <u>3,028,199</u>
Total assets	\$ <u>2,632,537</u>	\$ <u>453,915</u>	\$ <u>58,253</u>	\$ <u>3,028,199</u>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Due to others	\$ <u>2,632,537</u>	\$ <u>453,915</u>	\$ <u>58,253</u>	\$ <u>3,028,199</u>
Total liabilities	\$ <u>2,632,537</u>	\$ <u>453,915</u>	\$ <u>58,253</u>	\$ <u>3,028,199</u>
SHERIFF DEPARTMENT FUNDS:				
<i>Assets</i>				
Cash and temporary investments	\$ <u>41,209</u>	\$ <u>8,026</u>	\$ _____	\$ <u>49,235</u>
Total assets	\$ <u>41,209</u>	\$ <u>8,026</u>	\$ <u>-0-</u>	\$ <u>49,235</u>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Due to others	\$ <u>41,209</u>	\$ <u>8,026</u>	\$ _____	\$ <u>49,235</u>
Total liabilities	\$ <u>41,209</u>	\$ <u>8,026</u>	\$ <u>-0-</u>	\$ <u>49,235</u>
SEIZURE AND RESTITUTION FUNDS:				
<i>Assets</i>				
Cash and temporary investments	\$ <u>86,478</u>	\$ <u>44,245</u>	\$ <u>11,200</u>	\$ <u>119,523</u>
Total assets	\$ <u>86,478</u>	\$ <u>44,245</u>	\$ <u>11,200</u>	\$ <u>119,523</u>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Due to others	\$ <u>86,478</u>	\$ <u>44,245</u>	\$ <u>11,200</u>	\$ <u>119,523</u>
Total liabilities	\$ <u>86,478</u>	\$ <u>44,245</u>	\$ <u>11,200</u>	\$ <u>119,523</u>

JOHNSON COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -

AGENCY FUNDS - Continued

For the Year Ended September 30, 2016

Exhibit 15
Page 3 of 3

	<u>Balance</u> 10-01-15	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> 09-30-16
TDCJ-CJAD:				
<i>Assets</i>				
Cash and temporary investments	\$ 867,387	\$ 4,249,608	\$ 4,016,189	\$ 1,100,806
Accounts receivable	151,283		151,283	-0-
Prepaid expenditures	<u>3,534</u>		<u>3,534</u>	<u>-0-</u>
Total assets	<u>\$ 1,022,204</u>	<u>\$ 4,249,608</u>	<u>\$ 4,171,006</u>	<u>\$ 1,100,806</u>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Accounts and accrued liabilities payable	\$ 217,122	\$ 583,153	\$ 682,103	\$ 118,172
Due to others	<u>805,082</u>	<u>3,666,455</u>	<u>3,488,903</u>	<u>982,634</u>
Total liabilities	<u>\$ 1,022,204</u>	<u>\$ 4,249,608</u>	<u>\$ 4,171,006</u>	<u>\$ 1,100,806</u>
TOTALS - ALL AGENCY FUNDS:				
<i>Assets</i>				
Cash and temporary investments	\$ 7,747,833	\$ 353,109,208	\$ 350,707,087	\$ 10,149,954
Accounts receivable	151,283		151,283	-0-
Due from others	1,060,201	1,261,905	1,060,201	1,261,905
Prepaid expenditures	<u>3,534</u>		<u>3,534</u>	<u>-0-</u>
Total assets	<u>\$ 8,962,851</u>	<u>\$ 354,371,113</u>	<u>\$ 351,922,105</u>	<u>\$ 11,411,859</u>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Accounts and accrued liabilities payable	\$ 380,987	\$ 583,153	\$ 694,803	\$ 269,337
Due to others	<u>8,581,864</u>	<u>353,787,960</u>	<u>351,227,302</u>	<u>11,142,522</u>
Total liabilities	<u>\$ 8,962,851</u>	<u>\$ 354,371,113</u>	<u>\$ 351,922,105</u>	<u>\$ 11,411,859</u>

STATISTICAL SECTION



JOHNSON COUNTY, TEXAS

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>
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Financial Trends	1-4
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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
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These tables contain information to help the reader assess the County's most significant local revenue source, the property tax.

Debt Capacity	9-11
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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
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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
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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.

Capital Asset Statistics	16
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This table contains capital asset detailed statistics by function to help the reader understand the types of capital assets in service within the County.

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 POSITION BY COMPONENTS
 Last Ten Fiscal Years

Table 1

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental Activities:					
Net investment in capital assets	\$ 35,005,873	\$ 35,509,134	\$ 37,272,013	\$ 38,696,684	\$ 39,260,726
Restricted	11,756,299	12,711,090	14,910,199	16,212,538	18,434,100
Unrestricted	<u>17,699,334</u>	<u>21,340,607</u>	<u>24,747,594</u>	<u>31,815,702</u>	<u>32,237,818</u>
Total governmental activities net position	<u>\$ 64,461,506</u>	<u>\$ 69,560,831</u>	<u>\$ 76,929,806</u>	<u>\$ 86,724,924</u>	<u>\$ 89,932,644</u>

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

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 52,633,294	\$ 51,623,564	\$ 53,258,318	\$ 51,667,122	\$ 54,807,680
12,819,186	12,787,174	15,003,481	16,611,684	17,487,954
<u>26,631,406</u>	<u>27,135,113</u>	<u>23,300,154</u>	<u>26,616,369</u>	<u>24,783,550</u>
<u>\$ 92,083,886</u>	<u>\$ 91,545,851</u>	<u>\$ 91,561,953</u>	<u>\$ 94,895,175</u>	<u>\$ 97,079,184</u>

JOHNSON COUNTY, TEXAS
CHANGES IN NET POSITION
 Last Ten Fiscal Years

Table 2

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Expenses					
Governmental Activities:					
General administration ¹	\$ 7,763,235	\$ 9,365,726	\$ 9,545,034	\$ 10,182,184	\$ 10,505,915
Highways/streets	7,747,391	10,423,688	9,743,940	8,745,648	9,529,285
Law Enforcement	16,139,399	18,163,642	19,374,254	19,220,559	20,066,995
Administration of justice	5,983,462	7,029,121	7,734,733	8,109,384	9,284,807
Financial	3,012,304	2,906,858	3,444,059	3,822,853	3,902,117
Public health and welfare	1,038,950	1,280,130	1,729,026	2,615,113	2,357,972
Interest on long-term debt	<u>1,497,019</u>	<u>1,177,707</u>	<u>1,145,108</u>	<u>1,159,632</u>	<u>821,658</u>
Total expenses	<u>\$ 43,181,760</u>	<u>\$ 50,346,872</u>	<u>\$ 52,716,154</u>	<u>\$ 53,855,373</u>	<u>\$ 56,468,749</u>
Program Revenues					
Governmental Activities:					
Fees, Fines and Charges for Services:					
General administration ¹	\$ 3,235,707	\$ 3,898,229	\$ 2,150,433	\$ 2,434,504	\$ 2,318,818
Highways/streets	2,214,245	2,816,738	2,488,572	2,064,296	1,957,170
Law Enforcement	1,590,551	1,363,846	1,465,446	839,972	585,175
Administration of justice	3,585,853	3,140,098	3,021,563	2,674,906	2,488,994
Financial	862,350	1,043,597	1,079,530	1,039,688	1,171,533
Public health and welfare		31,410	60,856	11,372	38,516
Operating grants and contributions	3,065,163	3,834,540	3,855,193	3,992,091	3,853,757
Capital grants and contributions	<u>5,398,255</u>	<u>1,420,109</u>	<u>1,086,130</u>	<u>76,707</u>	<u>60,135</u>
Total governmental activities program revenues	<u>19,952,124</u>	<u>17,548,567</u>	<u>15,207,723</u>	<u>13,133,536</u>	<u>12,474,098</u>
Net (expense) revenue	<u>\$(23,229,636)</u>	<u>\$(32,798,305)</u>	<u>\$(37,508,431)</u>	<u>\$(40,721,837)</u>	<u>\$(43,994,651)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes	\$ 30,432,894	\$ 35,965,010	\$ 43,456,398	\$ 48,031,682	\$ 46,512,961
Investment earnings	1,535,829	1,008,287	256,184	131,318	111,064
Gain/(loss) on disposal	63,844		58,494	60,093	
Miscellaneous	<u>1,221,477</u>	<u>175,565</u>	<u>871,103</u>	<u>2,293,862</u>	<u>1,741,776</u>
Total general revenues	<u>\$ 33,254,044</u>	<u>\$ 37,148,862</u>	<u>\$ 44,642,179</u>	<u>\$ 50,516,955</u>	<u>\$ 48,365,801</u>
Change in position before extraordinary items	\$ 10,024,408	\$ 4,350,557	\$ 7,133,748	\$ 9,795,118	\$ 4,371,150
Extraordinary items	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Change in net position	<u>\$ 10,024,408</u>	<u>\$ 4,350,557</u>	<u>\$ 7,133,748</u>	<u>\$ 9,795,118</u>	<u>\$ 4,371,150</u>
Prior period adjustment	<u>\$(2,711,629)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Source: Comprehensive Annual Financial Report (Statement of Activities)

¹ Elections, Conservation and Culture & Recreation programs included here.

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 10,233,295	\$ 10,263,410	\$ 14,087,205	\$ 16,447,095	\$ 17,988,435
9,803,003	10,213,556	9,712,634	8,559,760	9,170,169
27,745,191	29,021,831	32,888,061	31,694,382	34,032,010
9,499,338	9,356,931	7,011,681	8,046,614	8,676,596
4,187,083	4,287,972	847,977	916,563	964,805
1,305,482	1,682,465	1,822,344	1,558,199	1,548,476
<u>830,473</u>	<u>438,967</u>	<u>549,991</u>	<u>482,139</u>	<u>1,296,642</u>
<u>\$ 63,603,865</u>	<u>\$ 65,265,132</u>	<u>\$ 66,919,893</u>	<u>\$ 67,704,752</u>	<u>\$ 73,677,133</u>
\$ 2,607,155	\$ 2,663,307	\$ 3,060,143	\$ 5,068,931	\$ 5,077,528
1,962,896	2,100,165	2,176,076	2,053,735	2,158,370
8,371,959	8,706,430	8,951,720	7,623,697	9,250,903
2,551,462	2,916,793	2,394,904	2,584,341	2,707,047
1,210,846	1,255,048	1,226,240		
23,376	207,577	232,324		
2,752,569	2,210,164	2,171,770	2,531,965	3,263,020
<u>240,887</u>	<u>557,627</u>	<u>2,104,767</u>	<u>1,209,257</u>	<u>1,343,092</u>
<u>19,721,150</u>	<u>20,617,111</u>	<u>22,317,944</u>	<u>21,071,926</u>	<u>23,799,960</u>
<u>\$(43,882,715)</u>	<u>\$(44,648,021)</u>	<u>\$(44,601,949)</u>	<u>\$(46,632,826)</u>	<u>\$(49,877,173)</u>
\$ 44,905,171	\$ 43,852,648	\$ 45,515,078	\$ 48,990,593	\$ 50,904,776
116,335	14,784	96,651	183,592	333,960
42,118		24,622		
<u>970,333</u>	<u>404,603</u>	<u>542,112</u>	<u>791,863</u>	<u>822,446</u>
<u>\$ 46,033,957</u>	<u>\$ 44,272,035</u>	<u>\$ 46,178,463</u>	<u>\$ 49,966,048</u>	<u>\$ 52,061,182</u>
\$ 2,151,242	\$(375,986)	\$ 1,576,514	\$ 3,333,222	\$ 2,184,009
<u>2,151,242</u>	<u>\$(375,986)</u>	<u>1,576,514</u>	<u>3,333,222</u>	<u>2,184,009</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$(1,560,412)</u>	<u>\$ -0-</u>

JOHNSON COUNTY, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Table 3

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund:					
Non-spendable	\$ 1,534,905	\$ 469,717	\$ 555,131	\$ 299,577	\$ 265,886
Restricted					
Unassigned	<u>10,462,146</u>	<u>14,475,603</u>	<u>16,866,872</u>	<u>24,814,565</u>	<u>26,708,198</u>
Total general fund	<u>\$ 11,997,051</u>	<u>\$ 14,945,320</u>	<u>\$ 17,422,003</u>	<u>\$ 25,114,142</u>	<u>\$ 26,974,084</u>
Road and Bridge Fund:					
Non-spendable	\$ 493,959	\$ 406,313	\$ 439,578	\$ 334,581	\$ 299,186
Restricted	4,015,628	4,407,191	5,240,717	6,096,140	6,075,835
Unassigned					
Total road and bridge	<u>\$ 4,509,587</u>	<u>\$ 4,813,504</u>	<u>\$ 5,680,295</u>	<u>\$ 6,430,721</u>	<u>\$ 6,375,021</u>
All Other Governmental Funds:					
Non-spendable	\$ 1,134,704	\$ 2,089,135	\$ 2,125,037	\$ 2,248,781	\$ 1,640
Restricted	101,826	2,068,155	426,996	1,183,139	11,662,250
Unassigned	<u>5,444,217</u>	<u>5,177,086</u>	<u>6,454,612</u>	<u>6,424,899</u>	<u>(9,731)</u>
Total all other governmental funds	<u>\$ 6,680,747</u>	<u>\$ 9,334,376</u>	<u>\$ 9,006,645</u>	<u>\$ 9,856,819</u>	<u>\$ 11,654,159</u>
Total all governmental funds	<u>\$ 23,187,385</u>	<u>\$ 29,093,200</u>	<u>\$ 32,108,943</u>	<u>\$ 41,401,682</u>	<u>\$ 45,003,264</u>

Source: Comprehensive Annual Financial Report (Balance Sheet - Governmental Funds)
 GASB 54 implemented in 2010-2011 resulting in change in fund balance categories.

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 226,301	\$ 312,793	\$ 660,339	\$ 674,400	\$ 774,454
<u>20,969,138</u>	<u>21,254,587</u>	<u>18,321,967</u>	<u>21,394,059</u>	<u>19,448,434</u>
<u>\$ 21,195,439</u>	<u>\$ 21,567,380</u>	<u>\$ 18,982,306</u>	<u>\$ 22,068,459</u>	<u>\$ 20,222,888</u>
\$ 295,773	\$ 308,674	\$ 301,036	\$ 408,775	\$ 317,943
5,004,218	5,046,266	6,435,487	6,786,303	7,673,273
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>\$ 5,299,991</u>	<u>\$ 5,354,940</u>	<u>\$ 6,736,523</u>	<u>\$ 7,195,078</u>	<u>\$ 7,991,216</u>
\$ 595	\$	\$ 2,368	\$	\$ 3,687
10,770,454	7,916,021	11,422,456	10,987,061	18,952,445
(595)	(151,798)	(8,937)	(857,052)	(39,000)
<u>\$ 10,770,454</u>	<u>\$ 7,764,223</u>	<u>\$ 11,415,887</u>	<u>\$ 10,130,009</u>	<u>\$ 18,917,132</u>
<u>\$ 37,265,884</u>	<u>\$ 34,686,543</u>	<u>\$ 37,134,716</u>	<u>\$ 39,393,546</u>	<u>\$ 47,131,236</u>

JOHNSON COUNTY, TEXAS

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Table 4

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues:					
Taxes	\$ 31,235,915	\$ 35,940,947	\$ 43,468,684	\$ 48,055,409	\$ 46,608,937
Licenses and permits					
Prisoner Housing					
Intergovernmental	4,041,247	3,471,311	3,364,428	3,919,350	3,913,791
Fees	8,608,032	8,528,155	7,368,544	7,168,758	6,865,970
Fines	1,880,639	2,067,448	2,002,246	1,895,980	1,694,236
Interest	1,535,829	1,008,287	256,184	131,318	111,064
Miscellaneous	<u>2,300,966</u>	<u>2,814,390</u>	<u>2,257,478</u>	<u>2,258,740</u>	<u>1,741,776</u>
Total revenues	<u>49,602,628</u>	<u>53,830,538</u>	<u>58,717,564</u>	<u>63,429,555</u>	<u>60,935,774</u>
Expenditures:					
General administration ¹	6,826,813	8,153,121	8,181,184	8,704,409	9,375,927
Highways/streets	5,447,360	8,100,515	7,363,664	6,224,675	6,876,317
Law enforcement	15,159,789	17,116,396	18,118,570	17,892,151	18,748,040
Administration of justice	5,950,970	6,981,582	7,784,305	8,387,209	8,729,263
Financial	3,008,958	2,896,376	3,440,812	3,818,502	3,961,276
Public health and welfare	1,035,673	1,284,676	1,721,213	2,609,358	2,301,269
Capital outlay	5,720,961	3,334,376	4,637,822	5,000,820	4,950,884
Debt Service:					
Principal	1,491,000	1,843,000	1,005,000	1,620,000	1,735,000
Interest	1,271,587	1,044,715	961,177	1,041,312	705,726
Other					
Total expenditures	<u>45,913,111</u>	<u>50,754,757</u>	<u>53,213,747</u>	<u>55,298,436</u>	<u>57,383,702</u>
Excess of revenues over (under) expenditures	<u>3,689,517</u>	<u>3,075,781</u>	<u>5,503,817</u>	<u>8,131,119</u>	<u>3,552,072</u>
Other Financing Sources (Uses):					
Transfers in	442,436	1,223,013	3,760,479	2,112,105	4,519,044
Transfers out	(442,436)	(1,223,013)	(3,760,479)	(2,112,105)	(4,519,044)
Proceeds from sale of capital asset					
Issuance of tax notes					
Issuance of certificates of obligation bonds					
Other	<u>2,025,200</u>	<u>2,830,034</u>	<u>132,699</u>	<u>1,161,669</u>	<u>49,460</u>
Total other financing sources (uses)	<u>2,025,200</u>	<u>2,830,034</u>	<u>132,699</u>	<u>1,161,669</u>	<u>49,460</u>
Extraordinary items	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balances	<u>\$ 5,714,717</u>	<u>\$ 5,905,815</u>	<u>\$ 5,636,516</u>	<u>\$ 9,292,788</u>	<u>\$ 3,601,532</u>
Debt service as a percentage of noncapital expenditures	6.9%	6.1%	4.0%	5.3%	4.7%

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

¹ Elections, Conservation, Culture & Recreation and Prisoner Housing programs are included here.

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 44,830,579	\$ 43,830,189	\$ 45,443,781	\$ 48,963,573	\$ 50,993,826
6,609,928	6,577,588	6,675,022	6,030,529	7,149,116
2,740,468	2,509,665	3,272,840	2,801,723	4,124,331
6,944,502	7,497,817	7,582,746	7,622,922	8,250,780
1,526,291	1,674,359	1,474,592	1,527,368	1,670,340
116,335	14,784	96,651	183,592	333,960
<u>2,371,453</u>	<u>1,776,659</u>	<u>2,083,907</u>	<u>2,372,687</u>	<u>2,514,951</u>
<u>65,139,556</u>	<u>63,881,061</u>	<u>66,629,539</u>	<u>69,502,394</u>	<u>75,037,304</u>
15,786,448	8,982,474	12,490,998	14,672,298	16,165,457
1,251,211	7,407,174	6,934,405	5,783,272	6,303,874
26,601,429	27,402,657	30,917,697	29,703,957	32,061,018
9,432,772	9,283,646	7,006,238	7,974,262	8,576,511
4,162,063	4,256,750	920,170	916,909	964,090
166,700	1,668,814	1,791,012	1,509,408	1,499,931
7,136,275	5,669,670	6,574,359	4,128,319	19,920,510
7,826,735	1,478,924	1,592,270	2,169,297	2,030,000
593,321	379,113	403,479	452,767	635,848
<u>72,956,954</u>	<u>66,529,222</u>	<u>68,630,628</u>	<u>67,310,489</u>	<u>88,157,239</u>
<u>(7,817,398)</u>	<u>(2,648,161)</u>	<u>(2,001,089)</u>	<u>2,191,905</u>	<u>(13,119,935)</u>
11,491,554	2,171,599	5,214,204	1,885,078	7,239,818
(11,491,554)	(2,171,599)	(5,214,204)	(1,885,078)	(7,239,818)
	68,820	79,262	66,925	252,625
		4,370,000		20,605,000
<u>80,018</u>	<u>68,820</u>	<u>4,449,262</u>	<u>66,925</u>	<u>20,857,625</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$(7,737,380)</u>	<u>\$(2,579,341)</u>	<u>\$ 2,448,173</u>	<u>\$ 2,258,830</u>	<u>\$ 7,737,690</u>
12.8%	3.1%	3.2%	4.2%	3.9%

JOHNSON COUNTY, TEXAS**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY^{a,b}**

Table 5

Last Ten Fiscal Years

Fiscal Year	Real Property			Personal Property	Less Exempt, Homestead, Other Exemptions
	Residential Property	Commercial Property	Other Property		
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
2009	4,871,087,376	1,559,093,868	5,293,929,417	2,087,751,648	1,980,412,239
2010	5,077,633,061	1,734,032,644	6,213,853,003	2,262,282,136	2,095,982,431
2011	5,103,978,198	1,823,955,316	5,487,467,860	1,887,848,871	1,472,041,904
2012	5,094,516,753	1,153,831,778	5,133,412,323	1,863,245,650	1,587,173,038
2013	5,055,969,380	1,183,463,914	4,995,129,585	1,791,720,657	2,774,139,671
2014	5,092,788,399	1,246,142,809	4,253,295,670	1,745,201,351	2,787,490,025
2015	5,134,525,144	1,243,258,320	4,704,030,325	1,694,692,822	2,991,144,902
2016	5,069,484,627	1,368,757,815	5,050,106,841	1,710,101,615	3,176,269,781

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.

^a Property is assessed at actual value; therefore, the assessed values are equal to actual value.

^b The assessed values represent the Appraisal Review Board's approved totals from original certified roll.

^c Tax rates are \$100 of assessed value.

<u>Total Taxable Assessed Value</u>	<u>Estimated Actual Taxable Value</u>	<u>Total Direct Tax Rate^c</u>	<u>Assessed Value as a Percentage of Actual Value</u>
\$ 6,958,259,958	\$ 6,958,259,958	0.421794	100.00%
8,364,143,888	8,364,143,888	0.409752	100.00%
11,831,450,070	11,831,450,070	0.359498	100.00%
13,191,818,413	13,191,818,413	0.353379	100.00%
12,831,208,341	12,831,208,341	0.379500	100.00%
11,657,833,466	11,657,833,466	0.379500	100.00%
10,252,143,865	10,252,143,865	0.382229	100.00%
9,549,938,204	9,549,938,204	0.420154	100.00%
9,785,361,709	9,785,361,709	0.445000	100.00%
10,022,181,117	10,022,181,117	0.448000	100.00%

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

Table 6

Last Ten Fiscal Years

(rate per \$100 of assessed value)

	2007 Tax Rate	2008 Tax Rate	2009 Tax Rate	2010 Tax Rate	2011 Tax Rate
Cities:					
Alvarado	0.697315	0.697313	0.697313	0.722313	0.740505
Burleson	0.661825	0.694000	0.694000	0.710000	0.690000
Cleburne	0.650000	0.620000	0.620000	0.706446	0.719990
Crowley		0.575500	0.575500	0.640000	0.640000
Godley	0.500000	0.500000	0.500000	0.500000	0.500000
Grandview	0.742823	0.742823	0.742823	0.742823	0.740003
Joshua	0.656219	0.653476	0.634331	0.685270	0.685270
Keene	0.821737	0.757861	0.757861	0.797861	0.797861
Mansfield	0.690000	0.710000	0.710000	0.710000	0.710000
Rio Vista	0.528004	0.515560	0.513276	0.564162	0.606535
Venus	0.794900	0.801506	0.821506	0.841506	0.846975
School Districts:					
Alvarado ISD	1.410000	1.306900	1.280000	1.316000	1.316000
Burleson ISD	1.405100	1.468800	1.540000	1.540000	1.540000
Cleburne ISD	1.236800	1.236600	1.236600	1.236600	1.236600
Crowley ISD	1.409850	1.535000	1.535000	1.535000	1.535000
Godley ISD	1.031820	1.081800	1.071481	1.122390	1.137090
Granbury ISD	1.171150	1.170000	1.155000	1.140000	0.155000
Grandview ISD	1.115000	1.160000	1.160000	1.270000	1.270000
Joshua ISD	1.460000	1.390000	1.390000	1.390000	1.390000
Keene ISD	1.040000	1.420000	1.382300	1.490900	1.490900
Mansfield ISD	1.450000	1.450000	1.450000	1.496000	1.496000
Rio Vista ISD	1.180000	1.144500	1.183300	1.386200	1.365300
Venus ISD	1.180000	1.240000	1.198300	1.270000	1.380000
Johnson County:					
County	0.356962	0.306708	0.300589	0.327500	0.300589
FMLR	0.052790	0.052790	0.052790	0.052000	0.049000
Total	0.409752	0.359498	0.353379	0.379500	0.349589
Special District Rates:					
Emergency Service	0.030000	0.030000	0.030000	0.060000	0.060000
Hill College - Alvarado ISD	0.039360	0.025254	0.022745	0.028883	0.033848
Hill College - Cleburne ISD	0.039930	0.030717	0.030252	0.039049	0.043557
Hill College - Godley ISD	0.015843	0.011388	0.009243	0.010931	0.012070
Hill College - Grandview ISD	0.036045	0.031739	0.031375	0.039672	0.046517
Hill College - Joshua ISD	0.034000	0.028234	0.025561	0.031394	0.034623
Hill College - Keene ISD	0.041379	0.035143	0.030062	0.030062	0.033146
Hill College - Rio Vista ISD	0.026756	0.020197	0.020059	0.023200	0.026834
Hill College - Venus ISD	0.031375	0.025562	0.020585	0.025394	0.029121

Source: Johnson County Appraisal District
Texas Municipal Report

<u>2012 Tax Rate</u>	<u>2013 Tax Rate</u>	<u>2014 Tax Rate</u>	<u>2015 Tax Rate</u>	<u>2016 Tax Rate</u>	<u>%Applicable to Johnson County</u>
0.706872	0.700494	0.665469	0.733000	0.733000	100.00%
0.690000	0.690000	0.740000	0.740000	0.735000	78.56%
0.740743	0.804018	0.804018	0.804018	0.804018	100.00%
0.669019	0.696829	0.696829	0.739270	0.739270	0.30%
0.500000	0.500000	0.540000	0.540000	0.560000	100.00%
0.736995	0.743351	0.746311	0.746311	0.746311	100.00%
0.685270	0.705270	0.725270	0.775270	0.775270	100.00%
0.812363	0.847224	0.867018	0.912249	0.897823	100.00%
0.710000	0.710000	0.710000	0.710000	0.710000	4.76%
0.602880	0.597915	0.598185	0.596454	0.596454	100.00%
0.900000	0.900000	0.893269	0.879918	0.879918	81.18%
1.316000	1.461000	1.461000	1.461000	1.461000	100.00%
1.540000	1.540000	1.540000	1.540000	1.540000	65.33%
1.236600	1.236600	1.366600	1.366600	1.630000	100.00%
1.670000	1.670000	1.650000	1.650000	1.650000	0.99%
1.287000	1.172752	1.195500	1.247660	1.540000	83.95%
1.145000	1.145000	1.265000	1.265000	1.250000	1.69%
1.400000	1.400000	1.400000	1.400000	1.400000	97.88%
1.490000	1.490000	1.420000	1.600000	1.610000	100.00%
1.490900	1.490900	1.490900	1.430000	1.430000	100.00%
1.540000	1.527100	1.527100	1.510000	1.510000	4.93%
1.494400	1.590000	1.621300	1.570000	1.600000	99.04%
1.380000	1.380000	1.380000	1.380000	1.5876000	100.00%
0.333229	0.371154	0.405400	0.407700	0.422663	100.00%
<u>0.049000</u>	<u>0.049000</u>	<u>0.039600</u>	<u>0.040300</u>	<u>0.037075</u>	100.00%
0.382229	0.420154	0.445000	0.448000	0.459738	
0.060000	0.060000	0.060000	0.060000	0.060000	100.00%
0.037242	0.043494	0.044702	0.048850	0.048850	100.00%
0.048596	0.050000	0.050000	0.049931	0.050000	100.00%
0.012159	0.014541	0.014541	0.016832	0.022349	100.00%
0.050000	0.050000	0.050000	0.050000	0.050000	97.88%
0.040868	0.049265	0.050000	0.048492	0.050000	100.00%
0.039305	0.046349	0.046349	0.047000	0.049435	100.00%
0.028931	0.027497	0.029535	0.032019	0.033806	99.04%
0.039312	0.048885	0.047414	0.048249	0.049824	100.00%

JOHNSON COUNTY, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
 Current Year and Nine Years Ago

Table 7

Taxpayer	2016			2007		
	2015 Taxable Assessed Value	Rank	% of Total Assessed Value	2006 Taxable Assessed Value	Rank	% of Total Assessed Value
Devon Energy Products	\$ 236,837,232	1	2.36%	\$ 103,521,449	3	1.08%
Haliburton Energy	140,847,103	2	1.41%	67,420,360	8	0.70%
ETC Texas Processing	160,860,808	3	1.61%	--	--	--
James Hardie Building	105,021,543	4	1.05%	85,549,480	5	0.89%
Energy Transfer Fuel	80,014,600	5	0.80%	53,418,314	10	0.56%
EOG Resources Inc.	75,523,964	6	0.75%	342,982,702	1	3.57%
Texas Midstream Gas	72,164,180	7	0.72%	--	--	--
Brazos Electric Power	70,738,189	8	0.71%	92,389,342	4	0.96%
Oncor Electric Delivery	59,334,552	9	0.59%	53,690,610	9	0.56%
Johns Manville Corp	63,710,670	10	0.64%	75,222,530	7	0.78%
Chesapeake Operating	--	--	--	266,494,441	2	2.77%
Wal-Mart Distribution	--	--	--	82,859,180	6	0.86%
Total	<u>\$ 1,065,052,841</u>		<u>10.63%</u>	<u>\$ 1,223,548,408</u>		<u>12.73%</u>
Total Taxable Assessed Value	<u>\$ 10,022,181,117</u>			<u>\$ 9,609,934,056</u>		

Source: Johnson County Central Appraisal District

JOHNSON COUNTY, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years

Table 8

Fiscal Year	Tax Levy as of Fiscal Year End ^a	Collected Within the Fiscal Year of the Levy		Subsequent Collections	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%	632,173	35,330,929	99.43%
2009	42,785,252	41,927,084	97.99%	745,121	42,672,205	99.74%
2010	47,628,987	46,699,219	98.05%	712,248	47,411,467	99.54%
2011	45,556,481	44,884,355	98.52%	918,029	45,802,384	100.54%
2012	43,525,826	43,176,224	99.20%	865,970	44,042,194	101.19%
2013	43,454,307	42,074,336	96.82%	951,588	43,025,924	99.01%
2014	43,475,291	42,278,798	97.25%	1,062,099	43,340,897	99.69%
2015	47,080,066	46,901,840	99.62%	778,547	47,680,387	101.28%
2016	48,923,628	48,472,441	99.08%	921,542	49,393,983	100.96%

Source: Johnson County Tax Assessor-Collector

^a Tax levies consider supplemental value changes during the initial fiscal year.

JOHNSON COUNTY, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
 Last Ten Fiscal Years

Table 9

General Bonded Debt and Note Payable Outstanding								Accumulated Resources Restricted to Repaying the Principal of General Bonded Debt	Net Debt
Fiscal Year	General Obligation Bonds (a)	Certificates of Obligation	Tax Anticipation Notes	Note Payable	Accrued Interest	Total Debt			
2007	\$ 10,510,565	\$ 14,192,607	\$ 994,000	\$ --	\$ 127,442	\$ 25,824,614	\$ 1,706,088	\$ 24,118,526	
2008	11,001,993	12,905,000	2,856,000	--	85,858	26,762,993	2,218,705	24,544,288	
2009	10,730,814	12,265,000	920,000	--	78,642	23,915,814	2,550,400	21,365,414	
2010	15,062,504	7,005,000	400,000	--	90,692	22,467,504	2,645,365	19,822,139	
2011	14,174,393	6,620,000	--	--	86,599	20,880,992	451,708	20,429,284	
2012	13,165,600	--	--	1,379,437	49,203	14,594,240	969,233	13,625,007	
2013	12,048,429	--	--	1,080,513	46,228	13,175,170	973,155	12,202,015	
2014	10,826,116	--	4,370,000	793,243	110,053	16,099,412	1,048,793	15,050,619	
2015	9,481,419	--	3,805,000	--	69,122	13,355,541	1,364,571	11,990,970	
2016	7,960,000	20,605,000	3,295,000	--	710,131	32,570,131	884,286	31,685,845	

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

^a General Obligation bonds include related premiums.

^b Assessed values from the office of the Johnson County Central Appraisal District. Does not include Note Payable.

^c Population data taken from BEA, Regional Economic Accounts.

<u>Percentage of Actual Taxable Property Value (b)</u>	<u>Per Capita (c)</u>	<u>Percentage of Personal Income</u>
0.35%	\$ 179.72	0.62%
0.29%	183.17	0.62%
0.18%	161.03	0.53%
0.15%	148.86	0.48%
0.17%	135.77	0.43%
0.11%	94.29	0.28%
0.11%	84.97	0.24%
0.15%	103.03	0.28%
0.12%	83.93	0.21%
0.32%	203.58	0.51%

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

As of September 30, 2016

Table 10

<u>Taxing Jurisdiction</u>	<u>Net Bonded Debt as of Sept. 30, 2016</u>	<u>% Applicable to Johnson County</u>	<u>Amount Applicable to Johnson County</u>
<u>Direct Debt</u>			
Johnson County	\$ 31,881,204	100.00%	\$ <u>31,881,204</u>
<u>Overlapping Debt</u>			
<u>Cities</u>			
City of Alvarado	13,624,000	100.00%	13,624,000
City of Burleson	138,415,000	78.56%	108,738,823
City of Cleburne	86,478,413	100.00%	86,478,413
City of Crowley	27,505,000	0.30%	82,515
City of Godley	1,705,000	100.00%	1,705,000
City of Grandview	2,475,000	100.00%	2,475,000
City of Joshua	10,575,000	100.00%	10,575,000
City of Keene	9,368,000	100.00%	9,368,000
City of Mansfield	114,790,000	4.76%	5,464,004
City of Rio Vista	260,000	100.00%	260,000
City of Venus	1,272,000	81.18%	1,032,610
<u>School Districts</u>			
Alvarado ISD	77,598,599	100.00%	77,598,599
Burleson ISD	289,065,852	65.33%	188,846,721
Cleburne ISD	141,632,081	100.00%	141,632,081
Crowley ISD	317,516,603	0.99%	3,143,414
Godley ISD	61,870,244	83.95%	51,940,070
Granbury ISD	114,025,344	1.69%	1,927,028
Grandview ISD	14,745,000	97.88%	14,432,406
Joshua ISD	109,622,430	100.00%	109,622,430
Keene ISD	14,965,000	100.00%	14,965,000
Mansfield ISD	764,415,000	4.93%	37,685,660
Rio Vista ISD	13,175,269	99.04%	13,048,786
Venus ISD	37,820,002	100.00%	<u>37,820,002</u>
Total Overlapping Debt			<u>932,465,562</u>
Total Direct & Overlapping Debt			<u>\$ 964,346,766</u>

Source: Municipal Advisory Council of Texas

JOHNSON COUNTY, TEXAS
COMPUTATION OF LEGAL DEBT MARGIN
Last Ten Fiscal Years

Table 11

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Assessed value of real property ⁽¹⁾	\$ <u>6,958,259,958</u>	\$ <u>8,364,143,888</u>	\$ <u>11,831,450,070</u>	\$ <u>13,191,818,413</u>	\$ <u>12,831,208,341</u>
Debt limit ⁽²⁾	\$ <u>1,739,564,990</u>	\$ <u>2,091,035,972</u>	\$ <u>2,957,862,518</u>	\$ <u>3,297,954,603</u>	\$ <u>3,207,802,085</u>
Amount of Debt Applicable to Limit ⁽³⁾					
Total long term debt	25,604,098	26,525,579	24,484,579	22,288,209	20,654,246
Less: Assets in debt service fund	<u>1,127,308</u>	<u>1,676,881</u>	<u>2,094,417</u>	<u>2,248,781</u>	<u>2,590,359</u>
Total net debt applicable to limit	<u>24,476,790</u>	<u>24,848,698</u>	<u>22,390,162</u>	<u>20,039,428</u>	<u>18,063,887</u>
Legal debt margin	\$ <u>1,715,088,200</u>	\$ <u>2,066,187,274</u>	\$ <u>2,935,472,356</u>	\$ <u>3,277,915,175</u>	\$ <u>3,189,738,198</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>1.41%</u>	<u>1.19%</u>	<u>0.76%</u>	<u>0.61%</u>	<u>0.56%</u>
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Assessed value of real property ⁽¹⁾	\$ <u>11,657,833,466</u>	\$ <u>10,252,143,856</u>	\$ <u>9,549,938,204</u>	\$ <u>9,785,361,709</u>	\$ <u>10,022,181,117</u>
Debt limit ⁽²⁾	\$ <u>2,914,458,367</u>	\$ <u>2,563,035,964</u>	\$ <u>2,387,484,551</u>	\$ <u>2,446,340,427</u>	\$ <u>2,505,545,279</u>
Amount of Debt Applicable to Limit ⁽³⁾					
Total long term debt	13,899,013	13,076,835	15,955,602	13,258,939	31,860,000
Less: Assets in debt service fund	<u>806,876</u>	<u>1,025,329</u>	<u>1,158,846</u>	<u>1,433,693</u>	<u>1,594,417</u>
Total net debt applicable to limit	<u>13,092,137</u>	<u>12,051,506</u>	<u>14,796,756</u>	<u>11,825,246</u>	<u>30,265,583</u>
Legal debt margin	\$ <u>2,901,366,230</u>	\$ <u>2,550,984,458</u>	\$ <u>2,372,687,795</u>	\$ <u>2,434,515,181</u>	\$ <u>2,475,279,696</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>0.45%</u>	<u>0.47%</u>	<u>0.62%</u>	<u>0.48%</u>	<u>1.21%</u>

Source:

- (1) Johnson County Appraisal District.
- (2) Debt limit is 25% of assessed value of real property Article 3 Section 52 of the Texas Constitution.
- (3) Comprehensive Annual Financial Report (Statement of Net Position).

JOHNSON COUNTY, TEXAS
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years

Table 12

<u>Calendar Year</u>	<u>Estimated Population^a</u>	<u>Personal Income (thousands of dollars)^b</u>	<u>Per Capita Personal Income^b</u>	<u>Unemployment Rate^c</u>
2007	145,123	\$ 4,482,990	\$ 30,891	4.1%
2008	148,635	4,844,843	32,596	4.9%
2009	150,583	4,796,222	31,851	8.9%
2010	150,934	4,930,259	32,665	8.0%
2011	152,037	5,302,075	34,874	7.5%
2012	153,530	5,453,143	35,518	6.2%
2013	154,952	5,660,838	36,533	5.8%
2014	157,456	5,985,884	38,016	4.7%
2015	159,128	6,231,612	39,161	4.3%
2016	159,990	6,425,903	40,164	4.6%

- ^a USBEA population data from 2006 through 2010 has been adjusted based on 2010 census. 2011 through 2016 data is derived from trended data.
- ^b USBEA population data from 2006 through 2010 has been adjusted based on 2010 census. 2011 through 2016 data is derived from trended data.
- ^c Unemployment rates were provided by the Texas Workforce Commission and the Bureau of Labor Statistics current population survey for Johnson County as of September each year.

JOHNSON COUNTY, TEXAS
PRINCIPAL EMPLOYERS
 Current Year and Nine Years Ago

Table 13

Employer	2016			2007		
	Number of Employees	Rank	% of Total County Employment	Number of Employees	Rank	% of Total County Employment
Burleson ISD	1,615	1	2.20%	1,301	1	1.69%
Cleburne ISD	1,145	2	1.56%	1,000	2	1.45%
Wal-Mart Distribution Center	768	3	1.04%	450	6	0.57%
Joshua ISD	716	4	0.97%	660	4	0.93%
Sabre Tubular Structures	613	5	0.83%	N/A	-	N/A
Johnson County	528	6	0.72%	680	3	0.96%
Wal-Mart Supercenter (Burleson)	443	7	0.60%	550	5	0.75%
Wal-Mart Supercenter (Cleburne)	408	8	0.55%	N/A	-	N/A
Texas Health Resources	406	9	0.55%	450	7	0.64%
City of Cleburne	306	10	0.42%	369	8	0.58%
Total	6,948		9.45%	5,460		7.57%
Total County Employment	73,530			71,071		

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

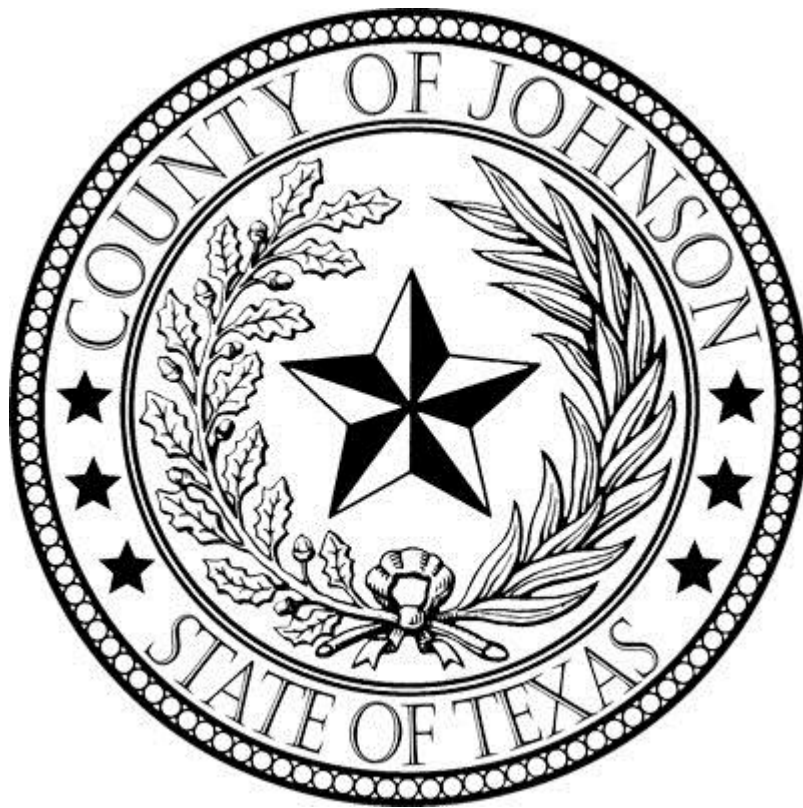
Table 14

Function	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	106	126	141	135	128	128	123	129	132	140
Highways/streets	74	72	90	79	75	75	75	73	77	67
Law enforcement	293	304	189 ^(a)	198	187	187	191	196	202	202
Administrative justice	70	81	87	89	82	82	78	83	82	83
Financial	12	12	14	14	13	13	13	14	14	13
Public health & welfare	10	9	9	8	5	5	5	6	7	9
Culture & recreation	N/A	N/A	7 ^(b)	6	3	3	4	3	4	4
Total	565	604	537	529	493	493	489	504	518	518

Source: County budget records

N/A - Not available

^(a) 2009 decrease due to outside contracting of jail administration.^(b) Hamm Creek park opened in the spring of 2009.



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

Table 15
 Page 1 of 2

Function	Fiscal Year				
	2007	2008	2009	2010	2011
General Government:					
County Clerk					
Criminal Cases filed	6,317	4,972	4,395	4,316	3,769
Civil Cases filed	1,800	1,723	1,238	1,178	1,724
Juvenile petitions filed	264	309	281	266	183
Probate/Guardianship Cases Filed	--	--	--	--	--
Mental Health Cases Filed	--	--	--	--	--
Personnel					
Positions filed	685	725	608 ⁽¹⁾	607	586
Payroll checks processed	16,829	17,816	15,585 ⁽¹⁾	15,903	15,499
Public Works					
Permits Issued	1,659	1,561	964	715	681
Septic complaints addressed	458	408	256	214	187
Purchasing					
Purchase orders issued	6,643	7,018	6,507	5,896	5,563
Recurring Annual Competitive Bids	39	55	63	39	28
New Competitive Bids					
Tax Assessor/Collector					
County Tax accounts	92,788	114,151	136,166	185,126	202,431
Automobile registrations	146,544	157,150	158,597	158,676	160,584
Elections Administration					
Registered voters	76,890	78,544	79,811	81,486	77,802
Administrative Justice					
District Courts					
Civil cases filed	3,297	3,544	3,397	3,268	1,462
Criminal cases filed	1,881	1,596	1,366	1,338	1,416
County Courts					
Criminal cases disposed	7,238	6,070	4,819	4,871	4,007
Civil cases disposed	1,803	1,859	1,822	1,371	1,688
Juvenile petitions disposed	184	212	200	193	183
Probate/Guardianship Hearings Held	--	--	--	--	--
Mental Health Hearings Held	--	--	--	--	--
District Clerk					
Civil cases disposed	2,835	3,195	3,404	3,264	1,171
Criminal cases disposed	1,798	1,546	1,565	1,416	1,427
Justice of the Peace					
Civil cases filed	1,839	2,804	2,168	1,928	2,000
Criminal cases filed	18,698	18,698	16,170	14,789	12,922
Civil cases disposed	--	--	--	--	1,799
Criminal cases disposed	--	--	--	--	12,217

(continued)

Fiscal Year					
2012	2013	2014	2015	2016	
3,510	4,333	3,673	3,024	2,685	
1,014	920	916	900	983	
157	134	113	125	107	
398	433	461	399	398	
--	--	65	47	77	
594	603	610	625	633	
15,488	15,873	15,938	16,921	17,132	
651	471	628	732	1,035	
124	126	143	178	163	
5,542	4,914	3,946	4,267	3,983	
22	23	13 ⁽⁵⁾	17	14	
		22 ⁽⁵⁾	19	12	
285,381	287,183	298,539	314,034	309,572	
163,283	165,217	168,964	167,198	169,105	
78,275	80,779	82,377	84,405	90,587	
2,697	970	1,288 ⁽⁴⁾	1,365	1,036	
1,014	1,094	1,653 ⁽⁴⁾	1,753	1,643	
3,763	4,019	3,730	3,346	3,062	
1,132	880	1,038	683	905	
162	144	195	113	110	
385	356	397	510	892	
--	--	53	49	63	
1,173	1,137	1,211 ⁽⁴⁾	830	1,233	
1,531	1,678	1,744 ⁽⁴⁾	1,608	1,492	
2,044	1,804	1,644	1,789	1,882	
14,198	16,046	9,950	9,784	11,475	
1,706	1,752	1,880	2,094	1,792	
16,805	15,742	11,631	10,183	10,976	

JOHNSON COUNTY, TEXAS

OPERATING INDICATORS BY FUNCTION - Continued

Last Ten Fiscal Years

Table 15
Page 2 of 2

Function	Fiscal Year				
	2007	2008	2009	2010	2011
Law Enforcement					
County Jail					
Average daily jail population	566	447	580	564	613
Sheriff					
E-911 calls received (approx)	52,231	64,500	224,566 ⁽²⁾	37,667	38,883
Financial					
County Auditor					
A/P checks processed	6,780	6,624	7,131	7,317	6,986
ACH processed	--	--	--	--	--
Wire transactions	--	--	--	--	--
Invoices processed	--	--	--	19,260	17,706
Highways and Streets					
Miles of roads resurfaced	299	221	104	114	113
Public Health & Welfare					
Autopsies performed	44	87	90	123	49
Medical Examiner cases	355	460	399	441	408
Indigent clients	128	107	94	160	94
Culture & Recreation					
Hamm Creek Park Visitors	--	--	3,519 ⁽³⁾	7,214	13,246

Sources: Texas Courts Online Annual Statistical Reports
Johnson County Offices

- Notes:
- (1) Decrease due to outside contracting of jail administration.
 - (2) This year the total number of calls were reported. All other years reflect the number of incidents. It is normal to have more than one call per incident.
 - (3) Hamm Creek Park opened in May 2009.
 - (4) Source on recent years match early years from www.courts.state.tx
 - (5) Previous years' bids were combined.
 - (6) Resources re-directed due to storm damage.
 - (7) Park closed in June during storms and flooding.

Fiscal Year				
2012	2013	2014	2015	2016
627	673	713	661	679
44,559	38,390	40,908	39,141	36,751
6,195	4,658	4,617	4,596	5,000
647	1,995	2,124	2,102	2,535
220	20	153	137	128
16,854	14,466	13,440	14,750	14,660
119	68	56	25 ⁽⁶⁾	10 ⁽⁶⁾
57	70	56	74	51
437	502	627	548	602
146	174	155	136	106
23,321	18,626	17,259	12,737 ⁽⁷⁾	12,804 ⁽⁷⁾

JOHNSON COUNTY, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
 Last Ten Fiscal Years

Table 16

Function	Fiscal Year				
	2007	2008	2009	2010	2011
Administration of Justice					
Furniture and equipment				20	20
Vehicles & mobile equipment				6	5
Land & building				1	2
General Government					
Furniture and equipment				180	158
Vehicles & mobile equipment				10	8
Land & building				71	72
Highways and Streets					
Furniture and equipment				7	8
Vehicles & mobile equipment				235	251
Land & building				13	18
Law Enforcement					
Furniture and equipment				86	74
Vehicles & mobile equipment				142	140
Land & building				8	12
Health & Welfare					
Furniture and equipment				2	21
Vehicles & mobile equipment				3	5
Land & building				--	1
Culture & Recreation					
Furniture and equipment				1	1
Vehicles & mobile equipment				3	4
Land & building				--	2

Source: Johnson County Financial Records

Notes: 2010 is the first year for accumulation of these statistics.

Fiscal Year					
2012	2013	2014	2015	2016	
21	22	23	24	24	
5	5	4	4	6	
1	1	1	1	--	
163	164	171	170	174	
10	21	23	23	22	
74	81	83	83	84	
12	12	12	12	12	
255	260	264	273	269	
19	20	20	20	20	
75	78	90	98	104	
153	147	144	135	141	
12	14	14	14	14	
21	21	21	19	12	
5	5	8	7	7	
1	1	2	3	3	
1	1	1	1	1	
4	4	5	5	5	
2	2	2	2	2	



STATE AWARDS SECTION



Kennemer, Masters & Lunsford

CERTIFIED PUBLIC ACCOUNTANTS

Limited Liability Company

Lake Jackson Office:
8 West Way Court
Lake Jackson, Texas 77566
979-297-4075

Angleton Office:
2801 N. Velasco Suite C
Angleton, Texas 77515
979-849-8297

El Campo Office:
201 W. Webb
El Campo, Texas 77437
979-543-6836

Houston Office:
10850 Richmond Ave., Ste 135
Houston, Texas 77042
281-974-3416

Independent Auditor's Report

On Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 23, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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 are required to be reported under *Government Auditing Standards*.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kerremey, Masters & Rungford, LLC

Lake Jackson, Texas
March 23, 2017

Kennemer, Masters & Lunsford

CERTIFIED PUBLIC ACCOUNTANTS

Limited Liability Company

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8 West Way Court
Lake Jackson, Texas 77566
979-297-4075

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El Campo Office:
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Houston, Texas 77042
281-974-3416

Independent Auditor's Report

On Compliance for each Major Program and on Internal
Control over Compliance Required by the Texas Single Audit Circular

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

Report on Compliance for Each Major State Program

We have audited Johnson County's (the "County") compliance with the types of compliance requirements described in the *Texas Single Audit Circular* that could have a direct and material effect on each of the County's major state programs for the year ended September 30, 2016. 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.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major state programs based on our audit of the types of compliance requirements referred to above. 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 the Texas *Single Audit Circular*. Those standards and the Texas Single Audit Circular 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 on compliance for each major state program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major State Program

In our opinion, Johnson County, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended September 30, 2016.

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Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Texas Single Audit Circular, 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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.

Kennemer, Masters & Hunsford, LLC

Lake Jackson, Texas 77566
March 23, 2017

JOHNSON COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2016

Page 1 of 1

I. Summary of auditor's results:

1. Type of auditor's report issued on the financial statements: Unmodified.
2. No internal control findings required to be reported in this schedule, were disclosed in the audit of the financial statements.
3. Noncompliance, which is material to the financial statements: None.
4. No internal control findings, that are required to be reported in this schedule, was disclosed in the audit of the major programs.
5. Type of auditor's report on compliance for major programs: Unmodified.
6. Did the audit disclose findings which are required to be reported under Sec._510(a): No
7. Major programs include:
TJJD Cluster Programs:
 - TJJD-A-15/16-126 State Aid Program
 - TJJD-P-15/16-126 Juvenile Justice Alternative Education Program
 - Aircheck Texas Repair and Replacement Assistance Program
8. Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000.
9. Low Risk Auditee: Yes.

II. Findings related to the financial statements.

The audit disclosed no findings required to be reported.

III. Findings and questioned costs related to the state award.

The audit disclosed no findings required to be reported.

JOHNSON COUNTY, TEXAS
SCHEDULE OF STATUS OF PRIOR FINDINGS
Year Ended September 30, 2016

None.

JOHNSON COUNTY, TEXAS
CORRECTIVE ACTION PLAN
Year Ended September 30, 2016

None.

JOHNSON COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF STATE AWARDS

For the Year Ended September 30, 2016

Exhibit 16

Page 1

State Grantor/ Pass-Through Grantor/ Program Title	Contract/ Program Number	Expenditures or Award Amount
Texas Juvenile Justice Department:		
Direct Program:		
State Aid Program (1)	TJJD-A-16-126	\$ 745,933
State Aid Program (1)	TJJD-A-17-126	53,656
Passed Through Texas Education Agency:		
Juvenile Justice Alternative Education Program (Boot Camp)(1)	TJJD-P-16-126	54,918
Juvenile Justice Alternative Education Program (Boot Camp)(1)	TJJD-P-17-126	<u>5,934</u>
TOTAL TEXAS JUVENILE JUSTICE DEPARTMENT		\$ <u>860,441</u>
Texas Commission on Environmental Quality:		
Direct Program:		
Aircheck Texas Repair and Replacement Assistance Program	582-12-20277	\$ 366,286
Aircheck Texas Repair and Replacement Assistance Program	582-12-20277	<u>33,299</u>
TOTAL TEXAS COMMISSION ON ENVIRONMENTAL QUALITY		\$ <u>399,585</u>
Texas Natural Resource Conservation Commission:		
Direct Program:		
Health and Safety Code 361.136(L) (1)	--	<u>1,795</u>
TOTAL NATURAL RESOURCE CONSERVATION COMMISSION		\$ <u>1,795</u>
Commission on State of Texas Emergency Communications:		
Passed Through Houston-Galveston Area Council:		
911 Addressing Maintenance Contract	911410	<u>20,165</u>
TOTAL COMMISSION ON STATE OF TEXAS EMERGENCY COMMUNICATIONS		\$ <u>20,165</u>
Office of Attorney General:		
Direct Program:		
Texas Victim Information and Notification Everyday (VINE)	1660018	\$ 25,406
Texas Victim Information and Notification Everyday (VINE)	1771211	<u>2,309</u>
		27,715
Direct Program:		
Sexual Assault Prevention & Crisis Services Program	--	<u>14,402</u>
TOTAL OFFICE OF ATTORNEY GENERAL		\$ <u>42,117</u>

JOHNSON COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF STATE AWARDS - Continued
 For the Year Ended September 30, 2016

Exhibit 16
 Page 2

State Grantor/ Pass-Through Grantor/ Program Title	Contract/ Program Number	Expenditures or Award Amount
Texas Task Force on Indigent Defense:		
Direct Program:		
Indigent Defense Formula	212-15-126	\$ 123,429
Indigent Defense Improvement	212-07-126	<u>28,566</u>
TOTAL TEXAS TASK FORCE ON INDIGENT DEFENSE		<u>\$ 151,995</u>
Texas Department of Transportation:		
Direct Program:		
County Transportation Infrastructure Fund Grant Program	CTIF-01-127	<u>\$ 668,622</u>
TOTAL TEXAS DEPARTMENT OF TRANSPORTATION		<u>\$ 668,622</u>
Office of the Governor - Criminal Justice Division:		
Direct Program:		
Body Worn Camera Program	3055501	<u>\$ 63,724</u>
TOTAL OFFICE OF THE GOVERNOR - CRIMINAL JUSTICE DIVISION		<u>\$ 63,724</u>
Texas Department of State Health Services:		
Direct Program:		
Tobacco Settlement Funds	--	<u>\$ 30,949</u>
TOTAL TEXAS DEPARTMENT OF STATE HEALTH SERVICES		<u>\$ 30,949</u>
Secretary of State - Elections Division:		
Direct Program:		
Chapter 19 – Elections Fund Management	--	<u>\$ 4,227</u>
TOTAL SECRETARY OF STATE		<u>\$ 4,227</u>
Texas Department of Motor Vehicles:		
Pass Through Tri-County Auto Burglary and Theft Prevention:		
Auto Burglary and Theft Prevention 2016	--	\$ 55,352
Auto Burglary and Theft Prevention 2017	--	<u>5,704</u>
TOTAL TEXAS DEPRATMENT OF MOTOR VEHICLES		<u>\$ 61,056</u>
TOTAL STATE ASSISTANCE		<u>\$ 2,304,676</u>
TOTAL MAJOR PROGRAMS		<u>\$ 1,260,026</u>
TYPE A PROGRAM		<u>\$ 300,000</u>

(1) Cluster Programs per TJJJ

JOHNSON COUNTY, TEXAS

NOTES ON ACCOUNTING POLICIES FOR STATE AWARDS

Year Ended September 30, 2016

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 deferred outflows of resources, and current liabilities and deferred inflows of resources 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. 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.

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 unearned revenues until earned.

JOHNSON COUNTY, TEXAS

NOTES ON ACCOUNTING POLICIES FOR STATE AWARDS - Continued

Year Ended September 30, 2016

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 the Texas Single Audit Circular.
4. Indirect Costs - The County received no reimbursements for indirect costs during the year ended September 30, 2016.

