

## JOHNSON COUNTY, TEXAS

### *Management's Discussion and Analysis For the Year Ended September 30, 2014*

- **Fiduciary Funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's operations. The County is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position on page 28 and a statement of changes in assets and liabilities – agency funds that can be found on pages 137 through 139.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29 through 63 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 66 through 69 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 78 through 136 of this report.

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$ 93,122,365 as of September 30, 2014. This is an increase in net position of \$ 1,576,514 which is primarily due to a net increase in revenues.

The largest portion of the County's net position of \$ 53,258,318 (57.19%) reflects its investments in capital assets (e.g., land; buildings and improvements; furniture, equipment and vehicles; infrastructure; and construction in progress), less any debt used to acquire those assets that is still outstanding. The County uses capital assets to provide service to citizens and consequently these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Net investment in capital assets increased by \$ 1,634,754 due to an increase in construction in progress related to new buildings and software projects.

An additional portion of the County's net position of \$ 15,003,481 (16.11%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$ 24,860,566 (26.70%) may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2014, the County is able to report positive balances in all three categories of net position.