

JOHNSON COUNTY, TEXAS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Fiscal Year Ended
September 30, 2011

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, 2011

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INTRODUCTORY SECTION



JOHNSON COUNTY

AUDITOR'S OFFICE

J.R. Kirkpatrick
County Auditor

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Fax (817) 556-6075

March 20, 2012

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, 2011, 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 Single Audit Act Amendments of 1996 and U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Nonprofit Organizations. Information related to this single audit, including the Schedule of Federal Financial Assistance, Findings and Recommendations, and the independent auditors' reports of the internal control structure and compliance with applicable laws and regulations are included in the single audit section of this report.

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 tremendous growth, which is expected to continue for several years due to the influence of Dallas and Fort Worth adjacent to our northern border.

Johnson County, like most of the state and nation, has seen a slight downturn in the business environment during the last couple of years. The region has a varied manufacturing and industrial tax base that contributes to the relatively favorable unemployment rate. During the past two years the County has seen a decrease in gas exploration due to the declining price of natural gas. However, the royalty income, created by the original drilling activity and continued producing wells, is still boosting the economy, but has a lesser impact than it did a few years ago. The County's tax base experienced a decrease in valuation by just under 3% for FY2011. This is mostly attributed to the fall in the price of natural gas. However, Johnson County is well positioned, financially, with the above average fund balances it maintains; meaning that the downturn will not create an unmanageable hardship. The County will continue to benefit from the effect of the metropolitan influence on population growth to the north due to its close proximity to Dallas and Fort Worth.

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 continues in Johnson County with significant residential growth in Cleburne, Burleson and other cities. 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. The renovation of the old multi-storied hotel in downtown Cleburne was completed and more renovation of other buildings is in progress; further adding to the attraction of the business area of the county seat.

Very significant advances have been made in the proposed State Highway 121 project. This highway will provide a much needed north-south route from our county seat to Fort Worth. Continued growth

and urbanization in the Dallas-Fort Worth region, specifically, Johnson County, has resulted in the need for more efficient transportation systems to reduce current congestion and accommodate future traffic demand. The project has received final approval and construction of the northernmost section in Fort Worth has begun. It has been determined that it will be a toll road with the North Texas Tollway Authority (NTTA) having responsibility for the project. The NTTA will raise the necessary capital by the issuance of turnpike revenue bonds. Additionally, NTTA projects are not a part of the state highway system and receive no direct tax funding. The highway will extend 27.6 miles from the Fort Worth central business district to U.S. Highway 67 in Cleburne. This project has been in the planning stages for decades and is now a reality. The economic impact to Johnson County is expected to be quite significant.

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

Johnson County has purchased all the land and buildings surrounding the Guinn Courts Building with the latest being the old high school gym. This action will ensure Johnson County will be able to address future justice administration needs, conveniently keeping all improvements within close proximity to the courts building. The County completed construction plans for a 32,422 square foot office building to accommodate the needs of additional personnel for the Johnson and Somervell County Community Supervision and Corrections Department.

Johnson County also completed the construction of a 5,012 square foot Emergency Operations Center, designed to withstand very high winds. This will ensure that the County can adequately meet the needs of its citizens in the cases of natural disasters which are caused by severe weather. It can accommodate a complete disaster management and recovery team with much-needed upgraded communications equipment.

Additionally, Johnson County Jail has completed the construction of a jail expansion which houses 96 additional prisoners. This was done in partnership with the jail management contractor in which the County contracts for day-to-day jail operations.

Having outsourced jail operations beginning September 1, 2008, the Commissioners Court stills considers this to have been a worthwhile endeavor.

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 truly a challenge.

Johnson County plans to see the completion of the Community Supervision and Corrections Department office building in fiscal year 2012.

FINANCIAL CONDITION

Current Condition. Johnson County currently has the largest fund balance, as a percentage of budget, that it has ever maintained in the past. The unassigned fund balance of the General Fund has grown for several consecutive years. Therefore, the County is well-positioned to fund all services into the near future notwithstanding the national economic downturn, all the while maintaining a tax rate which is acceptable to taxpayers.

Long Range Financial Planning. Johnson County has a determination to manage growing fund balances in a conservative and judicious manner. Fund balances will continue to exceed the popular rules of thumb. The adopted tax rate consistently funds all services needed. In addition, the County includes a separate "Contingency" line-item in the budget which ensures that unexpected situations do not diminish our projected fund balances; keeping them at a very healthy level. The County also established a fund that is considered for capital projects or other, large, one-time expenditures. From time to time, the County will transfer funds that represent some of the tax revenue derived from mineral properties into this fund. Throughout the year, all mineral royalty received is deposited into this unbudgeted, separate fund. However, for reporting purposes, it is considered part of the General Fund. With the knowledge that these revenues will fluctuate with the price of natural gas, the County will not use such funds for things which demand ongoing commitments such as additional personnel. Therefore, the significant fund balance in the General Fund will be used to avoid some future debt by using cash at times when otherwise, issuing new debt would be the norm.

Significant Financial Policy. It is the policy of Johnson County to maintain an above-average fund balance as evidenced by the Fund Balance Policy adopted in 2011. One method used to accomplish this is by the segregation of revenue derived from mineral properties as described in the long range financial plan. 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 Tax Collector and the County Treasurer, all of whom are elected for four-year terms, and the County Auditor who is appointed for a two-year term by the State District Judges having jurisdiction within the County. The governing body of the County is the Commissioners Court. It has only 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 Tax Assessor-Collector is responsible for collecting ad valorem taxes, certain State and County fees and other revenues. The office also contracts with other taxing entities to collect taxes for them. Therefore, money is saved by taxpayers since only one tax collection organization is needed; eliminating a costly duplication of effort.

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

The County Auditor is the chief financial officer of the County and is responsible for substantially all County financial and accounting control functions. The responsibilities of the County Auditor include those of accounting, auditing, accounts payable and financial operations. The County Auditor also determines the type, terms, and amounts of investments of County funds. The Commissioners Court designated the County Auditor as the Investment Officer and has adopted an investment policy in compliance with the Public Funds Investment Act.

As demonstrated by the statements and schedules included in the financial section of this report which includes Management's Discussion and Analysis, 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, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit,

that there was a reasonable basis for rendering an unqualified opinion that the Johnson County, Texas financial statements for the fiscal year ended September 30, 2011, 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, 2010. This was the twentieth 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

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, 2010

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

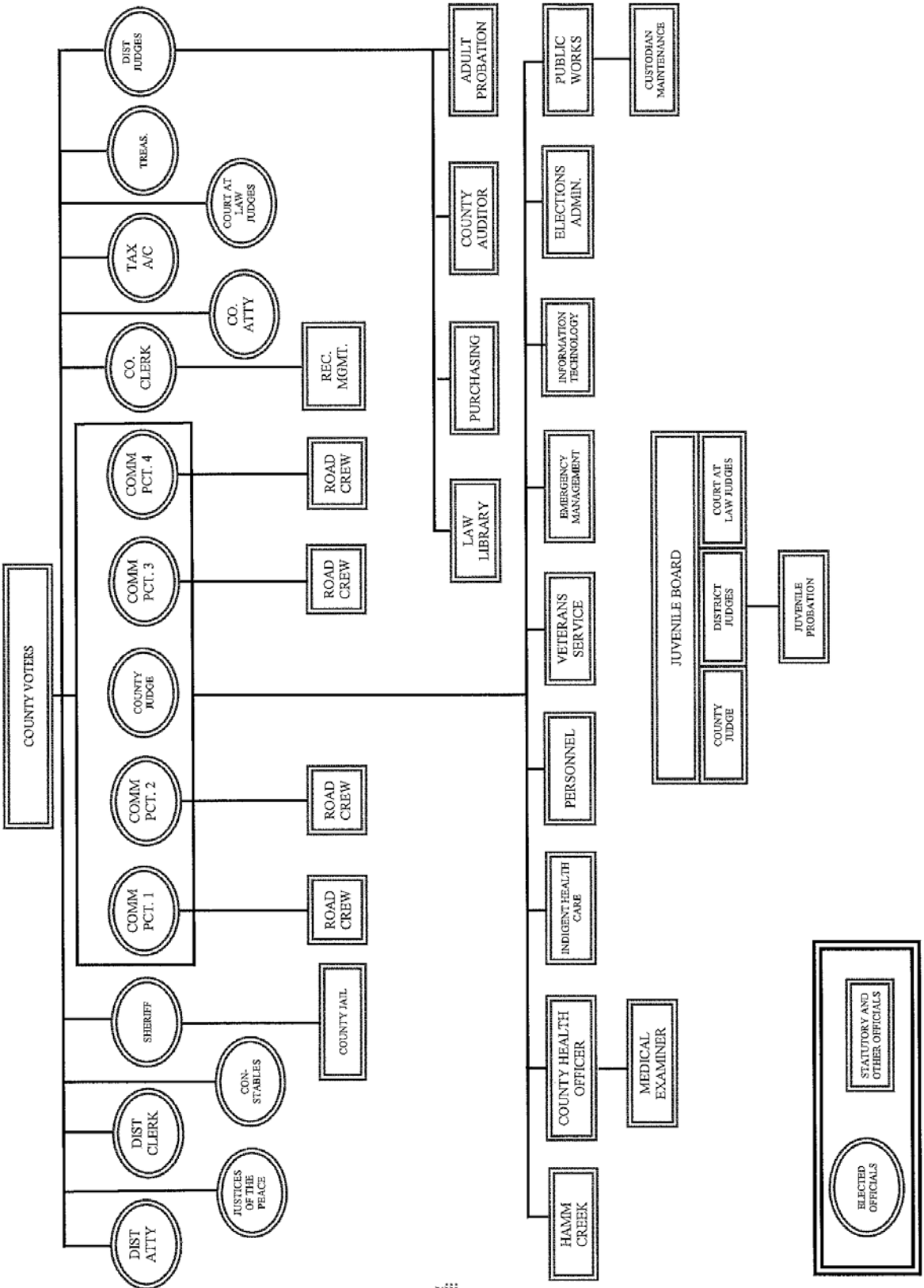


Linda C. Danson

President

Jeffrey R. Egan

Executive Director



JOHNSON COUNTY, TEXAS

PRINCIPAL OFFICIALS

COMMISSIONERS COURT

COUNTY JUDGE

Roger Harmon

COUNTY COMMISSIONERS

Precinct 1

Rick Bailey

Precinct 2

Troy Thompson

Precinct 3

Jerry Stringer

Precinct 4

Don Beeson

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

Jerry D. Webber

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

Bill Pierce

Precinct 2

Adam Crawford

Precinct 3

Mike White

Precinct 4

Gary Braly

COMMUNITY SUPERVISION DIRECTOR*

Toby Ross

CHIEF JUVENILE PROBATION OFFICER*

Lisa Tomlinson

FINANCIAL ADMINISTRATION

COUNTY AUDITOR*

J. R. Kirkpatrick

COUNTY TREASURER

Debbie Rice

TAX ASSESSOR—COLLECTOR

Scott Porter

PURCHASING AGENT*

Margaret Cook

COURT CLERKS

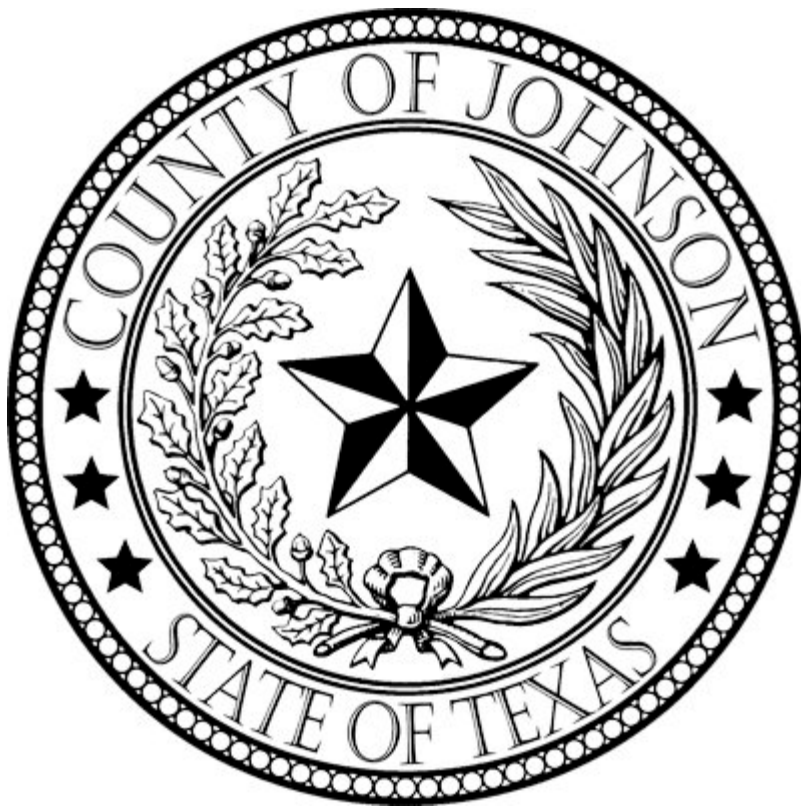
DISTRICT CLERK

David Lloyd

COUNTY CLERK

Becky Williams

*Denotes appointed officials. All others are elected officials.



FINANCIAL SECTION



KENNEMER, MASTERS & LUNSFORD

CERTIFIED PUBLIC ACCOUNTANTS
Limited Liability Company

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Lake Jackson, Texas 77566
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(800) 399-4075

Houston Office:
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Houston, Texas 77042
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Independent Auditor's Report

March 20, 2012

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Johnson County, Texas (the "County") as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Johnson County, Texas as of September 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2012 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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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
March 20, 2012
Page 2

Required Supplementary Information

The Management's Discussion and Analysis and Statement of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund and Major Special Revenue Fund, and the Texas County and District Retirement System Schedule of Funding – Last Three Years on pages 3 through 14 and 58 through 61, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principals generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Introductory and Statistical Sections

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

Kennemer, Masters & Hunsford, LLC

JOHNSON COUNTY, TEXAS

Management's Discussion and Analysis For the Year Ended September 30, 2011

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, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - v of this report.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year for governmental activities by \$ 89,932,644 (net assets). Of this amount, \$ 32,237,818 (unrestricted net assets), may be used to meet the government's ongoing obligations to citizens and creditors with the County's fund designation.
- The County's total net assets increased for governmental activities by \$ 4,371,150.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$ 45,003,264. 59.33% of this amount, \$ 26,698,467 (unassigned fund balance), were available for use within the County's fund designations. Of the governmental funds amount, \$ 17,738,085 has been restricted for specific uses.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 26,708,198 or 70.59% of the total general fund expenditure.

Overview of the Financial Statements

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

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

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

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

JOHNSON COUNTY, TEXAS

*Management's Discussion and Analysis
For the Year Ended September 30, 2011*

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

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

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

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

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

The County maintains sixty-five (65) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General and Road and Bridge (special revenue fund); all of which are considered to be major funds. Data from the other sixty-three (63) funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental funds financial statements can be found on pages 18 through 23 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, 2011*

- **Fiduciary Funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's operations. The County is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets on page 24 and a statement of changes in fiduciary net assets that can be found on pages 136 through 138.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 through 55 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 58 through 61 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 70 through 138 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the County, assets exceeded liabilities by \$ 89,932,644 as of September 30, 2011. This is an increase in net assets of \$ 4,371,150 which is primarily due to a net increase in property taxes due to an overall improvement in property values in addition to operating expenditures which were lower than expectations primarily in law enforcement.

The largest portion of the County's net assets, \$ 39,260,726 (43.65%) reflects its investments in capital assets (e.g., land; buildings and improvements; furniture, equipment and vehicles; infrastructure; and construction in progress), less any debt used to acquire those assets that is still outstanding. The County uses capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Capital assets decreased by \$ 550,009 due to current year depreciation and a net reduction in furniture, equipment and vehicles and infrastructure due to the retirement of assets.

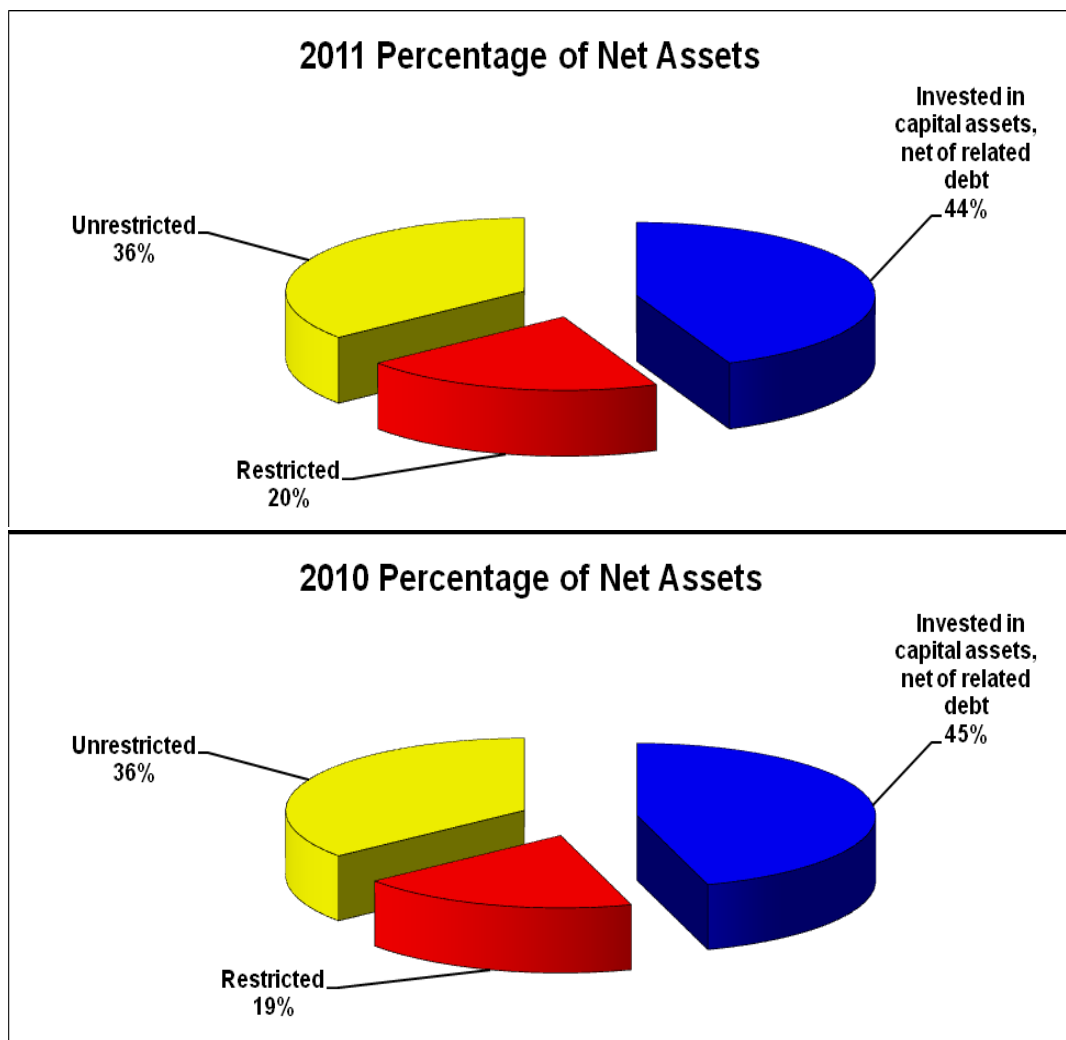
An additional portion of the County's net assets of \$ 18,434,100 (20.50%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$ 32,237,818 (35.85%) may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2011, the County is able to report positive balances in all three categories of net assets.

JOHNSON COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2011

JOHNSON COUNTY'S NET ASSETS

	Governmental Activities		
	September 30, 2011	September 30, 2010	Net Change
Current and other assets	\$ 56,841,703	\$ 53,655,658	\$ 3,186,045
Capital assets	<u>60,055,120</u>	<u>60,605,129</u>	<u>(550,009)</u>
Total assets	<u>116,896,823</u>	<u>114,260,787</u>	<u>2,636,036</u>
Current and other liabilities	4,752,887	4,227,011	525,875
Long-term liabilities	<u>22,211,292</u>	<u>24,472,282</u>	<u>(2,260,989)</u>
Total liabilities	<u>26,964,179</u>	<u>28,699,293</u>	<u>(1,735,114)</u>
Net Assets:			
Invested in capital assets, net of related debt	39,260,726	38,696,684	564,042
Restricted	18,434,100	16,212,538	2,221,562
Unrestricted	<u>32,237,818</u>	<u>30,652,272</u>	<u>1,585,546</u>
Total net assets	<u>\$ 89,932,644</u>	<u>\$ 85,561,494</u>	<u>\$ 4,371,150</u>



JOHNSON COUNTY, TEXAS

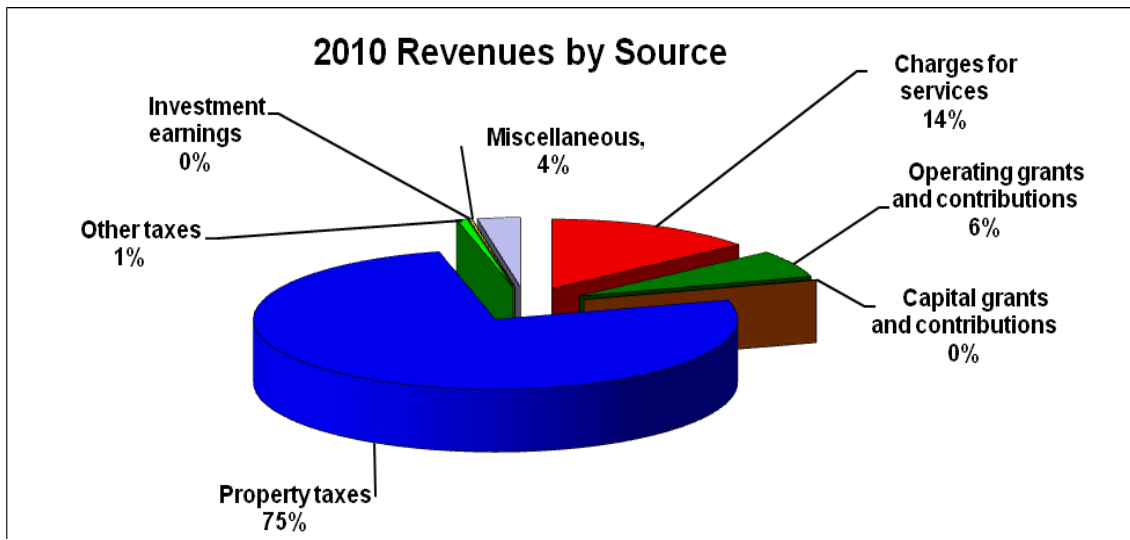
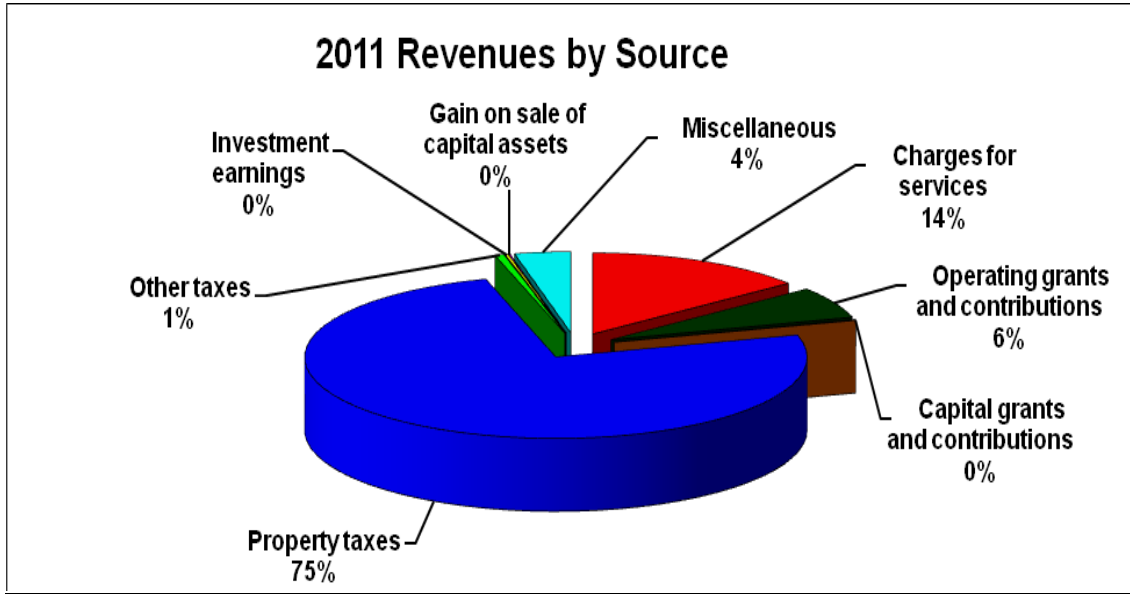
*Management's Discussion and Analysis
For the Year Ended September 30, 2011*

Analysis of the County's Operations. Governmental activities reported an increase in net assets in the amount of \$ 4,371,150. The following table provides a summary of the County's operations for the year ended September 30, 2011.

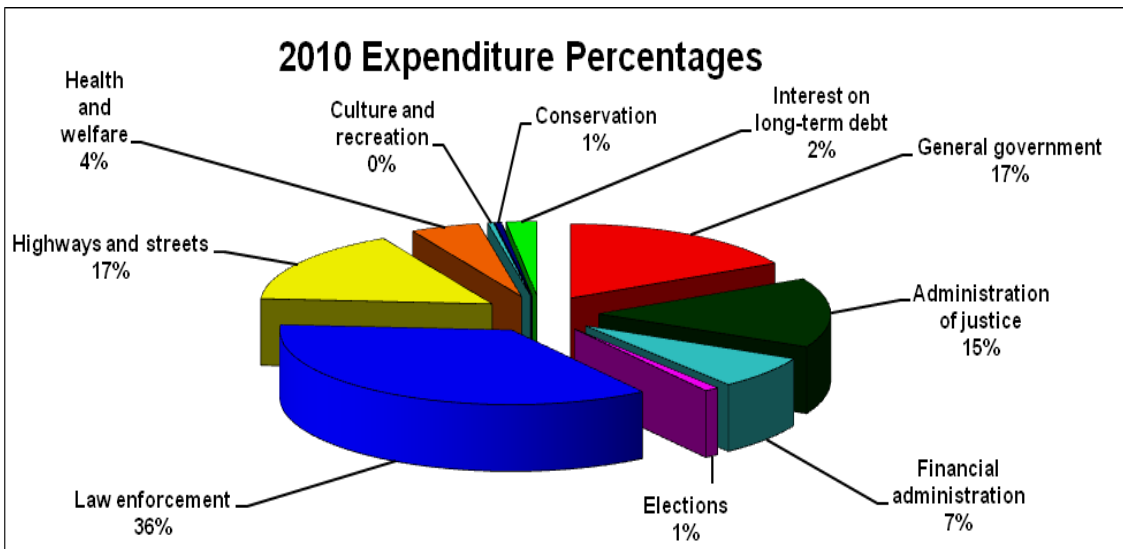
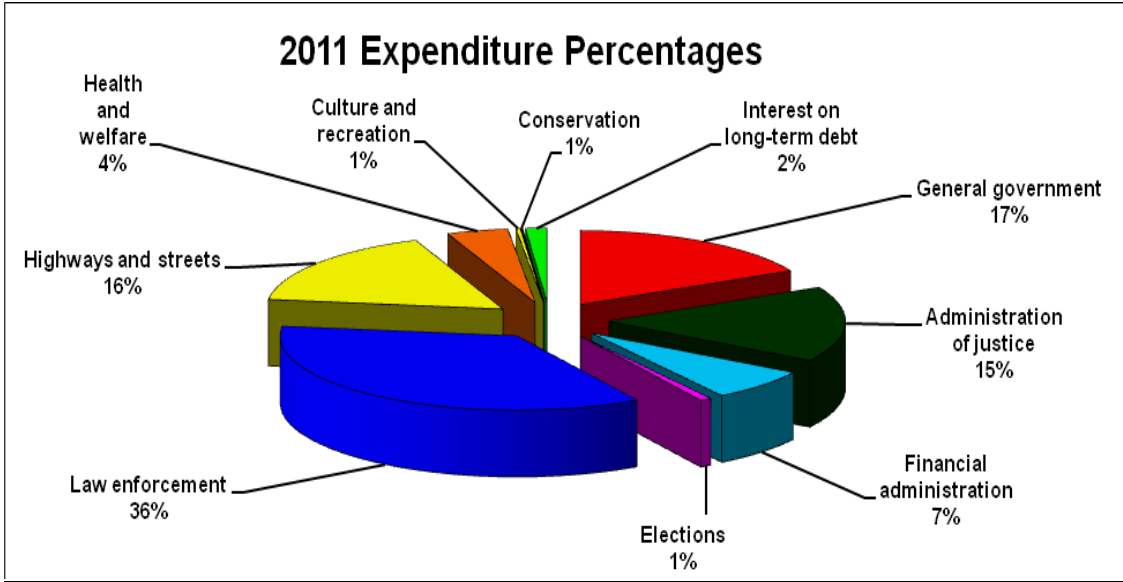
JOHNSON COUNTY'S CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		
	<u>September 30,</u> <u>2011</u>	<u>September 30,</u> <u>2010</u>	<u>Net</u> <u>Change</u>
Revenues:			
Program Revenues:			
Charges for services	\$ 8,560,206	\$ 9,064,738	\$(504,532)
Operating grants and contributions	3,853,757	3,992,091	(138,334)
Capital grants and contributions	60,135	76,707	(16,572)
General Revenues:			
Property taxes	46,080,488	47,651,954	(1,571,466)
Other taxes	432,473	379,728	52,745
Unrestricted Investment earnings	111,064	131,318	(20,254)
Gain on disposition of capital assets		60,093	(60,093)
Miscellaneous	<u>1,741,776</u>	<u>2,293,862</u>	<u>(552,086)</u>
Total revenues	<u>60,839,899</u>	<u>63,650,491</u>	<u>(2,810,592)</u>
Expenses:			
General government	9,842,672	9,361,183	481,489
Administration of justice	9,284,807	8,246,514	1,038,293
Financial Administration	3,902,117	3,886,429	15,688
Elections	437,699	549,393	(111,694)
Law enforcement	20,066,995	19,411,022	655,973
Highways and streets	9,529,285	8,751,080	778,205
Health and welfare	2,357,972	2,618,955	(260,963)
Culture and recreation	163,991	218,472	(54,481)
Conservation	61,553	243,004	(181,451)
Interest on long-term debt	<u>821,658</u>	<u>1,159,633</u>	<u>(337,975)</u>
Total expenses	<u>56,468,749</u>	<u>54,445,685</u>	<u>2,023,064</u>
Increase in net assets before contributions and transfers	<u>4,371,150</u>	<u>9,204,806</u>	<u>(4,833,656)</u>
Increase (decrease) in net assets	4,371,150	9,204,806	(4,833,656)
Net assets – October 1,	<u>85,561,494</u>	<u>76,356,688</u>	<u>9,204,806</u>
Net assets - September 30,	<u>\$ 89,932,644</u>	<u>\$ 85,561,494</u>	<u>\$ 4,371,150</u>

JOHNSON COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2011



JOHNSON COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2011



JOHNSON COUNTY, TEXAS

*Management's Discussion and Analysis
For the Year Ended September 30, 2011*

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$ 45,003,264. The unassigned fund balance of \$ 26,698,467 constitutes 59.33% of ending fund balance. The remainder of the fund balance is categorized as 1) nonspendable (\$ 566,712), 2) restricted (\$ 17,738,085), 3) unassigned (\$ 26,698,467).

Fund balance of the General Fund increased by \$ 1,859,942; the Road and Bridge (special revenue fund) decreased by \$ 55,700; and, other (non-major) governmental funds increased by \$ 1,797,290.

The increase in fund balance in the general fund resulted from property tax revenues coming in slightly above expectations. Property tax remained higher than expectations although the current fiscal year values were lower than the previous year values. General fund expenditures were up from the prior year due to increases in court related expenditures. As a result the current fiscal year increase in fund balance was \$ 5,832,197 less than the prior year increase fund balance. Regarding the Road & Bridge funds, there was a small decrease in fund balance versus an increase in the prior year. The change from the prior year was due to increased highway and street expenditures in the current year to complete certain repairs for damaged county roads. The change in fund balance for other governmental funds generally is a result of changes in special revenue projects, grants and awards and other capital project expenditures. The related increase in fund balance in the current year is minimally lower than the prior year increase in fund balance.

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 a \$ 4,908,324 increase including transfers out. One relatively large amendment was approved this year for \$ 3,685,000 for a much needed communications upgrade with the construction of new communications towers. Other amendments included \$ 150,000 for additional building maintenance needs, \$ 100,000 for capital murder trial expenses, \$ 100,000 for a construction project and a number of less significant changes.

During the year, revenues exceeded budget while expenditures were less than budget. Revenues were higher primarily due to property taxes collected exceeding estimates. Lower than budgeted expenditures resulted in many areas in the general government expenditures including less than expected health insurance costs.

JOHNSON COUNTY, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2011

Total General Fund revenue exceeded the budget by approximately 5% and total fund expenditures were under budget by approximately 9%.

Capital Assets

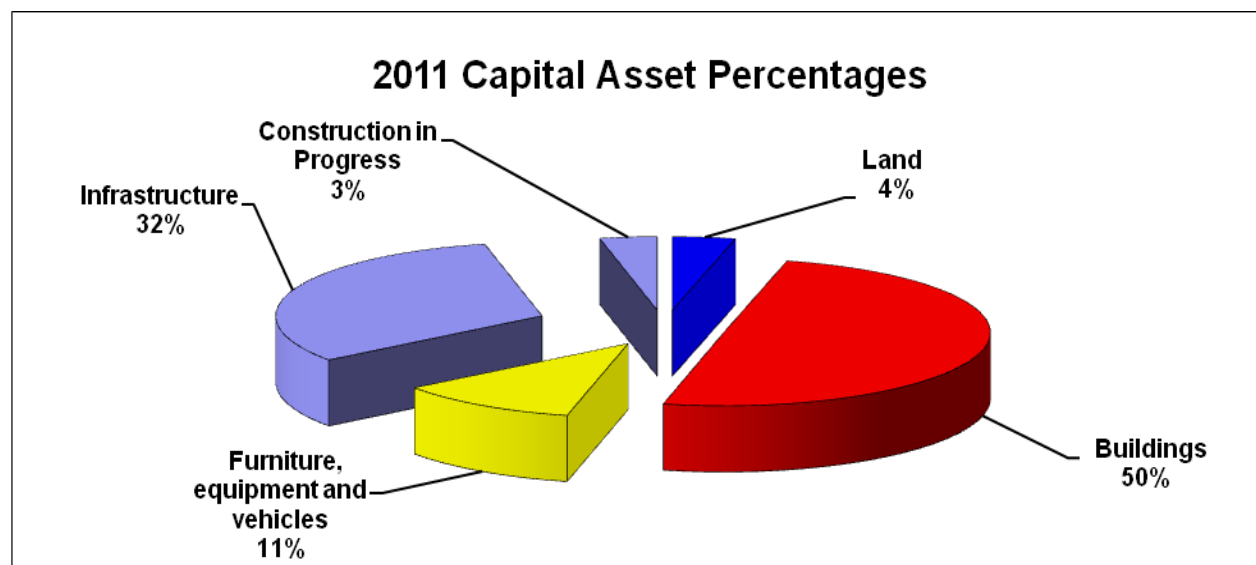
This investment in capital assets includes land; buildings and improvements; furniture, equipment and vehicles; infrastructure; and construction in progress.

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

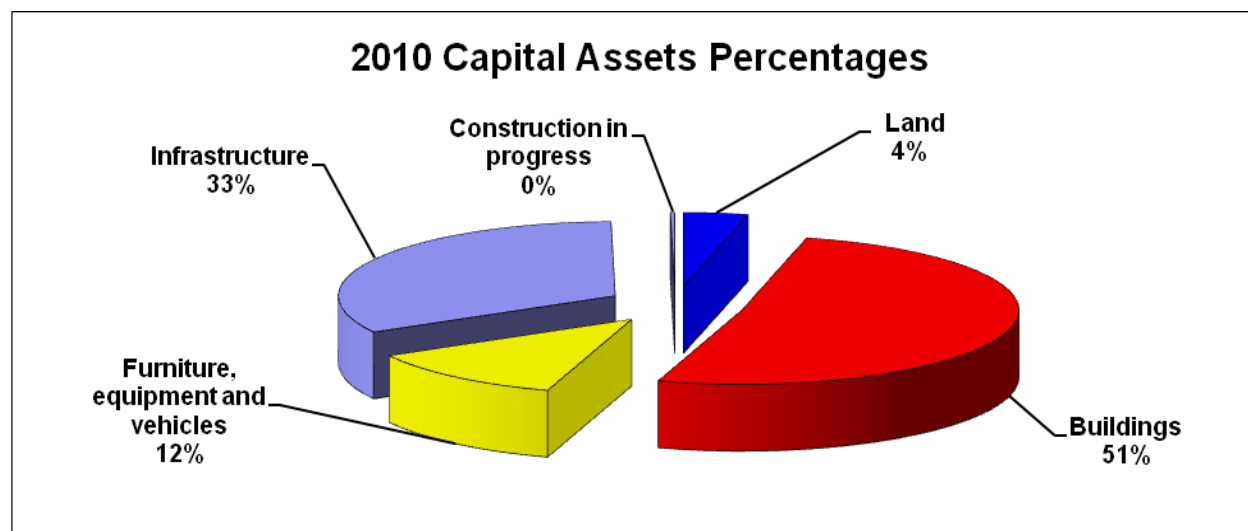
- Retired older equipment with net book value of approximately \$ 71,700.
- Acquisition of new vehicles, tractors, various road and bridge equipment.
- Construction of new emergency operations center in progress.

JOHNSON COUNTY'S CAPITAL ASSETS Net of Accumulated Depreciation

	Governmental Activities		
	September 30, 2011	September 30, 2010	Net Change
Land	\$ 2,288,603	\$ 2,280,281	\$ 8,322
Buildings and improvements	29,937,123	30,983,354	(1,046,231)
Furniture, equipment and vehicles	6,663,105	7,260,790	(597,685)
Infrastructure	19,084,563	19,927,379	(842,816)
Construction in progress	<u>2,081,726</u>	<u>153,325</u>	<u>1,928,401</u>
Total	<u>\$ 60,055,120</u>	<u>\$ 60,605,129</u>	<u>\$ (550,009)</u>



JOHNSON COUNTY, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2011



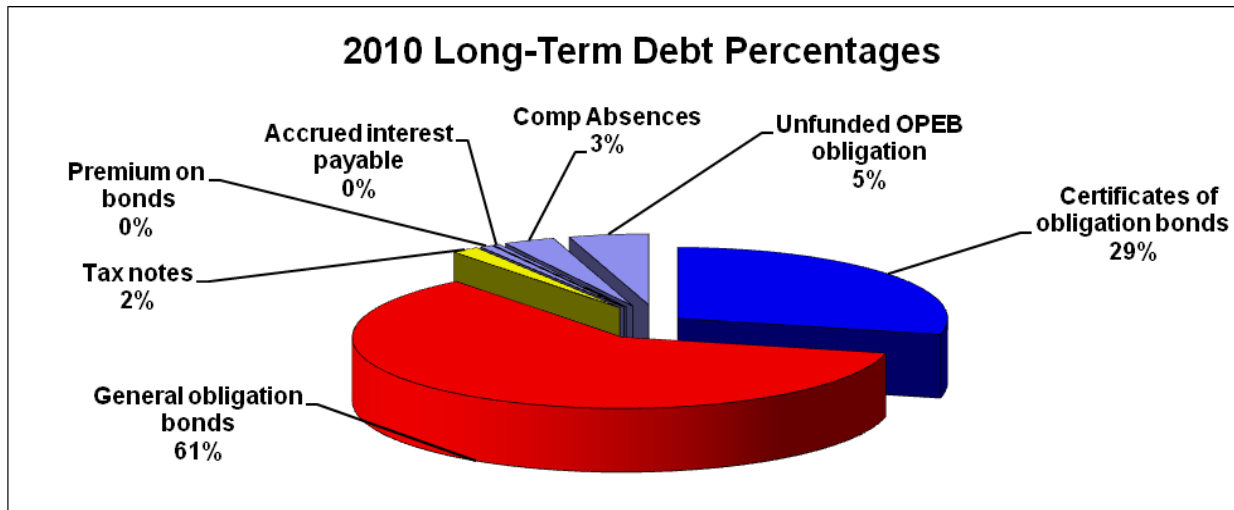
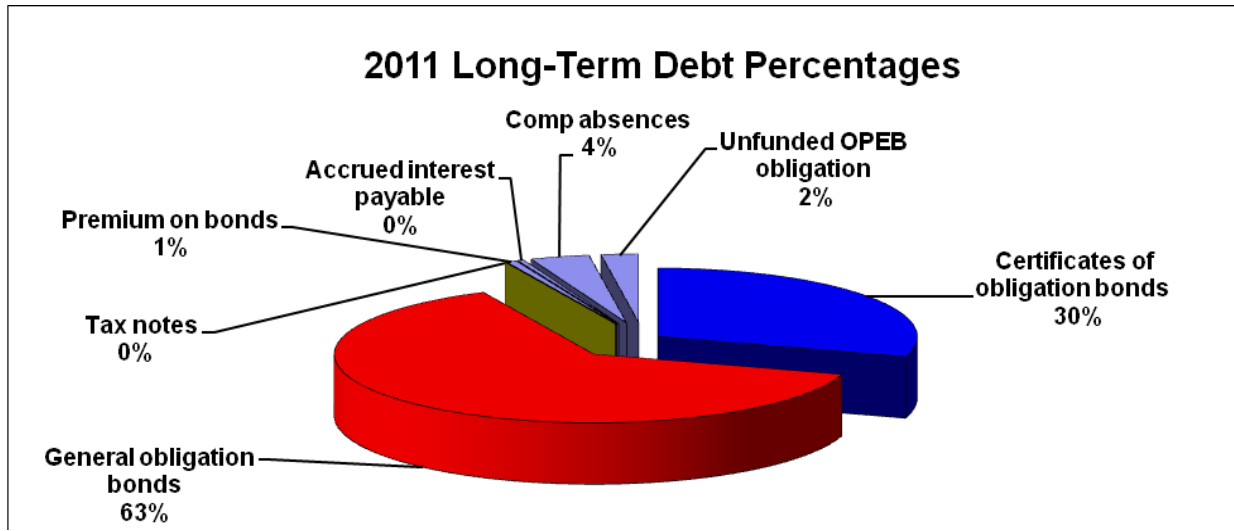
Additional information on the County's capital assets can be found in note 5 on pages 44 through 45 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the County had a total bonded and tax note debt of \$ 20,654,246, which, comprises bonded and tax note debt backed by the full faith and credit of the County. These bonds will be retired with revenues from property taxes, and fees for services.

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

	Governmental Activities		
	September 30, 2011	Restated September 30, 2010	Net Change
Certificates of Obligation bonds	\$ 6,620,000	\$ 7,005,000	\$(385,000)
General Obligation bonds	14,034,246	14,883,209	(848,963)
Tax notes		400,000	(400,000)
Components of Debt:			
Premium on bonds	140,147	179,295	(39,148)
Accrued interest payable	86,599	90,692	(4,093)
Compensated absences	816,656	750,657	65,999
Unfunded OPEB obligation	<u>513,644</u>	<u>1,163,429</u>	<u>(649,785)</u>
Total	<u>\$ 22,211,292</u>	<u>\$ 24,472,282</u>	<u>\$(2,260,990)</u>



During the fiscal year, the County's total debt decreased \$ 2,260,990 or 9.2%. The net decrease was due primarily to the principal payments on debt and tax notes and a reduction in the value of the Unfunded OPEB 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 Johnson County significantly exceeds the outstanding general obligation debt.

Additional information on the County's long-term debt can be found in note 7 on pages 46 through 48 of this report.

JOHNSON COUNTY, TEXAS

*Management's Discussion and Analysis
For the Year Ended September 30, 2011*

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 2012, Commissioners Court considered the following factors:

- Property tax rate was set at an amount significantly under the rollback rate. Even with this, the County will continue to increase unencumbered fund balances.
- Employees were given additional compensation of a one-time \$ 500 payment each. This payment therefore does not bind the governing body to any future payroll cost increases.

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 ASSETS
September 30, 2011

Exhibit 1

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash and temporary investments	\$ 47,214,561
Receivables (Net of Allowance for Uncollectibles):	
Taxes	644,083
Accounts	6,548,190
Due from other governments	1,074,870
Due from others	407,896
Prepaid items	267,526
Inventories	299,186
Bond issuance cost (net of accumulated amortization)	385,391
Capital Assets:	
Land	2,288,603
Buildings and improvements (net)	29,937,123
Furniture, equipment and vehicles (net)	6,663,105
Infrastructure (net)	19,084,563
Construction in progress	<u>2,081,726</u>
Total assets	<u>116,896,823</u>
<u>Liabilities</u>	
Accounts and accrued liabilities payable	3,870,916
Due to others	675,432
Unearned revenue	206,539
Noncurrent Liabilities:	
Due within one year	2,402,403
Due in more than one year	<u>19,808,889</u>
Total liabilities	<u>26,964,179</u>
<u>Net Assets</u>	
Invested in capital assets, net of related debt	39,260,726
Restricted	18,434,100
Unrestricted	<u>32,237,818</u>
Total net assets	<u>\$ 89,932,644</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, 2011

Exhibit 2

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change In Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General government	\$ 9,842,672	\$ 2,285,576	\$ 921,677	\$ (6,635,419)
Administration of justice	9,284,807	2,488,994	1,274,967	(5,520,846)
Financial administration	3,902,117	1,171,533		(2,730,584)
Elections	437,699		121,434	(316,265)
Law enforcement	20,066,995	585,175	1,037,288	(18,444,532)
Highways and streets	9,529,285	1,957,170		(7,511,980)
Health and welfare	2,357,972	38,516	498,391	(1,821,065)
Culture and recreation	163,991	33,242		(130,749)
Conservation	61,553			(61,553)
Interest on long-term debt	821,658			(821,658)
Total governmental activities	<u>56,468,749</u>	<u>8,560,206</u>	<u>3,853,757</u>	<u>(43,994,651)</u>
General Revenue:				
Property taxes				46,080,488
Other taxes				432,473
Unrestricted investment earnings				111,064
Miscellaneous				<u>1,741,776</u>
Total general revenues, special items and transfers				<u>48,365,801</u>
Change in net assets				4,371,150
Net assets – beginning				<u>85,561,494</u>
Net assets – ending				<u>\$ 89,932,644</u>

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

JOHNSON COUNTY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2011

Exhibit 3

	Major Funds		Non-Major Funds	Total Governmental Funds
	General Fund	Road & Bridge Fund	Other Governmental Funds	
ASSETS				
Cash and temporary investments	\$ 28,758,841	\$ 6,389,928	\$ 12,065,792	\$ 47,214,561
Receivables (Net of Allowance for Uncollectibles):				
Taxes	499,653	88,547	55,883	644,083
Accounts	245,145	65,381	13,595	324,121
Due from other governments	96,927		977,943	1,074,870
Due from others	407,896			407,896
Due from other funds	370,114	46,533	92,997	509,644
Prepaid expenditures	265,886		1,640	267,526
Inventories		<u>299,186</u>		<u>299,186</u>
 Total assets	 <u>\$ 30,644,462</u>	 <u>\$ 6,889,575</u>	 <u>\$ 13,207,850</u>	 <u>\$ 50,741,887</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and accrued liabilities payable	\$ 2,454,201	\$ 450,670	\$ 966,044	\$ 3,870,915
Due to others	675,432			675,432
Due to other funds	139,530		370,114	509,644
Deferred revenue	<u>401,215</u>	<u>63,884</u>	<u>217,533</u>	<u>682,632</u>
 Total liabilities	 <u>3,670,378</u>	 <u>514,554</u>	 <u>1,553,691</u>	 <u>5,738,623</u>
 Fund Balances:				
Nonspendable	265,886	299,186	1,640	566,712
Restricted		6,075,835	11,662,250	17,738,085
Unassigned	<u>26,708,198</u>		<u>(9,731)</u>	<u>26,698,467</u>
 Total fund balances	 <u>26,974,084</u>	 <u>6,375,021</u>	 <u>11,654,159</u>	 <u>45,003,264</u>
 Total liabilities and fund balance	 <u>\$ 30,644,462</u>	 <u>\$ 6,889,575</u>	 <u>\$ 13,207,850</u>	 <u>\$ 50,741,887</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 ASSETS**

September 30, 2011

Exhibit 3R

Page 1

Total fund balances - governmental funds balance sheet (Exhibit 3)	\$ 45,003,264
Amounts reported for <i>governmental activities</i> in the statement of net assets (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Capital assets include \$ 106,703,382 in assets less \$ 46,648,262 in accumulated depreciation.	60,055,120
Judicial accounts receivables net of related allowance for uncollectible accounts are unavailable to pay for current period expenditures and availability of funds that are uncertain as to availability are not recorded in the funds. Judicial receivables of \$ 11,106,496 net of allowance for uncollectible accounts of \$ 4,882,427 in the General fund amounted to \$ 6,224,069.	6,224,069
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds. Deferred property tax revenues for the General fund, Road and Bridge special revenue fund, Indigent Health Care special revenue fund, Law Enforcement Center debt service fund, and the Equipment debt service fund amounted to \$ 369,965, \$ 63,884, \$ 11,196, \$ 22,756, and \$ 8,292, respectively.	476,093
Debt issuance costs are reported as current financial uses for governmental funds but the expenditures increase long-term assets in the statement of net assets. This amount is amortized over the life of the debt. Debt issuance costs of \$ 987,526 less accumulated amortization of \$ 602,135.	385,391
Payables for bond principal are not reported in the funds.	(20,654,246)
Premium on the issuance of bonds provide current financial resources to governmental funds but the proceeds decrease long-term assets in the statement of net assets. This amount is amortized over the life of the bonds. Net premium on the issuance of bonds were \$ 140,148 (premium on the sale of bonds of \$ 207,194 less amortization of \$ 67,046).	(140,148)
Payables for debt interest is not reported in the funds except for amounts received from the sale of bonds or issuance of notes after the issuance date. Total accrued interest payable of \$ 86,599.	(86,599)
The liability for the underfunded annual required contribution as calculated for the retiree health insurance benefits is not reported in the funds.	(513,644)
Payables for compensated absences are not reported in the funds.	(<u>816,656</u>)
Net assets of governmental activities - statement of net assets (Exhibit 1)	\$ <u><u>89,932,644</u></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, 2011

	Major Funds		Non-Major	Total Governmental Funds
	General Fund	Road & Bridge Fund	Other Governmental Funds	
Revenues:				
Taxes	\$ 36,401,545	\$ 6,328,057	\$ 3,879,335	\$ 46,608,937
Intergovernmental	1,057,457		2,856,334	3,913,791
Fees	4,015,490	1,957,170	893,310	6,865,970
Fines	1,650,640		43,596	1,694,236
Investment income	84,411	10,942	15,711	111,064
Miscellaneous	801,520	286,903	653,353	1,741,776
Total revenues	<u>44,011,063</u>	<u>8,583,072</u>	<u>8,341,639</u>	<u>60,935,774</u>
Expenditures:				
Current:				
General administration	7,555,978		1,041,674	8,597,652
Administration of justice	8,154,964		574,299	8,729,263
Financial administration	3,960,564		712	3,961,276
Elections	324,661		122,256	446,917
Law enforcement	17,017,251		1,730,789	18,748,040
Highways and streets		6,792,475	83,842	6,876,317
Health and welfare	424,477		1,876,792	2,301,269
Culture and recreation	160,340		6,684	167,024
Conservation	164,334			164,334
Capital outlay	72,890	1,867,449	3,010,545	4,950,884
Debt Service:				
Principal			1,735,000	1,735,000
Interest and fiscal charges			705,726	705,726
Total expenditures	<u>37,835,459</u>	<u>8,659,924</u>	<u>10,888,319</u>	<u>57,383,702</u>
Excess (deficiency) of revenues over expenditures	<u>6,175,604</u>	<u>(76,852)</u>	<u>(2,546,680)</u>	<u>3,552,072</u>
Other Financing Sources (Uses):				
Proceeds from sale of capital asset	28,308	21,152		49,460
Transfers in	87,537		4,431,507	4,519,044
Transfers out	<u>(4,431,507)</u>		<u>(87,537)</u>	<u>(4,519,044)</u>
Total other financing sources and (uses)	<u>(4,315,662)</u>	<u>21,152</u>	<u>4,343,970</u>	<u>49,460</u>
Net change in fund balances	1,859,942	(55,700)	1,797,290	3,601,532
Fund balances - beginning	<u>25,114,142</u>	<u>6,430,721</u>	<u>9,856,869</u>	<u>41,401,732</u>
Fund balances - ending	<u>\$ 26,974,084</u>	<u>\$ 6,375,021</u>	<u>\$ 11,654,159</u>	<u>\$ 45,003,264</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, 2011

Exhibit 4R

Page 1

Net change in fund balances - total governmental funds (Exhibit 4)	\$	3,601,532
Amounts reported for <i>governmental activities</i> in the statement of activities (Exhibit 2) are different because:		
Governmental funds report capital outlays as expenditures. However, in the governmental activities statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation \$ 5,429,193 exceeded capital outlays \$ 4,890,749 in the current period.	(538,444)
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, \$ 60,135 of land and equipment were contributed to and accepted by the County.		60,135
Property tax revenues in the governmental activities statement of activities do not provide current available resources and are not reported as revenues in the funds. Deferred property tax revenues for the general fund, Road and Bridge special revenue fund, Indigent Health Care special revenue fund, General debt service fund, and Equipment debt service fund amounted to \$(70,830), \$(8,784), \$(3,559), \$(17), and \$(12,686), respectively.	(95,876)
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 \$ 71,700. (Cost of \$ 1,740,949 less accumulated depreciation of \$ 1,669,249).	(71,700)
Judicial revenues (resulting from accounts receivables net of related allowance for uncollectible accounts) in the governmental activities statement of activities does not provide current available resources and are not reported as revenues in the funds. The change in these net receivables resulted in an increase in revenues reported in the governmental activities statement of activities.	(787,352)
Debt issuance cost is an expenditure in the governmental fund, but the cost increases long-term assets in the statement of net assets. This amount is amortized over the life of the debt. Debt issuance cost amortization is \$ 58,134.	(58,134)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the governmental activities statement of net assets. The funds statements reported \$ 1,735,000 in bond principal payments.		1,735,000
Premium on the issuance of bonds provide current financial resources to governmental funds but the proceeds decrease long-term assets in the statement of net assets. Bond premium amortization was \$ 39,147.		39,147

(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, 2011

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 \$ 101,037 less the change in accrued interest on note and bonds of \$ 4,093

\$(96,944)

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 underfunded annual required contribution for the post employment health insurance benefits.

649,785

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.

(65,999)

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

\$ 4,371,150

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

JOHNSON COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
September 30, 2011

Exhibit 5

	<u>Agency Funds</u>
<u>Assets</u>	
Cash and temporary investments	\$ 8,263,965
Receivables:	
Accounts receivable	174,273
Due from others	<u>344,875</u>
Total assets	<u>\$ 8,783,113</u>
<u>Liabilities</u>	
Accounts and accrued liabilities payable	\$ 392,745
Due to others	<u>8,390,368</u>
Total liabilities	<u>\$ 8,783,113</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, 2011

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JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Included in the reporting entity:

Johnson County, Texas (Primary Government) -

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

For the year ended September 30, 2011, 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, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Reporting Entity - continued

Johnson County Appraisal District -

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

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

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis Of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and fiduciary fund (excluding agency funds) 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, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

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

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

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

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

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

The County has presented the following major governmental funds:

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

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

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, Justice of Peace Funds, and Community Corrections and Supervision (Adult Probation) funds.

New Pronouncements

GASB No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", was issued April 2009. This statement provides guidance on classification of fund equity. This statement is effective for periods beginning after June 15, 2010. The statement was implemented and did not have an impact on the County's financial statements.

GASB No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies", was issued December 2009. This statement is effective for periods beginning after June 15, 2009. The statement was implemented and did not have an impact on the County's financial statements.

GASB No. 59, "Financial Instrument Omnibus", was issued December 2009. This statement is effective for periods beginning after June 15, 2010. The statement was implemented and did not have an impact on the County's financial statements.

GASB No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", was issued November 2010. The management of the County does not believe that the implementation of this statement will have a material effect on the financial statements of the County. This statement is effective for periods beginning after December 15, 2011.

GASB No. 61, "The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34", was issued November 2010. The management of the County does not believe that the implementation of this statement will have a material effect on the financial statements of the County. This statement is effective for periods beginning after June 15, 2012.

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Pronouncements - continued

GASB No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements", was issued December 2010. The management of the County does not believe that the implementation of this statement will have a material effect on the financial statements of the County. This statement is effective for periods beginning after December 15, 2011.

GASB No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", was issued June 2011. The management of the County does not believe that the implementation of this statement will have a material effect on the financial statements of the County. This statement is effective for periods beginning after December 15, 2011.

GASB No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions-an amendment of GASB Statements No. 53", was issued June 2011. The management of the County does not believe that the implementation of this statement will have a material effect on the financial statements of the County. This statement is effective for periods beginning after June 15, 2011.

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, Lateral Road Fund, Law Library Fund, Records Management and Preservation Fund, Records Archive – County Clerk Fund, Records Archive – District Clerk Fund, Justice of the Peace Technology Fund, Courthouse Security Fund, Justice Court Security Bonding Fund, Election Services Contract Fund, Juvenile Justice Alternative Education Fund, Special Crimes Operation Fund, District Attorney Forfeiture Fund, Sheriff Forfeiture Fund, Indigent Health Care Fund, Teen Court Fund, Right of Way Fund, Historical Society Account Fund, Guardianship Fee Fund, Juvenile Case Manager Fund, County/District Court Technology Fund, Court Record Preservation Fund, and debt service funds.

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

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

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Budgetary Data - continued

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).

At the discretion of Commissioner’s 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. One hundred fifty-one supplemental budget amendments in the general and special revenue funds were deemed necessary due to the timing of planned expenditures and construction projects.

Encumbrances

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

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

Major Funds:	
Road and Bridge (Special Revenue Fund)	\$ <u>3,104</u>
Total	\$ <u><u>3,104</u></u>

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.

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property Taxes

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

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

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

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 2010 tax levy, supporting the 2011 fiscal period budget, totaled \$ 0.379500 per \$ 100 valuation and was comprised as follows:

Constitutional Levy:	
General Fund	\$ 0.296332
Indigent Health Care	0.008552
Road and Bridge	0.052000
Special Road and Bridge:	
Article 6790	-0-
Article 7048a	-0-
Debt Service:	
Interest and Sinking:	
General Obligation Refunding Bonds, Series 2001;	
Certificates of Obligation Bonds, Series 2001;	
Certificates of Obligation Bonds, Series 2004;	
Certificates of Obligation Bonds, Series 2004A; and	
General Obligation Refunding Bonds, Series 2007	0.019391
Equipment Interesting and Sinking:	
Tax Notes	<u>0.003225</u>
Combined tax rate	<u>\$ 0.379500</u>

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Interfund Receivables and Payables

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

Inventories 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.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest cost to be capitalized on assets with tax-exempt borrowing is equal to the cost of the borrowing less interest earned on the related tax-exempt borrowing. During the year ended September 30, 2011, 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

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2011, computed at pay rates in effect at that time was \$ 816,656.

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

Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Fund Equity

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.

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Equity - continued

Fund Balance Classifications:

The *nonspendable* fund balance includes 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 and prepaid items.

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 Nonmajor 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, 2011, 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, 2011, 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, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Governmental Fund Financial Statements:

The following schedule presents details of fund balance components at September 30, 2011:

	Major Funds			Non-Major Funds
	General Fund	Road & Bridge Fund	Other Governmental Fund	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Prepaid expenditures	\$ 265,886	\$	\$ 1,640	\$ 267,526
Inventory		299,186		299,186
Restricted:				
Capital projects			3,024,419	3,024,419
Historical purposes			40,767	40,767
Court improvements and operations			451,708	451,708
Debt service			2,585,752	2,585,752
Elections services			98,999	98,999
Family protection services			30,733	30,733
Health services			892,072	892,072
Inmate services			132,341	132,341
Juvenile services			179,608	179,608
Library services			257,248	257,248
Public safety personnel training			10,274	10,274
Public transportation projects		6,075,835	1,699,568	7,775,403
Records management			1,810,367	1,810,367
Special crime operations			258,533	258,533
County/District attorney services			93,831	93,831
Forfeiture funds			61,908	61,908
Other			34,122	34,122
Unassigned	<u>26,708,198</u>		<u>(9,731)</u>	<u>26,698,467</u>
Total	<u>\$26,974,084</u>	<u>\$ 6,375,021</u>	<u>\$11,654,159</u>	<u>\$45,003,264</u>

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation and the outstanding balances of any borrowing spent for the acquisition, construction or improvements of those assets. Net assets are 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, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

	<u>Governmental Activities</u>
Net Assets:	
Invested in capital assets, net of related debt	\$ 39,260,726
Restricted:	
Historical purposes	40,767
Court improvements and operations	451,708
Debt service	2,915,592
Elections services	98,999
Family protection services	30,733
Health services	892,072
Inmate services	132,341
Juvenile services	179,608
Library services	257,248
Emergency operations	2,460,812
Public safety personnel training	10,274
Public transportation projects	8,437,659
Records management	1,810,367
Special crime operations	258,533
County/District attorney services	93,831
Forfeiture funds	61,092
Other	302,464
Unrestricted	<u>32,237,818</u>
	<u>\$ 89,932,644</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. 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, 2011 are as follows:

	<u>Governmental</u>	<u>Fiduciary</u>	<u>Total</u>
Cash and Temporary Investments:			
Cash (petty cash accounts)	\$ 17,370	\$	\$ 17,370
Financial Institution Deposits:			
Demand deposits	9,333,017	5,400,655	14,733,672
Certificates of deposit	11,250,000	2,792,399	14,042,399
Local Government Investment Pool:			
TexPool	14,016,429	70,911	14,087,340
TexSTAR	<u>12,597,745</u>	<u> </u>	<u>12,597,745</u>
	<u>\$ 47,214,561</u>	<u>\$ 8,263,965</u>	<u>\$ 55,478,526</u>

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2011

NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued

Deposits

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

At year-end, in addition to petty cash of \$ 17,370, the carrying amount of the County's financial institution deposits, was \$ 28,776,071, while the financial institution balances totaled \$ 29,678,743. Of these balances, \$ 3,719,068 represents amounts controlled by County courts and held by various financial institutions jointly under the name of the County and the courts beneficiaries and carrying the identification number of the beneficiaries. These accounts are entirely covered by federal deposit insurance. Of the remaining balances, \$ 250,000 was covered by federal depository insurance coverage, and \$ 25,709,675 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.

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.

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2011

NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued

Investments - continued

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.

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

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2011

NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued

Investments - continued

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

At September 30, 2011 TexPool and TexSTAR had a weighted average maturity of 34 and 50 days, respectively. Although TexPool and TexSTAR had a weighted average maturity of 34 and 50 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, 2011, 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:			
TexPool	Varies	\$ 14,087,340	34.0
TexSTAR	Varies	<u>12,597,745</u>	50.0
		<u>\$ 26,685,085</u>	38.0
Financial Institution Deposits:			
Certificates of Deposit	Varies	<u>\$ 14,042,399</u>	280.0

Credit Risk – As of September 30, 2011, the LGIP’s (which represent approximately 100.00% of the investment portfolio) are rated AAAM by Standard and Poor’s or AAA by Finch, therefore, the County does not have a significant exposure to credit risk. To receive funds from Johnson 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, 2011

NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued

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, 2011, and holds no direct investments in derivatives at September 30, 2011.

NOTE 3 - RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND DEFERRED REVENUES

Receivables and Allowances

Receivables as of September 30, 2011, for the government's individual governmental major and nonmajor funds, proprietary major fund, internal service funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds			
	General Fund	Road & Bridge Fund	Other Governmental Funds	Total
Receivables:				
Taxes (property)	\$ 2,112,701	\$ 410,153	\$ 307,926	\$ 2,830,780
Accounts	245,145	65,381	13,595	324,121
Receivables from other governments	<u>96,927</u>	<u> </u>	<u>977,943</u>	<u>1,074,870</u>
Gross receivables	2,454,773	475,534	1,299,464	4,229,771
Less allowance for uncollectibles	<u>1,613,048</u>	<u>321,606</u>	<u>252,043</u>	<u>2,186,697</u>
Net total receivables	<u>\$ 841,725</u>	<u>\$ 153,928</u>	<u>\$ 1,047,421</u>	<u>\$ 2,043,074</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, 2011 are summarized below:

	Federal Grants	State Grants	Local Governments	Total
General Fund	\$ 89,327	\$ 7,600	\$	\$ 96,927
Other funds	<u>861,414</u>	<u>115,276</u>	<u>1,253</u>	<u>977,943</u>
Net total receivables	<u>\$ 950,741</u>	<u>\$ 122,876</u>	<u>\$ 1,253</u>	<u>\$ 1,074,870</u>

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2011

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

Judicial Receivables

Judicial receivables are reported in the governmental activities statement of net assets. Since these receivables do not represent current available resources, they are not reported in the governmental funds balance sheet. The allowance for uncollectible receivables related to the County's various court assessments is determined based on historical experience and evaluation of collectibility in relation to the aging of customer accounts. The following is a summary of the receivable and allowance for uncollectible as of September 30, 2011:

	<u>Judicial Receivable</u>	<u>Allowance for Uncollectible Accounts</u>	<u>Net Receivable</u>
Judicial Receivables:			
Justice of the Peace	\$ 650,229	\$ 195,069	\$ 455,160
County courts	2,165,104	541,777	1,623,327
District courts	<u>8,291,163</u>	<u>4,145,581</u>	<u>4,145,582</u>
	<u>\$ 11,106,496</u>	<u>\$ 4,882,427</u>	<u>\$ 6,224,069</u>

Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. As of September 30, 2011, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Governmental Funds</u>			
	<u>General Fund</u>	<u>Road & Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Unavailable:				
Delinquent property taxes receivable	\$ 401,215	\$ 63,884	\$ 42,244	\$ 507,343
Unearned:				
Federal grants			7	7
State grants			<u>175,282</u>	<u>175,282</u>
Total	<u>\$ 401,215</u>	<u>\$ 63,884</u>	<u>\$ 217,533</u>	<u>\$ 682,632</u>

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2011

NOTE 4 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at September 30, 2011 consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>09-30-11</u>
General Fund	Other Governmental Funds	\$ 370,114
Road and Bridge Fund	General Fund	46,533
Other Governmental Funds	General Fund	<u>92,997</u>
		<u>\$ 509,644</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.

Interfund transfers for the year ended September 30, 2011 consisted of the following individual fund transfers in and transfers out:

<u>Transferring Fund</u>	<u>Receiving Fund</u>	<u>09-30-11</u>
General Fund	Other Governmental Funds	\$ 4,431,507
Other Governmental Funds	General Fund	<u>87,537</u>
Total		<u>\$ 4,519,044</u>

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

JOHNSON COUNTY, TEXAS
Notes to the Financial Statements
For The Year Ended September 30, 2011

NOTE 5 - CAPITAL ASSETS

Capital Transactions

	<u>Balance 10-01-10</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>Balance 09-30-11</u>
Governmental Activities:				
Capital Assets, Not Depreciated:				
Land	\$ 2,280,281	\$ 8,322	\$	\$ 2,288,603
Construction in progress	<u>153,325</u>	<u>2,081,726</u>	<u>153,325</u>	<u>2,081,726</u>
Total capital assets not being depreciated	<u>2,433,606</u>	<u>2,090,048</u>	<u>153,325</u>	<u>4,370,329</u>
Capital Assets, Being Depreciated:				
Buildings and improvements	46,236,116	659,834	(153,325)	47,049,275
Furniture, equipment and vehicles	18,142,872	1,196,979	875,815	18,464,036
Infrastructure	<u>36,680,853</u>	<u>1,004,023</u>	<u>865,134</u>	<u>36,819,742</u>
Total capital assets being depreciated	<u>101,059,841</u>	<u>2,860,836</u>	<u>1,587,624</u>	<u>102,333,053</u>
Less Accumulated Depreciation For:				
Buildings and improvements	15,252,762	1,859,390		17,112,152
Furniture, equipment and vehicles	10,882,082	1,722,964	804,115	11,800,931
Infrastructure	<u>16,753,474</u>	<u>1,846,839</u>	<u>865,134</u>	<u>17,735,179</u>
Total accumulated depreciation	<u>42,888,318</u>	<u>5,429,193</u>	<u>1,669,249</u>	<u>46,648,262</u>
Total capital assets being depreciated, net	<u>58,171,523</u>	<u>(2,568,357)</u>	<u>(81,625)</u>	<u>55,684,791</u>
Governmental activities capital assets, net	<u>\$ 60,605,129</u>	<u>\$ (478,309)</u>	<u>\$ 71,700</u>	<u>\$ 60,055,120</u>

During the year ended September 30, 2011, the County received equipment and roads from various sources totaling \$ 60,135.

Depreciation

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

	<u>09-30-11</u>
Governmental Activities:	
General government	\$ 1,397,616
Administration of justice	26,171
Law enforcement	1,327,487
Highways and streets	2,611,915
Health and welfare	59,539
Culture and recreation	<u>6,465</u>
	<u>\$ 5,429,193</u>

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2011

NOTE 5 - CAPITAL ASSETS - Continued

Construction Commitments

Construction in progress for various projects at September 30, 2011 is as follows.

	<u>Contract Value</u>	<u>Expended To Date</u>	<u>Commitment</u>
Market Square	\$ 120,000	\$ 14,518	\$ 105,482
HVAC Burleson	124,857	74,336	50,521
Emergency operations center	1,100,000	1,047,197	52,803
Radio system	3,685,000	737,000	2,948,000
CR 1190A bridge	150,000	18,022	131,978
New office Pct 2	<u>28,000</u>	<u>9,849</u>	<u>18,151</u>
 Total	 <u>\$ 5,207,857</u>	 <u>\$ 1,900,922</u>	 <u>\$ 3,306,935</u>

NOTE 6 - DISAGGREGATION OF ACCOUNTS AND ACCRUED LIABILITIES PAYABLE

Accounts and accrued liabilities payable as of September 30, 2011, for the government's individual governmental major and nonmajor funds, and fiduciary funds in the aggregate are as follows:

	<u>Governmental Funds</u>			
	<u>General Fund</u>	<u>Road & Bridge Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Accounts and Accrued Liabilities Payable:				
Vendors	\$ 1,689,407	\$ 301,427	\$ 919,297	\$ 2,910,131
Accrued compensation	<u>764,794</u>	<u>149,243</u>	<u>46,747</u>	<u>960,784</u>
 Totals	 <u>\$ 2,454,201</u>	 <u>\$ 450,670</u>	 <u>\$ 966,044</u>	 <u>\$ 3,870,915</u>
			<u>Fiduciary Funds</u>	
Accounts and Accrued Liabilities Payable:				
Vendors			\$ 264,916	
Accrued compensation			<u>127,829</u>	
 Totals			 <u>\$ 392,745</u>	

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2011

NOTE 7 - LONG-TERM DEBT

General Obligation Bonded Debt

General obligation and certificates of obligations payable at September 30, 2011, are summarized as follows:

	Interest Rate %	Series Dates			Bonds Outstanding 09-30-11
		Issued	Maturity	Callable	
Certificates of Obligation Bonds, Series 2004	3.00 - 4.35	2003	2024		\$ 3,885,000
Certificates of Obligation Bonds, Series 2004A	3.50 - 4.30	2004	2024		2,735,000
General Obligation Refunding Bonds, Series 2007	4.00 - 5.00	2007	2020		10,489,246
General Obligation Refunding Bonds, Series 2010	2.00	2010	2014		<u>3,545,000</u>
Total					<u>\$ 20,654,246</u>

General obligation and certificates of obligation bond transactions for the year ended September 30, 2011 were as follows:

Bonds outstanding, October 1, 2010	\$ 21,888,209
Accreted	101,037
Maturities and payments to escrow agents	<u>(1,335,000)</u>
Bonds outstanding, September 30, 2011	<u>\$ 20,654,246</u>

The \$ 405,754 difference between the general obligation bonds outstanding at September 30, 2011 of \$ 20,654,246 and the general obligation bond principal requirements of \$ 21,060,000 represents the amount of capital appreciation bonds to be accreted as interest over the life of these bonds.

The bond ordinances require that a tax be levied sufficient to pay current interest and create a sinking fund of not less than the amount to pay current principal and interest. For the year ended September 30, 2011, the amount of ad valorem taxes collected for interest and sinking were \$ 2,774,370, while the debt service requirements for principal and interest was \$ 2,440,726. 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, 2011

NOTE 7 - LONG-TERM DEBT

General Obligation Bonded Debt

The following is a summary of general obligation bond requirements by year as of September 30, 2011:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2012	\$ 1,460,000	\$ 669,132	\$ 2,129,132
2013	1,590,000	632,000	2,222,000
2014	1,730,000	594,905	2,324,905
2015	1,860,000	562,410	2,422,410
2016	1,980,000	544,690	2,524,690
2017-2021	10,575,000	1,417,848	11,992,848
2022-2024	<u>1,865,000</u>	<u>129,420</u>	<u>1,994,420</u>
	<u>\$ 21,060,000</u>	<u>\$ 4,550,405</u>	<u>\$ 25,610,405</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 September 23, 2010, the County sold \$ 4,495,000 of General Obligation Refunding Bonds, Series 2010. The net proceeds of \$ 4,503,384, less \$ 23,383 in defeasement costs, were placed in escrow for the defeasement of \$ 4,890,000 in Certificate of Obligation, Series 2001 bonds. These refunding bonds (Series 2010) were issued for the purpose of generating resources and decreasing total debt service payments. This refunding issue defeased the remaining portion of the outstanding certificate 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 \$ 227,922. The economic gain resulting from the transaction was \$ 234,712.

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2011

NOTE 7 - LONG-TERM DEBT - Continued

Tax Note Debt

Tax notes are classified as current payables in the General Fund in the governmental fund statements and are classified as long term debt in Governmental Activities Statement of Net Assets. Tax notes payable at September 30, 2011 were zero.

Tax note transactions for the year ended September 30, 2011 were as follows:

Notes outstanding, October 1, 2010	\$ 400,000
Maturities	<u>(400,000)</u>
Notes outstanding, September 30, 2011	<u>\$ -0-</u>

Changes in Outstanding Debt

Transactions for the year ended September 30, 2011 are summarized as follows:

	<u>Balance 10-01-10</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Balance 09-30-11</u>	<u>Due Within One Year</u>
Governmental Type Activities:					
Certificates of obligation bonds	\$ 7,005,000	\$	\$ 385,000	\$ 6,620,000	\$ 400,000
General obligation bonds	14,883,209	101,037	950,000	14,034,246	1,060,000
Tax notes	400,000		400,000	-0-	
Component of Bonded Debt:					
Premium on bonds	179,295		39,148	140,147	39,148
Accrued interest	90,692	86,599	90,692	86,599	90,692
Compensated absences	750,657	868,472	802,473	816,656	816,656
Unfunded OPEB obligation	<u>1,163,429</u>		<u>649,785</u>	<u>513,644</u>	
Total governmental activities	<u>\$ 24,472,282</u>	<u>\$ 1,056,108</u>	<u>\$ 3,317,098</u>	<u>\$ 22,211,292</u>	<u>\$ 2,402,403</u>

NOTE 8 - LEASING OPERATIONS

Operating Leases - Lessor

The County is involved in various operating leases as lessor. These leases are for facilities rental. These leases expire from 2011 through 2015. The County has not determined the cost of these facilities as of September 30, 2011.

Minimum future rentals to be received on noncancelable leases, as of September 30, 2011, for each of the next five years and in the aggregate are as follows:

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2011

NOTE 8 - LEASING OPERATIONS - Continued

Operating Leases - Lessor - continued

<u>Year Ended September 30,</u>	
2012	\$ 16,500
2013	14,250
2014	13,500
2015	<u>13,500</u>
	<u>\$ 57,750</u>

Gross rental income for operating leases, including month-to-month, for the year ended September 30, 2011 was \$ 175,095.

Operating Leases - Lessee

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

Minimum future rentals to be paid on noncancelable leases, as of September 30, 2011, for each of the next five years and in the aggregate are as follows:

<u>Year Ended September 30,</u>	
2012	\$ 3,600
2013	3,600
2014	3,600
2015	3,600
2016	3,600
2017-2021	18,000
2022	<u>1,800</u>
	<u>\$ 37,800</u>

Gross rental expenditures for this operating lease for the year ended September 30, 2011 was \$ 3,600.

NOTE 9 - PENSION PLAN

Plan Description

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

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2011

NOTE 9 - PENSION PLAN - Continued

Plan Description - continued

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of the employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 8.11% for the months of the accounting year in 2009, and 8.92% for the months of the accounting year in 2010 and 9.02% for the months in the accounting year in 2011.

The contribution rate payable by the employee members for calendar years 2011, 2010 and 2009 is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Annual Pension Cost

For the employer's accounting years ending September 30, 2011 and 2010, the annual pension cost for the TCDRS plan for its employees was \$ 2,000,716 and \$ 1,765,911, and the actual contributions were \$ 2,000,716 and \$ 1,765,911, respectively.

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2008 and December 31, 2009, the basis for determining the contribution rates for calendar years 2009 and 2010. The December 31, 2010 actuarial valuation is the most recent valuation.

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2011

NOTE 9 - PENSION PLAN - Continued

Annual Pension Cost - continued

Actuarial Valuation Information

Actuarial valuation date	12/31/08	12/31/09	12/31/10
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period in years	20	20	20
Asset valuation method	SAF: 10 Year smoothed value ESP: Fund value	SAF: 10 Year smoothed value ESP: Fund value	SAF: 10 Year smoothed value ESP: Fund value
	<u>12/31/08</u>	<u>12/31/09</u>	<u>12/31/10</u>
Actuarial Assumptions:			
Investment return ¹	8.0%	8.0%	8.0%
Projected salary increases ¹	5.3%	5.4%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

¹Includes inflation at the stated rate

Trend Information

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/09	\$ 1,620,052	100.00%	\$ -0-
9/30/10	1,765,911	100.00%	-0-
9/30/11	2,000,716	100.00%	-0-

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll ¹ (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/08	\$ 35,989,700	\$ 40,932,925	\$ 4,943,225	87.92%	\$ 21,774,490	24.13%
12/31/09	41,007,700	46,261,174	5,253,474	88.64%	23,441,746	22.41%
12/31/10	44,262,182	50,664,325	6,402,143	87.36%	22,392,507	28.59%

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

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2011

NOTE 10 - 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 Commissioner's Court during the County budget process and is effective on a fiscal year basis. For the year ended September 30, 2011 the County contributed \$ 56,051 to the post employment health insurance benefits.

Annual Other Post Employment Benefit (OPEB) Cost and Net OPEB Obligation - The County's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters established by GASB Statement 45. The annual OPEB cost represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or excess) over a period not to exceed thirty years. Calculations are based on OPEB benefits provided under the terms of the substantive plan in effect at the time of the valuation. Actuarial valuations which are used to value OPEB plans reflect a long-term perspective and involve estimates of the value of reported amounts and assumptions about the possibility of events far into the future and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	\$ 248,483
Interest on net OPEB obligation	14,479
Adjustment to annual required contribution	<u>(15,002)</u>
Annual OPEB cost	247,960
Contributions made	<u>(56,051)</u>
Increase in net OPEB obligation	191,909
Net OPEB obligation – beginning of year	<u>321,735</u>
Net OPEB obligation – end of year	<u>\$ 513,644</u>

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2011

NOTE 10 - POST EMPLOYMENT HEALTH INSURANCE BENEFITS - Continued

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended September 30, 2011 and the preceding two 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>
9/30/09	\$ 234,219	\$ 75,987	32.4%	\$ 158,232
9/30/10	241,769	78,267	32.4%	321,735
9/30/11	249,548	56,051	22.5%	513,644

Funding Status and Funding Progress - As of September 30, 2010, 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 \$ 1,838,733, and the actuarial value of assets was \$ -0- resulting in an unfunded liability (UAAL) of \$ 1,838,733. Annual covered payroll is \$ 22,392,507 and the ratio of the UAAL to the covered payroll was 8.2 percent.

Actuarial Methods and Assumptions - In the September 30, 2010 actuarial valuation, the projected unit credit method was used. The actuarial assumptions include a 4.5% investment rate of return. An inflation rate of 3.0%, salary growth rate of 3.0% and a health care cost trend rate ranging from 9% down to 4.5% after 9 years is used. An interest discount rate of 4.5% was used to value the liability. The UAAL is being amortized over a closed period of thirty years using the level percent of payroll method. The remaining amortization period at September 30, 2011, was 28 years.

The County has made contributions each year which are below the required annual required contribution (ARC), therefore a liability has been reported within the Governmental Activities financial statements. At September 30, 2010 the original plan and resulting actuarial valuation resulted in a net OPEB obligation of \$ 1,163,429. In October, 2011, the plan was amended and the September 30, 2010 actuarial valuation was updated. As of September 30, 2011, the County has contributed a total of \$ 210,305 which when compared to the annual OPEB cost results in a net OPEB obligation of \$ 513,644. The County's general fund is considered responsible for liquidating the net OPEB obligation on an ongoing basis.

NOTE 11 - GRANTS, ENTITLEMENTS AND SHARED REVENUES

During the year ended September 30, 2011, the County applied for and received federal and state grants related to various activities. The operations of these grants are reported in the general fund, various special revenue funds, and capital projects fund. For the most part, these grants are reimbursement type grants, therefore, revenues equal expenditures. Grant revenues are classified as intergovernmental revenues. The federal financial assistance programs are covered by the requirements of the Single Audit Act and OMB Circular A-133.

The state financial assistance programs are covered by the State of Texas Single Audit Circular. A single audit was performed on both federal and state financial assistance programs as the federal and state financial assistance programs met the \$ 500,000 threshold.

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2011

NOTE 12 - 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, 2011. As of September 30, 2011, bail bonds outstanding totaled \$ 5,106,000 and collateral pledged against these bonds amounted to \$ 1,358,589, respectively.

NOTE 13 - 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 20, 2012.

Cause No. 3-10-CV-2556-N, *Robert Walter Bonner v. Sheriff Bob Alford and Johnson County, et. al., In the United States District Court for the Northern District of Texas, Dallas Division*. Plaintiff alleges that his civil rights were violated when Sheriff Alford ordered Plaintiff, while incarcerated at the Johnson County Law Enforcement Center, to be shackled and handcuffed and moved to solitary confinement for a period of 32 days. Plaintiff alleges his treatment caused psychological duress and was unmerited and cruel. Plaintiff is seeking compensatory, punitive and injunctive damages. U.S. District Court for the Northern District of Texas Dallas Division dismissed the case on July 27, 2011. The case was appealed to the 5th Circuit Court and was dismissed by that court on November 23, 2011. Liability is not expected. Potential loss, if any, cannot be fully assessed at this time. Insurance carrier has been notified.

Cause No. 3-10-CV-02150-BH, *Robert Walter Bonner v. William Bosworth, Martin Strayhan, Toby Ross, Larry Sparks, Don Adams, Adam King, Jay Stubbs, and Sheriff Bob Alford, In the United States District Court for the Northern District of Texas, Dallas Division*. Plaintiff alleges that his civil rights were violated while incarcerated in Johnson County, Texas. Plaintiff alleges being placed in administrative segregation without just cause and was refused due process hearing. Plaintiff alleges excessive restraint without cause or required hearing. Plaintiff is seeking compensatory, punitive and injunctive damages. County contests liability. Case has been referred to the Law Enforcement Division of the Office of the Attorney General. U.S. District Court for the Northern District of Texas Dallas Division dismissed the case on May 2, 2011. The case was appealed to the 5th Circuit Court. Liability is not expected. Potential loss, if any, cannot be fully assessed at this time. Insurance carrier has been notified.

Cause No. 4-10CV-874-Y, *Jeremy Ryan Haddix v. State of Texas, Justin Smith, Kenneth Moser, Michael Gaudet, Stephanie Miller, Bill Moore, Robert Mayfield, Ricardo De Los Santos, Shelly Fowler, Robert E. Luttrell, and Person(s) Unknown, In the United States District Court for the Northern District of Texas, Dallas Division*. Plaintiff claims Deputies committed unlawful acts of dishonesty, libel and slander, and tampering with evidence in a subsequent arrest of Plaintiff on or about August 13, 2009 for the offense of Prohibited Weapon. Plaintiff claims prosecution and conviction, in which Plaintiff pled guilty to the charge, was under fraud, malice and dishonesty. Plaintiff claims conviction was obtained illegally and attorneys acted with willful intent and disregarded the rights of the Plaintiff. U.S. District Court for the Northern District of Texas Dallas Division dismissed the case on May 12, 2011.

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2011

NOTE 13 - LITIGATION - Continued

Case was appealed to the 5th Circuit Court. County contests liability. Liability is not expected. Potential loss, if any, cannot be fully assessed at this time. Insurance carrier has been notified.

Cause No. 3-10-CV-1359-M-BK, *Rebecca Reid vs. Judge Betty Stiles and Texas Workforce Commission, In the United States District Court for the Northern District of Texas Dallas Division*. Plaintiff claims wrongful termination from her employment with Johnson County based on violation of misconduct, cruel treatment, and 8th Amendment Rights. Case dismissed with prejudice by United States Magistrate Judge on December 17, 2010. Case appealed to the 5th Circuit Court of Appeals.

The County contests liability. Liability is not expected. Potential loss, if any, cannot be fully assessed at this time. Insurance carrier has been notified.

Cause No. P-11-CV-069-RAJ, *Michael D. Samuelson vs. Rick Thaler, David Vernon, Larry Chambliss, Judge Bridewell, Don Bonner, Texas Department of Corrections, and District Attorney Dale Hanna, In the United States District Court for the Western District of Texas Pecos Division*. Plaintiff claims that he is being falsely imprisoned and held on a conviction that is void. Plaintiff claims he is being held on a charge that was overturned in January of 2010 by the Court of Appeals instead of a new charge and judgment from June 2010. County contests liability. Liability is not expected. Potential loss, if any, cannot be fully assessed at this time. Insurance carrier has been notified.

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

NOTE 14 - 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.

NOTE 15 - DEFICIT FUND BALANCES

As of September 30, 2011, one fund had a deficit fund balance; Equipment Construction and Maintenance Fund \$ 9,136. The deficit balance will either be offset by future revenues or reimbursed by the General Fund.

NOTE 16 - EVALUATION OF SUBSEQUENT EVENTS

The County has evaluated subsequent events through March 20, 2012, the date which the financial statements were available to be issued.



**REQUIRED SUPPLEMENTARY
INFORMATION**

JOHNSON COUNTY, TEXAS**STATEMENT 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, 2011

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$ 34,686,052	\$ 34,686,052	\$ 36,401,545	\$ 1,715,493
Intergovernmental	1,197,592	1,197,592	1,057,457	(140,135)
Fees	4,026,000	4,026,000	4,015,490	(10,510)
Fines	1,630,000	1,630,000	1,650,640	20,640
Investment income	57,300	57,300	84,411	27,111
Miscellaneous	405,412	405,412	801,520	396,108
Total revenues	<u>42,002,356</u>	<u>42,002,356</u>	<u>44,011,063</u>	<u>2,008,707</u>
Expenditures (Including Capital Outlay)				
Current:				
General administration	8,130,043	8,724,227	7,605,335	1,118,892
Administration of justice	8,584,242	8,740,682	8,154,964	585,718
Financial administration	4,283,970	4,284,070	3,969,989	314,081
Elections	453,663	454,863	324,661	130,202
Law enforcement	18,417,628	18,496,809	17,031,359	1,465,450
Highways and streets				-0-
Health and welfare	457,650	457,650	424,477	33,173
Culture and recreation	306,156	306,156	160,340	145,816
Conservation	185,111	185,111	164,334	20,777
Total expenditures	<u>40,818,463</u>	<u>41,649,568</u>	<u>37,835,459</u>	<u>3,814,109</u>
Excess (deficiency) of revenues over expenditures	<u>1,183,893</u>	<u>352,788</u>	<u>6,175,604</u>	<u>5,822,816</u>
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	10,000	10,000	28,308	18,308
Transfers in	884,500	946,600	87,537	(859,063)
Transfers out	(966,316)	(5,043,535)	(4,431,507)	612,028
Total other financing sources (uses)	<u>(71,816)</u>	<u>(4,086,935)</u>	<u>(4,315,662)</u>	<u>(228,727)</u>
Net change in fund balances	1,112,077	(3,734,147)	1,859,942	5,594,089
Fund balances – beginning	<u>25,114,142</u>	<u>25,114,142</u>	<u>25,114,142</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 26,226,219</u>	<u>\$ 21,379,995</u>	<u>\$ 26,974,084</u>	<u>\$ 5,594,089</u>

Road and Bridge Fund			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 6,092,641	\$ 6,092,641	\$ 6,328,057	\$ 235,416
1,983,000	1,983,000	1,957,170	(25,830)
13,400	13,400	10,942	(2,458)
<u>248,200</u>	<u>248,200</u>	<u>286,903</u>	<u>38,703</u>
<u>8,337,241</u>	<u>8,337,241</u>	<u>8,583,072</u>	<u>245,831</u>
			-0-
			-0-
			-0-
			-0-
			-0-
14,432,492	14,493,737	8,659,924	5,833,813
			-0-
			-0-
			-0-
<u>14,432,492</u>	<u>14,493,737</u>	<u>8,659,924</u>	<u>5,833,813</u>
(6,095,251)	(6,156,496)	(76,852)	6,079,644
		21,152	21,152
			-0-
			-0-
<u>-0-</u>	<u>-0-</u>	<u>21,152</u>	<u>21,152</u>
(6,095,251)	(6,156,496)	(55,700)	6,100,796
<u>6,430,721</u>	<u>6,430,721</u>	<u>6,430,721</u>	<u>-0-</u>
<u>\$ 335,470</u>	<u>\$ 274,225</u>	<u>\$ 6,375,021</u>	<u>\$ 6,375,021</u>

JOHNSON COUNTY, TEXAS*TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**SCHEDULE OF FUNDING PROGRESS*

LAST THREE YEARS

Exhibit 7

Actuarial Valuation Date	Actuarial Value of Assets*	Actuarial Accrued Liability* (AAL)-	Unfunded AAL (UAAL)	Percentage Funded	Annual Covered Payroll**	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	(b-a)/(c)
12-31-08	\$ 35,989,700	\$ 40,932,925	\$ 4,943,225	87.92%	\$ 21,774,490	24.13%
12-31-09	41,007,700	46,261,174	5,253,474	88.64%	23,441,746	22.41%
12-31-10	44,262,182	50,664,325	6,402,143	87.36%	22,392,507	28.59%

* As of December 31 of the preceding year, the date of the actuarial valuation.

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

JOHNSON COUNTY, TEXAS

Notes to the Required Supplementary Information
For The Year Ended September 30, 2011

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 expenditure. 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.

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

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

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

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

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

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

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds - Continued

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

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

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

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

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

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

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.

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.

Court Record Preservation Fund - This fund accounts for funds received to provide systems to be used for court record preservation.

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

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.

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.

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds - Continued

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

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

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

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

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.

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

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

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

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

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

OJP Special Crimes Unit Fund - This fund accounts for federal grant proceeds for narcotics law enforcement.

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.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds - Continued

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

CDBG Water Tower Fund - This fund accounts for state grant revenues to be utilized in the construction of a 250,000 gallon elevated water storage tank.

Clean Vehicle Fleet Fund - This fund accounts for state grant funds used for the replacement of older emissions noncompliant law enforcement vehicles.

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

Bullet Proof Vest Partnership Fund - This fund accounts for federal grant revenues to be utilized for the purchase of NIJ approved ballistic and stab resistant protective vests.

EOC Grant Program Fund - This fund accounts for federal grant revenues to be utilized toward improving emergency management and preparedness capabilities.

OJP STOP SCU Fund - This fund accounts for federal grant revenues to be utilized to disrupt, dismantle and discourage criminal groups and organizations who engage in the illegal manufacture, use and distribution of narcotics and other controlled substances.

Ed Byrne Memorial Fund - This fund accounts for federal grant revenues to be utilized toward the purchase and enhancement of technology integration and computer forensics capability.

Mental Health Peace Officer Fund - This fund accounts for state grant revenues to be utilized in the hiring and training of a mental health peace officer to meet the health and Safety Code requirements.

Pre-trial Bond Supervision Fund - This fund accounts for County provided revenues which are used to provide supervision prior to trial inception.

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.

EECBG-SECO (ARRA) Fund - This fund accounts for federal grant revenues to be utilized to replace HVAC units and windows at the Burleson sub-courthouse with energy efficient systems.

911 Addressing Maintenance Contract Fund - This fund accounts for funds which are generated for and used for maintenance of the 911 Addressing system.

Sexual Assault Prevention Fund - This fund accounts for federal grant revenues to be utilized for sexual assault prevention programs.

Emissions Enforcement Officer Fund - This fund accounts for federal grant revenues to be utilized for the enforcement of emission regulations.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds - Continued

Debt Service Funds

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

General Debt Service Fund - This fund is utilized to account for property tax collections for the repayment of general obligation bonded debt of the County.

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

Capital Projects Funds

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

Courthouse Renovation Fund - This fund is used to account for the capital expenditures incurred as a result of the courthouse renovation project.

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

JP & Guinn Renovation Projects Fund - This fund is used to account for capital expenditures incurred in the renovation of the courts building to add additional space for court clerks and the construction of a separate office for the Justice of the Peace, Precinct 1.

Market Square Project Fund - This fund is used to account for capital expenditures incurred in regards to the County's Market Square.

Jail Security Improvements Fund - This fund is used to account for capital expenditures in the upgrades which are being made to the County jail facilities to improve security.

CSCD Construction Fund - This fund is used to account for the construction of new adult probation facilities.

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

Motorola Simulcast Radio System Fund - This fund is used to account for capital expenditures for the purchase and construction of a radio equipment system.



JOHNSON COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2011

	Special		
	Lateral Road Fund	Law Library Fund	Records Management and Preservation Fund
<u>Assets</u>			
Cash and temporary investments	\$ 44,134	\$ 258,281	\$ 988,894
Receivables (Net of Allowance for Uncollectibles):			
Taxes			
Accounts		25	
Due from other governments			
Due from other funds		8,088	20,068
Prepaid expenditures			1,045
Total assets	\$ 44,134	\$ 266,394	\$ 1,010,007
 <u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts and accrued liabilities payable	\$	\$ 9,146	\$ 8,081
Due to other funds			
Deferred revenue			
Total liabilities	-0-	9,146	8,081
Fund Balance (Deficit):			
Nonspendable			1,045
Restricted	44,134	257,248	1,000,881
Unassigned			
Total fund balance	44,134	257,428	1,001,926
Total liabilities and fund balance	\$ 44,134	\$ 266,394	\$ 1,010,007

Revenue Funds

Record Archives - County Clerk Fund	Record Archives - District Clerk Fund	Justice of the Peace Technology Fund	Courthouse Security Fund	Justice Court Security Building Fund	Election Services Contract Fund
\$ 708,974	\$ 29,645	\$ 266,420	\$ 131,053	\$ 51,854	\$ 90,999
					8,000
13,730	812	3,004	6,867	742	
<u>\$ 722,704</u>	<u>\$ 30,457</u>	<u>\$ 269,424</u>	<u>\$ 137,920</u>	<u>\$ 52,596</u>	<u>\$ 98,999</u>
\$	\$	\$ 52	\$ 37,761	\$	\$
<u>-0-</u>	<u>-0-</u>	<u>52</u>	<u>37,761</u>	<u>-0-</u>	<u>-0-</u>
722,704	30,457	269,372	100,159	52,596	98,999
<u>722,704</u>	<u>30,457</u>	<u>269,372</u>	<u>100,159</u>	<u>52,596</u>	<u>98,999</u>
<u>\$ 722,704</u>	<u>\$ 30,457</u>	<u>\$ 269,424</u>	<u>\$ 137,920</u>	<u>\$ 52,596</u>	<u>\$ 98,999</u>

(continued)

JOHNSON COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2011

	Special		
	Juvenile Probation Fees Fund	Foster Care Title IV-E Fund	Juvenile Probation Fund
<u>Assets</u>			
Cash and temporary investments	\$ 46,010	\$ 24,753	\$ 24,130
Receivables (Net of Allowance for Uncollectibles):			
Taxes			
Accounts			
Due from other governments			50,833
Due from other funds	1,109		
Prepaid expenditures			
Total assets	\$ 47,119	\$ 24,753	\$ 74,963
 <u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts and accrued liabilities payable	\$	\$ 4,689	\$ 33,689
Due to other funds			22,570
Deferred revenue			18,704
Total liabilities	-0-	4,689	74,963
Fund Balance (Deficit):			
Non-spendable			
Restricted	47,119	20,064	
Unassigned			
Total fund balance	47,119	20,064	-0-
Total liabilities and fund balance	\$ 47,119	\$ 24,753	\$ 74,963

Revenue Funds

Juvenile Justice Alternative Education Fund	Special Crimes Operation Fund	HAVA Grant Fund	County Attorney Collection Fund	District Attorney 18 th Judicial Fund	District Attorney Collection Fund
\$ 19,977	\$ 267,793	\$ 11	\$ 89,921	\$ 9,805	\$ 5,245
20,725					
<u>\$ 40,702</u>	<u>\$ 267,793</u>	<u>\$ 11</u>	<u>\$ 89,921</u>	<u>\$ 9,805</u>	<u>\$ 5,245</u>
\$ 14,559	\$ 9,260	\$ 4	\$ 166	\$	\$
		7	1,169	2,687	
<u>14,559</u>	<u>9,260</u>	<u>11</u>	<u>1,335</u>	<u>2,687</u>	<u>-0-</u>
26,143	258,533		88,586	7,118	5,245
<u>26,143</u>	<u>258,533</u>	<u>-0-</u>	<u>88,586</u>	<u>7,118</u>	<u>5,245</u>
<u>\$ 40,702</u>	<u>\$ 267,793</u>	<u>\$ 11</u>	<u>\$ 89,921</u>	<u>\$ 9,805</u>	<u>\$ 5,245</u>

(continued)

JOHNSON COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2011

	<u>Special</u>		
	<u>Court Record Preservation Fund</u>	<u>STOP Federal Forfeiture Fund</u>	<u>District Attorney Forfeiture Fund</u>
<u>Assets</u>			
Cash and temporary investments	\$ 53,792	\$ 816	\$ 50,131
Receivables (Net of Allowance for Uncollectibles):			
Taxes			
Accounts			
Due from other governments			
Due from funds	2,533		
Prepaid expenditures			
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 56,325</u>	<u>\$ 816</u>	<u>\$ 50,131</u>
 <u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts and accrued liabilities payable	\$	\$	\$ 2,484
Due to other funds			
Deferred revenue			
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-0-</u>	<u>-0-</u>	<u>2,484</u>
Fund Balance (Deficit):			
Non-spendable			
Restricted	56,325	816	47,647
Unassigned			
	<hr/>	<hr/>	<hr/>
Total fund balance	<u>56,325</u>	<u>816</u>	<u>47,647</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	<u>\$ 56,325</u>	<u>\$ 816</u>	<u>\$ 50,131</u>

Revenue Funds

Sheriff Forfeiture Fund	Constables LEOSE Fund	Sheriff LEOSE Fund	County Attorney LEOSE Fund	Sheriff Fine and Fee Collection Fund	Sheriff Inmate Commissary Fund
\$ 13,445	\$ 4,135	\$ 4,862	\$ 1,427	\$ 8,720	\$ 166,510
<u>13,445</u>	<u>4,135</u>	<u>4,862</u>	<u>1,427</u>	<u>8,720</u>	<u>166,510</u>
\$	\$ 150	\$	\$	\$ 8,702 18	\$ 31,147 3,022
<u>-0-</u>	<u>150</u>	<u>-0-</u>	<u>-0-</u>	<u>8,720</u>	<u>34,169</u>
13,445	3,985	4,862	1,427		132,341
<u>13,445</u>	<u>3,985</u>	<u>4,862</u>	<u>1,427</u>	<u>-0-</u>	<u>132,341</u>
<u>\$ 13,445</u>	<u>\$ 4,135</u>	<u>\$ 4,862</u>	<u>\$ 1,427</u>	<u>\$ 8,720</u>	<u>\$ 166,510</u>

(continued)

JOHNSON COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2011

	<u>Special</u>		
	<u>Indigent Health Care Fund</u>	<u>Teen Court Fund</u>	<u>Cities Readiness Initiative Fund</u>
<u>Assets</u>			
Cash and temporary investments	\$ 898,142	\$ 256	\$ 11,237
Receivables (Net of Allowance for Uncollectibles):			
Taxes	14,939		
Accounts	1,134		
Due from other governments			5,873
Due from other funds	715		
Prepaid expenditures			<u>595</u>
Total assets	<u>\$ 914,930</u>	<u>\$ 256</u>	<u>\$ 17,705</u>
 <u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts and accrued liabilities payable	\$ 11,662	\$	\$ 2,705
Due to other funds			15,000
Deferred revenue	<u>11,196</u>		
Total liabilities	<u>22,858</u>	<u>-0-</u>	<u>17,705</u>
Fund Balance (Deficit):			
Non-spendable			595
Restricted	892,072	256	
Unassigned			<u>(595)</u>
Total fund balance	<u>892,072</u>	<u>256</u>	<u>-0-</u>
Total liabilities and fund balance	<u>\$ 914,930</u>	<u>\$ 256</u>	<u>\$ 17,705</u>

Revenue Funds

Juvenile Case Manager Fund	TCEQ Aircheck Texas Fund	MVIE - Special Inventory Fund	Right of Way Fund	Historical Society Account Fund	County/ District Clerk Technology Fund
\$ 83,131	\$	\$ 17,559	\$ 1,652,961	\$ 41,764	\$ 7,246
			284		
3,907		1,178	2,189		557
<u>\$ 87,038</u>	<u>\$ -0-</u>	<u>\$ 18,737</u>	<u>\$ 1,655,434</u>	<u>\$ 41,764</u>	<u>\$ 7,803</u>
\$ 756	\$	\$	\$	\$ 830	\$
				167	
756	-0-	-0-	-0-	997	-0-
86,282		18,737	1,655,434	40,767	7,803
<u>86,282</u>	<u>-0-</u>	<u>18,737</u>	<u>1,655,434</u>	<u>40,767</u>	<u>7,803</u>
<u>\$ 87,038</u>	<u>\$ -0-</u>	<u>\$ 18,737</u>	<u>\$ 1,655,434</u>	<u>\$ 41,764</u>	<u>\$ 7,803</u>

(continued)

JOHNSON COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2011

	<u>Special</u>		
	<u>OJP Special Crimes Unit Fund</u>	<u>Guardianship Fee Fund</u>	<u>Indigent Defense Formula Fund</u>
<u>Assets</u>			
Cash and temporary investments	\$	\$ 30,173	\$ 109,713
Receivables (Net of Allowance for Uncollectibles):			
Taxes			
Accounts			
Due from other governments			32,726
Due from other funds		560	
Prepaid expenditures			
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ -0-</u>	<u>\$ 30,733</u>	<u>\$ 142,439</u>
 <u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts and accrued liabilities payable	\$	\$	\$ 1,019
Due to other funds			32,726
Deferred revenue			108,694
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-0-</u>	<u>-0-</u>	<u>142,439</u>
Fund Balance (Deficit):			
Non-spendable			
Restricted		30,733	
Unassigned			
	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>-0-</u>	<u>30,733</u>	<u>-0-</u>
Total liabilities and fund balance	<u>\$ -0-</u>	<u>\$ 30,733</u>	<u>\$ 142,439</u>

Revenue Funds

CDBG Water Tower Fund	Clean Vehicle Fleet Fund	District Court Records Technology Fund	Bullet Proof Vest Partnership Fund	EOC Grant Program Fund	OJP STOP SCU Fund
\$	\$ 2	\$ 20,771	\$ 8,628	\$ 285	\$
		1,007		750,000	29,873
<u>\$ -0-</u>	<u>\$ 2</u>	<u>\$ 21,778</u>	<u>\$ 8,628</u>	<u>\$ 750,285</u>	<u>\$ 29,873</u>
\$	\$ 2	\$	\$ 8,628	\$ 544,878	\$ 29,800
				205,407	73
<u>-0-</u>	<u>2</u>	<u>-0-</u>	<u>8,628</u>	<u>750,285</u>	<u>29,873</u>
		21,778			
<u>-0-</u>	<u>-0-</u>	<u>21,778</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ -0-</u>	<u>\$ 2</u>	<u>\$ 21,778</u>	<u>\$ 8,628</u>	<u>\$ 750,285</u>	<u>\$ 29,873</u>

(continued)

JOHNSON COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2011

	<u>Special Revenue</u>		
	<u>Ed Byrne Memorial Fund</u>	<u>Mental Health Peace Officer Fund</u>	<u>Pre-trial Bond Supervision Fund</u>
<u>Assets</u>			
Cash and temporary investments	\$ 46	\$ 70,335	\$ 10,806
Receivables (Net of Allowance for Uncollectibles):			
Taxes			
Accounts			
Due from other governments	2,585	8,492	
Due from other funds			
Prepaid expenditures			
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 2,631</u>	<u>\$ 78,827</u>	<u>\$ 10,806</u>
 <u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts and accrued liabilities payable	\$ 1,332	\$ 2,833	\$ 4,159
Due to other funds	1,299	75,994	
Deferred revenue			
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>2,631</u>	<u>78,827</u>	<u>4,159</u>
Fund Balance (Deficit):			
Non-spendable			
Restricted			6,647
Unassigned			
	<hr/>	<hr/>	<hr/>
Total fund balance	<u>-0-</u>	<u>-0-</u>	<u>6,647</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	<u>\$ 2,631</u>	<u>\$ 78,827</u>	<u>\$ 10,806</u>

Funds

Abandoned Vehicle Fund	EECBG- SECO (ARRA) Fund	911 Addressing Maintenance Contract Fund	Sexual Assault Prevention Fund	Emissions Enforcement Officer Fund	Total Special Revenue Funds
\$ 1,364	\$	\$	\$	\$ 51,850	\$ 6,378,006
					14,939
					9,443
	74,336				975,443
					67,066
					1,640
<u>\$ 1,364</u>	<u>\$ 74,336</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 51,850</u>	<u>\$ 7,446,537</u>
\$	\$ 74,336	\$	\$	\$ 2,768	\$ 836,814
				1,198	370,114
				47,884	186,485
<u>-0-</u>	<u>74,336</u>	<u>-0-</u>	<u>-0-</u>	<u>51,850</u>	<u>1,393,413</u>
					1,640
1,364					6,052,079
					(595)
<u>1,364</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>6,053,124</u>
<u>\$ 1,364</u>	<u>\$ 74,336</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 51,850</u>	<u>\$ 7,446,537</u>

(continued)

JOHNSON COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2011

	<u>Debt Service Funds</u>		
	<u>General Debt Service Fund</u>	<u>Equipment Interest & Sinking Funds</u>	<u>Total Debt Service Fund</u>
<u>Assets</u>			
Cash and temporary investments	\$ 1,367,535	\$ 1,204,832	\$ 2,572,367
Receivables (Net of Allowance for Uncollectibles):			
Taxes	31,241	9,703	40,944
Accounts	2,890	1,262	4,152
Due from other governments			-0-
Due from other funds	6,240	7,064	13,304
Prepaid expenditures			-0-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,407,906</u>	<u>\$ 1,222,861</u>	<u>\$ 2,630,767</u>
 <u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts and accrued liabilities payable	\$ 12,021	\$ 1,946	\$ 13,967
Due to other funds			-0-
Deferred revenue	<u>22,756</u>	<u>8,292</u>	<u>31,048</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>34,777</u>	<u>10,238</u>	<u>45,015</u>
 Fund Balance (Deficit):			
Nonspendable			
Restricted	1,373,129	1,212,623	2,585,752
Unassigned			
	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>1,373,129</u>	<u>1,212,623</u>	<u>2,585,752</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balance	<u>\$ 1,407,906</u>	<u>\$ 1,222,861</u>	<u>\$ 2,630,767</u>

Capital Project Funds

Courthouse Renovation Fund	CSCD/ Renovation Construction Fund	JP & Guinn Renovation Projects Fund	Market Square Project Fund	Jail Security Improvements Fund	CSCD Construction Fund
\$	\$	\$	\$ 177	\$ 4,752	\$ 134,524
2,500			4,000		
<u>\$ 2,500</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 4,177</u>	<u>\$ 4,752</u>	<u>\$ 134,524</u>
\$ 2,500	\$	\$	\$ 4,165	\$	\$ 63,917
<u>2,500</u>	<u>-0-</u>	<u>-0-</u>	<u>4,165</u>	<u>-0-</u>	<u>63,917</u>
			12	4,752	70,607
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>12</u>	<u>4,752</u>	<u>70,607</u>
<u>\$ 2,500</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 4,177</u>	<u>\$ 4,752</u>	<u>\$ 134,524</u>

(continued)

JOHNSON COUNTY, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - Continued
September 30, 2011

	<u>Capital Project Funds</u>		
	<u>Equipment Purchase Fund</u>	<u>Motorola Simulcast Radio System Fund</u>	<u>Total Capital Project Funds</u>
<u>Assets</u>			
Cash and temporary investments	\$ 26,918	\$ 2,949,048	\$ 3,115,419
Receivables (Net of Allowance for Uncollectibles):			
Taxes			-0-
Accounts			-0-
Due from other governments			2,500
Due from other funds	8,627		12,627
Prepaid expenditures			-0-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 35,545</u>	<u>\$ 2,949,048</u>	<u>\$ 3,130,546</u>
 <u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts and accrued liabilities payable	\$ 44,681	\$	\$ 115,263
Due to other funds			-0-
Deferred revenue			-0-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>44,681</u>	<u>-0-</u>	<u>115,263</u>
 Fund Balance (Deficit):			
Nonspendable			-0-
Restricted		2,949,048	3,024,419
Unassigned	(9,136)		(9,136)
	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>(9,136)</u>	<u>2,949,048</u>	<u>3,015,283</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balance	<u>\$ 35,545</u>	<u>\$ 2,949,048</u>	<u>\$ 3,130,546</u>

Total
Non-Major
Governmental
Fund

\$ 12,065,792

55,883

13,595

977,943

92,997

1,640

\$ 13,207,850

\$ 966,044

370,114

217,533

1,553,691

1,640

11,662,250

(9,731)

11,654,159

\$ 13,207,850

JOHNSON COUNTY, TEXAS

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

For the Year Ended September 30, 2011

	Special		
	Lateral Road Fund	Law Library Fund	Records Management and Preservation Fund
Revenues:			
Taxes	\$ 68,480	\$	\$
Intergovernmental			
Fees		108,102	242,507
Fines			
Investment income	95	350	1,349
Miscellaneous		3,960	
Total revenues	68,575	112,412	243,856
Expenditures:			
Current:			
General administration			349,260
Administration of justice		128,872	
Financial administration			
Elections			
Law enforcement			
Highways and streets	68,016		
Health and welfare			
Culture and recreation			
Capital outlay		269	
Debt Service:			
Principal			
Interest and fees			
Total expenditures	68,016	129,141	349,260
Excess (deficiency) of revenue over (under) expenditures	559	(16,729)	(105,404)
Other Financing Sources (Uses):			
Operating transfers in			
Operating transfers out			
Total other financing sources (uses)	-0-	-0-	-0-
Net change in fund balances	559	(16,729)	(105,404)
Fund Balance (Deficits):			
Beginning of year	43,575	273,977	1,107,330
End of year	\$ 44,134	\$ 257,248	\$ 1,001,926

Revenue Funds

Record Archives - County Clerk Fund	Record Archives - District Clerk Fund	Justice of the Peace Technology Fund	Courthouse Security Fund	Justice Court Security Building Fund	Election Services Contract Fund
\$	\$	\$	\$	\$	\$
163,770	10,904	37,367	84,765	9,086	
2,271	97	339	173	70	52
<u>166,041</u>	<u>11,001</u>	<u>37,706</u>	<u>84,938</u>	<u>9,156</u>	<u>9,531</u>
375,599	60,000	13,380	75,141	300	
					822
<u>375,599</u>	<u>60,000</u>	<u>13,380</u>	<u>75,141</u>	<u>300</u>	<u>822</u>
(<u>209,558</u>)	(<u>48,999</u>)	<u>24,326</u>	<u>9,797</u>	<u>8,856</u>	<u>8,761</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
(<u>209,558</u>)	(<u>48,999</u>)	<u>24,326</u>	<u>9,797</u>	<u>8,856</u>	<u>8,761</u>
<u>932,262</u>	<u>79,456</u>	<u>245,046</u>	<u>90,362</u>	<u>43,740</u>	<u>90,238</u>
<u>\$ 722,704</u>	<u>\$ 30,457</u>	<u>\$ 269,372</u>	<u>\$ 100,159</u>	<u>\$ 52,596</u>	<u>\$ 98,999</u>

(continued)

JOHNSON COUNTY, TEXAS

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

For the Year Ended September 30, 2011

	Special		
	Juvenile Probation Fees Fund	Foster Care Title IV-E Fund	Juvenile Probation Fund
Revenues:			
Taxes	\$	\$	\$
Intergovernmental		95,345	692,493
Fees	10,627		
Fines			
Investment income	60	172	125
Miscellaneous	72		117
	10,759	95,517	692,735
Total revenues			
Expenditures:			
Current:			
General administration			
Administration of justice			
Financial administration			
Elections			
Law enforcement	380	144,359	692,735
Highways and streets			
Health and welfare			
Culture and recreation			
Capital outlay			
Debt Service:			
Principal			
Interest and fees			
	380	144,359	692,735
Total expenditures			
Excess (deficiency) of revenue over (under) expenditures	10,379	(48,842)	-0-
Other Financing Sources (Uses):			
Operating transfers in			
Operating transfers out			
	-0-	-0-	-0-
Total other financing sources (uses)			
Net change in fund balance	10,379	(48,842)	-0-
Fund Balance (Deficits):			
Beginning of year	36,740	68,906	
End of year	\$ 47,119	\$ 20,064	\$ -0-

Revenue Funds

Juvenile Justice Alternative Education Fund	Special Crimes Operation Fund	HAVA Grant Fund	County Attorney Collection Fund	District Attorney 18 th Judicial District Fund	District Attorney Collection Fund
\$ 114,946	\$	\$ 121,434	\$	\$ 22,130	\$
	41,271		38,710		5,238
96	378		132	17	6
	<u>2,182</u>			<u>6,440</u>	
<u>115,042</u>	<u>43,831</u>	<u>121,434</u>	<u>38,842</u>	<u>28,587</u>	<u>5,244</u>
			25,730	2,798	
231,738	48,680	121,434			
<u>231,738</u>	<u>48,680</u>	<u>121,434</u>	<u>25,730</u>	<u>2,798</u>	<u>-0-</u>
(<u>116,696</u>)	(<u>4,849</u>)	<u>-0-</u>	<u>13,112</u>	<u>25,789</u>	<u>5,244</u>
150,000			(<u>14,006</u>)	(<u>32,244</u>)	(<u>1,602</u>)
<u>150,000</u>	<u>-0-</u>	<u>-0-</u>	(<u>14,006</u>)	(<u>32,244</u>)	(<u>1,602</u>)
33,304	(<u>4,849</u>)	<u>-0-</u>	(<u>894</u>)	(<u>6,455</u>)	3,642
(<u>7,161</u>)	<u>263,382</u>		<u>89,480</u>	<u>13,573</u>	<u>1,603</u>
<u>\$ 26,143</u>	<u>\$ 258,533</u>	<u>\$ -0-</u>	<u>\$ 88,586</u>	<u>\$ 7,118</u>	<u>\$ 5,245</u>

(continued)

JOHNSON COUNTY, TEXAS

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

For the Year Ended September 30, 2011

	Special		
	Court Record Preservation Fund	STOP Federal Forfeiture Fund	District Attorney Forfeiture Fund
Revenues:			
Taxes	\$	\$	\$
Intergovernmental			
Fees	32,738		
Fines			1,757
Investment income	55	1	100
Miscellaneous			
Total revenues	<u>32,793</u>	<u>1</u>	<u>1,857</u>
Expenditures:			
Current:			
General administration			
Administration of justice			
Financial administration			
Elections			
Law enforcement			37,993
Highways and streets			
Health and welfare			
Culture and recreation			
Capital outlay			
Debt Service:			
Principal			
Interest and fees			
Total expenditures	<u>-0-</u>	<u>-0-</u>	<u>37,993</u>
Excess (deficiency) of revenue over (under) expenditures	<u>32,793</u>	<u>1</u>	<u>(36,136)</u>
Other Financing Sources (Uses):			
Operating transfers in			
Operating transfers out			
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balance	32,793	1	(36,136)
Fund Balance (Deficits):			
Beginning of year	<u>23,532</u>	<u>815</u>	<u>83,783</u>
End of year	<u>\$ 56,325</u>	<u>\$ 816</u>	<u>\$ 47,647</u>

Revenue Funds

Sheriff Forfeiture Fund	Combined Constables LEOSE Fund	Sheriff LEOSE Fund	County Attorney LEOSE Fund	Sheriff Fines and Fees Collection Fund	Sheriff Inmate Commissary Fund
\$	\$	\$	\$	\$	\$
	3,099	9,292	728		
568					
19	10	7	2		203
		724	336		533,215
587	3,109	10,023	1,066	-0-	533,418
			990		
2,102	4,114	8,241			452,774
2,102	4,114	8,241	990	-0-	452,774
(1,515)	(1,005)	1,782	76	-0-	80,644
					(38,410)
-0-	-0-	-0-	-0-	-0-	(38,410)
(1,515)	(1,005)	1,782	76	-0-	42,234
14,960	4,990	3,080	1,351		90,107
\$ 13,445	\$ 3,985	\$ 4,862	\$ 1,427	\$ -0-	\$ 132,341

(continued)

JOHNSON COUNTY, TEXAS

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

For the Year Ended September 30, 2011

	Special		
	Indigent Health Care Fund	Teen Court Fund	Cities Readiness Initiative Fund
Revenues:			
Taxes	\$ 1,018,946	\$	\$
Intergovernmental	33,245		63,696
Fees	38,516	211	
Fines			
Investment income	1,720	1	
Miscellaneous	74,317		
Total revenues	<u>1,166,744</u>	<u>212</u>	<u>63,696</u>
Expenditures:			
Current:			
General administration			
Administration of justice		1,953	
Financial administration			
Elections			
Law enforcement			
Highways and streets			
Health and welfare	1,320,319		38,796
Culture and recreation			
Capital outlay			24,900
Debt Service:			
Principal			
Interest and fees			
Total expenditures	<u>1,320,319</u>	<u>1,953</u>	<u>63,696</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(153,575)</u>	<u>(1,741)</u>	<u>-0-</u>
Other Financing Sources (Uses):			
Operating transfers in			
Operating transfers out			
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balance	<u>(153,575)</u>	<u>(1,741)</u>	<u>-0-</u>
Fund Balance (Deficits):			
Beginning of year	<u>1,045,647</u>	<u>1,997</u>	<u></u>
End of year	<u>\$ 892,072</u>	<u>\$ 256</u>	<u>\$ -0-</u>

Revenue Funds

Juvenile Case Manager Fund	TCEQ Aircheck Texas Fund	MVIE - Special Inventory Fund	Right of Way Fund	Historical Society Account Fund	County/ District Clerk Technology Fund
\$	\$	\$	\$	\$	\$
46,328	409,281		17,539		6,189
89		23	2,119	56	6
		1,764		530	
<u>46,417</u>	<u>409,281</u>	<u>1,787</u>	<u>19,658</u>	<u>586</u>	<u>6,195</u>
		712			
756			15,826		
	409,281			6,684	
<u>756</u>	<u>409,281</u>	<u>712</u>	<u>15,826</u>	<u>6,684</u>	<u>-0-</u>
<u>45,661</u>	<u>-0-</u>	<u>1,075</u>	<u>3,832</u>	<u>(6,098)</u>	<u>6,195</u>
				10,000	
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>10,000</u>	<u>-0-</u>
45,661	-0-	1,075	3,832	3,902	6,195
<u>40,621</u>	<u></u>	<u>17,662</u>	<u>1,651,602</u>	<u>36,865</u>	<u>1,608</u>
<u>\$ 86,282</u>	<u>\$ -0-</u>	<u>\$ 18,737</u>	<u>\$ 1,655,434</u>	<u>\$ 40,767</u>	<u>\$ 7,803</u>

(continued)

JOHNSON COUNTY, TEXAS

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

For the Year Ended September 30, 2011

	Special		
	OJP Special Crimes Unit Technology	Guardianship Fee Fund	Indigent Defense Formula/ Improvements Fund
Revenues:			
Taxes	\$	\$	\$
Intergovernmental			127,234
Fees		8,520	
Fines			
Investment income		38	51
Miscellaneous			
Total revenues	<u>-0-</u>	<u>8,558</u>	<u>127,285</u>
Expenditures:			
Current:			
General administration			
Administration of justice			127,285
Financial administration			
Elections			
Law enforcement			
Highways and streets			
Health and welfare			
Culture and recreation			
Capital outlay			
Debt Service:			
Principal			
Interest and fees			
Total expenditures	<u>-0-</u>	<u>-0-</u>	<u>127,285</u>
Excess (deficiency) of revenue over (under) expenditures	<u>-0-</u>	<u>8,558</u>	<u>-0-</u>
Other Financing Sources (Uses):			
Operating transfers in			
Operating transfers out			
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balance	<u>-0-</u>	<u>8,558</u>	<u>-0-</u>
Fund Balance (Deficits):			
Beginning of year		<u>22,175</u>	
End of year	<u>\$ -0-</u>	<u>\$ 30,733</u>	<u>\$ -0-</u>

Revenue Funds

CDBG Water Tower Fund	Clean Vehicle Fleet Fund	District Court Records Technology Fund	Bullet Proof Vest Partnership Fund	EOC Grant Program Fund	OJP STOP SCU Fund
\$ 55,866	\$	\$ 12,229	\$ 8,627	\$ 720,929	\$ 170,069
		21			
<u>55,866</u>	<u>-0-</u>	<u>12,250</u>	<u>8,627</u>	<u>720,929</u>	<u>170,069</u>
					170,069
55,866			8,627		
				1,018,125	
<u>55,866</u>	<u>-0-</u>	<u>-0-</u>	<u>8,627</u>	<u>1,018,125</u>	<u>170,069</u>
<u>-0-</u>	<u>-0-</u>	<u>12,250</u>	<u>-0-</u>	<u>(297,196)</u>	<u>-0-</u>
	(2)			297,196	
<u>-0-</u>	<u>(2)</u>	<u>-0-</u>	<u>-0-</u>	<u>297,196</u>	<u>-0-</u>
<u>-0-</u>	<u>(2)</u>	<u>12,250</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
	2	9,528			
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 21,778</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

(continued)

JOHNSON COUNTY, TEXAS

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

For the Year Ended September 30, 2011

	Special Revenue		
	Ed Byrne Memorial Fund	Mental Health Peace Officer Fund	Pre-trial Bond Supervision Fund
Revenues:			
Taxes	\$	\$	\$
Intergovernmental	27,781	44,416	
Fees			37,503
Fines			
Investment income			10
Miscellaneous			
Total revenues	<u>27,781</u>	<u>44,416</u>	<u>37,513</u>
Expenditures:			
Current:			
General administration	27,781		
Administration of justice			
Financial administration			
Elections			
Law enforcement			44,134
Highways and streets			
Health and welfare		52,530	
Culture and recreation			
Capital outlay			
Debt Service:			
Principal			
Interest and fees			
Total expenditures	<u>27,781</u>	<u>52,530</u>	<u>44,134</u>
Excess (deficiency) of revenue over (under) expenditures	<u>-0-</u>	<u>(8,114)</u>	<u>(6,621)</u>
Other Financing Sources (Uses):			
Operating transfers in		8,114	13,268
Operating transfers out			
Total other financing sources (uses)	<u>-0-</u>	<u>8,114</u>	<u>13,268</u>
Net change in fund balance	<u>-0-</u>	<u>-0-</u>	<u>6,647</u>
Fund Balance (Deficits):			
Beginning of year			
End of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 6,647</u>

Funds

Abandoned Vehicle Fund	EECBG- SECO (ARRA) Fund	911 Addressing Maintenance Contract Fund	Sexual Assault Prevention Fund	Emissions Enforcement Officer Fund	Total Special Revenue Funds
\$	\$	\$	\$	\$	\$
	74,336		13,750	45,137	1,104,965
					2,853,834
					893,310
					43,596
2				66	10,381
		20,165			653,353
2	74,336	20,165	13,750	45,203	5,559,439
		20,165			805,024
					574,299
					712
					122,256
703			13,750	39,703	1,730,789
					83,842
					1,876,792
					6,684
	74,336			5,500	1,123,130
					-0-
					-0-
703	74,336	20,165	13,750	45,203	6,323,528
(701)	-0-	-0-	-0-	-0-	(764,089)
					478,578
					(86,264)
-0-	-0-	-0-	-0-	-0-	392,314
(701)	-0-	-0-	-0-	-0-	(371,775)
2,065					6,424,899
\$ 1,364	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 6,053,124

(continued)

JOHNSON COUNTY, TEXAS

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

For the Year Ended September 30, 2011

	<u>Debt Service Funds</u>		
	General Debt Service Fund	Equipment Interest & Sinking Funds	Total Debt Service Fund
Revenues:			
Taxes	\$ 2,340,669	\$ 433,701	\$ 2,774,370
Intergovernmental			-0-
Fees			-0-
Fines			-0-
Investment income	1,795	1,532	3,327
Miscellaneous			-0-
Total revenues	<u>2,342,464</u>	<u>435,233</u>	<u>2,777,697</u>
Expenditures:			
Current:			
General administration			-0-
Administration of justice			-0-
Financial administration			-0-
Elections			-0-
Law enforcement			-0-
Highways and streets			-0-
Health and welfare			-0-
Culture and recreation			-0-
Capital outlay			-0-
Debt Service:			
Principal	1,335,000	400,000	1,735,000
Interest and fees	<u>700,806</u>	<u>4,920</u>	<u>705,726</u>
Total expenditures	<u>2,035,806</u>	<u>404,920</u>	<u>2,440,726</u>
Excess (deficiency) of revenue over (under) expenditures	<u>306,658</u>	<u>30,313</u>	<u>336,971</u>
Other Financing Sources (Uses):			
Operating transfers in			
Operating transfers out			
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balance	306,658	30,313	336,971
Fund Balance (Deficits):			
Beginning of year	<u>1,066,471</u>	<u>1,182,310</u>	<u>2,248,781</u>
End of year	<u>\$ 1,373,129</u>	<u>\$ 1,212,623</u>	<u>\$ 2,585,752</u>

Capital Projects Funds

Courthouse Renovation Fund	CSCD/ Renovation Construction Fund	JP & Guinn Renovation Projects Fund	Market Square Project Fund	Jail Security Improvements Fund	CSCD Construction Fund
\$ 2,500	\$	\$	\$	\$	\$
			214	302	139
<u>2,500</u>	<u>-0-</u>	<u>-0-</u>	<u>214</u>	<u>302</u>	<u>139</u>
2,500					
		215	122,622	512,428	180,805
<u>2,500</u>	<u>-0-</u>	<u>215</u>	<u>122,622</u>	<u>512,428</u>	<u>180,805</u>
<u>-0-</u>	<u>-0-</u>	<u>(215)</u>	<u>(122,408)</u>	<u>(512,126)</u>	<u>(180,666)</u>
		12,656	4,000		251,273
	<u>(1,273)</u>				
<u>-0-</u>	<u>(1,273)</u>	<u>12,656</u>	<u>4,000</u>	<u>-0-</u>	<u>251,273</u>
<u>-0-</u>	<u>(1,273)</u>	<u>12,441</u>	<u>(118,408)</u>	<u>(512,126)</u>	<u>70,607</u>
	<u>1,273</u>	<u>(12,441)</u>	<u>118,420</u>	<u>516,878</u>	
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 12</u>	<u>\$ 4,752</u>	<u>\$ 70,607</u>

(continued)

JOHNSON COUNTY, TEXAS

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

For the Year Ended September 30, 2011

	<u>Capital Projects Funds</u>		
	<u>Equipment Purchase Funds</u>	<u>Motorola Simulcast Radio System Fund</u>	<u>Total Capital Projects Funds</u>
Revenues:			
Taxes	\$	\$	\$ -0-
Intergovernmental			2,500
Fees			-0-
Fines			-0-
Investment income	300	1,048	2,003
Miscellaneous			-0-
Total revenues	<u>300</u>	<u>1,048</u>	<u>4,503</u>
Expenditures:			
Current:			
General administration	234,150		236,650
Administration of justice			-0-
Financial administration			-0-
Elections			-0-
Law enforcement			-0-
Highways and streets			-0-
Health and welfare			-0-
Culture and recreation			-0-
Capital outlay	334,345	737,000	1,887,415
Debt Service:			
Principal			-0-
Interest and fees			-0-
Total expenditures	<u>568,495</u>	<u>737,000</u>	<u>2,124,065</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(568,195)</u>	<u>(735,952)</u>	<u>(2,119,562)</u>
Other Financing Sources (Uses):			
Operating transfers in		3,685,000	3,952,929
Operating transfers out			<u>(1,273)</u>
Total other financing sources (uses)	<u>-0-</u>	<u>3,685,000</u>	<u>3,951,656</u>
Net change in fund balance	<u>(568,195)</u>	<u>2,949,048</u>	<u>1,832,094</u>
Fund Balance (Deficits):			
Beginning of year	<u>559,059</u>	<u>-0-</u>	<u>1,183,189</u>
End of year	<u>\$(9,136)</u>	<u>\$ 2,949,048</u>	<u>\$ 3,015,283</u>

	Total Non-Major Governmental Fund
\$	3,879,335
	2,856,334
	893,310
	43,596
	15,711
	<u>653,353</u>
	<u>8,341,639</u>
	1,041,674
	574,299
	712
	122,256
	1,730,789
	83,842
	1,876,792
	6,684
	3,010,545
	1,735,000
	<u>705,726</u>
	<u>10,888,319</u>
	(<u>2,546,680</u>)
	4,431,507
	(<u>87,537</u>)
	<u>4,343,970</u>
	1,797,290
	<u>9,856,869</u>
\$	<u><u>11,654,159</u></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, 2011

Exhibit 10
Page 1 of 9

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
General Administration:				
County Clerk:				
Salaries and wages, and employee benefits	\$ 1,684,124	\$ 1,684,124	\$ 1,564,186	\$ 119,938
Operating expenditures	<u>102,850</u>	<u>102,850</u>	<u>83,973</u>	<u>18,877</u>
Total County Clerk	<u>1,786,974</u>	<u>1,786,974</u>	<u>1,648,159</u>	<u>138,815</u>
County Judge:				
Salaries and wages, and employee benefits	407,971	407,971	349,512	58,459
Operating expenditures	<u>13,875</u>	<u>13,875</u>	<u>9,753</u>	<u>4,122</u>
Total County Judge	<u>421,846</u>	<u>421,846</u>	<u>359,265</u>	<u>62,581</u>
Veterans:				
Salaries and wages, and employee benefits	142,151	142,151	134,584	7,567
Operating expenditures	<u>6,300</u>	<u>6,300</u>	<u>6,336</u>	<u>(36)</u>
Total Veterans	<u>148,451</u>	<u>148,451</u>	<u>140,920</u>	<u>7,531</u>
Public Works:				
Salaries and wages, and employee benefits	1,092,260	1,092,260	1,013,383	78,877
Operating expenditures	<u>45,900</u>	<u>52,800</u>	<u>36,694</u>	<u>16,106</u>
Total Public Works	<u>1,138,160</u>	<u>1,145,060</u>	<u>1,050,077</u>	<u>94,983</u>
Print Shop:				
Salaries and wages, and employee benefits	43,092	43,092	42,153	939
Operating expenditures	<u>40,000</u>	<u>39,900</u>	<u>36,102</u>	<u>3,798</u>
Total Print Shop	<u>83,092</u>	<u>82,992</u>	<u>78,255</u>	<u>4,737</u>
Mail Room:				
Salaries and wages, and employee benefits	79,590	78,471	78,390	81
Operating expenditures	<u>8,200</u>	<u>11,819</u>	<u>10,510</u>	<u>1,309</u>
Total Mail Room	<u>87,790</u>	<u>90,290</u>	<u>88,900</u>	<u>1,390</u>
Telecommunications:				
Salaries and wages, and employee benefits	36,326	36,326	35,700	626
Operating expenditures	<u>500</u>	<u>500</u>	<u>-0-</u>	<u>500</u>
Total Mail Room	<u>36,826</u>	<u>36,826</u>	<u>35,700</u>	<u>1,126</u>
Non-departmental:				
Salaries and wages, and employee benefits	771,733	801,576	596,190	205,386
Operating expenditures	2,699,371	2,995,253	2,576,491	418,762
Capital outlay	<u>10,000</u>	<u>55,059</u>	<u>49,356</u>	<u>5,703</u>
Total Non-departmental	<u>3,481,104</u>	<u>3,851,888</u>	<u>3,222,037</u>	<u>629,851</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, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
General Administration - Continued:				
Courthouse:				
Operating expenditures	\$ 116,000	\$ 115,530	\$ 113,201	\$ 2,329
Total Courthouse	116,000	115,530	113,201	2,329
Bldg Maint Bank Annex:				
Operating expenditures	146,000	236,500	189,281	47,219
Total Bldg Maint Bank Annex	146,000	236,500	189,281	47,219
Bldg Maint Guinn Building:				
Operating expenditures	358,500	427,500	398,079	29,421
Total Bldg Maint Guinn Bldg	358,500	427,500	398,079	29,421
Bldg Maint Alvarado Sub-courthouse:				
Operating expenditures	18,250	25,350	21,649	3,701
Total Bldg Maint Alvarado Sub-courthouse	18,250	25,350	21,649	3,701
Bldg Maint Burleson Sub-courthouse :				
Operating expenditures	27,200	57,950	34,359	23,591
Total Bldg Maint Burleson Sub-courthouse	27,200	57,950	34,359	23,591
Bldg Main Law Enforcement Center:				
Operating expenditures	84,000	76,750	73,898	2,852
Total Bldg Maint Law Enforcement Center	84,000	76,750	73,898	2,852
Bldg Maint Health Bldg:				
Operating expenditures	3,750	6,720	6,717	3
Total Bldg Maint Health Bldg	3,750	6,720	6,717	3
Bldg Maint Mill St. Bldg:				
Operating expenditures	6,700	8,200	8,134	66
Total Bldg Maint Mill St. Bldg	6,700	8,200	8,134	66
Bldg Maint Doty HS:				
Operating expenditures	2,200	7,200	3,271	3,929
Total Bldg Maint Doty HS	2,200	7,200	3,271	3,929
Bldg Maint Adult Probation Bldg:				
Operating expenditures	42,500	42,500	41,413	1,087
Total Bldg Maint Adult Probation Bldg	42,500	42,500	41,413	1,087
Bldg Maint Harris Creek Park:				
Operating expenditures	22,500	25,000	19,666	5,334
Total Bldg Maint Harris Creek Park	22,500	25,000	19,666	5,334

(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, 2011

Exhibit 10
Page 3 of 9

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
General Administration - Continued:				
Bldg Maint CASA/United Bldg:				
Operating expenditures	\$ 4,200	\$ 9,200	\$ 8,792	\$ 408
Total Bldg Maint CASA/United Bldg	4,200	9,200	8,792	408
Bldg Maint JP #1 Bldg:				
Operating expenditures	9,000	9,500	7,362	2,138
Total Bldg Maint JP #1 Bldg	9,000	9,500	7,362	2,138
Bldg Maint Emergency Mgt Bldg:				
Operating expenditures	5,000	18	2,566	(2,548)
Total Bldg Maint Emergency Mgt Bldg	5,000	18	2,566	(2,548)
Bldg Maint Brown Gym:				
Operating expenditures	-0-	11,982	-0-	11,982
Total Bldg Maint Brown Gym	-0-	11,982	-0-	11,982
Bldg Maint Sheriff Jail:				
Operating expenditures	100,000	100,000	53,634	46,366
Total Bldg Maint Sheriff Jail	100,000	100,000	53,634	46,366
Total General Administration	8,130,043	8,724,227	7,605,335	1,118,892
Administration of Justice:				
County Court at Law I:				
Salaries and wages, and employee benefits	445,260	445,260	426,892	18,368
Operating expenditures	275,750	291,750	252,748	39,002
Total County Court at Law I	721,010	737,010	679,640	57,370
County Court at Law II:				
Salaries and wages, and employee benefits	400,792	400,792	380,183	20,609
Operating expenditures	274,650	274,650	232,395	42,255
Total County Court at Law II	675,442	675,442	612,578	62,864
General District Court:				
Salaries and wages, and employee benefits	79,235	85,960	82,303	3,657
Operating expenditures	50,892	50,607	9,111	41,496
Total General District Court	130,127	136,567	91,414	45,153

(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, 2011

Exhibit 10
Page 4 of 9

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Administration of Justice - Continued:				
249 th District Court:				
Salaries and wages, and employee benefits	\$ 248,830	\$ 248,559	\$ 244,052	\$ 4,507
Operating expenditures	433,250	451,021	379,350	71,671
Total 249 th District Court	682,080	699,580	623,402	76,178
18 th District Court:				
Salaries and wages, and employee benefits	224,941	224,941	222,982	1,959
Operating expenditures	425,950	413,950	368,320	45,630
Total 18 th District Court	650,891	638,891	591,302	47,589
413 th District Court:				
Salaries and wages, and employee benefits	209,137	218,129	207,542	10,587
Operating expenditures	466,050	583,558	504,582	78,976
Total 413 th District Court	675,187	801,687	712,124	89,563
District Clerk:				
Salaries and wages, and employee benefits	1,008,508	1,003,508	958,810	44,698
Operating expenditures	43,630	49,230	49,673	(443)
Total District Clerk	1,052,138	1,052,738	1,008,483	44,255
Justice of the Peace #1:				
Salaries and wages, and employee benefits	231,151	231,089	191,991	39,098
Operating expenditures	8,650	8,712	38,401	(29,689)
Total Justice of the Peace #1	239,801	239,801	230,392	9,409
Justice of the Peace #2:				
Salaries and wages, and employee benefits	188,798	188,798	176,893	11,905
Operating expenditures	9,900	9,900	8,122	1,778
Total Justice of the Peace #2	198,698	198,698	185,015	13,683
Justice of the Peace #3:				
Salaries and wages, and employee benefits	189,353	188,740	184,670	4,070
Operating expenditures	9,550	10,663	10,103	560
Total Justice of the Peace #3	198,903	199,403	194,773	4,630
Justice of the Peace #4:				
Salaries and wages, and employee benefits	188,825	188,599	178,134	10,465
Operating expenditures	6,950	7,176	6,623	553
Total Justice of the Peace #4	195,775	195,775	184,757	11,018
County Attorney:				
Salaries and wages, and employee benefits	1,496,148	1,496,148	1,482,707	13,441
Operating expenditures	87,050	87,950	70,787	17,163
Total County Attorney	1,583,198	1,584,098	1,553,494	30,604

(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, 2011

Exhibit 10
Page 5 of 9

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Administration of Justice - Continued:				
District Attorney:				
Salaries and wages, and employee benefits	\$ 1,436,963	\$ 1,436,963	\$ 1,338,321	\$ 98,642
Operating expenditures	90,650	90,650	97,195	(6,545)
Total District Attorney	1,527,613	1,527,613	1,435,516	92,097
County/District Attorney Supplement:				
Salaries and wages, and employee benefits	53,379	53,379	52,074	1,305
Total County/District Attorney Supplement	53,379	53,379	52,074	1,305
Total Administration of Justice	8,584,242	8,740,682	8,154,964	585,718
Financial Administration:				
Purchasing:				
Salaries and wages, and employee benefits	254,862	241,467	258,945	(17,478)
Operating expenditures	33,168	46,663	19,573	27,090
Total Purchasing	288,030	288,130	278,518	9,612
Information Technology:				
Salaries and wages, and employee benefits	471,869	484,390	418,266	66,124
Operating expenditures	824,660	762,139	707,404	54,735
Capital outlay	50,000	100,000	104,947	(4,947)
Total Information Technology	1,346,529	1,346,529	1,230,617	115,912
County Auditor:				
Salaries and wages, and employee benefits	684,989	684,989	675,275	9,714
Operating expenditures	68,750	68,750	30,325	38,425
Total County Auditor	753,739	753,739	705,600	48,139
Personnel:				
Salaries and wages, and employee benefits	290,826	290,826	265,603	25,223
Operating expenditures	42,750	42,750	11,588	31,162
Total Personnel	333,576	333,576	277,191	56,385
County Treasurer:				
Salaries and wages, and employee benefits	153,080	153,080	136,617	16,463
Operating expenditures	11,950	11,950	11,550	400
Total County Treasurer	165,030	165,030	148,167	16,863

(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, 2011

Exhibit 10
Page 6 of 9

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Financial Administration - Continued:				
County Tax Collector:				
Salaries and wages, and employee benefits	\$ 1,171,424	\$ 1,171,424	\$ 1,120,555	\$ 50,869
Operating expenditures	<u>225,642</u>	<u>225,642</u>	<u>209,341</u>	<u>16,301</u>
Total County Tax Collector	<u>1,397,066</u>	<u>1,397,066</u>	<u>1,329,896</u>	<u>67,170</u>
Total Financial Administration	<u>4,283,970</u>	<u>4,284,070</u>	<u>3,969,989</u>	<u>314,081</u>
Elections:				
Elections:				
Salaries and wages, and employee benefits	357,313	357,313	271,773	85,540
Operating expenditures	<u>96,350</u>	<u>97,550</u>	<u>52,888</u>	<u>44,662</u>
Total Elections	<u>453,663</u>	<u>454,863</u>	<u>324,661</u>	<u>130,202</u>
Law Enforcement:				
Constable - Precinct 1:				
Salaries and wages, and employee benefits	187,513	187,088	183,163	3,925
Operating expenditures	<u>14,300</u>	<u>17,125</u>	<u>13,908</u>	<u>3,217</u>
Total Constable - Precinct 1	<u>201,813</u>	<u>204,213</u>	<u>197,071</u>	<u>7,142</u>
Constable - Precinct 2:				
Salaries and wages, and employee benefits	184,342	184,342	180,958	3,384
Operating expenditures	<u>15,000</u>	<u>21,630</u>	<u>18,907</u>	<u>2,723</u>
Total Constable - Precinct 2	<u>199,342</u>	<u>205,972</u>	<u>199,865</u>	<u>6,107</u>
Constable - Precinct 3:				
Salaries and wages, and employee benefits	184,342	183,260	181,521	1,739
Operating expenditures	<u>13,550</u>	<u>18,132</u>	<u>15,123</u>	<u>3,009</u>
Total Constable - Precinct 3	<u>197,892</u>	<u>201,392</u>	<u>196,644</u>	<u>4,748</u>
Constable - Precinct 4:				
Salaries and wages, and employee benefits	194,901	194,774	191,003	3,771
Operating expenditures	<u>21,250</u>	<u>30,805</u>	<u>31,805</u>	<u>(1,000)</u>
Total Constable - Precinct 4	<u>216,151</u>	<u>225,579</u>	<u>222,808</u>	<u>2,771</u>
ASAP-JISD:				
Salaries and wages, and employee benefits	55,682	55,682	52,460	3,222
Operating expenditures	<u>2,150</u>	<u>2,150</u>	<u>1,117</u>	<u>1,033</u>
Total ASAP-JISD	<u>57,832</u>	<u>57,832</u>	<u>53,577</u>	<u>4,255</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, 2011

Exhibit 10
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	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Law Enforcement - Continued:				
ASAP-BISD:				
Salaries and wages, and employee benefits	\$ 106,740	\$ 102,853	\$ 79,673	\$ 23,180
Operating expenditures	5,260	6,350	5,063	1,287
Total ASAP-BISD	112,000	109,203	84,736	24,467
ASAP-CISD:				
Salaries and wages, and employee benefits	117,597	118,551	111,308	7,243
Operating expenditures	8,240	8,246	4,302	3,944
Total ASAP-CISD	125,837	126,797	115,610	11,187
SRO-Keene ISD:				
Salaries and wages, and employee benefits	57,171	57,171	41,336	15,835
Operating expenditures	2,900	2,900	1,435	1,465
Total SRO-Keene ISD	60,071	60,071	42,771	17,300
Sheriff Admin-Patrol:				
Salaries and wages, and employee benefits	5,480,059	5,409,802	5,308,194	101,608
Operating expenditures	579,500	721,353	632,466	88,887
Total Sheriff Admin-Patrol	6,059,559	6,131,155	5,940,660	190,495
Sheriff-Jail:				
Salaries and wages, and employee benefits	838,145	837,805	831,546	6,259
Operating expenditures	8,390,100	8,358,634	7,391,246	967,388
Capital outlay		14,109	14,108	1
Total Sheriff-Jail	9,228,245	9,210,548	8,236,900	973,648
Bail Bonds Office:				
Salaries and wages, and employee benefits	39,635	39,635	39,761	(126)
Operating expenditures	1,550	1,550	1,371	179
Total Bail Bonds Office	41,185	41,185	41,132	53
Sheriff Licenses and Weights:				
Salaries and wages, and employee benefits	238,719	237,178	236,206	972
Operating expenditures	25,000	32,000	32,116	(116)
Total Sheriff Licenses and Weights	263,719	269,178	268,322	856
Manfield Interlocal:				
Salaries and wages, and employee benefits		6,918		6,918
Total Manfield Interlocal	-0-	6,918	-0-	6,918
Adult Probation:				
Operating expenditures	38,004	24,736	19,338	5,398
Total Adult Probation	38,004	24,736	19,338	5,398

(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, 2011

Exhibit 10
Page 8 of 9

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Law Enforcement – Continued:				
Texas DPS Office:				
Salaries and wages, and employee benefits	\$ 97,847	\$ 98,354	\$ 98,267	\$ 87
Operating expenditures	600	600	598	2
Total Texas DPS Office	98,447	98,954	98,865	89
Texas DPS License Weight:				
Operating expenditures	750	750	632	118
Total Texas DPS License Weight	750	750	632	118
Juvenile Probation:				
Salaries and wages, and employee benefits	483,766	483,694	448,622	35,072
Operating expenditures	670,200	677,422	520,386	157,036
Total Juvenile Probation	1,153,966	1,161,116	969,008	192,108
SRO-Godley ISD:				
Salaries and wages, and employee benefits	54,336	54,336	50,229	4,107
Operating expenditures	2,150	2,150	2,760	(610)
Total SRO-Godley ISD	56,486	56,486	52,989	3,497
SRO-Joshua ISD:				
Salaries and wages, and employee benefits	120,790	120,790	114,193	6,597
Operating expenditures	3,100	3,100	4,613	(1,513)
Total SRO-Joshua ISD	123,890	123,890	118,806	5,084
SRO-Alvarado ISD:				
Salaries and wages, and employee benefits	60,515	60,515	57,071	3,444
Operating expenditures	2,650	2,650	2,478	172
Total SRO-Alvarado ISD	63,165	63,165	59,549	3,616
SRO-Venus ISD:				
Salaries and wages, and employee benefits	54,523	54,523	52,626	1,897
Operating expenditures	2,150	2,150	1,570	580
Total SRO-Venus ISD	56,673	56,673	54,196	2,477
SRO-Grandview ISD:				
Salaries and wages, and employee benefits	59,701	57,821	56,257	1,564
Operating expenditures	2,900	3,175	1,623	1,552
Total SRO-Grandview ISD	62,601	60,996	57,880	3,116
Total Law Enforcement	18,417,628	18,496,809	17,031,359	1,465,450

(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, 2011

Exhibit 10
Page 9 of 9

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Health and Welfare:				
Medical Examiner:				
Salaries and wages, and employee benefits	\$ 183,691	\$ 183,691	\$ 156,207	\$ 27,484
Operating expenditures	<u>186,750</u>	<u>186,750</u>	<u>187,159</u>	<u>(409)</u>
Total Medical Examiner	<u>370,441</u>	<u>370,441</u>	<u>343,366</u>	<u>27,075</u>
Emergency Management:				
Salaries and wages, and employee benefits	79,009	79,009	74,084	4,925
Operating expenditures	<u>8,200</u>	<u>8,200</u>	<u>7,027</u>	<u>1,173</u>
Total Emergency Management	<u>87,209</u>	<u>87,209</u>	<u>81,111</u>	<u>6,098</u>
Total Health and Welfare	<u>457,650</u>	<u>457,650</u>	<u>424,477</u>	<u>33,173</u>
Culture and Recreation:				
Parks:				
Salaries and wages, and employee benefits	265,856	265,856	140,111	125,745
Operating expenditures	<u>40,300</u>	<u>40,300</u>	<u>20,229</u>	<u>20,071</u>
Total Parks	<u>306,156</u>	<u>306,156</u>	<u>160,340</u>	<u>145,816</u>
Total Culture and Recreation	<u>306,156</u>	<u>306,156</u>	<u>160,340</u>	<u>145,816</u>
Conservation:				
County Extension:				
Salaries and wages, and employee benefits	167,261	167,261	151,048	16,213
Operating expenditures	<u>17,850</u>	<u>17,850</u>	<u>13,286</u>	<u>4,564</u>
Total County Extension	<u>185,111</u>	<u>185,111</u>	<u>164,334</u>	<u>20,777</u>
Total Conservation	<u>185,111</u>	<u>185,111</u>	<u>164,334</u>	<u>20,777</u>
Total current expenditures	<u>\$ 40,818,463</u>	<u>\$ 41,649,568</u>	<u>\$ 37,835,459</u>	<u>\$ 3,814,109</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 11

For the Year Ended September 30, 2011

	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	\$ 1,115,613	\$ 1,115,613	\$ 997,842	\$ 117,771
Operating expenditures	2,633,797	2,633,797	822,960	1,810,837
Capital outlay	673,500	673,500	106,398	567,102
Total Road and Bridge Precinct 1	<u>4,422,910</u>	<u>4,422,910</u>	<u>1,927,200</u>	<u>2,495,710</u>
Road and Bridge Precinct 2:				
Salaries and wages, and employee benefits	1,144,450	1,143,612	936,611	207,001
Operating expenditures	1,013,125	1,065,399	626,585	438,814
Capital outlay	191,157	190,316	423,916	(233,600)
Total Road and Bridge Precinct 2	<u>2,348,732</u>	<u>2,399,327</u>	<u>1,987,112</u>	<u>412,215</u>
Road and Bridge Precinct 3:				
Salaries and wages, and employee benefits	1,374,982	1,378,372	1,149,790	228,582
Operating expenditures	2,406,605	2,413,865	787,734	1,626,131
Capital outlay	257,000	257,000	556,259	(299,259)
Total Road and Bridge Precinct 3	<u>4,038,587</u>	<u>4,049,237</u>	<u>2,493,783</u>	<u>1,555,454</u>
Road and Bridge Precinct 4:				
Salaries and wages, and employee benefits	1,207,393	1,207,383	1,123,975	83,406
Operating expenditures	2,144,870	2,069,129	346,978	1,722,151
Capital outlay	270,000	345,751	780,876	(435,125)
Total Road and Bridge Precinct 4	<u>3,622,263</u>	<u>3,622,263</u>	<u>2,251,829</u>	<u>1,370,434</u>
Total expenditures	<u>\$ 14,432,492</u>	<u>\$ 14,493,737</u>	<u>\$ 8,659,924</u>	<u>\$ 5,833,813</u>

JOHNSON COUNTY, TEXAS

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

For the Year Ended September 30, 2011

	Lateral Road Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 68,000	\$ 68,000	\$ 68,480	\$ 480
Fees				-0-
Investment income	200	200	95	(105)
Miscellaneous				-0-
Total revenues	<u>68,200</u>	<u>68,200</u>	<u>68,575</u>	<u>375</u>
Expenditures:				
Highways and Streets:				
Operating expenditures	68,200	68,200	68,016	184
Administration of Justice:				
Salaries and wages, and employee benefits				-0-
Operating expenditures				-0-
Capital outlay				-0-
Total expenditures	<u>68,200</u>	<u>68,200</u>	<u>68,016</u>	<u>184</u>
Excess (deficiency) of revenues over expenditures	<u>-0-</u>	<u>-0-</u>	<u>559</u>	<u>559</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	-0-	-0-	559	559
Fund balances – beginning	<u>43,575</u>	<u>43,575</u>	<u>43,575</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 43,575</u>	<u>\$ 43,575</u>	<u>\$ 44,134</u>	<u>\$ 559</u>

Law Library Fund			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final		
\$	\$	\$	\$
102,000	102,000	108,102	-0-
1,000	1,000	350	6,102
		3,960	(650)
			3,960
<u>103,000</u>	<u>103,000</u>	<u>112,412</u>	<u>9,412</u>
			-0-
45,647	45,647	44,739	908
110,150	116,782	84,133	32,649
		269	(269)
<u>155,797</u>	<u>162,429</u>	<u>129,141</u>	<u>33,288</u>
(52,797)	(59,429)	(16,729)	42,700
			-0-
			-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
(52,797)	(59,429)	(16,729)	42,700
<u>273,977</u>	<u>273,977</u>	<u>273,977</u>	<u>-0-</u>
\$ <u>221,180</u>	\$ <u>214,548</u>	\$ <u>257,248</u>	\$ <u>42,700</u>

(continued)

JOHNSON COUNTY, TEXAS

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

For the Year Ended September 30, 2011

	Records Management & Preservation Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Fees	\$ 253,000	\$ 253,000	\$ 242,507	\$(10,493)
Investment income	2,400	2,400	1,349	(1,051)
Total revenues	<u>255,400</u>	<u>255,400</u>	<u>243,856</u>	<u>(11,544)</u>
Expenditures:				
General Government:				
Salaries and wages, and employee benefits	275,595	275,595	227,747	47,848
Operating expenditures	<u>441,000</u>	<u>446,000</u>	<u>121,513</u>	<u>324,487</u>
Total expenditures	<u>716,595</u>	<u>721,595</u>	<u>349,260</u>	<u>372,335</u>
Excess (deficiency) of revenues over expenditures	<u>(461,195)</u>	<u>(466,195)</u>	<u>(105,404)</u>	<u>360,791</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>(461,195)</u>	<u>(466,195)</u>	<u>(105,404)</u>	<u>360,791</u>
Fund balances – beginning	<u>1,107,330</u>	<u>1,107,330</u>	<u>1,107,330</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 646,135</u>	<u>\$ 641,135</u>	<u>\$ 1,001,926</u>	<u>\$ 360,791</u>

<u>Records Archive- County Clerk Fund</u>			
<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<u>Original</u>	<u>Final</u>		
\$ 175,000	\$ 175,000	\$ 163,770	\$(11,230)
<u>1,700</u>	<u>1,700</u>	<u>2,271</u>	<u>571</u>
<u>176,700</u>	<u>176,700</u>	<u>166,041</u>	<u>(10,659)</u>
			-0-
<u>971,700</u>	<u>971,700</u>	<u>375,599</u>	<u>596,101</u>
<u>971,700</u>	<u>971,700</u>	<u>375,599</u>	<u>596,101</u>
<u>(795,000)</u>	<u>(795,000)</u>	<u>(209,558)</u>	<u>585,442</u>
			-0-
			-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>(795,000)</u>	<u>(795,000)</u>	<u>(209,558)</u>	<u>585,442</u>
<u>932,262</u>	<u>932,262</u>	<u>932,262</u>	<u>-0-</u>
<u>\$ 137,262</u>	<u>\$ 137,262</u>	<u>\$ 722,704</u>	<u>\$ 585,442</u>

(continued)

JOHNSON COUNTY, TEXAS

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

For the Year Ended September 30, 2011

	Records Archive- District Clerk Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Fees	\$ 10,500	\$ 10,500	\$ 10,904	\$ 404
Intergovernmental				-0-
Investment income	<u>150</u>	<u>150</u>	<u>97</u>	<u>(53)</u>
Total revenues	<u>10,650</u>	<u>10,650</u>	<u>11,001</u>	<u>351</u>
Expenditures:				
General Government:				
Operating expenditures	60,000	60,000	60,000	-0-
Administration of Justice:				
Operating expenditures				-0-
Total expenditures	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>-0-</u>
Excess (deficiency) of revenues over expenditures	<u>(49,350)</u>	<u>(49,350)</u>	<u>(48,999)</u>	<u>351</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>(49,350)</u>	<u>(49,350)</u>	<u>(48,999)</u>	<u>351</u>
Fund balances – beginning	<u>79,456</u>	<u>79,456</u>	<u>79,456</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 30,106</u>	<u>\$ 30,106</u>	<u>\$ 30,457</u>	<u>\$ 351</u>

Justice of the Peace Technology Fund			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final		
\$	\$	\$	\$
40,000	40,000	37,367	(2,633)
<u>500</u>	<u>500</u>	<u>339</u>	<u>(161)</u>
<u>40,500</u>	<u>40,500</u>	<u>37,706</u>	<u>(2,794)</u>
			-0-
<u>13,550</u>	<u>19,007</u>	<u>13,380</u>	<u>5,627</u>
<u>13,550</u>	<u>19,007</u>	<u>13,380</u>	<u>5,627</u>
<u>26,950</u>	<u>21,493</u>	<u>24,326</u>	<u>2,833</u>
			-0-
			-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
26,950	21,493	24,326	2,833
<u>245,046</u>	<u>245,046</u>	<u>245,046</u>	<u>-0-</u>
<u>\$ 271,996</u>	<u>\$ 266,539</u>	<u>\$ 269,372</u>	<u>\$ 2,833</u>

(continued)

JOHNSON COUNTY, TEXAS

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

For the Year Ended September 30, 2011

	Courthouse Security Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Fees	\$ 85,000	\$ 85,000	\$ 84,765	\$(235)
Investment income	<u>100</u>	<u>100</u>	<u>173</u>	<u>73</u>
Total revenues	<u>85,100</u>	<u>85,100</u>	<u>84,938</u>	<u>(162)</u>
Expenditures:				
Administration of Justice:				
Operating expenditures	<u>24,500</u>	<u>91,500</u>	<u>75,141</u>	<u>16,359</u>
Total expenditures	<u>24,500</u>	<u>91,500</u>	<u>75,141</u>	<u>16,359</u>
Excess (deficiency) of revenues over expenditures	<u>60,600</u>	<u>(6,400)</u>	<u>9,797</u>	<u>16,197</u>
Other Financing Sources (Uses):				
Transfers in				-0-
Transfers out				<u>-0-</u>
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balances	60,600	(6,400)	9,797	16,197
Fund balances – beginning	<u>90,362</u>	<u>90,362</u>	<u>90,362</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 150,962</u>	<u>\$ 83,962</u>	<u>\$ 100,159</u>	<u>\$ 16,197</u>

Justice Court Security Building Fund			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 10,000	\$ 10,000	\$ 9,086	\$(914)
<u>100</u>	<u>100</u>	<u>70</u>	<u>(30)</u>
<u>10,100</u>	<u>10,100</u>	<u>9,156</u>	<u>(944)</u>
	<u>1,600</u>	<u>300</u>	<u>1,300</u>
<u>-0-</u>	<u>1,600</u>	<u>300</u>	<u>1,300</u>
<u>10,100</u>	<u>8,500</u>	<u>8,856</u>	<u>356</u>
			<u>-0-</u>
			<u>-0-</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
10,100	8,500	8,856	356
<u>43,740</u>	<u>43,740</u>	<u>43,740</u>	<u>-0-</u>
<u>\$ 53,840</u>	<u>\$ 52,240</u>	<u>\$ 52,596</u>	<u>\$ 356</u>

(continued)

JOHNSON COUNTY, TEXAS

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

For the Year Ended September 30, 2011

	Election Services Contract Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Intergovernmental	\$	\$	\$	\$ -0-
Investment income	100	100	52	(48)
Miscellaneous	3,000	3,000	9,531	6,531
Total revenues	3,100	3,100	9,583	6,483
Expenditures:				
Elections:				
Operating expenditures	10,000	10,000	822	9,178
Administration of Justice:				
Salaries and wages, and employee benefits				-0-
Operating expenditures				-0-
Total expenditures	10,000	10,000	822	9,178
Excess (deficiency) of revenues over expenditures	(6,900)	(6,900)	8,761	15,661
Other Financing Sources (Uses):				
Transfers in				-0-
Transfers out				-0-
Total other financing sources (uses)	-0-	-0-	-0-	-0-
Net change in fund balances	(6,900)	(6,900)	8,761	15,661
Fund balances – beginning	90,238	90,238	90,238	-0-
Fund balances – ending	\$ 83,338	\$ 83,338	\$ 98,999	\$ 15,661

Juvenile Justice Alternative Education Fund			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 140,000	\$ 140,000	\$ 114,946	\$(25,054)
200	200	96	(104)
<u>140,200</u>	<u>140,200</u>	<u>115,042</u>	<u>(25,158)</u>
			-0-
184,249	184,249	181,706	2,543
<u>98,500</u>	<u>105,751</u>	<u>50,032</u>	<u>55,719</u>
<u>252,749</u>	<u>290,000</u>	<u>231,738</u>	<u>58,262</u>
(142,549)	(149,800)	(116,696)	33,104
150,000	150,000	150,000	-0-
<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-0-</u>
7,451	200	33,304	33,104
(7,161)	(7,161)	(7,161)	-0-
<u>\$ 290</u>	<u>\$(6,961)</u>	<u>\$ 26,143</u>	<u>\$ 33,104</u>

(continued)

JOHNSON COUNTY, TEXAS

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

For the Year Ended September 30, 2011

	Special Crimes Operation Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Fines	\$	\$	\$ 41,271	\$ 41,271
Investment income	400	400	378	(22)
Miscellaneous			2,182	2,182
Total revenues	<u>400</u>	<u>400</u>	<u>43,831</u>	<u>43,431</u>
Expenditures:				
Law Enforcement:				
Salaries and wages, and employee benefits				-0-
Operating expenditures	<u>55,000</u>	<u>55,000</u>	<u>48,680</u>	<u>6,320</u>
Total expenditures	<u>55,000</u>	<u>55,000</u>	<u>48,680</u>	<u>6,320</u>
Excess (deficiency) of revenues over expenditures	(54,600)	(54,600)	(4,849)	49,751
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	(54,600)	(54,600)	(4,849)	49,751
Fund balances – beginning	<u>263,382</u>	<u>263,382</u>	<u>263,382</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 208,782</u>	<u>\$ 208,782</u>	<u>\$ 258,533</u>	<u>\$ 49,751</u>

District Attorney Forfeiture Fund			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 200	\$ 200	\$ 1,757 100	\$ 1,757 (100)
<u>200</u>	<u>200</u>	<u>1,857</u>	<u>-0-</u>
	37,314	36,760	554
	<u>2,500</u>	<u>1,223</u>	<u>1,267</u>
<u>-0-</u>	<u>39,814</u>	<u>37,993</u>	<u>1,821</u>
<u>200</u>	<u>(39,614)</u>	<u>(36,136)</u>	<u>3,478</u>
			-0-
			<u>-0-</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
200	(39,614)	(36,136)	3,478
<u>83,783</u>	<u>83,783</u>	<u>83,783</u>	<u>-0-</u>
<u>\$ 83,983</u>	<u>\$ 44,169</u>	<u>\$ 47,647</u>	<u>\$ 3,478</u>

(continued)

JOHNSON COUNTY, TEXAS

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

For the Year Ended September 30, 2011

	Sheriff Forfeiture Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$	\$	\$	\$ -0-
Intergovernmental				-0-
Fees				-0-
Fines			568	568
Investment income	100	100	19	(81)
Miscellaneous				-0-
Total revenues	<u>100</u>	<u>100</u>	<u>587</u>	<u>487</u>
Expenditures:				
Law Enforcement:				
Operating expenditures	1,000	2,880	2,102	778
Capital outlay	13,000	13,000		13,000
Health and Welfare:				
Salaries and wages, and employee benefits				-0-
Operating expenditures				-0-
Total expenditures	<u>14,000</u>	<u>15,880</u>	<u>2,102</u>	<u>13,778</u>
Excess (deficiency) of revenues over expenditures	<u>(13,900)</u>	<u>(15,780)</u>	<u>(1,515)</u>	<u>14,265</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>(13,900)</u>	<u>(15,780)</u>	<u>(1,515)</u>	<u>14,265</u>
Fund balances – beginning (restated)	<u>14,960</u>	<u>14,960</u>	<u>14,960</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 1,060</u>	<u>\$(820)</u>	<u>\$ 13,445</u>	<u>\$ 14,265</u>

Indigent Health Care Fund			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 986,489	\$ 986,189	\$ 1,018,946	\$ 32,457
41,000	41,000	33,245	(7,755)
		38,516	38,516
			-0-
2,500	2,500	1,720	(780)
		74,317	74,317
<u>1,029,989</u>	<u>1,029,989</u>	<u>1,166,744</u>	<u>136,755</u>
			-0-
			-0-
127,113	127,285	119,211	8,074
<u>904,050</u>	<u>1,202,214</u>	<u>1,201,108</u>	<u>1,106</u>
<u>1,031,163</u>	<u>1,329,499</u>	<u>1,320,319</u>	<u>9,180</u>
(1,174)	(299,510)	(153,575)	145,935
			-0-
			-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
(1,174)	(299,510)	(153,575)	145,935
<u>1,045,647</u>	<u>1,045,647</u>	<u>1,045,647</u>	<u>-0-</u>
<u>\$ 1,044,473</u>	<u>\$ 746,137</u>	<u>\$ 892,072</u>	<u>\$ 145,935</u>

(continued)

JOHNSON COUNTY, TEXAS

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

For the Year Ended September 30, 2010

	Teen Court Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$	\$	\$	\$
Fees	900	50	211	(689)
Investment income	50	50	1	(49)
Miscellaneous				-0-
Total revenues	<u>950</u>	<u>950</u>	<u>212</u>	<u>(738)</u>
Expenditures:				
Administration of Justice:				
Operating expenditures		1,953	1,953	-0-
Highway and Street:				
Operating expenditures				-0-
Capital outlay				-0-
Total expenditures	<u>-0-</u>	<u>1,953</u>	<u>1,953</u>	<u>-0-</u>
Excess (deficiency) of revenues over expenditures	<u>950</u>	<u>(1,003)</u>	<u>(1,741)</u>	<u>(738)</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	950	(1,003)	(1,741)	(738)
Fund balances – beginning (restated)	<u>1,997</u>	<u>1,997</u>	<u>1,997</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 2,947</u>	<u>\$ 994</u>	<u>\$ 256</u>	<u>\$(738)</u>

Right of Way Fund			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 12,000	\$ 12,000	\$ 17,539	\$ 5,539
2,200	2,200	2,119	(81)
<u>14,200</u>	<u>14,200</u>	<u>19,658</u>	<u>5,458</u>
			-0-
30,000	24,174	15,826	8,348
	<u>15,826</u>		<u>15,826</u>
<u>30,000</u>	<u>40,000</u>	<u>15,826</u>	<u>24,174</u>
(15,800)	(25,800)	3,832	29,632
			-0-
			-0-
-0-	-0-	-0-	-0-
(15,800)	(25,800)	3,832	29,632
<u>1,651,602</u>	<u>1,651,602</u>	<u>1,651,602</u>	<u>-0-</u>
<u>\$ 1,635,802</u>	<u>\$ 1,625,802</u>	<u>\$ 1,655,434</u>	<u>\$ 29,632</u>

(continued)

JOHNSON COUNTY, TEXAS

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

For the Year Ended September 30, 2011

	Historical Society Account Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Fees	\$	\$	\$	\$ -0-
Investment income	100	100	56	(44)
Miscellaneous	<u>3,000</u>	<u>3,000</u>	<u>530</u>	<u>(2,470)</u>
Total revenues	<u>3,100</u>	<u>3,100</u>	<u>586</u>	<u>(2,514)</u>
Expenditures:				
General Government:				
Operating expenditures	<u>44,500</u>	<u>44,500</u>	<u>6,684</u>	<u>37,816</u>
Total expenditures	<u>44,500</u>	<u>44,500</u>	<u>6,684</u>	<u>37,816</u>
Excess (deficiency) of revenues over expenditures	<u>(41,400)</u>	<u>(41,400)</u>	<u>(6,098)</u>	<u>35,302</u>
Other Financing Sources (Uses):				
Transfers in			10,000	10,000
Transfers out				<u>-0-</u>
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>10,000</u>	<u>10,000</u>
Net change in fund balances	<u>(41,400)</u>	<u>(41,400)</u>	<u>3,902</u>	<u>45,302</u>
Fund balances – beginning	<u>36,865</u>	<u>36,865</u>	<u>36,865</u>	<u>-0-</u>
Fund balances – ending	<u>\$(4,535)</u>	<u>\$(4,535)</u>	<u>\$ 40,767</u>	<u>\$ 45,302</u>

Guardianship Fee Fund			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 7,000	\$ 7,000	\$ 8,520	\$ 1,520
50	50	38	(12)
<u>7,050</u>	<u>7,050</u>	<u>8,558</u>	<u>-0-</u>
			-0-
-0-	-0-	-0-	-0-
<u>7,050</u>	<u>7,050</u>	<u>8,558</u>	<u>1,508</u>
			-0-
-0-	-0-	-0-	-0-
7,050	7,050	8,558	1,508
<u>22,175</u>	<u>22,175</u>	<u>22,175</u>	<u>-0-</u>
<u>\$ 29,225</u>	<u>\$ 29,225</u>	<u>\$ 30,733</u>	<u>\$ 1,508</u>

(continued)

JOHNSON COUNTY, TEXAS

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

For the Year Ended September 30, 2011

	Juvenile Case Manager Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Fees	\$ 35,000	\$ 35,000	\$ 46,328	\$ 11,328
Investment income	100	100	89	(11)
Total revenues	<u>35,100</u>	<u>35,100</u>	<u>46,417</u>	<u>11,317</u>
Expenditures				
Law Enforcement:				
Salaries and wages, and employee benefits		756	756	-0-
Total expenditures	<u>-0-</u>	<u>756</u>	<u>756</u>	<u>-0-</u>
Excess (deficiency) of revenues over expenditures	<u>35,100</u>	<u>34,344</u>	<u>45,661</u>	<u>11,317</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	35,100	34,344	45,661	11,317
Fund balances – beginning	<u>40,621</u>	<u>40,621</u>	<u>40,621</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 75,721</u>	<u>\$ 74,965</u>	<u>\$ 86,282</u>	<u>\$ 11,317</u>

County/District Court Technology Fund			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 12,800	\$ 12,800	\$ 6,189	\$ (6,611)
<u>310</u>	<u>310</u>	<u>6</u>	<u>(304)</u>
13,110	13,110	6,195	(6,915)
			-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
13,110	13,110	6,195	(6,915)
			-0-
			-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
13,110	13,110	6,195	(6,915)
<u>1,608</u>	<u>1,608</u>	<u>1,608</u>	<u>-0-</u>
<u>\$ 14,718</u>	<u>\$ 14,718</u>	<u>\$ 7,803</u>	<u>\$ (6,915)</u>

JOHNSON COUNTY, TEXAS

*STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS (NONMAJOR) - Continued*
 For the Year Ended September 30, 2011

Exhibit 12
 Page 11 of 11

	Court Record Preservation Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Fees	\$ 27,000	\$ 27,000	\$ 32,738	\$ 5,738
Investment income	200	200	55	(145)
Total revenues	<u>27,200</u>	<u>27,200</u>	<u>32,793</u>	<u>5,593</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>27,200</u>	<u>27,200</u>	<u>32,793</u>	<u>5,593</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	27,200	27,200	32,793	5,593
Fund balances – beginning	<u>23,532</u>	<u>23,532</u>	<u>23,532</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 50,732</u>	<u>\$ 50,732</u>	<u>\$ 56,325</u>	<u>\$ 5,593</u>



JOHNSON COUNTY, TEXAS

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

For the Year Ended September 30, 2011

	General Debt Service Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$ 2,110,315	\$ 2,110,315	\$ 2,340,669	\$ 230,354
Investment income	2,500	2,500	1,795	(705)
Total revenues	<u>2,112,815</u>	<u>2,112,815</u>	<u>2,342,464</u>	<u>229,649</u>
Expenditures:				
Debt Service:				
Principal on long-term debt	1,335,000	1,335,000	1,335,000	-0-
Interest on long-term debt	<u>701,888</u>	<u>701,888</u>	<u>700,806</u>	<u>1,082</u>
Total expenditures	<u>2,036,888</u>	<u>2,036,888</u>	<u>2,035,806</u>	<u>1,082</u>
Excess (deficiency) of revenues over expenditures	<u>75,927</u>	<u>75,927</u>	<u>306,658</u>	<u>230,731</u>
Other Financing Sources (Uses):				
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balances	75,927	75,927	306,658	230,731
Fund balances – beginning	<u>1,066,471</u>	<u>1,066,471</u>	<u>1,066,471</u>	<u>-0-</u>
Fund balances – ending	<u>\$ 1,142,398</u>	<u>\$ 1,142,398</u>	<u>\$ 1,373,129</u>	<u>\$ 230,731</u>

Equipment Interest & Sinking Fund			
Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
Original	Final		
\$ 363,300	\$ 363,300	\$ 433,701	\$ 70,401
<u>1,800</u>	<u>1,800</u>	<u>1,532</u>	<u>(268)</u>
<u>365,100</u>	<u>365,100</u>	<u>435,233</u>	<u>70,133</u>
400,000	400,000	400,000	-0-
<u>7,500</u>	<u>7,500</u>	<u>4,920</u>	<u>2,580</u>
<u>407,500</u>	<u>407,500</u>	<u>404,920</u>	<u>2,580</u>
<u>(42,400)</u>	<u>(42,400)</u>	<u>30,313</u>	<u>72,713</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>(42,400)</u>	<u>(42,400)</u>	<u>30,313</u>	<u>72,713</u>
<u>1,182,310</u>	<u>1,182,310</u>	<u>1,182,310</u>	<u>-0-</u>
<u>\$ 1,139,910</u>	<u>\$ 1,139,910</u>	<u>\$ 1,212,623</u>	<u>\$ 72,713</u>

JOHNSON COUNTY, TEXAS

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

For the Year Ended September 30, 2011

Exhibit 14
Page 1 of 3

	<u>Balance 10-01-10</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 09-30-11</u>
UNCLAIMED MONEY FUND:				
<i>Assets</i>				
Cash and temporary investments	\$ <u>15,123</u>	\$ <u>1,372</u>	\$ _____	\$ <u>16,495</u>
Total assets	\$ <u>15,123</u>	\$ <u>1,372</u>	\$ <u>-0-</u>	\$ <u>16,495</u>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Due to others	\$ <u>15,123</u>	\$ <u>1,372</u>	\$ _____	\$ <u>16,495</u>
Total liabilities	\$ <u>15,123</u>	\$ <u>1,372</u>	\$ <u>-0-</u>	\$ <u>16,495</u>
TAX ASSESSOR/COLLECTOR FUNDS:				
<i>Assets</i>				
Cash and temporary investments	\$ 1,897,585	\$ 2,393,458	\$ 2,098,638	\$ 2,192,405
Due from others	<u>462,344</u>	<u>343,214</u>	<u>460,713</u>	<u>344,845</u>
Total assets	\$ <u>2,359,929</u>	\$ <u>2,736,672</u>	\$ <u>2,559,351</u>	\$ <u>2,537,250</u>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Due to others	\$ <u>2,359,929</u>	\$ <u>409,015</u>	\$ <u>231,694</u>	\$ <u>2,537,250</u>
Total liabilities	\$ <u>2,359,929</u>	\$ <u>409,015</u>	\$ <u>231,694</u>	\$ <u>2,537,250</u>
COUNTY CLERK FUNDS:				
<i>Assets</i>				
Cash and temporary investments	\$ <u>3,376,220</u>	\$ <u>2,761,664</u>	\$ <u>3,376,221</u>	\$ <u>2,761,663</u>
Total assets	\$ <u>3,376,220</u>	\$ <u>2,761,664</u>	\$ <u>3,376,221</u>	\$ <u>2,761,663</u>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Due to others	\$ 3,188,646	\$ _____	\$ 606,985	\$ 2,581,661
Accounts and accrued liabilities payable	<u>187,574</u>	_____	<u>7,572</u>	<u>180,002</u>
Total liabilities	\$ <u>3,376,220</u>	\$ <u>-0-</u>	\$ <u>614,557</u>	\$ <u>2,761,663</u>

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

For the Year Ended September 30, 2011

Exhibit 14
Page 2 of 3

	<u>Balance 10-01-10</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 09-30-11</u>
DISTRICT CLERK FUNDS:				
<i>Assets</i>				
Cash and temporary investments	\$ <u>3,084,650</u>	\$ <u>2,649,511</u>	\$ <u>3,084,650</u>	\$ <u>2,649,511</u>
Total assets	\$ <u><u>3,084,650</u></u>	\$ <u><u>2,648,511</u></u>	\$ <u><u>3,084,650</u></u>	\$ <u><u>2,649,511</u></u>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Due to others	\$ <u>3,084,650</u>	\$ <u>2,649,511</u>	\$ <u>3,084,650</u>	\$ <u>2,649,511</u>
Total liabilities	\$ <u><u>3,084,650</u></u>	\$ <u><u>2,649,511</u></u>	\$ <u><u>3,084,650</u></u>	\$ <u><u>2,649,511</u></u>
SHERIFF DEPARTMENT FUNDS:				
<i>Assets</i>				
Cash and temporary investments	\$ <u>31,969</u>	\$ <u>33,197</u>	\$ <u>31,969</u>	\$ <u>33,197</u>
Total assets	\$ <u><u>31,969</u></u>	\$ <u><u>33,197</u></u>	\$ <u><u>31,969</u></u>	\$ <u><u>33,197</u></u>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Due to others	\$ <u>31,969</u>	\$ <u>33,197</u>	\$ <u>31,969</u>	\$ <u>33,197</u>
Total liabilities	\$ <u><u>31,969</u></u>	\$ <u><u>33,197</u></u>	\$ <u><u>31,969</u></u>	\$ <u><u>33,197</u></u>
JUSTICE OF THE PEACE FUNDS:				
<i>Assets</i>				
Cash and temporary investments	\$ <u>46,279</u>	\$ <u>54,025</u>	\$ <u>59,556</u>	\$ <u>40,748</u>
Due from others	<u> </u>	<u>2,665</u>	<u>2,665</u>	<u>-0-</u>
Total assets	\$ <u><u>46,279</u></u>	\$ <u><u>56,690</u></u>	\$ <u><u>62,221</u></u>	\$ <u><u>40,748</u></u>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Due to others	\$ <u>46,279</u>	<u> </u>	\$ <u>5,531</u>	\$ <u>40,748</u>
Total liabilities	\$ <u><u>46,279</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>5,531</u></u>	\$ <u><u>40,748</u></u>

JOHNSON COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -

AGENCY FUNDS - Continued

For the Year Ended September 30, 2011

Exhibit 14
Page 3 of 3

	<u>Balance</u> 10-01-10	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> 09-30-11
TDCJ-CJAD:				
<i>Assets</i>				
Cash and temporary investments	\$ 494,609	\$ 7,284,137	\$ 7,208,800	\$ 569,946
Accounts receivable	169,815	174,273	169,815	174,273
Other assets	1,391		1,391	-0-
Due from others		<u>148</u>	<u>118</u>	<u>30</u>
Total assets	<u>\$ 665,815</u>	<u>\$ 7,458,558</u>	<u>\$ 7,380,124</u>	<u>\$ 744,249</u>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Accounts and accrued liabilities payable	\$ 202,140	\$ 3,675,464	\$ 3,664,861	\$ 212,743
Due to others	<u>463,675</u>	<u>296,639</u>	<u>228,808</u>	<u>531,506</u>
Total liabilities	<u>\$ 665,815</u>	<u>\$ 3,972,103</u>	<u>\$ 3,893,669</u>	<u>\$ 744,249</u>
TOTALS - ALL AGENCY FUNDS:				
<i>Assets</i>				
Cash and temporary investments	\$ 8,946,435	\$ 15,177,364	\$ 15,859,834	\$ 8,263,965
Accounts receivable	169,815	174,273	169,815	174,273
Other assets	1,391		1,391	-0-
Due from others	<u>462,344</u>	<u>346,027</u>	<u>463,496</u>	<u>344,875</u>
Total assets	<u>\$ 9,579,985</u>	<u>\$ 15,697,664</u>	<u>\$ 16,494,536</u>	<u>\$ 8,783,113</u>
<i>Liabilities and Fund Balance</i>				
Liabilities:				
Accounts and accrued liabilities payable	\$ 389,714	\$ 3,675,464	\$ 3,672,433	\$ 392,745
Due to others	<u>9,190,271</u>	<u>3,389,734</u>	<u>4,189,637</u>	<u>8,390,368</u>
Total liabilities	<u>\$ 9,579,985</u>	<u>\$ 7,065,198</u>	<u>\$ 7,862,070</u>	<u>\$ 8,783,113</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 ASSETS BY COMPONENTS
 Last Ten Fiscal Years¹

Table 1

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities:					
Invested in capital assets, net of related debt	\$	\$ 5,509,581	\$ 26,264,076	\$ 26,019,061	\$ 27,551,960
Restricted		13,714,296	16,532,649	12,721,810	6,865,408
Unrestricted		<u>9,125,190</u>	<u>13,503,382</u>	<u>17,243,663</u>	<u>21,150,662</u>
Total governmental activities net assets	<u>\$ -0-</u>	<u>\$ 28,349,067</u>	<u>\$ 56,300,107</u>	<u>\$ 55,984,534</u>	<u>\$ 54,568,030</u>

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

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 35,136,805	\$ 35,509,134	\$ 37,272,013	\$ 38,696,684	\$ 39,260,726
11,756,299	12,711,090	14,910,199	16,212,538	18,434,100
<u>17,699,334</u>	<u>21,575,834</u>	<u>24,747,594</u>	<u>31,815,702</u>	<u>32,237,818</u>
<u>\$ 64,592,438</u>	<u>\$ 69,796,058</u>	<u>\$ 76,929,806</u>	<u>\$ 86,724,924</u>	<u>\$ 89,932,644</u>

JOHNSON COUNTY, TEXAS
CHANGES IN NET ASSETS
 Last Ten Fiscal Years¹

Table 2

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenses					
Governmental Activities:					
General government ²	\$	\$ 7,354,208	\$ 7,687,361	\$ 9,312,766	\$ 8,181,158
Highways/streets		6,249,617	7,824,243	7,465,644	7,367,643
Law Enforcement		12,104,480	12,660,979	12,780,185	15,769,865
Administration of justice		2,992,458	3,645,720	3,812,413	4,865,771
Financial		444,101	464,622	469,342	533,187
Public health and welfare		3,223,354	2,014,287	1,578,568	1,269,057
Interest on long-term debt		<u>938,815</u>	<u>945,480</u>	<u>1,187,004</u>	<u>1,169,216</u>
Total expenses	<u>\$ -0-</u>	<u>\$ 33,307,033</u>	<u>\$ 35,242,692</u>	<u>\$ 36,605,922</u>	<u>\$ 39,155,897</u>
Program Revenues					
Governmental Activities:					
Fees, Fines and Charges for Services:					
General government ²	\$	\$ 3,874,274	\$ 4,376,927	\$ 4,049,529	\$ 5,153,714
Highways/streets		2,090,833	2,089,045	2,258,279	2,216,100
Law Enforcement		544,538	493,836	381,404	564,555
Administration of justice		155,423	795,960	2,844,599	2,487,519
Financial					
Public health and welfare					
Operating grants and contributions		3,969,343	2,554,415	3,336,944	2,628,142
Capital grants and contributions					
Total governmental activities program revenues	<u>-0-</u>	<u>10,634,411</u>	<u>10,310,183</u>	<u>12,870,755</u>	<u>13,050,030</u>
Net (expense) revenue	<u>\$ -0-</u>	<u>\$(22,672,622)</u>	<u>\$(24,932,509)</u>	<u>\$(23,735,167)</u>	<u>\$(26,105,867)</u>
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Taxes	\$	\$ 19,180,815	\$ 21,489,545	\$ 23,354,100	\$ 26,103,185
Investment earnings		359,886	328,941	842,666	1,161,504
Gain/(loss) on disposal					(282,023)
Miscellaneous		<u>1,006,151</u>	<u>1,262,172</u>	<u>539,844</u>	<u>1,216,413</u>
Total general revenues	<u>\$ -0-</u>	<u>\$ 20,546,852</u>	<u>\$ 23,080,658</u>	<u>\$ 24,736,610</u>	<u>\$ 28,199,079</u>
Change in assets before extraordinary items	\$	\$(2,125,770)	\$(1,851,851)	\$ 1,001,443	\$ 2,093,212
Extraordinary items		<u>2,500,000</u>			
Change in net assets	<u>\$ -0-</u>	<u>\$ 374,230</u>	<u>\$(1,851,851)</u>	<u>\$ 1,001,443</u>	<u>\$ 2,093,212</u>
Prior period adjustment	<u>\$ -0-</u>	<u>\$ 422,500</u>	<u>\$ 29,082,891</u>	<u>\$ 1,317,016</u>	<u>\$(798,098)</u>

Source: Comprehensive Annual Financial Report (Statement of Activities)

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

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 7,763,235	\$ 9,365,726	\$ 9,545,034	\$ 10,182,184	\$ 10,505,915
7,747,391	10,423,688	9,743,940	8,745,648	9,529,285
16,139,399	18,163,642	19,374,254	19,220,559	20,066,995
5,983,462	7,029,121	7,734,733	8,109,384	9,284,807
3,012,304	2,906,858	3,444,059	3,822,853	3,902,117
1,038,950	1,280,130	1,729,026	2,615,113	2,357,972
<u>1,497,019</u>	<u>1,177,707</u>	<u>1,145,108</u>	<u>1,159,632</u>	<u>821,658</u>
<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>

\$ 3,235,707	\$ 3,898,229	\$ 2,150,433	\$ 2,434,504	\$ 2,318,818
2,214,245	2,816,738	2,488,572	2,064,296	1,957,170
1,590,551	1,363,846	1,465,446	839,972	585,175
3,585,853	3,140,098	3,021,563	2,674,906	2,488,994
862,350	1,043,597	1,079,530	1,039,688	1,171,533
	31,410	60,856	11,372	38,516
3,065,163	3,834,540	3,855,193	3,992,091	3,853,757
<u>5,398,255</u>	<u>1,420,109</u>	<u>1,086,130</u>	<u>76,707</u>	<u>60,135</u>
<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>
<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>

\$ 30,432,894	\$ 35,965,010	\$ 43,456,398	\$ 48,031,682	\$ 46,512,961
1,535,829	1,008,287	256,184	131,318	111,064
63,844		58,494	60,093	
<u>1,221,477</u>	<u>175,565</u>	<u>871,103</u>	<u>2,293,862</u>	<u>1,741,776</u>
<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>
\$ 10,024,408	\$ 4,350,557	\$ 7,133,748	\$ 9,795,118	\$ 4,371,150
<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>
<u>\$(2,711,629)</u>	<u>\$ 130,932</u>	<u>\$ 235,227</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

Table 3

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund:					
Non-spendable	\$	\$	\$	\$	\$
Restricted					
Unassigned	<u>1,156,420</u>	<u>1,897,454</u>	<u>3,327,363</u>	<u>5,494,132</u>	<u>7,073,102</u>
Total general fund	<u>\$ 1,156,420</u>	<u>\$ 1,897,454</u>	<u>\$ 3,327,363</u>	<u>\$ 5,494,132</u>	<u>\$ 7,073,102</u>
Road and Bridge Fund:					
Non-spendable	\$	\$	\$	\$	\$
Restricted		2,301,677	2,141,192	2,076,088	2,336,572
Unassigned					
Total road and bridge	<u>\$ -0-</u>	<u>\$ 2,301,677</u>	<u>\$ 2,141,192</u>	<u>\$ 2,076,088</u>	<u>\$ 2,336,572</u>
All Other Governmental Funds:					
Non-spendable	\$ 365,090	\$ 262,036	\$ 341,976	\$ 322,090	\$ 604,455
Restricted	12,007,434	6,264,270	9,980,478	5,982,111	1,716,845
Unassigned	<u>6,977,290</u>	<u>5,232,845</u>	<u>4,677,869</u>	<u>5,648,376</u>	<u>4,473,217</u>
Total all other governmental funds	<u>\$ 19,349,814</u>	<u>\$ 11,759,151</u>	<u>\$ 15,000,323</u>	<u>\$ 11,952,577</u>	<u>\$ 6,794,517</u>

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 1,534,905	\$ 469,717	\$ 555,131	\$ 299,577	\$ 265,886
<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>
<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>
\$ 493,959	\$ 406,313	\$ 439,578	\$ 334,581	\$ 299,186
4,015,628	4,407,191	5,240,717	6,096,140	6,075,835
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<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>
\$ 1,134,704	\$ 2,089,135	\$ 2,125,037	\$ 2,248,781	\$ 1,640
101,826	2,068,155	426,996	1,183,189	11,662,250
<u>5,444,217</u>	<u>5,177,086</u>	<u>6,454,612</u>	<u>6,424,899</u>	<u>(9,731)</u>
<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>

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

Last Ten Fiscal Years

Table 4

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues:					
Taxes	\$ 17,030,271	\$ 19,059,086	\$ 21,610,079	\$ 23,474,200	\$ 26,127,510
Licenses and permits	2,115,617	2,084,792	2,089,045	2,199,800	2,216,100
Intergovernmental	2,710,365	3,969,343	2,554,415	3,527,418	1,965,268
Fees	3,991,230	3,303,182	3,788,752	4,668,039	6,892,207
Fines	1,208,992	1,277,094	1,250,247	1,276,788	1,454,090
Interest	627,841	359,886	328,941	845,183	1,161,504
Miscellaneous	<u>3,664,728</u>	<u>1,006,151</u>	<u>1,262,172</u>	<u>901,224</u>	<u>1,216,413</u>
Total revenues	<u>31,349,044</u>	<u>31,059,534</u>	<u>32,883,651</u>	<u>36,892,652</u>	<u>41,033,092</u>
Expenditures:					
General government	7,360,531	6,781,222	7,408,860	8,389,639	8,600,515
Highways/streets	5,122,038	5,699,207	5,348,608	5,593,591	5,885,584
Law enforcement	9,466,560	11,838,315	11,865,471	11,968,031	12,884,066
Administration of justice	5,502,583	2,968,082	3,308,311	3,753,590	4,896,102
Financial	409,506	442,432	464,622	469,342	533,187
Public health and welfare	2,566,089	3,216,302	2,009,726	1,578,568	1,269,057
Capital outlay	1,632,568	5,835,751	6,273,037	4,662,900	8,603,962
Debt Service:					
Principal	620,000	300,000	550,000	480,000	835,000
Interest	1,110,975	701,514	701,467	1,124,777	1,045,927
Other	<u>10,255</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>33,801,105</u>	<u>37,782,825</u>	<u>37,930,102</u>	<u>38,020,438</u>	<u>44,553,400</u>
Excess of revenues over (under) expenditures	<u>(2,452,061)</u>	<u>(6,723,291)</u>	<u>(5,046,451)</u>	<u>(1,127,786)</u>	<u>(3,520,308)</u>
Other Financing Sources (Uses):					
Transfers in	1,799,358	2,527,005	2,221,544	621,267	3,897,357
Transfers out	(1,799,358)	(2,527,005)	(2,221,544)	(627,267)	(3,897,357)
Debt issuance/other	<u>500,000</u>	<u> </u>	<u>9,558,670</u>	<u>26,187</u>	<u>375,000</u>
Total other financing sources (uses)	<u>500,000</u>	<u>-0-</u>	<u>9,558,670</u>	<u>26,187</u>	<u>375,000</u>
Extraordinary items	<u> </u>	<u>2,500,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balances	<u>\$(1,952,061)</u>	<u>\$(4,223,291)</u>	<u>\$ 4,512,219</u>	<u>\$(1,101,599)</u>	<u>\$(3,145,308)</u>
Debt service as a percentage of noncapital expenditures	5.4%	3.1%	4.0%	4.8%	5.2%

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 31,235,915	\$ 35,940,947	\$ 43,468,684	\$ 48,055,409	\$ 46,608,937
4,041,247	3,471,311	3,364,428	3,919,350	3,913,791
8,608,032	8,528,155	7,368,544	7,168,758	6,865,970
1,880,639	2,067,448	2,002,246	1,895,980	1,694,236
1,535,829	1,008,287	256,184	131,318	111,064
<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>
<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>
6,826,813	8,153,121	8,181,184	8,704,409	9,375,927
5,447,360	8,100,515	7,363,664	6,224,675	6,876,317
15,159,789	17,116,396	18,118,570	17,891,954	18,748,040
5,950,970	6,981,582	7,784,305	8,387,209	8,729,263
3,008,958	2,896,376	3,440,812	3,818,502	3,961,276
1,035,673	1,284,676	1,721,213	2,609,358	2,301,269
5,720,961	3,334,376	4,637,822	5,000,820	4,950,884
1,491,000	890,000	1,005,000	1,620,000	1,735,000
1,271,587	1,044,715	961,177	1,041,312	705,726
<u>45,913,111</u>	<u>49,801,757</u>	<u>53,213,747</u>	<u>55,298,239</u>	<u>57,383,702</u>
<u>3,689,517</u>	<u>4,028,781</u>	<u>5,503,817</u>	<u>8,131,316</u>	<u>3,552,072</u>
442,436	2,176,013	3,760,479	2,111,908	4,519,044
(442,436)	(2,176,013)	(3,760,479)	(2,111,908)	(4,519,044)
<u>2,025,200</u>	<u>15,034</u>	<u>132,699</u>	<u>1,161,472</u>	<u>49,460</u>
<u>2,025,200</u>	<u>15,034</u>	<u>132,699</u>	<u>1,161,472</u>	<u>49,460</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
\$ <u>5,714,717</u>	\$ <u>4,043,815</u>	\$ <u>5,636,516</u>	\$ <u>9,292,788</u>	\$ <u>3,601,532</u>
6.9%	4.2%	4.0%	5.3%	4.7%

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		
2002	\$ --	\$ --	\$ --	\$ --	\$ --
2003	2,955,165,941	566,121,867	1,286,511,633	743,120,174	1,098,031,899
2004	3,235,158,380	687,490,620	1,402,327,760	683,474,160	1,101,770,746
2005	3,509,632,135	724,348,644	1,480,363,908	738,299,499	1,100,963,620
2006	3,800,150,897	762,049,149	1,697,576,588	786,294,620	1,026,339,574
2007	4,056,545,082	797,867,553	2,260,555,194	963,850,697	1,120,558,568
2008	4,499,312,497	908,382,252	2,889,030,474	1,313,208,833	1,245,790,168
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	5,497,467,860	1,887,848,871	1,472,041,904

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. 2001-2002 Tax data unavailable for these specific categories.

^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>
\$ --	\$ --	0.417350	---
4,452,887,716	4,452,887,716	0.425085	100.00%
4,906,680,174	4,906,680,174	0.434878	100.00%
5,351,680,566	5,351,680,566	0.434878	100.00%
6,019,731,680	6,019,731,680	0.434878	100.00%
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%

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

Table 6

Last Ten Fiscal Years

(rate per \$100 of assessed value)

	2002 Tax Rate	2003 Tax Rate	2004 Tax Rate	2005 Tax Rate	2006 Tax Rate
Cities:					
Alvarado	0.778670	0.750000	0.750000	0.750000	0.750000
Burleson	0.604260	0.598480	0.598480	0.596400	0.629900
Cleburne	0.730000	0.711900	0.711900	0.748108	0.714000
Godley	0.619530	0.609930	0.583450	0.583450	0.500000
Grandview	0.710662	0.724185	0.682700	0.754984	0.742823
Joshua	0.524700	0.520000	0.540900	0.633500	0.669000
Keene	0.729599	0.687071	0.676614	0.676614	0.676614
Mansfield	0.710000	0.710000	0.710000	0.690000	0.690000
Rio Vista	0.498900	0.489200	0.495500	0.649860	0.590143
Venus	0.731680	0.755000	0.755000	0.762698	0.794900
School Districts:					
Alvarado ISD	1.171000	1.710000	1.720000	1.730000	1.406883
Burleson ISD	1.779913	1.749599	1.748400	1.735220	1.450050
Cleburne ISD	1.693700	1.678700	1.686700	1.693500	1.238550
Crowley ISD	1.723000	1.768000	1.768000	1.789000	1.671000
Godley ISD	1.613340	1.607840	1.596840	1.438795	1.011963
Granbury ISD	1.730000	1.700000	1.670000	1.670000	1.440000
Grandview ISD	1.585000	1.575000	1.575000	1.575000	1.115050
Joshua ISD	1.738080	1.738080	1.738080	1.738080	1.538850
Keene ISD	1.740000	1.740000	1.558500	1.500000	1.400500
Mansfield ISD	1.682000	1.682000	1.717000	1.772000	1.687500
Rio Vista ISD	1.650000	1.650000	1.630000	1.630000	1.600500
Venus ISD	1.500000	1.550000	1.590000	1.600000	1.140050
Johnson County:					
County	0.357295	0.382088	0.382088	0.382088	0.369004
FMLR	0.067790	0.052790	0.052790	0.052790	0.052790
Total	0.425085	0.434878	0.434878	0.434878	0.421794
Special District Rates:					
Emergency Service	0.030000	0.030000	0.030000	0.030000	0.030000
Hill College - Alvarado ISD	0.045450	0.041633	0.041392	0.045873	0.043862
Hill College - Cleburne ISD	0.049774	0.048507	0.048140	0.050000	0.044988
Hill College - Godley ISD	0.038010	0.036094	0.034769	0.025531	0.015924
Hill College - Grandview ISD	0.042548	0.041123	0.039714	0.045167	0.034489
Hill College - Joshua ISD	0.042254	0.040287	0.040203	0.040203	0.038778
Hill College - Keene ISD	0.044966	0.045234	0.040498	0.046877	0.044475
Hill College - Rio Vista ISD	0.040982	0.038482	0.033976	0.034621	0.028091
Hill College - Venus ISD	0.040790	0.039233	0.039250	0.040007	0.036287

Source: Johnson County Appraisal District
Texas Municipal Report

<u>2007 Tax Rate</u>	<u>2008 Tax Rate</u>	<u>2009 Tax Rate</u>	<u>2010 Tax Rate</u>	<u>2011 Tax Rate</u>	<u>% Applicable to Johnson County</u>
0.697315	0.697313	0.697313	0.722313	0.745050	100.00%
0.661825	0.694000	0.694000	0.710000	0.690000	77.18%
0.650000	0.620000	0.620000	0.706446	0.719990	100.00%
0.500000	0.500000	0.500000	0.500000	0.500000	100.00%
0.742823	0.742823	0.742823	0.742823	0.740003	100.00%
0.656219	0.653476	0.634331	0.685270	0.685270	100.00%
0.821737	0.757861	0.757861	0.797861	0.797861	100.00%
0.690000	0.710000	0.710000	0.710000	0.710000	4.89%
0.528004	0.515560	0.513276	0.564162	0.606535	100.00%
0.794900	0.801506	0.821506	0.841506	0.846975	86.50%
1.410000	1.306900	1.280000	1.316000	1.316000	100.00%
1.405100	1.468800	1.540000	1.540000	1.540000	64.68%
1.236800	1.236600	1.236600	1.236600	1.236600	100.00%
1.409850	1.535000	1.535000	1.535000	1.535000	1.45%
1.031820	1.081800	1.071481	1.122390	1.137090	84.28%
1.171150	1.170000	1.155000	1.140000	1.150000	2.13%
1.115000	1.160000	1.160000	1.270000	1.270000	97.72%
1.460000	1.390000	1.390000	1.390000	1.390000	100.00%
1.040000	1.420000	1.382300	1.490900	1.490900	100.00%
1.450000	1.450000	1.450000	1.496000	1.496000	5.88%
1.180000	1.144500	1.183300	1.386200	1.365300	98.92%
1.180000	1.240000	1.198300	1.270000	1.380000	100.00%
0.356962	0.306708	0.300589	0.327500	0.300500	100.00%
0.052790	0.052790	0.052790	0.052000	0.049000	100.00%
0.409752	0.359498	0.353379	0.379500	0.379500	
0.030000	0.030000	0.030000	0.060000	0.060000	100.00%
0.039360	0.025254	0.022745	0.028883	0.033848	100.00%
0.039930	0.030717	0.030252	0.039049	0.043557	100.00%
0.015843	0.011388	0.009243	0.010931	0.012070	84.28%
0.036045	0.031739	0.031375	0.039672	0.046517	97.72%
0.034000	0.028234	0.025561	0.031394	0.034623	100.00%
0.041379	0.035143	0.030062	0.030062	0.033146	100.00%
0.026756	0.020197	0.020059	0.023200	0.026834	98.92%
0.031375	0.025562	0.020585	0.025394	0.029121	100.00%

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

Table 7

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	% of Total Assessed Value	Taxable Assessed Value	Rank	% of Total Assessed Value
EOG Resources Inc.	\$ 647,745,625	1	5.05%	\$ --	--	--
Chesapeake Operating Inc	413,478,372	2	3.22%	--	--	--
Devon Energy Op Co LP	316,657,428	3	2.47%	--	--	--
XTO Energy Inc	213,414,792	4	1.66%	--	--	--
Texas Midstream Gas	137,608,267	5	1.07%	--	--	--
ETC Texas Processing LTD	120,002,098	6	0.94%	--	--	--
Energy Transfer Fuel LP	118,539,804	7	0.92%	--	--	--
Halliburton Energy Serv Inc	108,549,809	8	0.85%	18,665,020	7	0.46%
Brazos Electric Power Co op	95,307,911	9	0.74%	--	--	--
Wal-Mart Stores East	83,459,164	10	0.65%	23,573,902	1	0.58%
Manville Sales Corp	--	--	--	48,683,500	2	1.21%
Southwestern Bell	--	--	--	46,521,290	3	1.15%
Oncor Electric	--	--	--	43,202,730	4	1.07%
James Hardie Building	--	--	--	32,292,290	5	0.80%
Burlington Northern	--	--	--	24,064,180	6	0.60%
Ponderosa Pine Energy, Inc.	--	--	--	20,419,940	8	0.51%
Texas Lime Co.	--	--	--	18,706,459	9	0.46%
United Coop Services	--	--	--	18,665,020	10	0.46%
Total	\$ <u>2,254,763,270</u>		<u>17.57%</u>	\$ <u>294,794,331</u>		<u>7.31%</u>
Total Taxable Assessed Value	\$ <u>12,831,208,341</u>			\$ <u>4,034,803,165</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
2002	\$ 16,912,712	\$ 16,117,370	95.30%	\$ 664,412	\$ 16,781,782	99.23%
2003	18,872,838	18,047,602	95.63%	698,558	18,746,160	99.33%
2004	21,353,691	20,519,404	96.09%	594,727	21,114,131	98.88%
2005	23,176,557	22,331,369	96.35%	454,934	22,786,303	98.32%
2006	25,838,712	25,037,560	96.90%	454,778	25,492,338	98.66%
2007	30,456,562	29,799,402	97.84%	401,562	30,200,964	99.16%
2008	35,534,532	34,698,756	97.65%	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%

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

Fiscal Year	General Bonded Debt Outstanding				Less: Amounts Available for Principal	Remaining	Percentage of Actual Taxable Property Value ^a	Per Capita ^b	Percentage of Personal Income
	General Obligation Bonds	Certificates of Obligation	Tax Anticipation Notes	Total					
2002	\$ --	\$ 15,843,016	\$ 510,000	\$ 16,353,016	\$ 365,090	\$ 15,987,926	\$ 0.40%	\$ 117.82	0.48%
2003	--	16,030,317	260,000	16,290,317	262,036	16,028,281	0.36%	114.49	0.46%
2004	--	25,382,279	300,000	25,682,279	341,976	25,340,303	0.52%	173.09	0.70%
2005	1,460,000	23,860,684	--	25,320,684	322,090	24,998,594	0.47%	166.15	0.65%
2006	1,460,000	23,335,903	190,000	24,985,903	604,455	24,381,448	0.41%	159.77	0.59%
2007	11,180,098	13,430,000	994,000	25,604,098	1,127,308	24,476,790	0.35%	157.00	0.56%
2008	10,764,579	12,905,000	2,856,000	26,525,579	1,676,881	24,848,698	0.30%	159.54	0.53%
2009	10,652,172	12,265,000	920,000	23,837,172	2,094,378	21,742,794	0.18%	138.92	0.44%
2010	14,883,209	7,005,000	400,000	22,288,209	2,248,780	20,039,429	0.15%	123.81	0.38%
2011	14,034,246	6,620,000	--	20,654,246	2,585,752	18,068,494	0.14%	117.45	0.37%

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

^a Assessed values from the office of the Johnson County Central Appraisal District.

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

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

As of September 30, 2011

Table 10

<u>Taxing Jurisdiction</u>	<u>Net Bonded Debt as of Sept. 30, 2011</u>	<u>% Applicable to Johnson County (1)</u>	<u>Amount Applicable to Johnson County (1)</u>
<u>Direct Debt</u>			
Johnson County	\$ 20,654,246	100.00%	\$ 20,654,246
<u>Overlapping Debt</u>			
<u>Cities</u>			
City of Alvarado	5,001,131	100.00%	5,001,131
City of Burleson	42,905,023	77.18%	33,114,097
City of Cleburne	21,419,976	100.00%	21,419,976
City of Crowley	14,954,832	0.46%	68,792
City of Godley	2,335,000	100.00%	2,335,000
City of Grandview	1,474,588	100.00%	1,474,588
City of Joshua	5,275,728	100.00%	5,275,728
City of Keene	5,375,000	100.00%	5,375,000
City of Mansfield	95,290,000	4.89%	4,659,681
City of Rio Vista	425,000	100.00%	425,000
City of Venus	1,884,000	86.50%	1,629,660
<u>School Districts</u>			
Alvarado ISD	52,589,393	100.00%	52,589,393
Burleson ISD	295,534,709	64.68%	191,151,850
Cleburne ISD	44,157,002	100.00%	44,157,002
Crowley ISD	279,814,446	1.45%	4,057,309
Godley ISD	32,826,249	84.28%	27,665,963
Granbury ISD	45,275,567	2.13%	964,370
Grandview ISD	16,670,418	97.72%	16,290,332
Joshua ISD	71,384,291	100.00%	71,384,291
Keene ISD	14,100,000	100.00%	14,100,000
Mansfield ISD	686,868,630	5.88%	40,387,875
Rio Vista ISD	14,113,312	98.92%	13,960,888
Venus ISD	11,546,776	100.00%	<u>11,546,776</u>
Total Overlapping Debt			<u>\$ 569,034,702</u>
Total Direct & Overlapping Debt			<u>\$ 589,688,948</u>

(1) Source: Municipal Advisory Council of Texas

The overlap for each entity is calculated by dividing the total in-county taxable value of each entity by the total taxable value of the entity.

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

Table 11

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Assessed value of real property ⁽¹⁾	\$ 4,034,803,165	\$ 4,452,887,716	\$ 4,906,680,174	\$ 5,351,680,566	\$ 6,019,731,680
Debt limit ⁽²⁾	1,008,700,791	1,113,221,929	1,226,670,044	1,337,920,142	1,504,932,920
Amount of Debt Applicable to Limit ⁽³⁾					
Total bonded debt	16,353,016	16,290,317	25,682,279	25,320,684	24,985,903
Less: Assets in debt service fund	<u>365,090</u>	<u>262,036</u>	<u>341,976</u>	<u>322,090</u>	<u>604,455</u>
Total net debt applicable to limit	15,987,926	16,028,281	25,340,303	24,998,594	24,381,448
Legal debt margin	<u>\$ 992,712,865</u>	<u>\$ 1,097,193,648</u>	<u>\$ 1,201,329,741</u>	<u>\$ 1,312,921,548</u>	<u>\$ 1,480,551,472</u>
Total net debt applicable to the limit as a percentage of debt limit	1.59%	1.44%	2.07%	1.87%	1.62%
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Assessed value of real property ⁽¹⁾	\$ 6,958,259,958	\$ 8,364,143,888	\$ 11,831,450,070	\$ 13,191,818,413	\$ 12,831,208,341
Debt limit ⁽²⁾	1,739,564,990	2,091,035,972	2,957,862,518	3,297,954,603	3,207,802,085
Amount of Debt Applicable to Limit ⁽³⁾					
Total bonded debt	26,316,186	26,525,579	24,484,579	22,288,209	20,654,246
Less: Assets in debt service fund	<u>1,706,088</u>	<u>1,683,067</u>	<u>2,094,417</u>	<u>2,248,781</u>	<u>2,590,359</u>
Total net debt applicable to limit	24,610,098	24,842,512	22,390,162	20,039,428	18,063,887
Legal debt margin	<u>\$ 1,714,954,892</u>	<u>\$ 2,066,193,460</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	1.41%	1.19%	0.76%	0.61%	0.56%

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 Assets).

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>
2002	131,636	\$ 3,375,385	\$ 25,642	5.8%
2003	134,048	3,525,946	26,304	6.3%
2004	134,460	3,679,590	26,965	5.4%
2005	138,873	3,836,561	27,627	4.7%
2006	141,285	3,996,585	28,288	3.7%
2007	143,697	4,159,941	28,950	4.1%
2008	146,109	4,326,345	29,611	6.0%
2009	148,522	4,496,085	30,273	8.0%
2010	150,934	4,668,992	30,934	8.1%
2011	153,802	4,887,059	31,775	8.5%

^a BEA population data from 2002 through 2009 has been adjusted based on 2010 census. 2011 data is derived from trended data.

^b BEA Personal & Per Capita Income from 2002 through 2009 has been adjusted based on 2010 census. 2011 data is derived from trended data.

^c Unemployment rates were provided by the Texas Workforce Commission.

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

Table 13

Employer	2011			2002		
	Number of Employees	Rank	% of Total County Employment	Number of Employees	Rank	% of Total County Employment
Burleson ISD	1,433	1	2.01%	N/A	--	N/A
Cleburne ISD	950	2	1.33%	N/A	--	N/A
Wal-Mart Distribution Center	782	3	1.10%	N/A	--	N/A
Joshua ISD	660	4	0.93%	N/A	--	N/A
Johnson County	593	5	0.83%	N/A	--	N/A
Wal-Mart Supercenter (Burleson)	531	6	0.74%	N/A	--	N/A
Wal-Mart Supercenter (Cleburne)	480	7	0.67%	N/A	--	N/A
Sabre Tubular Structures	415	8	0.58%	N/A	--	N/A
Texas Health Resources	371	9	0.52%	N/A	--	N/A
City of Cleburne	337	10	0.47%	N/A	--	N/A
Total	6,552		9.19%	N/A		N/A
Total County Employment	71,308			N/A		N/A

Source: Johnson County Economic Development Commission
 Individual Employers

N/A - Not Available

JOHNSON COUNTY, TEXAS**FULL-TIME COUNTY GOVERNMENT EMPLOYEES BY FUNCTION**

Last Ten Fiscal Years

Table 14

Function	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government	--	84	87	93	98	106	126	141	135	128
Highways/streets	--	75	77	78	77	74	72	90	79	75
Law enforcement	--	231	243	238	263	293	304	189 ^(a)	198	187
Administrative justice	--	49	54	62	63	70	81	87	89	82
Financial	--	12	12	12	12	12	12	14	14	13
Public health & welfare	--	11	10	10	10	10	9	9	8	5
Culture & recreation	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>7^(b)</u>	<u>6</u>	<u>3</u>
Total	<u>N/A</u>	<u>462</u>	<u>483</u>	<u>493</u>	<u>523</u>	<u>565</u>	<u>604</u>	<u>537</u>	<u>529</u>	<u>493</u>

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				
	2002	2003	2004	2005	2006
General Government:					
County Clerk					
Criminal Cases filed	4,278	4,823	5,446	5,597	6,546
Civil Cases filed	1,129	1,096	1,293	1,370	1,671
Juvenile petitions filed	242	223	223	177	200
Personnel					
Positions filed	550	560	577	625	675
Payroll checks processed	14,023	14,213	14,394	14,546	16,302
Public Works					
Permits Issued	1,440	1,135	1,162	1,333	1,424
Septic complaints addressed	N/A	N/A	N/A	N/A	435
Purchasing					
Purchase orders issued	8,506	8,061	7,791	8,014	6,584
Competitive bids	31	28	34	31	42
Tax Assessor/Collector					
County Tax accounts	70,433	72,853	75,343	77,907	82,549
Automobile registrations	125,648	129,982	129,465	133,814	142,218
Elections Administration					
Registered voters	71,096	73,737	73,939	76,694	80,834
Administrative Justice					
District Courts					
Civil cases filed	2,725	2,756	2,935	2,191	3,134
Criminal cases filed	1,322	1,481	1,630	1,326	1,724
County Courts					
Criminal cases disposed	4,765	4,762	5,344	6,220	6,181
Civil cases disposed	1,103	909	1,038	1,026	1,096
Juvenile petitions disposed	216	247	202	192	188
District Clerk					
Civil cases disposed	3,094	3,177	3,086	3,074	3,126
Criminal cases disposed	1,489	1,688	1,851	1,747	2,071
Justice of the Peace					
Civil cases filed	1,516	1,676	1,771	1,585	1,754
Criminal cases filed	11,593	15,298	15,810	16,820	17,551
Civil cases disposed	--	--	--	--	--
Criminal cases disposed	--	--	--	--	--

(continued)

Fiscal Year				
2007	2008	2009	2010	2011
6,317	4,972	4,395	4,316	3,769
1,800	1,723	1,238	1,179	1,724
264	309	281	266	183
685	725	608 ⁽¹⁾	607	586
16,829	17,816	15,585 ⁽¹⁾	15,903	15,499
1,659	1,561	964	715	681
458	408	256	214	187
6,643	7,018	6,507	5,896	5,563
39	55	23	39	28
92,788	114,151	136,166	185,126	202,431
146,544	157,150	158,597	158,676	160,584
76,890	78,544	79,811	81,486	77,802
3,297	3,544	3,397	3,268	3,042
1,881	1,596	1,366	1,338	2,333
7,238	6,070	4,819	4,871	4,007
1,803	1,859	1,822	1,371	1,688
184	212	200	193	183
2,835	3,195	3,404	6,264	1,319
1,798	1,546	1,565	1,416	1,453
1,839	2,804	2,168	1,928	2,000
18,698	15,047	16,710	14,789	12,922
--	--	--	--	1,799
--	--	--	--	12,217

JOHNSON COUNTY, TEXAS

OPERATING INDICATORS BY FUNCTION - Continued

Last Ten Fiscal Years

Table 15

Page 2 of 2

Function	Fiscal Year				
	2002	2003	2004	2005	2006
Law Enforcement					
County Jail					
Average daily jail population	460	506	515	449	503
Sheriff					
E-911 calls received (approx)	31,922	31,922	31,922	31,922	31,922
Financial					
County Auditor					
A/P checks processed	11,265	9,752	8,925	7,588	6,312
Invoices processed	--	--	--	--	--
Highways and Streets					
Miles of roads resurfaced	99	213	180	126	104
Public Health & Welfare					
Autopsies performed	78	37	39	28	36
Medical Examiner cases	391	354	327	344	360
Indigent clients	N/A	N/A	421	300	175
Culture & Recreation					
Hamm Creek Park Visitors	--	--	--	--	--

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.

Fiscal Year				
2007	2008	2009	2010	2011
566	447	580	564	613
52,231	64,500	224,566 ⁽²⁾	37,667	38,883
6,780	6,624	7,131	7,137	6,986
--	--	--	19,260	17,706
299	221	104	114	113
44	87	90	123	49
355	460	399	441	25
128	107	94	160	94
--	--	3,519 ⁽³⁾	7,214	13,246

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

Table 16

Function	Fiscal Year				
	2002	2003	2004	2005	2006
Administration of Justice					
Furniture and equipment					
Vehicles & mobile equipment					
Land & building					
General Government					
Furniture and equipment					
Vehicles & mobile equipment					
Land & building					
Highways and Streets					
Furniture and equipment					
Vehicles & mobile equipment					
Land & building					
Law Enforcement					
Furniture and equipment					
Vehicles & mobile equipment					
Land & building					
Health & Welfare					
Furniture and equipment					
Vehicles & mobile equipment					
Land & building					
Culture & Recreation					
Furniture and equipment					
Vehicles & mobile equipment					
Land & building					

Source: Johnson County Financial Records

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

Fiscal Year				
2007	2008	2009	2010	2011
			20	20
			6	5
			1	2
			288	287
			11	9
			77	78
			8	10
			311	331
			14	19
			98	87
			196	210
			8	12
			6	26
			3	7
			--	1
			1	1
			3	4
			--	2



FEDERAL AND STATE AWARDS SECTION



KENNEMER, MASTERS & LUNSFORD

CERTIFIED PUBLIC ACCOUNTANTS
Limited Liability Company

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Independent Auditor's Report

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

March 20, 2012

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Johnson County, Texas (the "County") as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 20, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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 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.

The Honorable County Judge,
and Members of Commissioners
Court of Johnson County, Texas
March 20, 2012
Page 2

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We have performed tests designed to verify the County's compliance with the requirements of the Public Funds Investment Act. During the year ended September 30, 2011, no instances of noncompliance were found.

We noted certain matters that we reported to management of the County, in a separate letter dated March 20, 2012.

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

Kennemer, Masters & Hungford, LLC

KENNEMER, MASTERS & LUNSFORD

CERTIFIED PUBLIC ACCOUNTANTS
Limited Liability Company

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Independent Auditor's Report

Report on Compliance with Requirements that Could Have a Direct and Material Effect on
Each Major Program and on Internal Control Over Compliance in Accordance with
OMB Circular A-133

March 20, 2012

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

Compliance

We have audited the compliance of Johnson County (the "County"), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal and state programs for the year ended September 30, 2011. The County's major federal and state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended September 30, 2011.

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The Honorable County Judge,
and Members of Commissioners
Court of Johnson County, Texas
March 20, 2012
Page 2

Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal or 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 federal or state program will not be prevented, or detected and corrected, on a timely basis.

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 the County's internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we consider the deficiency described in the accompanying schedule of findings and questioned costs (item 11-1) to be a significant deficiency in internal control over compliance.

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

Kerremers, Masters & Hurdford, LLC

JOHNSON COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2011

Page 1 of 2

I. Summary of auditor's results:

1. Type of auditor's report issued on the financial statements: Unqualified.
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. One internal control finding (11-1), that was 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: Unqualified.
6. Did the audit disclose findings which are required to be reported under Sec._510(a): No
7. Major programs include:
 - Federal:
 - Emergency Operations Center Grant Program (EOCGP) CFDA #97.052
 - State:
 - TJPC Cluster Programs:
 - TJPC-A-11/12-126 State Aid Program
 - TJPC-Y-11-126 Community Correction Assistance Program
 - TJPC-Z21-11-126 Salary Adjustment Funding JP and Detention Centers
 - TJPC-F-11-126 Progressive Sanctions JPO
 - TJPC-X-11-126 Intensive Community Based Placement
 - TJPC-C-11/12-126 Commitment Reduction Program
 - TJPC-P-11/12-126 Juvenile Justice Alternative Education Program Boot Camp
 - TJPC-H-11-126 Diversionary Placement
 - Aircheck Texas Repair and Replacement Assistance Program
8. Dollar threshold used to distinguish between Type A and Type B programs: Federal \$ 300,000; State \$ 300,000.
9. Low risk auditee: No.

JOHNSON COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2011

Page 2 of 2

II. Findings related to the financial statements.

The audit disclosed no findings required to be reported.

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

The audit disclosed the following finding required to be reported:

1. Schedule reference number 11-1: Contracting. Controls over selection of contractors on a federally funded project were not completed timely.

Criteria: Contractors on federal or state funded projects are to be reviewed and determined to be clear of any disbarment prior to executing a contract.

Condition found: The County had not reviewed the major contractor for possible disbarment on one project prior to executing a contract with the contractor. Subsequently, the review was performed and the contractor was found to be without disbarment.

Questioned costs/basis: None

Instances/universe: The item was noted during specific program compliance audit testing for the year ended September 30, 2011.

Effect: If contractor would have been found to be disbarred then the County would have been found to be out of compliance with the requirements of the federal grant and possible questioned costs would have resulted.

Recommendation: The County should clearly develop, implement and communicate the policy and procedure to review all contractors for possible disbarment on federal and state funded projects prior to entering into any contracts with these contractors.

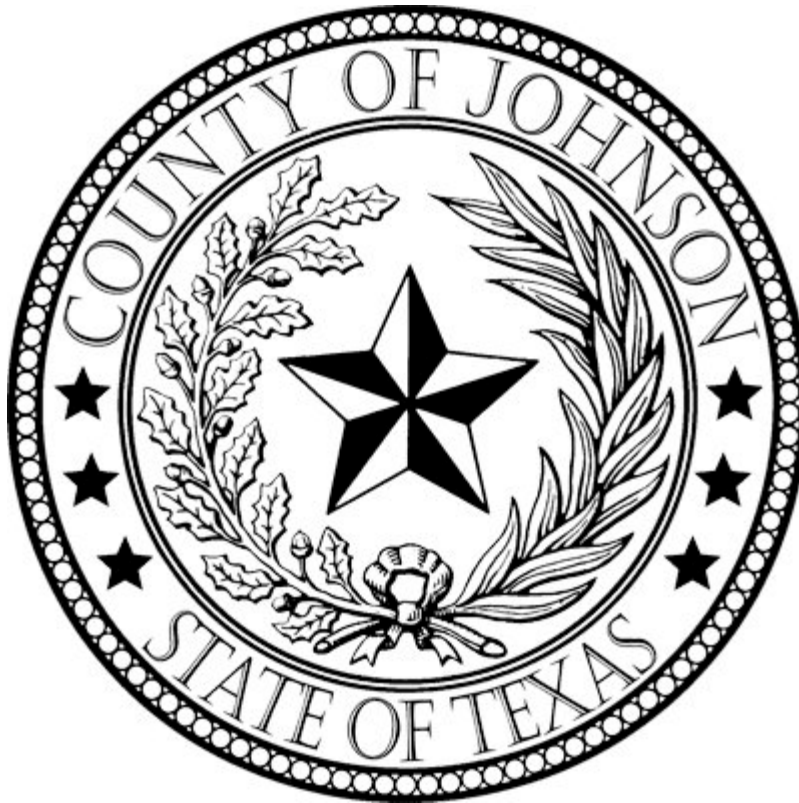
Schedule reference number 10-1: Unrecorded Liabilities. Controls over recording of liabilities were not consistently executed.

Corrective action taken: The County Auditor's office has performed a detailed review of invoices on hand at the end of the year and has determined all liabilities to be recorded as of the end of the year. The County Auditor's office has added this procedure to the year-end closing procedures in order to perform a complete and consistent recording of liabilities at the end of each year.

Schedule reference number 11-1: Contracting. Controls over selection of contractors on a federally funded project were not completed timely.

Corrective action plan: The County's purchasing department has developed a written policy and procedure to review all contractors for possible disbarment on federal and state funded projects prior to entering into any contracts with these contractors. The policy and procedure has been reviewed with all purchasing department personnel.

Responsible: Margaret Cook, Purchasing Agent



JOHNSON COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2011

Exhibit 13
Page 1

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Contract/ Program Number	Expenditures Indirect Costs or Award Amount
U.S. Department of Housing and Urban Development: Passed Through Office of Rural Community Affairs (ORCA): Community Development Block Grant	14.228	727310	\$ <u>6,237</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			\$ <u><u>6,237</u></u>
U.S. Department of Interior: Passed Through Fish and Wildlife Service: Refuge Revenue Sharing Act of 1978	15.000	--	\$ <u>1,253</u>
TOTAL U.S. DEPARTMENT OF INTERIOR			\$ <u><u>1,253</u></u>
U.S. Department of Justice: Direct:			
State Criminal Alien Assistance Program	16.606	2010-AP-BX-0700	\$ <u>89,327</u>
Bulletproof Vest Partnership Program	16.607	--	<u>8,627</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-B9-0606	8,258
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-1028	<u>19,523</u>
			<u>27,781</u>
FY06 BJA Congressional Mandated Awards	16.753	2009-D1-BX-0025	60,216
FY06 BJA Congressional Mandated Awards	16.753	2010-DD-BX-0535	<u>109,853</u>
			<u>170,069</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			\$ <u><u>295,804</u></u>
U.S. Department of Energy: Energy Efficiency and Conservation Block Grant (EECBG)	81.128	DE-EE0000893	\$ <u>74,336</u>
TOTAL U.S. DEPARTMENT OF ENERGY			\$ <u><u>74,336</u></u>
Elections Assistance Commission: Help America Vote Act – Voting System Accessibility	90.401	78601	\$ <u>121,434</u>
TOTAL ELECTIONS ASSISTANCE COMMISSION			\$ <u><u>121,434</u></u>

JOHNSON COUNTY, TEXAS*SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued*

For the Year Ended September 30, 2011

Exhibit 13

Page 2

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Contract/ Program Number	Expenditures Indirect Costs or Award Amount
U.S. Department of Health and Human Service: Passed Through Texas Department of State Health Services:			
CPS-Cities Readiness Initiative Bioterrorism	93.283	2010-035571	\$ 50,567
CPS-Cities Readiness Initiative Bioterrorism	93.283	2011-035571	<u>13,129</u>
			63,696
Passed Through Texas Department of Protective and Regulatory Services:			
Foster Care Title IV-E	93.658	E-2011-126	<u>95,345</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICE			<u>\$ 159,041</u>
U.S. Department of Homeland Security: Passed Through Governors Division of Emergency Management:			
Emergency Operations Center Grant Program (EOCGP)	97.052	2010-EO-MX-0017	<u>\$ 720,929</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>\$ 720,929</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 1,379,034</u>
TOTAL MAJOR PROGRAMS			<u>\$ 720,929</u>
TYPE A PROGRAM			<u>\$ 300,000</u>

JOHNSON COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended September 30, 2011

Exhibit 14
Page 1

State Grantor/ Pass-Through Grantor/ Program Title	Contract/ Program Number	Expenditures or Award Amount
Texas Juvenile Probation Commission:		
Direct Programs:		
State Aid Program (1)	TJPC-A-11-126	\$ 151,004
State Aid Program (1)	TJPC-A-12-126	44,670
Commitment Reduction Program (1)	TJPC-C-11-126	51,100
Commitment Reduction Program (1)	TJPC-C-12-126	6,163
Community Correction Assistance Program (1)	TJPC-Y-11-126	256,234
Salary Adjustment Funding JP and Detention Centers (1)	TJPC-Z-11-126	28,456
Progressive Sanctions JPO (1)	TJPC-F-11-126	25,234
Intensive Community Based Placement (1)	TJPC-X-11-126	34,932
Diversiory Placement (1)	TJPC-H-11-126	94,700
Secure Felony Placement	TJPC-L-11-126	22,540
Passed Through Texas Education Agency:		
Juvenile Justice Alternative Education Program (JJAEP) (1)	TJPC-P-11-126	89,112
Juvenile Justice Alternative Education Program (JJAEP) (1)	TJPC-P-12-126	<u>20,725</u>
TOTAL TEXAS JUVENILE PROBATION COMMISSION		\$ <u>824,870</u>
Texas Commission on Environmental Quality:		
Direct:		
Aircheck Texas Repair and Replacement Assistance Program	582-9-90416-11	\$ 409,281
Emissions Enforcement Officer Program	582-8-89954-11	<u>45,137</u>
TOTAL TEXAS COMMISSION ON ENVIRONMENTAL QUALITY		\$ <u>454,418</u>
Commission on State of Texas Emergency Communications:		
Passed Through North Central Council of Governments:		
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)	11-21169	\$ 28,151
Texas Victim Information and Notification Everyday (VINE)	12-24682	<u>2,559</u>
		30,710
Victim Assault Prevention and Crisis Services Program	---	<u>13,750</u>
TOTAL OFFICE OF ATTORNEY GENERAL		\$ <u>44,460</u>

JOHNSON COUNTY, TEXAS**SCHEDULE OF EXPENDITURES OF STATE AWARDS - Continued**
For the Year Ended September 30, 2011Exhibit 14
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 Services	212-11-126	\$ <u>127,234</u>
TOTAL TEXAS TASK FORCE ON INDIGENT DEFENSE		\$ <u><u>127,234</u></u>
Office of Governor - Criminal Justice Division: Passed Through the Criminal Justice Division: Mental Health Resource Officer Mental Health Resource Officer	SF-10-A-21695-02 SF-10-A-21695-03	\$ 39,785 <u>4,631</u>
TOTAL OFFICE OF THE GOVERNOR		\$ <u><u>44,416</u></u>
Texas Historical Commission: Direct: Texas Historical Preservation Program – Acoustical Study	---	\$ <u>2,500</u>
TOTAL TEXAS HISTORICAL COMMISSION		\$ <u><u>2,500</u></u>
TOTAL STATE ASSISTANCE		\$ <u><u>1,518,063</u></u>
TOTAL MAJOR PROGRAMS		\$ <u><u>1,211,612</u></u>
TYPE A PROGRAM		\$ <u><u>300,000</u></u>

(1) Cluster Programs per TJPC

JOHNSON COUNTY, TEXAS

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AND STATE AWARDS

Year Ended September 30, 2011

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

Governmental Fund Types:

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

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

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

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

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

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

JOHNSON COUNTY, TEXAS

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AND STATE AWARDS - Continued

Year Ended September 30, 2011

3. The period of availability for state grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Supplement.
4. Indirect Costs - Johnson County, Texas received no reimbursements for indirect costs during the year ended September 30, 2011.

