

**ANNUAL FINANCIAL REPORT
JOHNSON COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2007



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FOR THE YEAR ENDED JUNE 30, 2007

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

JOHNSON COUNTY, TENNESSEE

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Audit Highlights

Annual Financial Report
Johnson County, Tennessee
For the Year Ended June 30, 2007

Scope

We have audited the basic financial statements of Johnson County as of and for the year ended June 30, 2007.

Results

Our report on Johnson County's financial statements is unqualified. Our audit resulted in four 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 DIRECTOR OF SCHOOLS

- ◆ The School Federal Projects Fund had a cash overdraft of \$37,801 at June 30, 2007.
-

OFFICE OF SHERIFF

- ◆ The Sheriff's Department failed to document that all arrestees were fingerprinted. Also, fingerprints were not filed with the Tennessee Bureau of Investigation as required by state statute.
-

OTHER FINDINGS AND RECOMMENDATIONS

- ◆ A capital outlay note was not issued in accordance with state statutes.
- ◆ 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.

INTRODUCTORY SECTION

Johnson County Officials

June 30, 2007

Officials

Dick Grayson, County Mayor
Tony Jennings, Road Superintendent
Morris Woodring, Director of Schools
Carolyn Sue Hensley, Trustee
Bowsie Stout, Assessor of Property
Tammie Fenner, County Clerk
Carolyn Hawkins, Circuit and General Sessions Courts Clerk
Linda Morefield, Clerk and Master
Patricia Hartley, Register
William Reece, Sheriff
Douglas Hammons, Purchasing Agent
Peggy Horne, Director of Accounts and Budget

Board of County Commissioners

Fred Phipps, Chairperson	Jimmy Lowe
Bill Adams	Emily Millsaps
Glenn Arney	Ronnie Perkins
John Brookshire	Larry Potter
Clifton Dunn	Jack Proffitt
Lester Dunn	Kenneth Sluder
Roby Dunn	Dean Stout
Robert Grindstaff	

Budget Committee

Dick Grayson, Chairperson	Fred Phipps
John Brookshire	Larry Potter
Emily Millsaps	Kenneth Sluder
Ronnie Perkins	

Road Commission

Rhonda Reece, Chairperson
Clint Howard
Earl Shull

Board of Education

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

FINANCIAL SECTION



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
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JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
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INDEPENDENT AUDITOR'S REPORT

January 18, 2008

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, 2007, 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 did not audit the financial statements of the discretely presented Johnson County Emergency Communications District, which represent 2.7 percent and 3.2 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Johnson County Emergency Communications District, is based on the report of the other auditors.

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 and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position 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 June 30, 2007, 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 18, 2008, 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.

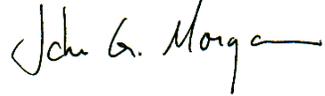
The management of Johnson County did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.

The budgetary comparison and pension information on pages 67 through 73 are not required parts of the basic financial statements but they do provide 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, the General Debt Service Fund, and the General Capital Projects Fund, the combining and individual fund financial statements of the Johnson County School Department (a discretely presented component unit), and the miscellaneous schedules 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, the General Debt Service Fund, and the General Capital Projects 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 by us 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 has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we express no opinion on it.

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

BASIC FINANCIAL STATEMENTS

Exhibit A

Johnson County, Tennessee
Statement of Net Assets
June 30, 2007

	Primary Governmental Activities	Component Units	
		Johnson County School Department	Emergency Communica- tions District
<u>ASSETS</u>			
Cash and Equivalents	\$ 1,034	\$ 7,323	\$ 214,501
Equity in Pooled Cash and Investments	6,401,256	5,078,748	0
Investments	0	0	89,096
Accounts Receivable	50,934	0	15,145
Due from Other Governments	772,297	319,255	122,134
Property Taxes Receivable	2,865,911	2,782,437	0
Allowance for Uncollectible Property Taxes	(93,782)	(91,050)	0
Unamortized Debt Issuance Cost	205,651	0	0
Unamortized Discount on Debt	10,998	0	0
Capital Assets			
Assets Not Depreciated:			
Land	795,478	946,939	4,767
Construction in Progress	1,359,470	315,298	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	6,372,890	13,990,668	46,692
Furniture and Fixtures	0	0	3,124
Infrastructure	1,107,292	1,324,686	0
Machinery and Equipment	0	1,042,155	214,164
Other Capital Assets	538,150	75,134	0
Total Assets	<u>\$ 20,387,579</u>	<u>\$ 25,791,593</u>	<u>\$ 709,623</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 242,518	\$ 13,124	\$ 1,860
Accrued Payroll	712	0	3,359
Payroll Deductions Payable	35,488	8,743	2,632
Accrued Leave - Current	0	0	1,081
Cash Overdraft	0	37,801	0
Contracts Payable	79,249	123,277	0
Retainage Payable	0	28,361	0
Accrued Interest Payable	122,634	0	0
Due to State of Tennessee	4,423	619	0
Deferred Revenue - Current Property Taxes	2,642,195	2,565,237	0
Noncurrent Liabilities:			
Due Within One Year	742,212	39,591	0
Due in More than One Year (net of deferred amount on refunding)	15,956,561	0	0
Total Liabilities	<u>\$ 19,825,992</u>	<u>\$ 2,816,753</u>	<u>\$ 8,932</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Units	
		Johnson County School Department	Emergency Communica- tions District
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 4,134,188	\$ 0	\$ 0
Invested in Capital Assets	0	17,694,880	268,747
Restricted for:			
Highways	536,948	0	0
Debt Service	3,601,079	0	0
Capital Projects	657,890	49,901	0
Drug Control	130,254	0	0
Solid Waste/Sanitation	46,679	0	0
State and Federal Financial Assistance Programs	0	641,373	0
Other Purposes	85,168	0	0
Unrestricted	<u>(8,630,619)</u>	<u>4,588,686</u>	<u>431,944</u>
Total Net Assets	<u>\$ 561,587</u>	<u>\$ 22,974,840</u>	<u>\$ 700,691</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, 2007

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 Units	
					Governmental Activities	Johnson County School Department	Emergency Communications District
Primary Government:							
Governmental Activities:							
General Government	\$ 767,044	\$ 267,030	\$ 91,821	\$ 120,000	\$ (288,193)	\$ 0	\$ 0
Finance	683,083	391,229	8,269	0	(283,585)	0	0
Administration of Justice	531,633	369,329	43,916	0	(118,388)	0	0
Public Safety	2,424,022	638,454	115,848	150,016	(1,519,704)	0	0
Public Health and Welfare	800,527	401,624	172,993	0	(225,910)	0	0
Social, Cultural, and Recreational Services	166,729	60,000	43,438	35,000	(28,291)	0	0
Agriculture and Natural Resources	90,285	0	0	0	(90,285)	0	0
Other Operations	959,722	414,376	3,213	376,112	(166,021)	0	0
Highways	2,205,757	67,937	1,592,713	277,579	(267,528)	0	0
Education	251,516	0	0	0	(251,516)	0	0
Interest on Long-term Debt	648,157	0	327,217	0	(320,940)	0	0
Debt Service	61,071	0	0	0	(61,071)	0	0
Total Primary Government	\$ 9,589,546	\$ 2,609,979	\$ 2,399,428	\$ 958,707	\$ (3,621,432)	\$ 0	\$ 0
Component Units:							
Johnson County School Department	\$ 20,431,094	\$ 739,341	\$ 3,505,216	\$ 251,516	\$ 0	\$ (15,935,021)	\$ 0
Emergency Communications District	347,058	226,335	434,736	0	0	0	314,013
Total Component Units	\$ 20,778,152	\$ 965,676	\$ 3,939,952	\$ 251,516	\$ 0	\$ (15,935,021)	\$ 314,013

(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	Component Units	
					Governmental Activities	Johnson County School Department	Emergency Communications District
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 1,867,578	\$ 2,494,258	\$ 0	
Property Taxes Levied for Debt Service				698,210	0	0	
Local Option Sales Taxes				262,960	673,213	0	
Other Local Taxes				696,243	5,254	0	
Grants and Contributions Not Restricted to Specific Programs				531,073	12,124,677	0	
Unrestricted Investment Income				398,188	16,130	5,649	
Miscellaneous				130,924	328,739	0	
Gain on Disposal of Capital Assets				99,295	0	0	
Total General Revenues				<u>\$ 4,684,471</u>	<u>\$ 15,642,271</u>	<u>\$ 5,649</u>	
Change in Net Assets				\$ 1,063,039	\$ (292,750)	\$ 319,662	
Net Assets, July 1, 2006				<u>(501,452)</u>	<u>23,267,590</u>	<u>381,029</u>	
Net Assets, June 30, 2007				<u>\$ 561,587</u>	<u>\$ 22,974,840</u>	<u>\$ 700,691</u>	

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, 2007

	Major Funds				Nonmajor Funds	Total Govern- mental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,034	\$ 1,034
Equity in Pooled Cash and Investments	1,683,571	311,189	3,513,673	459,722	433,101	6,401,256
Accounts Receivable	50,874	0	0	0	60	50,934
Due from Other Governments	243,258	264,635	152,952	0	111,452	772,297
Due from Other Funds	1,094	7,255	21,766	0	0	30,115
Property Taxes Receivable	1,725,111	0	779,083	250,419	111,298	2,865,911
Allowance for Uncollectible Property Taxes	(56,451)	0	(25,494)	(8,195)	(3,642)	(93,782)
Total Assets	\$ 3,647,457	\$ 583,079	\$ 4,441,980	\$ 701,946	\$ 653,303	\$ 10,027,765
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 132,741	\$ 3,175	\$ 0	\$ 0	\$ 106,602	\$ 242,518
Accrued Payroll	712	0	0	0	0	712
Payroll Deductions Payable	24,061	11,427	0	0	0	35,488
Contracts Payable	0	0	0	79,249	0	79,249
Due to Other Funds	29,021	0	0	0	1,094	30,115
Due to State of Tennessee	1,544	2,879	0	0	0	4,423
Deferred Revenue - Current Property Taxes	1,590,447	0	718,267	230,871	102,610	2,642,195
Deferred Revenue - Delinquent Property Taxes	72,468	0	32,727	10,519	4,675	120,389
Other Deferred Revenues	93,648	137,820	77,387	0	43,438	352,293
Total Liabilities	\$ 1,944,642	\$ 155,301	\$ 828,381	\$ 320,639	\$ 258,419	\$ 3,507,382
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 111,554	\$ 65,196	\$ 0	\$ 149,219	\$ 42,315	\$ 368,284
Reserved for Alcohol and Drug Treatment	5,710	0	0	0	0	5,710
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	17,182	0	0	0	0	17,182
Reserved for Sexual Offender Registration	3,475	0	0	0	0	3,475
Reserved for Courtroom Security	852	0	0	0	0	852
Reserved for Computer System - Register	23,033	0	0	0	0	23,033

(Continued)

Exhibit C-1

Johnson County, Tennessee
 Balance Sheet
 Governmental Funds (Cont.)

	Major Funds				Nonmajor Funds	Total
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	Govern- mental Funds
<u>LIABILITIES AND FUND BALANCES (Cont.)</u>						
<u>Fund Balances (Cont.)</u>						
Unreserved, Reported In:						
General Fund	\$ 1,541,009	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,541,009
Special Revenue Funds	0	362,582	0	0	171,869	534,451
Debt Service Funds	0	0	3,613,599	0	0	3,613,599
Capital Projects Funds	0	0	0	232,088	180,700	412,788
Total Fund Balances	<u>\$ 1,702,815</u>	<u>\$ 427,778</u>	<u>\$ 3,613,599</u>	<u>\$ 381,307</u>	<u>\$ 394,884</u>	<u>\$ 6,520,383</u>
Total Liabilities and Fund Balances	<u>\$ 3,647,457</u>	<u>\$ 583,079</u>	<u>\$ 4,441,980</u>	<u>\$ 701,946</u>	<u>\$ 653,303</u>	<u>\$ 10,027,765</u>

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

Exhibit C-2

Johnson County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2007

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)		\$	6,520,383
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	795,478	
Add: construction in progress		1,359,470	
Add: buildings and improvements net of accumulated depreciation		6,372,890	
Add: other capital assets net of accumulated depreciation		538,150	
Add: infrastructure net of accumulated depreciation		<u>1,107,292</u>	10,173,280
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(405,303)	
Less: other loans payable		(5,555,000)	
Less: bonds payable		(10,010,000)	
Add: deferred amount on refunding		254,390	
Add: deferred charges - discount on debt		10,998	
Add: deferred charges - debt issuance costs		205,651	
Less: compensated absences payable		(201,979)	
Less: landfill closure/postclosure care costs		(780,881)	
Less: accrued interest on bonds, notes, and other loans payable		<u>(122,634)</u>	(16,604,758)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>472,682</u>
Net assets (deficit) of governmental activities (Exhibit A)		\$	<u><u>561,587</u></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, 2007

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 2,454,546	\$ 0	\$ 867,459	\$ 235,815	\$ 104,960	\$ 3,662,780
Licenses and Permits	35,857	0	0	0	0	35,857
Fines, Forfeitures, and Penalties	62,598	0	0	0	153,072	215,670
Charges for Current Services	37,517	0	0	0	403,124	440,641
Other Local Revenues	873,015	90,993	0	0	16,492	980,500
Fees Received from County Officials	776,335	0	0	0	0	776,335
State of Tennessee	1,192,668	1,760,062	0	0	128,051	3,080,781
Federal Government	625,626	64,026	0	0	35,000	724,652
Other Governments and Citizens Groups	103,004	67,937	327,217	0	81,408	579,566
Total Revenues	\$ 6,161,166	\$ 1,983,018	\$ 1,194,676	\$ 235,815	\$ 922,107	\$ 10,496,782
<u>Expenditures</u>						
Current:						
General Government	\$ 690,372	\$ 0	\$ 0	\$ 0	\$ 0	\$ 690,372
Finance	690,002	0	0	0	0	690,002
Administration of Justice	529,291	0	0	0	1,500	530,791
Public Safety	2,236,639	0	0	0	31,341	2,267,980
Public Health and Welfare	301,046	0	0	0	464,953	765,999
Social, Cultural, and Recreational Services	189,384	0	0	0	0	189,384
Agriculture and Natural Resources	90,212	0	0	0	0	90,212
Other Operations	922,341	0	0	0	0	922,341
Highways	48,132	2,279,975	0	0	0	2,328,107
Debt Service:						
Principal on Debt	0	32,821	542,983	0	7,500	583,304
Interest on Debt	0	7,454	647,294	0	0	654,748
Other Debt Service	0	0	24,532	0	0	24,532
Capital Projects	0	0	0	1,679,160	317,317	1,996,477
Total Expenditures	\$ 5,697,419	\$ 2,320,250	\$ 1,214,809	\$ 1,679,160	\$ 822,611	\$ 11,734,249
Excess (Deficiency) of Revenues Over Expenditures	\$ 463,747	\$ (337,232)	\$ (20,133)	\$ (1,443,345)	\$ 99,496	\$ (1,237,467)

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 60,000	\$ 0	\$ 0	\$ 0	\$ 60,000
Insurance Recovery	12,728	31,474	0	0	1,901	46,103
Transfers In	0	81,722	245,164	587,000	50,000	963,886
Transfers Out	(451,886)	0	(512,000)	0	0	(963,886)
Total Other Financing Sources (Uses)	<u>\$ (439,158)</u>	<u>\$ 173,196</u>	<u>\$ (266,836)</u>	<u>\$ 587,000</u>	<u>\$ 51,901</u>	<u>\$ 106,103</u>
Net Change in Fund Balances	\$ 24,589	\$ (164,036)	\$ (286,969)	\$ (856,345)	\$ 151,397	\$ (1,131,364)
Fund Balance, July 1, 2006	<u>1,678,226</u>	<u>591,814</u>	<u>3,900,568</u>	<u>1,237,652</u>	<u>243,487</u>	<u>7,651,747</u>
Fund Balance, June 30, 2007	<u>\$ 1,702,815</u>	<u>\$ 427,778</u>	<u>\$ 3,613,599</u>	<u>\$ 381,307</u>	<u>\$ 394,884</u>	<u>\$ 6,520,383</u>

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

Exhibit C-4

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, 2007

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)		\$ (1,131,364)
(1) Governmental funds report capital outlays 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 difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 2,082,804	
Less: current year depreciation expense	<u>(478,633)</u>	1,604,171
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: capital assets disposed	\$ (170,324)	
Add: decrease in accumulated depreciation for capital assets disposed	<u>160,525</u>	(9,799)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2007	\$ 472,682	
Less: deferred delinquent property taxes and other deferred June 30, 2006	<u>(362,982)</u>	109,700
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) 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. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt related items:		
Less: note proceeds	\$ (60,000)	
Less: change in deferred debt issuance costs	(12,321)	
Add: principal payments on bonds	385,000	
Add: principal payments on notes	123,304	
Add: principal payments on other loans	75,000	
Less: change in unamortized discount on debt	(556)	
Less: change in deferred amount on refunding debt	<u>(23,662)</u>	486,765
(5) 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	\$ 6,591	
Change in compensated absences	(4,984)	
Change in landfill closure/postclosure care costs	<u>1,959</u>	<u>3,566</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 1,063,039</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, 2007

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 437,594
Due from Other Governments	<u>76,768</u>
Total Assets	<u><u>\$ 514,362</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 76,768
Due to Litigants, Heirs, and Others	<u>437,594</u>
Total Liabilities	<u><u>\$ 514,362</u></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, 2007

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 Johnson County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the Johnson County School Department are included in this report as listed in the table of contents. 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. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the statement of activities. 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, except for agency funds which have no measurement focus. 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 grants 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 (except for agency funds which have no 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.

General Capital Projects Fund – This fund accounts for general capital expenditures of the county.

Additionally, Johnson County reports the following fund type:

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 fund:

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.

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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 1.79 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.

Retainage payable in the discretely presented Johnson County School Department's General Purpose School Fund represents amounts withheld from payments made on construction contracts pending completion of the project. This amount is held by the county trustee as Equity in Pooled Cash and Investments in the General Purpose School Fund.

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

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 refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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.

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.

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 \$85,168 with the primary restrictions being for litigation taxes (\$17,182), computer automation fees (\$23,033), and library fees (\$34,916).

As of June 30, 2007, Johnson County had \$9,255,000 in outstanding debt for capital purposes for the discretely presented Johnson County School Department. This debt is a liability of Johnson County, but the capital assets acquired are reported in the financial statements of the Johnson County 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, 2007:

<u>Fund</u>	<u>Purpose</u>	<u>Amount</u>
Discretely Presented Johnson County School Department: General Purpose School Fund	School Age Child Care	\$ 55,103

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 the balance sheet of governmental funds with the government-wide statement of net assets.

Discretely Presented Johnson County School Department

Exhibit I-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with 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 the net change in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide statement of activities.

Discretely Presented Johnson County School Department

Exhibit I-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide statement of activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund) which is not budgeted, and certain capital projects funds (the Community Development/Industrial Park Fund and the Other Capital Projects Fund) which adopt project length budgets. All annual appropriations lapse at fiscal year end.

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/Executive, 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 (GAAP), except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and GAAP basis is presented on the face of each budgetary schedule.

B. Fund Deficit

The Other Capital Projects Fund had a deficit unreserved fund balance of \$43,438 at June 30, 2007. This deficit resulted primarily from the unperformed portions of construction contracts of \$41,163 being reserved as

encumbrances and from the deferral of certain revenues under the county's revenue recognition policy. This deficit is expected to be liquidated by revenues to be recognized in the subsequent year.

C. Cash Overdraft

The discretely presented School Federal Projects Fund had a cash overdraft of \$37,801 at June 30, 2007. This cash overdraft resulted from issuing warrants that exceeded cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2007.

D. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the Employee Benefits major appropriation category (the legal level of control) of the General Fund by \$5,545. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by unexpended appropriations in other major categories.

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 represents 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. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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, 2007.

B. Capital Assets

Capital assets activity for the year ended June 30, 2007, was as follows:

Primary Government

Governmental Activities:

	Adjusted Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Not Depreciated:				
Land	\$ 696,352	\$ 99,126	\$ 0	\$ 795,478
Construction in Progress	362,815	1,619,462	(622,807)	1,359,470
Total Capital Assets Not Depreciated	\$ 1,059,167	\$ 1,718,588	\$ (622,807)	\$ 2,154,948

Governmental Activities: (Cont.)

	Adjusted Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Depreciated:				
Buildings and Improvements	\$ 8,027,324	\$ 622,807	\$ 0	\$ 8,650,131
Other Capital Assets	2,622,066	213,916	(170,324)	2,665,658
Infrastructure	1,205,496	150,300	0	1,355,796
Total Capital Assets Depreciated	\$ 11,854,886	\$ 987,023	\$ (170,324)	\$ 12,671,585
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,069,562	\$ 207,679	\$ 0	\$ 2,277,241
Other Capital Assets	2,099,968	188,065	(160,525)	2,127,508
Infrastructure	165,615	82,889	0	248,504
Total Accumulated Depreciation	\$ 4,335,145	\$ 478,633	\$ (160,525)	\$ 4,653,253
Total Capital Assets Depreciated, Net	\$ 7,519,741	\$ 508,390	\$ (9,799)	\$ 8,018,332
Governmental Activities Capital Assets, Net	\$ 8,578,908	\$ 2,226,978	\$ (632,606)	\$ 10,173,280

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

Governmental Activities:

General Government	\$ 6,878
Finance	1,402
Public Safety	188,579
Public Health and Welfare	55,243
Social, Cultural, and Recreational Services	16,274
Other Operations	16,555
Highways/Public Works	193,702
Total Depreciation Expense - Governmental Activities	\$ 478,633

Discretely Presented Johnson County School Department

Governmental Activities:

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Not Depreciated:				
Land	\$ 922,383	\$ 24,556	\$ 0	\$ 946,939
Construction in Progress	0	315,298	0	315,298
Total Capital Assets Not Depreciated	\$ 922,383	\$ 339,854	\$ 0	\$ 1,262,237
Capital Assets Depreciated:				
Buildings and Improvements	\$ 20,416,304	\$ 0	\$ 0	\$ 20,416,304
Machinery and Equipment	2,098,362	251,516	(305,866)	2,044,012
Other Capital Assets	447,876	0	0	447,876
Infrastructure	2,160,277	0	0	2,160,277
Total Capital Assets Depreciated	\$ 25,122,819	\$ 251,516	\$ (305,866)	\$ 25,068,469
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 5,938,751	\$ 486,885	\$ 0	\$ 6,425,636
Machinery and Equipment	1,116,800	181,600	(296,543)	1,001,857
Other Capital Assets	328,355	44,387	0	372,742
Infrastructure	694,329	141,262	0	835,591
Total Accumulated Depreciation	\$ 8,078,235	\$ 854,134	\$ (296,543)	\$ 8,635,826
Total Capital Assets Depreciated, Net	\$ 17,044,584	\$ (602,618)	\$ (9,323)	\$ 16,432,643
Governmental Activities Capital Assets, Net	\$ 17,966,967	\$ (262,764)	\$ (9,323)	\$ 17,694,880

Depreciation expense was charged to functions of the discretely presented Johnson County School Department as follows:

Governmental Activities:

Instruction	\$ 646,919
Support Services	205,665
Operation of Non-Instructional Services	<u>1,550</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 854,134</u>

C. Construction Commitments

At June 30, 2007, Johnson County had uncompleted construction contracts reflected in the General Capital Projects Fund of \$9,200 for renovations and additions to the courthouse and \$41,163 in the Other Capital Projects for library construction. Also, the discretely presented School Department had uncompleted construction contracts of approximately \$678,000 in the General Purpose School Fund for renovations at various schools. Funding has been provided for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2007, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 1,094
Highway/Public Works	General	7,255
General Debt Service	General	21,766

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, 2007, consisted of the following amounts:

Primary Government

	Transfers In			
	Highway/ Public Works Fund	General Debt Service Fund	General Capital Projects Fund	Nonmajor Governmental Funds
Transfers Out				
General Fund	\$ 81,722	\$ 245,164	\$ 75,000	\$ 50,000
General Debt Service Fund	0	0	512,000	0
Total	<u>\$ 81,722</u>	<u>\$ 245,164</u>	<u>\$ 587,000</u>	<u>\$ 50,000</u>

Discretely Presented Johnson County School Department

	Transfers In
Transfers Out	General Purpose School Fund
Nonmajor governmental funds	<u>\$ 357,520</u>
Total	<u>\$ 357,520</u>

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. Long-term Debt

Primary Government

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 25 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, 2007, will be retired from the General Debt Service Fund. Notes included in long-term debt as of June 30, 2007, will be retired from various funds.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2007, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
General Obligation Bonds	4.1 to 5.5 %	\$ 9,925,000	\$ 475,000
General Obligation Bonds - Refunding	1.5 to 4.5	1,435,000	1,110,000
School Refunding Bonds	3 to 4.125	8,535,000	8,425,000
Capital Outlay Notes	0 to 5.95	1,077,000	405,303
Other Loans	Variable	3,565,000	3,420,000
Other Loans	3.935	2,135,000	2,135,000

In prior years, Johnson County entered into a loan agreement with the Blount County Public Building Authority. Under this loan agreement, the authority loaned \$5,700,000 to Johnson County for jail construction. 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, 2007:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-07	Interest Type	Interest Rates as of 6-30-07	Other Fees on Variable Rate Debt
Blount County PBA (Series A-5-B) - variable rate portion	\$ 3,565,000	\$ 3,420,000	Variable	3.81 %	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>\$ 5,555,000</u>			

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2007, including interest payments and other loan fees, are presented in the following table:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2008	\$ 400,000	\$ 392,261	\$ 139,900	\$ 11,471
2009	410,000	375,771	86,347	5,549
2010	435,000	357,744	89,056	2,841
2011	445,000	344,446	30,000	0
2012	465,000	329,431	30,000	0
2013-2017	2,525,000	1,386,380	30,000	0
2018-2022	3,085,000	849,335	0	0
2023-2027	2,245,000	196,661	0	0
Total	\$ 10,010,000	\$ 4,232,029	\$ 405,303	\$ 19,861

Year Ending June 30	Other Loan (\$3,565,000) Series A-5-B			Total
	Principal	Interest	Other Fees	
2008	\$ 75,000	\$ 130,302	\$ 15,544	\$ 220,846
2009	85,000	127,444	15,203	227,647
2010	85,000	124,206	14,817	224,023
2011	90,000	120,968	14,430	225,398
2012	90,000	117,539	14,021	221,560
2013-2017	630,000	524,637	62,585	1,217,222
2018-2022	795,000	392,811	46,859	1,234,670
2023-2026	1,570,000	195,453	23,316	1,788,769
Total	\$ 3,420,000	\$ 1,733,360	\$ 206,775	\$ 5,360,135

Year Ending June 30	Other Loan (\$2,135,000) Series A-5-B			Total
	Principal	Interest	Other Fees	
2008	\$ 0	\$ 85,848	\$ 9,704	\$ 95,552
2009	0	85,848	9,704	95,552
2010	0	85,848	9,704	95,552
2011	0	85,848	9,704	95,552
2012	0	85,848	9,704	95,552
2013-2017	0	429,242	48,517	477,759
2018-2022	0	429,242	48,517	477,759
2023-2027	1,040,000	429,242	48,518	1,517,760
2028	1,095,000	44,030	4,977	1,144,007
Total	\$ 2,135,000	\$ 1,760,996	\$ 199,049	\$ 4,095,045

During the year, the Johnson County School Department contributed \$327,217 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 \$3,613,599 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$572, based on the 2000 federal census. Debt per capita, including bonds, notes, and other loans outstanding totaled \$913, based on the 2000 federal census.

Swap Agreement

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

Objective of the interest rate swap. 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, 2007, 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>-3.72</u>
Net interest rate swap payments		0.21 %
Variable rate bond payments		<u>3.81</u>
Synthetic interest rate on bonds		<u><u>4.02 %</u></u>

Fair value. As of June 30, 2007, the swap had a positive fair value of \$8,951. The positive fair value of the swap may be countered by increases in total interest payments required under the variable rate bond, creating higher 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.

Credit risk. As of June 30, 2007, the county's exposure to credit risk is equal to the amount of the swap's positive fair value. However, should interest rates change and the fair value of the swap become negative the county would no longer be exposed to credit risk. The swap counterparty was unrated at the time of the swap. 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, 2007. 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 the BMA increases to 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.

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, 2007, 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	Total
	Principal	Interest	Rate Swap Swap Payment	
2008	\$ 0	\$ 81,343	\$ 4,505	\$ 85,848
2009	0	81,343	4,505	85,848
2010	0	81,343	4,505	85,848
2011	0	81,343	4,505	85,848
2012	0	81,343	4,505	85,848
2013-2017	0	406,718	22,524	429,242
2018-2022	0	406,718	22,524	429,242
2023-2027	1,040,000	406,718	22,524	1,469,242
2028	1,095,000	41,720	2,310	1,139,030
Total	\$ 2,135,000	\$ 1,668,589	\$ 92,407	\$ 3,895,996

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2007, was as follows:

Governmental Activities:	Bonds	Notes	Other Loans
Balance, July 1, 2006	\$ 10,395,000	\$ 468,607	\$ 5,630,000
Additions	0	60,000	0
Deductions	(385,000)	(123,304)	(75,000)
Balance, June 30, 2007	\$ 10,010,000	\$ 405,303	\$ 5,555,000
Balance Due Within One Year	\$ 400,000	\$ 139,900	\$ 75,000

	Compensated Absences	Postclosure Care Costs
Balance, July 1, 2006	\$ 196,995	\$ 782,840
Additions	88,686	37,183
Deductions	(83,702)	(39,142)
Balance, June 30, 2007	\$ 201,979	\$ 780,881
Balance Due Within One Year	\$ 86,213	\$ 41,099

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2007	\$ 16,953,163
Less: Balance Due Within One Year	(742,212)
Less: Deferred Amount on Refunding	(254,390)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$ 15,956,561

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

Defeasance of Prior Year Debt

In the prior year, Johnson County defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the

deceased bonds as originally scheduled. Accordingly, the trust accounts and the deceased bonds are not included in the county's financial statements. At June 30, 2007, the following outstanding bonds are considered deceased:

	<u>Amount</u>
1999 School Bonds (Callable 4-1-09)	\$ 8,090,000

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, 2007, was as follows:

Governmental Activities:

	<u>Compensated Absences</u>
Balance, July 1, 2006	\$ 36,082
Additions	51,130
Deductions	<u>(47,621)</u>
Balance, June 30, 2007	<u>\$ 39,591</u>
Balance Due Within One Year	<u>\$ 39,591</u>

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

F. Internal Financing

In-lieu-of issuing debt with financial institutions, Johnson County chose to internally finance a portion of a capital project with idle county funds. The debt issue was repaid from the same fund in which the loan was obtained and is reflected as a transfer in the financial statements of this report. Internally reported notes loaned from and repaid by the General Debt Service Fund are presented below:

	Outstanding 7-1-06	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-07
Courthouse Construction and Renovation	\$ 0	\$ 512,000	\$ 512,000	\$ 0
Total	<u>\$ 0</u>	<u>\$ 512,000</u>	<u>\$ 512,000</u>	<u>\$ 0</u>

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 decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for 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 provides 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 was 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 these risks. The School Department joined the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The School Department pays annual premiums to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of TN-RMT provides for it to be self-sustaining through member premiums.

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. Contingent Liabilities

There are several 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.

C. Changes of Administration

On August 31, 2006, Danny Cullop left the Office of County Clerk and was succeeded by Tammie Fenner, and Roger Gentry left the Office of Sheriff and was succeeded by William Reece.

On February 8, 2007, Assessor of Property Clarence Howard died. On March 1, 2007, Bowsie Stout was appointed to fill his unexpired term.

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, 2007, was \$780,881. This amount is based on estimates of what it would cost to perform all postclosure care in 2007. 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, 2007.

The Upper East Tennessee Juvenile Detention Center was formed through cooperative agreements between Johnson County and the counties of Carter, Greene, Hawkins, Sullivan, Unicoi, and Washington for the operation of a program to divert youth from commitment to Department of Correction

facilities. This program is governed by a Board of Directors designated by the counties. The Board of Directors has contracted with Universal Health Services, Inc., to undertake the management of this program. Operation costs to the counties are allocated according to percentages based on population. Johnson County's participation cost percentage is 3.7 percent. The county also pays a daily fee for each individual from the county using the facility.

Johnson County does not retain an equity interest in any of these joint ventures. Complete financial statements for the above-noted joint ventures can be obtained from their administrative offices at the following addressees:

Administrative Offices:

District Attorney General
First Judicial District
P.O. Box 38
Jonesborough, TN 37659

Upper East Tennessee Regional Juvenile
Detention Center
307 Wesley Street
Johnson City, TN 37601

F. Jointly Governed Organizations

Primary Government

The East Tennessee Regional Agribusiness Marketing Authority was established through Title 64 of Tennessee Code Annotated, and includes the counties of Claiborne, Cocke, 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, Cocke 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

Employees

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 <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, 2007, was 11.03 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, 2007, Johnson County's annual pension cost of \$532,456 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2005, 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, 2005, was 13 years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-07	\$562,456	100%	\$0
6-30-06	486,513	100	0
6-30-05	472,106	100	0

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 SETHPEPP. 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 <http://www.treasury.state.tn.us>.

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, 2006, was 6.13 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, 2007, 2006, and 2005, were \$518,245, \$449,689, and \$432,288, respectively, equal to the required contributions for each year.

H. Other Post-employment Benefits

Health Care – Primary Government

In addition to the retirement commitments described above, 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 the employees 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, one individual participates in the program. During the year, expenditures of \$5,899 were recognized for this participant.

Health Care – Discretely Presented Johnson County School Department

In addition to the retirement commitments described above, 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, 28 individuals participate in the program. During the year, expenditures of \$140,171 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. These acts 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, TCA, 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 \$10,000.

VI. OTHER NOTES – DISCRETELY PRESENTED JOHNSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Nature of Activities and Significant Accounting Policies

1. Introduction

The proprietary fund applies Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements, in which case, GASB prevails.

2. Nature of Activities

The Johnson County Emergency Communications District is an agency dedicated to providing emergency communications for enhancing "911" and selective routing services.

3. Basis of Accounting

The financial statements of the organization are reported using the accrual basis of accounting in conformity with generally accepted accounting principles. In the accrual basis of accounting, revenues are generally recognized when earned, and expenses are recognized when incurred.

4. **Financial Statement Presentation**

The operations of the organization are accounted for in a proprietary fund. Proprietary funds are reported using a flow of economic resources measurement focus and the accrual basis of accounting. These are the same measurement focus and basis of accounting used by private business enterprises. Revenues are recognized in proprietary funds when they are earned, and expenses are recognized as soon as a liability is incurred.

5. **Budgetary Control**

The budget is prepared on a detailed line-item basis. Revenues are budgeted by source. Expenses are budgeted on a line-item basis.

6. **Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid investments with an initial maturity of three months or less, cash on hand, and all cash accounts that are not subject to withdrawal restrictions or penalties.

7. **Property and Equipment**

Property and equipment are stated at cost, or in the case of contributed assets, at the fair value at the time of the gift. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. The organization does not currently have a capitalization policy.

8. **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

B. Property and Equipment

Property and equipment are carried at cost, or in the case of contributed assets, at the fair market value at the time of the gift. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Buildings are depreciated over 40 years, and vehicles, furniture, and equipment are depreciated between three to ten years. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. Depreciation expense at June 30, 2007, totaled \$25,724.

Property and equipment are composed of the following:

	Capital Assets				
	Capital Assets Not Depreciated	Depreciated			Total
		Land	Building	Furniture and Fixtures	
Balance, 7-1-06	\$4,767	\$67,822	\$3,350	\$149,071	\$225,010
Increases	0	0	2,240	208,264	210,504
Balance, 6-30-07	<u>\$4,767</u>	<u>\$67,822</u>	<u>\$5,590</u>	<u>\$357,335</u>	<u>\$435,514</u>
Accumulated					
Depreciation:					
Balance, 7-1-06	\$0	\$19,688	\$1,849	\$119,506	\$141,043
Increases	0	1,442	617	23,665	25,724
Balance, 6-30-07	<u>\$0</u>	<u>\$21,130</u>	<u>\$2,466</u>	<u>\$143,171</u>	<u>\$166,767</u>
Capital Assets, Net	<u>\$4,767</u>	<u>\$46,692</u>	<u>\$3,124</u>	<u>\$214,164</u>	<u>\$268,747</u>

C. Accounts Receivable

The organization's accounts receivable at June 30, 2007, is comprised of \$15,145 from E-911 surcharges. Due from other governments consists of amounts due from Tennessee Emergency Communications (\$6,079 from ECB wireless revenue and \$89,955 for equipment reimbursements), and \$26,100 due from Mountain City.

D. Component Units

Johnson County Emergency Communications District is a component unit of Johnson County, Tennessee. Johnson County, Tennessee, is the primary government and exercises influence. Positions on the board of the Johnson County Emergency Communications District are appointed by the primary government. The primary government controls the borrowing power of the Johnson County Emergency Communications District and sets the rate for the E-911 surcharge income.

E. Risk Management

Significant losses are covered by commercial insurance for all major programs. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

F. Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2007, consist of the following:

Balance at June 30, 2007

Cash - Checking	\$ 162,454
Cash - Savings	<u>52,047</u>
Cash and Cash Equivalents	<u><u>\$ 214,501</u></u>

The organization maintains deposit accounts at two commercial banks in Mountain City, Tennessee. In May 2007, the board approved the adoption of the State of Tennessee's investment policy.

Various restrictions on deposits are imposed by state statutes. All deposits with financial institutions other than savings and loan associations must be collateralized in an amount equal to 105 percent of the market value of uninsured deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the organization. Deposits with savings and loan associations must be collateralized by one of the following methods: 1) by an amount equal to 110 percent of the face amount of uninsured deposits if the collateral is of the same character as that required for other financial institutions; 2) by an irrevocable letter of credit issued by the Federal Home Loan Bank; or 3) by providing notes secured by first mortgages on first deeds of trust upon residential real property located in Tennessee. The promissory notes must be in an amount equal to 150 percent of the amount of uninsured deposits.

Custodial Credit Risk of Bank Deposits – Custodial credit risk is the risk that in the event of a bank failure, the organization's deposits may not be returned to it. The organization does not have a policy related to such risk. At June 30, 2007, the carrying amount of the organization's deposits was \$303,599, and the bank balance was \$353,181. The amount of the bank balance that was covered by federal depository insurance was \$200,000. The organization maintains uncollateralized cash balances which exceed federally insured limits. At June 30, 2007, the organization had deposits exceeding the insured limit by \$153,181.

G. Investments

Investments as of June 30, 2007, consist of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Balance, June 30, 2007			
Certificate of Deposit	<u>\$89,096</u>	<u>\$89,096</u>	<u>\$89,096</u>
Investments	<u>\$89,096</u>	<u>\$89,096</u>	<u>\$89,096</u>

State statutes authorize the organization to invest in treasury bonds, notes, or bills of the U.S. government; nonconvertible debt securities of the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Farm Credit Bank and the State Loan Marketing Association; other obligations not listed above which are guaranteed as to principal and interest by the U.S. government or any of its agencies; obligations of the U.S. government or its agencies under a repurchase agreement and money market funds whose portfolios consist of any of the foregoing investments if approved by the state director of Local Finance and made in accordance with procedures established by the State Funding Board; the State of Tennessee Local Government Investment Pool; obligations of the Public Housing Authority and bonds of the Tennessee Valley Authority. The organization adopted the State of Tennessee's investment policy regarding authorized investments in May 2007.

H. Advertising

The organization expenses advertising costs as incurred. Total expense for the year ended June 30, 2007, was \$886.

I. Operating/Nonoperating Distinction

The organization distinguishes operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connection with the organization's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

J. Retirement Commitments

Plan Description

Employees of Johnson County Emergency Communications District (ECD) 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 the district 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 <http://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 ECD requires employees to contribute five percent of earnable compensation. The Johnson County ECD is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2007, was 6.34 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the Johnson County ECD is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2007, Johnson County ECD's annual pension cost of \$9,687 to the TCRS was equal to Johnson County ECD's required and actual contributions. The required contribution was determined as part of the initial 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 ECD's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was 17 years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2007.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-07	\$ 9,687	100 %	\$ 0
6-30-06	5,195	100	0
6-30-05	4,386	100	0

K. Leases

On November 26, 2003, the organization entered into a 15-year lease, renewable for an additional 15 years, with Johnson County, Tennessee, for a room in the Johnson County jail facility. Annual rent of \$1 is due each December 1, beginning December 1, 2003.

On November 18, 2004, the organization leased its property located at 158 Nine One One Avenue, Mountain City, Tennessee, to Johnson County for 15 years beginning December 1, 2004, with options to renew for annual terms. Annual rent of \$1 is due each December 1, beginning December 1, 2004.

**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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,454,546	\$ 0	\$ 0	\$ 2,454,546	\$ 2,328,154	\$ 2,389,217	\$ 65,329
Licenses and Permits	35,857	0	0	35,857	39,000	39,000	(3,143)
Fines, Forfeitures, and Penalties	62,598	0	0	62,598	41,700	41,700	20,898
Charges for Current Services	37,517	0	0	37,517	9,000	9,000	28,517
Other Local Revenues	873,015	0	0	873,015	737,691	652,445	220,570
Fees Received from County Officials	776,335	0	0	776,335	718,000	718,000	58,335
State of Tennessee	1,192,668	0	0	1,192,668	1,175,847	1,301,340	(108,672)
Federal Government	625,626	0	0	625,626	54,721	448,391	177,235
Other Governments and Citizens Groups	103,004	0	0	103,004	8,700	90,244	12,760
Total Revenues	\$ 6,161,166	\$ 0	\$ 0	\$ 6,161,166	\$ 5,112,813	\$ 5,689,337	\$ 471,829
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 97,037	\$ (40)	\$ 325	\$ 97,322	\$ 99,336	\$ 100,509	\$ 3,187
Board of Equalization	1,010	0	0	1,010	1,200	1,200	190
Other Boards and Committees	5,818	0	0	5,818	5,669	5,869	51
County Mayor/Executive	117,899	0	68	117,967	112,977	119,197	1,230
County Attorney	4,904	(35)	0	4,869	9,500	9,500	4,631
Election Commission	268,935	(2,475)	410	266,870	138,209	274,050	7,180
Register of Deeds	110,725	0	2,500	113,225	99,556	115,915	2,690
Development	8,500	0	0	8,500	16,500	16,500	8,000
County Buildings	75,544	(657)	1,227	76,114	80,803	82,023	5,909
<u>Finance</u>							
Accounting and Budgeting	160,833	(123)	0	160,710	156,870	161,000	290
Purchasing	43,949	(1,024)	1,500	44,425	45,977	45,977	1,552
Property Assessor's Office	166,757	0	0	166,757	154,342	171,326	4,569
Reappraisal Program	27,757	0	0	27,757	28,879	28,038	281

(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 7/1/2006	Add: Encumbrances 6/30/2007	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	\$ 100,585	\$ (306)	\$ 125	\$ 100,404	\$ 104,254	\$ 104,254	\$ 3,850
County Clerk's Office	190,121	(120)	0	190,001	188,672	191,702	1,701
<u>Administration of Justice</u>							
Circuit Court	239,107	(6,257)	1,077	233,927	227,064	244,721	10,794
General Sessions Court	109,753	(180)	0	109,573	109,427	109,856	283
Chancery Court	122,871	(402)	142	122,611	120,458	123,075	464
Juvenile Court	57,560	(43)	250	57,767	65,439	65,439	7,672
<u>Public Safety</u>							
Sheriff's Department	970,868	(6,841)	4,002	968,029	963,567	1,045,954	77,925
Jail	826,296	(40,090)	31,799	818,005	929,666	914,306	96,301
Fire Prevention and Control	141,838	0	0	141,838	131,000	144,800	2,962
Civil Defense	190,623	(88,301)	5	102,327	79,571	103,876	1,549
Other Emergency Management	66,600	0	0	66,600	66,600	66,600	0
County Coroner/Medical Examiner	1,914	0	0	1,914	2,292	2,292	378
Public Safety Grant Programs	38,500	0	0	38,500	38,466	38,766	266
<u>Public Health and Welfare</u>							
Local Health Center	275,426	(12,981)	1,958	264,403	280,248	295,601	31,198
Regional Mental Health Center	10,300	0	0	10,300	10,300	10,300	0
Appropriation to State	15,320	0	0	15,320	15,320	15,320	0
General Welfare Assistance	0	0	0	0	2,000	2,000	2,000
Sanitation Management	0	0	0	0	59,452	0	0
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	77,834	0	0	77,834	78,485	79,985	2,151
Libraries	70,070	0	0	70,070	24,543	71,171	1,101
Other Social, Cultural, and Recreational	41,480	0	2,250	43,730	4,375	44,919	1,189

(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 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Agriculture & Natural Resources</u>							
Agriculture Extension Service	\$ 71,025	\$ 0	\$ 313	\$ 71,338	\$ 69,476	\$ 75,059	\$ 3,721
Soil Conservation	19,187	0	0	19,187	19,422	19,422	235
<u>Other Operations</u>							
Tourism	21,334	0	0	21,334	1,050	25,674	4,340
Airport	37,133	0	63,326	100,459	16,868	166,738	66,279
Other Charges	370,418	0	3	370,421	412,500	420,644	50,223
Contributions to Other Agencies	18,518	0	0	18,518	18,518	18,518	0
Employee Benefits	30,869	0	0	30,869	25,324	25,324	(5,545)
Miscellaneous	444,069	(338)	274	444,005	166,500	458,418	14,413
<u>Highways</u>							
Litter and Trash Collection	48,132	(1,548)	0	46,584	37,446	50,737	4,153
Total Expenditures	\$ 5,697,419	\$ (161,761)	\$ 111,554	\$ 5,647,212	\$ 5,218,121	\$ 6,066,575	\$ 419,363
Excess (Deficiency) of Revenues Over Expenditures	\$ 463,747	\$ 161,761	\$ (111,554)	\$ 513,954	\$ (105,308)	\$ (377,238)	\$ 891,192
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 12,728	\$ 0	\$ 0	\$ 12,728	\$ 0	\$ 12,728	\$ 0
Transfers Out	(451,886)	0	0	(451,886)	(306,000)	(467,280)	15,394
Total Other Financing Sources (Uses)	\$ (439,158)	\$ 0	\$ 0	\$ (439,158)	\$ (306,000)	\$ (454,552)	\$ 15,394
Net Change in Fund Balance	\$ 24,589	\$ 161,761	\$ (111,554)	\$ 74,796	\$ (411,308)	\$ (831,790)	\$ 906,586
Fund Balance, July 1, 2006	1,678,226	(161,761)	0	1,516,465	1,253,165	1,678,226	(161,761)
Fund Balance, June 30, 2007	\$ 1,702,815	\$ 0	\$ (111,554)	\$ 1,591,261	\$ 841,857	\$ 846,436	\$ 744,825

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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Other Local Revenues	\$ 90,993	\$ 0	\$ 0	\$ 90,993	\$ 0	\$ 81,615	\$ 9,378
State of Tennessee	1,760,062	0	0	1,760,062	1,568,723	1,687,098	72,964
Federal Government	64,026	0	0	64,026	11,000	11,000	53,026
Other Governments and Citizens Groups	67,937	0	0	67,937	0	60,250	7,687
Total Revenues	\$ 1,983,018	\$ 0	\$ 0	\$ 1,983,018	\$ 1,579,723	\$ 1,839,963	\$ 143,055
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 85,319	\$ (350)	\$ 200	\$ 85,169	\$ 81,328	\$ 86,161	\$ 992
Highway and Bridge Maintenance	1,215,027	(102,116)	48,285	1,161,196	1,049,457	1,212,424	51,228
Operation and Maintenance of Equipment	275,679	(18,035)	15,866	273,510	314,500	316,250	42,740
Other Charges	93,309	(1,344)	440	92,405	82,175	95,675	3,270
Employee Benefits	61,428	0	0	61,428	61,000	61,600	172
Capital Outlay	549,213	(48,503)	405	501,115	201,989	578,105	76,990
<u>Principal on Debt</u>							
Highways and Streets	32,821	0	0	32,821	32,821	32,821	0
<u>Interest on Debt</u>							
Highways and Streets	7,454	0	0	7,454	7,455	7,455	1
Total Expenditures	\$ 2,320,250	\$ (170,348)	\$ 65,196	\$ 2,215,098	\$ 1,830,725	\$ 2,390,491	\$ 175,393
Excess (Deficiency) of Revenues Over Expenditures	\$ (337,232)	\$ 170,348	\$ (65,196)	\$ (232,080)	\$ (251,002)	\$ (550,528)	\$ 318,448
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 60,000	\$ 0	\$ 0	\$ 60,000	\$ 0	\$ 60,000	\$ 0
Insurance Recovery	31,474	0	0	31,474	0	0	31,474
Transfers In	81,722	0	0	81,722	78,000	78,000	3,722
Total Other Financing Sources (Uses)	\$ 173,196	\$ 0	\$ 0	\$ 173,196	\$ 78,000	\$ 138,000	\$ 35,196
Net Change in Fund Balance	\$ (164,036)	\$ 170,348	\$ (65,196)	\$ (58,884)	\$ (173,002)	\$ (412,528)	\$ 353,644
Fund Balance, July 1, 2006	591,814	(170,348)	0	421,466	409,440	591,814	(170,348)
Fund Balance, June 30, 2007	\$ 427,778	\$ 0	\$ (65,196)	\$ 362,582	\$ 236,438	\$ 179,286	\$ 183,296

Exhibit E-3

Johnson County, Tennessee
Schedule of Funding Progress – Pension Plan
June 30, 2007

Johnson County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-05	\$ 9,577	\$ 10,904	1,327	87.83 %	\$ 4,557	29.12 %
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

Johnson County Emergency Communications District

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-05	\$ 27	\$ 33	5	83.3 %	\$ 125	4.36 %
6-30-03	6	12	6	50	100	6

JOHNSON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2007

A. 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 Johnson 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/Executive, County Attorney, etc.). Management may make revisions within major categories, but only the Johnson 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. The difference between the budgetary basis and the GAAP basis is presented on the face of each budgetary schedule.

B. EXPENDITURE EXCEEDED APPROPRIATION

Expenditures exceeded appropriations approved by the County Commission in the Employee Benefits major appropriation category (the legal level of control) of the General Fund by \$5,545. Such overexpenditure is a violation of state statutes. This overexpenditure was funded by unexpended appropriations in other major categories.

**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 transactions involving solid waste collection.

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 projects.

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, 2007

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	Community Development/ Industrial Park	Other Capital Projects	Total	
<u>ASSETS</u>								
Cash	\$ 0	\$ 0	\$ 1,034	\$ 1,034	\$ 0	\$ 0	\$ 0	\$ 1,034
Equity in Pooled Cash and Investments	65,319	128,875	0	194,194	234,316	4,591	238,907	433,101
Accounts Receivable	0	0	60	60	0	0	0	60
Due from Other Governments	8,494	1,469	0	9,963	28,051	73,438	101,489	111,452
Property Taxes Receivable	111,298	0	0	111,298	0	0	0	111,298
Allowance for Uncollectible Property Taxes	(3,642)	0	0	(3,642)	0	0	0	(3,642)
Total Assets	\$ 181,469	\$ 130,344	\$ 1,094	\$ 312,907	\$ 262,367	\$ 78,029	\$ 340,396	\$ 653,303
<u>LIABILITIES AND FUND BALANCES</u>								
<u>Liabilities</u>								
Accounts Payable	\$ 32,180	\$ 90	\$ 0	\$ 32,270	\$ 37,466	\$ 36,866	\$ 74,332	\$ 106,602
Due to Other Funds	0	0	1,094	1,094	0	0	0	1,094
Deferred Revenue - Current Property Taxes	102,610	0	0	102,610	0	0	0	102,610
Deferred Revenue - Delinquent Property Taxes	4,675	0	0	4,675	0	0	0	4,675
Other Deferred Revenues	0	0	0	0	0	43,438	43,438	43,438
Total Liabilities	\$ 139,465	\$ 90	\$ 1,094	\$ 140,649	\$ 37,466	\$ 80,304	\$ 117,770	\$ 258,419
<u>Fund Balances</u>								
Reserved for Encumbrances	\$ 389	\$ 0	\$ 0	\$ 389	\$ 763	\$ 41,163	\$ 41,926	\$ 42,315
Unreserved (Deficit)	41,615	130,254	0	171,869	224,138	(43,438)	180,700	352,569
Total Fund Balances	\$ 42,004	\$ 130,254	\$ 0	\$ 172,258	\$ 224,901	\$ (2,275)	\$ 222,626	\$ 394,884
Total Liabilities and Fund Balances	\$ 181,469	\$ 130,344	\$ 1,094	\$ 312,907	\$ 262,367	\$ 78,029	\$ 340,396	\$ 653,303

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, 2007

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	Community Development/ Industrial Park	Other Capital Projects	Total	
<u>Revenues</u>								
Local Taxes	\$ 104,960	\$ 0	\$ 0	\$ 104,960	\$ 0	\$ 0	\$ 0	\$ 104,960
Fines, Forfeitures, and Penalties	0	153,072	0	153,072	0	0	0	153,072
Charges for Current Services	401,624	0	1,500	403,124	0	0	0	403,124
Other Local Revenues	3,830	48	0	3,878	8,544	4,070	12,614	16,492
State of Tennessee	0	0	0	0	28,051	100,000	128,051	128,051
Federal Government	0	0	0	0	0	35,000	35,000	35,000
Other Governments and Citizens Groups	0	5,000	0	5,000	16,408	60,000	76,408	81,408
Total Revenues	\$ 510,414	\$ 158,120	\$ 1,500	\$ 670,034	\$ 53,003	\$ 199,070	\$ 252,073	\$ 922,107
<u>Expenditures</u>								
Current:								
Administration of Justice	\$ 0	\$ 0	\$ 1,500	\$ 1,500	\$ 0	\$ 0	\$ 0	\$ 1,500
Public Safety	0	31,341	0	31,341	0	0	0	31,341
Public Health and Welfare	464,953	0	0	464,953	0	0	0	464,953
Debt Service:								
Principal on Debt	7,500	0	0	7,500	0	0	0	7,500
Capital Projects	0	0	0	0	41,796	275,521	317,317	317,317
Total Expenditures	\$ 472,453	\$ 31,341	\$ 1,500	\$ 505,294	\$ 41,796	\$ 275,521	\$ 317,317	\$ 822,611
Excess (Deficiency) of Revenues Over Expenditures	\$ 37,961	\$ 126,779	\$ 0	\$ 164,740	\$ 11,207	\$ (76,451)	\$ (65,244)	\$ 99,496
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 0	\$ 1,901	\$ 0	\$ 1,901	\$ 0	\$ 0	\$ 0	\$ 1,901
Transfers In	0	0	0	0	0	50,000	50,000	50,000
Total Other Financing Sources (Uses)	\$ 0	\$ 1,901	\$ 0	\$ 1,901	\$ 0	\$ 50,000	\$ 50,000	\$ 51,901
Net Change in Fund Balances	\$ 37,961	\$ 128,680	\$ 0	\$ 166,641	\$ 11,207	\$ (26,451)	\$ (15,244)	\$ 151,397
Fund Balance, July 1, 2006	4,043	1,574	0	5,617	213,694	24,176	237,870	243,487
Fund Balance, June 30, 2007	\$ 42,004	\$ 130,254	\$ 0	\$ 172,258	\$ 224,901	\$ (2,275)	\$ 222,626	\$ 394,884

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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 104,960	\$ 0	\$ 0	\$ 104,960	\$ 103,404	\$ 103,404	\$ 1,556
Charges for Current Services	401,624	0	0	401,624	371,280	377,551	24,073
Other Local Revenues	3,830	0	0	3,830	0	1,477	2,353
Total Revenues	\$ 510,414	\$ 0	\$ 0	\$ 510,414	\$ 474,684	\$ 482,432	\$ 27,982
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Management	\$ 464,953	\$ (100)	\$ 389	\$ 465,242	\$ 407,208	\$ 468,901	\$ 3,659
<u>Principal on Debt</u>							
General Government	7,500	0	0	7,500	60,483	8,163	663
<u>Interest on Debt</u>							
General Government	0	0	0	0	6,493	6,493	6,493
<u>Other Debt Service</u>							
General Government	0	0	0	0	500	500	500
Total Expenditures	\$ 472,453	\$ (100)	\$ 389	\$ 472,742	\$ 474,684	\$ 484,057	\$ 11,315
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 37,961	\$ 100	\$ (389)	\$ 37,672	\$ 0	\$ (1,625)	\$ 39,297
Net Change in Fund Balance							
Fund Balance, July 1, 2006	\$ 4,043	(100)	0	\$ 3,943	3,454	3,454	489
Fund Balance, June 30, 2007	\$ 42,004	\$ 0	\$ (389)	\$ 41,615	\$ 3,454	\$ 1,829	\$ 39,786

Exhibit F-4

Johnson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 153,072	\$ 19,000	\$ 37,329	\$ 115,743
Other Local Revenues	48	0	0	48
Other Governments and Citizens Groups	5,000	0	0	5,000
Total Revenues	<u>\$ 158,120</u>	<u>\$ 19,000</u>	<u>\$ 37,329</u>	<u>\$ 120,791</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 31,341	\$ 19,000	\$ 39,230	\$ 7,889
Total Expenditures	<u>\$ 31,341</u>	<u>\$ 19,000</u>	<u>\$ 39,230</u>	<u>\$ 7,889</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 126,779</u>	<u>\$ 0</u>	<u>\$ (1,901)</u>	<u>\$ 128,680</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 1,901	\$ 0	\$ 1,901	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 1,901</u>	<u>\$ 0</u>	<u>\$ 1,901</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 128,680	\$ 0	\$ 0	\$ 128,680
Fund Balance, July 1, 2006	<u>1,574</u>	<u>1,576</u>	<u>1,576</u>	<u>(2)</u>
Fund Balance, June 30, 2007	<u><u>\$ 130,254</u></u>	<u><u>\$ 1,576</u></u>	<u><u>\$ 1,576</u></u>	<u><u>\$ 128,678</u></u>

Major Governmental Funds

General Debt Service Fund

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

General Capital Projects Fund

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

Exhibit G-1

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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 867,459	\$ 1,475,414	\$ 819,201	\$ 48,258
Other Governments and Citizens Groups	327,217	0	327,217	0
Total Revenues	\$ 1,194,676	\$ 1,475,414	\$ 1,146,418	\$ 48,258
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 157,983	\$ 0	\$ 210,000	\$ 52,017
Education	385,000	754,137	385,000	0
<u>Interest on Debt</u>				
General Government	239,368	0	250,000	10,632
Education	407,926	0	479,648	71,722
<u>Other Debt Service</u>				
General Government	22,319	483,000	23,000	681
Education	2,213	660,000	3,787	1,574
Total Expenditures	\$ 1,214,809	\$ 1,897,137	\$ 1,351,435	\$ 136,626
Excess (Deficiency) of Revenues Over Expenditures	\$ (20,133)	\$ (421,723)	\$ (205,017)	\$ 184,884
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 245,164	\$ 555,217	\$ 228,000	\$ 17,164
Transfers Out	(512,000)	0	(512,000)	0
Total Other Financing Sources (Uses)	\$ (266,836)	\$ 555,217	\$ (284,000)	\$ 17,164
Net Change in Fund Balance	\$ (286,969)	\$ 133,494	\$ (489,017)	\$ 202,048
Fund Balance, July 1, 2006	3,900,568	3,896,068	3,896,068	4,500
Fund Balance, June 30, 2007	\$ 3,613,599	\$ 4,029,562	\$ 3,407,051	\$ 206,548

Exhibit G-2

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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 235,815	\$ 0	\$ 0	\$ 235,815	\$ 229,501	\$ 229,501	\$ 6,314
Total Revenues	\$ 235,815	\$ 0	\$ 0	\$ 235,815	\$ 229,501	\$ 229,501	\$ 6,314
<u>Expenditures</u>							
<u>Capital Projects</u>							
General Administration Projects	\$ 70,603	\$ 0	\$ 0	\$ 70,603	\$ 37,500	\$ 70,800	\$ 197
Other General Government Projects	1,357,041	(1,288,352)	11,459	80,148	1,249,759	1,410,191	1,330,043
Education Capital Projects	251,516	0	137,760	389,276	165,000	431,488	42,212
Total Expenditures	\$ 1,679,160	\$ (1,288,352)	\$ 149,219	\$ 540,027	\$ 1,452,259	\$ 1,912,479	\$ 1,372,452
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,443,345)	\$ 1,288,352	\$ (149,219)	\$ (304,212)	\$ (1,222,758)	\$ (1,682,978)	\$ 1,378,766
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 587,000	\$ 0	\$ 0	\$ 587,000	\$ 587,000	\$ 587,000	\$ 0
Total Other Financing Sources (Uses)	\$ 587,000	\$ 0	\$ 0	\$ 587,000	\$ 587,000	\$ 587,000	\$ 0
Net Change in Fund Balance	\$ (856,345)	\$ 1,288,352	\$ (149,219)	\$ 282,788	\$ (635,758)	\$ (1,095,978)	\$ 1,378,766
Fund Balance, July 1, 2006	1,237,652	(1,288,352)	0	(50,700)	1,202,674	1,202,674	(1,253,374)
Fund Balance, June 30, 2007	\$ 381,307	\$ 0	\$ (149,219)	\$ 232,088	\$ 566,916	\$ 106,696	\$ 125,392

Fiduciary Funds

Agency Funds are used to account for assets held by the county in a trustee capacity or 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.

Exhibit H-1

Johnson County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2007

	<u>Agency Funds</u>		
	Cities -	Constitu-	
	Sales	tional	
	Tax	Officers -	
		Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 437,594	\$ 437,594
Due from Other Governments	76,768	0	76,768
Total Assets	<u>\$ 76,768</u>	<u>\$ 437,594</u>	<u>\$ 514,362</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 76,768	\$ 0	\$ 76,768
Due to Litigants, Heirs, and Others	0	437,594	437,594
Total Liabilities	<u>\$ 76,768</u>	<u>\$ 437,594</u>	<u>\$ 514,362</u>

Exhibit H-2

Johnson County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2007

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 436,481	\$ 436,481	\$ 0
Due from Other Governments	74,262	76,768	74,262	76,768
Total Assets	\$ 74,262	\$ 513,249	\$ 510,743	\$ 76,768
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 74,262	\$ 513,249	\$ 510,743	\$ 76,768
Total Liabilities	\$ 74,262	\$ 513,249	\$ 510,743	\$ 76,768
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 622,927	\$ 3,397,674	\$ 3,583,007	\$ 437,594
Total Assets	\$ 622,927	\$ 3,397,674	\$ 3,583,007	\$ 437,594
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 622,927	\$ 3,397,674	\$ 3,583,007	\$ 437,594
Total Liabilities	\$ 622,927	\$ 3,397,674	\$ 3,583,007	\$ 437,594
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 622,927	\$ 3,397,674	\$ 3,583,007	\$ 437,594
Equity in Pooled Cash and Investments	0	436,481	436,481	0
Due from Other Governments	74,262	76,768	74,262	76,768
Total Assets	\$ 697,189	\$ 3,910,923	\$ 4,093,750	\$ 514,362
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 74,262	\$ 513,249	\$ 510,743	\$ 76,768
Due to Litigants, Heirs, and Others	622,927	3,397,674	3,583,007	437,594
Total Liabilities	\$ 697,189	\$ 3,910,923	\$ 4,093,750	\$ 514,362

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 building construction and renovations of the School Department.

Exhibit I-1

Johnson County, Tennessee
Statement of Activities
Discretely Presented Johnson County School Department
For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues			Net Expense (Revenue) and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities:					
Instruction	\$ 11,587,463	\$ 216,324	\$ 2,545,296	\$ 0	\$ (8,825,843)
Support Services	6,916,198	104,067	77,561	251,516	(6,483,054)
Operation of Non-Instructional Services	1,600,216	418,950	882,359	0	(298,907)
Other Debt Service	327,217	0	0	0	(327,217)
Total Governmental Activities	<u>\$ 20,431,094</u>	<u>\$ 739,341</u>	<u>\$ 3,505,216</u>	<u>\$ 251,516</u>	<u>\$ (15,935,021)</u>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 2,494,258
Local Option Sales Taxes					673,213
Other Local Taxes					5,254
Grants and Contributions Not Restricted for Specific Programs					12,124,677
Unrestricted Investment Income					16,130
Miscellaneous					328,739
Total General Revenues					<u>\$ 15,642,271</u>
Change in Net Assets					\$ (292,750)
Net Assets, July 1, 2006					<u>23,267,590</u>
Net Assets, June 30, 2007					<u>\$ 22,974,840</u>

Exhibit I-2

Johnson County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Johnson County School Department
June 30, 2007

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<u>ASSETS</u>			
Cash	\$ 7,323	\$ 0	\$ 7,323
Equity in Pooled Cash and Investments	4,763,359	315,389	5,078,748
Due from Other Governments	208,849	110,406	319,255
Property Taxes Receivable	2,782,437	0	2,782,437
Allowance for Uncollectible Property Taxes	(91,050)	0	(91,050)
Total Assets	\$ 7,670,918	\$ 425,795	\$ 8,096,713
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 9,805	\$ 3,319	\$ 13,124
Payroll Deductions Payable	8,743	0	8,743
Cash Overdraft	0	37,801	37,801
Contracts Payable	123,277	0	123,277
Retainage Payable	28,361	0	28,361
Due to State of Tennessee	446	173	619
Deferred Revenue - Current Property Taxes	2,565,237	0	2,565,237
Deferred Revenue - Delinquent Property Taxes	116,883	0	116,883
Other Deferred Revenues	327	0	327
Total Liabilities	\$ 2,853,079	\$ 41,293	\$ 2,894,372
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 983,665	\$ 36,555	\$ 1,020,220
Reserved for Vocational Projects	77,240	0	77,240
Other Local Education Reserves	56,537	0	56,537
Reserved for Career Ladder - Extended Contract	13,083	0	13,083
Reserved for Career Ladder Program	12,734	0	12,734
Reserved for Early Childhood Education	7,418	0	7,418
Reserved for Basic Education Program	139,760	0	139,760
Reserved for Title I Grants to Local Education Agencies	0	45	45
Reserved for Special Education - Grants to States	0	5,337	5,337
Other Federal Reserves	0	7,825	7,825
Unreserved, Reported In:			
General Fund	3,527,402	0	3,527,402
Special Revenue Funds	0	284,839	284,839
Capital Projects Funds	0	49,901	49,901
Total Fund Balances	\$ 4,817,839	\$ 384,502	\$ 5,202,341
Total Liabilities and Fund Balances	\$ 7,670,918	\$ 425,795	\$ 8,096,713

Exhibit I-3

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, 2007

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-2)		\$	5,202,341
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	946,939	
Add: construction in progress		315,298	
Add: buildings and improvements net of accumulated depreciation		13,990,668	
Add: other capital assets net of accumulated depreciation		1,117,289	
Add: infrastructure net of accumulated depreciation		<u>1,324,686</u>	17,694,880
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: compensated absences			(39,591)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			
			<u>117,210</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>22,974,840</u></u>

Exhibit I-4

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, 2007

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 3,309,712	\$ 0	\$ 3,309,712
Licenses and Permits	2,756	0	2,756
Charges for Current Services	233,749	316,707	550,456
Other Local Revenues	342,251	156,601	498,852
State of Tennessee	12,050,358	0	12,050,358
Federal Government	208,635	3,177,405	3,386,040
Other Governments and Citizens Groups	36,855	0	36,855
Total Revenues	<u>\$ 16,184,316</u>	<u>\$ 3,650,713</u>	<u>\$ 19,835,029</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 9,060,165	\$ 1,706,065	\$ 10,766,230
Support Services	5,789,033	720,398	6,509,431
Operation of Non-Instructional Services	425,276	1,114,665	1,539,941
Capital Outlay	701,743	0	701,743
Debt Service:			
Other Debt Service	327,217	0	327,217
Capital Projects	0	382	382
Total Expenditures	<u>\$ 16,303,434</u>	<u>\$ 3,541,510</u>	<u>\$ 19,844,944</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (119,118)</u>	<u>\$ 109,203</u>	<u>\$ (9,915)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 357,520	\$ 0	\$ 357,520
Transfers Out	0	(357,520)	(357,520)
Total Other Financing Sources (Uses)	<u>\$ 357,520</u>	<u>\$ (357,520)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 238,402	\$ (248,317)	\$ (9,915)
Fund Balance, July 1, 2006	4,579,437	632,819	5,212,256
Fund Balance, June 30, 2007	<u>\$ 4,817,839</u>	<u>\$ 384,502</u>	<u>\$ 5,202,341</u>

Exhibit I-5

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, 2007

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-4)		\$ (9,915)
<p>(1) Governmental funds report capital outlays 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 difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 339,854	
Less: current year depreciation expense	<u>(854,134)</u>	(514,280)
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.</p>		
Add: assets donated and capitalized	\$ 251,516	
Less: capital assets disposed	(305,866)	
Add: decrease in accumulated depreciation for capital assets disposed	<u>296,543</u>	242,193
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2007	\$ 117,210	
Less: deferred delinquent property taxes and other deferred June 30, 2006	<u>(124,449)</u>	(7,239)
<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>(3,509)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (292,750)</u>

Exhibit I-6

Johnson County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Johnson County School Department
June 30, 2007

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Total	Education Capital Projects	
<u>ASSETS</u>						
Equity in Pooled Cash and Investments	\$ 0	\$ 260,127	\$ 5,361	\$ 265,488	\$ 49,901	\$ 315,389
Due from Other Governments	90,968	19,438	0	110,406	0	110,406
Total Assets	<u>\$ 90,968</u>	<u>\$ 279,565</u>	<u>\$ 5,361</u>	<u>\$ 375,894</u>	<u>\$ 49,901</u>	<u>\$ 425,795</u>
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 3,319	\$ 0	\$ 0	\$ 3,319	\$ 0	\$ 3,319
Cash Overdraft	37,801	0	0	37,801	0	37,801
Due to State of Tennessee	86	68	19	173	0	173
Total Liabilities	<u>\$ 41,206</u>	<u>\$ 68</u>	<u>\$ 19</u>	<u>\$ 41,293</u>	<u>\$ 0</u>	<u>\$ 41,293</u>
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 36,555	\$ 0	\$ 0	\$ 36,555	\$ 0	\$ 36,555
Reserved for Title I Grants to Local Education Agencies	45	0	0	45	0	45
Reserved for Special Education - Grants to States	5,337	0	0	5,337	0	5,337
Other Federal Reserves	7,825	0	0	7,825	0	7,825
Unreserved	0	279,497	5,342	284,839	49,901	334,740
Total Fund Balances	<u>\$ 49,762</u>	<u>\$ 279,497</u>	<u>\$ 5,342</u>	<u>\$ 334,601</u>	<u>\$ 49,901</u>	<u>\$ 384,502</u>
Total Liabilities and Fund Balances	<u>\$ 90,968</u>	<u>\$ 279,565</u>	<u>\$ 5,361</u>	<u>\$ 375,894</u>	<u>\$ 49,901</u>	<u>\$ 425,795</u>

Exhibit I-7

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, 2007

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Total	Education Capital Projects	
<u>Revenues</u>						
Charges for Current Services	\$ 0	\$ 316,707	\$ 0	\$ 316,707	\$ 0	\$ 316,707
Other Local Revenues	0	15,951	4,500	20,451	136,150	156,601
Federal Government	1,875,120	808,988	493,297	3,177,405	0	3,177,405
Total Revenues	\$ 1,875,120	\$ 1,141,646	\$ 497,797	\$ 3,514,563	\$ 136,150	\$ 3,650,713
<u>Expenditures</u>						
Current:						
Instruction	\$ 1,360,825	\$ 0	\$ 345,240	\$ 1,706,065	\$ 0	\$ 1,706,065
Support Services	542,471	25,782	152,145	720,398	0	720,398
Operation of Non-Instructional Services	0	1,114,665	0	1,114,665	0	1,114,665
Capital Projects	0	0	0	0	382	382
Total Expenditures	\$ 1,903,296	\$ 1,140,447	\$ 497,385	\$ 3,541,128	\$ 382	\$ 3,541,510
Excess (Deficiency) of Revenues Over Expenditures	\$ (28,176)	\$ 1,199	\$ 412	\$ (26,565)	\$ 135,768	\$ 109,203
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (20,216)	\$ (250,000)	\$ 0	\$ (270,216)	\$ (87,304)	\$ (357,520)
Total Other Financing Sources (Uses)	\$ (20,216)	\$ (250,000)	\$ 0	\$ (270,216)	\$ (87,304)	\$ (357,520)
Net Change in Fund Balances	\$ (48,392)	\$ (248,801)	\$ 412	\$ (296,781)	\$ 48,464	\$ (248,317)
Fund Balance, July 1, 2006	98,154	528,298	4,930	631,382	1,437	632,819
Fund Balance, June 30, 2007	\$ 49,762	\$ 279,497	\$ 5,342	\$ 334,601	\$ 49,901	\$ 384,502

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
General Purpose School Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 3,309,712	\$ 0	\$ 0	\$ 3,309,712	\$ 3,250,622	\$ 3,250,622	\$ 59,090
Licenses and Permits	2,756	0	0	2,756	2,000	2,000	756
Charges for Current Services	233,749	0	0	233,749	185,762	221,085	12,664
Other Local Revenues	342,251	0	0	342,251	64,869	337,189	5,062
State of Tennessee	12,050,358	0	0	12,050,358	11,826,515	12,206,892	(156,534)
Federal Government	208,635	0	0	208,635	214,753	226,104	(17,469)
Other Governments and Citizens Groups	36,855	0	0	36,855	0	36,855	0
Total Revenues	\$ 16,184,316	\$ 0	\$ 0	\$ 16,184,316	\$ 15,544,521	\$ 16,280,747	\$ (96,431)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 6,625,009	\$ (147,691)	\$ 150,380	\$ 6,627,698	\$ 6,593,059	\$ 6,827,094	\$ 199,396
Alternative Instruction Program	202,161	(2,000)	286	200,447	213,574	214,482	14,035
Special Education Program	1,064,150	(1,004)	4,535	1,067,681	1,033,845	1,076,210	8,529
Vocational Education Program	1,021,490	(5,115)	7,000	1,023,375	958,982	1,104,973	81,598
Student Body Education Program	70,840	0	3,960	74,800	74,764	74,801	1
Adult Education Program	76,515	(959)	200	75,756	77,092	77,572	1,816
<u>Support Services</u>							
Attendance	34,421	(2,625)	0	31,796	49,825	54,650	22,854
Health Services	119,545	(942)	363	118,966	118,754	118,966	0
Other Student Support	349,800	(8,454)	26,900	368,246	290,825	496,880	128,634
Regular Instruction Program	729,250	(6,222)	2,107	725,135	725,383	770,608	45,473
Alternative Instruction Program	1,271	0	0	1,271	1,500	1,500	229
Special Education Program	150,738	0	0	150,738	152,769	153,488	2,750
Vocational Education Program	76,549	0	0	76,549	77,241	77,534	985
Adult Programs	61,868	0	410	62,278	62,939	62,939	661

(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
General Purpose School Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	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	\$ 417,751	\$ (50)	\$ 1,884	\$ 419,585	\$ 437,996	\$ 459,438	\$ 39,853
Director of Schools	179,134	(362)	5,336	184,108	172,341	199,979	15,871
Office of the Principal	1,047,125	(1,890)	2,552	1,047,787	1,057,169	1,072,800	25,013
Fiscal Services	88,716	(1,570)	0	87,146	87,427	87,226	80
Human Services/Personnel	54,232	0	0	54,232	54,063	54,664	432
Operation of Plant	1,464,708	(1,897)	10,445	1,473,256	1,431,826	1,509,374	36,118
Maintenance of Plant	245,014	(14,746)	22,111	252,379	209,648	267,706	15,327
Transportation	718,396	(15,454)	22,463	725,405	774,268	797,244	71,839
Central and Other	50,515	(1,049)	1,322	50,788	58,394	58,394	7,606
<u>Operation of Non-Instructional Services</u>							
Food Service	93,798	0	0	93,798	94,029	94,200	402
Community Services	79,151	0	0	79,151	58,464	94,482	15,331
Early Childhood Education	252,327	(4,280)	4,764	252,811	255,943	264,066	11,255
<u>Capital Outlay</u>							
Regular Capital Outlay	701,743	(81,394)	716,647	1,336,996	702,000	1,353,827	16,831
<u>Principal on Debt</u>							
Education	0	0	0	0	32,409	0	0
<u>Interest on Debt</u>							
Education	0	0	0	0	6,577	0	0
<u>Other Debt Service</u>							
Education	327,217	0	0	327,217	327,217	327,217	0
Total Expenditures	\$ 16,303,434	\$ (297,704)	\$ 983,665	\$ 16,989,395	\$ 16,190,323	\$ 17,752,314	\$ 762,919
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (119,118)	\$ 297,704	\$ (983,665)	\$ (805,079)	\$ (645,802)	\$ (1,471,567)	\$ 666,488

(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
General Purpose School Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 357,520	\$ 0	\$ 0	\$ 357,520	\$ 34,303	\$ 260,145	\$ 97,375
Total Other Financing Sources (Uses)	\$ 357,520	\$ 0	\$ 0	\$ 357,520	\$ 34,303	\$ 260,145	\$ 97,375
Net Change in Fund Balance	\$ 238,402	\$ 297,704	\$ (983,665)	\$ (447,559)	\$ (611,499)	\$ (1,211,422)	\$ 763,863
Fund Balance, July 1, 2006	4,579,437	(297,704)	0	4,281,733	4,252,885	4,252,885	28,848
Fund Balance, June 30, 2007	\$ 4,817,839	\$ 0	\$ (983,665)	\$ 3,834,174	\$ 3,641,386	\$ 3,041,463	\$ 792,711

Exhibit I-9

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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 1,875,120	\$ 0	\$ 0	\$ 1,875,120	\$ 2,096,048	\$ 1,909,316	\$ (34,196)
Total Revenues	\$ 1,875,120	\$ 0	\$ 0	\$ 1,875,120	\$ 2,096,048	\$ 1,909,316	\$ (34,196)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 859,671	\$ (23,260)	\$ 21,307	\$ 857,718	\$ 981,512	\$ 861,421	\$ 3,703
Special Education Program	450,975	(2,189)	45	448,831	453,345	453,266	4,435
Vocational Education Program	50,179	(5,832)	383	44,730	43,172	44,730	0
<u>Support Services</u>							
Other Student Support	305,514	(380)	10,367	315,501	349,213	318,208	2,707
Regular Instruction Program	170,969	(2,203)	4,453	173,219	209,631	193,778	20,559
Special Education Program	6,466	0	0	6,466	8,227	8,227	1,761
Vocational Education Program	8,000	0	0	8,000	8,000	8,000	0
Board of Education	2,902	0	0	2,902	5,157	2,911	9
Transportation	48,620	0	0	48,620	44,975	48,620	0
Total Expenditures	\$ 1,903,296	\$ (33,864)	\$ 36,555	\$ 1,905,987	\$ 2,103,232	\$ 1,939,161	\$ 33,174
Excess (Deficiency) of Revenues Over Expenditures	\$ (28,176)	\$ 33,864	\$ (36,555)	\$ (30,867)	\$ (7,184)	\$ (29,845)	\$ (1,022)
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (20,216)	\$ 0	\$ 0	\$ (20,216)	\$ (51,269)	\$ (30,529)	\$ 10,313
Total Other Financing Sources (Uses)	\$ (20,216)	\$ 0	\$ 0	\$ (20,216)	\$ (51,269)	\$ (30,529)	\$ 10,313
Net Change in Fund Balance	\$ (48,392)	\$ 33,864	\$ (36,555)	\$ (51,083)	\$ (58,453)	\$ (60,374)	\$ 9,291
Fund Balance, July 1, 2006	98,154	(33,864)	0	64,290	58,453	71,637	(7,347)
Fund Balance, June 30, 2007	\$ 49,762	\$ 0	\$ (36,555)	\$ 13,207	\$ 0	\$ 11,263	\$ 1,944

Exhibit I-10

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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 316,707	\$ 330,000	\$ 330,000	\$ (13,293)
Other Local Revenues	15,951	13,000	13,000	2,951
Federal Government	808,988	890,000	890,000	(81,012)
Total Revenues	<u>\$ 1,141,646</u>	<u>\$ 1,233,000</u>	<u>\$ 1,233,000</u>	<u>\$ (91,354)</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 25,782	\$ 25,782	\$ 25,782	\$ 0
<u>Operation of Non-Instructional Services</u>				
Food Service	1,114,665	1,207,218	1,193,218	78,553
Total Expenditures	<u>\$ 1,140,447</u>	<u>\$ 1,233,000</u>	<u>\$ 1,219,000</u>	<u>\$ 78,553</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,199</u>	<u>\$ 0</u>	<u>\$ 14,000</u>	<u>\$ (12,801)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (250,000)	\$ 0	\$ (250,000)	\$ 0
Total Other Financing Sources (Uses)	<u>\$ (250,000)</u>	<u>\$ 0</u>	<u>\$ (250,000)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (248,801)	\$ 0	\$ (236,000)	\$ (12,801)
Fund Balance, July 1, 2006	<u>528,298</u>	<u>528,299</u>	<u>528,299</u>	<u>(1)</u>
Fund Balance, June 30, 2007	<u>\$ 279,497</u>	<u>\$ 528,299</u>	<u>\$ 292,299</u>	<u>\$ (12,802)</u>

Exhibit I-11

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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 4,500	\$ 0	\$ 4,200	\$ 300
Federal Government	493,297	484,618	554,618	(61,321)
Total Revenues	<u>\$ 497,797</u>	<u>\$ 484,618</u>	<u>\$ 558,818</u>	<u>\$ (61,021)</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 345,240	\$ 326,520	\$ 379,274	\$ 34,034
<u>Support Services</u>				
Attendance	63,407	69,333	78,168	14,761
Health Services	13,778	13,593	15,593	1,815
Regular Instruction Program	73,630	73,819	80,819	7,189
Board of Education	1,330	2,081	2,532	1,202
Total Expenditures	<u>\$ 497,385</u>	<u>\$ 485,346</u>	<u>\$ 556,386</u>	<u>\$ 59,001</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 412</u>	<u>\$ (728)</u>	<u>\$ 2,432</u>	<u>\$ (2,020)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 1,919	\$ 384	\$ (384)
Transfers Out	0	(1,191)	(3,537)	3,537
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 728</u>	<u>\$ (3,153)</u>	<u>\$ 3,153</u>
Net Change in Fund Balance	\$ 412	\$ 0	\$ (721)	\$ 1,133
Fund Balance, July 1, 2006	<u>4,930</u>	<u>2,530</u>	<u>2,530</u>	<u>2,400</u>
Fund Balance, June 30, 2007	<u><u>\$ 5,342</u></u>	<u><u>\$ 2,530</u></u>	<u><u>\$ 1,809</u></u>	<u><u>\$ 3,533</u></u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Johnson County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
For the Year Ended June 30, 2007

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-06	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-07
NOTES PAYABLE								
<u>Payable through Solid Waste/Sanitation Fund</u>								
Solid Waste Transfer Facility	\$ 450,000	0	% 8-16-1995	8-16-06	\$ 7,500	\$ 0	\$ 7,500	\$ 0
Total Payable through Solid Waste/Sanitation Fund					\$ 7,500	\$ 0	\$ 7,500	\$ 0
<u>Payable through Highway/Public Works Fund</u>								
Highway Equipment	307,000	5.25	12-6-1999	12-6-09	\$ 141,989	\$ 0	\$ 32,821	\$ 109,168
Quarry Land	60,000	4	1-18-2007	1-8-10	0	60,000	0	60,000
Total Payable through Highway/Public Works Fund					\$ 141,989	\$ 60,000	\$ 32,821	\$ 169,168
<u>Payable through General Debt Service Fund</u>								
Solid Waste Transfer Facility	500,000	5.95	8-4-1995	8-4-07	\$ 109,118	\$ 0	\$ 52,983	\$ 56,135
Energy Loan	210,000	0	3-31-2006	5-1-13	210,000	0	30,000	180,000
Total Payable through General Debt Service Fund					\$ 319,118	\$ 0	\$ 82,983	\$ 236,135
Total Notes Payable					\$ 468,607	\$ 60,000	\$ 123,304	\$ 405,303
OTHER LOANS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Blount County PBA Loan Program, Series A-5-B	3,565,000	Variable	6-27-02	6-1-28	\$ 3,495,000	\$ 0	\$ 75,000	\$ 3,420,000
Blount County PBA Loan Program, Series A-5-B	2,135,000	3.935	6-27-02	6-1-28	2,135,000	0	0	2,135,000
Total Payable through General Debt Service Fund					\$ 5,630,000	\$ 0	\$ 75,000	\$ 5,555,000
Total Other Loans Payable					\$ 5,630,000	\$ 0	\$ 75,000	\$ 5,555,000
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
General Obligation Refunding (2004)	1,435,000	1.5 to 4.5	3-3-04	4-1-27	\$ 1,250,000	\$ 0	\$ 140,000	\$ 1,110,000
School Bonds	9,925,000	4.1 to 5.5	2-1-1999	4-1-25	690,000	0	215,000	475,000
School Refunding Bonds, Series 2005	8,535,000	3 to 4.125	5-27-05	4-1-25	8,455,000	0	30,000	8,425,000
Total Payable through General Debt Service Fund					\$ 10,395,000	\$ 0	\$ 385,000	\$ 10,010,000
Total Bonds Payable					\$ 10,395,000	\$ 0	\$ 385,000	\$ 10,010,000

Exhibit J-2

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

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2008	\$ 400,000	\$ 392,261	\$ 792,261
2009	410,000	375,771	785,771
2010	435,000	357,744	792,744
2011	445,000	344,446	789,446
2012	465,000	329,431	794,431
2013	465,000	313,716	778,716
2014	480,000	297,501	777,501
2015	505,000	280,721	785,721
2016	525,000	257,046	782,046
2017	550,000	237,396	787,396
2018	570,000	216,509	786,509
2019	590,000	194,564	784,564
2020	610,000	170,964	780,964
2021	645,000	146,564	791,564
2022	670,000	120,734	790,734
2023	695,000	93,234	788,234
2024	725,000	64,346	789,346
2025	755,000	34,373	789,373
2026	35,000	3,133	38,133
2027	35,000	1,575	36,575
Total	\$ 10,010,000	\$ 4,232,029	\$ 14,242,029

Exhibit J-3

Johnson County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Johnson County School Department
For the Year Ended June 30, 2007

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>Primary Government</u>			
General	Highway/Public Works	Funds from wheel tax revenue	\$ 81,722
General	General Debt Service	Funds from wheel tax revenue	245,164
General	General Capital Projects	Courthouse construction	75,000
General	Other Capital Projects	Library construction	50,000
General Debt Service	General Capital Projects	Courthouse construction	<u>512,000</u>
Total Transfers Primary Government			<u>\$ 963,886</u>
<u>Discretely Presented Johnson County School Department</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 20,216
Central Cafeteria	General Purpose School	Cafeteria renovations	250,000
Education Capital Projects	General Purpose School	Legal fees related to building construction	<u>87,304</u>
Total Transfers Discretely Presented Johnson County School Department			<u>\$ 357,520</u>

Exhibit J-4

Johnson County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Johnson County School Department
For the Year Ended June 30, 2007

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 60,739	\$ 50,000	Western Surety Company
Road Superintendent	Section 8-24-102, <u>TCA</u>	57,276	100,000	"
Director of Schools	State Board of Education and County Board of Education	81,144 (1)	50,000	"
Trustee	Section 8-24-102, <u>TCA</u>	52,069	647,000	"
Assessor of Property:				
Clarence Howard (7-1-06 through 2-8-07)	Section 8-24-102, <u>TCA</u>	31,613	10,000	"
Bowsie Stout (3-1-07 through 6-30-07)	Section 8-24-102, <u>TCA</u>	17,357	10,000	"
Director of Accounts and Budgets	County Commission	46,031	100,000	"
County Clerk:				
Danny Cullop (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u>	8,678	25,000	"
Tammie Fenner (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u>	43,391	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <u>TCA</u>	52,069	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	53,569 (2)	30,000	"
Register	Section 8-24-102, <u>TCA</u>	52,069	25,000	"
Sheriff:				
Roger Gentry (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u>	9,546	25,000	"
William Reece (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u>	47,730	25,000	"
Purchasing Agent	County Commission	27,318	25,000	"
Employee Blanket Bonds				
Public Employees Dishonesty - County Departments			1,000,000	Local Government Insurance Pool
Public Employees Dishonesty - School Department			150,000	Tennessee Risk Management Trust

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

(2) Includes special commissioner fees of \$1,500.

Exhibit J-5

Johnson County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2007

	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	\$ 1,434,305	\$ 92,533	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	80,706	5,108	0	0	0
Circuit/Clerk & Master Collections - Prior Years	15,074	1,080	0	0	0
Interest and Penalty	15,914	1,010	0	0	0
Pick-up Taxes	622	39	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	2,430	0	0	0	0
Payments in-Lieu-of Taxes - Other	61,084	3,941	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	128,808	0	0	0	0
Hotel/Motel Tax	16,329	0	0	0	0
Wheel Tax	326,886	0	0	0	0
Litigation Tax - General	82,792	0	0	0	0
Litigation Tax - Special Purpose	15,036	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	23,449	0	0	0	0
Business Tax	64,435	0	0	0	0
Other County Local Option Taxes	2,997	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	19,360	1,249	0	0	0
Wholesale Beer Tax	164,319	0	0	0	0
Total Local Taxes	\$ 2,454,546	\$ 104,960	\$ 0	\$ 0	\$ 0
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 34,054	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>					
Beer Permits	1,803	0	0	0	0
Total Licenses and Permits	\$ 35,857	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 7,653	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	1,513	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	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Circuit Court (Cont.)</u>					
Drug Control Fines	\$ 0	\$ 0	\$ 1,738	\$ 0	\$ 0
Jail Fees	1,105	0	0	0	0
Data Entry Fee - Circuit Court	222	0	0	0	0
Courtroom Security Fee	161	0	0	0	0
<u>Criminal Court</u>					
Drug Court Fees	889	0	0	0	0
Data Entry Fee - Criminal Court	11	0	0	0	0
<u>General Sessions Court</u>					
Fines	19,616	0	0	0	0
Officers Costs	9,665	0	0	0	0
Game and Fish Fines	488	0	0	0	0
Drug Control Fines	0	0	14,524	0	0
Drug Court Fees	4,200	0	0	0	0
Jail Fees	3,646	0	0	0	0
Data Entry Fee - General Sessions Court	5,624	0	0	0	0
Courtroom Security Fee	688	0	0	0	0
<u>Juvenile Court</u>					
Drug Control Fines	5,428	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	747	0	0	0	0
Data Entry Fee - Chancery Court	838	0	0	0	0
Courtroom Security Fee	4	0	0	0	0
<u>Judicial District Drug Program</u>					
Fines	0	0	9,375	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	100	0	127,435	0	0
Total Fines, Forfeitures, and Penalties	\$ 62,598	\$ 0	\$ 153,072	\$ 0	\$ 0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Self-Insurance Premiums/Contributions	\$ 4,829	\$ 0	\$ 0	\$ 0	\$ 0
Tipping Fees	0	401,624	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	\$ 1,370	\$ 0	\$ 0	\$ 0	\$ 0
Copy Fees	3,901	0	0	0	0
Telephone Commissions	5,931	0	0	0	0
Vending Machine Collections	471	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	1,500	0
Data Processing Fee - Register	8,404	0	0	0	0
Data Processing Fee - Sheriff	4,879	0	0	0	0
Sexual Offender Registration Fees - Sheriff	1,400	0	0	0	0
<u>Other Charges for Services</u>					
Other Charges for Services	6,332	0	0	0	0
Total Charges for Current Services	\$ 37,517	\$ 401,624	\$ 0	\$ 1,500	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 397,830	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	81,700	0	0	0	0
Sale of Materials and Supplies	467	3,692	0	0	6,115
Commissary Sales	9,832	0	0	0	0
Sale of Gasoline	295,120	0	0	0	0
Miscellaneous Refunds	85,066	138	48	0	3,263
<u>Nonrecurring Items</u>					
Sale of Equipment	0	0	0	0	81,615
Performance Bond Forfeitures	3,000	0	0	0	0
Total Other Local Revenues	\$ 873,015	\$ 3,830	\$ 48	\$ 0	\$ 90,993
<u>Fees Received from County Officials</u>					
<u>Fees-In-Lieu of Salary</u>					
County Clerk	\$ 203,735	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	70,150	0	0	0	0
General Sessions Court Clerk	149,211	0	0	0	0
Clerk and Master	60,333	0	0	0	0
Register	104,267	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	Constitutional Officers - Fees	Highway / Public Works
<u>Fees Received from County Officials (Cont.)</u>					
<u>Fees-In-Lieu of Salary (Cont.)</u>					
Sheriff	\$ 1,145	\$ 0	\$ 0	\$ 0	\$ 0
Trustee	187,494	0	0	0	0
Total Fees Received from County Officials	\$ 776,335	\$ 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	3,213	0	0	0	0
Aging Programs	31,742	0	0	0	0
State Reappraisal Grant	2,067	0	0	0	0
<u>Health and Welfare Grants</u>					
Public Health Nurses	141,251	0	0	0	0
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	277,579
Litter Program	29,784	0	0	0	0
Tennessee Industrial Infrastructure Program	0	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	77,531	0	0	0	0
Beer Tax	18,753	0	0	0	0
Alcoholic Beverage Tax	27,611	0	0	0	0
State Revenue Sharing - T.V.A.	346,402	0	0	0	0
Contracted Prisoner Boarding	482,732	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,468,406
Petroleum Special Tax	0	0	0	0	14,077
Reappraisal Program Reimbursement	6,202	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0
Other State Grants	0	0	0	0	0
Total State of Tennessee	\$ 1,192,668	\$ 0	\$ 0	\$ 0	\$ 1,760,062
<u>Federal Government</u>					
<u>Federal Through State</u>					
Appalachian Regional Commission	\$ 57,336	\$ 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	Constitutional Officers - Fees	Highway / Public Works
<u>Federal Government (Cont.)</u>					
<u>Federal Through State (Cont.)</u>					
Community Development	\$ 190,725	\$ 0	\$ 0	\$ 0	\$ 0
Disaster Relief	9,539	0	0	0	0
Homeland Security Grants	150,016	0	0	0	0
Other Federal through State	168,347	0	0	0	0
<u>Direct Federal Revenue</u>					
Forest Service	49,663	0	0	0	11,411
Other Direct Federal Revenue	0	0	0	0	52,615
Total Federal Government	<u>\$ 625,626</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 64,026</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 85,380	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	3,000	0	0	0	67,937
<u>Citizens Groups</u>					
Donations	4,899	0	5,000	0	0
<u>Other</u>					
Other	9,725	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 103,004</u>	<u>\$ 0</u>	<u>\$ 5,000</u>	<u>\$ 0</u>	<u>\$ 67,937</u>
Total	<u>\$ 6,161,166</u>	<u>\$ 510,414</u>	<u>\$ 158,120</u>	<u>\$ 1,500</u>	<u>\$ 1,983,018</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 Debt Service	General Capital Projects	Community Development/ Industrial Park	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 647,750	\$ 208,206	\$ 0	\$ 0	\$ 2,382,794
Trustee's Collections - Prior Year	36,778	11,238	0	0	133,830
Circuit/Clerk & Master Collections - Prior Years	7,770	2,374	0	0	26,298
Interest and Penalty	7,239	2,233	0	0	26,396
Pick-up Taxes	283	87	0	0	1,031
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	2,430
Payments in-Lieu-of Taxes - Other	27,586	8,867	0	0	101,478
<u>County Local Option Taxes</u>					
Local Option Sales Tax	131,310	0	0	0	260,118
Hotel/Motel Tax	0	0	0	0	16,329
Wheel Tax	0	0	0	0	326,886
Litigation Tax - General	0	0	0	0	82,792
Litigation Tax - Special Purpose	0	0	0	0	15,036
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	23,449
Business Tax	0	0	0	0	64,435
Other County Local Option Taxes	0	0	0	0	2,997
<u>Statutory Local Taxes</u>					
Bank Excise Tax	8,743	2,810	0	0	32,162
Wholesale Beer Tax	0	0	0	0	164,319
Total Local Taxes	\$ 867,459	\$ 235,815	\$ 0	\$ 0	\$ 3,662,780
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 34,054
<u>Permits</u>					
Beer Permits	0	0	0	0	1,803
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 35,857
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,653
Officers Costs	0	0	0	0	1,513

(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>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Circuit Court (Cont.)</u>					
Drug Control Fines	\$ 0	\$ 0	\$ 0	\$ 0	1,738
Jail Fees	0	0	0	0	1,105
Data Entry Fee - Circuit Court	0	0	0	0	222
Courtroom Security Fee	0	0	0	0	161
<u>Criminal Court</u>					
Drug Court Fees	0	0	0	0	889
Data Entry Fee - Criminal Court	0	0	0	0	11
<u>General Sessions Court</u>					
Fines	0	0	0	0	19,616
Officers Costs	0	0	0	0	9,665
Game and Fish Fines	0	0	0	0	488
Drug Control Fines	0	0	0	0	14,524
Drug Court Fees	0	0	0	0	4,200
Jail Fees	0	0	0	0	3,646
Data Entry Fee - General Sessions Court	0	0	0	0	5,624
Courtroom Security Fee	0	0	0	0	688
<u>Juvenile Court</u>					
Drug Control Fines	0	0	0	0	5,428
<u>Chancery Court</u>					
Officers Costs	0	0	0	0	747
Data Entry Fee - Chancery Court	0	0	0	0	838
Courtroom Security Fee	0	0	0	0	4
<u>Judicial District Drug Program</u>					
Fines	0	0	0	0	9,375
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	0	127,535
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	215,670
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Self-Insurance Premiums/Contributions	\$ 0	\$ 0	\$ 0	\$ 0	4,829
Tipping Fees	0	0	0	0	401,624

(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	\$ 1,370
Copy Fees	0	0	0	0	3,901
Telephone Commissions	0	0	0	0	5,931
Vending Machine Collections	0	0	0	0	471
Special Commissioner Fees/Special Master Fees	0	0	0	0	1,500
Data Processing Fee - Register	0	0	0	0	8,404
Data Processing Fee - Sheriff	0	0	0	0	4,879
Sexual Offender Registration Fees - Sheriff	0	0	0	0	1,400
<u>Other Charges for Services</u>					
Other Charges for Services	0	0	0	0	6,332
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 440,641
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 0	\$ 358	\$ 398,188
Lease/Rentals	0	0	8,544	0	90,244
Sale of Materials and Supplies	0	0	0	0	10,274
Commissary Sales	0	0	0	0	9,832
Sale of Gasoline	0	0	0	0	295,120
Miscellaneous Refunds	0	0	0	3,712	92,227
<u>Nonrecurring Items</u>					
Sale of Equipment	0	0	0	0	81,615
Performance Bond Forfeitures	0	0	0	0	3,000
Total Other Local Revenues	\$ 0	\$ 0	\$ 8,544	\$ 4,070	\$ 980,500
<u>Fees Received from County Officials</u>					
<u>Fees-In-Lieu of Salary</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 203,735
Circuit Court Clerk	0	0	0	0	70,150
General Sessions Court Clerk	0	0	0	0	149,211
Clerk and Master	0	0	0	0	60,333
Register	0	0	0	0	104,267

(Continued)

Exhibit J-5

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

	Debt Service Fund	Capital Projects Funds			Total
		General Debt Service	General Capital Projects	Community Development/ Industrial Park	
<u>Fees Received from County Officials (Cont.)</u>					
<u>Fees-In-Lieu of Salary (Cont.)</u>					
Sheriff	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,145
Trustee	0	0	0	0	187,494
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 776,335
<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	3,213
Aging Programs	0	0	0	0	31,742
State Reappraisal Grant	0	0	0	0	2,067
<u>Health and Welfare Grants</u>					
Public Health Nurses	0	0	0	0	141,251
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	277,579
Litter Program	0	0	0	0	29,784
Tennessee Industrial Infrastructure Program	0	0	28,051	0	28,051
<u>Other State Revenues</u>					
Income Tax	0	0	0	0	77,531
Beer Tax	0	0	0	0	18,753
Alcoholic Beverage Tax	0	0	0	0	27,611
State Revenue Sharing - T.V.A.	0	0	0	0	346,402
Contracted Prisoner Boarding	0	0	0	0	482,732
Gasoline and Motor Fuel Tax	0	0	0	0	1,468,406
Petroleum Special Tax	0	0	0	0	14,077
Reappraisal Program Reimbursement	0	0	0	0	6,202
Registrar's Salary Supplement	0	0	0	0	16,380
Other State Grants	0	0	0	100,000	100,000
Total State of Tennessee	\$ 0	\$ 0	\$ 28,051	\$ 100,000	\$ 3,080,781
<u>Federal Government</u>					
<u>Federal Through State</u>					
Appalachian Regional Commission	\$ 0	\$ 0	\$ 0	\$ 0	\$ 57,336

(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>Federal Government (Cont.)</u>					
<u>Federal Through State (Cont.)</u>					
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 190,725
Disaster Relief	0	0	0	0	9,539
Homeland Security Grants	0	0	0	0	150,016
Other Federal through State	0	0	0	35,000	203,347
<u>Direct Federal Revenue</u>					
Forest Service	0	0	0	0	61,074
Other Direct Federal Revenue	0	0	0	0	52,615
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 35,000	\$ 724,652
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 327,217	\$ 0	\$ 0	\$ 0	\$ 412,597
Contracted Services	0	0	16,408	0	87,345
<u>Citizens Groups</u>					
Donations	0	0	0	60,000	69,899
<u>Other</u>					
Other	0	0	0	0	9,725
Total Other Governments and Citizens Groups	\$ 327,217	\$ 0	\$ 16,408	\$ 60,000	\$ 579,566
Total	\$ 1,194,676	\$ 235,815	\$ 53,003	\$ 199,070	\$ 10,496,782

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, 2007

	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	\$ 2,302,332	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,302,332
Trustee's Collections - Prior Year	143,871	0	0	0	0	143,871
Circuit/Clerk & Master Collections - Prior Years	28,058	0	0	0	0	28,058
Interest and Penalty	26,086	0	0	0	0	26,086
Pick-up Taxes	1,024	0	0	0	0	1,024
Payments in-Lieu-of Taxes - Other	98,522	0	0	0	0	98,522
<u>County Local Option Taxes</u>						
Local Option Sales Tax	673,213	0	0	0	0	673,213
<u>Statutory Local Taxes</u>						
Bank Excise Tax	31,226	0	0	0	0	31,226
Interstate Telecommunications Tax	5,380	0	0	0	0	5,380
Total Local Taxes	\$ 3,309,712	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,309,712
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 1,709	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,709
<u>Permits</u>						
Other Permits	1,047	0	0	0	0	1,047
Total Licenses and Permits	\$ 2,756	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,756
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Tuition - Summer School	\$ 690	\$ 0	\$ 0	\$ 0	\$ 0	\$ 690
Lunch Payments - Children	0	0	151,295	0	0	151,295
Lunch Payments - Adults	0	0	43,396	0	0	43,396
A la carte Sales	0	0	122,016	0	0	122,016
Contract for Instructional Services with Other LEAs	63,676	0	0	0	0	63,676
Receipts from Individual Schools	19,156	0	0	0	0	19,156
Community Service Fees - Children	102,243	0	0	0	0	102,243
TBI Criminal Background Fees	4,272	0	0	0	0	4,272
<u>Other Charges for Services</u>						
Other Charges for Services	43,712	0	0	0	0	43,712
Total Charges for Current Services	\$ 233,749	\$ 0	\$ 316,707	\$ 0	\$ 0	\$ 550,456

(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	\$ 15,951	\$ 0	\$ 179	\$ 16,130
Lease/Rentals	32,427	0	0	4,500	0	36,927
Retirees' Insurance Payments	61,316	0	0	0	0	61,316
Miscellaneous Refunds	61,883	0	0	0	4,644	66,527
<u>Nonrecurring Items</u>						
Sale of Equipment	31,667	0	0	0	0	31,667
Resale of Materials - T&I House	151,958	0	0	0	0	151,958
Damages Recovered from Individuals	0	0	0	0	131,327	131,327
Contributions & Gifts	3,000	0	0	0	0	3,000
Total Other Local Revenues	\$ 342,251	\$ 0	\$ 15,951	\$ 4,500	\$ 136,150	\$ 498,852
<u>State of Tennessee</u>						
<u>State Education Funds</u>						
Basic Education Program	\$ 11,173,589	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,173,589
Early Childhood Education	244,746	0	0	0	0	244,746
School Food Service	14,333	0	0	0	0	14,333
Other State Education Funds	338,347	0	0	0	0	338,347
Career Ladder Program	160,262	0	0	0	0	160,262
Career Ladder - Extended Contract	81,742	0	0	0	0	81,742
<u>Other State Revenues</u>						
Other State Revenues	37,339	0	0	0	0	37,339
Total State of Tennessee	\$ 12,050,358	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,050,358
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 583,852	\$ 0	\$ 0	\$ 583,852
Breakfast	0	0	199,432	0	0	199,432
USDA - Other	0	0	25,704	0	0	25,704
Adult Education State Grant Program	75,645	0	0	0	0	75,645
Vocational Education - Basic Grants to States	0	58,883	0	0	0	58,883
Title I Grants to Local Education Agencies	0	698,074	0	0	0	698,074
Innovative Education Program Strategies	0	84,218	0	0	0	84,218

(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>Federal Government (Cont.)</u>						
<u>Federal Through State (Cont.)</u>						
Special Education - Grants to States	\$ 3,069	\$ 487,328	\$ 0	\$ 0	\$ 0	\$ 490,397
Special Education Preschool Grants	0	14,699	0	0	0	14,699
Eisenhower Professional Development State Grants	0	189,461	0	0	0	189,461
Other Federal through State	95,689	149,376	0	0	0	245,065
<u>Direct Federal Revenue</u>						
Forest Service	34,232	0	0	0	0	34,232
Other Direct Federal Revenue	0	193,081	0	493,297	0	686,378
Total Federal Government	\$ 208,635	\$ 1,875,120	\$ 808,988	\$ 493,297	\$ 0	\$ 3,386,040
<u>Other Governments and Citizens Groups</u>						
<u>Other</u>						
Other	\$ 36,855	\$ 0	\$ 0	\$ 0	\$ 0	\$ 36,855
Total Other Governments and Citizens Groups	\$ 36,855	\$ 0	\$ 0	\$ 0	\$ 0	\$ 36,855
Total	\$ 16,184,316	\$ 1,875,120	\$ 1,141,646	\$ 497,797	\$ 136,150	\$ 19,835,029

Exhibit J-7

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2007

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	36,000	
Social Security		2,042	
State Retirement		2,193	
Medical Insurance		25,242	
Employer Medicare		478	
Audit Services		3,937	
Dues and Memberships		4,494	
Financial Advisory Services		1,250	
Travel		20,858	
Other Supplies and Materials		487	
Other Charges		56	
Total County Commission			\$ 97,037

Board of Equalization

Board and Committee Members Fees	\$	1,010	
Total Board of Equalization			1,010

Other Boards and Committees

Board and Committee Members Fees	\$	5,600	
Social Security		72	
State Retirement		128	
Unemployment Compensation		1	
Employer Medicare		17	
Total Other Boards and Committees			5,818

County Mayor/Executive

County Official/Administrative Officer	\$	60,739	
Secretary(ies)		24,863	
Part-time Personnel		964	
Social Security		5,150	
State Retirement		9,442	
Medical Insurance		4,201	
Unemployment Compensation		63	
Employer Medicare		1,204	
Communication		3,028	
Dues and Memberships		1,200	
Printing, Stationery, and Forms		103	
Office Supplies		706	
Other Charges		6,051	
Office Equipment		185	
Total County Mayor/Executive			117,899

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Attorney

Other Salaries & Wages	\$	4,800	
Advertising		104	
Total County Attorney			\$ 4,904

Election Commission

County Official/Administrative Officer	\$	46,862	
Deputy(ies)		25,162	
Clerical Personnel		1,029	
Other Salaries & Wages		1,001	
Election Commission		6,600	
Election Workers		19,365	
In-Service Training		2,353	
Social Security		4,025	
State Retirement		7,948	
Medical Insurance		8,438	
Unemployment Compensation		120	
Employer Medicare		942	
Communication		1,204	
Data Processing Services		2,400	
Dues and Memberships		450	
Legal Notices, Recording, and Court Costs		4,680	
Printing, Stationery, and Forms		4,230	
Rentals		50	
Equipment Parts - Light		667	
Office Supplies		583	
Data Processing Equipment		170	
Office Equipment		2,356	
Voting Machines		128,300	
Total Election Commission			268,935

Register of Deeds

County Official/Administrative Officer	\$	52,069
Deputy(ies)		23,587
Other Salaries & Wages		2,657
Social Security		4,772
State Retirement		8,345
Medical Insurance		4,189
Unemployment Compensation		77
Employer Medicare		1,116
Communication		1,772

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Data Processing Services	\$	8,451	
Dues and Memberships		400	
Printing, Stationery, and Forms		1,410	
Office Supplies		236	
Office Equipment		1,644	
Total Register of Deeds			\$ 110,725

Development

Other Contracted Services	\$	8,500	
Total Development			8,500

County Buildings

Custodial Personnel	\$	21,271	
Social Security		1,249	
State Retirement		2,346	
Medical Insurance		4,189	
Unemployment Compensation		56	
Employer Medicare		292	
Maintenance & Repair Services - Buildings		6,588	
Custodial Supplies		4,514	
Electricity		24,133	
Natural Gas		2,385	
Uniforms		760	
Water and Sewer		2,964	
Other Charges		111	
Building Improvements		4,686	
Total County Buildings			75,544

Finance

Accounting and Budgeting

Supervisor/Director	\$	46,031	
Data Processing Personnel		64,138	
Social Security		6,268	
State Retirement		12,218	
Medical Insurance		13,166	
Unemployment Compensation		168	
Employer Medicare		1,466	
Communication		1,821	
Data Processing Services		9,741	
Printing, Stationery, and Forms		3,309	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Office Supplies	\$	873	
Office Equipment		1,634	
Total Accounting and Budgeting			\$ 160,833

Purchasing

County Official/Administrative Officer	\$	27,318	
Social Security		1,359	
State Retirement		3,013	
Medical Insurance		8,403	
Unemployment Compensation		56	
Employer Medicare		318	
Advertising		155	
Communication		579	
Office Supplies		2,748	
Total Purchasing			43,949

Property Assessor's Office

County Official/Administrative Officer	\$	48,970	
Deputy(ies)		26,831	
Secretary(ies)		19,977	
Social Security		5,040	
State Retirement		10,427	
Medical Insurance		21,514	
Unemployment Compensation		143	
Employer Medicare		1,179	
Advertising		32	
Communication		1,886	
Contracts with Government Agencies		6,318	
Data Processing Services		567	
Postal Charges		643	
Printing, Stationery, and Forms		148	
Other Contracted Services		7,501	
Office Supplies		445	
Office Equipment		836	
Other Equipment		14,300	
Total Property Assessor's Office			166,757

Reappraisal Program

Clerical Personnel	\$	17,556	
Social Security		935	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program (Cont.)

State Retirement	\$	1,936	
Medical Insurance		4,188	
Unemployment Compensation		56	
Employer Medicare		219	
Data Processing Services		2,867	
Total Reappraisal Program			\$ 27,757

County Trustee's Office

County Official/Administrative Officer	\$	52,069	
Deputy(ies)		23,045	
Other Salaries & Wages		1,975	
Social Security		4,701	
State Retirement		8,285	
Unemployment Compensation		72	
Employer Medicare		1,099	
Advertising		177	
Communication		1,743	
Dues and Memberships		110	
Printing, Stationery, and Forms		1,053	
Office Supplies		1,103	
Data Processing Equipment		4,847	
Office Equipment		306	
Total County Trustee's Office			100,585

County Clerk's Office

County Official/Administrative Officer	\$	52,069	
Deputy(ies)		12,613	
Other Salaries & Wages		62,559	
Social Security		7,296	
State Retirement		11,664	
Medical Insurance		20,044	
Unemployment Compensation		261	
Employer Medicare		1,706	
Communication		1,744	
Dues and Memberships		1,955	
Printing, Stationery, and Forms		2,900	
Office Supplies		1,375	
Data Processing Equipment		12,490	
Office Equipment		1,445	
Total County Clerk's Office			190,121

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	52,069	
Other Salaries & Wages		103,624	
Jury and Witness Fees		4,762	
Social Security		9,311	
State Retirement		15,321	
Medical Insurance		16,097	
Unemployment Compensation		354	
Employer Medicare		2,178	
Communication		3,192	
Dues and Memberships		360	
Printing, Stationery, and Forms		4,364	
Office Supplies		1,573	
Fines, Assessments, and Penalties		5,352	
Data Processing Equipment		16,524	
Office Equipment		4,026	
Total Circuit Court			\$ 239,107

General Sessions Court

Judge(s)	\$	73,088	
Other Salaries & Wages		11,304	
Social Security		5,148	
State Retirement		8,062	
Medical Insurance		4,133	
Unemployment Compensation		90	
Employer Medicare		1,204	
Communication		1,534	
Dues and Memberships		155	
Printing, Stationery, and Forms		4,690	
Office Supplies		345	
Total General Sessions Court			109,753

Chancery Court

County Official/Administrative Officer	\$	52,069
Deputy(ies)		23,058
Social Security		3,922
State Retirement		8,286
Medical Insurance		16,821
Unemployment Compensation		112
Employer Medicare		917
Communication		2,047

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Dues and Memberships	\$	360	
Printing, Stationery, and Forms		895	
Office Supplies		838	
Data Processing Equipment		13,288	
Office Equipment		258	
Total Chancery Court			\$ 122,871

Juvenile Court

Social Workers	\$	24,086	
Social Security		1,384	
State Retirement		2,230	
Medical Insurance		4,207	
Unemployment Compensation		87	
Employer Medicare		324	
Printing, Stationery, and Forms		512	
Other Contracted Services		22,632	
Office Supplies		454	
Other Supplies and Materials		1,644	
Total Juvenile Court			57,560

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	57,276	
Deputy(ies)		255,318	
Investigator(s)		31,118	
Captain(s)		18,768	
Youth Service Officer(s)		48,308	
Guards		95,732	
Secretary(ies)		41,345	
Overtime Pay		21,802	
In-Service Training		4,015	
Social Security		33,681	
State Retirement		50,834	
Medical Insurance		67,078	
Unemployment Compensation		1,745	
Employer Medicare		7,877	
Communication		23,167	
Contracts with Other Public Agencies		3,238	
Data Processing Services		757	
Maintenance & Repair Services - Vehicles		87,772	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Printing, Stationery, and Forms	\$	2,291	
Travel		12,326	
Drug Treatment		2,133	
Other Contracted Services		11,936	
Law Enforcement Supplies		5,512	
Office Supplies		5,147	
Uniforms		7,388	
Other Supplies and Materials		716	
Other Charges		992	
Law Enforcement Equipment		69,784	
Office Equipment		2,812	
Total Sheriff's Department			\$ 970,868

Jail

Medical Personnel	\$	26,050	
Guards		282,329	
Maintenance Personnel		20,450	
In-Service Training		675	
Social Security		19,507	
State Retirement		24,809	
Medical Insurance		39,686	
Unemployment Compensation		1,338	
Employer Medicare		4,562	
Maintenance & Repair Services - Buildings		30,525	
Printing, Stationery, and Forms		607	
Other Contracted Services		4,262	
Custodial Supplies		16,682	
Drugs and Medical Supplies		158,870	
Electricity		40,327	
Food Supplies		113,777	
Natural Gas		12,468	
Office Supplies		2,426	
Uniforms		3,703	
Water and Sewer		12,496	
Other Supplies and Materials		6,917	
Food Service Equipment		163	
Office Equipment		2,529	
Other Equipment		1,138	
Total Jail			826,296

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control

Contracts with Other Public Agencies	\$	1,000	
Contributions		140,838	
Total Fire Prevention and Control			\$ 141,838

Civil Defense

Supervisor/Director	\$	36,060	
Secretary(ies)		21,164	
Part-time Personnel		555	
Social Security		3,437	
State Retirement		6,312	
Medical Insurance		4,188	
Unemployment Compensation		112	
Employer Medicare		804	
Communication		1,711	
Other Contracted Services		962	
Other Supplies and Materials		2,124	
Liability Insurance		310	
Other Charges		3,094	
Communication Equipment		1,000	
Other Equipment		108,790	
Total Civil Defense			190,623

Other Emergency Management

Other Contracted Services	\$	66,600	
Total Other Emergency Management			66,600

County Coroner/Medical Examiner

Medical Personnel	\$	1,800	
Social Security		75	
Employer Medicare		17	
Other Supplies and Materials		22	
Total County Coroner/Medical Examiner			1,914

Public Safety Grant Programs

Investigator(s)	\$	28,706	
Social Security		1,756	
State Retirement		3,166	
Unemployment Compensation		56	
Employer Medicare		411	
Printing, Stationery, and Forms		500	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Public Safety Grant Programs (Cont.)

Travel	\$	2,204	
Office Supplies		866	
Uniforms		835	
Total Public Safety Grant Programs			\$ 38,500

Public Health and Welfare

Local Health Center

Salary Supplements	\$	5,225	
Custodial Personnel		6,291	
Other Salaries & Wages		139,569	
Social Security		8,202	
State Retirement		5,475	
Medical Insurance		8,825	
Unemployment Compensation		388	
Employer Medicare		1,918	
Communication		1,216	
Contracts with Other Public Agencies		35,107	
Travel		1,637	
Custodial Supplies		984	
Drugs and Medical Supplies		2,517	
Office Supplies		1,073	
Utilities		13,010	
Other Supplies and Materials		6,571	
Other Charges		571	
Building Construction		35,131	
Office Equipment		1,716	
Total Local Health Center			275,426

Regional Mental Health Center

Other Salaries & Wages	\$	8,750	
Other Charges		1,550	
Total Regional Mental Health Center			10,300

Appropriation to State

Contributions	\$	1,800	
Other Contracted Services		13,520	
Total Appropriation to State			15,320

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	18,637	
Social Workers		9,226	
Bus Drivers		12,074	
Other Salaries & Wages		10,934	
Social Security		3,014	
State Retirement		3,262	
Medical Insurance		4,189	
Unemployment Compensation		227	
Employer Medicare		705	
Communication		1,779	
Travel		931	
Other Contracted Services		2,249	
Utilities		7,572	
Other Supplies and Materials		735	
Health Equipment		2,300	
Total Senior Citizens Assistance			\$ 77,834

Libraries

Foremen	\$	41,619	
Social Security		2,580	
Unemployment Compensation		97	
Employer Medicare		603	
Contributions		21,943	
Electricity		3,228	
Total Libraries			70,070

Other Social, Cultural, and Recreational

Contributions	\$	10,100	
Other Contracted Services		25,000	
Other Supplies and Materials		1,227	
Other Charges		5,153	
Total Other Social, Cultural, and Recreational			41,480

Agriculture & Natural Resources

Agriculture Extension Service

Salary Supplements	\$	29,605	
Secretary(ies)		5,807	
Social Security		2,709	
State Retirement		5,477	
Medical Insurance		11,159	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Unemployment Compensation	\$	129	
Communication		5,565	
Maintenance Agreements		300	
Travel		7,932	
Other Supplies and Materials		1,005	
Office Equipment		1,337	
Total Agriculture Extension Service			\$ 71,025

Soil Conservation

Secretary(ies)	\$	13,332	
Social Security		748	
State Retirement		1,239	
Medical Insurance		3,640	
Unemployment Compensation		53	
Employer Medicare		175	
Total Soil Conservation			19,187

Other Operations

Tourism

Contributions	\$	14,867	
Other Contracted Services		6,467	
Total Tourism			21,334

Airport

Board and Committee Members Fees	\$	600	
Communication		1,480	
Maintenance & Repair Services - Buildings		3,046	
Travel		1,724	
Electricity		1,266	
Liability Insurance		2,245	
Other Charges		67	
Site Development		1,970	
Other Construction		24,735	
Total Airport			37,133

Other Charges

Diesel Fuel	\$	185,063	
Gasoline		89,777	
Trustee's Commission		50,792	
Workers' Compensation Insurance		34,059	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges (Cont.)

Other Charges	\$	2,150	
Site Development		8,577	
Total Other Charges			\$ 370,418

Contributions to Other Agencies

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

Employee Benefits

Life Insurance	\$	1,897	
Medical Insurance		9,008	
Other Fringe Benefits		19,964	
Total Employee Benefits			30,869

Miscellaneous

Communication	\$	4,354	
Legal Notices, Recording, and Court Costs		891	
Maintenance & Repair Services - Buildings		3,490	
Postal Charges		24,697	
Duplicating Supplies		16,016	
Electricity		6,670	
Water and Sewer		1,954	
Liability Insurance		106,311	
Premiums on Corporate Surety Bonds		10,327	
Other Charges		3,035	
Building Construction		16,455	
Communication Equipment		59,145	
Other Construction		190,724	
Total Miscellaneous			444,069

Highways

Litter and Trash Collection

Other Salaries & Wages	\$	25,332	
Social Security		1,511	
State Retirement		1,912	
Medical Insurance		3,985	
Unemployment Compensation		73	
Employer Medicare		353	
Communication		1,173	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Highways (Cont.)

Litter and Trash Collection (Cont.)

Travel	\$	5,084	
Other Contracted Services		4,649	
Other Supplies and Materials		4,060	
Total Litter and Trash Collection			\$ 48,132

Total General Fund \$ 5,697,419

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Equipment Operators	\$	50,951	
Social Security		3,127	
State Retirement		5,620	
Unemployment Compensation		163	
Employer Medicare		731	
Communication		619	
Maintenance & Repair Services - Equipment		19,676	
Printing, Stationery, and Forms		1,993	
Other Contracted Services		325,916	
Custodial Supplies		905	
Diesel Fuel		4,122	
Electricity		2,659	
Gasoline		1,391	
Office Supplies		200	
Uniforms		1,366	
Water and Sewer		986	
Liability Insurance		8,999	
Trustee's Commission		6,113	
Workers' Compensation Insurance		5,700	
Other Charges		21,866	
Building Improvements		1,625	
Site Development		225	
Total Sanitation Management			\$ 464,953

Principal on Debt

General Government

Principal on Notes	\$	7,500	
Total General Government			7,500

Total Solid Waste/Sanitation Fund 472,453

(Continued)

Exhibit J-7

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

Drug Control Fund

Public Safety

Drug Enforcement

Deputy(ies)	\$	8,070	
Other Fringe Benefits		2,734	
Maintenance & Repair Services - Vehicles		2,619	
Travel		1,185	
Other Contracted Services		10,000	
Other Supplies and Materials		180	
Trustee's Commission		1,523	
Other Charges		5,030	
Total Drug Enforcement			\$ 31,341

Total Drug Control Fund \$ 31,341

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	1,500	
Total Chancery Court			\$ 1,500

Total Constitutional Officers - Fees Fund 1,500

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	57,276	
Board and Committee Members Fees		2,431	
Social Security		3,422	
State Retirement		6,318	
Medical Insurance		8,248	
Employer Medicare		800	
Travel		2,890	
Office Supplies		3,037	
Office Equipment		897	
Total Administration			\$ 85,319

Highway and Bridge Maintenance

Laborers	\$	587,421
Social Security		34,388
State Retirement		59,883
Medical Insurance		91,431
Unemployment Compensation		6,846

(Continued)

Exhibit J-7

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	\$	8,042	
Asphalt - Liquid		284,617	
Crushed Stone		118,648	
Pipe		14,450	
Road Signs		7,124	
Wood Products		2,177	
Total Highway and Bridge Maintenance			\$ 1,215,027

Operation and Maintenance of Equipment

Laundry Service	\$	14,320	
Diesel Fuel		69,563	
Equipment and Machinery Parts		113,892	
Garage Supplies		34,682	
Gasoline		25,835	
Lubricants		5,253	
Office Supplies		70	
Tires and Tubes		12,064	
Total Operation and Maintenance of Equipment			275,679

Other Charges

Communication	\$	9,302	
Electricity		5,950	
Water and Sewer		630	
Liability Insurance		45,017	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		14,777	
Other Charges		17,283	
Total Other Charges			93,309

Employee Benefits

Life Insurance	\$	654	
Medical Insurance		5,899	
Other Fringe Benefits		2,475	
Workers' Compensation Insurance		52,400	
Total Employee Benefits			61,428

Capital Outlay

Other Contracted Services	\$	10,888	
Other Supplies and Materials		12,020	
Other Charges		18,822	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay (Cont.)

Highway Construction	\$	240,694	
Highway Equipment		115,868	
Land		99,126	
Other Construction		50,998	
Other Capital Outlay		<u>797</u>	
Total Capital Outlay			\$ 549,213

Principal on Debt

Highways and Streets

Principal on Notes	\$	<u>32,821</u>	
Total Highways and Streets			32,821

Interest on Debt

Highways and Streets

Interest on Notes	\$	<u>7,454</u>	
Total Highways and Streets			<u>7,454</u>

Total Highway/Public Works Fund \$ 2,320,250

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$	82,983	
Principal on Other Loans		<u>75,000</u>	
Total General Government			\$ 157,983

Education

Principal on Bonds	\$	<u>385,000</u>	
Total Education			385,000

Interest on Debt

General Government

Interest on Notes	\$	6,492	
Interest on Other Loans		<u>232,876</u>	
Total General Government			239,368

Education

Interest on Bonds	\$	<u>407,926</u>	
Total Education			407,926

(Continued)

Exhibit J-7

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	\$ 22,319	
Total General Government		\$ 22,319

Education

Other Debt Service	\$ 2,213	
Total Education		<u>2,213</u>

Total General Debt Service Fund		\$ 1,214,809
---------------------------------	--	--------------

General Capital Projects Fund

Capital Projects

General Administration Projects

Trustee's Commission	\$ 4,603	
Law Enforcement Equipment	<u>66,000</u>	
Total General Administration Projects		\$ 70,603

Other General Government Projects

Architects	\$ 17,287	
Office Equipment	33,683	
Other Construction	<u>1,306,071</u>	
Total Other General Government Projects		1,357,041

Education Capital Projects

Transportation Equipment	\$ 251,516	
Total Education Capital Projects		<u>251,516</u>

Total General Capital Projects Fund		1,679,160
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Community Development/Industrial Park Fund

Capital Projects

General Administration Projects

Engineering Services	\$ 5,000	
Other Contracted Services	2,800	
Electricity	1,203	
Other Charges	7,509	
Building Construction	142	
Building Improvements	232	
Site Development	348	
Other Construction	<u>24,562</u>	
Total General Administration Projects		\$ <u>41,796</u>

Total Community Development/Industrial Park Fund		41,796
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(Continued)

Exhibit J-7

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

<u>Other Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>General Administration Projects</u>			
Building Construction	\$	1,154	
Total General Administration Projects			\$ 1,154
<u>Other General Government Projects</u>			
Foremen	\$	50,593	
Architects		1,191	
Electricity		888	
Building Construction		214,044	
Furniture and Fixtures		6,834	
Office Equipment		817	
Total Other General Government Projects			<u>274,367</u>
Total Other Capital Projects Fund			<u>\$ 275,521</u>
Total Governmental Funds - Primary Government			<u>\$ 11,734,249</u>

Exhibit J-8

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Johnson County School Department
For the Year Ended June 30, 2007

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 4,433,180	
Career Ladder Program	89,460	
Career Ladder Extended Contracts	59,740	
Homebound Teachers	7,964	
Educational Assistants	82,351	
Other Salaries & Wages	37,491	
Certified Substitute Teachers	19,969	
Non-certified Substitute Teachers	83,192	
Social Security	288,608	
State Retirement	289,902	
Medical Insurance	632,704	
Unemployment Compensation	5,558	
Employer Medicare	67,508	
Operating Lease Payments	21,219	
Maintenance & Repair Services - Equipment	3,674	
Tuition	58,466	
Other Contracted Services	16,607	
Instructional Supplies and Materials	180,290	
Textbooks	122,716	
Other Supplies and Materials	36,197	
Other Charges	5,063	
Regular Instruction Equipment	83,150	
Total Regular Instruction Program		\$ 6,625,009

Alternative Instruction Program

Teachers	\$ 117,261	
Clerical Personnel	12,573	
Educational Assistants	8,869	
Non-certified Substitute Teachers	1,364	
Social Security	8,355	
State Retirement	9,553	
Medical Insurance	20,607	
Unemployment Compensation	282	
Employer Medicare	1,943	
Other Contracted Services	13,599	
Instructional Supplies and Materials	3,875	
Textbooks	3,088	
Other Supplies and Materials	380	
Other Equipment	412	
Total Alternative Instruction Program		202,161

(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.)

Instruction (Cont.)

Special Education Program

Teachers	\$	527,945	
Career Ladder Program		9,200	
Homebound Teachers		51,824	
Educational Assistants		88,725	
Speech Pathologist		82,570	
Certified Substitute Teachers		5,116	
Non-certified Substitute Teachers		16,941	
Social Security		46,479	
State Retirement		51,023	
Medical Insurance		100,842	
Unemployment Compensation		1,076	
Employer Medicare		10,870	
Contracts with Private Agencies		10,000	
Other Contracted Services		49,330	
Instructional Supplies and Materials		11,302	
Other Charges		907	
Total Special Education Program			\$ 1,064,150

Vocational Education Program

Teachers	\$	585,036	
Career Ladder Program		5,000	
Clerical Personnel		14,323	
Other Salaries & Wages		93,561	
Non-certified Substitute Teachers		14,502	
Social Security		42,809	
State Retirement		46,738	
Medical Insurance		93,826	
Unemployment Compensation		1,021	
Employer Medicare		10,012	
Operating Lease Payments		3,280	
Maintenance & Repair Services - Equipment		2,051	
Other Contracted Services		2,144	
Instructional Supplies and Materials		23,346	
T&I Construction Materials		54,169	
Other Supplies and Materials		1,912	
Other Charges		8,961	
Vocational Instruction Equipment		18,799	
Total Vocational Education Program			1,021,490

(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.)

Instruction (Cont.)

Student Body Education Program

Other Salaries & Wages	\$	44,034	
Social Security		2,719	
State Retirement		2,916	
Medical Insurance		1,766	
Unemployment Compensation		89	
Employer Medicare		636	
Other Contracted Services		3,305	
Other Supplies and Materials		9,032	
Other Charges		2,578	
Other Equipment		3,765	
Total Student Body Education Program			\$ 70,840

Adult Education Program

Teachers	\$	59,414	
Career Ladder Program		1,000	
Social Security		3,513	
State Retirement		3,694	
Medical Insurance		4,967	
Unemployment Compensation		81	
Employer Medicare		822	
Instructional Supplies and Materials		2,685	
Other Charges		339	
Total Adult Education Program			76,515

Support Services

Attendance

Social Workers	\$	18,109	
Social Security		1,106	
State Retirement		1,997	
Medical Insurance		1,266	
Unemployment Compensation		35	
Employer Medicare		259	
Travel		303	
Other Supplies and Materials		2,948	
In Service/Staff Development		700	
Other Charges		2,625	
Attendance Equipment		5,073	
Total Attendance			34,421

(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.)

Support Services (Cont.)

Health Services

Medical Personnel	\$	80,844	
Social Security		4,866	
State Retirement		8,832	
Medical Insurance		7,477	
Unemployment Compensation		155	
Employer Medicare		1,138	
Travel		1,000	
Other Contracted Services		271	
Drugs and Medical Supplies		8,197	
Other Supplies and Materials		3,538	
In Service/Staff Development		1,914	
Health Equipment		1,313	
Total Health Services			\$ 119,545

Other Student Support

Career Ladder Program	\$	2,000	
Guidance Personnel		121,104	
Career Ladder Extended Contracts		1,050	
Social Workers		129	
Other Salaries & Wages		45,784	
Social Security		10,498	
State Retirement		10,670	
Medical Insurance		14,049	
Unemployment Compensation		196	
Employer Medicare		2,455	
Evaluation and Testing		7,066	
Travel		4,420	
Other Contracted Services		36,458	
Other Supplies and Materials		58,884	
In Service/Staff Development		3,283	
Other Charges		31,754	
Total Other Student Support			349,800

Regular Instruction Program

Supervisor/Director	\$	130,076
Career Ladder Program		10,000
Career Ladder Extended Contracts		8,000
Librarians		233,440
Instructional Computer Personnel		72,901

(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.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Clerical Personnel	\$	16,171	
Other Salaries & Wages		26,464	
In-Service Training		10,000	
Social Security		30,954	
State Retirement		36,088	
Medical Insurance		44,730	
Unemployment Compensation		563	
Employer Medicare		7,239	
Operating Lease Payments		2,022	
Travel		8,560	
Other Contracted Services		7,434	
Library Books/Media		24,000	
Periodicals		6,000	
Other Supplies and Materials		6,783	
In Service/Staff Development		16,947	
Other Charges		352	
Other Equipment		30,526	
Total Regular Instruction Program			\$ 729,250

Alternative Instruction Program

Other Equipment	\$	1,271	
Total Alternative Instruction Program			1,271

Special Education Program

Supervisor/Director	\$	32,278	
Career Ladder Program		1,000	
Psychological Personnel		42,739	
Assessment Personnel		18,800	
Secretary(ies)		12,538	
Clerical Personnel		1,999	
Social Security		6,669	
State Retirement		6,819	
Medical Insurance		11,925	
Unemployment Compensation		143	
Employer Medicare		1,560	
Travel		8,985	
Other Contracted Services		974	
Other Supplies and Materials		670	
In Service/Staff Development		3,213	

(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.)

Support Services (Cont.)

Special Education Program (Cont.)

Other Charges	\$ 426	
Total Special Education Program		\$ 150,738

Vocational Education Program

Supervisor/Director	\$ 56,652	
Career Ladder Program	1,000	
Social Security	3,520	
State Retirement	3,760	
Medical Insurance	5,580	
Unemployment Compensation	42	
Employer Medicare	823	
Travel	791	
In Service/Staff Development	4,381	
Total Vocational Education Program		76,549

Adult Programs

Supervisor/Director	\$ 42,210	
Clerical Personnel	2,000	
Social Security	2,601	
State Retirement	4,876	
Medical Insurance	4,141	
Unemployment Compensation	40	
Employer Medicare	608	
Travel	97	
In Service/Staff Development	5,235	
Other Charges	60	
Total Adult Programs		61,868

Board of Education

Secretary to Board	\$ 2,560
Other Salaries & Wages	5,920
Board and Committee Members Fees	12,000
Social Security	1,245
State Retirement	1,264
Life Insurance	7,205
Medical Insurance	1,008
Unemployment Compensation	4
Employer Medicare	291
Other Fringe Benefits	27,342

(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.)

Support Services (Cont.)

Board of Education (Cont.)

Audit Services	\$	10,800	
Dues and Memberships		8,709	
Legal Services		818	
Other Contracted Services		2,905	
Liability Insurance		170,172	
Trustee's Commission		82,999	
Workers' Compensation Insurance		62,591	
In Service/Staff Development		10,669	
Criminal Investigation of Applicants - TBI		4,128	
Other Charges		5,121	
Total Board of Education			\$ 417,751

Director of Schools

County Official/Administrative Officer	\$	81,144	
Clerical Personnel		19,593	
Social Security		6,001	
State Retirement		7,135	
Medical Insurance		11,936	
Unemployment Compensation		80	
Employer Medicare		1,403	
Communication		25,049	
Operating Lease Payments		2,995	
Postal Charges		4,342	
Other Contracted Services		2,848	
Office Supplies		3,926	
In Service/Staff Development		4,857	
Other Charges		5,250	
Administration Equipment		2,575	
Total Director of Schools			179,134

Office of the Principal

Principals	\$	400,924	
Career Ladder Program		10,000	
Assistant Principals		192,539	
Secretary(ies)		174,112	
Social Security		46,664	
State Retirement		54,755	
Medical Insurance		88,407	
Unemployment Compensation		895	

(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.)

Support Services (Cont.)

Office of the Principal (Cont.)

Employer Medicare	\$	10,913	
Communication		37,783	
Dues and Memberships		3,375	
Operating Lease Payments		2,540	
Postal Charges		704	
Travel		236	
Other Contracted Services		2,099	
Office Supplies		5,100	
Other Supplies and Materials		633	
In Service/Staff Development		5,304	
Other Charges		174	
Administration Equipment		9,968	
Total Office of the Principal			\$ 1,047,125

Fiscal Services

Supervisor/Director	\$	31,208	
Accountants/Bookkeepers		29,123	
Social Security		3,574	
State Retirement		6,655	
Medical Insurance		11,744	
Unemployment Compensation		68	
Employer Medicare		836	
Travel		239	
Office Supplies		1,892	
In Service/Staff Development		827	
Other Charges		144	
Administration Equipment		2,406	
Total Fiscal Services			88,716

Human Services/Personnel

Supervisor/Director	\$	10,403	
Clerical Personnel		28,535	
Social Security		2,338	
State Retirement		4,295	
Medical Insurance		5,404	
Unemployment Compensation		49	
Employer Medicare		547	
Travel		36	
Office Supplies		1,006	

(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.)

Support Services (Cont.)

Human Services/Personnel (Cont.)

In Service/Staff Development	\$	770	
Administration Equipment		849	
Total Human Services/Personnel			\$ 54,232

Operation of Plant

Guards	\$	34,298	
Custodial Personnel		313,922	
Other Salaries & Wages		19,799	
Social Security		22,101	
State Retirement		36,227	
Medical Insurance		85,438	
Unemployment Compensation		1,070	
Employer Medicare		5,169	
Disposal Fees		400	
Other Contracted Services		138,798	
Custodial Supplies		71,007	
Electricity		523,134	
Natural Gas		146,940	
Water and Sewer		39,470	
Other Supplies and Materials		12,061	
Other Charges		604	
Plant Operation Equipment		14,270	
Total Operation of Plant			1,464,708

Maintenance of Plant

Maintenance Personnel	\$	82,156	
Social Security		5,018	
State Retirement		9,062	
Medical Insurance		10,168	
Unemployment Compensation		117	
Employer Medicare		1,174	
Maintenance & Repair Services - Buildings		11,521	
Maintenance & Repair Services - Equipment		2,300	
Other Contracted Services		3,100	
General Construction Materials		39,534	
Other Supplies and Materials		72,201	
In Service/Staff Development		508	
Other Charges		2,950	
Maintenance Equipment		5,205	
Total Maintenance of Plant			245,014

(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.)

Support Services (Cont.)

Transportation

Supervisor/Director	\$	38,851	
Mechanic(s)		59,273	
Bus Drivers		227,051	
Clerical Personnel		20,025	
Social Security		20,294	
State Retirement		35,050	
Medical Insurance		95,529	
Unemployment Compensation		1,140	
Employer Medicare		4,746	
Communication		2,407	
Contracts with Parents		2,000	
Operating Lease Payments		682	
Medical and Dental Services		2,475	
Rentals		5,544	
Travel		367	
Other Contracted Services		4,643	
Diesel Fuel		100,425	
Equipment and Machinery Parts		1,209	
Garage Supplies		3,430	
Gasoline		25,604	
Lubricants		4,031	
Tires and Tubes		12,386	
Vehicle Parts		40,205	
Other Supplies and Materials		1,090	
In Service/Staff Development		1,878	
Other Charges		3,969	
Transportation Equipment		4,092	
Total Transportation			\$ 718,396

Central and Other

Data Processing Personnel	\$	31,831
Social Security		1,940
State Retirement		3,511
Medical Insurance		3,739
Unemployment Compensation		58
Employer Medicare		454
Other Contracted Services		480
Data Processing Supplies		1,779
Other Supplies and Materials		1,709

(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.)

Support Services (Cont.)

Central and Other (Cont.)

In Service/Staff Development	\$	625	
Data Processing Equipment		4,389	
Total Central and Other			\$ 50,515

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	52,193	
Accountants/Bookkeepers		19,381	
Social Security		4,151	
State Retirement		5,337	
Medical Insurance		9,213	
Unemployment Compensation		81	
Employer Medicare		971	
Maintenance & Repair Services - Equipment		511	
Travel		742	
Other Contracted Services		17	
Other Supplies and Materials		1,201	
Total Food Service			93,798

Community Services

Other Salaries & Wages	\$	63,060	
Social Security		3,860	
State Retirement		3,943	
Medical Insurance		2,515	
Unemployment Compensation		209	
Employer Medicare		903	
Food Supplies		2,652	
Other Supplies and Materials		949	
In Service/Staff Development		183	
Other Charges		877	
Total Community Services			79,151

Early Childhood Education

Teachers	\$	117,306	
Educational Assistants		38,186	
Other Salaries & Wages		9,170	
Non-certified Substitute Teachers		4,039	
Social Security		9,768	
State Retirement		12,414	

(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.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Medical Insurance	\$	25,295	
Unemployment Compensation		413	
Employer Medicare		2,284	
Travel		771	
Instructional Supplies and Materials		13,577	
Other Supplies and Materials		517	
In Service/Staff Development		4,612	
Other Charges		6,275	
Other Equipment		7,700	
Total Early Childhood Education			\$ 252,327

Capital Outlay

Regular Capital Outlay

Architects	\$	87,883	
Consultants		4,780	
Engineering Services		12,660	
Other Contracted Services		1,384	
Building Improvements		475,602	
Land		24,000	
Site Development		2,000	
Other Capital Outlay		93,434	
Total Regular Capital Outlay			701,743

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	327,217	
Total Education			327,217

Total General Purpose School Fund \$ 16,303,434

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	315,106
Educational Assistants		207,013
Non-certified Substitute Teachers		15,301
Social Security		32,465
State Retirement		38,925
Medical Insurance		87,186

(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.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Unemployment Compensation	\$	1,163	
Employer Medicare		7,593	
Other Contracted Services		14,476	
Instructional Supplies and Materials		39,007	
Regular Instruction Equipment		101,436	
Total Regular Instruction Program			\$ 859,671

Special Education Program

Teachers	\$	77,042	
Educational Assistants		209,435	
Non-certified Substitute Teachers		13,533	
Social Security		17,231	
State Retirement		24,980	
Medical Insurance		57,872	
Unemployment Compensation		996	
Employer Medicare		4,030	
Other Contracted Services		33,557	
Instructional Supplies and Materials		9,133	
Other Charges		3,166	
Total Special Education Program			450,975

Vocational Education Program

Teachers	\$	15,710	
Social Security		974	
State Retirement		963	
Medical Insurance		2,650	
Unemployment Compensation		18	
Employer Medicare		228	
Instructional Supplies and Materials		4,010	
Vocational Instruction Equipment		25,626	
Total Vocational Education Program			50,179

Support Services

Other Student Support

Guidance Personnel	\$	93,885	
Social Workers		26,227	
Other Salaries & Wages		2,714	
Social Security		7,062	
State Retirement		7,893	

(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.)

Other Student Support (Cont.)

Medical Insurance	\$	13,874	
Unemployment Compensation		178	
Employer Medicare		1,652	
Travel		16,388	
Other Contracted Services		125,722	
Other Supplies and Materials		5,552	
Other Charges		29	
Other Equipment		4,338	
Total Other Student Support			\$ 305,514

Regular Instruction Program

Supervisor/Director	\$	91,647	
Secretary(ies)		8,360	
Other Salaries & Wages		1,923	
In-Service Training		17,070	
Social Security		7,329	
State Retirement		7,732	
Medical Insurance		4,125	
Unemployment Compensation		126	
Employer Medicare		1,714	
Travel		493	
Other Contracted Services		736	
Other Supplies and Materials		2,154	
In Service/Staff Development		22,880	
Other Equipment		4,680	
Total Regular Instruction Program			170,969

Special Education Program

In Service/Staff Development	\$	6,466	
Total Special Education Program			6,466

Vocational Education Program

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

Board of Education

Workers' Compensation Insurance	\$	2,902	
Total Board of Education			2,902

(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.)

Transportation

Bus Drivers	\$	24,200	
Social Security		1,275	
State Retirement		2,669	
Medical Insurance		11,330	
Unemployment Compensation		88	
Employer Medicare		298	
Other Charges		1,196	
Transportation Equipment		7,564	
Total Transportation			\$ 48,620

Total School Federal Projects Fund \$ 1,903,296

Central Cafeteria Fund

Support Services

Board of Education

Workers' Compensation Insurance	\$	25,782	
Total Board of Education			\$ 25,782

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	356,105	
Social Security		20,097	
State Retirement		36,140	
Medical Insurance		108,339	
Unemployment Compensation		1,389	
Employer Medicare		4,700	
Communication		1,177	
Maintenance & Repair Services - Equipment		18,572	
Transportation - Other than Students		5,180	
Travel		4,677	
Other Contracted Services		41,828	
Food Preparation Supplies		54,351	
Food Supplies		432,208	
Uniforms		4,719	
Other Supplies and Materials		330	
Other Charges		14,430	
Food Service Equipment		10,423	
Total Food Service			1,114,665

Total Central Cafeteria Fund 1,140,447

(Continued)

Exhibit J-8

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

Other Education Special Revenue Fund

Instruction

Regular Instruction Program

Teachers	\$	179,882	
Educational Assistants		47,716	
Non-certified Substitute Teachers		13,138	
Social Security		14,217	
State Retirement		15,343	
Medical Insurance		25,465	
Unemployment Compensation		454	
Employer Medicare		3,325	
Other Contracted Services		522	
Instructional Supplies and Materials		21,309	
Other Supplies and Materials		6,339	
Other Charges		6,820	
Regular Instruction Equipment		10,710	
Total Regular Instruction Program			\$ 345,240

Support Services

Attendance

Social Workers	\$	36,554	
Other Salaries & Wages		1,288	
Social Security		2,239	
State Retirement		4,174	
Medical Insurance		8,912	
Unemployment Compensation		94	
Employer Medicare		524	
Travel		2,131	
Other Supplies and Materials		6,698	
Other Charges		793	
Total Attendance			63,407

Health Services

Medical Personnel	\$	8,359	
Social Security		518	
State Retirement		922	
Unemployment Compensation		9	
Employer Medicare		121	
Other Contracted Services		1,988	
Drugs and Medical Supplies		1,836	
Other Charges		25	
Total Health Services			13,778

(Continued)

Exhibit J-8

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 (Cont.)

Regular Instruction Program

Supervisor/Director	\$	54,180	
Social Security		3,277	
State Retirement		3,321	
Medical Insurance		3,956	
Unemployment Compensation		40	
Employer Medicare		766	
Travel		922	
Other Supplies and Materials		1,697	
In Service/Staff Development		5,471	
Total Regular Instruction Program			\$ 73,630

Board of Education

Workers' Compensation Insurance	\$	1,330	
Total Board of Education			1,330

Total Other Education Special Revenue Fund \$ 497,385

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Fiscal Agent Charges	\$	4	
Other Capital Outlay		378	
Total Education Capital Projects			\$ 382

Total Education Capital Projects Fund 382

Total Governmental Funds - Johnson County School Department \$ 19,844,944

Exhibit J-9

Johnson County, Tennessee
Schedule of Detailed Receipts, Disbursements, and Changes
in Cash Balance - City Agency Fund
For the Year Ended June 30, 2007

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 436,481
Total Cash Receipts	<u>\$ 436,481</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 432,116
Trustee's Commissions	4,365
Total Cash Disbursements	<u>\$ 436,481</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2006	<u>0</u>
 Cash Balance, June 30, 2007	<u><u>\$ 0</u></u>

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 18, 2008

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, 2007, which collectively comprise Johnson County's basic financial statements and have issued our report thereon dated January 18, 2008. Our report was modified to include a reference to other auditors. 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. Other auditors audited the financial statements of the Johnson County Emergency Communications District as described in our report on Johnson County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

an opinion on the effectiveness of Johnson County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Johnson County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 07.01 and 07.04.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Johnson County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

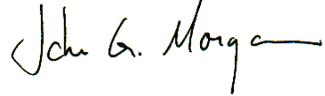
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Johnson County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as items 07.02 and 07.03.

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

This report is intended solely for the information and use of management, the county mayor, director of schools, road superintendent, director of accounts and budget, County Commission, Board of Education, others within Johnson County, 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 flourish at the end.

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 18, 2008

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, 2007. 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 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 of 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, 2007.

Internal Control Over Compliance

The management of Johnson County is responsible for establishing and maintaining effective internal control over compliance with the 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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Johnson County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

Schedule of Expenditures 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 as of and for the year ended June 30, 2007, and have issued our report thereon dated January 18, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Johnson County's basic financial statements. The accompanying Schedule of Expenditures of

Federal Awards 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 management, the county mayor, director of schools, road superintendent, director of accounts and budget, County Commission, Board of Education, others within Johnson County, 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.

Yours very truly,

A handwritten signature in cursive script that reads "John G. Morgan". The signature is written in black ink and includes a long horizontal flourish 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, 2007

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Programs:			
Community Facilities Loans and Grants	10.766	N/A	\$ 35,000
Watershed Protection and Flood Prevention	10.904	68-4741-5-539	52,616
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	N/A	59,038
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	199,432
National School Lunch Program	10.555	N/A	583,852
Passed-through State Department of Human Services:			
Child Nutrition Cluster:			
Summer Food Service Program for Children	10.559	N/A	25,704
Total U.S. Department of Agriculture			<u>\$ 955,642</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-06-12255-00	\$ 74,611
Passed-through State Housing Development Agency:			
HOME Investment Partnerships Program	14.239	HM-05-28	116,113
Total U.S. Department of Housing and Urban Development			<u>\$ 190,724</u>
U.S. Bureau of Land Management, Department of the Interior:			
Direct Programs:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 45,643
Total U.S. Department of Land Management, Department of the Interior			<u>\$ 45,643</u>
U.S. Department of Justice Assistance:			
Passed-through State Department of Finance and Administration:			
Violence Against Women Formula Grants	16.588	Z-00-01453-00	\$ 40,457
Total U.S. Department of Justice Assistance			<u>\$ 40,457</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	Z-07-037547-00	\$ 31,331
Total U.S. Department of Transportation			<u>\$ 31,331</u>
Appalachian Regional Commission:			
Direct Program:			
Appalachian Regional Development	23.001	TN-14650	\$ 57,336
Total U.S. Department of Transportation			<u>\$ 57,336</u>

(Continued)

Johnson County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (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	Q184L030205-04	\$ 192,995
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	739,849
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	511,180
Special Education - Preschool Grants	84.173	N/A	15,036
Vocational Education - Basic Grants to States	84.048	N/A	64,332
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	14,476
Twenty-First Century Community Learning Centers	84.287	(2)	75,000
State Grants for Innovative Programs	84.298	N/A	4,035
Education Technology State Grants	84.318	(2)	18,567
Reading Excellence	84.338	Z-03-011062-01	1,421
Rural Education	84.358	N/A	83,465
Improving Teacher Quality State Grants	84.367	N/A	172,715
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(3)	75,645
Passed-through State Higher Education Commission:			
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	GG-07-12479-00	115,561
Total U.S. Department of Education			\$ 2,084,277
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(4)	\$ 127,890
Total U.S. Election Assistance Commission			\$ 127,890
U.S. Department of Health and Human Services:			
Passed-through State Department of Education:			
Temporary Assistance for Needy Families	93.558	Z-07-0342340-00	\$ 13,639
Passed-through Upper East Tennessee Human Development Agency:			
Head Start	93.600	(2)	490,485
Total U.S. Department of Health and Human Services			\$ 504,124
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance	97.036	Z-05-024732-00	\$ 9,539
Emergency Management Performance Grants	97.042	(5)	19,604
Homeland Security Grant Program	97.067	Z-05-025175-01	130,413
Total U.S. Department of Homeland Security			\$ 159,556
Total Expenditures of Federal Awards			\$ 4,196,980

(Continued)

Johnson County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

<u>Federal/Pass-through Agency/State Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
<u>State Grants</u>			
Juvenile Services Program - State Commission on Children and Youth	N/A	(2)	\$ 9,000
Airport Maintenance - State Department of Transportation	N/A	(2)	3,213
Aging Program - First Tennessee Development District	N/A	(2)	31,742
State Reappraisal - Comptroller of the Treasury	N/A	(2)	8,269
Health Department Nurses Program - State Department of Health	N/A	(2)	141,251
Litter Program - State Department of Transportation	N/A	(2)	29,784
Tennessee Industrial Infrastructure Program - State Department of Economic and Community Development	N/A	(2)	28,051
Library Grant - Secretary of State	N/A	GG-05-11512-00	100,000
Adult Basic Education - State Department of Education	N/A	(2)	25,215
Family Resource Center Grant - State Department of Education	N/A	(2)	33,300
Families First Grant - State Department of Education	N/A	(2)	7,344
Safe Schools Act Grant - State Department of Education	N/A	(2)	15,217
Early Childhood Education Pilot Project - State Department of Education	N/A	(2)	244,746
Lottery for Education Afterschool Programs (LEAPS) - State Department of Education	N/A	(2)	114,248
Coordinated School Health Program - State Department of Education	N/A	(2)	<u>83,549</u>
Total State Grants			<u>\$ 874,929</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) Z-06-027788-00: \$6,755; Z-07-033708-00: \$68,890.
- (4) Z-06-032961-00: \$120,000; Z-07-037400-00: \$7,890.
- (5) Z-06-032878-00: \$4,383; Z-07-026043-00: \$15,221.

Johnson County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2007

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, 2006, which has not been corrected.

OTHER FINDING

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.02	174	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, 2007

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Johnson County is unqualified.
2. The audit of the financial statements of Johnson County disclosed significant deficiencies in internal control. None of these conditions was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Johnson County.
4. The audit disclosed no significant deficiencies 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); Title I Grants to Local Educational Agencies (CFDA No. 84.010); Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173); and Help America Vote Act Requirements Payments (CFDA No. 90.401) were determined to be major programs.
8. A \$300,000 threshold 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 DIRECTOR OF SCHOOLS

FINDING 07.01 THE SCHOOL FEDERAL PROJECTS FUND HAD A CASH OVERDRAFT
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The School Federal Projects Fund had a cash overdraft of \$37,801 at June 30, 2007. This cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. This cash overdraft was liquidated subsequent to June 30, 2007.

RECOMMENDATION

Management should not issue warrants that exceed cash on deposit with the county trustee.

OFFICE OF SHERIFF

FINDING 07.02 DEFICIENCIES EXISTED IN THE SHERIFF'S DEPARTMENT'S BOOKING PROCEDURES
(Noncompliance Under Government Auditing Standards)

In October 2004, the Sheriff's Department installed an electronic imaging fingerprint machine to fingerprint prisoners at the time of their arrest. This machine is designed to electronically store the fingerprint images, generate records of the images taken, and forward the images to the Tennessee Bureau of Investigation (TBI). However, the office did not print the records of the fingerprints taken and review the records for errors and transmission acceptance by the TBI. As a result, the Sheriff's Department was unaware that the machine had not been properly installed and that none of the electronically imaged fingerprints had been transmitted to the TBI. Therefore, the Sheriff's Department was not in compliance with Section 8-4-115, Tennessee Code Annotated (TCA). This statute requires that law enforcement agencies take classifiable fingerprints at the time of a person's arrest and that the agency file the fingerprints with the TBI. It should be noted that the Sheriff's Department, with the assistance of the TBI, has taken steps to correct the problem, and the electronically imaged fingerprints taken since October 2004 have now been transmitted to the TBI.

RECOMMENDATION

The Sheriff's Department should document that all arrestees are fingerprinted, and all fingerprints are filed with the TBI as required by state statute.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 07.03 A CAPITAL OUTLAY NOTE WAS NOT ISSUED IN ACCORDANCE WITH STATE STATUTES
(Noncompliance Under Government Auditing Standards)

County officials issued a \$60,000 capital outlay note to purchase land for a quarry. However, the state director of Local Finance had not approved this capital outlay note as required by Section 9-21-601, Tennessee Code Annotated (TCA). Also, county officials did not file a Report on Debt Obligations with the state director of Local Finance for the capital outlay note within 45 days of its issuance as required by Section 9-21-151, TCA.

RECOMMENDATION

Capital outlay notes should be approved by the state director of Local Finance. Also, county officials should file a Report on Debt Obligations with the state director of Local Finance within 45 days following the debt issuance.

FINDING 07.04 DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF TRUSTEE, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF
(Internal Control – Significant Deficiency 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 programs.

**JOHNSON COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2007**

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