

JOHNSON COUNTY, TEXAS

Notes to the Financial Statements

For The Year Ended September 30, 2014

NOTE 2 - DEPOSITS, INVESTMENTS AND DERIVATIVES - Continued

Investments - continued

Credit Risk – As of September 30, 2014, the LGIP's (which represent approximately 30.43% of the investment portfolio) are rated AAAM by Standard and Poor's or AAA by Finch, and the United States securities and agencies (which represent 69.57% of the investment portfolio) were covered by \$ 378,383 of Securities Investor Protection Corporation insurance and \$ 10,438,485 of private insurance, respectively, 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.

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, 2014, and holds no direct investments in derivatives at September 30, 2014.

NOTE 3 - RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND DEFERRED INFLOWS OF RESOURCES AND UNEARNED REVENUES

Receivables and Allowances

Receivables as of September 30, 2014, 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:

	Major Funds			Non-Major Funds	Total
	General Fund	Road & Bridge Fund	General Debt Service Fund	Other Governmental Funds	Governmental Funds
Receivables:					
Property Taxes	\$ 2,330,385	\$ 411,642	\$ 186,341	\$ 99,788	\$ 3,028,156
Accounts	937,563	168,817		22,104	1,128,484
Due from other governments	<u>56,872</u>	<u>473,091</u>		<u>46,505</u>	<u>576,468</u>
Gross receivables	3,324,820	1,053,550	186,341	168,397	4,733,108
Less Allowance for Uncollectible:					
Property taxes	<u>1,705,354</u>	<u>325,385</u>	<u>153,447</u>	<u>80,441</u>	<u>2,264,627</u>
Net receivables	<u>\$ 1,619,466</u>	<u>\$ 728,165</u>	<u>\$ 32,894</u>	<u>\$ 87,956</u>	<u>\$ 2,468,481</u>