

ANNUAL FINANCIAL REPORT
JOHNSON COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2005

**Comptroller of the Treasury
Department of Audit
Division of County Audit
Nashville, Tennessee**

ANNUAL FINANCIAL REPORT
JOHNSON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2005

DEPARTMENT OF AUDIT
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Comptroller of the Treasury

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This financial report is available at www.comptroller.state.tn.us

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Audit Highlights

Annual Financial Report
Johnson County, Tennessee
For the Year Ended June 30, 2005

Scope

We have audited the basic financial statements of Johnson County as of and for the year ended June 30, 2005.

Results

Our report on the aggregate discretely presented component units is qualified because the financial statements did not include one component unit whose financial statements were not available from other auditors at the date of this report. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.

Our audit resulted in two findings and recommendations, which we have reviewed with Johnson County management. Detailed findings and recommendations are included in the Single Audit section of this report.

Findings

The following are summaries of the audit findings:

OFFICE OF SHERIFF

- ◆ Controls over commissary operations were inadequate.

OTHER FINDING

- ◆ Duties were not segregated adequately among the officials and employees in the Offices of Trustee, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff.

*State of Tennessee
Comptroller of the Treasury
Department of Audit
Division of County Audit*

INTRODUCTORY SECTION

Johnson County Officials

June 30, 2005

Officials:

Dick Grayson, County Mayor
Tony Jennings, Road Superintendent
Minnie Miller, Director of Schools
Carolyn Sue Hensley, Trustee
Clarence Howard, Assessor of Property
Danny Cullop, County Clerk
Carolyn Hawkins, Circuit and General Sessions Courts Clerk
Linda Morefield, Clerk and Master
Patricia Hartley, Register
Roger Gentry, Sheriff
Douglas Hammons, Purchasing Agent
Peggy Horne, Director of Accounts and Budget

Board of County Commissioners:

Bob Graybeal, Chairperson	Fred Phipps
Bill Adams	Larry Potter
Glenn Arney	Jack Proffitt
Clifton Dunn	David Shepherd
Roby Dunn	Kenneth Sluder
Elaine Matherly	Dean Stout
Michael May	Tom Taylor
Emily Millsaps	

Budget Committee:

Dick Grayson, Chairperson	Larry Potter
Elaine Matherly	Kenneth Sluder
Michael May	Tom Taylor

Road Commission:

Rhonda Reece, Chairperson
Clint Howard
Earl Shull

Board of Education:

Kenneth Gregg, Chairperson	Bill Gambill
Gerald Buckles	Sharon Stout
Howard Carlton	

FINANCIAL SECTION



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841**

INDEPENDENT AUDITOR'S REPORT

January 20, 2006

Johnson County Mayor and
Board of County Commissioners
Johnson County, Tennessee

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Johnson County, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise Johnson County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Johnson County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing 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.

The financial statements of the Johnson County Emergency Communications District, a component unit requiring discrete presentation, had not been made available by other auditor's as of the date of this report. Accordingly, the aggregate discretely presented component units financial statements referred to above do not include amounts for the

Johnson County Emergency Communication District which should be included to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Johnson County Emergency Communications District, a discretely presented component unit, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Johnson County, Tennessee, at June 30, 2005, and the changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Johnson County, Tennessee, as of June 30, 2005, 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 January 20, 2006, on our consideration of Johnson County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

As described in Note V.B., Johnson County has implemented Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. For the first time, the financial statements include government-wide financial statements.

As described in Note V.B., Johnson County has implemented Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures, which modifies the county's disclosures for custodial credit risk and adds disclosures about other types of risk.

The management of Johnson County did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board.

The budgetary comparison information on pages 53 through 59 is not a required part of the basic financial statements, but is supplementary information required by accounting principles 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Johnson County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Johnson County School Department (a discretely presented component unit), miscellaneous schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Johnson County School Department (a discretely presented component unit), and the miscellaneous schedules have 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. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan" with a long horizontal flourish extending to the right.

John G. Morgan
Comptroller of the Treasury

JGM/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Johnson County, Tennessee
Statement of Net Assets
June 30, 2005

	<u>Primary Government</u>	<u>Component Unit</u>
	Total Governmental Activities	Johnson County School Department
<u>ASSETS</u>		
Cash and Equivalents	\$ 1,136	\$ 6,082
Equity in Pooled Cash and Investments	5,703,984	5,101,800
Accounts Receivable	13,996	0
Due from Other Governments	706,846	324,479
Property Taxes Receivable	2,584,507	2,564,779
Allowance for Uncollectible Property Taxes	(53,155)	(52,750)
Unamortized Debt Issuance Cost	43,582	0
Unamortized Discount on Debt	12,109	0
Capital Assets:		
Assets Not Depreciated:		
Land	735,622	927,042
Construction in Progress	507,576	66,597
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	5,544,697	14,968,833
Machinery and Equipment	0	1,143,745
Other Capital Assets	507,103	153,105
Infrastructure - Roads, Streets, and Bridges	<u>729,486</u>	<u>1,259,336</u>
Total Assets	<u>\$ 17,037,489</u>	<u>\$ 26,463,048</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 45,253	\$ 87,290
Accrued Interest Payable	148,680	0
Cash Overdraft	0	883
Payroll Deductions Payable	57,286	19,110
Contracts Payable	4,904	48,622
Retainage Payable	34,288	6,660
Due to the State of Tennessee	4,557	0
Deferred Revenue - Property Taxes	2,394,988	2,376,706
Noncurrent Liabilities:		
Due Within One Year	652,620	35,963
Due in More than One Year	<u>16,296,276</u>	<u>0</u>
Total Liabilities	<u>\$ 19,638,852</u>	<u>\$ 2,575,234</u>

(Continued)

Exhibit A

Johnson County, Tennessee
Statement of Net Assets (Cont.)

	<u>Primary Government</u>	<u>Component Unit</u>
	Total Governmental Activities	Johnson County School Department
<u>NET ASSETS</u>		
Invested in Capital Assets, net of related debt	\$ 1,894,550	\$ 0
Invested in Capital Assets	0	18,518,658
Restricted for:		
Highways	401,838	0
Debt Service	3,489,486	0
Capital Projects	669,097	142,377
Other Purposes	203,995	964,993
Unrestricted	<u>(9,260,329)</u>	<u>4,261,786</u>
Total Net Assets	<u>\$ (2,601,363)</u>	<u>\$ 23,887,814</u>

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

Exhibit B

Johnson County, Tennessee
Statement of Activities
For the Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental	Unit
				Total	Johnson	
				Governmental	County	
				Activities	School	
					Department	
<u>Primary Government:</u>						
Governmental Activities:						
General Government	\$ 571,546	\$ 140,788	\$ 29,104	\$ 0	\$ (401,654)	\$ 0
Finance	627,118	379,254	8,061	0	(239,803)	0
Administration of Justice	471,499	387,707	9,000	0	(74,792)	0
Public Safety	2,316,527	331,099	184,857	159,432	(1,641,139)	0
Public Health and Welfare	592,351	356,953	105,153	0	(130,245)	0
Social, Cultural, and Recreational Services	128,845	0	1,103	0	(127,742)	0
Agricultural and Natural Resources	69,111	0	0	0	(69,111)	0
Other Operations	1,143,895	279,279	5,340	725,968	(133,308)	0
Highways	1,968,924	2,960	1,916,993	167,356	118,385	0
Education	165,000	0	0	0	(165,000)	0
Debt Service:						
Interest on Long-Term Debt	657,698	0	392,926	0	(264,772)	0
Other Debt Service	32,643	0	0	0	(32,643)	0
Total Primary Government	\$ 8,745,157	\$ 1,878,040	\$ 2,652,537	\$ 1,052,756	\$ (3,161,824)	\$ 0
<u>Component Unit:</u>						
Johnson County School Department	\$ 19,188,191	454,489	\$ 3,738,581	\$ 176,106	\$ 0	\$ (14,819,015)
Total Component Unit	\$ 19,188,191	\$ 454,489	\$ 3,738,581	\$ 176,106	\$ 0	\$ (14,819,015)

(Continued)

Exhibit B

Johnson County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Total Governmental Activities	Johnson County School Department
General Revenues:						
Property Taxes					\$ 2,449,111	\$ 2,439,457
Sales Taxes					228,043	611,482
Other Taxes					661,740	5,368
Grants and Contributions not restricted to specific programs					513,881	11,240,452
Unrestricted Investment Income					157,731	0
Gain on Sale/Disposal of Capital Assets					71,216	16,875
Miscellaneous					41,083	103,679
Total General Revenues					\$ 4,122,805	\$ 14,417,313
Change in Net Assets					\$ 960,981	\$ (401,702)
Net Assets - July 1, 2004					(3,562,344)	24,289,516
Net Assets - June 30, 2005					\$ (2,601,363)	\$ 23,887,814

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

Exhibit C-1

Johnson County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2005

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 1,136	\$ 1,136
Equity in Pooled Cash and Investments	1,398,631	116,611	3,451,055	737,687	5,703,984
Accounts Receivable	6,619	0	0	7,377	13,996
Due from Other Governments	244,918	331,647	130,281	0	706,846
Due from Other Funds	6,075	6,452	19,356	0	31,883
Property Taxes Receivable	1,558,596	0	710,246	315,665	2,584,507
Allowance for Uncollectible Property Taxes	(32,055)	0	(14,607)	(6,493)	(53,155)
Total Assets	\$ 3,182,784	\$ 454,710	\$ 4,296,331	\$ 1,055,372	\$ 8,989,197
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 13,635	\$ 7,146	\$ 0	\$ 24,472	\$ 45,253
Payroll Deductions Payable	41,760	15,526	0	0	57,286
Contracts Payable	4,904	0	0	0	4,904
Retainage Payable	34,288	0	0	0	34,288
Due to Other Funds	25,808	0	0	6,075	31,883
Due to State of Tennessee	1,308	3,249	0	0	4,557
Deferred Revenue - Current Property Taxes	1,444,306	0	658,165	292,517	2,394,988
Deferred Revenue - Delinquent Property Taxes	76,538	0	34,878	15,501	126,917
Other Deferred Revenues	28,728	125,675	65,141	0	219,544
Total Liabilities	\$ 1,671,275	\$ 151,596	\$ 758,184	\$ 338,565	\$ 2,919,620
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 193,478	\$ 91,831	\$ 0	\$ 1,113	\$ 286,422
Reserved for Alcohol and Drug Treatment	47,293	0	0	0	47,293
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	54,062	0	0	0	54,062
Reserved for Drug Court	5,777	0	0	0	5,777
Reserved for Sexual Offender Registration	720	0	0	0	720
Reserved for Computer System - Register	22,621	0	0	0	22,621
Reserved for Automation Purposes - Circuit Court	3,049	0	0	0	3,049
Reserved for Other General Purposes	7,262	0	0	0	7,262
Unreserved, Reported In:					
General Fund	1,177,247	0	0	0	1,177,247
Special Revenue Funds	0	211,283	0	57,254	268,537
Debt Service Funds	0	0	3,538,147	0	3,538,147
Capital Projects Funds	0	0	0	658,440	658,440
Total Fund Balances	\$ 1,511,509	\$ 303,114	\$ 3,538,147	\$ 716,807	\$ 6,069,577
Total Liabilities and Fund Balances	\$ 3,182,784	\$ 454,710	\$ 4,296,331	\$ 1,055,372	\$ 8,989,197

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

Johnson County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
June 30, 2005

Amounts reported for governmental activities in the statement of net assets (Exhibit A) are different because:

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 6,069,577
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		8,024,484
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the funds.		346,461
(3) Debt issuance costs are expensed when paid in the governmental funds. The unamortized portion of these charges are reflected on the statement of net assets.		43,582
(4) Discounts on debt issued are recognized when debt proceeds are received in governmental funds. The unamortized portion of these discounts are reflected on the statement of net assets.		12,109
(5) Interest costs of long-term debt are expensed when due in the governmental funds. Interest costs incurred as of the balance sheet date are accrued in the statement of net assets.		(148,680)
(6) Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Accrued leave	\$ 210,433	
Landfill postclosure care costs	782,838	
Notes payable	384,798	
Leases payable	15,410	
Bonds payable	10,375,000	
Other loans payable	5,225,111	
Less: Deferred charges on refunding (to be amortized as interest expenses)	(44,694)	(16,948,896)
Net assets of governmental activities (Exhibit A)		<u>\$ (2,601,363)</u>

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

Exhibit C-3

Johnson County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2005

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 2,355,144	\$ 0	\$ 809,550	\$ 322,345	\$ 3,487,039
Licenses and Permits	44,693	0	0	0	44,693
Fines, Forfeitures, and Penalties	85,602	0	0	27,563	113,165
Charges for Current Services	31,765	0	0	358,900	390,665
Other Local Revenues	455,914	63,929	0	69,596	589,439
Fees Received from County Officials	752,048	0	0	0	752,048
State of Tennessee	860,024	1,798,912	0	4,200	2,663,136
Federal Government	997,441	80,365	0	0	1,077,806
Other Governments and Citizens Groups	75,181	13,013	392,926	0	481,120
Total Revenues	\$ 5,657,812	\$ 1,956,219	\$ 1,202,476	\$ 782,604	\$ 9,599,111
<u>Expenditures</u>					
Current:					
General Government	\$ 561,503	\$ 0	\$ 0	\$ 0	\$ 561,503
Finance	619,941	0	0	295	620,236
Administration of Justice	462,170	0	0	4,600	466,770
Public Safety	2,042,352	0	0	47,297	2,089,649
Public Health and Welfare	371,953	0	0	378,839	750,792
Social, Cultural, and Recreational Services	125,599	0	0	0	125,599
Agricultural and Natural Resources	69,111	0	0	0	69,111
Other Operations	1,333,672	0	0	0	1,333,672
Highways	62,112	1,906,046	0	0	1,968,158
Debt Service:					
Principal	7,041	45,038	495,000	92,199	639,278
Interest	28,679	10,646	615,777	12,276	667,378
Other Debt Service	0	771	23,477	862	25,110
Capital Projects	0	0	0	306,105	306,105
Total Expenditures	\$ 5,684,133	\$ 1,962,501	\$ 1,134,254	\$ 842,473	\$ 9,623,361
Excess (Deficiency) of Revenues Over Expenditures					
	\$ (26,321)	\$ (6,282)	\$ 68,222	\$ (59,869)	\$ (24,250)
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 79,228	\$ 237,684	\$ 0	\$ 316,912
Transfers Out	(316,912)	0	0	0	(316,912)
Total Other Financing Sources (Uses)	\$ (316,912)	\$ 79,228	\$ 237,684	\$ 0	\$ 0
Net Change in Fund Balances					
Fund Balance, July 1, 2004	\$ 1,854,742	\$ 230,168	\$ 3,232,241	\$ 776,676	\$ 6,093,827
Fund Balance, June 30, 2005	\$ 1,511,509	\$ 303,114	\$ 3,538,147	\$ 716,807	\$ 6,069,577

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

Johnson County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2005

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ (24,250)
(1) Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The amount that capital outlays exceeded depreciation is itemized as follows:		
Add: Capital outlays in the current period	\$ 657,003	
Less: Current year depreciation	<u>(392,443)</u>	264,560
(2) Donated capital assets do not generate current financial resources and are therefore not recognized in the governmental funds. This adjustment reflects capital assets donated during the current period.		167,356
(3) Governmental funds only report the disposal of capital assets to the extent proceeds are received from the disposal. In the statement of activities, gains or losses are recorded for disposals.		
Less: Proceeds received from disposals of capital assets	\$ (96,716)	
Add: Gain on disposals of capital assets	<u>71,216</u>	(25,500)
(4) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
For the year ended June 30, 2004	\$ (381,290)	
For the year ended June 30, 2005	<u>346,461</u>	(34,829)
(5) The issuance of long-term debt (e.g., notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Add: Principal payment on notes	\$ 128,869	
Add: Principal payment on capital leases	15,409	
Add: Principal payment on bonds	<u>495,000</u>	639,278
(6) Governmental funds report the effect of issuance costs, discounts, and similar items related to long-term debt issuance when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Less: Deferred charges on refunding amortized during the year	\$ (4,979)	
Less: Debt issuance cost amortized during the year	(1,999)	
Less: Discount amortized during the year	<u>(555)</u>	(7,533)

(Continued)

Johnson County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities (Cont.)

(7) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Change in accrued interest payable	\$	9,680	
Change in compensated absences		(26,009)	
Change in landfill postclosure care cost		<u>(1,772)</u>	\$ <u>(18,101)</u>
Change in net assets of governmental activities (Exhibit B)			\$ <u><u>960,981</u></u>

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

Exhibit D

Johnson County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2005

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 545,725
Due from Other Governments	<u>72,312</u>
Total Assets	<u>\$ 618,037</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 72,312
Due to Litigants, Heirs, and Others	<u>545,725</u>
Total Liabilities	<u>\$ 618,037</u>

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

JOHNSON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Johnson County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Johnson County:

A. Reporting Entity

Johnson County is a public municipal corporation governed by an elected 15-member board. As required by GAAP, these financial statements present Johnson County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

Blended Component Units – There are no legally separate component units of Johnson County that meet the criteria for being reported as part of the primary government by the blending method.

Discretely Presented Component Units – The following entities meet the criteria for discretely presented component units of the county. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the county.

The Johnson County School Department operates the public school system in the county, and the voters of Johnson County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Johnson County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Johnson County, and the Johnson County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval. The financial statements of the Johnson County Emergency Communications District were not available from other auditors in time for inclusion in this report.

The Johnson County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the Johnson County Emergency Communications District were not available in time for inclusion, as previously mentioned. Complete financial statements of the Johnson County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Johnson County Emergency Communications District
999 Honeysuckle Street
Mountain City, TN 37683

Related Organization – The Johnson County Industrial Commission is a related organization of Johnson County. The county’s officials are responsible for appointing the members of the Johnson County Industrial Commission; however, the county’s accountability for the organization does not extend beyond making the appointments.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Johnson County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Johnson County School Department component unit only reports governmental activities in the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. 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. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. 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 fiduciary 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.

Fund financial statements of Johnson County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. However, Johnson County has no proprietary funds to report. An emphasis is placed on major funds within the governmental category. Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. Fiduciary funds in total are reported in a single column.

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 become 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 other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Johnson County considers grant and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to

accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Johnson County reports the following major governmental funds:

General Fund – This is the county’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Highway/Public Works Fund – This fund accounts for transactions of the county’s Highway Department.

General Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Additionally, Johnson County reports the following fund types:

Capital Projects Funds – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Johnson County. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Johnson County School Department reports the following major governmental funds:

General Purpose School Fund – This fund is the primary operating fund for the School Department. It is used to account for general operations of the School Department.

School Federal Projects Fund – This fund accounts for restricted federal revenues which must be expended on specific education programs.

Additionally, the Johnson County School Department reports the following fund type:

Capital Projects Fund – The Education Capital Projects Fund is used to account for capital project expenditures of the School Department.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) 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 government's policy to use restricted revenues first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Johnson County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the primary government's General Fund. Johnson County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds

to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

Activity between funds for unremitted current collections outstanding at the end of the fiscal year is referred to as due to/from other funds.

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.1 percent of total taxes levied.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as deferred revenue as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet with offsetting deferred revenue to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

3. Capital Assets

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure of the primary government and the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	7-39
Machinery and Equipment	5-15
Other Capital Assets	5-15
Infrastructure:	
Roads	9-20
Bridges	75
School Infrastructure	15

Johnson County has recognized infrastructure assets acquired after July 1, 2003, in the financial statements of this report.

4. Compensated Absences

It is the county's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick pay benefits, which will be paid to employees upon separation of service. All vacation and sick pay is accrued when incurred in the government-wide financial statements for the county. A liability for vacation and sick pay is

reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

It is the policy of the Johnson County School Department to permit noncertified employees to accumulate a limited amount of earned but unused vacation benefits, which will be paid upon separation from service. All vacation pay is accrued when incurred in the government-wide financial statements for the county. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements. Also, general policy of the School Department permits all professional personnel (teachers) to accumulate an unlimited amount of unused sick leave days. There is no liability for unpaid accumulated sick leave since the School Department does not have a policy to pay any amounts when employees separate from service.

5. Long-term Obligations

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

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. 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.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences and landfill closure/postclosure care costs, are recognized to the extent that the liabilities have matured (come due for payment) each period.

The county has entered into an interest rate swap agreement to modify interest rates on outstanding debt. Other than the net interest expenditures resulting from the agreement, no amounts are recorded in the financial statements. See Note IV.G. for details of the swap agreement.

6. Net Assets and Fund Equity

In the government-wide financial statements equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

As of June 30, 2005, Johnson County had \$9,770,000 in outstanding debt for capital purposes for the discretely presented Johnson County School Department. The debt is a liability of Johnson County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Johnson County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county’s capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balances represent tentative management plans that are subject to change. The following table reflects designations on June 30, 2005:

Fund	Purpose	Amount
Discretely Presented Johnson County School Department:		
General Purpose School Fund	School Age Child Care	\$ 28,204

On the government-wide statement of net assets (Exhibit A), the account Restricted for Other Purposes for the primary government consists of various restrictions totaling (\$203,995) with the primary restrictions being alcohol and drug treatment (\$47,293) and litigation taxes (\$54,062). For the discretely presented Johnson County School Department, the account balance Restricted for Other Purposes, primarily consists of amounts restricted for the school lunch and

breakfast program (\$517,715) and other federal assistance programs (\$447,278).

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile fund balances – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets.

Discretely Presented Johnson County School Department

The discretely presented School Department's Exhibit I-2 includes explanations of the nature of individual elements of items required to reconcile fund balances – total governmental funds and net assets of governmental activities reported in the government-wide statement of net assets.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile net changes in fund balances – governmental activities and changes in net assets governmental activities reported in the government-wide statement of activities.

Discretely Presented Johnson County School Department

The discretely presented School Department's Exhibit I-4 includes explanations of the nature of individual elements of items required to reconcile net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Cash Overdraft

The discretely presented School Department's Other Education Special Revenue Fund had a cash overdraft of \$883 at June 30, 2005. This overdraft resulted from

issuing warrants that exceeded cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2005.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Johnson County and the Johnson County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net assets represent nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk exposure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase.

The county had no pooled and nonpooled investments as of June 30, 2005.

B. Capital Assets

Capital asset activity for the year ended June 30, 2005, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Not Depreciated:				
Land	\$ 761,122	\$ 0	\$ (25,500)	\$ 735,622
Construction in Progress	82,286	425,290	0	507,576
Total Capital Assets Not Depreciated	\$ 843,408	\$ 425,290	\$ (25,500)	\$ 1,243,198
Capital Assets Depreciated:				
Buildings and Improvements	\$ 8,027,324	\$ 0	\$ 0	\$ 8,027,324
Infrastructure	583,457	244,069	0	827,526
Other Capital Assets	2,402,119	155,000	(66,423)	2,490,696
Total Capital Assets Depreciated	\$ 11,012,900	\$ 399,069	\$ (66,423)	\$ 11,345,546
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,302,319	\$ 180,308	\$ 0	\$ 2,482,627
Infrastructure	41,565	56,475	0	98,040
Other Capital Assets	1,894,356	155,660	(66,423)	1,983,593
Total Accumulated Depreciation	\$ 4,238,240	\$ 392,443	\$ (66,423)	\$ 4,564,260
Total Capital Assets Depreciated, Net	\$ 6,774,660	\$ 6,626	\$ 0	\$ 6,781,286
Governmental Activities Capital Assets, Net	\$ 7,618,068	\$ 431,916	\$ (25,500)	\$ 8,024,484

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General Government	\$ 4,020
Public Safety	184,393
Public Health and Welfare	33,212
Social, Cultural, and Recreational Services	2,583
Other Operations	15,231
Highways	<u>153,004</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 392,443</u></u>

Discretely Presented Johnson County School Department

Governmental Activities:

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Not Depreciated:				
Land	\$ 855,449	\$ 71,593	\$ 0	\$ 927,042
Construction in Progress	<u>259,163</u>	<u>66,597</u>	<u>(259,163)</u>	<u>66,597</u>
Total Capital Assets Not Depreciated	<u>\$ 1,114,612</u>	<u>\$ 138,190</u>	<u>\$ (259,163)</u>	<u>\$ 993,639</u>
 Capital Assets Depreciated:				
Buildings and Improvements	\$ 19,852,382	\$ 664,674	\$ 0	\$ 20,517,056
Infrastructure	1,606,593	205,810	0	1,812,403
Machinery and Equipment	1,913,902	425,913	(211,203)	2,128,612
Other Capital Assets	<u>420,960</u>	<u>6,925</u>	<u>0</u>	<u>427,885</u>
Total Capital Assets Depreciated	<u>\$ 23,793,837</u>	<u>\$ 1,303,322</u>	<u>\$ (211,203)</u>	<u>\$ 24,885,956</u>

Governmental Activities: (Cont.)

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 5,040,432	\$ 507,791	\$ 0	\$ 5,548,223
Infrastructure	434,997	118,070	0	553,067
Machinery and Equipment	983,874	212,196	(211,203)	984,867
Other Capital Assets	220,835	53,945	0	274,780
Total Accumulated Depreciation	<u>\$ 6,680,138</u>	<u>\$ 892,002</u>	<u>\$ (211,203)</u>	<u>\$ 7,360,937</u>
Total Capital Assets Depreciated, Net	<u>\$ 17,113,699</u>	<u>\$ 411,320</u>	<u>\$ 0</u>	<u>\$ 17,525,019</u>
Governmental Activities Capital Assets, Net	<u>\$ 18,228,311</u>	<u>\$ 549,510</u>	<u>\$ (259,163)</u>	<u>\$ 18,518,658</u>

Depreciation expense totaling \$892,002 was charged by the discretely presented School Department.

C. Construction Commitments

At June 30, 2005, the discretely presented School Department had uncompleted construction commitments reflected in the General Purpose School Fund (a major governmental fund) related to renovation projects at various county schools totaling \$307,838. Funding has been received for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2005, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 6,075
Highway/Public Works	General	6,452
General Debt Service	General	19,356

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2005, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	Highway/ Public Works Fund	General Debt Service Fund
General Fund	\$ 79,228	\$ 237,684
Total	\$ 79,228	\$ 237,684

Discretely Presented Johnson County School Department

Transfers Out	Transfers In General Purpose School Fund
School Federal Projects Fund	\$ 22,527
Total	\$ 22,527

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Payables

Most payables are disaggregated on the face of the financial statements. The \$34,288 and \$6,660 reflected as retainage payable in the General Fund and the discretely presented School Department's General Purpose School Fund, respectively, represents amounts withheld from payments made to contractors on construction projects to ensure contract performance.

F. Capital Leases

On November 6, 2003, Johnson County entered into a three-year lease-purchase agreement for highway equipment. The terms of the agreement require total lease payments of \$46,229 at zero percent interest. Title to the

equipment will transfer to Johnson County at the end of the lease period. The lease payments are made by the Highway/Public Works Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2005, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2006	\$ 15,410
Total Minimum Lease Payments	\$ 15,410
Amounts Representing Interest	<u>0</u>
 Present Value of Minimum Lease Payments	 <u>\$ 15,410</u>

G. Long-term Debt

General Obligation Bonds, Notes, and Other Loans

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 30 years for bonds, up to 12 years for notes, and up to 26 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and other loans included in long-term debt as of June 30, 2005, will be retired from the General Debt Service Fund. Notes included in long-term debt as of June 30, 2005, will be retired from various funds.

General obligation bonds, capital outlay notes, other loans, and capital leases outstanding as of June 30, 2005, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-05
General Obligation Bonds	4.1 to 5.5 %	\$ 9,925,000	\$ 8,985,000
General Obligation Bonds - Refunding	1.5 to 4.5	1,435,000	1,390,000
Capital Outlay Notes	0 to 5.95	1,257,000	384,798
Other Loans	Variable	3,565,000	3,090,111
Other Loans	3.935	2,135,000	2,135,000
Capital Lease	0	46,229	15,410

In prior years, Johnson County entered into a loan agreement with the Blount County Public Building Authority. The loan agreement provides for the authority to make a total of \$5,700,000 available for loan to Johnson County on an as-needed basis for the jail construction project. As of June 30, 2005, Johnson County had borrowed \$5,225,111 of the loan proceeds. A portion of the loan is repayable at a tax-exempt synthetic fixed rate obtained through the execution of a swap agreement. The remaining portion is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with the loan. The following table summarizes loan agreements outstanding as of June 30, 2005:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-05	Interest Type	Interest Rates as of 6-30-05	Other Fees on Variable Rate Debt
Blount County PBA (Series A-5-B) - variable rate portion	\$ 3,565,000	\$ 3,090,111	* Variable	2.10 %	0.4545 %
Blount County PBA (Series A-5-B) - swapped portion	2,135,000	<u>2,135,000</u>	Fixed by Swap	3.935	0.4545
Total		<u>\$ 5,225,111</u>			

*\$474,889 remains available for future draws under this loan agreement at June 30, 2005.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2005, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2006	\$ 340,000	\$ 467,129	\$ 126,191	\$ 23,368
2007	355,000	454,028	93,304	18,559
2008	370,000	439,264	90,679	13,947
2009	380,000	423,673	36,358	9,071
2010	400,000	406,621	38,266	3,918
2011-2015	2,220,000	1,788,990	0	2,009
2016-2020	2,750,000	1,251,113	0	0
2021-2025	3,490,000	531,563	0	0
2026-2030	70,000	4,708	0	0
Total	\$ 10,375,000	\$ 5,767,089	\$ 384,798	\$ 70,872

Year Ending June 30	Other Loan (\$3,565,000) Series A-5-B			Total
	Principal	Interest	Other Fees	
2006	\$ 70,000	\$ 81,995	\$ 16,203	\$ 168,198
2007	75,000	80,385	15,885	171,270
2008	75,000	78,660	15,544	169,204
2009	85,000	76,935	15,203	177,138
2010	85,000	74,980	14,814	174,794
2011-2015	540,000	342,585	67,698	950,283
2016-2020	725,000	271,170	53,586	1,049,756
2021-2025	925,000	179,400	35,451	1,139,851
2026-2028	510,111	22,655	4,477	537,243
Total	\$ 3,090,111	\$ 1,208,765	\$ 238,861	\$ 4,537,737

Year Ending June 30	Other Loan (\$2,135,000) Series A-5-B			Total
	Principal	Interest	Other Fees	
2006	\$ 0	\$ 83,265	\$ 9,704	\$ 92,969
2007	0	83,265	9,704	92,969
2008	0	83,265	9,704	92,969
2009	0	83,265	9,704	92,969
2010	0	83,265	9,704	92,969
2011-2015	0	416,325	48,517	464,842
2016-2020	0	416,325	48,517	464,842
2016-2025	0	416,325	48,517	464,842
2026-2028	2,135,000	209,235	24,384	2,368,619
Total	\$ 2,135,000	\$ 1,874,535	\$ 218,455	\$ 4,227,990

During the year, the Johnson County School Department contributed \$352,926 to the primary government's General Debt Service Fund to be applied toward the retirement of general obligation debt that was issued by the county for school capital purposes.

There is \$3,538,147 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita amounted to \$593, based on the 2000 federal census. Total debt per capita, including bonds, notes, capital leases, and other loans outstanding amounted to \$914, based on the 2000 federal census.

Under its loan agreement, the Public Building Authority of Blount County, Tennessee, at the request of the county, has entered into an interest rate swap agreement for outstanding Local Government Improvement Bonds, Series A-5-B.

Objective of the interest rate swap: In order to protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$5.7 million Series A-5-B variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate.

Terms: Under the swap, the authority pays the counterparty a fixed payment of 3.935 percent and receives a variable payment computed as 70 percent of the one-month London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$2.135 million, and the associated variable rate-bond has a \$2.135 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series A-5-B Bonds. The bond's variable rates have historically approximated the Bond Market Association Municipal Index (BMA). The bonds and the related swap agreement mature on June 1, 2028. As of June 30, 2005, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.93 %
Variable payment from counterparty	70% of LIBOR	<u>-2.33</u>
Net interest rate swap payments		1.60 %
Variable rate bond payments		<u>2.30</u>
Synthetic interest rate on bonds		<u><u>3.90 %</u></u>

Fair Value: As of June 30, 2005, the swap had a negative fair value of \$224,558. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable rate bond, creating lower synthetic rates. Because the rates on the government's variable rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates and then discounts those cash flows at their present value, using the zero coupon method.

Credit risk: As of June 30, 2005, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap become positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. In order to mitigate the potential for credit risk, the authority, on behalf of the county, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, which was rated AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service as of June 30, 2005. If Ambac's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian.

Basis risk: As noted above, the swap exposes the county to basis risk if BMA increases above 70 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 70 percent of LIBOR, then the synthetic rate on the bonds will decrease. The effect of this difference in basis points is indicated by the difference between the rate paid to the counterparty of 3.93 percent and the synthetic rate of 3.9 percent as of June 30, 2005. Also, as of June 30, 2005, the BMA rate was 2.3 percent whereas 70 percent of LIBOR was 2.33 percent.

Termination Risk: The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination provision." The authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the Authority for a payment equal to the swap's fair value.

Swap payments and associated debt: As of June 30, 2005, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap		Total
	Principal	Interest	Swap Payment		
2006	\$ 0	\$ 49,105	\$ 34,160	\$ 83,265	
2007	0	49,105	34,160	83,265	
2008	0	49,105	34,160	83,265	
2009	0	49,105	34,160	83,265	
2010	0	49,105	34,160	83,265	
2011-2015	0	245,525	170,800	416,325	
2016-2020	0	245,525	170,800	416,325	
2021-2025	0	245,525	170,800	416,325	
2026-2028	2,135,000	123,395	85,840	2,344,235	
Total	\$ 2,135,000	\$ 1,105,495	\$ 769,040	\$ 4,009,535	

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2005, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2004	\$ 10,870,000	\$ 513,667	\$ 5,225,111
Deductions	(495,000)	(128,869)	0
Balance, June 30, 2005	\$ 10,375,000	\$ 384,798	\$ 5,225,111
Balance Due Within One Year	\$ 340,000	\$ 126,191	\$ 70,000

	Capital Leases	Compensated Absences	Postclosure Care Costs
Balance, July 1, 2004	\$ 30,819	\$ 184,424	\$ 781,066
Additions	0	93,053	37,275
Deductions	(15,409)	(67,044)	(35,503)
Balance, June 30, 2005	\$ 15,410	\$ 210,433	\$ 782,838
Balance Due Within One Year	\$ 15,410	\$ 68,720	\$ 37,278

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2005	\$ 16,993,590
Less: Balance Due Within One Year	(652,620)
Less: Deferred Amount of Refunding	<u>(44,694)</u>
Noncurrent Liabilities - Due In More Than One Year - Exhibit A	<u><u>\$ 16,296,276</u></u>

Compensated absences payable are retired from the employing funds, primarily the General Fund and the Highway/Public Works Fund. The landfill postclosure care costs will be retired from the Solid Waste/Sanitation Fund.

Discretely Presented Johnson County School Department

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented School Department for the year ended June 30, 2005, was as follows:

Governmental Activities:

	<u>Compensated Absences</u>
Balance, July 1, 2004	\$ 36,007
Additions	42,639
Deductions	<u>(42,683)</u>
Balance, June 30, 2005	<u><u>\$ 35,963</u></u>
Balance Due Within One Year	<u><u>\$ 35,963</u></u>

Compensated absences will be paid from the employing funds, primarily the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

Johnson County purchases commercial insurance for risks of losses for general liability, property, and casualty. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

Johnson County has decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance and workers' compensation coverage. The county joined the Local Government Workers' Compensation Fund (LGWCF). The county pays an annual premium to the LGWCF for its workers' compensation coverage. The creation of the LGWCF provide for it to be self-sustaining through member premiums.

Johnson County is a member of the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that were established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, Tennessee Code Annotated, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report for the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

Discretely Presented Johnson County School Department

The School Department is exposed to various risks related to general liability, property, casualty, and workers' compensation losses. The School Department decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for general liability, property, casualty, and workers' compensation coverage. The School Department joined the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by an association of member school boards. The School Department pays annual premiums to the TSB-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of TSB-RMT provides for it to be self-sustaining through member premiums. The School Department is exposed to various risks related to general liability, property, casualty, and workers' compensation.

It is the policy of the School Department to purchase commercial insurance for employee health coverage. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

B. Accounting Changes

At the beginning of the year, Johnson County implemented the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis-for State and Local Governments. In the prior year, the county had only elected to implement the provisions of Statement 34 that related to the fund financial statements.

During the year, Johnson County adopted the provisions of Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures. These provisions modified the county's previous custodial risk disclosures for deposits and investments and related collateral. These provisions also added disclosures about other types of risk, including credit risk, interest rate risk, foreign currency risk, and concentrations of credit risk. Governments are also required to provide brief disclosures about their deposit and investment policies that are related to any of the risks required to be disclosed.

C. Contingent Liabilities

Johnson County and several other Tennessee counties have been named as defendants in a lawsuit demanding compliance with the requirements of the Americans with Disabilities Act (ADA). This lawsuit applies to all Johnson County facilities. Johnson County has added an elevator to the courthouse. However, it is uncertain if this addition will bring the county into compliance with all ADA requirements. Therefore, a reasonable estimate or range of potential loss to the county resulting from this lawsuit cannot be made.

There are several other pending lawsuits in which the county is involved. Management has purchased commercial insurance to provide for potential claims and judgments that may arise. Based on a letter from the county attorney, management believes that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the financial statements of the county.

D. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Johnson County's landfill was closed in the 1996-97 fiscal year. The amount of postclosure care costs at June 30, 2005, was \$782,838. This amount is based on estimates of what it would cost to perform all postclosure care in 2005. Actual cost may vary due to inflation, changes in technology, or changes in regulations.

E. Joint Ventures

The First Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between district attorney general of the First Judicial District; Johnson, Carter, and Washington Counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a Board of Directors including the district attorney general,

sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Johnson County made no contributions to the DTF for the year ended June 30, 2005, and does not retain any equity interest in the joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the District Attorney General's Office, First Judicial District, P.O. Box 38, Jonesborough, TN 37659.

The Upper East Tennessee Juvenile Detention Center was formed through cooperative agreements between Johnson County and the counties of Carter, Greene, Hawkins, Johnson, Sullivan, and Washington for the operation of a program to divert youth from commitment to the Department of Correction facilities. This program is governed by a Board of Directors designated by the counties. The Board of Directors has contracted with Keystone Education and Youth Services to undertake the management of this program. Operation costs to the counties are allocated according to percentages based on population. Johnson County's participation is 3.7 percent. The county also pays a daily fee for individuals from the county using the facility.

Complete financial statements for the Juvenile Detention Center can be obtained from its administrative office at the Upper East Tennessee Regional Juvenile Detention Center, 307 Wesley Street, Johnson City, TN 37601.

F. Jointly Governed Organization

Primary Government

The East Tennessee Regional Agribusiness Marketing Authority was established through Title 64 of Tennessee Code Annotated, and includes the counties of Claiborne, Coker, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Sullivan, Unicoi, and Washington. The purpose of the authority is to establish and operate a market for agricultural products of the region through a food distribution center. The authority is governed by a board of directors consisting of the county mayors/executives of each county or the county mayor's/executive's designee and one nonvoting member representing each of the following: the Tennessee Department of Agriculture and the University of Tennessee's Agriculture Extension Service. An executive committee, consisting of the chairman, vice chairman, secretary, and treasurer of the board of directors, along with the center manager as an ex-officio member, is in charge of the daily operations of the center.

Discretely Presented Johnson County School Department

The Upper East Tennessee Educational Cooperative was established through a contractual agreement between the Boards of Education of Johnson County, Bristol City, Carter County, Coker County, Elizabethton City, Greeneville City, Greene County, Hamblen County, Hancock County, Hawkins County, Johnson City, Kingsport City, Newport City, Rogersville City, Sullivan County, Unicoi County, and Washington County. The cooperative was authorized through Chapter 49 of Tennessee Code

Annotated. The cooperative was established to provide the First Tennessee Virginia Development District with educational programs and services of higher quality, greater scope, and greater accessibility. The cooperative is governed by a Board of Control, consisting of one board member and the director of schools from each of the systems. The executive committee consists of the chairman and vice chairman of the Board of Control and the member director of schools. Funding for the cooperative is provided through state grants and member schools' contributions.

The Upper East Tennessee Educational Cooperative operates the Northeast Tennessee Cooperative which was established to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each member's school food service systems. The cooperative has contracted with a coordinating district (Johnson City School System) and a service provider to operate this service. All members of the Upper East Tennessee Cooperative are members of the Northeast Tennessee Cooperative, except Elizabethton City, Hancock County, Kingsport City, Unicoi County, and Washington County systems. The cooperative is governed by a representative committee, comprising one representative from each of the member districts, and an executive council, consisting of the chair, vice chair, secretary, treasurer, and a member-at-large from the representative committee.

G. Retirement Commitments

Plan Description

Employees of Johnson County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Johnson County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.treasury.state.tn.us. Copies of footnotes in PDF format can be accessed at <http://www.treasury.state.tn.us/tcrs/PS/>.

Funding Policy

Johnson County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2005, was 9.79 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Johnson County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2005, Johnson County's annual pension cost of \$472,106 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2003, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Johnson County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2003, was 15 years.

Trend Information

Fiscal Year Ended	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-05	\$472,106	100%	\$0
6-30-04	380,294	100	0
6-30-03	358,011	100	0

Required Supplementary Information
Schedule of Funding Progress for Johnson County
(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b) - (a)	(a/b)	(c)	((b-a)/c)
6-30-03	\$8,150	\$9,592	\$1,442	84.97%	\$4,131	34.91%
6-30-01	6,867	8,553	1,686	80.29	3,719	45.33
6-30-99	5,561	7,012	1,451	79.31	3,311	43.83

SCHOOL TEACHERS

Plan Description

The Johnson County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.treasury.state.tn.us. Copies of footnotes in PDF format can be accessed at <http://www.treasury.state.tn.us/tcrs/Schools/>.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Johnson County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2005, was 5.5 percent of annual covered payroll. The employer contribution requirement for the Johnson County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2005, 2004, and 2003, were \$432,288, \$247,258, and \$225,741, respectively, equal to the required contributions for each year.

H. Other Post-employment Benefits

Primary Government

Johnson County provides post-retirement health care benefits to all employees age 55 or older who retire with at least 25 years of credited membership in the Tennessee Consolidated Retirement System, or who have 30 years of service in Johnson County regardless of age provided that the employee participated in the county's health insurance for at least one year prior to their retirement date. Johnson County will continue to provide health insurance coverage to the retirees until age 65. Currently, there are two individuals participating in the program. During the year, expenditures of \$8,067 were recognized for these participants.

Discretely Presented Johnson County School Department

The Johnson County School Department provides post-retirement health care benefits equal to the individual health insurance premium to all employees age 55 or older who retire with at least 30 years of service with the School Department. Benefit coverage is reduced for those retirees with less than 30 years of service based on a five-year scale, starting with at least 19 years of service. The School Department will continue to provide health insurance coverage to retirees until age 65. Currently, there are nine individuals participating in the program. During the year, expenditures of \$24,468 were recognized for participants in the program.

I. Office of Central Accounting and Budgeting

Johnson County operates under provisions of the Fiscal Control Acts of 1957, which provide for a central system of accounting and budgeting covering funds administered by the county mayor, road superintendent, and director of schools. These funds were maintained in the Office of Central Accounting under the supervision of the director of accounts and budgets.

J. Purchasing Laws

Office of County Mayor and Road Superintendent

Purchasing procedures for the Offices of County Mayor and Road Superintendent are conducted under provisions of Section 5-14-101, et seq., Tennessee Code Annotated, (TCA). Purchasing procedures for the Office of Road Superintendent are also governed by provisions of the Uniform Road Law, Section 54-7-113, TCA. These statutes provide for purchases exceeding \$5,000 for the County Mayor's Office and \$10,000 for the Office of Road Superintendent to be made on a competitive bid basis.

Office of Director of Schools

Purchasing procedures for the discretely presented Johnson County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, Tennessee Code Annotated, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires that competitive bids be solicited through newspaper advertisement on all purchases estimated to exceed \$5,000.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Johnson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,355,144	\$ 0	\$ 0	\$ 2,355,144	\$ 2,179,712	\$ 2,206,491	\$ 148,653
Licenses and Permits	44,693	0	0	44,693	30,000	30,000	14,693
Fines, Forfeitures, and Penalties	85,602	0	0	85,602	46,700	64,845	20,757
Charges for Current Services	31,765	0	0	31,765	8,500	11,380	20,385
Other Local Revenues	455,914	0	0	455,914	408,500	466,130	(10,216)
Fees Received from County Officials	752,048	0	0	752,048	634,500	666,609	85,439
State of Tennessee	860,024	0	0	860,024	974,342	1,111,965	(251,941)
Federal Government	997,441	0	0	997,441	91,695	1,021,118	(23,677)
Other Governments and Citizens Groups	75,181	0	0	75,181	8,700	8,900	66,281
Total Revenues	\$ 5,657,812	\$ 0	\$ 0	\$ 5,657,812	\$ 4,382,649	\$ 5,587,438	\$ 70,374
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 71,598	\$ (25)	\$ 7	\$ 71,580	\$ 71,113	\$ 73,213	\$ 1,633
Board of Equalization	1,050	0	0	1,050	1,200	1,200	150
Other Boards and Committees	5,647	0	0	5,647	5,000	6,874	1,227
County Mayor	100,424	(342)	0	100,082	104,802	108,452	8,370
County Attorney	82,033	(63)	32	82,002	9,500	83,500	1,498
Election Commission	113,593	(1,590)	1,750	113,753	121,332	119,232	5,479
Register of Deeds	106,980	(3,033)	1,065	105,012	92,956	108,576	3,564
Development	8,620	0	35	8,655	10,500	10,500	1,845
County Buildings	71,558	(2,948)	2,571	71,181	72,907	79,213	8,032
<u>Finance</u>							
Accounting and Budgeting	149,717	(3,470)	27	146,274	141,974	146,924	650
Purchasing	42,171	(1,196)	1,200	42,175	43,082	43,082	907
Property Assessor's Office	145,283	(18)	0	145,265	146,922	146,922	1,657
Reappraisal Program	23,093	0	1,336	24,429	25,602	25,602	1,173

(Continued)

Exhibit E-1

Johnson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
County Trustee's Office	\$ 87,172	\$ (400)	\$ 15,728	\$ 102,500	\$ 90,598	\$ 104,367	\$ 1,867
County Clerk's Office	172,505	0	280	172,785	163,460	176,260	3,475
<u>Administration of Justice</u>							
Circuit Court	201,419	(2,201)	271	199,489	185,472	207,539	8,050
General Sessions Court	93,824	(843)	616	93,597	93,966	93,966	369
Chancery Court	105,997	(760)	752	105,989	103,145	106,631	642
Juvenile Court	60,930	(390)	748	61,288	65,693	76,383	15,095
<u>Public Safety</u>							
Sheriff's Department	861,102	(5,872)	9,904	865,134	797,863	898,088	32,954
Jail	713,571	(17,743)	34,478	730,306	908,199	795,534	65,228
Fire Prevention and Control	121,000	0	0	121,000	121,000	121,000	0
Civil Defense	217,165	(18,352)	756	199,569	71,220	286,121	86,552
Other Emergency Management	84,043	0	0	84,043	84,043	84,043	0
County Coroner/Medical Examiner	2,266	0	0	2,266	2,338	2,338	72
Public Safety Grant Programs	43,205	0	57	43,262	41,467	43,630	368
<u>Public Health and Welfare</u>							
Local Health Center	349,164	(14,797)	21,384	355,751	168,429	385,377	29,626
Regional Mental Health Center	12,875	0	0	12,875	10,300	12,875	0
Appropriation to State	9,482	0	0	9,482	7,682	9,482	0
General Welfare Assistance	432	0	0	432	2,000	2,000	1,568
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	75,909	(3,691)	0	72,218	74,598	78,929	6,711
Libraries	22,161	0	0	22,161	22,276	22,276	115
Other Social, Cultural, and Recreational	27,529	0	0	27,529	29,375	28,575	1,046
<u>Agriculture & Natural Resources</u>							
Agriculture Extension Service	57,137	0	0	57,137	58,759	60,059	2,922

(Continued)

Exhibit E-1

Johnson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Agriculture & Natural Resources (Cont.)</u>							
Soil Conservation	\$ 11,974	\$ 0	\$ 0	\$ 11,974	\$ 12,800	\$ 12,800	\$ 826
<u>Other Operations</u>							
Tourism	12,273	0	0	12,273	550	19,470	7,197
Airport	289,301	(364,705)	95,148	19,744	24,354	372,565	352,821
Other Charges	320,880	0	0	320,880	279,500	328,643	7,763
Contributions to Other Agencies	18,518	0	0	18,518	18,518	18,518	0
Employee Benefits	50,681	0	0	50,681	37,563	52,782	2,101
Miscellaneous	642,019	0	199	642,218	182,900	688,195	45,977
<u>Highways</u>							
Litter and Trash Collection	62,112	(2,436)	5,134	64,810	35,872	66,891	2,081
<u>Principal</u>							
General Government	7,041	0	0	7,041	0	7,042	1
<u>Interest</u>							
General Government	28,679	0	0	28,679	0	94,760	66,081
Total Expenditures	\$ 5,684,133	\$ (444,875)	\$ 193,478	\$ 5,432,736	\$ 4,540,830	\$ 6,210,429	\$ 777,693
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (26,321)	\$ 444,875	\$ (193,478)	\$ 225,076	\$ (158,181)	\$ (622,991)	\$ 848,067
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (316,912)	\$ 0	\$ 0	\$ (316,912)	\$ (306,000)	\$ (316,000)	\$ (912)
Total Other Financing Sources (Uses)	\$ (316,912)	\$ 0	\$ 0	\$ (316,912)	\$ (306,000)	\$ (316,000)	\$ (912)

(Continued)

Exhibit E-1

Johnson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ (343,233)	\$ 444,875	\$ (193,478)	\$ (91,836)	\$ (464,181)	\$ (938,991)	\$ 847,155
Fund Balance, July 1, 2004	1,854,742	(444,875)	0	1,409,867	1,723,602	1,723,602	(313,735)
Fund Balance, June 30, 2005	\$ 1,511,509	\$ 0	\$ (193,478)	\$ 1,318,031	\$ 1,259,421	\$ 784,611	\$ 533,420

Exhibit E-2

Johnson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,000	\$ 8,000	\$ (8,000)
Other Local Revenues	63,929	0	0	63,929	0	63,854	75
State of Tennessee	1,798,912	0	0	1,798,912	1,663,100	1,811,413	(12,501)
Federal Government	80,365	0	0	80,365	10,000	90,362	(9,997)
Other Governments and Citizens Groups	13,013	0	0	13,013	0	9,403	3,610
Total Revenues	\$ 1,956,219	\$ 0	\$ 0	\$ 1,956,219	\$ 1,681,100	\$ 1,983,032	\$ (26,813)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 73,213	\$ (166)	\$ 380	\$ 73,427	\$ 74,320	\$ 75,070	\$ 1,643
Highway and Bridge Maintenance	995,193	(26,605)	29,645	998,233	992,554	1,054,954	56,721
Operation and Maintenance of Equipment	258,156	(14,595)	13,295	256,856	234,000	288,000	31,144
Other Charges	96,039	(60)	97	96,076	127,426	96,700	624
Employee Benefits	62,014	0	0	62,014	59,300	62,351	337
Capital Outlay	421,431	(28,472)	48,414	441,373	271,500	571,843	130,470
<u>Principal</u>							
Highways and Streets	45,038	0	0	45,038	0	45,038	0
<u>Interest</u>							
Highways and Streets	10,646	0	0	10,646	0	10,646	0
<u>Other Debt Service</u>							
Highways and Streets	771	0	0	771	0	771	0
Total Expenditures	\$ 1,962,501	\$ (69,898)	\$ 91,831	\$ 1,984,434	\$ 1,759,100	\$ 2,205,373	\$ 220,939
Excess (Deficiency) of Revenues Over Expenditures	\$ (6,282)	\$ 69,898	\$ (91,831)	\$ (28,215)	\$ (78,000)	\$ (222,341)	\$ 194,126

(Continued)

Exhibit E-2

Johnson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 79,228	\$ 0	\$ 0	\$ 79,228	\$ 78,000	\$ 78,000	\$ 1,228
Total Other Financing Sources (Uses)	\$ 79,228	\$ 0	\$ 0	\$ 79,228	\$ 78,000	\$ 78,000	\$ 1,228
Net Change in Fund Balance	\$ 72,946	\$ 69,898	\$ (91,831)	\$ 51,013	\$ 0	\$ (144,341)	\$ 195,354
Fund Balance, July 1, 2004	230,168	(69,898)	0	160,270	141,249	144,341	15,929
Fund Balance, June 30, 2005	\$ 303,114	\$ 0	\$ (91,831)	\$ 211,283	\$ 141,249	\$ 0	\$ 211,283

JOHNSON COUNTY, TENNESSEE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2005

BUDGETARY INFORMATION

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the State Uniform Chart of Accounts as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, Other Boards and Committees, County Mayor, County Attorney, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The county's budgetary basis of accounting is consistent with generally accepted accounting principles (GAAP), except instances in which encumbrances are treated as budgeted expenditures. Therefore, actual amounts in the accompanying budgetary statements for the major funds are presented on this budgetary basis. A reconciliation of the differences between the budgetary basis and the GAAP basis is presented on the face of each budgetary statement.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for the transactions related to the Johnson County Solid Waste Transfer Facility.

Drug Control Fund – The Drug Control Fund is used to account for revenues received from drug-related fines, forfeitures, and seizures.

Constitutional Officers - Fees Fund – The Constitutional Officers - Fees Fund is used to account for operating expenses paid directly from the fee and commission accounts of the trustee, clerks, register, and sheriff.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

General Capital Projects Fund – The General Capital Project Fund is used to account for general capital expenditures of the county.

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for community development and industrial expansion in the county.

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for the accumulation of revenues for library expansion.

Exhibit F-1

Johnson County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2005

	Special Revenue Funds				Capital Projects Funds				Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects	Total	
<u>ASSETS</u>									
Cash	\$ 0	\$ 0	\$ 1,136	\$ 1,136	\$ 0	\$ 0	\$ 0	\$ 0	1,136
Equity in Pooled Cash and Investments	56,870	23,170	0	80,040	374,812	234,311	48,524	657,647	737,687
Accounts Receivable	7,173	0	204	7,377	0	0	0	0	7,377
Property Taxes Receivable	98,645	0	0	98,645	217,020	0	0	217,020	315,665
Allowance for Uncollectible Property Taxes	(2,029)	0	0	(2,029)	(4,464)	0	0	(4,464)	(6,493)
Total Assets	\$ 160,659	\$ 23,170	\$ 1,340	\$ 185,169	\$ 587,368	\$ 234,311	\$ 48,524	\$ 870,203	\$ 1,055,372
<u>LIABILITIES AND FUND BALANCES</u>									
<u>Liabilities</u>									
Accounts Payable	\$ 24,472	\$ 0	\$ 0	\$ 24,472	\$ 0	\$ 0	\$ 0	\$ 0	24,472
Due to Other Funds	4,735	0	1,340	6,075	0	0	0	0	6,075
Deferred Revenue - Current Property Taxes	91,411	0	0	91,411	201,106	0	0	201,106	292,517
Deferred Revenue - Delinquent Property Taxes	4,844	0	0	4,844	10,657	0	0	10,657	15,501
Total Liabilities	\$ 125,462	\$ 0	\$ 1,340	\$ 126,802	\$ 211,763	\$ 0	\$ 0	\$ 211,763	\$ 338,565
<u>Fund Balances</u>									
Reserved for Encumbrances	\$ 571	\$ 542	\$ 0	\$ 1,113	\$ 0	\$ 0	\$ 0	\$ 0	1,113
Unreserved	34,626	22,628	0	57,254	375,605	234,311	48,524	658,440	715,694
Total Fund Balances	\$ 35,197	\$ 23,170	\$ 0	\$ 58,367	\$ 375,605	\$ 234,311	\$ 48,524	\$ 658,440	\$ 716,807
Total Liabilities and Fund Balances	\$ 160,659	\$ 23,170	\$ 1,340	\$ 185,169	\$ 587,368	\$ 234,311	\$ 48,524	\$ 870,203	\$ 1,055,372

Exhibit F-2

Johnson County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005

	Special Revenue Funds				Capital Projects Funds				Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects	Total	
<u>Revenues</u>									
Local Taxes	\$ 102,938	\$ 0	\$ 0	\$ 102,938	\$ 219,407	\$ 0	\$ 0	\$ 219,407	\$ 322,345
Fines, Forfeitures, and Penalties	0	27,563	0	27,563	0	0	0	0	27,563
Charges for Current Services	353,969	0	4,931	358,900	0	0	0	0	358,900
Other Local Revenues	3,064	10	0	3,074	0	65,370	1,152	66,522	69,596
State of Tennessee	0	0	0	0	0	4,200	0	4,200	4,200
Total Revenues	\$ 459,971	\$ 27,573	\$ 4,931	\$ 492,475	\$ 219,407	\$ 69,570	\$ 1,152	\$ 290,129	\$ 782,604
<u>Expenditures</u>									
Current:									
Finance	\$ 0	\$ 0	\$ 295	\$ 295	\$ 0	\$ 0	\$ 0	\$ 0	\$ 295
Administration of Justice	0	0	4,600	4,600	0	0	0	0	4,600
Public Safety	0	47,261	36	47,297	0	0	0	0	47,297
Public Health and Welfare	378,839	0	0	378,839	0	0	0	0	378,839
Debt Service:									
Principal	92,199	0	0	92,199	0	0	0	0	92,199
Interest	12,276	0	0	12,276	0	0	0	0	12,276
Other Debt Service	862	0	0	862	0	0	0	0	862
Capital Projects	0	0	0	0	274,521	28,204	3,380	306,105	306,105
Total Expenditures	\$ 484,176	\$ 47,261	\$ 4,931	\$ 536,368	\$ 274,521	\$ 28,204	\$ 3,380	\$ 306,105	\$ 842,473
Excess (Deficiency) of Revenues Over Expenditures	\$ (24,205)	\$ (19,688)	\$ 0	\$ (43,893)	\$ (55,114)	\$ 41,366	\$ (2,228)	\$ (15,976)	\$ (59,869)
Net Change in Fund Balances	\$ (24,205)	\$ (19,688)	\$ 0	\$ (43,893)	\$ (55,114)	\$ 41,366	\$ (2,228)	\$ (15,976)	\$ (59,869)
Fund Balance, July 1, 2004	59,402	42,858	0	102,260	430,719	192,945	50,752	674,416	776,676
Fund Balance, June 30, 2005	\$ 35,197	\$ 23,170	\$ 0	\$ 58,367	\$ 375,605	\$ 234,311	\$ 48,524	\$ 658,440	\$ 716,807

Exhibit F-3

Johnson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 102,938	\$ 0	\$ 0	\$ 102,938	\$ 101,651	\$ 101,651	\$ 1,287
Charges for Current Services	353,969	0	0	353,969	338,130	338,130	15,839
Other Local Revenues	3,064	0	0	3,064	0	1,778	1,286
Total Revenues	\$ 459,971	\$ 0	\$ 0	\$ 459,971	\$ 439,781	\$ 441,559	\$ 18,412
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Management	\$ 378,839	\$ (2,366)	\$ 571	\$ 377,044	\$ 438,553	\$ 381,806	\$ 4,762
<u>Principal</u>							
General Government	92,199	0	0	92,199	0	92,199	0
<u>Interest</u>							
General Government	12,276	0	0	12,276	0	12,276	0
<u>Other Debt Service</u>							
General Government	862	0	0	862	0	1,000	138
Total Expenditures	\$ 484,176	\$ (2,366)	\$ 571	\$ 482,381	\$ 438,553	\$ 487,281	\$ 4,900
Excess (Deficiency) of Revenues Over Expenditures	\$ (24,205)	\$ 2,366	\$ (571)	\$ (22,410)	\$ 1,228	\$ (45,722)	\$ 23,312
Net Change in Fund Balance	\$ (24,205)	\$ 2,366	\$ (571)	\$ (22,410)	\$ 1,228	\$ (45,722)	\$ 23,312
Fund Balance, July 1, 2004	59,402	(2,366)	0	57,036	61,007	61,007	(3,971)
Fund Balance, June 30, 2005	\$ 35,197	\$ 0	\$ (571)	\$ 34,626	\$ 62,235	\$ 15,285	\$ 19,341

Exhibit F-4

Johnson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 27,563	\$ 0	\$ 0	\$ 27,563	\$ 28,000	\$ 32,000	\$ (4,437)
Other Local Revenues	10	0	0	10	0	0	10
Total Revenues	<u>\$ 27,573</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 27,573</u>	<u>\$ 28,000</u>	<u>\$ 32,000</u>	<u>\$ (4,427)</u>
<u>Expenditures</u>							
<u>Public Safety</u>							
Sheriff's Department	\$ 516	\$ (516)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Drug Enforcement	46,745	0	542	47,287	46,300	50,300	3,013
Total Expenditures	<u>\$ 47,261</u>	<u>\$ (516)</u>	<u>\$ 542</u>	<u>\$ 47,287</u>	<u>\$ 46,300</u>	<u>\$ 50,300</u>	<u>\$ 3,013</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (19,688)</u>	<u>\$ 516</u>	<u>\$ (542)</u>	<u>\$ (19,714)</u>	<u>\$ (18,300)</u>	<u>\$ (18,300)</u>	<u>\$ (1,414)</u>
Net Change in Fund Balance Fund Balance, July 1, 2004	<u>\$ (19,688)</u>	<u>\$ 516</u>	<u>\$ (542)</u>	<u>\$ (19,714)</u>	<u>\$ (18,300)</u>	<u>\$ (18,300)</u>	<u>\$ (1,414)</u>
Fund Balance, June 30, 2005	<u>\$ 23,170</u>	<u>\$ 0</u>	<u>\$ (542)</u>	<u>\$ 22,628</u>	<u>\$ 17,381</u>	<u>\$ 17,381</u>	<u>\$ 5,247</u>

Exhibit F-5

Johnson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Capital Projects Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 219,407	\$ 0	\$ 219,407	\$ 209,032	\$ 209,032	\$ 10,375
Total Revenues	\$ 219,407	\$ 0	\$ 219,407	\$ 209,032	\$ 209,032	\$ 10,375
<u>Expenditures</u>						
<u>Capital Projects</u>						
General Administration Projects	\$ 4,624	\$ 0	\$ 4,624	\$ 203,000	\$ 5,000	\$ 376
Public Safety Projects	104,897	(3,600)	101,297	0	105,900	4,603
Education Capital Projects	165,000	(165,000)	0	0	160,000	160,000
Total Expenditures	\$ 274,521	\$ (168,600)	\$ 105,921	\$ 203,000	\$ 270,900	\$ 164,979
Excess (Deficiency) of Revenues Over Expenditures	\$ (55,114)	\$ 168,600	\$ 113,486	\$ 6,032	\$ (61,868)	\$ 175,354
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 39,900	\$ (39,900)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 39,900	\$ (39,900)
Net Change in Fund Balance	\$ (55,114)	\$ 168,600	\$ 113,486	\$ 6,032	\$ (21,968)	\$ 135,454
Fund Balance, July 1, 2004	430,719	(168,600)	262,119	171,218	171,218	90,901
Fund Balance, June 30, 2005	\$ 375,605	\$ 0	\$ 375,605	\$ 177,250	\$ 149,250	\$ 226,355

Major Governmental Fund

General Debt Service Fund

The General Debt Service Fund is used to account for the accumulation of resources for, and the payment of debt principal, interest, and related costs.

Exhibit G

Johnson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 809,550	\$ 1,377,599	\$ 786,117	\$ 23,433
Other Governments and Citizens Groups	392,926	0	392,926	0
Total Revenues	<u>\$ 1,202,476</u>	<u>\$ 1,377,599</u>	<u>\$ 1,179,043</u>	<u>\$ 23,433</u>
<u>Expenditures</u>				
<u>Principal</u>				
Education	\$ 495,000	\$ 946,472	\$ 495,000	\$ 0
<u>Interest</u>				
General Government	125,943	0	125,943	0
Education	489,834	0	501,235	11,401
<u>Other Debt Service</u>				
General Government	23,477	55,707	31,330	7,853
Education	0	600,000	0	0
Total Expenditures	<u>\$ 1,134,254</u>	<u>\$ 1,602,179</u>	<u>\$ 1,153,508</u>	<u>\$ 19,254</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 68,222</u>	<u>\$ (224,580)</u>	<u>\$ 25,535</u>	<u>\$ 42,687</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 237,684	\$ 620,926	\$ 228,000	\$ 9,684
Total Other Financing Sources (Uses)	<u>\$ 237,684</u>	<u>\$ 620,926</u>	<u>\$ 228,000</u>	<u>\$ 9,684</u>
Net Change in Fund Balance	\$ 305,906	\$ 396,346	\$ 253,535	\$ 52,371
Fund Balance, July 1, 2004	3,232,241	3,150,297	3,150,297	81,944
Fund Balance, June 30, 2005	<u>\$ 3,538,147</u>	<u>\$ 3,546,643</u>	<u>\$ 3,403,832</u>	<u>\$ 134,315</u>

Fiduciary Funds

Agency Funds are used to account for assets held by the county as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of the sales tax revenues collected inside incorporated cities of the county. These revenues are received by the county from the State of Tennessee and forwarded to the various cities on a monthly basis.

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk, circuit and general sessions courts clerk, clerk and master, register, and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Johnson County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2005

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 545,725	\$ 545,725
Due from Other Governments	72,312	0	72,312
Total Assets	<u>\$ 72,312</u>	<u>\$ 545,725</u>	<u>\$ 618,037</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 72,312	\$ 0	\$ 72,312
Due to Litigants, Heirs, and Others	0	545,725	545,725
Total Liabilities	<u>\$ 72,312</u>	<u>\$ 545,725</u>	<u>\$ 618,037</u>

Exhibit H-2

Johnson County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2005

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 395,850	\$ 395,850	\$ 0
Due From Other Governments	67,055	72,312	67,055	72,312
Total Assets	\$ 67,055	\$ 468,162	\$ 462,905	\$ 72,312
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 67,055	\$ 468,162	\$ 462,905	\$ 72,312
Total Liabilities	\$ 67,055	\$ 468,162	\$ 462,905	\$ 72,312
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 383,301	\$ 4,131,422	\$ 3,968,998	\$ 545,725
Accounts Receivable	62	0	62	0
Total Assets	\$ 383,363	\$ 4,131,422	\$ 3,969,060	\$ 545,725
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 383,363	\$ 4,131,422	\$ 3,969,060	\$ 545,725
Total Liabilities	\$ 383,363	\$ 4,131,422	\$ 3,969,060	\$ 545,725
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 395,850	\$ 395,850	\$ 0
Cash	383,301	4,131,422	3,968,998	545,725
Accounts Receivable	62	0	62	0
Due From Other Governments	67,055	72,312	67,055	72,312
Total Assets	\$ 450,418	\$ 4,599,584	\$ 4,431,965	\$ 618,037
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 67,055	\$ 468,162	\$ 462,905	\$ 72,312
Due to Litigants, Heirs, and Others	383,363	4,131,422	3,969,060	545,725
Total Liabilities	\$ 450,418	\$ 4,599,584	\$ 4,431,965	\$ 618,037

Johnson County School Department

This section presents combining and individual fund financial statements for the Johnson County School Department, a discretely presented component unit. The School Department uses a General Fund, three Special Revenue Funds, and one Capital Projects Fund.

General Purpose School Fund – The General Purpose School Fund is used to account for general operations of the School Department.

School Federal Projects Fund – The School Federal Projects Fund is used to account for restricted federal revenues which must be expended on specific education programs.

Central Cafeteria Fund – The Central Cafeteria Fund is used to account for the cafeteria operations in each of the schools.

Other Education Special Revenue Fund – The Other Education Special Revenue Fund is used to account for a Headstart grant.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for capital projects expenditures of the School Department.

Exhibit I-1

Johnson County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Johnson County School Department
June 30, 2005

	Major Funds		Nonmajor	Total
	General Purpose School	School Federal Projects	Funds Other Governmental Funds	
<u>ASSETS</u>				
Cash	\$ 6,082	\$ 0	\$ 0	\$ 6,082
Equity in Pooled Cash and Investments	4,368,837	89,695	643,268	5,101,800
Due from Other Governments	109,730	196,112	18,637	324,479
Property Taxes Receivable	2,564,779	0	0	2,564,779
Allowance for Uncollectible Property Taxes	(52,750)	0	0	(52,750)
Total Assets	\$ 6,996,678	\$ 285,807	\$ 661,905	\$ 7,944,390
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 9,519	\$ 77,616	\$ 155	\$ 87,290
Payroll Deductions Payable	17,874	461	775	19,110
Cash Overdraft	0	0	883	883
Contracts Payable	48,622	0	0	48,622
Retainage Payable	6,660	0	0	6,660
Deferred Revenue - Current Property Taxes	2,376,706	0	0	2,376,706
Deferred Revenue - Delinquent Property Taxes	125,949	0	0	125,949
Other Deferred Revenues	16,442	0	0	16,442
Total Liabilities	\$ 2,601,772	\$ 78,077	\$ 1,813	\$ 2,681,662
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 482,435	\$ 33,199	\$ 126,724	\$ 642,358
Other Local Education Reserves	74,985	0	0	74,985
Reserved for Career Ladder - Extended Contract	5,681	0	0	5,681
Reserved for Career Ladder Program	3,127	0	0	3,127
Reserved for Basic Education Program	139,760	0	0	139,760
Reserved for Title I Grants to Local Education Agencies	0	110,272	0	110,272
Reserved for Innovative Education Program Strategies	0	2,775	0	2,775
Reserved for Special Education - Grants to States	0	23,502	0	23,502
Other Federal Reserves	0	37,982	0	37,982
Unreserved, Reported In:				
General Fund	3,688,918	0	0	3,688,918
Special Revenue Funds	0	0	517,715	517,715
Capital Projects Funds	0	0	15,653	15,653
Total Fund Balances	\$ 4,394,906	\$ 207,730	\$ 660,092	\$ 5,262,728
Total Liabilities and Fund Balances	\$ 6,996,678	\$ 285,807	\$ 661,905	\$ 7,944,390

Johnson County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
Discretely Presented Johnson County School Department
June 30, 2005

Amounts reported for governmental activities in the statement of net assets (Exhibit A) are different because:

Total fund balances - balance sheet - governmental funds (Exhibit I-1)	\$ 5,262,728
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	18,518,658
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.	142,391
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. Accrued leave	(35,963)
Net assets of governmental activities (Exhibit A)	\$ 23,887,814

Exhibit I-3

Johnson County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Johnson County School Department
For the Year Ended June 30, 2005

	Major Funds		Nonmajor	Total
	General Purpose School	School Federal Projects	Funds Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 3,208,605	\$ 0	\$ 0	\$ 3,208,605
Licenses and Permits	2,514	0	0	2,514
Charges for Current Services	146,239	0	307,646	453,885
Other Local Revenues	90,441	0	33,113	123,554
State of Tennessee	10,586,602	0	0	10,586,602
Federal Government	311,171	2,503,729	1,339,375	4,154,275
Other Governments and Citizens Groups	30,580	0	0	30,580
Total Revenues	\$ 14,376,152	\$ 2,503,729	\$ 1,680,134	\$ 18,560,015
<u>Expenditures</u>				
Current:				
Instruction	\$ 8,083,113	\$ 1,806,570	\$ 334,557	\$ 10,224,240
Support Services	5,235,464	749,216	294,842	6,279,522
Operation of Non-Instructional Services	177,115	0	1,045,052	1,222,167
Capital Outlay	943,521	0	0	943,521
Debt Service:				
Other Debt Service	352,926	0	40,000	392,926
Capital Projects	0	0	165,615	165,615
Total Expenditures	\$ 14,792,139	\$ 2,555,786	\$ 1,880,066	\$ 19,227,991
Excess (Deficiency) of Revenues Over Expenditures	\$ (415,987)	\$ (52,057)	\$ (199,932)	\$ (667,976)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 22,527	\$ 0	\$ 0	\$ 22,527
Transfers Out	0	(22,527)	0	(22,527)
Total Other Financing Sources (Uses)	\$ 22,527	\$ (22,527)	\$ 0	\$ 0
Net Change in Fund Balances	\$ (393,460)	\$ (74,584)	\$ (199,932)	\$ (667,976)
Fund Balance, July 1, 2004	4,788,366	282,314	860,024	5,930,704
Fund Balance, June 30, 2005	\$ 4,394,906	\$ 207,730	\$ 660,092	\$ 5,262,728

Johnson County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Johnson County School Department
For the Year Ended June 30, 2005

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net changes in fund balances - total governmental funds (Exhibit I-3)		\$ (667,976)
<p>(1) Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The amount that capital outlays differ from depreciation is itemized as follows:</p>		
Add: Capital outlays in the current period	\$ 1,006,243	
Less: Current year depreciation	<u>(892,002)</u>	114,241
<p>(2) Donated capital assets do not generate current financial resources and are therefore not recognized in the governmental funds. This adjustment reflects capital assets donated during the current period.</p>		
		176,106
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
For the year ended June 30, 2004	\$ (166,508)	
For the year ended June 30, 2005	<u>142,391</u>	(24,117)
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in compensated absences		<u>44</u>
Change in net assets of governmental activities (Exhibit B)		<u><u>\$ (401,702)</u></u>

Exhibit I-5

Johnson County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Johnson County School Department
June 30, 2005

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Central Cafeteria	Other Education Special Revenue	Total	Education Capital Projects	
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 500,891	\$ 0	\$ 500,891	\$ 142,377	\$ 643,268
Due from Other Governments	16,941	1,696	18,637	0	18,637
Total Assets	<u>\$ 517,832</u>	<u>\$ 1,696</u>	<u>\$ 519,528</u>	<u>\$ 142,377</u>	<u>\$ 661,905</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 117	\$ 38	\$ 155	\$ 0	\$ 155
Payroll Deductions Payable	0	775	775	0	775
Cash Overdraft	0	883	883	0	883
Total Liabilities	<u>\$ 117</u>	<u>\$ 1,696</u>	<u>\$ 1,813</u>	<u>\$ 0</u>	<u>\$ 1,813</u>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 126,724	\$ 126,724
Unreserved	517,715	0	517,715	15,653	533,368
Total Fund Balances	<u>\$ 517,715</u>	<u>\$ 0</u>	<u>\$ 517,715</u>	<u>\$ 142,377</u>	<u>\$ 660,092</u>
Total Liabilities and Fund Balances	<u>\$ 517,832</u>	<u>\$ 1,696</u>	<u>\$ 519,528</u>	<u>\$ 142,377</u>	<u>\$ 661,905</u>

Exhibit I-6

Johnson County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Johnson County School Department
For the Year Ended June 30, 2005

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Central Cafeteria	Other Education Special Revenue	Total	Education Capital Projects	
<u>Revenues</u>					
Charges for Current Services	\$ 307,646	\$ 0	\$ 307,646	\$ 0	\$ 307,646
Other Local Revenues	8,204	0	8,204	24,909	33,113
Federal Government	733,141	606,234	1,339,375	0	1,339,375
Total Revenues	<u>\$ 1,048,991</u>	<u>\$ 606,234</u>	<u>\$ 1,655,225</u>	<u>\$ 24,909</u>	<u>\$ 1,680,134</u>
<u>Expenditures</u>					
Current:					
Instruction	\$ 0	\$ 334,557	\$ 334,557	\$ 0	\$ 334,557
Support Services	20,147	274,695	294,842	0	294,842
Operation of Non-Instructional Services	1,045,052	0	1,045,052	0	1,045,052
Debt Service:					
Other Debt Service	0	0	0	40,000	40,000
Capital Projects	0	0	0	165,615	165,615
Total Expenditures	<u>\$ 1,065,199</u>	<u>\$ 609,252</u>	<u>\$ 1,674,451</u>	<u>\$ 205,615</u>	<u>\$ 1,880,066</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (16,208)</u>	<u>\$ (3,018)</u>	<u>\$ (19,226)</u>	<u>\$ (180,706)</u>	<u>\$ (199,932)</u>
Net Change in Fund Balances	\$ (16,208)	\$ (3,018)	\$ (19,226)	\$ (180,706)	\$ (199,932)
Fund Balance, July 1, 2004	<u>533,923</u>	<u>3,018</u>	<u>536,941</u>	<u>323,083</u>	<u>860,024</u>
Fund Balance, June 30, 2005	<u>\$ 517,715</u>	<u>\$ 0</u>	<u>\$ 517,715</u>	<u>\$ 142,377</u>	<u>\$ 660,092</u>

Exhibit I-7

Johnson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Johnson County School Department
General Purpose School Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 3,208,605	\$ 0	\$ 0	\$ 3,208,605	\$ 3,147,103	\$ 3,147,103	\$ 61,502
Licenses and Permits	2,514	0	0	2,514	2,100	2,100	414
Charges for Current Services	146,239	0	0	146,239	138,900	161,609	(15,370)
Other Local Revenues	90,441	0	0	90,441	25,000	98,578	(8,137)
State of Tennessee	10,586,602	0	0	10,586,602	10,500,877	10,607,747	(21,145)
Federal Government	311,171	0	0	311,171	136,164	321,687	(10,516)
Other Governments and Citizens Groups	30,580	0	0	30,580	0	30,580	0
Total Revenues	\$ 14,376,152	\$ 0	\$ 0	\$ 14,376,152	\$ 13,950,144	\$ 14,369,404	\$ 6,748
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 5,905,894	\$ (29,371)	\$ 110,849	\$ 5,987,372	\$ 5,936,357	\$ 6,141,708	\$ 154,336
Alternative Instruction Program	166,045	(1,618)	2,255	166,682	192,660	184,292	17,610
Special Education Program	919,655	0	0	919,655	935,218	952,988	33,333
Vocational Education Program	923,951	(7,144)	800	917,607	887,915	950,972	33,365
Student Body Education Program	65,348	0	195	65,543	0	75,059	9,516
Adult Education Program	102,220	(4,233)	311	98,298	80,135	98,350	52
<u>Support Services</u>							
Attendance	73,618	(109)	655	74,164	74,910	74,910	746
Health Services	128,908	(498)	28	128,438	108,410	134,341	5,903
Other Student Support	182,013	(2,621)	3,846	183,238	155,882	215,717	32,479
Regular Instruction Program	689,906	(5,056)	2,379	687,229	665,900	727,084	39,855
Alternative Instruction Program	124	(585)	477	16	1,500	1,500	1,484
Special Education Program	140,966	0	13	140,979	149,764	151,054	10,075
Vocational Education Program	65,496	0	0	65,496	65,286	65,814	318
Adult Programs	61,323	0	25	61,348	57,483	62,818	1,470

(Continued)

Exhibit I-7

Johnson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Johnson County School Department
General Purpose School Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Board of Education	\$ 419,017	\$ (54)	\$ 0	\$ 418,963	\$ 450,933	\$ 465,838	\$ 46,875
Director of Schools	162,577	(5,354)	530	157,753	167,344	173,704	15,951
Office of the Principal	909,921	(2,091)	5,583	913,413	934,306	944,833	31,420
Fiscal Services	117,212	(1,200)	0	116,012	119,947	120,036	4,024
Operation of Plant	1,284,423	(15,370)	4,410	1,273,463	1,335,558	1,331,097	57,634
Maintenance of Plant	231,366	(16,911)	15,438	229,893	208,564	248,851	18,958
Transportation	725,274	(90,922)	20,308	654,660	688,475	729,180	74,520
Central and Other	43,320	(1,208)	5,977	48,089	52,423	49,923	1,834
<u>Operation of Non-Instructional Services</u>							
Food Service	82,856	(146)	0	82,710	83,416	83,944	1,234
Community Services	94,259	(45)	518	94,732	66,335	101,035	6,303
<u>Capital Outlay</u>							
Regular Capital Outlay	943,521	(381,046)	307,838	870,313	667,530	989,687	119,374
<u>Principal</u>							
Education	0	0	0	0	21,300	0	0
<u>Interest</u>							
Education	0	0	0	0	6,400	0	0
<u>Other Debt Service</u>							
Education	352,926	0	0	352,926	352,926	352,926	0
Total Expenditures	\$ 14,792,139	\$ (565,582)	\$ 482,435	\$ 14,708,992	\$ 14,466,877	\$ 15,427,661	\$ 718,669
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (415,987)	\$ 565,582	\$ (482,435)	\$ (332,840)	\$ (516,733)	\$ (1,058,257)	\$ 725,417

(Continued)

Exhibit I-7

Johnson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Johnson County School Department
General Purpose School Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 22,527	\$ 0	\$ 0	\$ 22,527	\$ 24,702	\$ 30,366	\$ (7,839)
Total Other Financing Sources (Uses)	\$ 22,527	\$ 0	\$ 0	\$ 22,527	\$ 24,702	\$ 30,366	\$ (7,839)
Net Change in Fund Balance	\$ (393,460)	\$ 565,582	\$ (482,435)	\$ (310,313)	\$ (492,031)	\$ (1,027,891)	\$ 717,578
Fund Balance, July 1, 2004	4,788,366	(565,582)	0	4,222,784	4,024,491	4,024,491	198,293
Fund Balance, June 30, 2005	\$ 4,394,906	\$ 0	\$ (482,435)	\$ 3,912,471	\$ 3,532,460	\$ 2,996,600	\$ 915,871

Exhibit I-8

Johnson County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discretely Presented Johnson County School Department
 School Federal Projects Fund
 For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 2,503,729	\$ 0	\$ 0	\$ 2,503,729	\$ 2,312,588	\$ 2,661,413	\$ (157,684)
Total Revenues	\$ 2,503,729	\$ 0	\$ 0	\$ 2,503,729	\$ 2,312,588	\$ 2,661,413	\$ (157,684)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,254,093	\$ (86,957)	\$ 18,940	\$ 1,186,076	\$ 1,123,672	\$ 1,382,820	\$ 196,744
Special Education Program	466,166	(10,699)	3,222	458,689	434,460	476,658	17,969
Vocational Education Program	86,311	(17,912)	9,907	78,306	46,245	78,306	0
<u>Support Services</u>							
Other Student Support	403,433	(609)	420	403,244	364,317	476,645	73,401
Regular Instruction Program	273,960	(13,379)	710	261,291	259,959	288,661	27,370
Special Education Program	10,542	0	0	10,542	10,000	10,542	0
Vocational Education Program	8,000	0	0	8,000	8,000	8,000	0
Board of Education	4,668	0	0	4,668	4,657	4,693	25
Fiscal Services	3,206	0	0	3,206	3,208	3,208	2
Maintenance of Plant	0	0	0	0	300	300	300
Transportation	45,407	0	0	45,407	42,471	45,407	0
Total Expenditures	\$ 2,555,786	\$ (129,556)	\$ 33,199	\$ 2,459,429	\$ 2,297,289	\$ 2,775,240	\$ 315,811
Excess (Deficiency) of Revenues Over Expenditures	\$ (52,057)	\$ 129,556	\$ (33,199)	\$ 44,300	\$ 15,299	\$ (113,827)	\$ 158,127
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (22,527)	\$ 0	\$ 0	\$ (22,527)	\$ (15,299)	\$ (39,510)	\$ 16,983
Total Other Financing Sources (Uses)	\$ (22,527)	\$ 0	\$ 0	\$ (22,527)	\$ (15,299)	\$ (39,510)	\$ 16,983

(Continued)

Exhibit I-8

Johnson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Johnson County School Department
School Federal Projects Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ (74,584)	\$ 129,556	\$ (33,199)	\$ 21,773	\$ 0	\$ (153,337)	\$ 175,110
Fund Balance, July 1, 2004	282,314	(129,556)	0	152,758	152,758	153,337	(579)
Fund Balance, June 30, 2005	\$ 207,730	\$ 0	\$ (33,199)	\$ 174,531	\$ 152,758	\$ 0	\$ 174,531

Exhibit I-9

Johnson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Johnson County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 307,646	\$ 300,600	\$ 300,600	\$ 7,046
Other Local Revenues	8,204	8,200	8,200	4
Federal Government	733,141	868,455	868,455	(135,314)
Total Revenues	<u>\$ 1,048,991</u>	<u>\$ 1,177,255</u>	<u>\$ 1,177,255</u>	<u>\$ (128,264)</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 20,147	\$ 20,147	\$ 20,147	0
<u>Operation of Non-Instructional Services</u>				
Food Service	1,045,052	1,157,108	1,157,108	112,056
Total Expenditures	<u>\$ 1,065,199</u>	<u>\$ 1,177,255</u>	<u>\$ 1,177,255</u>	<u>\$ 112,056</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (16,208)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (16,208)</u>
Net Change in Fund Balance	\$ (16,208)	\$ 0	\$ 0	\$ (16,208)
Fund Balance, July 1, 2004	<u>533,923</u>	<u>533,923</u>	<u>533,923</u>	<u>0</u>
Fund Balance, June 30, 2005	<u>\$ 517,715</u>	<u>\$ 533,923</u>	<u>\$ 533,923</u>	<u>\$ (16,208)</u>

Exhibit I-10

Johnson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Johnson County School Department
Other Education Special Revenue Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 0	\$ 0	\$ 450	\$ (450)
Federal Government	606,234	477,122	674,342	(68,108)
Total Revenues	<u>\$ 606,234</u>	<u>\$ 477,122</u>	<u>\$ 674,792</u>	<u>\$ (68,558)</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 334,557	\$ 293,681	\$ 361,075	\$ 26,518
Special Education Program	0	10,615	10,615	10,615
<u>Support Services</u>				
Attendance	68,857	79,145	85,150	16,293
Health Services	9,631	8,881	11,421	1,790
Regular Instruction Program	68,079	65,512	68,357	278
Board of Education	1,840	1,840	1,840	0
Director of Schools	577	800	800	223
Office of the Principal	682	500	700	18
Transportation	125,029	16,148	134,834	9,805
Total Expenditures	<u>\$ 609,252</u>	<u>\$ 477,122</u>	<u>\$ 674,792</u>	<u>\$ 65,540</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (3,018)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (3,018)</u>
Net Change in Fund Balance	\$ (3,018)	\$ 0	\$ 0	\$ (3,018)
Fund Balance, July 1, 2004	<u>3,018</u>	<u>3,018</u>	<u>3,018</u>	<u>0</u>
Fund Balance, June 30, 2005	<u>\$ 0</u>	<u>\$ 3,018</u>	<u>\$ 3,018</u>	<u>\$ (3,018)</u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Johnson County, Tennessee
Schedule of Changes in Long-term Notes,
Other Loans, Capital Leases, and Bonds
For the Year Ended June 30, 2005

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-04	Paid and/or Matured During Period	Outstanding 6-30-05
NOTES PAYABLE							
<u>Payable through General Fund</u>							
Airport Hanger	\$ 84,500	6.204 %	11-10-1992	11-10-04	\$ 7,041	\$ 7,041	\$ 0
Total Payable through General Fund					\$ 7,041	\$ 7,041	\$ 0
<u>Payable through Solid Waste/Sanitation Fund</u>							
Solid Waste Transfer Facility	500,000	5.95	8-4-1995	8-4-07	\$ 206,324	\$ 47,199	\$ 159,125
Solid Waste Transfer Facility	450,000	0	8-16-1995	8-16-07	97,500	45,000	52,500
Total Payable through Solid Waste/Sanitation Fund					\$ 303,824	\$ 92,199	\$ 211,625
<u>Payable through Highway/Public Works Fund</u>							
Highway Equipment	307,000	5.25	12-6-1999	12-6-09	\$ 202,802	\$ 29,629	\$ 173,173
Total Payable through Highway/Public Works Fund					\$ 202,802	\$ 29,629	\$ 173,173
Total Notes Payable					\$ 513,667	\$ 128,869	\$ 384,798
OTHER LOANS PAYABLE							
<u>Payable through General Debt Service Fund</u>							
Blount County PBA Loan Program	(1)	Variable	6-27-02	6-1-28	\$ 3,090,111	\$ 0	\$ 3,090,111
Blount County PBA Loan Program	2,135,000	3.935	6-27-02	6-1-28	2,135,000	0	2,135,000
Total Other Loans Payable					\$ 5,225,111	\$ 0	\$ 5,225,111
BONDS PAYABLE							
<u>Payable through General Debt Service Fund</u>							
General Obligation Refunding	940,000	4.5	12-1-1998	4-1-05	\$ 180,000	\$ 180,000	\$ 0
School Bonds	9,925,000	4.1 to 5.5	2-1-1999	4-1-25	9,175,000	190,000	8,985,000
School Bonds	1,230,000	4.3 to 5.25	2-2-00	4-1-05	95,000	95,000	0
General Obligation Refunding	1,435,000	1.5 to 4.5	3-3-04	4-1-27	1,420,000	30,000	1,390,000
Total Bonds Payable					\$ 10,870,000	\$ 495,000	\$ 10,375,000

(Continued)

Exhibit J-1

Johnson County, Tennessee
Schedule of Changes in Long-term Notes,
Other Loans, Capital Leases, and Bonds (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-04	Paid and/or Matured During Period	Outstanding 6-30-05
<u>CAPITAL LEASE PAYABLE</u>							
<u>Payable through Highway/Public Works Fund</u>							
Backhoe	\$ 46,229	0 %	11-6-03	6-1-06	\$ 30,819	\$ 15,409	\$ 15,410
Total Capital Lease Payable					<u>\$ 30,819</u>	<u>\$ 15,409</u>	<u>\$ 15,410</u>

(1) The total amount approved for draws under this loan agreement is \$3,565,000 of which \$3,090,111 has been drawn as of June 30, 2005.

Exhibit J-2

Johnson County, Tennessee
Schedule of Bond and Interest Requirements by Year

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2006	\$ 340,000	\$ 467,129	\$ 807,129
2007	355,000	454,028	809,028
2008	370,000	439,264	809,264
2009	380,000	423,673	803,673
2010	400,000	406,621	806,621
2011	415,000	392,251	807,251
2012	435,000	376,361	811,361
2013	435,000	359,336	794,336
2014	455,000	340,540	795,540
2015	480,000	320,502	800,502
2016	500,000	298,925	798,925
2017	525,000	276,175	801,175
2018	550,000	251,738	801,738
2019	575,000	225,837	800,837
2020	600,000	198,438	798,438
2021	635,000	169,838	804,838
2022	665,000	139,568	804,568
2023	695,000	107,827	802,827
2024	730,000	74,618	804,618
2025	765,000	39,712	804,712
2026	35,000	3,133	38,133
2027	35,000	1,575	36,575
Total	\$ 10,375,000	\$ 5,767,089	\$ 16,142,089

Exhibit J-3

Johnson County, Tennessee
Schedule of Transfers - All Funds and Discretely Presented Johnson County School Department
For the Year Ended June 30, 2005

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>Primary Government:</u>			
General	Highway/Public Works	To provide funds from wheel tax revenue	\$ 79,228
General	General Debt Service	To provide funds from wheel tax revenue	237,684
<u>School Department:</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>22,527</u>
Total Transfers			<u>\$ 339,439</u>

Exhibit J-4

Johnson County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
For the Year Ended June 30, 2005

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 55,403	\$ 25,000	CNA Surety
Road Superintendent	Section 8-24-102, <u>TCA</u>	52,765	100,000	Western Surety Company
Director of Schools	State Board of Education and Johnson County Board of Education	80,464 (1)	50,000	"
Trustee	Section 8-24-102, <u>TCA</u>	47,969	534,400	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	47,969	10,000	"
Director of Accounts and Budgets	County Commission	41,436	100,000	"
Purchasing Agent	County Commission	25,779	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	47,969	25,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u> , and Circuit Court Judge	52,569 (2)	25,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	47,969	35,000	"
Register	Section 8-24-102, <u>TCA</u>	47,969	15,000	CNA Surety
Sheriff	Section 8-24-102, <u>TCA</u>	52,765	25,000	Western Surety Company
Public Employee Dishonesty Policy:				
General County Employees			250,000	St. Paul Insurance Company
School Department:				
Dishonesty or Fraudulent Acts			150,000	Tennessee School Boards Risk Management Trust

(1) Includes chief executive officer's training supplement of \$1,000.

(2) Includes special commissioners fees of \$4,600.

Exhibit J-5

Johnson County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2005

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 1,356,410	\$ 85,880	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	64,516	6,864	0	0	0
Circuit/Clerk & Master Collections - Prior Years	26,224	2,467	0	0	0
Interest and Penalty	12,618	1,251	0	0	0
Pick-up Taxes	1,369	68	0	0	0
Payments in Lieu of Taxes - T.V.A.	2,430	0	0	0	0
Payments in Lieu of Taxes - Other	80,821	5,126	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	128,808	0	0	0	0
Hotel/Motel Tax	18,889	0	0	0	0
Wheel Tax	316,912	0	0	0	0
Litigation Tax - General	88,842	0	0	0	0
Litigation Tax - Special Purpose	16,308	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	25,004	0	0	0	0
Business Tax	63,955	0	0	0	0
Other County Local Option Taxes	3,015	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	20,208	1,282	0	0	0
Wholesale Beer Tax	128,815	0	0	0	0
Total Local Taxes	\$ 2,355,144	\$ 102,938	\$ 0	\$ 0	\$ 0
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 42,065	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>					
Beer Permits	2,625	0	0	0	0
Building Permits	3	0	0	0	0
Total Licenses and Permits	\$ 44,693	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 4,938	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Johnson County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Circuit Court (Cont.)</u>					
Officers Costs	\$ 1,887	\$ 0	\$ 0	\$ 0	\$ 0
Drug Control Fines	0	0	5,703	0	0
Drug Court Fees	1,119	0	0	0	0
Jail Fees	510	0	0	0	0
Data Entry Fee - Circuit Court	610	0	0	0	0
<u>General Sessions Court</u>					
Fines	24,291	0	0	0	0
Officers Costs	11,593	0	0	0	0
Game and Fish Fines	434	0	0	0	0
Drug Control Fines	0	0	14,507	0	0
Drug Court Fees	3,188	0	0	0	0
Jail Fees	4,149	0	0	0	0
DUI Treatment Fines	3,736	0	0	0	0
Data Entry Fee - General Sessions Court	6,675	0	0	0	0
<u>Juvenile Court</u>					
Officers Costs	76	0	0	0	0
Jail Fees	802	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	707	0	0	0	0
Data Entry Fee - Chancery Court	1,942	0	0	0	0
<u>Other Courts - In-county</u>					
Fines	800	0	0	0	0
<u>Judicial District Drug Program</u>					
Fines	0	0	4,698	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	18,145	0	2,655	0	0
Total Fines, Forfeitures, and Penalties	\$ 85,602	\$ 0	\$ 27,563	\$ 0	\$ 0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Tipping Fees	\$ 0	\$ 353,969	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-5

Johnson County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>					
<u>Fees</u>					
Airport Fees	\$ 5,875	\$ 0	\$ 0	\$ 0	\$ 0
Copy Fees	3,642	0	0	0	0
Telephone Commissions	2	0	0	0	0
Vending Machine Collections	208	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	331	0
Special Commissioner Fees/Special Master Fees	0	0	0	4,600	0
Data Processing Fee - Register	7,688	0	0	0	0
Data Processing Fee - Sheriff	4,905	0	0	0	0
<u>Other Charges for Services</u>					
Other Charges for Services	9,445	0	0	0	0
Total Charges for Current Services	\$ 31,765	\$ 353,969	\$ 0	\$ 4,931	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 156,579	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	5,500	0	0	0	30
Sale of Materials and Supplies	607	2,984	0	0	2,930
Sale of Gasoline	233,284	0	0	0	0
Miscellaneous Refunds	34,383	80	10	0	6,414
<u>Nonrecurring Items</u>					
Insurance Recovery	14,514	0	0	0	23,835
Sale of Equipment	2,397	0	0	0	30,720
Sale of Property	0	0	0	0	0
Damages Recovered from Individuals	196	0	0	0	0
Performance Bond Forfeitures	8,454	0	0	0	0
Total Other Local Revenues	\$ 455,914	\$ 3,064	\$ 10	\$ 0	\$ 63,929
<u>Fees Received from County Officials</u>					
<u>Fees In Lieu of Salary</u>					
County Clerk	\$ 199,531	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	76,381	0	0	0	0
General Sessions Court Clerk	130,683	0	0	0	0

(Continued)

Exhibit J-5

Johnson County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works
<u>Fees Received from County Officials (Cont.)</u>					
<u>Fees In Lieu of Salary (Cont.)</u>					
Clerk and Master	\$ 62,547	\$ 0	\$ 0	\$ 0	\$ 0
Register	101,301	0	0	0	0
Sheriff	1,882	0	0	0	0
Trustee	179,723	0	0	0	0
Total Fees Received from County Officials	\$ 752,048	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0
Airport Maintenance Program	5,340	0	0	0	0
Aging Programs	39,498	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	7,262	0	0	0	0
<u>Health and Welfare Grants</u>					
Public Health Nurses	65,655	0	0	0	0
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	287,461
Litter Program	30,091	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	20,503	0	0	0	0
Beer Tax	16,778	0	0	0	0
Alcoholic Beverage Tax	22,705	0	0	0	0
State Revenue Sharing - T.V.A.	294,441	0	0	0	0
Contracted Prisoner Boarding	324,310	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,447,689
Petroleum Special Tax	0	0	0	0	14,077
Reappraisal Program Reimbursement	8,061	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0
Other State Grants	0	0	0	0	49,685
Total State of Tennessee	\$ 860,024	\$ 0	\$ 0	\$ 0	\$ 1,798,912

(Continued)

Exhibit J-5

Johnson County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 182,029	\$ 0	\$ 0	\$ 0	0
Civil Defense Reimbursement	17,437	0	0	0	0
Disaster Relief	7,497	0	0	0	69,321
Other Federal through State	736,867	0	0	0	0
<u>Direct Federal Revenue</u>					
Forest Service	47,411	0	0	0	11,044
Other Direct Federal Revenue	6,200	0	0	0	0
Total Federal Government	<u>\$ 997,441</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>80,365</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 61,354	\$ 0	\$ 0	\$ 0	0
Contracted Services	3,000	0	0	0	13,013
<u>Citizens Groups</u>					
Donations	1,103	0	0	0	0
<u>Other</u>					
Other	9,724	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 75,181</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>13,013</u>
Total	<u>\$ 5,657,812</u>	<u>\$ 459,971</u>	<u>\$ 27,573</u>	<u>\$ 4,931</u>	<u>\$ 1,956,219</u>

(Continued)

Exhibit J-5

Johnson County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types (Cont.)

	Debt Service Fund	Capital Projects Funds			Total
		General Capital Projects	Community Development/ Industrial Park	Other Capital Projects	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 618,258	\$ 188,570	\$ 0	\$ 0	\$ 2,249,118
Trustee's Collections - Prior Year	24,478	10,765	0	0	106,623
Circuit/Clerk & Master Collections - Prior Years	10,604	3,933	0	0	43,228
Interest and Penalty	4,897	1,612	0	0	20,378
Pick-up Taxes	536	476	0	0	2,449
Payments in Lieu of Taxes - T.V.A.	0	0	0	0	2,430
Payments in Lieu of Taxes - Other	36,819	11,241	0	0	134,007
<u>County Local Option Taxes</u>					
Local Option Sales Tax	104,752	0	0	0	233,560
Hotel/Motel Tax	0	0	0	0	18,889
Wheel Tax	0	0	0	0	316,912
Litigation Tax - General	0	0	0	0	88,842
Litigation Tax - Special Purpose	0	0	0	0	16,308
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	25,004
Business Tax	0	0	0	0	63,955
Other County Local Option Taxes	0	0	0	0	3,015
<u>Statutory Local Taxes</u>					
Bank Excise Tax	9,206	2,810	0	0	33,506
Wholesale Beer Tax	0	0	0	0	128,815
Total Local Taxes	\$ 809,550	\$ 219,407	\$ 0	\$ 0	\$ 3,487,039
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 42,065
<u>Permits</u>					
Beer Permits	0	0	0	0	2,625
Building Permits	0	0	0	0	3
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 44,693
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,938

(Continued)

Exhibit J-5

Johnson County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Debt	Capital Projects Funds			Total
	Service Fund	General Capital Projects	Community Development/Industrial Park	Other Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Circuit Court (Cont.)</u>					
Officers Costs	\$ 0	\$ 0	\$ 0	\$ 0	1,887
Drug Control Fines	0	0	0	0	5,703
Drug Court Fees	0	0	0	0	1,119
Jail Fees	0	0	0	0	510
Data Entry Fee - Circuit Court	0	0	0	0	610
<u>General Sessions Court</u>					
Fines	0	0	0	0	24,291
Officers Costs	0	0	0	0	11,593
Game and Fish Fines	0	0	0	0	434
Drug Control Fines	0	0	0	0	14,507
Drug Court Fees	0	0	0	0	3,188
Jail Fees	0	0	0	0	4,149
DUI Treatment Fines	0	0	0	0	3,736
Data Entry Fee - General Sessions Court	0	0	0	0	6,675
<u>Juvenile Court</u>					
Officers Costs	0	0	0	0	76
Jail Fees	0	0	0	0	802
<u>Chancery Court</u>					
Officers Costs	0	0	0	0	707
Data Entry Fee - Chancery Court	0	0	0	0	1,942
<u>Other Courts - In-county</u>					
Fines	0	0	0	0	800
<u>Judicial District Drug Program</u>					
Fines	0	0	0	0	4,698
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	0	20,800
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	113,165
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Tipping Fees	\$ 0	\$ 0	\$ 0	\$ 0	353,969

(Continued)

Exhibit J-5

Johnson County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Capital Projects Funds				Total
	Debt Service Fund	General Capital Projects	Community Development/Industrial Park	Other Capital Projects	
<u>Charges for Current Services (Cont.)</u>					
<u>Fees</u>					
Airport Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,875
Copy Fees	0	0	0	0	3,642
Telephone Commissions	0	0	0	0	2
Vending Machine Collections	0	0	0	0	208
Constitutional Officers' Fees and Commissions	0	0	0	0	331
Special Commissioner Fees/Special Master Fees	0	0	0	0	4,600
Data Processing Fee - Register	0	0	0	0	7,688
Data Processing Fee - Sheriff	0	0	0	0	4,905
<u>Other Charges for Services</u>					
Other Charges for Services	0	0	0	0	9,445
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 390,665
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 0	1,152	\$ 157,731
Lease/Rentals	0	0	40,120	0	45,650
Sale of Materials and Supplies	0	0	0	0	6,521
Sale of Gasoline	0	0	0	0	233,284
Miscellaneous Refunds	0	0	0	0	40,887
<u>Nonrecurring Items</u>					
Insurance Recovery	0	0	0	0	38,349
Sale of Equipment	0	0	0	0	33,117
Sale of Property	0	0	25,250	0	25,250
Damages Recovered from Individuals	0	0	0	0	196
Performance Bond Forfeitures	0	0	0	0	8,454
Total Other Local Revenues	\$ 0	\$ 0	\$ 65,370	\$ 1,152	\$ 589,439
<u>Fees Received from County Officials</u>					
<u>Fees In Lieu of Salary</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	199,531
Circuit Court Clerk	0	0	0	0	76,381
General Sessions Court Clerk	0	0	0	0	130,683

(Continued)

Exhibit J-5

Johnson County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Capital Projects Funds				Total
	Debt Service Fund	General Capital Projects	Community Development/Industrial Park	Other Capital Projects	
<u>Fees Received from County Officials (Cont.)</u>					
<u>Fees In Lieu of Salary (Cont.)</u>					
Clerk and Master	\$ 0	\$ 0	\$ 0	\$ 0	62,547
Register	0	0	0	0	101,301
Sheriff	0	0	0	0	1,882
Trustee	0	0	0	0	179,723
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	752,048
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	9,000
Airport Maintenance Program	0	0	0	0	5,340
Aging Programs	0	0	0	0	39,498
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	0	0	0	0	7,262
<u>Health and Welfare Grants</u>					
Public Health Nurses	0	0	0	0	65,655
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	287,461
Litter Program	0	0	0	0	30,091
<u>Other State Revenues</u>					
Income Tax	0	0	0	0	20,503
Beer Tax	0	0	0	0	16,778
Alcoholic Beverage Tax	0	0	0	0	22,705
State Revenue Sharing - T.V.A.	0	0	0	0	294,441
Contracted Prisoner Boarding	0	0	0	0	324,310
Gasoline and Motor Fuel Tax	0	0	0	0	1,447,689
Petroleum Special Tax	0	0	0	0	14,077
Reappraisal Program Reimbursement	0	0	0	0	8,061
Registrar's Salary Supplement	0	0	0	0	16,380
Other State Grants	0	0	4,200	0	53,885
Total State of Tennessee	\$ 0	\$ 0	\$ 4,200	\$ 0	2,663,136

(Continued)

Exhibit J-5

Johnson County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Debt	Capital Projects Funds			Total
	Service Fund	General Capital Projects	Community Development/Industrial Park	Other Capital Projects	
	General Debt Service	General Capital Projects	Community Development/Industrial Park	Other Capital Projects	
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 182,029
Civil Defense Reimbursement	0	0	0	0	17,437
Disaster Relief	0	0	0	0	76,818
Other Federal through State	0	0	0	0	736,867
<u>Direct Federal Revenue</u>					
Forest Service	0	0	0	0	58,455
Other Direct Federal Revenue	0	0	0	0	6,200
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,077,806
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 392,926	\$ 0	\$ 0	\$ 0	\$ 454,280
Contracted Services	0	0	0	0	16,013
<u>Citizens Groups</u>					
Donations	0	0	0	0	1,103
<u>Other</u>					
Other	0	0	0	0	9,724
Total Other Governments and Citizens Groups	\$ 392,926	\$ 0	\$ 0	\$ 0	\$ 481,120
Total	\$ 1,202,476	\$ 219,407	\$ 69,570	\$ 1,152	\$ 9,599,111

Exhibit J-6

Johnson County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Johnson County School Department
For the Year Ended June 30, 2005

	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Education Capital Projects	Total
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 2,223,936	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,223,936
Trustee's Collections - Prior Year	126,745	0	0	0	0	126,745
Circuit/Clerk & Master Collections - Prior Years	49,432	0	0	0	0	49,432
Interest and Penalty	22,869	0	0	0	0	22,869
Pick-up Taxes	2,469	0	0	0	0	2,469
Payments in Lieu of Taxes - Other	132,993	0	0	0	0	132,993
<u>County Local Option Taxes</u>						
Local Option Sales Tax	611,482	0	0	0	0	611,482
<u>Statutory Local Taxes</u>						
Bank Excise Tax	33,253	0	0	0	0	33,253
Interstate Telecommunications Tax	5,426	0	0	0	0	5,426
Total Local Taxes	\$ 3,208,605	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,208,605
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 1,910	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,910
<u>Permits</u>						
Other Permits	604	0	0	0	0	604
Total Licenses and Permits	\$ 2,514	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,514
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Tuition - Summer School	\$ 2,470	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,470
Lunch Payments - Children	0	0	150,150	0	0	150,150
Lunch Payments - Adults	0	0	39,820	0	0	39,820
Income from Breakfast	0	0	714	0	0	714
A la carte Sales	0	0	116,962	0	0	116,962
Contract for Administrative Services with Other LEA's	11,200	0	0	0	0	11,200
School Based Health Services - FFS	1,568	0	0	0	0	1,568
Receipts from Individual Schools	20,741	0	0	0	0	20,741
Community Service Fees - Children	63,659	0	0	0	0	63,659
TBI Criminal Background Fee	3,648	0	0	0	0	3,648
<u>Other Charges for Services</u>						
Other Charges for Services	42,953	0	0	0	0	42,953
Total Charges for Current Services	\$ 146,239	\$ 0	\$ 307,646	\$ 0	\$ 0	\$ 453,885

(Continued)

Exhibit J-6

Johnson County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Johnson County School Department (Cont.)

	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Education Capital Projects	Total
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 8,204	\$ 0	\$ 4,626	\$ 12,830
Retirees' Insurance Payments	28,853	0	0	0	0	28,853
Miscellaneous Refunds	16,017	0	0	0	0	16,017
<u>Nonrecurring Items</u>						
Insurance Recovery	12,506	0	0	0	0	12,506
Sale of Equipment	30,065	0	0	0	0	30,065
Damages Recovered from Individuals	0	0	0	0	20,283	20,283
Contributions & Gifts	3,000	0	0	0	0	3,000
Total Other Local Revenues	\$ 90,441	\$ 0	\$ 8,204	\$ 0	\$ 24,909	\$ 123,554
<u>State of Tennessee</u>						
<u>State Education Funds</u>						
Basic Education Program	\$ 10,168,361	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,168,361
School Food Service	14,455	0	0	0	0	14,455
Other State Education Funds	149,658	0	0	0	0	149,658
Career Ladder Program	172,318	0	0	0	0	172,318
Career Ladder - Extended Contract	81,810	0	0	0	0	81,810
Total State of Tennessee	\$ 10,586,602	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,586,602
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 538,552	\$ 0	\$ 0	\$ 538,552
Breakfast	0	0	138,403	0	0	138,403
USDA - Other	0	0	13,778	0	0	13,778
Adult Education State Grant Program	182,589	0	0	0	0	182,589
Vocational Education - Basic Grants to States	0	87,745	0	0	0	87,745
Title I Grants to Local Education Agencies	0	809,952	0	0	0	809,952
Innovative Education Program Strategies	0	93,983	0	0	0	93,983
Special Education - Grants to States	9,596	517,376	0	0	0	526,972
Special Education Preschool Grants	0	24,052	0	0	0	24,052
Eisenhower Professional Development State Grants	4,550	204,415	0	0	0	208,965
Other Federal through State	81,305	219,934	42,408	0	0	343,647
<u>Direct Federal Revenue</u>						
Forest Service	33,131	0	0	0	0	33,131
Other Direct Federal Revenue	0	546,272	0	606,234	0	1,152,506
Total Federal Government	\$ 311,171	\$ 2,503,729	\$ 733,141	\$ 606,234	\$ 0	\$ 4,154,275

(Continued)

Exhibit J-6

Johnson County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Johnson County School Department (Cont.)

	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Education Capital Projects	Total
<u>Other Governments and Citizens Groups</u>						
<u>Other</u>						
Other	\$ 30,580	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,580
Total Other Governments and Citizens Groups	\$ 30,580	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,580
Total	\$ 14,376,152	\$ 2,503,729	\$ 1,048,991	\$ 606,234	\$ 24,909	\$ 18,560,015

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2005

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	36,000	
Social Security		2,083	
State Retirement		2,115	
Employer Medicare		487	
Audit Services		4,033	
Dues and Memberships		3,944	
Financial Advisory Services		1,250	
Travel		21,128	
Other Supplies and Materials		558	
Total County Commission			\$ 71,598

Board of Equalization

Board and Committee Members Fees	\$	1,050	
Total Board of Equalization			1,050

Other Boards and Committees

Board and Committee Members Fees	\$	5,480	
Social Security		59	
State Retirement		94	
Employer Medicare		14	
Total Other Boards and Committees			5,647

County Mayor

County Official/Administrative Officer	\$	55,403	
Secretary(s)		23,869	
Part-time Personnel		668	
Social Security		4,831	
State Retirement		7,763	
Unemployment Compensation		61	
Employer Medicare		1,130	
Communication		2,716	
Dues and Memberships		1,200	
Office Supplies		603	
Other Charges		1,838	
Office Equipment		342	
Total County Mayor			100,424

County Attorney

Other Salaries & Wages	\$	4,800	
Advertising		251	

(Continued)

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

County Attorney (Cont.)

Legal Services	\$	8,982	
Judgments		68,000	
Total County Attorney			\$ 82,033

Election Commission

County Official/Administrative Officer	\$	38,375	
Deputy(ies)		22,170	
Clerical Personnel		749	
Other Salaries & Wages		1,112	
Election Commission		7,250	
Election Workers		15,453	
In-Service Training		1,670	
Social Security		3,549	
State Retirement		5,927	
Medical Insurance		3,762	
Unemployment Compensation		118	
Employer Medicare		830	
Communication		1,249	
Data Processing Services		2,400	
Dues and Memberships		450	
Legal Notices, Recording, and Court Costs		2,277	
Printing, Stationery, and Forms		3,392	
Rentals		250	
Equipment Parts - Light		100	
Office Supplies		529	
Data Processing Equipment		1,437	
Office Equipment		544	
Total Election Commission			113,593

Register of Deeds

County Official/Administrative Officer	\$	47,969	
Deputy(ies)		22,605	
Other Salaries & Wages		4,539	
Social Security		4,578	
State Retirement		6,909	
Medical Insurance		3,762	
Unemployment Compensation		90	
Employer Medicare		1,070	
Communication		1,615	
Data Processing Services		9,242	

(Continued)

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Dues and Memberships	\$	15	
Printing, Stationery, and Forms		1,477	
Office Supplies		109	
Office Equipment		3,000	
Total Register of Deeds			\$ 106,980

Development

Other Contracted Services	\$	8,500	
Other Charges		120	
Total Development			8,620

County Buildings

Custodial Personnel	\$	17,226	
Social Security		1,002	
State Retirement		1,680	
Medical Insurance		3,762	
Unemployment Compensation		57	
Employer Medicare		234	
Maintenance & Repair Services- Buildings		7,265	
Custodial Supplies		3,744	
Electricity		17,091	
Natural Gas		7,328	
Uniforms		467	
Water and Sewer		2,842	
Other Charges		56	
Building Improvements		6,706	
Other Equipment		2,098	
Total County Buildings			71,558

Finance

Accounting and Budgeting

Supervisor/Director	\$	41,436	
Data Processing Personnel		59,777	
Social Security		5,766	
State Retirement		9,918	
Medical Insurance		11,285	
Unemployment Compensation		168	
Employer Medicare		1,348	
Communication		1,849	
Data Processing Services		6,305	

(Continued)

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Printing, Stationery, and Forms	\$	5,525	
Office Supplies		2,430	
Data Processing Equipment		3,470	
Office Equipment		440	
Total Accounting and Budgeting			\$ 149,717

Purchasing

County Official/Administrative Officer	\$	25,779	
Social Security		1,284	
State Retirement		2,524	
Medical Insurance		7,470	
Unemployment Compensation		56	
Employer Medicare		300	
Advertising		392	
Communication		539	
Office Supplies		2,418	
Office Equipment		1,409	
Total Purchasing			42,171

Property Assessor's Office

County Official/Administrative Officer	\$	47,969	
Deputy(ies)		23,706	
Secretary(s)		17,521	
Social Security		4,543	
State Retirement		8,732	
Medical Insurance		22,411	
Unemployment Compensation		112	
Employer Medicare		1,063	
Advertising		95	
Communication		1,947	
Data Processing Services		6,812	
Dues and Memberships		1,038	
Postal Charges		651	
Printing, Stationery, and Forms		255	
Other Contracted Services		7,021	
Office Supplies		413	
Office Equipment		731	
Other Equipment		263	
Total Property Assessor's Office			145,283

(Continued)

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program

Clerical Personnel	\$	14,428	
Social Security		753	
State Retirement		1,412	
Medical Insurance		3,762	
Unemployment Compensation		56	
Employer Medicare		176	
Data Processing Services		2,506	
Total Reappraisal Program			\$ 23,093

County Trustee's Office

County Official/Administrative Officer	\$	47,969	
Deputy(ies)		21,722	
Other Salaries & Wages		2,597	
Social Security		4,428	
State Retirement		6,823	
Unemployment Compensation		77	
Employer Medicare		1,035	
Advertising		136	
Communication		470	
Dues and Memberships		110	
Postal Charges		406	
Printing, Stationery, and Forms		1,105	
Office Supplies		181	
Office Equipment		113	
Total County Trustee's Office			87,172

County Clerk's Office

County Official/Administrative Officer	\$	47,969	
Deputy(ies)		28,143	
Other Salaries & Wages		38,177	
Social Security		6,486	
State Retirement		10,536	
Medical Insurance		18,755	
Unemployment Compensation		219	
Employer Medicare		1,517	
Communication		1,813	
Dues and Memberships		1,685	
Printing, Stationery, and Forms		1,569	
Office Supplies		432	
Data Processing Equipment		13,638	

(Continued)

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Office Equipment	\$ 1,566	
Total County Clerk's Office		\$ 172,505

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$ 47,969	
Other Salaries & Wages	83,148	
Jury and Witness Fees	6,827	
Social Security	7,761	
State Retirement	12,342	
Medical Insurance	17,833	
Unemployment Compensation	208	
Employer Medicare	1,815	
Communication	3,019	
Dues and Memberships	60	
Printing, Stationery, and Forms	5,512	
Office Supplies	3,734	
Other Supplies and Materials	587	
Fines, Assessments and Penalties	1,470	
Data Processing Equipment	7,846	
Office Equipment	1,288	
Total Circuit Court		201,419

General Sessions Court

Judge(s)	\$ 60,979	
Other Salaries & Wages	10,694	
Social Security	4,365	
State Retirement	5,970	
Medical Insurance	3,722	
Unemployment Compensation	82	
Employer Medicare	1,021	
Communication	1,267	
Dues and Memberships	120	
Printing, Stationery, and Forms	5,382	
Office Supplies	222	
Total General Sessions Court		93,824

Chancery Court

County Official/Administrative Officer	\$ 47,969
Deputy(ies)	21,748

(Continued)

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Social Security	\$	3,682	
State Retirement		6,825	
Medical Insurance		14,940	
Unemployment Compensation		112	
Employer Medicare		861	
Communication		1,719	
Dues and Memberships		60	
Printing, Stationery, and Forms		1,377	
Office Supplies		266	
Data Processing Equipment		6,438	
Total Chancery Court			\$ 105,997

Juvenile Court

Social Workers	\$	29,427	
Social Security		1,748	
State Retirement		1,943	
Medical Insurance		2,902	
Unemployment Compensation		102	
Employer Medicare		409	
Printing, Stationery, and Forms		125	
Travel		165	
Other Contracted Services		21,190	
Office Supplies		137	
Other Supplies and Materials		2,782	
Total Juvenile Court			60,930

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	52,765	
Deputy(ies)		262,486	
Investigator(s)		28,350	
Captain(s)		29,065	
Youth Service Officer(s)		47,816	
Guards		82,669	
Secretary(s)		21,454	
Overtime Pay		17,334	
In-Service Training		2,760	
Social Security		31,596	
State Retirement		50,064	
Medical Insurance		63,788	

(Continued)

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Unemployment Compensation	\$	1,335	
Employer Medicare		7,977	
Advertising		662	
Communication		21,319	
Contracts with Other Public Agencies		1,200	
Data Processing Services		775	
Maintenance & Repair Services- Vehicles		58,363	
Printing, Stationery, and Forms		1,982	
Travel		7,782	
Other Contracted Services		9,328	
Law Enforcement Supplies		2,494	
Office Supplies		2,875	
Uniforms		7,127	
Other Supplies and Materials		585	
Judgments		2,350	
Other Charges		601	
Data Processing Equipment		120	
Law Enforcement Equipment		41,048	
Office Equipment		3,032	
Total Sheriff's Department			\$ 861,102

Jail

Medical Personnel	\$	24,060
Guards		242,930
Maintenance Personnel		20,145
Social Security		16,447
State Retirement		15,164
Medical Insurance		54,148
Unemployment Compensation		1,377
Employer Medicare		3,846
Maintenance & Repair Services- Buildings		8,578
Printing, Stationery, and Forms		447
Custodial Supplies		8,635
Drugs and Medical Supplies		111,388
Electricity		38,741
Food Supplies		134,351
Natural Gas		9,805
Office Supplies		1,714
Uniforms		2,340
Water and Sewer		12,029

(Continued)

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Other Supplies and Materials	\$	5,265	
Office Equipment		1,735	
Other Equipment		426	
Total Jail			\$ 713,571

Fire Prevention and Control

Contracts with Other Public Agencies	\$	1,000	
Contributions		120,000	
Total Fire Prevention and Control			121,000

Civil Defense

Supervisor/Director	\$	34,028	
Secretary(s)		19,896	
Part-time Personnel		276	
Social Security		3,328	
State Retirement		5,279	
Unemployment Compensation		115	
Employer Medicare		778	
Communication		1,318	
Other Contracted Services		1,216	
Other Supplies and Materials		5,483	
Liability Insurance		310	
Office Equipment		180	
Other Equipment		52,509	
Other Capital Outlay		92,449	
Total Civil Defense			217,165

Other Emergency Management

Other Contracted Services	\$	84,043	
Total Other Emergency Management			84,043

County Coroner/Medical Examiner

Medical Personnel	\$	1,800	
Social Security		75	
Employer Medicare		17	
Other Supplies and Materials		374	
Total County Coroner/Medical Examiner			2,266

Public Safety Grant Programs

Investigator(s)	\$	27,040	
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(Continued)

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Public Safety Grant Programs (Cont.)

Social Security	\$	1,327	
State Retirement		2,648	
Medical Insurance		7,470	
Unemployment Compensation		56	
Employer Medicare		310	
Travel		2,100	
Office Supplies		1,720	
Uniforms		534	
Total Public Safety Grant Programs			\$ 43,205

Public Health and Welfare

Local Health Center

Salary Supplements	\$	4,190	
Custodial Personnel		6,093	
Other Salaries & Wages		63,812	
Social Security		3,216	
State Retirement		4,665	
Medical Insurance		7,523	
Unemployment Compensation		157	
Employer Medicare		752	
Communication		3,229	
Contracts with Other Public Agencies		37,202	
Travel		785	
Custodial Supplies		861	
Drugs and Medical Supplies		6,083	
Office Supplies		3,796	
Utilities		7,381	
Other Supplies and Materials		7,136	
Other Charges		1,761	
Building Construction		188,698	
Office Equipment		1,824	
Total Local Health Center			349,164

Regional Mental Health Center

Other Salaries & Wages	\$	8,750	
Other Charges		4,125	
Total Regional Mental Health Center			12,875

Appropriation to State

Contributions	\$	1,800	
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(Continued)

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Health and Welfare (Cont.)

Appropriation to State (Cont.)

Other Contracted Services	\$ 7,682	
Total Appropriation to State		\$ 9,482

General Welfare Assistance

Other Contracted Services	\$ 432	
Total General Welfare Assistance		432

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$ 17,598	
Social Workers	10,192	
Bus Drivers	11,232	
Other Salaries & Wages	10,344	
Social Security	2,913	
State Retirement	2,737	
Medical Insurance	3,762	
Unemployment Compensation	220	
Employer Medicare	681	
Communication	1,849	
Travel	1,426	
Other Contracted Services	1,340	
Utilities	6,707	
Other Supplies and Materials	2,092	
Health Equipment	2,816	
Total Senior Citizens Assistance		75,909

Libraries

Contributions	\$ 19,776	
Electricity	2,385	
Total Libraries		22,161

Other Social, Cultural, and Recreational

Contributions	\$ 1,000	
Other Contracted Services	25,000	
Other Charges	1,529	
Total Other Social, Cultural, and Recreational		27,529

Agriculture & Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 24,646	
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(Continued)

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Secretary(s)	\$	2,445	
Social Security		2,035	
State Retirement		3,208	
Medical Insurance		10,077	
Unemployment Compensation		69	
Communication		5,105	
Maintenance Agreements		300	
Travel		4,455	
Other Supplies and Materials		2,570	
Office Equipment		2,227	
Total Agriculture Extension Service			\$ 57,137

Soil Conservation

Secretary(s)	\$	11,045	
Social Security		685	
Unemployment Compensation		84	
Employer Medicare		160	
Total Soil Conservation			11,974

Other Operations

Tourism

Contracts with Other Public Agencies	\$	2,142	
Contributions		7,302	
Remittance of Revenue Collected		2,829	
Total Tourism			12,273

Airport

Board and Committee Members Fees	\$	3,325	
Architects		33,275	
Communication		1,754	
Maintenance & Repair Services- Buildings		3,860	
Travel		976	
Other Contracted Services		2,880	
Electricity		1,541	
Water and Sewer		90	
Liability Insurance		2,020	
Other Charges		16	
Site Development		2,972	
Other Construction		236,592	
Total Airport			289,301

(Continued)

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Other Operations (Cont.)

Other Charges

Diesel Fuel	\$	148,906	
Gasoline		80,267	
Trustee's Commission		46,753	
Workers' Compensation Insurance		34,943	
Other Charges		10,011	
Total Other Charges			\$ 320,880

Contributions to Other Agencies

Contracts with Other Public Agencies	\$	12,000	
Contributions		6,518	
Total Contributions to Other Agencies			18,518

Employee Benefits

State Retirement	\$	6,759	
Life Insurance		2,288	
Medical Insurance		26,514	
Other Fringe Benefits		15,120	
Total Employee Benefits			50,681

Miscellaneous

Legal Notices, Recording and Court Costs	\$	85	
Maintenance & Repair Services- Buildings		1,616	
Postal Charges		19,365	
Duplicating Supplies		9,682	
Electricity		6,172	
Water and Sewer		1,891	
Other Supplies and Materials		962	
Liability Insurance		131,833	
Premiums on Corporate Surety Bonds		12,414	
Other Charges		9,180	
Other Construction		448,819	
Total Miscellaneous			642,019

Highways

Litter and Trash Collection

Other Salaries & Wages	\$	19,327	
Social Security		1,156	
State Retirement		1,892	
Medical Insurance		3,762	
Unemployment Compensation		56	

(Continued)

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Highways (Cont.)

Litter and Trash Collection (Cont.)

Employer Medicare	\$	271	
Communication		1,054	
Travel		3,307	
Other Contracted Services		4,996	
Other Supplies and Materials		2,267	
Other Equipment		24,024	
Total Litter and Trash Collection			\$ 62,112

Principal

General Government

Principal on Notes	\$	7,041	
Total General Government			7,041

Interest

General Government

Interest on Notes	\$	445	
Interest on Other Loans Payable		28,234	
Total General Government			<u>28,679</u>

Total General Fund \$ 5,684,133

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Equipment Operators	\$	45,565	
Social Security		2,859	
State Retirement		4,564	
Unemployment Compensation		156	
Employer Medicare		669	
Communication		495	
Maintenance & Repair Services- Equipment		6,718	
Printing, Stationery, and Forms		1,530	
Other Contracted Services		264,613	
Custodial Supplies		583	
Diesel Fuel		2,340	
Electricity		1,912	
Gasoline		554	
Office Supplies		117	
Uniforms		956	
Water and Sewer		654	

(Continued)

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management (Cont.)

Liability Insurance	\$	8,360	
Trustee's Commission		5,870	
Workers' Compensation Insurance		3,504	
Other Charges		24,722	
Office Equipment		93	
Site Development		2,005	
Total Sanitation Management			\$ 378,839

Principal

General Government

Principal on Notes	\$	92,199	
Total General Government			92,199

Interest

General Government

Interest on Notes	\$	12,276	
Total General Government			12,276

Other Debt Service

General Government

Other Debt Service	\$	862	
Total General Government			862

Total Solid Waste/Sanitation Fund

\$ 484,176

Drug Control Fund

Public Safety

Sheriff's Department

Maintenance & Repair Services- Vehicles	\$	516	
Total Sheriff's Department			\$ 516

Drug Enforcement

Deputy(ies)	\$	32,846	
Other Fringe Benefits		12,059	
Maintenance & Repair Services- Vehicles		71	
Travel		466	
Other Supplies and Materials		1,025	
Trustee's Commission		278	
Total Drug Enforcement			46,745

Total Drug Control Fund

47,261

(Continued)

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Bank Charges	\$ 81	
Total County Trustee's Office		\$ 81

County Clerk's Office

Bank Charges	\$ 151	
Postal Charges	63	
Total County Clerk's Office		214

Administration of Justice

Circuit Court

Special Commissioner Fees/Special Master Fees	\$ 4,600	
Total Circuit Court		4,600

Public Safety

Sheriff's Department

Bank Charges	\$ 36	
Total Sheriff's Department		36

Total Constitutional Officers - Fees Fund		\$ 4,931
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 52,765	
Board and Committee Members Fees	2,360	
Social Security	3,352	
State Retirement	5,166	
Medical Insurance	3,155	
Employer Medicare	784	
Travel	1,530	
Office Supplies	3,196	
Office Equipment	905	
Total Administration		\$ 73,213

Highway and Bridge Maintenance

Laborers	\$ 600,332
Social Security	37,293
State Retirement	51,382
Medical Insurance	87,273
Unemployment Compensation	8,224

(Continued)

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Employer Medicare	\$	8,257	
Other Contracted Services		176	
Asphalt - Liquid		68,856	
Crushed Stone		100,955	
Pipe		20,204	
Road Signs		9,039	
Wood Products		3,202	
Total Highway and Bridge Maintenance			\$ 995,193

Operation and Maintenance of Equipment

Laundry Service	\$	10,166	
Diesel Fuel		61,872	
Equipment and Machinery Parts		105,816	
Garage Supplies		35,495	
Gasoline		23,366	
Lubricants		4,565	
Tires and Tubes		16,876	
Total Operation and Maintenance of Equipment			258,156

Other Charges

Communication	\$	5,336	
Electricity		5,755	
Natural Gas		185	
Water and Sewer		1,049	
Liability Insurance		56,513	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		14,555	
Other Charges		12,296	
Total Other Charges			96,039

Employee Benefits

Life Insurance	\$	973	
Medical Insurance		6,787	
Other Fringe Benefits		1,890	
Workers' Compensation Insurance		52,364	
Total Employee Benefits			62,014

Capital Outlay

Other Contracted Services	\$	7,563	
Other Supplies and Materials		13,718	

(Continued)

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay (Cont.)

Building Construction	\$	1,244	
Highway Construction		250,280	
Highway Equipment		98,873	
Other Construction		49,753	
Total Capital Outlay			\$ 421,431

Principal

Highways and Streets

Principal on Notes	\$	29,629	
Principal on Capitalized Leases		15,409	
Total Highways and Streets			45,038

Interest

Highways and Streets

Interest on Notes	\$	10,646	
Total Highways and Streets			10,646

Other Debt Service

Highways and Streets

Other Debt Service	\$	771	
Total Highways and Streets			771

Total Highway/Public Works Fund \$ 1,962,501

General Debt Service Fund

Principal

Education

Principal on Bonds	\$	495,000	
Total Education			\$ 495,000

Interest

General Government

Interest on Other Loans Payable	\$	125,943	
Total General Government			125,943

Education

Interest on Bonds	\$	489,834	
Total Education			489,834

(Continued)

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Debt Service Fund (Cont.)

Other Debt Service

General Government

Trustee's Commission	\$	21,436	
Other Debt Service		2,041	
Total General Government		<u>23,477</u>	\$ 23,477

Total General Debt Service Fund \$ 1,134,254

General Capital Projects Fund

Capital Projects

General Administration Projects

Trustee's Commission	\$	4,624	
Total General Administration Projects		<u>4,624</u>	\$ 4,624

Public Safety Projects

Architects	\$	31,196	
Food Service Equipment		697	
Law Enforcement Equipment		66,000	
Other Equipment		<u>7,004</u>	
Total Public Safety Projects			104,897

Education Capital Projects

Transportation Equipment	\$	165,000	
Total Education Capital Projects		<u>165,000</u>	165,000

Total General Capital Projects Fund 274,521

Community Development/Industrial Park Fund

Capital Projects

General Administration Projects

Other Contracted Services	\$	22,320	
Electricity		1,177	
Site Development		218	
Other Capital Outlay		<u>4,489</u>	
Total General Administration Projects			\$ 28,204

Total Community Development/Industrial Park Fund 28,204

Other Capital Projects Fund

Capital Projects

Other General Government Projects

Architects	\$	3,380	
Total Other General Government Projects		<u>3,380</u>	\$ 3,380

Total Other Capital Projects Fund 3,380

Total Governmental Funds - Primary Government \$ 9,623,361

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Johnson County School Department
For the Year Ended June 30, 2005

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	4,191,966	
Career Ladder Program		105,436	
Career Ladder Extended Contracts		88,615	
Homebound Teachers		3,883	
Educational Assistants		84,813	
Certified Substitute Teachers		87,239	
Social Security		272,652	
State Retirement		249,113	
Medical Insurance		477,637	
Unemployment Compensation		6,927	
Employer Medicare		63,753	
Operating Lease Payments		15,567	
Maintenance & Repair Services- Equipment		2,633	
Tuition		53,324	
Other Contracted Services		18,415	
Instructional Supplies and Materials		111,320	
Textbooks		34,977	
Other Supplies and Materials		129	
Other Charges		5,436	
Regular Instruction Equipment		32,059	
Total Regular Instruction Program			\$ 5,905,894

Alternative Instruction Program

Teachers	\$	114,204	
Career Ladder Program		2,000	
Clerical Personnel		7,450	
Certified Substitute Teachers		1,428	
Social Security		7,679	
State Retirement		7,121	
Medical Insurance		6,570	
Unemployment Compensation		195	
Employer Medicare		1,796	
Other Contracted Services		12,801	
Instructional Supplies and Materials		2,006	
Textbooks		300	
Other Supplies and Materials		613	
Other Equipment		1,882	
Total Alternative Instruction Program			166,045

(Continued)

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Johnson County School Department (Cont.)

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$	574,287	
Career Ladder Program		8,352	
Homebound Teachers		30,196	
Educational Assistants		77,445	
Certified Substitute Teachers		15,402	
Social Security		42,384	
State Retirement		41,032	
Medical Insurance		68,117	
Unemployment Compensation		1,255	
Employer Medicare		9,912	
Contracts with Other School Systems		1,000	
Contracts with Private Agencies		10,000	
Maintenance & Repair Services- Equipment		360	
Other Contracted Services		26,958	
Instructional Supplies and Materials		3,275	
Other Charges		9,680	
Total Special Education Program			\$ 919,655

Vocational Education Program

Teachers	\$	545,008	
Career Ladder Program		6,075	
Clerical Personnel		11,531	
Other Salaries & Wages		86,547	
Certified Substitute Teachers		6,860	
Social Security		38,460	
State Retirement		38,511	
Medical Insurance		72,985	
Unemployment Compensation		1,250	
Employer Medicare		8,995	
Operating Lease Payments		1,183	
Maintenance & Repair Services- Equipment		3,448	
Other Contracted Services		2,517	
Instructional Supplies and Materials		19,093	
T&I Construction Materials		48,169	
Other Supplies and Materials		3,445	
Other Charges		4,236	
Vocational Instruction Equipment		25,638	
Total Vocational Education Program			923,951

(Continued)

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Johnson County School Department (Cont.)

General Purpose School Fund (Cont.)

Instruction (Cont.)

Student Body Education Program

Other Salaries & Wages	\$	38,544	
Social Security		2,368	
State Retirement		2,541	
Medical Insurance		1,749	
Unemployment Compensation		19	
Employer Medicare		554	
Other Contracted Services		4,660	
Instructional Supplies and Materials		3,584	
Other Supplies and Materials		5,582	
Other Charges		947	
Other Equipment		4,800	
Total Student Body Education Program			\$ 65,348

Adult Education Program

Teachers	\$	59,645	
Other Salaries & Wages		4,755	
Social Security		3,838	
State Retirement		3,770	
Medical Insurance		7,719	
Unemployment Compensation		127	
Employer Medicare		898	
Instructional Supplies and Materials		20,872	
Other Charges		11	
Other Equipment		585	
Total Adult Education Program			102,220

Support Services

Attendance

Supervisor/Director	\$	19,738	
Career Ladder Program		1,000	
Career Ladder Extended Contracts		1,000	
Social Workers		27,836	
Social Security		3,012	
State Retirement		3,921	
Medical Insurance		3,931	
Unemployment Compensation		64	
Employer Medicare		704	
Travel		558	
Other Contracted Services		295	

(Continued)

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Johnson County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Other Supplies and Materials	\$	5,083	
In Service/Staff Development		2,749	
Other Charges		1,067	
Attendance Equipment		<u>2,660</u>	
Total Attendance			\$ 73,618

Health Services

Medical Personnel	\$	68,832	
Social Security		4,066	
State Retirement		6,724	
Medical Insurance		9,101	
Unemployment Compensation		227	
Employer Medicare		951	
Travel		703	
Other Contracted Services		86	
Drugs and Medical Supplies		5,854	
Other Supplies and Materials		12,357	
In Service/Staff Development		1,347	
Other Charges		233	
Health Equipment		<u>18,427</u>	
Total Health Services			128,908

Other Student Support

Career Ladder Program	\$	2,995	
Guidance Personnel		100,242	
Career Ladder Extended Contracts		3,500	
Other Salaries & Wages		3,116	
Social Security		6,685	
State Retirement		6,144	
Medical Insurance		9,050	
Unemployment Compensation		156	
Employer Medicare		1,563	
Evaluation and Testing		10,548	
Travel		1,376	
Other Contracted Services		114	
Other Supplies and Materials		7,282	
In Service/Staff Development		535	
Other Charges		<u>28,707</u>	
Total Other Student Support			182,013

(Continued)

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Johnson County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	133,283	
Career Ladder Program		9,000	
Career Ladder Extended Contracts		3,700	
Librarians		210,418	
Instructional Computer Personnel		76,466	
Clerical Personnel		15,469	
Other Salaries & Wages		29,128	
Social Security		28,706	
State Retirement		31,389	
Medical Insurance		34,140	
Unemployment Compensation		617	
Employer Medicare		6,714	
Operating Lease Payments		2,022	
Maintenance & Repair Services- Equipment		270	
Travel		3,074	
Other Contracted Services		8,122	
Library Books/Media		24,000	
Periodicals		4,900	
Other Supplies and Materials		2,013	
In Service/Staff Development		16,280	
Other Charges		1,848	
Other Equipment		48,347	
Total Regular Instruction Program			\$ 689,906

Alternative Instruction Program

Travel	\$	90	
Other Equipment		34	
Total Alternative Instruction Program			124

Special Education Program

Supervisor/Director	\$	31,908
Career Ladder Program		1,000
Psychological Personnel		36,162
Assessment Personnel		20,966
Secretary(s)		11,935
Clerical Personnel		1,912
Social Security		6,222
State Retirement		5,659
Medical Insurance		11,095

(Continued)

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Johnson County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Unemployment Compensation	\$	152	
Employer Medicare		1,455	
Travel		5,763	
Other Contracted Services		1,058	
Other Supplies and Materials		2,018	
In Service/Staff Development		3,661	
Total Special Education Program			\$ 140,966

Vocational Education Program

Supervisor/Director	\$	50,380	
Career Ladder Program		1,000	
Social Security		3,168	
State Retirement		2,826	
Medical Insurance		3,161	
Unemployment Compensation		50	
Employer Medicare		741	
Travel		94	
In Service/Staff Development		4,076	
Total Vocational Education Program			65,496

Adult Programs

Supervisor/Director	\$	40,368	
Clerical Personnel		2,292	
Social Security		2,426	
State Retirement		4,148	
Medical Insurance		3,712	
Unemployment Compensation		50	
Employer Medicare		567	
Travel		94	
In Service/Staff Development		7,666	
Total Adult Programs			61,323

Board of Education

Secretary to Board	\$	2,360	
Other Salaries & Wages		3,480	
Board and Committee Members Fees		12,000	
Social Security		1,076	
State Retirement		892	
Life Insurance		8,052	

(Continued)

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Johnson County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Medical Insurance	\$	585	
Unemployment Compensation		5	
Employer Medicare		252	
Other Fringe Benefits		15,971	
Audit Services		6,000	
Dues and Memberships		8,197	
Legal Services		11,616	
Other Contracted Services		1,500	
Liability Insurance		191,178	
Trustee's Commission		82,293	
Workers' Compensation Insurance		53,076	
In Service/Staff Development		10,522	
Criminal Investigation of Applicants - TBI		3,648	
Other Charges		6,314	
Total Board of Education			\$ 419,017

Director of Schools

County Official/Administrative Officer	\$	80,464	
Clerical Personnel		16,496	
Social Security		5,832	
State Retirement		6,040	
Medical Insurance		7,523	
Unemployment Compensation		100	
Employer Medicare		1,364	
Communication		16,199	
Operating Lease Payments		4,896	
Postal Charges		3,350	
Other Contracted Services		2,540	
Office Supplies		4,281	
In Service/Staff Development		3,889	
Other Charges		4,128	
Administration Equipment		5,475	
Total Director of Schools			162,577

Office of the Principal

Principals	\$	358,113	
Career Ladder Program		12,000	
Assistant Principals		167,906	
Secretary(s)		161,513	

(Continued)

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Johnson County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

In-Service Training	\$	325	
Social Security		41,881	
State Retirement		41,491	
Medical Insurance		60,057	
Unemployment Compensation		1,084	
Employer Medicare		9,795	
Communication		27,415	
Dues and Memberships		2,850	
Operating Lease Payments		6,135	
Postal Charges		222	
Travel		363	
Other Contracted Services		1,332	
Office Supplies		1,155	
Other Supplies and Materials		102	
In Service/Staff Development		6,029	
Other Charges		559	
Administration Equipment		9,594	
Total Office of the Principal			\$ 909,921

Fiscal Services

Supervisor/Director	\$	34,813	
Accountants/Bookkeepers		54,324	
Social Security		5,213	
State Retirement		8,727	
Medical Insurance		9,257	
Unemployment Compensation		146	
Employer Medicare		1,219	
Travel		420	
Office Supplies		900	
In Service/Staff Development		725	
Other Charges		250	
Administration Equipment		1,218	
Total Fiscal Services			117,212

Operation of Plant

Guards	\$	30,650	
Custodial Personnel		289,586	
Other Salaries & Wages		20,536	
Social Security		20,423	

(Continued)

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Johnson County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

State Retirement	\$	28,967	
Medical Insurance		44,305	
Unemployment Compensation		1,406	
Employer Medicare		4,776	
Other Contracted Services		99,780	
Custodial Supplies		64,300	
Electricity		471,401	
Natural Gas		139,140	
Water and Sewer		32,382	
Other Supplies and Materials		17,910	
Other Charges		3,970	
Plant Operation Equipment		14,891	
Total Operation of Plant			\$ 1,284,423

Maintenance of Plant

Maintenance Personnel	\$	78,059	
Social Security		4,738	
State Retirement		7,651	
Medical Insurance		7,795	
Unemployment Compensation		143	
Employer Medicare		1,108	
Communication		64	
Maintenance & Repair Services- Buildings		15,512	
Maintenance & Repair Services- Equipment		5,775	
Other Contracted Services		5,255	
General Construction Materials		7,670	
Other Supplies and Materials		79,307	
In Service/Staff Development		423	
Other Charges		1,508	
Maintenance Equipment		16,358	
Total Maintenance of Plant			231,366

Transportation

Supervisor/Director	\$	38,103	
Mechanic(s)		54,338	
Bus Drivers		221,113	
Clerical Personnel		18,968	
Social Security		18,996	
State Retirement		30,024	

(Continued)

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Johnson County School Department (Cont.)

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Medical Insurance	\$	56,970	
Unemployment Compensation		1,411	
Employer Medicare		4,443	
Communication		1,735	
Contracts with Parents		1,882	
Operating Lease Payments		1,062	
Medical and Dental Services		2,073	
Rentals		4,875	
Travel		437	
Other Contracted Services		4,531	
Diesel Fuel		74,187	
Equipment and Machinery Parts		221	
Garage Supplies		3,516	
Gasoline		18,531	
Lubricants		3,002	
Tires and Tubes		17,170	
Vehicle Parts		54,912	
Other Supplies and Materials		2,313	
In Service/Staff Development		1,096	
Other Charges		5,221	
Transportation Equipment		84,144	
Total Transportation			\$ 725,274

Central and Other

Data Processing Personnel	\$	30,478	
Social Security		1,692	
State Retirement		2,984	
Medical Insurance		3,712	
Unemployment Compensation		80	
Employer Medicare		396	
Other Supplies and Materials		550	
In Service/Staff Development		857	
Other Charges		906	
Administration Equipment		169	
Data Processing Equipment		1,496	
Total Central and Other			43,320

(Continued)

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Johnson County School Department (Cont.)

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	49,570	
Accountants/Bookkeepers		18,128	
Social Security		4,063	
State Retirement		4,501	
Medical Insurance		3,324	
Unemployment Compensation		99	
Employer Medicare		950	
Transportation - Other than Students		470	
Travel		535	
Other Contracted Services		147	
Other Supplies and Materials		1,069	
Total Food Service			\$ 82,856

Community Services

Other Salaries & Wages	\$	72,194	
Social Security		4,429	
State Retirement		3,839	
Medical Insurance		2,475	
Unemployment Compensation		332	
Employer Medicare		1,036	
Food Supplies		2,546	
Other Supplies and Materials		2,010	
In Service/Staff Development		763	
Other Charges		4,635	
Total Community Services			94,259

Capital Outlay

Regular Capital Outlay

Architects	\$	40,955	
Engineering Services		8,084	
Building Construction		34,480	
Building Improvements		539,366	
Land		70,000	
Site Development		154,612	
Other Capital Outlay		96,024	
Total Regular Capital Outlay			943,521

(Continued)

Exhibit J-8

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Johnson County School Department (Cont.)

General Purpose School Fund (Cont.)

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 352,926	
Total Education		\$ 352,926

Total General Purpose School Fund \$ 14,792,139

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 331,523	
Educational Assistants	250,915	
Other Salaries & Wages	26,956	
Certified Substitute Teachers	20,798	
Social Security	37,983	
State Retirement	41,802	
Medical Insurance	56,581	
Unemployment Compensation	1,924	
Employer Medicare	8,883	
Other Contracted Services	17,847	
Instructional Supplies and Materials	168,254	
Other Supplies and Materials	7,264	
Regular Instruction Equipment	283,363	
Total Regular Instruction Program		\$ 1,254,093

Special Education Program

Teachers	\$ 70,842	
Educational Assistants	191,945	
Certified Substitute Teachers	13,107	
Social Security	15,849	
State Retirement	18,997	
Medical Insurance	38,345	
Unemployment Compensation	1,209	
Employer Medicare	3,707	
Contracts with Private Agencies	3,000	
Other Contracted Services	40,475	
Instructional Supplies and Materials	66,273	
Other Charges	2,417	
Total Special Education Program		466,166

(Continued)

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Johnson County School Department (Cont.)

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Instructional Supplies and Materials	\$	50,547	
Vocational Instruction Equipment		35,764	
Total Vocational Education Program			\$ 86,311

Support Services

Other Student Support

Guidance Personnel	\$	83,512	
Social Workers		18,048	
Other Salaries & Wages		13,899	
Social Security		6,860	
State Retirement		6,907	
Medical Insurance		11,292	
Unemployment Compensation		209	
Employer Medicare		1,604	
Evaluation and Testing		515	
Travel		1,439	
Other Contracted Services		252,837	
Other Supplies and Materials		3,880	
In Service/Staff Development		1,725	
Other Charges		706	
Total Other Student Support			403,433

Regular Instruction Program

Supervisor/Director	\$	91,568	
Secretary(s)		17,905	
Other Salaries & Wages		1,840	
In-Service Training		21,952	
Social Security		8,156	
State Retirement		6,909	
Medical Insurance		7,907	
Unemployment Compensation		217	
Employer Medicare		1,908	
Travel		2,261	
Other Contracted Services		33,868	
Library Books/Media		19,949	
Periodicals		132	
Other Supplies and Materials		11,463	
In Service/Staff Development		40,812	
Other Equipment		7,113	
Total Regular Instruction Program			273,960

(Continued)

Exhibit J-8

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Johnson County School Department (Cont.)

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program

In Service/Staff Development	\$ 10,542	
Total Special Education Program		\$ 10,542

Vocational Education Program

In Service/Staff Development	\$ 8,000	
Total Vocational Education Program		8,000

Board of Education

Workers' Compensation Insurance	\$ 4,668	
Total Board of Education		4,668

Fiscal Services

Accountants/Bookkeepers	\$ 2,730	
Social Security	169	
State Retirement	267	
Employer Medicare	40	
Total Fiscal Services		3,206

Transportation

Bus Drivers	\$ 23,920	
Social Security	1,258	
State Retirement	2,342	
Medical Insurance	8,030	
Unemployment Compensation	102	
Employer Medicare	294	
Other Charges	1,897	
Transportation Equipment	7,564	
Total Transportation		45,407

Total School Federal Projects Fund		\$ 2,555,786
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Central Cafeteria Fund

Support Services

Board of Education

Workers' Compensation Insurance	\$ 20,147	
Total Board of Education		\$ 20,147

(Continued)

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Johnson County School Department (Cont.)

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	338,600	
Social Security		19,004	
State Retirement		29,732	
Medical Insurance		76,982	
Unemployment Compensation		1,727	
Employer Medicare		4,444	
Communication		970	
Maintenance & Repair Services- Equipment		24,979	
Transportation - Other than Students		4,085	
Travel		3,019	
Other Contracted Services		46,272	
Food Preparation Supplies		49,021	
Food Supplies		377,891	
Uniforms		4,033	
Other Supplies and Materials		10,270	
Other Charges		11,645	
Food Service Equipment		42,378	
Total Food Service			\$ 1,045,052

Total Central Cafeteria Fund \$ 1,065,199

Other Education Special Revenue Fund

Instruction

Regular Instruction Program

Teachers	\$	172,659	
Educational Assistants		46,330	
Certified Substitute Teachers		9,199	
Social Security		13,181	
State Retirement		14,060	
Medical Insurance		28,895	
Unemployment Compensation		524	
Employer Medicare		3,083	
Instructional Supplies and Materials		3,392	
Other Supplies and Materials		14,829	
Other Charges		11,011	
Regular Instruction Equipment		17,394	
Total Regular Instruction Program			\$ 334,557

(Continued)

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Johnson County School Department (Cont.)

Other Education Special Revenue Fund (Cont.)

Support Services

Attendance

Social Workers	\$	42,673	
Other Salaries & Wages		1,223	
Social Security		2,166	
State Retirement		4,297	
Medical Insurance		11,222	
Unemployment Compensation		143	
Employer Medicare		507	
Travel		3,006	
Other Supplies and Materials		3,620	
Total Attendance			\$ 68,857

Health Services

Medical Personnel	\$	5,521	
Social Security		342	
State Retirement		540	
Unemployment Compensation		13	
Employer Medicare		80	
Drugs and Medical Supplies		2,649	
Other Charges		486	
Total Health Services			9,631

Regular Instruction Program

Supervisor/Director	\$	50,778	
Social Security		2,994	
State Retirement		2,793	
Medical Insurance		4,758	
Unemployment Compensation		50	
Employer Medicare		700	
Travel		912	
Other Supplies and Materials		400	
Other Charges		4,694	
Total Regular Instruction Program			68,079

Board of Education

Workers' Compensation Insurance	\$	1,840	
Total Board of Education			1,840

Director of Schools

Communication	\$	577	
Total Director of Schools			577

(Continued)

Exhibit J-8

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Johnson County School Department (Cont.)

<u>Other Education Special Revenue Fund (Cont.)</u>		
<u>Support Services (Cont.)</u>		
<u>Office of the Principal</u>		
Communication	\$ 682	
Total Office of the Principal		\$ 682
 <u>Transportation</u>		
Bus Drivers	\$ 12,647	
Social Security	761	
State Retirement	1,238	
Medical Insurance	2,518	
Unemployment Compensation	90	
Employer Medicare	178	
Transportation Equipment	107,597	
Total Transportation		<u>125,029</u>
Total Other Education Special Revenue Fund		\$ 609,252
 <u>Education Capital Projects Fund</u>		
<u>Other Debt Service</u>		
<u>Education</u>		
Debt Service Contribution to Primary Government	\$ 40,000	
Total Education		\$ 40,000
 <u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Architects	\$ 2,510	
Fiscal Agent Charges	36	
Building Improvements	21,032	
Other Capital Outlay	142,037	
Total Education Capital Projects		<u>165,615</u>
Total Education Capital Projects Fund		<u>205,615</u>
Total Governmental Funds - Johnson County School Department		<u>\$ 19,227,991</u>

Johnson County, Tennessee
Schedule of Detailed Receipts, Disbursements, and Changes
in Cash Balance - City Agency Fund
For the Year Ended June 30, 2005

	Cities - Sales Tax
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 395,850
Total Cash Receipts	<u>\$ 395,850</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 391,891
Trustee's Commissions	<u>3,959</u>
Total Cash Disbursements	<u>\$ 395,850</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2004	<u>0</u>
 Cash Balance, June 30, 2005	 <u><u>\$ 0</u></u>

STATISTICAL SECTION

Table 1

Johnson County, Tennessee
Uncollected Taxes Filed in Chancery Court
June 30, 2005

<u>Year</u>	<u>Amount</u>
1994	1,273
1995	296
1996	245
1997	162
1998	1,290
1999	1,032
2000	1,393
2001	4,560
2002	8,863
2003	<u>26,528</u>
Total	<u>\$ 45,642</u>

Table 2

Johnson County, Tennessee
Tax Rates and Assessments
Last Ten Years

Fund	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
General	\$ 0.92	\$ 0.97	\$ 0.97	\$ 0.88	\$ 0.84	\$ 0.82	\$ 0.66	\$ 0.61	\$ 0.69	0.79
Solid Waste/Sanitation	0.00	0.10	0.10	0.09	0.09	0.09	0.07	0.07	0.07	0.05
General Purpose School	2.01	1.86	1.86	1.69	1.63	1.63	1.27	1.27	1.27	1.30
General Debt Service	0.22	0.22	0.22	0.20	0.30	0.32	0.29	0.34	0.26	0.36
General Capital Projects	0.16	0.16	0.16	0.14	0.14	0.14	0.11	0.11	0.11	0.11
Total Tax Rates	\$ 3.31	\$ 3.31	\$ 3.31	\$ 3.00	\$ 3.00	\$ 3.00	\$ 2.40	\$ 2.40	\$ 2.40	2.61
Assessed Valuation										
Real and Personal	\$ 90,865,703	\$ 92,602,660	\$ 96,086,093	\$ 111,285,497	\$ 118,303,907	\$ 119,475,048	\$ 160,841,585	\$ 164,121,603	\$ 167,630,719	\$ 171,393,214
Public Utilities	10,336,003	10,681,357	9,015,342	10,567,189	11,438,459	9,829,472	12,813,770	12,722,045	12,064,833	12,621,708
Total Assessed Valuation	\$ 101,201,706	\$ 103,284,017	\$ 105,101,435	\$ 121,852,686	\$ 129,742,366	\$ 129,304,520	\$ 173,655,355	\$ 176,843,648	\$ 179,695,552	\$ 184,014,922

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

January 20, 2006

Johnson County Mayor and
Board of County Commissioners
Johnson County, Tennessee

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Johnson County, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise Johnson County's basic financial statements and have issued our report thereon dated January 20, 2006. Our report on the aggregate discretely presented component units' financial information was qualified because the financial statements did not include the financial information of the Johnson County Emergency Communications District, a discretely presented component unit, which was not available from other auditors as of the date of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing 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 Johnson County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable

conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Johnson County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 05.01(C,D,E) and 05.02.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Johnson County's 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 an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and is described in the accompanying Schedule of Findings and Questioned Costs as item 05.01(A,B).

We also noted certain other matters that we reported to the management of Johnson County in separate communications.

This report is intended solely for the information and use of the Board of County Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

January 20, 2006

Johnson County Mayor and
Board of County Commissioners
Johnson County, Tennessee

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Johnson 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 programs for the year ended June 30, 2005. Johnson County's major federal 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 programs is the responsibility of Johnson County's management. Our responsibility is to express an opinion on Johnson 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 auditing 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. 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 program occurred. An audit includes examining, on a test basis, evidence about Johnson 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 Johnson County's compliance with those requirements.

In our opinion, Johnson County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Johnson County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Johnson County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Johnson County, Tennessee, as of and for the year ended June 30, 2005, and have issued our report thereon dated January 20, 2006. Our report on the aggregate discretely presented component units' financial information was qualified because the financial statements did not include the financial information of the Johnson County Emergency Communications District, a discretely presented component unit, which was not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Grants is presented for purposes of additional analysis, as required by OMB Circular A-133, 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, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of County Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan". The signature is written in a cursive style with a long horizontal stroke at the end.

John G. Morgan
Comptroller of the Treasury

JGM/sb

Johnson County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2005

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	N/A	\$ 74,485
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	138,403
National School Lunch Program	10.555	N/A	538,552
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	03-47-56288-00-01	42,408
Child Nutrition Cluster:			
Summer Food Service Program for Children	10.559	03-47-56288-00-01	13,778
Total U.S. Department of Agriculture			<u>\$ 807,626</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	GG-03-10118-00	\$ 182,029
Passed-through State Housing Development Agency:			
HOME Investment Partnerships Program	14.239	HM-0343	266,790
Total U.S. Department of Housing and Urban Development			<u>\$ 448,819</u>
U.S. Bureau of Land Management, Department of the Interior:			
Direct Programs:			
Payments in Lieu of Taxes	15.226	N/A	\$ 44,175
Total U.S. Department of Land Management, Department of the Interior			<u>\$ 44,175</u>
U.S. Department of Justice Assistance:			
Passed-through State Department of Finance and Administration:			
Violence Against Women Formula Grants	16.588	Z-00-093880-00	\$ 37,695
Total U.S. Department of Justice Assistance			<u>\$ 37,695</u>
U.S. Department of Labor:			
Passed-through State Department of Labor and Workforce Development:			
WIA Incentive Grants - Section 503 Grants to States	17.267	Z-05-023782-00	\$ 4,932
WIA Incentive Grants - Section 503 Grants to States	17.267	Z-04-025636-01	11,115
Total U.S. Department of Labor			<u>\$ 16,047</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	Z-03-014248-00	\$ 272,950
Total U.S. Department of Transportation			<u>\$ 272,950</u>

(Continued)

Johnson County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education:			
Direct Programs:			
Safe and Drug-Free Schools and Communities - National Programs	84.184	N/A	\$ 548,175
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	838,499
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	528,722
Special Education - Preschool Grants	84.173	N/A	22,490
Vocational Education - Basic Grants to States	84.048	N/A	95,749
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	17,847
Twenty-First Century Community Learning Centers	84.287	192-05-1-026	50,910
State Grants for Innovative Programs	84.298	N/A	19,202
Education Technology State Grants	84.318	(2)	19,787
Comprehensive School Reform Demonstration	84.332	Z-04-018593-00	15,559
Reading Excellence/Tutorial Assistance Program	84.338	Z-03-011062-01	142,137
Rural Education Achievement Program	84.358	N/A	74,912
Improving Teacher Quality State Grants	84.367	N/A	264,830
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	Z-03-010338-00	71,228 (3)
Adult Education - State Grant Program	84.002	Z-04-016682-00	95,314 (3)
Passed-through Appalachian Rural Systemic Institute:			
Eisenhower Professional Development State Grants	84.281	N/A	4,550
Total U.S. Department of Education			<u>\$ 2,809,911</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Education:			
Temporary Assistance for Needy Families	93.558	Z-05-022327-00	\$ 22,739 (4)
Temporary Assistance for Needy Families	93.558	Z-05-022319-00	1,691 (4)
Cooperative Agreements to Support Comprehensive School Health Program to Prevent the Spread of HIV and Other Important Health Programs	93.938	GG-05-11466-00	5,965
Passed-through Upper East Tennessee Human Development Agency:			
Head Start	93.600	(2)	<u>609,252</u>
Total U.S. Department of Health and Human Services			<u>\$ 639,647</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	Z-04-0201120-00	\$ 52,497 (5)
State Domestic Preparedness Equipment Support Program	97.004	Z-04-022460-00	92,451 (5)
Public Assistance Grants	97.036	Z-05-024732-00	76,818
Emergency Management Performance Grants	97.042	Z-04-020296-00	3,680 (6)
Emergency Management Performance Grants	97.042	Z-05-025372-00	13,756 (6)
Pre-Disaster Mitigation	97.047	GG-04-10567-00	14,486
Total U.S. Department of Homeland Security			<u>\$ 253,688</u>
Total Expenditures of Federal Awards			<u>\$ 5,330,558</u>

(Continued)

Johnson County, Tennessee
 Schedule of Expenditures of Federal Awards and State Grants (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
<u>State Grants</u>			
Aging Program - First Tennessee Development District	N/A	(2)	\$ 39,498
Juvenile Services Program - State Office of Children Services	N/A	(2)	9,000
Litter Program - State Department of Transportation	N/A	(2)	30,091
Airport Maintenance - State Department of Transportation	N/A	(2)	5,340
Reappraisal Program - State Comptroller of the Treasury	N/A	(2)	8,061
Health Department Nurses Program - State Department of Health Services	N/A	(2)	65,655
Children in State Custody Family Resource Center - State Department of Children's Services	N/A	(2)	<u>33,300</u>
Total State Grants			<u>\$ 190,945</u>

CFDA - Catalog of Federal Domestic Assistance

N/A - Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA. No. 84.002 (Adult Education - State Grant Program from the U.S. Department of Education) was \$166,542.
- (4) Total for CFDA. No. 93.558 (Temporary Assistance for Needy Families from the U.S. Department of Health and Human Services) was \$24,430.
- (5) Total for CFDA. No. 97.004 (State Domestic Preparedness Equipment Support Program from the U.S. Department of Homeland Security) was \$144,948.
- (6) Total for CFDA. No. 97.042 (Emergency Management Performance Grants from the U.S. Department of Homeland Security) was \$17,436.

Johnson County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2005

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below is the finding from the Annual Financial Report for Johnson County, Tennessee, for the year ended June 30, 2004, which has not been corrected.

OTHER FINDING AND RECOMMENDATION

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.02	15	Duties were not segregated adequately in the Offices of Trustee, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff

JOHNSON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2005

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements disclosed reportable conditions in internal controls. None of these conditions was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance which are material to the financial statements of Johnson County.
4. The audit disclosed no reportable conditions in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559); HOME Investment Partnerships Program (CFDA No. 14.239); Airport Improvement Program (CFDA No. 20.106); Safe and Drug Free-Schools and Communities – National Programs (CFDA No. 84.184); Title I Grants to Local Educational Agencies (CFDA No. 84.010); and Head Start (CFDA No. 93.600) were determined to be major programs.
8. A threshold of \$300,000 was used to distinguish between Type A and Type B federal programs.
9. Johnson County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

OFFICE OF SHERIFF

FINDING 05.01 **CONTROLS OVER COMMISSARY OPERATIONS WERE INADEQUATE**

(A. and B. Noncompliance Under Government Auditing Standards; C., D., and E. Internal Control – Reportable Condition Under Government Auditing Standards)

Our audit revealed the following deficiencies in controls over commissary operations:

- A. Official pre-numbered receipts were not issued for commissary collections as required by Section 9-2-104, Tennessee Code Annotated (TCA). Instead, unofficial receipt forms created by the office were used to receipt collections.
- B. Commissary collections were not deposited to the official bank account within three days of collection as required by Section 5-8-207, TCA.
- C. Commissary transactions were not posted to accounting control records.
- D. Monthly bank statements were not reconciled with any cash control records.
- E. Individual inmate account cards were not reconciled with any cash control records.

Subsequent to June 30, 2005, the Sheriff's Department implemented a computerized accounting system for the jail commissary operations. This system provides for cash control records and a receipting system.

RECOMMENDATION

Official pre-numbered receipts should be issued for all collections, and all collections should be deposited to the official bank account within three days of collection as required by state statutes. Commissary transactions should be posted to accounting control records daily. Bank statements and inmate accounts should be reconciled with the accounting control records monthly.

OTHER FINDING

FINDING 05.02 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF TRUSTEE, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF**

(Internal Control – Reportable Condition Under Government Auditing Standards)

Duties were not segregated adequately among officials and employees in the Offices of Trustee, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff. Officials and employees responsible for maintaining the accounting records in these offices were also involved in receipting, depositing, and/or disbursing funds. We realize that due to limited resources and personnel, management may not be able to properly segregate duties among employees. However, our professional standards require that we bring this matter to the reader's attention in this report.

**PART III, FINDINGS AND QUESTIONED
COSTS FOR FEDERAL AWARDS**

There were no findings and questioned costs for federal awards.

JOHNSON COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2005

There were no audit findings relative to federal awards presented in the prior audit's Schedule of Findings and Questioned Costs or the current year's Schedule of Findings and Questioned Costs.