

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 past few years but, lately, has begun to take a turn for the better. The region has a varied manufacturing and industrial tax base that contributes to the relatively favorable unemployment rate. During the past few years the County has seen a decrease in gas exploration due to the declining price of natural gas. 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 three consecutive years of loss but for the immediate future the County will see more growth. This is known due to the fact that, as of this writing, the assessed valuations are in for the next fiscal year, showing the increased value. Contributing to the upturn is the bottoming-out of the price of natural gas. For several years now, Johnson County has been well positioned, financially, with the above average fund balances it maintains; meaning the last few years has not created any unmanageable hardship. Moreover, Johnson County has continued to move forward with capital projects by using some of the very large fund balances that were in excess of our minimums established by our fund balance policy.

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. Construction of a privately-owned events center was completed this year just two blocks from the town square; further adding to the attraction of the business area of the county seat.