

**ANNUAL FINANCIAL REPORT
JOHNSON COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2008



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ANNUAL FINANCIAL REPORT
JOHNSON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2008

DEPARTMENT OF AUDIT
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State Auditors

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

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Audit Highlights
Annual Financial Report
Johnson County, Tennessee
For the Year Ended June 30, 2008

Scope

We have audited the basic financial statements of Johnson County as of and for the year ended June 30, 2008.

Results

Our report on Johnson County's financial statements is unqualified.

Our audit resulted in three 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 ACCOUNTS AND BUDGETS

- ◆ Material audit adjustments were required for proper financial statement presentation of several funds.

OFFICES OF TRUSTEE AND REGISTER

- ◆ The offices did not review software audit logs.

OTHER FINDING AND RECOMMENDATION

- ◆ 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.

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INTRODUCTORY SECTION

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Johnson County Officials

June 30, 2008

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 Budgets

Board of County Commissioners

Fred Phipps, Chairman	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	

Road Commission

Rhonda Reece, Chairman
Clint Howard
Earl Shull

Board of Education

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

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FINANCIAL SECTION

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**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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INDEPENDENT AUDITOR'S REPORT

February 12, 2009

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, 2008, 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 three percent and 2.2 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, 2008, 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 February 12, 2009, on our consideration of Johnson County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., Johnson County has adopted the provisions of Governmental Accounting Standards Board Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures. Also, as described in Note V.B., the primary government of Johnson County has elected to early implement provisions of Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.

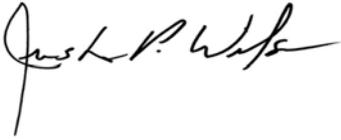
The management of Johnson County did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States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

The budgetary comparison, pension, and postemployment benefits information on pages 75 through 83 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 and the General Debt Service Fund, combining and individual fund financial statements of the Johnson County School Department (a discretely presented component unit), and the miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Johnson County

School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied 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, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke at the beginning.

Justin P. Wilson
Comptroller of the Treasury

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BASIC FINANCIAL STATEMENTS

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Exhibit A

Johnson County, Tennessee
Statement of Net Assets
June 30, 2008

	Primary Government Governmental Activities	Component Units	
		Johnson County School Department	Emergency Communica- tions District
<u>ASSETS</u>			
Cash and Equivalents	\$ 1,102	\$ 2,778	\$ 409,549
Equity in Pooled Cash and Investments	6,613,126	2,398,118	0
Investments	0	0	92,953
Accounts Receivable	24,882	0	14,951
Due from Other Governments	874,718	301,839	7,130
Property Taxes Receivable	2,914,673	2,829,781	0
Allowance for Uncollectible Property Taxes	(79,769)	(77,445)	0
Unamortized Debt Issuance Cost	194,270	0	0
Unamortized Discount on Debt	10,443	0	0
Capital Assets			
Assets Not Depreciated:			
Land	795,478	946,939	4,767
Construction in Progress	0	1,819,484	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	7,589,874	14,444,030	47,451
Infrastructure	1,032,953	1,183,425	0
Machinery and Equipment	0	1,210,937	185,377
Other Capital Assets	475,619	52,648	2,503
Total Assets	<u>\$ 20,447,369</u>	<u>\$ 25,112,534</u>	<u>\$ 764,681</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 73,014	\$ 7,188	\$ 2,244
Accrued Payroll	0	0	3,517
Payroll Deductions Payable	62,534	3,368	4,462
Accrued Leave - Current	0	0	1,145
Cash Overdraft	0	7,011	0
Contracts Payable	0	83,714	0
Retainage Payable	0	4,406	0
Accrued Interest Payable	111,387	0	0
Due to State of Tennessee	3,862	595	0
Deferred Revenue - Current Property Taxes	2,682,106	2,603,987	0
Noncurrent Liabilities:			
Due Within One Year	718,124	55,901	0
Due in More Than One Year (net of deferred amount on refunding)	15,628,754	0	0
Total Liabilities	<u>\$ 19,279,781</u>	<u>\$ 2,766,170</u>	<u>\$ 11,368</u>

(Continued)

Exhibit A

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

	Primary Government <u>Governmental</u> <u>Activities</u>	Component Units	
		<u>Johnson</u> County School Department	<u>Emergency</u> Communica- tions District
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 3,775,122	\$ 0	\$ 0
Invested in Capital Assets	0	19,657,463	240,098
Restricted for:			
Highways	571,426	0	0
Debt Service	4,171,177	0	0
Capital Projects	416,015	49,917	0
Drug Control	129,981	0	0
Solid Waste/Sanitation	37,737	0	0
State and Federal Financial Assistance Programs	0	451,713	0
Alcohol and Drug Treatment	10,905	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	17,182	0	0
Computer System - Register	15,769	0	0
Computer System - Circuit Court	11,484	0	0
Other Purposes	13,951	0	0
Unrestricted	<u>(8,003,161)</u>	<u>2,187,271</u>	<u>513,215</u>
Total Net Assets	<u>\$ 1,167,588</u>	<u>\$ 22,346,364</u>	<u>\$ 753,313</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, 2008

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues					Primary Government		Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Johnson County School Department	Emergency Communications District			
Primary Government:										
Governmental Activities:										
General Government	\$ 639,547	\$ 232,673	\$ 90,371	\$ 0	\$ (316,503)	\$ 0	\$ 0	\$ 0		
Finance	714,517	392,056	8,382	0	(314,079)	0	0	0		
Administration of Justice	567,294	363,107	8,976	15,992	(179,219)	0	0	0		
Public Safety	2,533,114	876,572	91,875	0	(1,564,667)	0	0	0		
Public Health and Welfare	891,236	424,209	308,778	0	(158,249)	0	0	0		
Social, Cultural, and Recreational Services	225,455	0	0	39,498	(185,957)	0	0	0		
Agriculture and Natural Resources	92,383	0	0	0	(92,383)	0	0	0		
Other Operations	1,697,009	450,420	2,443	784,998	(459,148)	0	0	0		
Highways	2,308,042	382,211	1,535,814	156,246	(233,771)	0	0	0		
Education	343,082	0	0	0	(343,082)	0	0	0		
Interest on Long-term Debt	640,797	0	319,717	0	(321,080)	0	0	0		
Debt Service	53,999	0	0	0	(53,999)	0	0	0		
Total Primary Government	\$ 10,706,475	\$ 3,121,248	\$ 2,366,356	\$ 996,734	\$ (4,222,137)	\$ 0	\$ 0	\$ 0		
Component Units:										
Johnson County School Department	\$ 20,956,008	\$ 668,742	\$ 3,334,731	\$ 346,635	\$ 0	\$ (16,605,900)	\$ 0	\$ 0		
Emergency Communications District	410,800	209,930	242,380	0	0	0	0	0		
Total Component Units	\$ 21,366,808	\$ 878,672	\$ 3,577,111	\$ 346,635	\$ 0	\$ (16,605,900)	\$ 0	\$ 0		

(Continued)

Exhibit B

Johnson County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Program Revenues			Primary Government		Component Units
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Johnson County School Department	Emergency Communications District
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 2,002,808	\$ 2,669,147	\$ 0
Property Taxes Levied for Debt Service				747,197	0	0
Local Option Sales Taxes				299,681	714,003	0
Hotel/Motel Tax				13,320	0	0
Wheel Tax				430,168	0	0
Litigation Tax - General				81,592	0	0
Litigation Tax - Special Purpose				9,985	0	0
Litigation Tax - Jail, Workhouse, or Courthouse				22,506	0	0
Business Tax				77,361	0	0
Wholesale Beer Tax				150,997	0	0
Other Local Taxes				2,593	4,243	0
Grants and Contributions Not Restricted to Specific Programs				542,181	12,431,136	0
Unrestricted Investment Income				400,063	8,052	10,519
Miscellaneous				33,430	150,843	593
Gain on Disposal of Capital Assets				14,256	0	0
Total General Revenues				\$ 4,828,138	\$ 15,977,424	\$ 11,112
Change in Net Assets				\$ 606,001	\$ (628,476)	\$ 52,622
Net Assets, July 1, 2007				561,587	22,974,840	700,691
Net Assets, June 30, 2008				\$ 1,167,588	\$ 22,346,364	\$ 753,313

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, 2008

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 1,102	\$ 1,102
Equity in Pooled Cash and Investments	1,857,292	363,760	3,816,531	575,543	6,613,126
Accounts Receivable	14,809	0	0	10,073	24,882
Due from Other Governments	394,345	251,610	170,827	57,936	874,718
Due from Other Funds	43,820	20,771	20,771	0	85,362
Property Taxes Receivable	1,754,464	0	792,338	367,871	2,914,673
Allowance for Uncollectible Property Taxes	(48,016)	0	(21,685)	(10,068)	(79,769)
Total Assets	\$ 4,016,714	\$ 636,141	\$ 4,778,782	\$ 1,002,457	\$ 10,434,094
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 21,355	\$ 15,273	\$ 0	\$ 36,386	\$ 73,014
Payroll Deductions Payable	47,034	15,500	0	0	62,534
Due to Other Funds	41,542	0	0	43,820	85,362
Due to State of Tennessee	1,207	2,655	0	0	3,862
Deferred Revenue - Current Property Taxes	1,614,472	0	729,116	338,518	2,682,106
Deferred Revenue - Delinquent Property Taxes	86,493	0	39,061	18,135	143,689
Other Deferred Revenues	91,199	123,009	93,436	43,438	351,082
Total Liabilities	\$ 1,903,302	\$ 156,437	\$ 861,613	\$ 480,297	\$ 3,401,649
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 97,541	\$ 90,032	\$ 0	\$ 40,055	\$ 227,628
Reserved for Alcohol and Drug Treatment	10,905	0	0	0	10,905
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	17,182	0	0	0	17,182
Reserved for Drug Court	2,929	0	0	0	2,929
Reserved for Sexual Offender Registration	2,770	0	0	0	2,770
Reserved for Courtroom Security	3,509	0	0	0	3,509
Reserved for Computer System - Register	15,769	0	0	0	15,769
Reserved for Automation Purposes - Circuit Court	11,484	0	0	0	11,484
Reserved for Automation Purposes - Sheriff	4,743	0	0	0	4,743
Unreserved, Reported In:					
General Fund	1,946,580	0	0	0	1,946,580
Special Revenue Funds	0	389,672	0	155,483	545,155
Debt Service Funds	0	0	3,917,169	0	3,917,169
Capital Projects Funds	0	0	0	326,622	326,622
Total Fund Balances	\$ 2,113,412	\$ 479,704	\$ 3,917,169	\$ 522,160	\$ 7,032,445
Total Liabilities and Fund Balances	\$ 4,016,714	\$ 636,141	\$ 4,778,782	\$ 1,002,457	\$ 10,434,094

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, 2008

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)		\$	7,032,445
(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: buildings and improvements net of accumulated depreciation		7,589,874	
Add: other capital assets net of accumulated depreciation		475,619	
Add: infrastructure net of accumulated depreciation		<u>1,032,953</u>	9,893,924
(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	\$	(265,403)	
Less: other loans payable		(5,480,000)	
Less: bonds payable		(9,610,000)	
Add: deferred amount on refunding		232,898	
Add: deferred charges - discount on debt		10,443	
Add: deferred charges - debt issuance costs		194,270	
Less: compensated absences payable		(241,958)	
Less: landfill closure/postclosure care costs		(776,772)	
Less: accrued interest on bonds, notes, and other loans payable		(111,387)	
Less: other postemployment benefits		<u>(205,643)</u>	(16,253,552)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>494,771</u>
Net assets (deficit) of governmental activities (Exhibit A)		\$	<u><u>1,167,588</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, 2008

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 2,586,540	\$ 0	\$ 906,802	\$ 348,835	\$ 3,842,177
Licenses and Permits	35,022	0	0	0	35,022
Fines, Forfeitures, and Penalties	70,194	0	0	31,508	101,702
Charges for Current Services	44,223	0	0	422,773	466,996
Other Local Revenues	915,454	5,763	0	69,207	990,424
Fees Received from County Officials	767,534	0	0	0	767,534
State of Tennessee	1,838,406	1,663,783	0	298,323	3,800,512
Federal Government	434,380	11,387	0	40,000	485,767
Other Governments and Citizens Groups	50,387	384,399	319,717	45,750	800,253
Total Revenues	\$ 6,742,140	\$ 2,065,332	\$ 1,226,519	\$ 1,256,396	\$ 11,290,387
<u>Expenditures</u>					
Current:					
General Government	\$ 611,073	\$ 0	\$ 0	\$ 236	\$ 611,309
Finance	671,563	0	0	0	671,563
Administration of Justice	545,292	0	0	0	545,292
Public Safety	2,290,257	0	0	32,122	2,322,379
Public Health and Welfare	337,740	0	0	496,551	834,291
Social, Cultural, and Recreational Services	141,866	0	0	0	141,866
Agriculture and Natural Resources	86,940	0	0	0	86,940
Other Operations	1,181,838	0	0	0	1,181,838
Highways	43,188	2,167,693	0	0	2,210,881
Debt Service:					
Principal on Debt	0	53,765	561,135	0	614,900
Interest on Debt	0	8,131	610,485	0	618,616
Other Debt Service	0	0	53,999	0	53,999
Capital Projects	0	0	0	922,043	922,043
Total Expenditures	\$ 5,909,757	\$ 2,229,589	\$ 1,225,619	\$ 1,450,952	\$ 10,815,917
Excess (Deficiency) of Revenues Over Expenditures					
	\$ 832,383	\$ (164,257)	\$ 900	\$ (194,556)	\$ 474,470
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 8,382	\$ 29,210	\$ 0	\$ 0	\$ 37,592
Transfers In	0	186,973	302,670	0	489,643
Transfers Out	(430,168)	0	0	(59,475)	(489,643)
Total Other Financing Sources (Uses)	\$ (421,786)	\$ 216,183	\$ 302,670	\$ (59,475)	\$ 37,592
Net Change in Fund Balances					
	\$ 410,597	\$ 51,926	\$ 303,570	\$ (254,031)	\$ 512,062
Fund Balance, July 1, 2007	1,702,815	427,778	3,613,599	776,191	6,520,383
Fund Balance, June 30, 2008	\$ 2,113,412	\$ 479,704	\$ 3,917,169	\$ 522,160	\$ 7,032,445

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, 2008

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)		\$ 512,062
<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	\$ 223,186	
Less: current year depreciation expense	<u>(502,542)</u>	(279,356)
<p>(2) 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, 2008	\$ 494,771	
Less: deferred delinquent property taxes and other deferred June 30, 2007	<u>(472,682)</u>	22,089
<p>(3) 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:</p>		
Less: change in deferred debt issuance costs	\$ (11,381)	
Add: principal payments on bonds	400,000	
Add: principal payments on notes	139,900	
Add: principal payments on other loans	75,000	
Less: change in unamortized discount on debt	(555)	
Less: change in deferred amount on refunding debt	(21,492)	
Less: other postemployment benefits	<u>(205,643)</u>	375,829
<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 accrued interest payable	\$ 11,247	
Change in compensated absences payable	(39,979)	
Change in landfill closure/postclosure care costs	<u>4,109</u>	(24,623)
Change in net assets of governmental activities (Exhibit B)		<u>\$ 606,001</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, 2008

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 419,274
Accounts Receivable	3,642
Due from Other Governments	<u>80,875</u>
Total Assets	<u><u>\$ 503,791</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 80,875
Due to Litigants, Heirs, and Others	<u>422,916</u>
Total Liabilities	<u><u>\$ 503,791</u></u>

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

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JOHNSON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2008

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 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.

Johnson County reports the following major governmental funds:

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

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

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

Additionally, Johnson County reports the following fund types:

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

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 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 1.47 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 School Department. 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, other postemployment benefits, 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.

As of June 30, 2008, Johnson County had \$9,217,150 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 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 balance represent tentative management plans that are subject to change. The following table reflects designations on June 30, 2008:

<u>Fund</u>	<u>Purpose</u>	<u>Amount</u>
Discretely Presented Johnson County School Department: General Purpose School Fund	School Age Child Care	\$ 35,683

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 the Community Development/Industrial Park and Other Capital Projects funds 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 in unreserved fund balance of \$24,647 at June 30, 2008. This deficit resulted from a receivable totaling \$43,438 from the Johnson County Library Board being recognized as deferred revenue. This receivable represents the Library Board's share of expenditures for renovations made to the Johnson County Library. This deficit should be liquidated as soon as payment from the Johnson County Library Board is received.

C. Cash Overdraft

The discretely presented School Federal Projects Fund had a cash overdraft of \$7,011 at June 30, 2008. This cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2008.

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, 2008.

B. Capital Assets

Capital assets activity for the year ended June 30, 2008, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 795,478	\$ 0	\$ 0	\$ 795,478
Construction in Progress	1,359,470	102,684	(1,462,154)	0
Total Capital Assets Not Depreciated	\$ 2,154,948	\$ 102,684	\$ (1,462,154)	\$ 795,478
Capital Assets Depreciated:				
Buildings and Improvements	\$ 8,650,131	\$ 1,462,154	\$ 0	\$ 10,112,285
Other Capital Assets	2,665,658	111,502	(94,282)	2,682,878
Infrastructure	1,355,796	9,000	0	1,364,796
Total Capital Assets Depreciated	\$ 12,671,585	\$ 1,582,656	\$ (94,282)	\$ 14,159,959
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,277,241	\$ 245,170	\$ 0	\$ 2,522,411
Other Capital Assets	2,127,508	174,033	(94,282)	2,207,259
Infrastructure	248,504	83,339	0	331,843
Total Accumulated Depreciation	\$ 4,653,253	\$ 502,542	\$ (94,282)	\$ 5,061,513
Total Capital Assets Depreciated, Net	\$ 8,018,332	\$ 1,080,114	\$ 0	\$ 9,098,446
Governmental Activities Capital Assets, Net	\$ 10,173,280	\$ 1,182,798	\$ (1,462,154)	\$ 9,893,924

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

Governmental Activities:

General Government	\$ 44,368
Finance	1,402
Public Safety	162,256
Public Health and Welfare	55,243
Social, Cultural, and Recreational Services	16,274
Other Operations	35,454
Highways/Public Works	<u>187,545</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 502,542</u>

Discretely Presented Johnson County School Department

Governmental Activities:

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 946,939	\$ 0	\$ 0	\$ 946,939
Construction in Progress	315,298	2,469,178	(964,992)	1,819,484
Total Capital Assets Not Depreciated	<u>\$ 1,262,237</u>	<u>\$ 2,469,178</u>	<u>\$ (964,992)</u>	<u>\$ 2,766,423</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 20,416,304	\$ 964,991	\$ 0	\$ 21,381,295
Machinery and Equipment	2,044,012	366,322	(87,025)	2,323,309
Other Capital Assets	447,876	20,170	0	468,046
Infrastructure	2,160,277	0	0	2,160,277
Total Capital Assets Depreciated	<u>\$ 25,068,469</u>	<u>\$ 1,351,483</u>	<u>\$ (87,025)</u>	<u>\$ 26,332,927</u>

Governmental Activities: (Cont.)

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 6,425,636	\$ 511,629	\$ 0	\$ 6,937,265
Machinery and Equipment	1,001,857	194,156	(83,641)	1,112,372
Other Capital Assets	372,742	42,656	0	415,398
Infrastructure	835,591	141,262	0	976,853
Total Accumulated Depreciation	\$ 8,635,826	\$ 889,703	\$ (83,641)	\$ 9,441,888
Total Capital Assets Depreciated, Net	\$ 16,432,643	\$ 461,780	\$ (3,384)	\$ 16,891,039
Governmental Activities Capital Assets, Net	\$ 17,694,880	\$ 2,930,958	\$ (968,376)	\$ 19,657,462

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

Governmental Activities:

Instruction	\$ 670,436
Support Services	217,717
Operation of Non-Instructional Services	<u>1,550</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 889,703</u>

C. Construction Commitments

At June 30, 2008, the discretely presented School Department had uncompleted construction contracts of approximately \$199,396 in the General Purpose School Fund for renovations at the Johnson County Middle School. Funding has been provided for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2008, is as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	\$ 43,820
Highway/Public Works	General	20,771
General Debt Service	General	20,771

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, 2008, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	Highway/ Public Works Fund	General Debt Service Fund
General Fund	\$ 186,973	\$ 243,195
Nonmajor governmental funds	0	59,475
Total	<u>\$ 186,973</u>	<u>\$ 302,670</u>

Discretely Presented Johnson County School Department

Transfer Out	Transfer In
	General Purpose School Fund
Nonmajor governmental funds	\$ 26,652

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 23 years for bonds, up to ten 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, 2008, will be retired from the General Debt Service Fund. Notes included in long-term debt as of June 30, 2008, will be retired from various funds.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2008, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-08
General Obligation Bonds	4.1 to 5.5 %	\$ 9,925,000	\$ 245,000
General Obligation Bonds - Refunding	1.5 to 4.5	1,435,000	970,000
School Refunding Bonds	3 to 4.125	8,535,000	8,395,000
Capital Outlay Notes	0 to 5.25	577,000	265,403
Other Loans	Variable	3,565,000	3,345,000
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, 2008:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-08	Interest Type	Interest Rates as of 6-30-08	Other Fees on Variable Rate Debt
Blount County PBA (Series A-5-B) - variable rate portion	\$ 3,565,000	\$ 3,345,000	Variable	2.25 %	0.471 %
Blount County PBA (Series A-5-B) - swapped portion	2,135,000	<u>2,135,000</u>	Fixed by Swap	4.46	0.471
Total		<u>\$ 5,480,000</u>			

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2008, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2014-2018	2,630,000	1,289,173	3,919,173
2019-2023	3,210,000	726,060	3,936,060
2024-2027	1,550,000	103,427	1,653,427
Total	<u>\$ 9,610,000</u>	<u>\$ 3,839,768</u>	<u>\$ 13,449,768</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2009	\$ 86,347	\$ 5,549	\$ 91,896
2010	89,056	2,841	91,897
2011	30,000	0	30,000
2012	30,000	0	30,000
2013	30,000	0	30,000
Total	<u>\$ 265,403</u>	<u>\$ 8,390</u>	<u>\$ 273,793</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2009	\$ 85,000	\$ 170,483	\$ 25,832	\$ 281,315
2010	85,000	168,571	25,431	279,002
2011	90,000	166,658	25,031	281,689
2012	90,000	164,634	24,606	279,240
2013	115,000	162,609	24,182	301,791
2014-2018	660,000	771,755	112,260	1,544,015
2019-2023	835,000	690,193	95,174	1,620,367
2024-2028	3,520,000	509,821	62,200	4,092,021
Total	\$ 5,480,000	\$ 2,804,724	\$ 394,716	\$ 8,679,440

During the year, the Johnson County School Department contributed \$319,717 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 \$3,917,169 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$549, based on the 2000 federal census. Debt per capita, including bonds, notes, and other loans outstanding totaled \$878, 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, 2008, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.935 %
Variable payment from counterparty	70% of LIBOR	<u>-1.73</u>
Net interest rate swap payments		2.21 %
Variable rate bond payments		<u>2.25</u>
Synthetic interest rate on bonds		<u><u>4.46 %</u></u>

Fair value. As of June 30, 2008, the swap had a negative fair value of \$145,577. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2008, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap become positive the county would be exposed to credit risk in the amount of the fair value of the swap. 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 AA by Standard and Poor's and Aa3 by Moody's Investor Service as of June 30, 2008. 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, 2008, 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	
	Principal	Interest	Rate Swap Payment	Total
2009	\$ 0	\$ 48,038	\$ 47,098	\$ 95,136
2010	0	48,038	47,098	95,136
2011	0	48,038	47,098	95,136
2012	0	48,038	47,098	95,136
2013	0	48,038	47,098	95,136
2014-2018	0	240,188	235,491	475,679
2019-2023	0	240,188	235,491	475,679
2024-2028	2,135,000	216,788	212,548	2,564,336
Total	\$ 2,135,000	\$ 937,354	\$ 919,020	\$ 3,991,374

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2008, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2007	\$ 10,010,000	\$ 405,303	\$ 5,555,000
Deductions	(400,000)	(139,900)	(75,000)
Balance, June 30, 2008	<u>\$ 9,610,000</u>	<u>\$ 265,403</u>	<u>\$ 5,480,000</u>
Balance Due Within One Year	<u>\$ 410,000</u>	<u>\$ 86,347</u>	<u>\$ 85,000</u>

	Compensated Absences	Postclosure Care Costs	Other Post - Employment Benefits
Balance, July 1, 2007	\$ 201,979	\$ 780,881	\$ 0
Additions	130,910	36,990	225,000
Deductions	(90,931)	(41,099)	(19,357)
Balance, June 30, 2008	<u>\$ 241,958</u>	<u>\$ 776,772</u>	<u>\$ 205,643</u>
Balance Due Within One Year	<u>\$ 93,623</u>	<u>\$ 43,154</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilites, June 30, 2008	\$ 16,579,776
Less: Balance Due Within One Year	(718,124)
Less: Deferred Amount on Refunding	<u>(232,898)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 15,628,754</u>

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

Defeasance of Prior Debt

In a 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 defeased bonds as originally scheduled. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2008, the following outstanding bonds are considered defeased:

	<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, 2008, was as follows:

Governmental Activities:	<u>Compensated Absences</u>
Balance, July 1, 2007	\$ 39,591
Additions	63,546
Deductions	<u>(47,236)</u>
Balance, June 30, 2008	<u>\$ 55,901</u>
Balance Due Within One Year	<u>\$ 55,901</u>

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

F. On-Behalf Payments – Discretely Presented Johnson County School Department

The State of Tennessee pays Medicare supplement premiums for retired teachers on-behalf of the Johnson County School Department. The plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2008, were \$6,988. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

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

Johnson County 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 employees' health coverage. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures became effective for the year ended June 30, 2008. Also, as discussed below, the primary government of Johnson County elected to early implement provisions of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.

GASB Statement No. 45 establishes reporting requirements for Other Postemployment Benefits (OPEB). OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (for example, life insurance) when provided separately from a pension plan. This statement establishes standards for the measurement, recognition, and display of OPEB expenses/expenditures and related liabilities (assets), note disclosure, and, if applicable, required supplementary information in the county's financial statements. Johnson County and the discretely presented Johnson County School Department are required to implement the provisions of GASB Statement No. 45 for the year ending June 30, 2009. However, the Johnson County primary government decided to implement GASB Statement No. 45 for the year ended June 30, 2008. In previous years, the Johnson County primary government had only recognized the current year cost (expense) of these benefits. GASB Statement No. 45 was implemented prospectively with a zero net OPEB obligation at transition.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions are sales or collateralized borrowings and provides guidance on how to account for sales or pledges of receivables of future revenues. This statement provides additional guidance for sales of receivables and future revenues within the same reporting entity. This statement also requires governments to disclose, in the notes to the financial statements, the nature of any receivables or future revenues that have been pledged or sold. Tennessee state statutes do not currently allow counties to sell or pledge receivables or sell future revenue streams. Therefore, those provisions of GASB Statement No. 48 that pertain to the sale or pledge of receivables or

sale of future revenue will not apply to Johnson County. GASB Statement No. 48 had no effect on the financial statements of Johnson County for the year ended June 30, 2008, since the county has not pledged any of its future revenues. However, it is reasonably expected that Johnson County may pledge a future revenue stream toward the payment of debt in subsequent years.

GASB Statement No. 50 amends previous guidance concerning pension information. This statement closely aligns the financial reporting requirements for pensions with those for other postemployment benefits and enhances the information disclosed in the notes to the financial statements or presented as required supplementary information for pension plans. This statement requires Johnson County to provide additional and more detailed pension plan note disclosures than in previous years.

C. 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.

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, 2008, was \$776,772. This amount is based on estimates of what it would cost to perform all postclosure care in 2008. 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, 2008.

The Upper East Tennessee Juvenile Detention Center was formed through cooperative agreements between Johnson County and the counties of Carter, Johnson, 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 (TCA), and includes the counties of Claiborne, Cocke, Grainger, Johnson, 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, Johnsonville City, Johnson 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 TCA. 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, 2008, 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, 2008, Johnson County's annual pension cost of \$585,212 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 postretirement 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, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	\$585,212	100%	\$0
6-30-07	562,456	100	0
6-30-06	486,513	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 83.33 percent funded. The actuarial accrued liability for benefits was \$13.93 million, and the actuarial value of assets was \$11.61 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.32 million. The covered payroll (annual payroll of active employees covered by the plan) was \$4.99 million, and the ratio of the UAAL to the covered payroll was 46.53 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

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 SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.treasury.state.tn.us.

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, 2008, was 6.24 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, 2008, 2007, and 2006, were \$531,825, \$518,245, and \$449,689, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

Primary Government

As discussed in Note V.B., the Johnson County primary government early implemented the provisions of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.

Johnson County participates in the state administered Local Government Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-207, Tennessee Code Annotated, for local governments. Prior to reaching age 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance

organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants. The required contribution rate for retirees of the primary government ranges from 19 to 33 percent. During the year ended June 30, 2008, the county contributed \$19,357 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan
	<hr/>
ARC	\$ 225,000
Interest on the NPO	0
Adjustment to the ARC	0
Annual OPEB cost	<hr/> \$ 225,000
Amount of contribution	(19,357)
Increase/decrease in NPO	<hr/> \$ 205,643
Net OPEB obligation, 7-1-07	<hr/> 0
Net OPEB obligation, 6-30-08	<hr/> <hr/> \$ 205,643

Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
<hr/>		<hr/>	<hr/>	<hr/>
6-30-08	Local Government Group	\$ 225,000	9%	\$ 205,643

*Data not available for two proceeding years.

Funding Status and Funding Progress

The funding status of the plan as of June 30, 2008, was as follows:

	<u>Local Government Group Plan</u>
Actuarial valuation date	6-30-07
Actuarial accrued liability (AAL)	\$ 1,623,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 1,623,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 3,024,563
UAAL as of % of covered payroll	54%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the June 30, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare trend rate of six percent after ten years. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

Discretely Presented Johnson County School Department

As discussed in Note V.A., the School Department provides employees health coverage through commercial insurance. The Johnson County School Department provides postretirement 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, 32 individuals participate in the program. During the year, expenditures of \$117,080 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 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. This is the same measurement focus and basis of accounting used by private business enterprises.

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 which 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 their 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. On April 21, 2008, the Board approved the following capitalization policy: \$1,000 or more for office and communication equipment; any amount for vehicles, building, or land.

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.

9. Advertising

The organization expenses advertising costs as incurred. Total advertising expense for the year ended June 30, 2008, was \$600.

B. Property and Equipment

Property and equipment are carried at cost, or in the case of contributed assets, at their 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; 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, 2008, totaled \$46,042.

Property and equipment are composed of the following:

	Capital Assets					Total
	Capital Assets Not Depreciated	Depreciated			Vehicles and Equipment	
		Land	Building	Other Capital Assets		
Balance, 7-1-07	\$ 4,767	\$ 67,822	\$ 5,590	\$ 357,335	\$ 435,514	
Increases	0	3,000	0	14,393	17,393	
Decreases	0	0	0	-35,903	-35,903	
Balance, 6-30-08	\$ 4,767	\$ 70,822	\$ 5,590	\$ 335,825	\$ 417,004	
Accumulated Depreciation:						
Balance, 7-1-07	\$ 0	\$ 21,130	\$ 2,466	\$ 143,171	\$ 166,767	
Increases	0	2,241	621	43,180	46,042	
Decreases	0	0	0	-35,903	-35,903	
Balance, 6-30-08	\$ 0	\$ 23,371	\$ 3,087	\$ 150,448	\$ 176,906	
Capital Assets, Net	\$ 4,767	\$ 47,451	\$ 2,503	\$ 185,377	\$ 240,098	

C. Accounts Receivable

The organization's accounts receivable at June 30, 2008, is comprised of \$14,951 from E-911 surcharges. Due from other governments consists of amounts due from Tennessee Emergency Communications (\$7,130 from ECB wireless revenue).

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, 2008, consist of the following:

Balance at June 30, 2008

Cash - Checking	\$ 338,301
Cash - Savings	<u>71,248</u>
Cash and Cash Equivalents	<u><u>\$ 409,549</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 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.

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, 2008, the carrying amount of the organization's deposits was \$502,504, and the bank balance was \$506,148. 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, 2008, the organization had deposits exceeding the insured limit by \$306,148.

G. Investments

Investments as of June 30, 2008, consist of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Balance, June 30, 2008			
Certificates of Deposit	<u>\$92,953</u>	<u>\$95,953</u>	<u>\$92,953</u>
Investments	<u><u>\$92,953</u></u>	<u><u>\$95,953</u></u>	<u><u>\$92,953</u></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 United States or any of its agencies; obligations of the United States 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. 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.

I. ING Retirement Plan

On January 1, 2008, the organization adopted a 457(b) deferred compensation plan. The organization matches participating employee contributions in a four to one ratio. The organization's matching amount at June 30, 2008, totaled \$3,640, as reflected on the statement of revenues, expenses, and changes in net assets.

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, 2008, 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, 2008, Johnson County ECD's annual pension cost of \$9,578 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, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	\$ 9,578	100 %	\$ 0
6-30-07	9,687	100	0
6-30-06	5,195	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 66.28 percent funded. The actuarial accrued liability for benefits was \$.08 million, and the actuarial value of assets was \$.06 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.03 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.11 million, and the ratio of the UAAL to the covered payroll was 24.76 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

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**

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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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,586,540	\$ 0	\$ 0	\$ 2,586,540	\$ 2,516,411	\$ 2,531,472	\$ 55,068
Licenses and Permits	35,022	0	0	35,022	40,000	40,000	(4,978)
Fines, Forfeitures, and Penalties	70,194	0	0	70,194	41,000	42,056	28,138
Charges for Current Services	44,223	0	0	44,223	2,500	10,880	33,343
Other Local Revenues	915,454	0	0	915,454	812,685	808,960	106,494
Fees Received from County Officials	767,534	0	0	767,534	721,000	721,000	46,534
State of Tennessee	1,838,406	0	0	1,838,406	1,320,240	1,469,681	368,725
Federal Government	434,380	0	0	434,380	40,000	489,565	(55,185)
Other Governments and Citizens Groups	50,387	0	0	50,387	2,000	33,887	16,500
Total Revenues	\$ 6,742,140	\$ 0	\$ 0	\$ 6,742,140	\$ 5,495,836	\$ 6,147,501	\$ 594,639

<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 107,156	\$ (325)	\$ 0	\$ 106,831	\$ 108,382	\$ 108,382	\$ 1,551
Board of Equalization	690	0	0	690	1,200	1,200	510
Other Boards and Committees	5,336	0	0	5,336	5,688	5,688	352
County Mayor/Executive	130,256	(68)	0	130,188	136,261	136,261	6,073
County Attorney	4,948	0	0	4,948	9,500	9,500	4,552
Election Commission	129,791	(410)	1,213	130,594	133,512	135,285	4,691
Register of Deeds	122,140	(2,500)	0	119,640	104,723	125,731	6,091
Development	9,324	0	0	9,324	17,250	17,250	7,926
County Buildings	101,432	(1,227)	4,760	104,965	82,266	108,154	3,189
<u>Finance</u>							
Accounting and Budgeting	161,702	0	0	161,702	162,389	162,389	687
Purchasing	46,877	(1,500)	700	46,077	48,152	48,152	2,075

(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 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Property Assessor's Office	\$ 138,117	\$ 0	\$ 0	\$ 138,117	\$ 154,156	\$ 154,156	\$ 16,039
Reappraisal Program	30,380	0	0	30,380	31,217	31,217	837
County Trustee's Office	104,476	(125)	0	104,351	107,767	107,767	3,416
County Clerk's Office	190,011	0	8	190,019	175,163	191,002	983
<u>Administration of Justice</u>							
Circuit Court	224,684	(1,077)	1,196	224,803	231,099	236,527	11,724
General Sessions Court	116,531	0	0	116,531	116,726	116,726	195
Chancery Court	130,111	(142)	0	129,969	127,528	132,147	2,178
Juvenile Court	73,829	(250)	178	73,757	77,292	77,292	3,535
Courtroom Security	137	0	0	137	0	137	0
<u>Public Safety</u>							
Sheriff's Department	944,103	(4,002)	23,510	963,611	1,014,078	1,040,110	76,499
Administration of the Sexual Offender Registry	2,515	0	0	2,515	0	2,515	0
Jail	1,004,981	(31,799)	27,131	1,000,313	962,022	1,051,377	51,064
Fire Prevention and Control	133,962	0	0	133,962	131,000	133,962	0
Civil Defense	95,195	(5)	0	95,190	82,742	97,012	1,822
Other Emergency Management	66,600	0	0	66,600	66,600	66,600	0
County Coroner/Medical Examiner	1,891	0	0	1,891	2,293	2,293	402
Public Safety Grant Programs	41,010	0	0	41,010	39,856	41,056	46
<u>Public Health and Welfare</u>							
Local Health Center	312,389	(1,958)	672	311,103	321,498	341,819	30,716
Regional Mental Health Center	10,300	0	0	10,300	10,300	10,300	0
Appropriation to State	15,051	0	0	15,051	15,051	15,051	0
General Welfare Assistance	0	0	0	0	1,500	1,500	1,500

(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 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare (Cont.)</u>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 59,508	\$ 0	\$ 0
Sanitation Management							
Social, Cultural, and Recreational Services							
Senior Citizens Assistance	81,063	0	0	81,063	80,407	99,060	17,997
Libraries	30,195	0	0	30,195	30,183	30,195	0
Other Social, Cultural, and Recreational	30,608	(2,250)	0	28,358	29,375	30,875	2,517
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	66,386	(313)	0	66,073	71,337	78,779	12,706
Soil Conservation	20,554	0	0	20,554	20,824	20,824	270
<u>Other Operations</u>							
Tourism	28,797	0	4,696	33,493	550	34,595	1,102
Airport	86,920	(63,326)	160	23,754	16,868	27,337	3,583
Other Charges	470,035	(3)	31,233	501,265	428,500	508,500	7,235
Contributions to Other Agencies	18,518	0	0	18,518	18,518	18,518	0
Employee Benefits	9,854	0	0	9,854	23,100	15,163	5,309
Miscellaneous	567,714	(274)	200	567,640	178,300	661,073	93,433
<u>Highways</u>							
Litter and Trash Collection	43,188	0	1,884	45,072	38,017	45,346	274
Total Expenditures	\$ 5,909,757	\$ (111,554)	\$ 97,541	\$ 5,895,744	\$ 5,472,698	\$ 6,278,823	\$ 383,079
Excess (Deficiency) of Revenues Over Expenditures	\$ 832,383	\$ 111,554	\$ (97,541)	\$ 846,396	\$ 23,138	\$ (131,322)	\$ 977,718
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 8,382	\$ 0	\$ 0	\$ 8,382	\$ 0	\$ 5,808	\$ 2,574

(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 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses) (Cont.)</u>							
Transfers Out	\$ (430,168) \$	0 \$	0 \$	(430,168) \$	(454,250) \$	(454,250) \$	24,082
Total Other Financing Sources (Uses)	\$ (421,786) \$	0 \$	0 \$	(421,786) \$	(454,250) \$	(448,442) \$	26,656
Net Change in Fund Balance	\$ 410,597 \$	111,554 \$	(97,541) \$	424,610 \$	(431,112) \$	(579,764) \$	1,004,374
Fund Balance, July 1, 2007	1,702,815	(111,554)	0	1,591,261	1,502,510	1,502,510	88,751
Fund Balance, June 30, 2008	\$ 2,113,412 \$	0 \$	(97,541) \$	2,015,871 \$	1,071,398 \$	922,746 \$	1,093,125

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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)		Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
Revenues								
Other Local Revenues	\$ 5,763	\$ 0	\$ 0	\$ 5,763	\$ 0	\$ 0	\$ 0	\$ 5,763
State of Tennessee	1,663,783	0	0	1,663,783	1,593,617	1,596,130	1,596,130	67,653
Federal Government	11,387	0	0	11,387	11,000	11,000	11,000	387
Other Governments and Citizens Groups	384,399	0	0	384,399	0	364,215	364,215	20,184
Total Revenues	\$ 2,065,332	\$ 0	\$ 0	\$ 2,065,332	\$ 1,604,617	\$ 1,971,345	\$ 1,971,345	\$ 93,987
Expenditures								
Highways								
Administration	\$ 89,415	(200)	\$ 325	\$ 89,540	\$ 90,305	\$ 92,305	\$ 92,305	\$ 2,765
Highway and Bridge Maintenance	1,011,469	(48,285)	56,177	1,019,361	1,031,367	1,119,467	1,119,467	100,106
Operation and Maintenance of Equipment	341,076	(15,866)	24,000	349,210	268,500	352,235	352,235	3,025
Other Charges	83,814	(440)	0	83,374	89,350	90,713	90,713	7,339
Employee Benefits	71,664	0	0	71,664	71,185	72,685	72,685	1,021
Capital Outlay	570,255	(405)	9,530	579,380	239,883	635,272	635,272	55,892
Principal on Debt								
Highways and Streets	53,765	0	0	53,765	34,545	53,766	53,766	1
Interest on Debt	8,131	0	0	8,131	5,732	8,132	8,132	1
Highways and Streets	2,229,589	(65,196)	90,032	2,254,425	1,830,867	2,424,575	2,424,575	170,150
Total Expenditures	\$ (164,257)	\$ 65,196	(90,032)	(189,093)	(226,250)	(453,230)	(453,230)	\$ 264,137
Excess (Deficiency) of Revenues Over Expenditures								
Other Financing Sources (Uses)	\$ 29,210	0	0	29,210	0	0	0	29,210
Insurance Recovery	186,973	0	0	186,973	226,250	226,250	226,250	(39,277)
Transfers In	216,183	0	0	216,183	226,250	226,250	226,250	(10,067)
Total Other Financing Sources (Uses)	\$ 51,926	\$ 65,196	(90,032)	\$ 27,090	\$ 0	(226,980)	\$ 254,070	\$ 254,070
Net Change in Fund Balance	427,778	(65,196)	0	362,582	351,470	351,470	351,470	11,112
Fund Balance, July 1, 2007	479,704	0	(90,032)	389,672	351,470	124,490	124,490	265,182
Fund Balance, June 30, 2008								

Exhibit E-3

Johnson County, Tennessee
Schedule of Funding Progress – Pension Plan
June 30, 2008

(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)
6-30-07	\$ 11,613	\$ 13,936	2,323	83.33 %	\$ 4,992	46.53 %

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the year; therefore, only the most current year is presented.

Exhibit E-4

Johnson County, Tennessee
Schedule of Funding Progress – Pension Plan
Discretely Presented Johnson County Emergency Communications District
June 30, 2008

(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)
6-30-07	\$ 55	\$ 83	28	66.3 %	\$ 113	24.76 %

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the year; therefore, only the most current year is presented.

Exhibit E-5

Johnson County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
June 30, 2008

(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)
6-30-07	\$ 0	\$ 1,623	\$ 1,623	0%	\$ 3,025	53.65%

Local Government Group Plan

*Data not available for two preceding years.

JOHNSON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2008

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.

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

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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.

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

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

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

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Exhibit F-1

Johnson County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2008

	Special Revenue Funds				Capital Projects Funds					Total Nonmajor Governmental Funds	
	Solid Waste/ Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	General Capital Projects	Community			Other Capital Projects		
						Development/ Industrial Park					
<u>ASSETS</u>											
Cash	\$ 0	\$ 0	\$ 1,102	\$ 1,102	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,102
Equity in Pooled Cash and Investments	63,157	130,764	0	193,921	227,276	142,151	12,195	381,622	575,543	10,073	1,102
Accounts Receivable	10,013	0	60	10,073	0	0	0	0	0	0	10,073
Due from Other Governments	0	0	0	0	14,498	0	43,438	57,936	57,936	0	57,936
Property Taxes Receivable	113,191	0	0	113,191	254,680	0	0	254,680	367,871	0	367,871
Allowance for Uncollectible Property Taxes	(3,098)	0	0	(3,098)	(6,970)	0	0	(6,970)	(10,068)	0	(10,068)
Total Assets	\$ 183,263	\$ 130,764	\$ 1,162	\$ 315,189	\$ 489,484	\$ 142,151	\$ 55,633	\$ 687,268	\$ 1,002,457		
<u>LIABILITIES AND FUND BALANCES</u>											
Liabilities											
Accounts Payable	\$ 36,094	\$ 240	\$ 0	\$ 36,334	\$ 52	\$ 0	\$ 0	\$ 52	\$ 36,386		
Due to Other Funds	5,273	543	1,162	6,978	0	0	36,842	36,842	43,820		
Deferred Revenue - Current Property Taxes	104,159	0	0	104,159	234,359	0	0	234,359	338,518		
Deferred Revenue - Delinquent Property Taxes	5,580	0	0	5,580	12,555	0	0	12,555	18,135		
Other Deferred Revenues	0	0	0	0	0	0	43,438	43,438	43,438		
Total Liabilities	\$ 151,106	\$ 783	\$ 1,162	\$ 153,051	\$ 246,966	\$ 0	\$ 80,280	\$ 327,246	\$ 480,297		
Fund Balances											
Reserved for Encumbrances	\$ 6,655	\$ 0	\$ 0	\$ 6,655	\$ 33,400	\$ 0	\$ 0	\$ 33,400	\$ 40,055		
Unreserved (Deficit)	25,502	129,981	0	155,483	209,118	142,151	(24,647)	326,622	482,105		
Total Fund Balances	\$ 32,157	\$ 129,981	\$ 0	\$ 162,138	\$ 242,518	\$ 142,151	\$ (24,647)	\$ 360,022	\$ 522,160		
Total Liabilities and Fund Balances	\$ 183,263	\$ 130,764	\$ 1,162	\$ 315,189	\$ 489,484	\$ 142,151	\$ 55,633	\$ 687,268	\$ 1,002,457		

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, 2008

	Special Revenue Funds				Capital Projects Funds				Total Nonmajor Governmental Funds	
	Solid Waste / Sanitation	Drug Control	Constituti- onal Officers - Fees	Total	General Capital Projects	Community		Other Capital Projects		Total
						Development/ Industrial Park	Other			
<u>Revenues</u>										
Local Taxes	\$ 107,362	\$ 0	\$ 0	\$ 107,362	\$ 241,473	\$ 0	\$ 0	\$ 241,473	\$ 348,835	
Fines, Forfeitures, and Penalties	0	31,508	0	31,508	0	0	0	0	31,508	
Charges for Current Services	422,537	0	236	422,773	0	0	0	0	422,773	
Other Local Revenues	11,672	341	0	12,013	0	57,000	194	57,194	69,207	
State of Tennessee	4,608	0	0	4,608	14,498	269,217	10,000	293,715	298,323	
Federal Government	0	0	0	0	0	40,000	0	40,000	40,000	
Other Governments and Citizens Groups	0	0	0	0	10,000	30,750	5,000	45,750	45,750	
Total Revenues	\$ 546,179	\$ 31,849	\$ 236	\$ 578,264	\$ 265,971	\$ 396,967	\$ 15,194	\$ 678,132	\$ 1,256,396	
<u>Expenditures</u>										
Current:										
General Government	\$ 0	\$ 0	\$ 236	\$ 236	\$ 0	\$ 0	\$ 0	\$ 0	\$ 236	
Public Safety	0	32,122	0	32,122	0	0	0	0	32,122	
Public Health and Welfare	496,551	0	0	496,551	0	0	0	0	496,551	
Capital Projects	0	0	0	0	404,760	479,717	37,566	922,043	922,043	
Total Expenditures	\$ 496,551	\$ 32,122	\$ 236	\$ 528,909	\$ 404,760	\$ 479,717	\$ 37,566	\$ 922,043	\$ 1,450,952	
Excess (Deficiency) of Revenues Over Expenditures	\$ 49,628	\$ (273)	\$ 0	\$ 49,355	\$ (138,789)	\$ (82,750)	\$ (22,372)	\$ (243,911)	\$ (194,556)	
<u>Other Financing Sources (Uses)</u>										
Transfers Out	\$ (59,475)	\$ 0	\$ 0	\$ (59,475)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (59,475)	
Total Other Financing Sources (Uses)	\$ (59,475)	\$ 0	\$ 0	\$ (59,475)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (59,475)	
Net Change in Fund Balances Fund Balance, July 1, 2007	\$ (9,847)	\$ (273)	\$ 0	\$ (10,120)	\$ (138,789)	\$ (82,750)	\$ (22,372)	\$ (243,911)	\$ (254,031)	
Fund Balance, July 1, 2007	42,004	130,254	0	172,258	381,307	224,901	(2,275)	603,933	776,191	
Fund Balance, June 30, 2008	\$ 32,157	\$ 129,981	\$ 0	\$ 162,138	\$ 242,518	\$ 142,151	\$ (24,647)	\$ 360,022	\$ 522,160	

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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 107,362	\$ 0	\$ 0	\$ 107,362	\$ 104,482	\$ 104,482	\$ 2,880
Charges for Current Services	422,537	0	0	422,537	397,800	397,800	24,737
Other Local Revenues	11,672	0	0	11,672	0	6,000	5,672
State of Tennessee	4,608	0	0	4,608	0	0	4,608
Total Revenues	\$ 546,179	\$ 0	\$ 0	\$ 546,179	\$ 502,282	\$ 508,282	\$ 37,897
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Management	\$ 496,551	(389)	6,655	502,817	485,568	512,091	9,274
Total Expenditures	\$ 496,551	(389)	6,655	502,817	485,568	512,091	9,274
Excess (Deficiency) of Revenues Over Expenditures	\$ 49,628	389	(6,655)	43,362	16,714	(3,809)	47,171
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (59,475)	0	0	(59,475)	0	(59,477)	2
Total Other Financing Sources (Uses)	\$ (59,475)	0	0	(59,475)	0	(59,477)	2
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ (9,847)	389	(6,655)	(16,113)	16,714	(63,286)	47,173
	42,004	(389)	0	41,615	41,117	41,117	498
Fund Balance, June 30, 2008	\$ 32,157	0	(6,655)	25,502	57,831	(22,169)	47,671

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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 31,508	\$ 17,500	\$ 17,500	\$ 14,008
Other Local Revenues	341	0	0	341
Total Revenues	<u>\$ 31,849</u>	<u>\$ 17,500</u>	<u>\$ 17,500</u>	<u>\$ 14,349</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 32,122	\$ 10,000	\$ 39,650	\$ 7,528
Total Expenditures	<u>\$ 32,122</u>	<u>\$ 10,000</u>	<u>\$ 39,650</u>	<u>\$ 7,528</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (273)</u>	<u>\$ 7,500</u>	<u>\$ (22,150)</u>	<u>\$ 21,877</u>
Net Change in Fund Balance	\$ (273)	\$ 7,500	\$ (22,150)	\$ 21,877
Fund Balance, July 1, 2007	<u>130,254</u>	<u>130,254</u>	<u>130,254</u>	<u>0</u>
Fund Balance, June 30, 2008	<u><u>\$ 129,981</u></u>	<u><u>\$ 137,754</u></u>	<u><u>\$ 108,104</u></u>	<u><u>\$ 21,877</u></u>

Exhibit F-5

Johnson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Capital Projects Fund
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 241,473	\$ 0	\$ 0	\$ 241,473	\$ 232,423	\$ 232,423	\$ 9,050
State of Tennessee	14,498	0	0	14,498	0	0	14,498
Other Governments and Citizens Groups	10,000	0	0	10,000	0	10,000	0
Total Revenues	\$ 265,971	\$ 0	\$ 0	\$ 265,971	\$ 232,423	\$ 242,423	\$ 23,548
<u>Expenditures</u>							
<u>Capital Projects</u>							
General Administration Projects	\$ 4,776	\$ 0	\$ 33,000	\$ 37,776	\$ 203,000	\$ 38,000	\$ 224
Social, Cultural, and Recreation Projects	27,685	0	400	28,085	0	29,162	1,077
Other General Government Projects	29,217	(11,459)	0	17,758	0	106,424	88,666
Education Capital Projects	343,082	(137,760)	0	205,322	0	205,323	1
Total Expenditures	\$ 404,760	\$ (149,219)	\$ 33,400	\$ 288,941	\$ 203,000	\$ 378,909	\$ 89,968
Excess (Deficiency) of Revenues Over Expenditures	\$ (138,789)	\$ 149,219	\$ (33,400)	\$ (22,970)	\$ 29,423	\$ (136,486)	\$ 113,516
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ (138,789)	\$ 149,219	\$ (33,400)	\$ (22,970)	\$ 29,423	\$ (136,486)	\$ 113,516
	381,307	(149,219)	0	232,088	320,617	320,617	(88,529)
Fund Balance, June 30, 2008	\$ 242,518	\$ 0	\$ (33,400)	\$ 209,118	\$ 350,040	\$ 184,131	\$ 24,987

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Major Governmental Fund

General Debt Service Fund

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

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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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 906,802	\$ 1,526,627	\$ 812,624	\$ 94,178
Other Local Revenues	0	0	99,750	(99,750)
Other Governments and Citizens Groups	319,717	0	319,717	0
Total Revenues	<u>\$ 1,226,519</u>	<u>\$ 1,526,627</u>	<u>\$ 1,232,091</u>	<u>\$ (5,572)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 161,135	\$ 44,576	\$ 205,711	\$ 44,576
Education	400,000	792,262	400,000	0
<u>Interest on Debt</u>				
General Government	218,224	23,703	241,927	23,703
Education	392,261	0	392,262	1
<u>Other Debt Service</u>				
General Government	51,896	324,000	124,101	72,205
Education	2,103	715,000	8,497	6,394
Total Expenditures	<u>\$ 1,225,619</u>	<u>\$ 1,899,541</u>	<u>\$ 1,372,498</u>	<u>\$ 146,879</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 900	\$ (372,914)	\$ (140,407)	\$ 141,307
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 302,670	\$ 547,717	\$ 228,000	\$ 74,670
Total Other Financing Sources (Uses)	<u>\$ 302,670</u>	<u>\$ 547,717</u>	<u>\$ 228,000</u>	<u>\$ 74,670</u>
Net Change in Fund Balance	\$ 303,570	\$ 174,803	\$ 87,593	\$ 215,977
Fund Balance, July 1, 2007	<u>3,613,599</u>	<u>4,050,298</u>	<u>4,050,298</u>	<u>(436,699)</u>
Fund Balance, June 30, 2008	<u>\$ 3,917,169</u>	<u>\$ 4,225,101</u>	<u>\$ 4,137,891</u>	<u>\$ (220,722)</u>

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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.

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Exhibit H-1

Johnson County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2008

	<u>Agency Funds</u>		
	Cities -	Constitu-	
	Sales	tional	
	Tax	Officers -	
		Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 419,274	\$ 419,274
Accounts Receivable	0	3,642	3,642
Due from Other Governments	80,875	0	80,875
Total Assets	<u>\$ 80,875</u>	<u>\$ 422,916</u>	<u>\$ 503,791</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 80,875	\$ 0	\$ 80,875
Due to Litigants, Heirs, and Others	0	422,916	422,916
Total Liabilities	<u>\$ 80,875</u>	<u>\$ 422,916</u>	<u>\$ 503,791</u>

Exhibit H-2

Johnson County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2008

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 446,619	\$ 446,619	\$ 0
Due from Other Governments	76,768	80,875	76,768	80,875
Total Assets	\$ 76,768	\$ 527,494	\$ 523,387	\$ 80,875
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 76,768	\$ 527,494	\$ 523,387	\$ 80,875
Total Liabilities	\$ 76,768	\$ 527,494	\$ 523,387	\$ 80,875
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 437,594	\$ 3,703,006	\$ 3,721,326	\$ 419,274
Accounts Receivable	0	3,642	0	3,642
Total Assets	\$ 437,594	\$ 3,706,648	\$ 3,721,326	\$ 422,916
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 437,594	\$ 3,706,648	\$ 3,721,326	\$ 422,916
Total Liabilities	\$ 437,594	\$ 3,706,648	\$ 3,721,326	\$ 422,916
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 437,594	\$ 3,703,006	\$ 3,721,326	\$ 419,274
Equity in Pooled Cash and Investments	0	446,619	446,619	0
Accounts Receivable	0	3,642	0	3,642
Due from Other Governments	76,768	80,875	76,768	80,875
Total Assets	\$ 514,362	\$ 4,234,142	\$ 4,244,713	\$ 503,791
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 76,768	\$ 527,494	\$ 523,387	\$ 80,875
Due to Litigants, Heirs, and Others	437,594	3,706,648	3,721,326	422,916
Total Liabilities	\$ 514,362	\$ 4,234,142	\$ 4,244,713	\$ 503,791

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.

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Exhibit I-1

Johnson County, Tennessee
Statement of Activities
Discretely Presented Johnson County School Department
For the Year Ended June 30, 2008

Functions/Programs	Program Revenues			Charges for Services	Capital Grants and Contributions		Net Expense (Revenue) and Changes in Net Assets Total Governmental Activities
	Expenses	Operating Grants and Contributions					
Governmental Activities:							
Instruction	\$ 11,800,692	\$ 84,751	\$ 2,362,497	\$ 0	\$ 0	\$ (9,353,444)	
Support Services	7,080,083	161,945	60,288	343,083		(6,514,767)	
Operation of Non-Instructional Services	1,755,516	422,046	911,946	3,552		(417,972)	
Other Debt Service	319,717	0	0	0		(319,717)	
Total Governmental Activities	\$ 20,956,008	\$ 668,742	\$ 3,334,731	\$ 346,635	\$ (16,605,900)		
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$ 2,669,147		
Local Option Sales Taxes					714,003		
Interstate Telecommunications Tax					4,243		
Grants and Contributions Not Restricted for Specific Programs					12,431,136		
Unrestricted Investment Income					8,052		
Miscellaneous					150,843		
Total General Revenues					\$ 15,977,424		
Change in Net Assets					\$ (628,476)		
Net Assets, July 1, 2007					22,974,840		
Net Assets, June 30, 2008					\$ 22,346,364		

Exhibit I-2

Johnson County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Johnson County School Department
June 30, 2008

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total Govern- mental Funds</u>
	General Purpose School	Other Govern- mental Funds	
<u>ASSETS</u>			
Cash	\$ 2,778	\$ 0	\$ 2,778
Equity in Pooled Cash and Investments	2,166,958	231,160	2,398,118
Due from Other Governments	148,652	153,187	301,839
Property Taxes Receivable	2,829,781	0	2,829,781
Allowance for Uncollectible Property Taxes	(77,445)	0	(77,445)
Total Assets	\$ 5,070,724	\$ 384,347	\$ 5,455,071
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 7,018	\$ 170	\$ 7,188
Payroll Deductions Payable	3,350	18	3,368
Cash Overdraft	0	7,011	7,011
Contracts Payable	83,714	0	83,714
Retainage Payable	4,406	0	4,406
Due to State of Tennessee	491	104	595
Deferred Revenue - Current Property Taxes	2,603,987	0	2,603,987
Deferred Revenue - Delinquent Property Taxes	139,506	0	139,506
Other Deferred Revenues	384	0	384
Total Liabilities	\$ 2,842,856	\$ 7,303	\$ 2,850,159
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 484,547	\$ 16,808	\$ 501,355
Reserved for Vocational Projects	41,902	0	41,902
Other Local Education Reserves	32,783	0	32,783
Reserved for Career Ladder - Extended Contract	10,733	0	10,733
Reserved for Career Ladder Program	11,872	0	11,872
Reserved for Early Childhood Education	7,418	0	7,418
Reserved for Basic Education Program	19,878	0	19,878
Reserved for Title I Grants to Local Education Agencies	0	44,021	44,021
Reserved for Innovative Education Program Strategies	0	7	7
Reserved for Special Education - Grants to States	0	14,893	14,893
Unreserved, Reported In:			
General Fund	1,618,735	0	1,618,735
Special Revenue Funds	0	251,398	251,398
Capital Projects Funds	0	49,917	49,917
Total Fund Balances	\$ 2,227,868	\$ 377,044	\$ 2,604,912
Total Liabilities and Fund Balances	\$ 5,070,724	\$ 384,347	\$ 5,455,071

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, 2008

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)		\$	2,604,912
(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		1,819,484	
Add: buildings and improvements net of accumulated depreciation		14,444,030	
Add: other capital assets net of accumulated depreciation		1,263,585	
Add: infrastructure net of accumulated depreciation		<u>1,183,425</u>	19,657,463
(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 payable			(55,901)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			
			<u>139,890</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>22,346,364</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, 2008

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 3,404,411	\$ 0	\$ 3,404,411
Licenses and Permits	2,493	0	2,493
Charges for Current Services	314,133	318,609	632,742
Other Local Revenues	185,718	11,652	197,370
State of Tennessee	12,560,111	0	12,560,111
Federal Government	187,367	2,909,757	3,097,124
Total Revenues	<u>\$ 16,654,233</u>	<u>\$ 3,240,018</u>	<u>\$ 19,894,251</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 9,420,690	\$ 1,445,967	\$ 10,866,657
Support Services	6,268,297	595,415	6,863,712
Operation of Non-Instructional Services	506,505	1,179,517	1,686,022
Capital Outlay	2,774,047	0	2,774,047
Debt Service:			
Other Debt Service	319,717	0	319,717
Total Expenditures	<u>\$ 19,289,256</u>	<u>\$ 3,220,899</u>	<u>\$ 22,510,155</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (2,635,023)</u>	<u>\$ 19,119</u>	<u>\$ (2,615,904)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 18,400	\$ 75	\$ 18,475
Transfers In	26,652	0	26,652
Transfers Out	0	(26,652)	(26,652)
Total Other Financing Sources (Uses)	<u>\$ 45,052</u>	<u>\$ (26,577)</u>	<u>\$ 18,475</u>
Net Change in Fund Balances	\$ (2,589,971)	\$ (7,458)	\$ (2,597,429)
Fund Balance, July 1, 2007	4,817,839	384,502	5,202,341
Fund Balance, June 30, 2008	<u>\$ 2,227,868</u>	<u>\$ 377,044</u>	<u>\$ 2,604,912</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, 2008

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)		\$ (2,597,429)
(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	\$ 2,512,587	
Less: current year depreciation expense	<u>(889,703)</u>	1,622,884
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.		
Add: assets donated and capitalized	\$ 343,083	
Less: capital assets disposed	<u>(87,025)</u>	
Add: decrease in accumulated depreciation for capital assets disposed	<u>83,641</u>	339,699
(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, 2008	\$ 139,890	
Less: deferred delinquent property taxes and other deferred June 30, 2007	<u>(117,210)</u>	22,680
(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.		
Change in compensated absences payable		<u>(16,310)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (628,476)</u>

Johnson County, Tennessee
 Combining Balance Sheet - Nonmajor Governmental Funds
 Discretely Presented Johnson County School Department
 June 30, 2008

	Special Revenue Funds			Total	Capital Projects Fund		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Other Education Special Revenue		Education Capital Projects		
\$	0	176,540	4,703	181,243	49,917		231,160
	83,000	70,187	0	153,187	0		153,187
\$	83,000	246,727	4,703	334,430	49,917		384,347

ASSETS

Equity in Pooled Cash and Investments
 Due from Other Governments

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable
 Payroll Deductions Payable
 Cash Overdraft
 Due to State of Tennessee
 Total Liabilities

\$	170	0	0	170	0		170
	6	0	12	18	0		18
	7,011	0	0	7,011	0		7,011
	84	0	20	104	0		104
\$	7,271	0	32	7,303	0		7,303

Fund Balances

Reserved for Encumbrances
 Reserved for Title I Grants to Local Education Agencies
 Reserved for Innovative Education Program Strategies
 Reserved for Special Education - Grants to States
 Unreserved
 Total Fund Balances

\$	16,808	0	0	16,808	0		16,808
	44,021	0	0	44,021	0		44,021
	7	0	0	7	0		7
	14,893	0	0	14,893	0		14,893
\$	75,729	246,727	4,671	251,398	49,917		301,315
		246,727	4,671	327,127	49,917		377,044

Total Liabilities and Fund Balances

\$	83,000	246,727	4,703	334,430	49,917		384,347
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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, 2008

	Special Revenue Funds				Total	Capital Projects Fund		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Education Special Revenue	Other		Education Capital Projects		
<u>Revenues</u>								
Charges for Current Services	\$ 0	\$ 318,609	\$ 0	\$ 0	\$ 318,609	\$ 0	\$ 0	\$ 318,609
Other Local Revenues	0	8,036	3,600		11,636	16		11,652
Federal Government	1,572,269	829,828	507,660		2,909,757	0		2,909,757
Total Revenues	\$ 1,572,269	\$ 1,156,473	\$ 511,260	\$ 0	\$ 3,240,002	\$ 16	\$ 0	\$ 3,240,018
<u>Expenditures</u>								
Current:								
Instruction	\$ 1,087,105	\$ 0	\$ 358,862	\$ 0	\$ 1,445,967	\$ 0	\$ 0	\$ 1,445,967
Support Services	432,545	9,726	153,144		595,415	0		595,415
Operation of Non-Instructional Services	0	1,179,517	0		1,179,517	0		1,179,517
Total Expenditures	\$ 1,519,650	\$ 1,189,243	\$ 512,006	\$ 0	\$ 3,220,899	\$ 0	\$ 0	\$ 3,220,899
Excess (Deficiency) of Revenues Over Expenditures	\$ 52,619	\$ (32,770)	\$ (746)	\$ 0	\$ 19,103	\$ 16	\$ 0	\$ 19,119
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 0	\$ 0	\$ 75	\$ 0	\$ 75	\$ 0	\$ 0	\$ 75
Transfers Out	(26,652)	0	0		(26,652)	0		(26,652)
Total Other Financing Sources (Uses)	\$ (26,652)	\$ 0	\$ 75	\$ 0	\$ (26,577)	\$ 0	\$ 0	\$ (26,577)
Net Change in Fund Balances	\$ 25,967	\$ (32,770)	\$ (671)	\$ 0	\$ (7,474)	\$ 16	\$ 0	\$ (7,458)
Fund Balance, July 1, 2007	49,762	279,497	5,342		334,601	49,901		384,502
Fund Balance, June 30, 2008	\$ 75,729	\$ 246,727	\$ 4,671	\$ 0	\$ 327,127	\$ 49,917	\$ 0	\$ 377,044

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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 3,404,411	\$ 0	\$ 0	\$ 3,404,411	\$ 3,337,811	\$ 3,337,811	\$ 66,600
Licenses and Permits	2,493	0	0	2,493	2,000	2,000	493
Charges for Current Services	314,133	0	0	314,133	188,900	335,171	(21,038)
Other Local Revenues	185,718	0	0	185,718	92,400	178,118	7,600
State of Tennessee	12,560,111	0	0	12,560,111	12,380,787	12,742,335	(182,224)
Federal Government	187,367	0	0	187,367	193,579	197,475	(10,108)
Total Revenues	\$ 16,654,233	\$ 0	\$ 0	\$ 16,654,233	\$ 16,195,477	\$ 16,792,910	\$ (138,677)

Expenditures

Instruction							
Regular Instruction Program	\$ 7,016,057	\$ (150,380)	\$ 153,806	\$ 7,019,483	\$ 7,033,560	\$ 7,240,495	\$ 221,012
Alternative Instruction Program	173,089	(286)	3,701	176,504	204,685	203,575	27,071
Special Education Program	1,090,415	(4,535)	1,127	1,087,007	1,104,996	1,114,406	27,399
Vocational Education Program	1,009,209	(7,000)	5,333	1,007,542	1,007,474	1,083,526	75,984
Student Body Education Program	63,329	(3,960)	8,603	67,972	69,850	69,850	1,878
Adult Education Program	68,591	(200)	0	68,391	53,041	68,908	517
Support Services							
Attendance	66,290	0	0	66,290	67,518	67,570	1,280
Health Services	241,009	(363)	11,987	252,633	223,029	256,648	4,015
Other Student Support	361,689	(26,900)	6,662	341,451	226,623	486,823	145,372
Regular Instruction Program	734,604	(2,107)	16,132	748,629	699,960	775,419	26,790
Alternative Instruction Program	0	0	0	0	1,500	1,500	1,500
Special Education Program	130,981	0	0	130,981	136,795	137,951	6,970
Vocational Education Program	81,813	0	0	81,813	84,788	84,908	3,095
Adult Programs	64,382	(410)	0	63,972	60,224	64,177	205

(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 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Other Programs	\$ 6,988	\$ 0	\$ 0	\$ 6,988	\$ 0	\$ 6,988	\$ 0
Board of Education	406,955	(1,884)	600	405,671	416,166	436,683	31,012
Director of Schools	189,020	(5,336)	1,184	184,868	181,457	186,975	2,107
Office of the Principal	1,111,251	(2,552)	4,761	1,113,460	1,102,920	1,134,538	21,078
Fiscal Services	87,588	0	0	87,588	88,400	88,500	912
Human Services/Personnel	56,551	0	0	56,551	57,282	57,392	841
Operation of Plant	1,603,842	(10,445)	3,610	1,597,007	1,483,529	1,605,379	8,372
Maintenance of Plant	261,571	(22,111)	7,029	246,489	232,301	258,477	11,988
Transportation	813,873	(22,463)	15,567	806,977	831,084	868,321	61,344
Central and Other	49,890	(1,322)	1,878	50,446	54,986	54,986	4,540
<u>Operation of Non-Instructional Services</u>							
Food Service	97,852	0	0	97,852	98,251	98,264	412
Community Services	122,698	0	159	122,857	73,700	128,803	5,946
Early Childhood Education	285,955	(4,764)	9,948	291,139	289,896	296,946	5,807
<u>Capital Outlay</u>							
Regular Capital Outlay	2,774,047	(716,647)	232,460	2,289,860	2,168,992	2,414,030	124,170
Other Debt Service							
Education	319,717	0	0	319,717	319,717	319,717	0
Total Expenditures	\$ 19,289,256	\$ (983,665)	\$ 484,547	\$ 18,790,138	\$ 18,372,724	\$ 19,611,755	\$ 821,617
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,635,023)	\$ 983,665	\$ (484,547)	\$ (2,135,905)	\$ (2,177,247)	\$ (2,818,845)	\$ 682,940

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 18,400	\$ 0	\$ 0	\$ 18,400	\$ 0	\$ 18,400	\$ 0
Transfers In	26,652	0	0	26,652	35,755	10,843	15,809
Total Other Financing Sources (Uses)	\$ 45,052	\$ 0	\$ 0	\$ 45,052	\$ 35,755	\$ 29,243	\$ 15,809
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ (2,589,971)	\$ 983,665	\$ (484,547)	\$ (2,090,853)	\$ (2,141,492)	\$ (2,789,602)	\$ 698,749
	4,817,839	(983,665)	0	3,834,174	3,899,988	3,899,988	(65,814)
Fund Balance, June 30, 2008	\$ 2,227,868	\$ 0	\$ (484,547)	\$ 1,743,321	\$ 1,758,496	\$ 1,110,386	\$ 632,935

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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 1,572,269	\$ 0	\$ 0	\$ 1,572,269	\$ 1,622,811	\$ 1,601,784	\$ (29,515)
Total Revenues	\$ 1,572,269	\$ 0	\$ 0	\$ 1,572,269	\$ 1,622,811	\$ 1,601,784	\$ (29,515)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 637,620	\$ (21,307)	\$ 8,876	\$ 625,189	\$ 676,964	\$ 663,978	\$ 38,789
Special Education Program	412,916	(45)	0	412,871	430,409	433,287	20,416
Vocational Education Program	36,569	(383)	6,831	43,017	37,930	43,017	0
<u>Support Services</u>							
Health Services	12,385	0	0	12,385	13,723	13,723	1,338
Other Student Support	178,529	(10,367)	0	168,162	192,005	183,022	14,860
Regular Instruction Program	176,449	(4,453)	1,101	173,097	172,392	174,613	1,516
Special Education Program	2,999	0	0	2,999	6,760	6,760	3,761
Vocational Education Program	7,944	0	0	7,944	8,000	7,944	0
Board of Education	2,507	0	0	2,507	2,870	2,843	336
Transportation	51,732	0	0	51,732	51,732	51,732	0
Total Expenditures	\$ 1,519,650	\$ (36,555)	\$ 16,808	\$ 1,499,903	\$ 1,592,785	\$ 1,580,919	\$ 81,016
Excess (Deficiency) of Revenues Over Expenditures	\$ 52,619	\$ 36,555	\$ (16,808)	\$ 72,366	\$ 30,026	\$ 20,865	\$ 51,501
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (26,652)	\$ 0	\$ 0	\$ (26,652)	\$ (43,232)	\$ (29,503)	\$ 2,851
Total Other Financing Sources (Uses)	\$ (26,652)	\$ 0	\$ 0	\$ (26,652)	\$ (43,232)	\$ (29,503)	\$ 2,851
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ 25,967	\$ 36,555	\$ (16,808)	\$ 45,714	\$ (13,206)	\$ (8,638)	\$ 54,352
	49,762	(36,555)	0	13,207	13,206	8,638	4,569
Fund Balance, June 30, 2008	\$ 75,729	\$ 0	\$ (16,808)	\$ 58,921	\$ 0	\$ 0	\$ 58,921

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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 318,609	\$ 355,000	\$ 355,000	\$ (36,391)
Other Local Revenues	8,036	10,000	10,000	(1,964)
Federal Government	829,828	899,138	899,138	(69,310)
Total Revenues	<u>\$ 1,156,473</u>	<u>\$ 1,264,138</u>	<u>\$ 1,264,138</u>	<u>\$ (107,665)</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 9,726	\$ 26,678	\$ 26,678	\$ 16,952
<u>Operation of Non-Instructional Services</u>				
Food Service	1,179,517	1,237,460	1,237,460	57,943
Total Expenditures	<u>\$ 1,189,243</u>	<u>\$ 1,264,138</u>	<u>\$ 1,264,138</u>	<u>\$ 74,895</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (32,770)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (32,770)</u>
Net Change in Fund Balance	\$ (32,770)	\$ 0	\$ 0	\$ (32,770)
Fund Balance, July 1, 2007	<u>279,497</u>	<u>279,480</u>	<u>279,480</u>	<u>17</u>
Fund Balance, June 30, 2008	<u>\$ 246,727</u>	<u>\$ 279,480</u>	<u>\$ 279,480</u>	<u>\$ (32,753)</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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 3,600	\$ 3,600	\$ 3,600	\$ 0
Federal Government	507,660	484,618	562,656	(54,996)
Total Revenues	\$ 511,260	\$ 488,218	\$ 566,256	\$ (54,996)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 358,862	\$ 336,525	\$ 400,201	\$ 41,339
<u>Support Services</u>				
Attendance	59,586	57,719	66,719	7,133
Health Services	13,951	13,486	15,246	1,295
Regular Instruction Program	77,233	76,143	80,373	3,140
Board of Education	2,374	2,295	2,405	31
Total Expenditures	\$ 512,006	\$ 486,168	\$ 564,944	\$ 52,938
Excess (Deficiency) of Revenues Over Expenditures	\$ (746)	\$ 2,050	\$ 1,312	\$ (2,058)
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 75	\$ 0	\$ 75	\$ 0
Transfers In	0	0	1,263	(1,263)
Transfers Out	0	(2,050)	(2,650)	2,650
Total Other Financing Sources (Uses)	\$ 75	\$ (2,050)	\$ (1,312)	\$ 1,387
Net Change in Fund Balance	\$ (671)	\$ 0	\$ 0	\$ (671)
Fund Balance, July 1, 2007	5,342	4,621	4,621	721
Fund Balance, June 30, 2008	\$ 4,671	\$ 4,621	\$ 4,621	\$ 50

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MISCELLANEOUS SCHEDULES

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Exhibit J-1

Johnson County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
For the Year Ended June 30, 2008

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Paid and/or		
						Matured During Period	Outstanding 6-30-08	
<u>NOTES PAYABLE</u>								
<u>Payable through Highway/Public Works Fund</u>								
Highway Equipment	\$ 307,000	5.25 %	12-6-1999	12-6-09	\$ 109,168	\$ 34,544	\$ 74,624	
Quarry Land	60,000	4	1-18-2007	1-8-10	60,000	19,221	40,779	
Total Payable through Highway/Public Works Fund					\$ 169,168	\$ 53,765	\$ 115,403	
<u>Payable through General Debt Service Fund</u>								
Solid Waste Transfer Facility	500,000	5.95	8-4-1995	8-4-07	\$ 56,135	\$ 56,135	0	
Energy Loan	210,000	0	3-31-2006	5-1-13	180,000	30,000	150,000	
Total Payable through General Debt Service Fund					\$ 236,135	\$ 86,135	\$ 150,000	
Total Notes Payable					\$ 405,303	\$ 139,900	\$ 265,403	
<u>OTHER LOANS PAYABLE</u>								
<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	\$ 3,420,000	\$ 75,000	\$ 3,345,000	
Blount County PBA Loan Program, Series A-5-B	2,135,000	Fixed (1)	6-27-02	6-1-28	2,135,000	0	2,135,000	
Total Other Loans Payable					\$ 5,555,000	\$ 75,000	\$ 5,480,000	
<u>BONDS PAYABLE</u>								
<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	\$ 1,110,000	\$ 140,000	\$ 970,000	
School Bonds	9,925,000	4.1 to 5.5	2-1-1999	4-1-09	475,000	230,000	245,000	
School Refunding Bonds, Series 2005	8,535,000	3 to 4.125	5-27-05	4-1-25	8,425,000	30,000	8,395,000	
Total Bonds Payable					\$ 10,010,000	\$ 400,000	\$ 9,610,000	

Exhibit J-2

Johnson County, Tennessee
Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2009	\$ 86,347	\$ 5,549	\$ 91,896
2010	89,056	2,841	91,897
2011	30,000	0	30,000
2012	30,000	0	30,000
2013	30,000	0	30,000
Total	\$ 265,403	\$ 8,390	\$ 273,793

Year Ending June 30	Other Loan Principal	Other Loan Interest	Other Loan Fees	Total Other Loan Requirements
2009	\$ 85,000	\$ 170,483	\$ 25,832	\$ 281,315
2010	85,000	168,571	25,431	279,002
2011	90,000	166,658	25,031	281,689
2012	90,000	164,634	24,606	279,240
2013	115,000	162,609	24,182	301,791
2014	120,000	160,021	23,640	303,661
2015	125,000	157,321	23,074	305,395
2016	135,000	154,508	22,485	311,993
2017	135,000	151,471	21,849	308,320
2018	145,000	148,434	21,212	314,646
2019	150,000	145,171	20,529	315,700
2020	160,000	141,796	19,822	321,618
2021	165,000	138,196	19,068	322,264
2022	175,000	134,484	18,290	327,774
2023	185,000	130,546	17,465	333,011
2024	195,000	126,384	16,593	337,977
2025	205,000	121,996	15,674	342,670
2026	985,000	117,383	14,707	1,117,090
2027	1,040,000	95,221	10,064	1,145,285
2028	1,095,000	48,837	5,162	1,148,999
Total	\$ 5,480,000	\$ 2,804,724	\$ 394,716	\$ 8,679,440

(Continued)

Exhibit J-2

Johnson County, Tennessee
Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
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	\$ 9,610,000	\$ 3,839,768	\$ 13,449,768

Exhibit J-3

Johnson County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Johnson County School Department
For the Year Ended June 30, 2008

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Highway/Public Works	Allocate wheel tax	\$ 186,973
General	General Debt Service	Allocate wheel tax	243,195
Solid Waste/Sanitation	General Debt Service	Debt retirement	<u>59,475</u>
Total Transfers Primary Government			<u>\$ 489,643</u>
<u>DISCRETELY PRESENTED JOHNSON</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ <u>26,652</u>
Total Transfers Discretely Presented Johnson County School Department			<u>\$ 26,652</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, 2008

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 63,977	\$ 50,000	Western Surety Company
Road Superintendent	Section 8-24-102, <u>TCA</u>	60,360	100,000	"
Director of Schools	State Board of Education and County Board of Education	82,943 (1)	50,000	"
Trustee	Section 8-24-102, <u>TCA</u>	54,872	647,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	54,872	10,000	"
Director of Accounts and Budgets	County Commission	47,412	100,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	54,872	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <u>TCA</u>	54,872	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	54,872	30,000	"
Register	Section 8-24-102, <u>TCA</u>	54,872	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	60,360 (2)	25,000	"
Purchasing Agent	County Commission	28,138	25,000	"
Employee Blanket Bonds				
Public Employees Dishonesty - County Departments			150,000	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) Does not include \$1,200 for law enforcement training supplements (\$600 for 2007 and \$600 for 2008).

Johnson County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2008

	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	\$ 1,511,130	\$ 97,489	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	81,838	5,279	0	0	0
Circuit/Clerk & Master Collections - Prior Years	33,271	1,981	0	0	0
Interest and Penalty	14,974	964	0	0	0
Pick-up Taxes	955	61	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	2,430	0	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	128,808	0	0	0	0
Hotel/Motel Tax	13,320	0	0	0	0
Wheel Tax	430,168	0	0	0	0
Litigation Tax - General	81,592	0	0	0	0
Litigation Tax - Special Purpose	9,985	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	22,506	0	0	0	0
Business Tax	77,361	0	0	0	0
Other County Local Option Taxes	2,593	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	24,612	1,588	0	0	0
Wholesale Beer Tax	150,997	0	0	0	0
Total Local Taxes	\$ 2,586,540	\$ 107,362	\$ 0	\$ 0	\$ 0
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 32,638	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>					
Beer Permits	2,384	0	0	0	0
Total Licenses and Permits	\$ 35,022	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 5,363	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Circuit Court (Cont.)</u>					
Officers Costs	\$ 1,629	\$ 0	\$ 0	\$ 0	\$ 0
Drug Control Fines	0	0	2,378	0	0
Jail Fees	561	0	0	0	0
DUI Treatment Fines	5,195	0	0	0	0
Data Entry Fee - Circuit Court	132	0	0	0	0
Courtroom Security Fee	660	0	0	0	0
<u>Criminal Court</u>					
Drug Court Fees	988	0	0	0	0
Data Entry Fee - Criminal Court	118	0	0	0	0
<u>General Sessions Court</u>					
Fines	22,070	0	0	0	0
Officers Costs	10,376	0	0	0	0
Game and Fish Fines	568	0	0	0	0
Drug Control Fines	0	0	6,516	0	0
Drug Court Fees	1,941	0	0	0	0
Jail Fees	3,516	0	0	0	0
Data Entry Fee - General Sessions Court	5,501	0	0	0	0
Courtroom Security Fee	2,102	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	665	0	0	0	0
Data Entry Fee - Chancery Court	1,262	0	0	0	0
Courtroom Security Fee	30	0	0	0	0
<u>Judicial District Drug Program</u>					
Fines	0	0	6,776	0	0
Drug Task Force Forfeitures and Seizures	0	0	646	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	7,517	0	15,192	0	0
Total Fines, Forfeitures, and Penalties	\$ 70,194	\$ 0	\$ 31,508	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Self-Insurance Premiums/Contributions	\$ 5,387	\$ 0	\$ 0	\$ 0	\$ 0
Tipping Fees	0	422,537	0	0	0
Work Release Charges for Board Fees	242	0	0	0	0
Airport Fees	2,083	0	0	0	0
Copy Fees	4,164	0	0	0	0
Telephone Commissions	12,066	0	0	0	0
Vending Machine Collections	188	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	236	0
Data Processing Fee - Register	8,624	0	0	0	0
Data Processing Fee - Sheriff	4,743	0	0	0	0
Sexual Offender Registration Fees - Sheriff	1,810	0	0	0	0
Other Charges for Services	4,916	0	0	0	0
Total Charges for Current Services	\$ 44,223	\$ 422,537	\$ 0	\$ 236	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 400,063	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	76,575	22	0	0	0
Sale of Materials and Supplies	678	1,650	0	0	2,567
Commissary Sales	11,846	0	0	0	0
Sale of Gasoline	391,921	0	0	0	0
Miscellaneous Refunds	30,421	0	341	0	1,890
<u>Nonrecurring Items</u>					
Sale of Equipment	2,950	10,000	0	0	1,306
Performance Bond Forfeitures	1,000	0	0	0	0
Total Other Local Revenues	\$ 915,454	\$ 11,672	\$ 341	\$ 0	\$ 5,763

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fees Received from County Officials</u>					
<u>Fees In-Lieu-of Salary</u>					
County Clerk	\$ 200,039	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	63,115	0	0	0	0
General Sessions Court Clerk	147,773	0	0	0	0
Clerk and Master	68,310	0	0	0	0
Register	95,672	0	0	0	0
Sheriff	844	0	0	0	0
Trustee	191,781	0	0	0	0
Total Fees Received from County Officials	\$ 767,534	\$ 0	\$ 0	\$ 0	\$ 0

<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 7,050	\$ 0	\$ 0	\$ 0	\$ 0
Airport Maintenance Program	2,443	0	0	0	0
Aging Programs	37,056	0	0	0	0
State Reappraisal Grant	8,382	0	0	0	0
Solid Waste Grants	0	4,608	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	12,600	0	0	0	0
Other Public Safety Grants	47,598	0	0	0	0
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	156,246
Litter Program	26,946	0	0	0	0
Tennessee Industrial Infrastructure Program	0	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	67,166	0	0	0	0
Beer Tax	19,312	0	0	0	0
Alcoholic Beverage Tax	29,246	0	0	0	0
State Revenue Sharing - T.V.A.	387,514	0	0	0	0
Contracted Prisoner Boarding	813,465	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,493,483

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Petroleum Special Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,054
Registrar's Salary Supplement	16,380	0	0	0	0
Other State Grants	119,418	0	0	0	0
Other State Revenues	243,830	0	0	0	0
Total State of Tennessee	\$ 1,838,406	\$ 4,608	\$ 0	\$ 0	\$ 1,663,783
<u>Federal Government</u>					
<u>Federal Through State</u>					
Appalachian Regional Commission	\$ 4,590	\$ 0	\$ 0	\$ 0	\$ 0
Community Development	356,541	0	0	0	0
<u>Direct Federal Revenue</u>					
Forest Service	46,565	0	0	0	11,387
Other Direct Federal Revenue	26,684	0	0	0	0
Total Federal Government	\$ 434,380	\$ 0	\$ 0	\$ 0	\$ 11,387
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 28,277	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	7,210	0	0	0	379,644
Citizens Groups					
Donations	6,900	0	0	0	4,755
Other	8,000	0	0	0	0
Total Other Governments and Citizens Groups	\$ 50,387	\$ 0	\$ 0	\$ 0	\$ 384,399
Total	\$ 6,742,140	\$ 546,179	\$ 31,849	\$ 236	\$ 2,065,332

(Continued)

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	Other Capital Projects	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 682,444	\$ 219,358	\$ 0	\$ 0	\$ 2,510,421	
Trustee's Collections - Prior Year	36,961	11,877	0	0	135,955	
Circuit/Clerk & Master Collections - Prior Years	14,261	4,357	0	0	53,870	
Interest and Penalty	6,764	2,171	0	0	24,873	
Pick-up Taxes	433	137	0	0	1,586	
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	2,430	
<u>County Local Option Taxes</u>						
Local Option Sales Tax	154,824	0	0	0	283,632	
Hotel/Motel Tax	0	0	0	0	13,320	
Wheel Tax	0	0	0	0	430,168	
Litigation Tax - General	0	0	0	0	81,592	
Litigation Tax - Special Purpose	0	0	0	0	9,985	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	22,506	
Business Tax	0	0	0	0	77,361	
Other County Local Option Taxes	0	0	0	0	2,593	
<u>Statutory Local Taxes</u>						
Bank Excise Tax	11,115	3,573	0	0	40,888	
Wholesale Beer Tax	0	0	0	0	150,997	
Total Local Taxes	\$ 906,802	\$ 241,473	\$ 0	\$ 0	\$ 3,842,177	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 32,638	
<u>Permits</u>						
Beer Permits	0	0	0	0	2,384	
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 35,022	
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,363	
<u>Fines</u>						

(Continued)

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				Other Capital Projects
				Development/ Industrial Park				
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
<u>Circuit Court (Cont.)</u>								
Officers Costs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,629	
Drug Control Fines	0	0	0	0	0	0	2,378	
Jail Fees	0	0	0	0	0	0	561	
DUI Treatment Fines	0	0	0	0	0	0	5,195	
Data Entry Fee - Circuit Court	0	0	0	0	0	0	132	
Courtroom Security Fee	0	0	0	0	0	0	660	
<u>Criminal Court</u>								
Drug Court Fees	0	0	0	0	0	0	988	
Data Entry Fee - Criminal Court	0	0	0	0	0	0	118	
<u>General Sessions Court</u>								
Fines	0	0	0	0	0	0	22,070	
Officers Costs	0	0	0	0	0	0	10,376	
Game and Fish Fines	0	0	0	0	0	0	568	
Drug Control Fines	0	0	0	0	0	0	6,516	
Drug Court Fees	0	0	0	0	0	0	1,941	
Jail Fees	0	0	0	0	0	0	3,516	
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	5,501	
Courtroom Security Fee	0	0	0	0	0	0	2,102	
<u>Chancery Court</u>								
Officers Costs	0	0	0	0	0	0	665	
Data Entry Fee - Chancery Court	0	0	0	0	0	0	1,262	
Courtroom Security Fee	0	0	0	0	0	0	30	
<u>Judicial District Drug Program</u>								
Fines	0	0	0	0	0	0	6,776	
Drug Task Force Forfeitures and Seizures	0	0	0	0	0	0	646	
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	0	0	0	0	0	0	22,709	
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 101,702	

(Continued)

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	Other Capital Projects		
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Self-Insurance Premiums/Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,387	
Tipping Fees	0	0	0	0	0	422,537	
Work Release Charges for Board Fees	0	0	0	0	0	242	
Airport Fees	0	0	0	0	0	2,083	
Copy Fees	0	0	0	0	0	4,164	
Telephone Commissions	0	0	0	0	0	12,066	
Vending Machine Collections	0	0	0	0	0	188	
Constitutional Officers' Fees and Commissions	0	0	0	0	0	236	
Data Processing Fee - Register	0	0	0	0	0	8,624	
Data Processing Fee - Sheriff	0	0	0	0	0	4,743	
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	1,810	
Other Charges for Services	0	0	0	0	0	4,916	
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 466,936	
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 400,063	
Lease/Rentals	0	0	56,416	0	0	133,013	
Sale of Materials and Supplies	0	0	0	0	0	4,895	
Commissary Sales	0	0	0	0	0	11,846	
Sale of Gasoline	0	0	0	0	0	391,921	
Miscellaneous Refunds	0	0	584	194	0	33,430	
<u>Nonrecurring Items</u>							
Sale of Equipment	0	0	0	0	0	14,256	
Performance Bond Forfeitures	0	0	0	0	0	1,000	
Total Other Local Revenues	\$ 0	\$ 0	\$ 57,000	\$ 194	\$ 0	\$ 990,424	

(Continued)

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	Other Capital Projects		
<u>Fees Received from County Officials</u>							
<u>Fees In-Lieu-of Salary</u>							
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 200,039	
Circuit Court Clerk	0	0	0	0	0	63,115	
General Sessions Court Clerk	0	0	0	0	0	147,773	
Clerk and Master	0	0	0	0	0	68,310	
Register	0	0	0	0	0	95,672	
Sheriff	0	0	0	0	0	844	
Trustee	0	0	0	0	0	191,781	
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 767,534	
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,050	
Airport Maintenance Program	0	0	0	0	0	2,443	
Aging Programs	0	0	0	0	0	37,056	
State Reappraisal Grant	0	0	0	0	0	8,382	
Solid Waste Grants	0	0	0	0	0	4,608	
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	0	0	0	0	0	12,600	
Other Public Safety Grants	0	0	0	0	0	47,598	
<u>Public Works Grants</u>							
State Aid Program	0	0	0	0	0	156,246	
Litter Program	0	0	0	0	0	26,946	
Tennessee Industrial Infrastructure Program	0	0	269,217	0	0	269,217	
<u>Other State Revenues</u>							
Income Tax	0	0	0	0	0	67,166	
Beer Tax	0	0	0	0	0	19,312	
Alcoholic Beverage Tax	0	0	0	0	0	29,246	
State Revenue Sharing - T.V.A.	0	0	0	0	0	387,514	
Contracted Prisoner Boarding	0	0	0	0	0	813,465	
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,493,483	

(Continued)

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	Other Capital Projects		
<u>State of Tennessee (Cont.)</u>							
<u>Other State Revenues (Cont.)</u>							
Petroleum Special Tax	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	14,054	
Registrar's Salary Supplement	0	0	0	0	0	16,380	
Other State Grants	0	14,498	0	10,000	0	143,916	
Other State Revenues	0	0	0	0	0	243,830	
Total State of Tennessee	\$ 0 \$	14,498 \$	269,217 \$	10,000 \$	0 \$	3,800,512	
<u>Federal Government</u>							
<u>Federal Through State</u>							
Appalachian Regional Commission	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	4,590	
Community Development	0	0	40,000	0	0	396,541	
<u>Direct Federal Revenue</u>							
Forest Service	0	0	0	0	0	57,952	
Other Direct Federal Revenue	0	0	0	0	0	26,684	
Total Federal Government	\$ 0 \$	0 \$	40,000 \$	0 \$	0 \$	485,767	
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 319,717 \$	0 \$	0 \$	0 \$	0 \$	347,994	
Contracted Services	0	0	0	0	0	386,854	
<u>Citizens Groups</u>							
Donations	0	10,000	30,750	5,000	0	57,405	
<u>Other</u>							
Other	0	0	0	0	0	8,000	
Total Other Governments and Citizens Groups	\$ 319,717 \$	10,000 \$	30,750 \$	5,000 \$	0 \$	800,253	
Total	\$ 1,226,519 \$	265,971 \$	396,967 \$	15,194 \$	0 \$	11,290,387	

Johnson County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 Discretely Presented Johnson County School Department
 For the Year Ended June 30, 2008

	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	2,437,304	0	0	0	0	2,437,304
Trustee's Collections - Prior Year	132,013	0	0	0	0	132,013
Circuit/Clerk & Master Collections - Prior Years	51,497	0	0	0	0	51,497
Interest and Penalty	24,159	0	0	0	0	24,159
Pick-up Taxes	1,551	0	0	0	0	1,551
<u>County Local Option Taxes</u>						
Local Option Sales Tax	714,003	0	0	0	0	714,003
<u>Statutory Local Taxes</u>						
Bank Excise Tax	39,698	0	0	0	0	39,698
Interstate Telecommunications Tax	4,186	0	0	0	0	4,186
Total Local Taxes	\$ 3,404,411	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,404,411
<u>Licenses and Permits</u>						
Licenses	1,568	0	0	0	0	1,568
Marriage Licenses	925	0	0	0	0	925
Permits	2,493	0	0	0	0	2,493
Other Permits						
Total Licenses and Permits	\$ 4,996	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,996
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Tuition - Summer School	1,317	0	0	0	0	1,317
Tuition - Other	40	0	0	0	0	40
Lunch Payments - Children	0	0	159,562	0	0	159,562
Lunch Payments - Adults	0	0	47,465	0	0	47,465
A la carte Sales	0	0	111,582	0	0	111,582
Contract for Instructional Services with Other LEAs	83,394	0	0	0	0	83,394
Receipts from Individual Schools	80,489	0	0	0	0	80,489
Community Service Fees - Children	103,437	0	0	0	0	103,437
TBI Criminal Background Fees	4,176	0	0	0	0	4,176
<u>Other Charges for Services</u>						
Other Charges for Services	41,280	0	0	0	0	41,280
Total Charges for Current Services	\$ 314,133	\$ 0	\$ 318,609	\$ 0	\$ 0	\$ 632,742

(Continued)

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

	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Education Capital Projects	Total
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	0 \$	0 \$	8,036 \$	0 \$	16 \$	8,052
Lease/Rentals	32,400	0	0	3,600	0	36,000
Refund of Telecommunication & Internet Fees (E-Rate)	39,104	0	0	0	0	39,104
Retirees' Insurance Payments	78,227	0	0	0	0	78,227
Miscellaneous Refunds	19,017	0	0	0	0	19,017
<u>Nonrecurring Items</u>						
Sale of Property	13,570	0	0	0	0	13,570
Contributions and Gifts	3,400	0	0	0	0	3,400
Total Other Local Revenues	\$ 185,718 \$	0 \$	8,036 \$	3,600 \$	16 \$	197,370
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
On-Behalf Contributions for OPEB	6,988 \$	0 \$	0 \$	0 \$	0 \$	6,988
<u>State Education Funds</u>						
Basic Education Program	11,701,236	0	0	0	0	11,701,236
Early Childhood Education	282,563	0	0	0	0	282,563
School Food Service	14,600	0	0	0	0	14,600
Other State Education Funds	297,910	0	0	0	0	297,910
Career Ladder Program	125,801	0	0	0	0	125,801
Career Ladder - Extended Contract	81,742	0	0	0	0	81,742
<u>Other State Revenues</u>						
Other State Revenues	49,271	0	0	0	0	49,271
Total State of Tennessee	\$ 12,560,111 \$	0 \$	0 \$	0 \$	0 \$	12,560,111
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	0 \$	0 \$	597,470 \$	0 \$	0 \$	597,470
Breakfast	0	0	203,894	0	0	203,894
USDA - Other	0	0	28,464	0	0	28,464
Adult Education State Grant Program	80,836	0	0	0	0	80,836
Vocational Education - Basic Grants to States	0	56,001	0	0	0	56,001
Title I Grants to Local Education Agencies	0	625,822	0	0	0	625,822
Innovative Education Program Strategies	0	34,829	0	0	0	34,829

(Continued)

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
Federal Government (Cont.)						
Federal Through State (Cont.)						
Special Education - Grants to States	\$ 2,907	\$ 485,791	\$ 0	\$ 0	\$ 0	\$ 488,698
Special Education Preschool Grants	0	16,828	0	0	0	16,828
Safe and Drug-Free Schools - State Grants	0	13,476	0	0	0	13,476
Rural Education	0	36,547	0	0	0	36,547
Eisenhower Professional Development State Grants	0	179,324	0	0	0	179,324
Other Federal through State	69,462	3,651	0	0	0	73,113
Direct Federal Revenue						
Forest Service	34,162	0	0	0	0	34,162
Other Direct Federal Revenue	0	120,000	0	507,660	0	627,660
Total Federal Government	\$ 187,367	\$ 1,572,269	\$ 829,828	\$ 507,660	\$ 0	\$ 3,097,124
Total	\$ 16,654,233	\$ 1,572,269	\$ 1,156,473	\$ 511,260	\$ 16	\$ 19,894,251

Exhibit J-7

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2008

General Fund

General Government

County Commission

Board and Committee Members Fees	\$ 36,000	
Social Security	2,012	
State Retirement	2,117	
Medical Insurance	35,233	
Employer Medicare	471	
Audit Services	3,937	
Dues and Memberships	4,094	
Financial Advisory Services	1,250	
Travel	21,520	
Other Supplies and Materials	522	
Total County Commission		\$ 107,156

Board of Equalization

Board and Committee Members Fees	\$ 690	
Total Board of Equalization		690

Other Boards and Committees

Board and Committee Members Fees	\$ 5,160	
Social Security	55	
State Retirement	106	
Unemployment Compensation	2	
Employer Medicare	13	
Total Other Boards and Committees		5,336

County Mayor/Executive

County Official/Administrative Officer	\$ 63,977	
Secretary(ies)	24,677	
Part-time Personnel	9,054	
Social Security	5,717	
State Retirement	9,542	
Medical Insurance	9,088	
Unemployment Compensation	134	
Employer Medicare	1,328	
Communication	3,180	
Dues and Memberships	1,200	
Printing, Stationery, and Forms	220	
Office Supplies	302	
Other Charges	1,539	
Office Equipment	298	
Total County Mayor/Executive		130,256

(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 and Wages	\$ 4,800	
Advertising	148	
Total County Attorney		\$ 4,948

Election Commission

County Official/Administrative Officer	\$ 49,385	
Deputy(ies)	23,780	
Clerical Personnel	784	
Other Salaries and Wages	700	
Election Commission	5,500	
Election Workers	9,110	
In-Service Training	2,065	
Social Security	4,057	
State Retirement	8,070	
Medical Insurance	9,208	
Unemployment Compensation	118	
Employer Medicare	949	
Communication	1,453	
Data Processing Services	2,400	
Dues and Memberships	450	
Legal Notices, Recording, and Court Costs	3,069	
Printing, Stationery, and Forms	3,408	
Rentals	75	
Equipment Parts - Light	550	
Office Supplies	400	
Data Processing Equipment	4,260	
Total Election Commission		129,791

Register of Deeds

County Official/Administrative Officer	\$ 54,872
Deputy(ies)	24,212
Other Salaries and Wages	660
Social Security	4,841
State Retirement	8,723
Medical Insurance	4,339
Unemployment Compensation	61
Employer Medicare	1,132
Communication	2,595
Data Processing Services	4,881
Dues and Memberships	125

(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.)

Maintenance and Repair Services - Office Equipment	\$ 2,590	
Printing, Stationery, and Forms	1,852	
Office Supplies	250	
Data Processing Equipment	11,007	
Total Register of Deeds		\$ 122,140

Development

Other Contracted Services	\$ 9,250	
Other Charges	74	
Total Development		9,324

County Buildings

Custodial Personnel	\$ 20,654	
Social Security	1,209	
State Retirement	2,278	
Medical Insurance	4,339	
Unemployment Compensation	56	
Employer Medicare	283	
Maintenance and Repair Services - Buildings	7,819	
Custodial Supplies	4,993	
Electricity	28,948	
Natural Gas	6,812	
Uniforms	1,013	
Water and Sewer	3,513	
Other Supplies and Materials	17,769	
Other Charges	184	
Building Improvements	1,562	
Total County Buildings		101,432

Finance

Accounting and Budgeting

Supervisor/Director	\$ 47,412
Data Processing Personnel	63,430
Social Security	6,323
State Retirement	12,287
Medical Insurance	13,572
Unemployment Compensation	168
Employer Medicare	1,479
Communication	1,909
Data Processing Services	7,096

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Printing, Stationery, and Forms	\$	6,124	
Office Supplies		1,674	
Data Processing Equipment		150	
Office Equipment		78	
Total Accounting and Budgeting			\$ 161,702

Purchasing

County Official/Administrative Officer	\$	28,138	
Social Security		1,402	
State Retirement		3,104	
Medical Insurance		8,725	
Unemployment Compensation		56	
Employer Medicare		328	
Advertising		186	
Communication		573	
Office Supplies		4,180	
Office Equipment		185	
Total Purchasing			46,877

Property Assessor's Office

County Official/Administrative Officer	\$	54,872	
Deputy(ies)		11,709	
Secretary(ies)		20,249	
Social Security		4,825	
State Retirement		9,594	
Medical Insurance		18,414	
Unemployment Compensation		120	
Employer Medicare		1,129	
Advertising		76	
Communication		2,159	
Contracts with Government Agencies		7,286	
Data Processing Services		567	
Postal Charges		743	
Printing, Stationery, and Forms		140	
Other Contracted Services		5,198	
Office Supplies		198	
Office Equipment		838	
Total Property Assessor's Office			138,117

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program

Clerical Personnel	\$ 18,903	
Social Security	1,016	
State Retirement	2,085	
Medical Insurance	4,339	
Unemployment Compensation	56	
Employer Medicare	238	
Data Processing Services	3,743	
Total Reappraisal Program		\$ 30,380

County Trustee's Office

County Official/Administrative Officer	\$ 54,872	
Deputy(ies)	22,809	
Other Salaries and Wages	2,732	
Social Security	4,882	
State Retirement	7,907	
Medical Insurance	1,223	
Unemployment Compensation	109	
Employer Medicare	1,142	
Advertising	186	
Communication	1,621	
Dues and Memberships	110	
Office Supplies	810	
Data Processing Equipment	6,073	
Total County Trustee's Office		104,476

County Clerk's Office

County Official/Administrative Officer	\$ 54,872	
Deputy(ies)	44,972	
Other Salaries and Wages	27,358	
Social Security	7,161	
State Retirement	12,630	
Medical Insurance	21,742	
Unemployment Compensation	224	
Employer Medicare	1,675	
Communication	2,456	
Dues and Memberships	2,085	
Printing, Stationery, and Forms	2,362	
Office Supplies	566	
Data Processing Equipment	10,474	
Office Equipment	1,434	
Total County Clerk's Office		190,011

(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	\$	54,872	
Other Salaries and Wages		92,199	
Jury and Witness Fees		11,727	
Social Security		9,411	
State Retirement		16,700	
Medical Insurance		13,868	
Unemployment Compensation		280	
Employer Medicare		2,201	
Communication		3,291	
Dues and Memberships		60	
Printing, Stationery, and Forms		4,551	
Office Supplies		3,569	
Fines, Assessments, and Penalties		5,428	
Data Processing Equipment		5,825	
Office Equipment		702	
Total Circuit Court	\$		224,684

General Sessions Court

Judge(s)	\$	77,151	
Other Salaries and Wages		11,686	
Social Security		5,422	
State Retirement		8,510	
Medical Insurance		4,385	
Unemployment Compensation		94	
Employer Medicare		1,268	
Communication		1,581	
Dues and Memberships		560	
Printing, Stationery, and Forms		5,232	
Office Supplies		642	
Total General Sessions Court			116,531

Chancery Court

County Official/Administrative Officer	\$	54,872
Deputy(ies)		23,732
Social Security		4,111
State Retirement		8,670
Medical Insurance		17,542
Unemployment Compensation		112
Employer Medicare		961
Communication		2,284

(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.)

Data Processing Services	\$ 1,225	
Dues and Memberships	60	
Printing, Stationery, and Forms	386	
Office Supplies	833	
Data Processing Equipment	14,243	
Office Equipment	1,080	
Total Chancery Court		\$ 130,111

Juvenile Court

Social Workers	\$ 24,549	
Secretary(ies)	8,784	
Social Security	1,423	
State Retirement	2,095	
Medical Insurance	4,339	
Unemployment Compensation	81	
Employer Medicare	333	
Other Contracted Services	27,000	
Office Supplies	276	
Other Supplies and Materials	4,949	
Total Juvenile Court		73,829

Courtroom Security

Other Supplies and Materials	\$ 137	
Total Courtroom Security		137

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 61,560
Deputy(ies)	265,655
Investigator(s)	32,608
Captain(s)	4,865
Youth Service Officer(s)	20,419
Guards	96,706
Secretary(ies)	49,069
Overtime Pay	46,846
In-Service Training	2,748
Social Security	34,438
State Retirement	67,685
Medical Insurance	82,666
Unemployment Compensation	1,386

(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.)

Employer Medicare	\$	8,117	
Communication		22,914	
Maintenance and Repair Services - Buildings		98	
Maintenance and Repair Services - Vehicles		92,824	
Postal Charges		1,604	
Printing, Stationery, and Forms		1,520	
Travel		8,143	
Other Contracted Services		8,041	
Law Enforcement Supplies		2,115	
Office Supplies		3,248	
Uniforms		2,534	
Other Supplies and Materials		1,120	
Judgments		3,033	
Other Charges		1,812	
Law Enforcement Equipment		7,357	
Office Equipment		12,972	
Total Sheriff's Department	\$		944,103

Administration of the Sexual Offender Registry

Law Enforcement Equipment	\$	2,515	
Total Administration of the Sexual Offender Registry			2,515

Jail

Medical Personnel	\$	29,375	
Guards		314,736	
Maintenance Personnel		21,512	
In-Service Training		547	
Social Security		21,364	
State Retirement		38,551	
Medical Insurance		53,035	
Unemployment Compensation		1,431	
Employer Medicare		4,996	
Maintenance and Repair Services - Buildings		16,058	
Printing, Stationery, and Forms		297	
Custodial Supplies		24,083	
Drugs and Medical Supplies		198,341	
Electricity		44,049	
Food Supplies		148,161	
Natural Gas		22,046	
Office Supplies		2,562	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Uniforms	\$ 2,171	
Water and Sewer	18,191	
Other Supplies and Materials	6,313	
Food Service Equipment	521	
Office Equipment	3,499	
Other Equipment	2,102	
Other Construction	31,040	
Total Jail		\$ 1,004,981

Fire Prevention and Control

Contracts with Other Public Agencies	\$ 1,000	
Contributions	132,962	
Total Fire Prevention and Control		133,962

Civil Defense

Supervisor/Director	\$ 48,876	
Secretary(ies)	22,299	
Part-time Personnel	360	
Social Security	4,300	
State Retirement	6,556	
Medical Insurance	4,339	
Unemployment Compensation	112	
Employer Medicare	1,006	
Communication	1,778	
Other Contracted Services	758	
Other Supplies and Materials	4,287	
Liability Insurance	310	
Other Charges	214	
Total Civil Defense		95,195

Other Emergency Management

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

County Coroner/Medical Examiner

Medical Personnel	\$ 1,800	
Social Security	74	
Employer Medicare	17	
Total County Coroner/Medical Examiner		1,891

(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

Investigator(s)	\$	30,417	
Social Security		1,862	
State Retirement		3,355	
Unemployment Compensation		56	
Employer Medicare		435	
Travel		2,940	
Office Supplies		818	
Uniforms		1,127	
Total Public Safety Grant Programs			\$ 41,010

Public Health and Welfare

Local Health Center

Salary Supplements	\$	5,956	
Custodial Personnel		11,590	
Other Salaries and Wages		157,412	
Social Security		9,915	
State Retirement		14,222	
Medical Insurance		13,637	
Unemployment Compensation		357	
Employer Medicare		2,319	
Communication		4,744	
Contracts with Other Public Agencies		35,107	
Travel		2,317	
Other Contracted Services		15,789	
Custodial Supplies		5,085	
Drugs and Medical Supplies		4,020	
Office Supplies		1,297	
Utilities		13,936	
Other Supplies and Materials		12,516	
Other Charges		597	
Office Equipment		1,573	
Total Local Health Center			312,389

Regional Mental Health Center

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

Appropriation to State

Contributions	\$	1,800	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Appropriation to State (Cont.)

Other Contracted Services	\$ 13,251	
Total Appropriation to State		\$ 15,051

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$ 19,198	
Social Workers	7,191	
Bus Drivers	12,432	
Other Salaries and Wages	11,222	
Social Security	2,939	
State Retirement	3,356	
Medical Insurance	4,339	
Unemployment Compensation	221	
Employer Medicare	687	
Communication	1,750	
Printing, Stationery, and Forms	20	
Travel	860	
Other Contracted Services	2,500	
Utilities	7,338	
Other Supplies and Materials	858	
Office Equipment	5,652	
Health Equipment	500	
Total Senior Citizens Assistance		81,063

Libraries

Employer Medicare	\$ 12	
Contributions	30,183	
Total Libraries		30,195

Other Social, Cultural, and Recreational

Contributions	\$ 2,500	
Other Contracted Services	25,000	
Other Charges	1,046	
Site Development	2,062	
Total Other Social, Cultural, and Recreational		30,608

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 29,474
Secretary(ies)	5,981

(Continued)

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Social Security	\$	2,712	
State Retirement		5,308	
Medical Insurance		7,438	
Unemployment Compensation		117	
Communication		5,610	
Maintenance Agreements		300	
Travel		6,632	
Other Contracted Services		119	
Other Supplies and Materials		1,521	
Office Equipment		1,174	
Total Agriculture Extension Service			\$ 66,386

Soil Conservation

Secretary(ies)	\$	13,711	
Social Security		757	
State Retirement		1,512	
Medical Insurance		4,339	
Unemployment Compensation		58	
Employer Medicare		177	
Total Soil Conservation			20,554

Other Operations

Tourism

Contributions	\$	13,459	
Other Contracted Services		3,590	
Other Charges		2,692	
Other Capital Outlay		9,056	
Total Tourism			28,797

Airport

Communication	\$	1,567	
Maintenance and Repair Services - Buildings		2,919	
Travel		960	
Electricity		1,292	
Liability Insurance		2,245	
Other Charges		8,501	
Site Development		4,475	
Other Construction		64,961	
Total Airport			86,920

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges

Diesel Fuel	\$ 262,098	
Gasoline	110,392	
Trustee's Commission	52,576	
Workers' Compensation Insurance	42,360	
Other Charges	<u>2,609</u>	
Total Other Charges		\$ 470,035

Contributions to Other Agencies

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

Employee Benefits

Other Fringe Benefits	<u>\$ 9,854</u>	
Total Employee Benefits		9,854

Miscellaneous

Legal Notices, Recording, and Court Costs	\$ 390	
Maintenance and Repair Services - Buildings	1,731	
Postal Charges	25,535	
Other Contracted Services	26,866	
Duplicating Supplies	13,271	
Electricity	6,600	
Water and Sewer	1,974	
Liability Insurance	108,738	
Premiums on Corporate Surety Bonds	8,289	
Other Charges	4,488	
Communication Equipment	4,590	
Site Development	8,700	
Other Construction	<u>356,542</u>	
Total Miscellaneous		567,714

Highways

Litter and Trash Collection

Other Salaries and Wages	\$ 18,596	
Social Security	1,119	
State Retirement	1,191	
Medical Insurance	4,339	
Unemployment Compensation	97	
Employer Medicare	262	

(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.)

Communication	\$ 1,526	
Travel	4,618	
Other Contracted Services	1,987	
Other Supplies and Materials	5,505	
Other Charges	3,948	
Total Litter and Trash Collection		<u>\$ 43,188</u>

Total General Fund \$ 5,909,757

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Equipment Operators	\$ 54,405	
Social Security	3,332	
State Retirement	6,001	
Life Insurance	36	
Medical Insurance	622	
Unemployment Compensation	168	
Employer Medicare	779	
Other Fringe Benefits	180	
Communication	675	
Data Processing Services	1,532	
Maintenance and Repair Services - Equipment	7,483	
Printing, Stationery, and Forms	1,700	
Other Contracted Services	352,793	
Custodial Supplies	1,059	
Diesel Fuel	5,907	
Electricity	2,769	
Gasoline	1,921	
Office Supplies	57	
Uniforms	2,021	
Water and Sewer	941	
Other Supplies and Materials	109	
Liability Insurance	9,358	
Trustee's Commission	6,333	
Workers' Compensation Insurance	7,193	
Other Charges	24,185	
Data Processing Equipment	992	
Site Development	4,000	
Total Sanitation Management		<u>\$ 496,551</u>

Total Solid Waste/Sanitation Fund 496,551

(Continued)

Exhibit J-7

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

Drug Control Fund

Public Safety

Drug Enforcement

Other Salaries and Wages	\$	8,086	
In-Service Training		6,000	
Other Fringe Benefits		1,980	
Maintenance and Repair Services - Vehicles		1,565	
Travel		3,494	
Other Contracted Services		5,000	
Drugs and Medical Supplies		941	
Uniforms		1,219	
Other Supplies and Materials		2,133	
Trustee's Commission		278	
Other Charges		1,426	
Total Drug Enforcement			\$ 32,122

Total Drug Control Fund \$ 32,122

Constitutional Officers - Fees Fund

General Government

Other General Administration

Other Charges	\$	236	
Total Other General Administration			\$ 236

Total Constitutional Officers - Fees Fund 236

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	60,360	
Board and Committee Members Fees		2,431	
Social Security		3,584	
State Retirement		6,658	
Medical Insurance		9,260	
Employer Medicare		838	
Travel		1,240	
Office Supplies		1,979	
Office Equipment		3,065	
Total Administration			\$ 89,415

Highway and Bridge Maintenance

Laborers	\$	576,941
Social Security		33,612

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

State Retirement	\$ 55,465	
Medical Insurance	113,254	
Unemployment Compensation	7,321	
Employer Medicare	7,861	
Asphalt - Liquid	67,373	
Crushed Stone	110,895	
Pipe	30,046	
Road Signs	7,010	
Wood Products	1,691	
Total Highway and Bridge Maintenance		\$ 1,011,469

Operation and Maintenance of Equipment

Laundry Service	\$ 6,209	
Diesel Fuel	105,855	
Equipment and Machinery Parts	135,129	
Garage Supplies	43,322	
Gasoline	28,092	
Lubricants	9,083	
Office Supplies	235	
Tires and Tubes	13,151	
Total Operation and Maintenance of Equipment		341,076

Other Charges

Communication	\$ 6,262	
Electricity	5,997	
Natural Gas	399	
Water and Sewer	756	
Liability Insurance	46,466	
Premiums on Corporate Surety Bonds	350	
Trustee's Commission	15,057	
Other Charges	8,527	
Total Other Charges		83,814

Employee Benefits

Life Insurance	\$ 572	
Medical Insurance	7,224	
Other Fringe Benefits	2,475	
Workers' Compensation Insurance	61,393	
Total Employee Benefits		71,664

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay

Other Contracted Services	\$ 1,424	
Other Supplies and Materials	25,279	
Other Charges	2,732	
Highway Construction	173,155	
Highway Equipment	118,220	
Other Construction	248,477	
Other Capital Outlay	968	
Total Capital Outlay		\$ 570,255

Principal on Debt

Highways and Streets

Principal on Notes	\$ 53,765	
Total Highways and Streets		53,765

Interest on Debt

Highways and Streets

Interest on Notes	\$ 8,131	
Total Highways and Streets		8,131

Total Highway/Public Works Fund \$ 2,229,589

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$ 86,135	
Principal on Other Loans	75,000	
Total General Government		\$ 161,135

Education

Principal on Bonds	\$ 400,000	
Total Education		400,000

Interest on Debt

General Government

Interest on Notes	\$ 3,340	
Interest on Other Loans	214,884	
Total General Government		218,224

Education

Interest on Bonds	\$ 392,261	
Total Education		392,261

(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	\$ 23,539	
Other Debt Service	28,357	
Total General Government		\$ 51,896

Education

Other Debt Service	\$ 2,103	
Total Education		2,103

Total General Debt Service Fund \$ 1,225,619

General Capital Projects Fund

Capital Projects

General Administration Projects

Trustee's Commission	\$ 4,776	
Total General Administration Projects		\$ 4,776

Social, Cultural, and Recreation Projects

Engineering Services	\$ 9,341	
Other Charges	17,355	
Other Construction	989	
Total Social, Cultural, and Recreation Projects		27,685

Other General Government Projects

Architects	\$ 3,563	
Furniture and Fixtures	2,376	
Other Construction	23,278	
Total Other General Government Projects		29,217

Education Capital Projects

Transportation Equipment	\$ 343,082	
Total Education Capital Projects		343,082

Total General Capital Projects Fund 404,760

Community Development/Industrial Park Fund

Capital Projects

General Administration Projects

Other Contracted Services	\$ 41,750	
Electricity	2,129	
Water and Sewer	892	

(Continued)

Exhibit J-7

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

Community Development/Industrial Park Fund (Cont.)

Capital Projects (Cont.)

General Administration Projects (Cont.)

Other Charges	\$ 459	
Building Improvements	158,083	
Other Construction	276,404	
Total General Administration Projects	<u>479,717</u>	\$ 479,717

Total Community Development/Industrial Park Fund \$ 479,717

Other Capital Projects Fund

Capital Projects

Other General Government Projects

Building Construction	\$ 37,277	
Furniture and Fixtures	289	
Total Other General Government Projects	<u>37,566</u>	\$ 37,566

Total Other Capital Projects Fund 37,566

Total Governmental Funds - Primary Government \$ 10,815,917

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, 2008

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 4,626,192	
Career Ladder Program	74,715	
Career Ladder Extended Contracts	73,830	
Homebound Teachers	38,703	
Educational Assistants	88,279	
Certified Substitute Teachers	16,504	
Non-certified Substitute Teachers	109,812	
Social Security	299,168	
State Retirement	309,110	
Medical Insurance	756,136	
Unemployment Compensation	5,809	
Employer Medicare	70,487	
Operating Lease Payments	15,453	
Maintenance and Repair Services - Equipment	2,289	
Tuition	48,780	
Other Contracted Services	12,406	
Instructional Supplies and Materials	176,832	
Textbooks	122,653	
Other Supplies and Materials	14,983	
Other Charges	10,764	
Regular Instruction Equipment	143,152	
Total Regular Instruction Program		\$ 7,016,057

Alternative Instruction Program

Teachers	\$ 93,435	
Career Ladder Program	1,000	
Clerical Personnel	12,951	
Educational Assistants	9,680	
Non-certified Substitute Teachers	1,348	
Social Security	7,073	
State Retirement	8,389	
Medical Insurance	19,484	
Unemployment Compensation	176	
Employer Medicare	1,671	
Operating Lease Payments	960	
Other Contracted Services	14,612	
Instructional Supplies and Materials	2,000	
Other Equipment	310	
Total Alternative Instruction Program		173,089

(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	\$	565,081	
Career Ladder Program		9,500	
Homebound Teachers		17,898	
Educational Assistants		82,602	
Speech Pathologist		84,695	
Non-certified Substitute Teachers		25,656	
Social Security		46,203	
State Retirement		51,334	
Medical Insurance		97,781	
Unemployment Compensation		1,056	
Employer Medicare		10,822	
Contracts with Other School Systems		1,000	
Contracts with Private Agencies		10,000	
Maintenance and Repair Services - Equipment		240	
Other Contracted Services		62,652	
Instructional Supplies and Materials		15,608	
Other Charges		4,506	
Special Education Equipment		3,781	
Total Special Education Program			\$ 1,090,415

Vocational Education Program

Teachers	\$	606,260
Career Ladder Program		5,000
Clerical Personnel		15,423
Other Salaries and Wages		86,180
Certified Substitute Teachers		3,314
Non-certified Substitute Teachers		19,909
Social Security		43,600
State Retirement		48,710
Medical Insurance		100,271
Unemployment Compensation		1,017
Employer Medicare		10,199
Operating Lease Payments		3,505
Maintenance and Repair Services - Equipment		3,180
Other Contracted Services		2,016
Instructional Supplies and Materials		15,970
T&I Construction Materials		32,930
Other Supplies and Materials		1,295
Other Charges		5,483

(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.)

Vocational Education Program (Cont.)

Vocational Instruction Equipment	\$ 4,947	
Total Vocational Education Program		\$ 1,009,209

Student Body Education Program

Other Salaries and Wages	\$ 33,488	
Social Security	1,925	
State Retirement	2,179	
Medical Insurance	2,556	
Unemployment Compensation	36	
Employer Medicare	470	
Instructional Supplies and Materials	4,381	
Other Supplies and Materials	7,668	
Other Charges	1,817	
Other Equipment	8,809	
Total Student Body Education Program		63,329

Adult Education Program

Teachers	\$ 53,905	
Career Ladder Program	1,000	
Social Security	2,677	
State Retirement	2,732	
Medical Insurance	5,770	
Unemployment Compensation	67	
Employer Medicare	758	
Instructional Supplies and Materials	1,472	
Other Charges	210	
Total Adult Education Program		68,591

Support Services

Attendance

Supervisor/Director	\$ 50,457	
Career Ladder Program	1,000	
Social Security	2,871	
State Retirement	3,211	
Medical Insurance	5,344	
Unemployment Compensation	38	
Employer Medicare	671	
Travel	381	
Other Supplies and Materials	367	

(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.)

Attendance (Cont.)

In Service/Staff Development	\$ 1,950	
Total Attendance	<u>1,950</u>	\$ 66,290

Health Services

Medical Personnel	\$ 92,034	
Other Salaries and Wages	54,204	
Social Security	8,706	
State Retirement	15,297	
Medical Insurance	19,669	
Unemployment Compensation	234	
Employer Medicare	2,036	
Travel	1,687	
Other Contracted Services	8,325	
Drugs and Medical Supplies	4,915	
Other Supplies and Materials	9,651	
In Service/Staff Development	8,150	
Other Charges	<u>16,101</u>	
Total Health Services		241,009

Other Student Support

Career Ladder Program	\$ 2,000	
Guidance Personnel	128,894	
Other Salaries and Wages	32,526	
Social Security	10,069	
State Retirement	10,288	
Medical Insurance	15,311	
Unemployment Compensation	145	
Employer Medicare	2,355	
Evaluation and Testing	9,433	
Travel	667	
Other Contracted Services	30,274	
Other Supplies and Materials	89,112	
In Service/Staff Development	3,769	
Other Charges	<u>26,846</u>	
Total Other Student Support		361,689

Regular Instruction Program

Supervisor/Director	\$ 135,404	
Career Ladder Program	4,000	

(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.)

Librarians	\$	238,416	
Instructional Computer Personnel		48,873	
Clerical Personnel		16,738	
Other Salaries and Wages		30,274	
In-Service Training		7,285	
Social Security		29,482	
State Retirement		32,914	
Medical Insurance		46,693	
Unemployment Compensation		495	
Employer Medicare		6,895	
Operating Lease Payments		4,326	
Travel		5,666	
Other Contracted Services		7,705	
Library Books/Media		24,000	
Periodicals		6,000	
Other Supplies and Materials		5,446	
In Service/Staff Development		24,404	
Other Charges		1,247	
Other Equipment		58,341	
Total Regular Instruction Program			\$ 734,604

Special Education Program

Supervisor/Director	\$	32,985	
Career Ladder Program		1,000	
Psychological Personnel		24,906	
Secretary(ies)		12,915	
Clerical Personnel		2,069	
In-Service Training		200	
Social Security		4,384	
State Retirement		5,346	
Medical Insurance		11,399	
Unemployment Compensation		93	
Employer Medicare		1,025	
Travel		9,444	
Other Contracted Services		19,468	
Other Supplies and Materials		1,138	
In Service/Staff Development		4,309	
Other Charges		300	
Total Special Education Program			130,981

(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.)

Vocational Education Program

Supervisor/Director	\$	59,956	
Career Ladder Program		1,000	
Social Security		3,595	
State Retirement		3,798	
Medical Insurance		8,665	
Unemployment Compensation		39	
Employer Medicare		841	
Travel		372	
In Service/Staff Development		3,547	
Total Vocational Education Program			\$ 81,813

Adult Programs

Supervisor/Director	\$	46,135	
Clerical Personnel		2,000	
Social Security		2,936	
State Retirement		5,309	
Medical Insurance		4,296	
Unemployment Compensation		39	
Employer Medicare		687	
Travel		182	
In Service/Staff Development		2,200	
Other Charges		598	
Total Adult Programs			64,382

Other Programs

On-Behalf Payments to OPEB	\$	6,988	
Total Other Programs			6,988

Board of Education

Secretary to Board	\$	2,400	
Other Salaries and Wages		5,624	
Board and Committee Members Fees		12,000	
Social Security		1,220	
State Retirement		1,217	
Life Insurance		6,995	
Medical Insurance		1,061	
Unemployment Compensation		5	
Employer Medicare		285	
Other Fringe Benefits		21,607	

(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	\$	6,505	
Dues and Memberships		9,780	
Legal Services		657	
Other Contracted Services		2,196	
Other Supplies and Materials		627	
Liability Insurance		141,826	
Trustee's Commission		84,756	
Workers' Compensation Insurance		88,347	
In Service/Staff Development		13,046	
Criminal Investigation of Applicants - TBI		4,464	
Other Charges		2,337	
Total Board of Education			\$ 406,955

Director of Schools

County Official/Administrative Officer	\$	82,943	
Clerical Personnel		20,773	
Social Security		6,120	
State Retirement		7,460	
Medical Insurance		12,780	
Unemployment Compensation		78	
Employer Medicare		1,431	
Communication		23,595	
Operating Lease Payments		4,862	
Postal Charges		3,840	
Other Contracted Services		3,083	
Office Supplies		7,619	
In Service/Staff Development		5,337	
Other Charges		3,942	
Administration Equipment		5,157	
Total Director of Schools			189,020

Office of the Principal

Principals	\$	409,004	
Career Ladder Program		10,000	
Assistant Principals		200,425	
Secretary(ies)		179,809	
Social Security		47,806	
State Retirement		55,516	
Medical Insurance		84,809	

(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.)

Unemployment Compensation	\$	907	
Employer Medicare		11,185	
Communication		77,412	
Dues and Memberships		3,375	
Operating Lease Payments		5,020	
Postal Charges		400	
Travel		550	
Other Contracted Services		5,061	
Office Supplies		6,867	
Other Supplies and Materials		735	
In Service/Staff Development		7,183	
Other Charges		530	
Administration Equipment		4,657	
Total Office of the Principal			\$ 1,111,251

Fiscal Services

Supervisor/Director	\$	33,200	
Accountants/Bookkeepers		30,026	
Social Security		3,727	
State Retirement		6,974	
Medical Insurance		9,889	
Unemployment Compensation		67	
Employer Medicare		872	
Travel		254	
Office Supplies		500	
In Service/Staff Development		1,100	
Other Charges		203	
Administration Equipment		776	
Total Fiscal Services			87,588

Human Services/Personnel

Supervisor/Director	\$	11,067	
Clerical Personnel		30,569	
Social Security		2,481	
State Retirement		4,592	
Medical Insurance		5,854	
Unemployment Compensation		48	
Employer Medicare		580	
Travel		147	

(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.)

Office Supplies	\$	500	
In Service/Staff Development		482	
Other Charges		231	
Total Human Services/Personnel			\$ 56,551

Operation of Plant

Guards	\$	54,965	
Custodial Personnel		324,034	
Other Salaries and Wages		25,093	
Social Security		24,429	
State Retirement		40,263	
Medical Insurance		82,948	
Unemployment Compensation		1,140	
Employer Medicare		5,713	
Other Contracted Services		152,945	
Custodial Supplies		85,181	
Electricity		571,556	
Natural Gas		183,479	
Water and Sewer		39,106	
Other Supplies and Materials		9,136	
Other Charges		779	
Plant Operation Equipment		3,075	
Total Operation of Plant			1,603,842

Maintenance of Plant

Maintenance Personnel	\$	86,160	
Social Security		5,259	
State Retirement		9,503	
Medical Insurance		11,912	
Unemployment Compensation		117	
Employer Medicare		1,230	
Maintenance and Repair Services - Buildings		11,960	
Maintenance and Repair Services - Equipment		678	
Other Contracted Services		9,868	
General Construction Materials		31,981	
Other Supplies and Materials		86,183	
In Service/Staff Development		236	
Other Charges		1,984	
Maintenance Equipment		4,500	
Total Maintenance of Plant			261,571

(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	\$	41,994	
Mechanic(s)		63,259	
Bus Drivers		226,904	
Clerical Personnel		20,704	
Social Security		20,451	
State Retirement		36,024	
Medical Insurance		96,149	
Unemployment Compensation		1,090	
Employer Medicare		4,868	
Communication		2,881	
Contracts with Parents		2,000	
Operating Lease Payments		682	
Medical and Dental Services		2,008	
Rentals		6,034	
Travel		162	
Other Contracted Services		4,508	
Diesel Fuel		136,325	
Equipment and Machinery Parts		1,423	
Garage Supplies		3,840	
Gasoline		34,002	
Lubricants		4,322	
Tires and Tubes		14,936	
Vehicle Parts		45,997	
Other Supplies and Materials		3,167	
In Service/Staff Development		4,173	
Other Charges		7,233	
Transportation Equipment		28,737	
Total Transportation			\$ 813,873

Central and Other

Data Processing Personnel	\$	33,228
Social Security		2,026
State Retirement		3,665
Medical Insurance		4,115
Unemployment Compensation		59
Employer Medicare		474
Other Contracted Services		1,885
Data Processing Supplies		180
Other Supplies and Materials		1,100

(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	\$	1,774	
Data Processing Equipment		1,384	
Total Central and Other			\$ 49,890

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	54,402	
Accountants/Bookkeepers		20,127	
Social Security		4,443	
State Retirement		5,624	
Medical Insurance		9,472	
Unemployment Compensation		78	
Employer Medicare		1,039	
Travel		511	
Other Contracted Services		35	
Other Supplies and Materials		2,121	
Total Food Service			97,852

Community Services

Other Salaries and Wages	\$	94,697	
Social Security		5,773	
State Retirement		5,467	
Medical Insurance		5,920	
Unemployment Compensation		335	
Employer Medicare		1,354	
Travel		44	
Food Supplies		2,500	
Other Supplies and Materials		2,554	
In Service/Staff Development		808	
Other Charges		3,246	
Total Community Services			122,698

Early Childhood Education

Teachers	\$	132,781	
Educational Assistants		36,911	
Other Salaries and Wages		14,778	
Certified Substitute Teachers		6,064	
Non-certified Substitute Teachers		4,758	
Social Security		11,391	

(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.)

State Retirement	\$	14,656	
Medical Insurance		28,448	
Unemployment Compensation		358	
Employer Medicare		2,667	
Operating Lease Payments		763	
Travel		1,473	
Instructional Supplies and Materials		12,901	
In Service/Staff Development		4,918	
Other Charges		4,750	
Other Equipment		8,338	
Total Early Childhood Education			\$ 285,955

Capital Outlay

Regular Capital Outlay

Architects	\$	134,997	
Consultants		4,090	
Engineering Services		7,894	
Other Contracted Services		15,263	
Building Construction		1,369,867	
Building Improvements		645,139	
Site Development		557,462	
Other Capital Outlay		39,335	
Total Regular Capital Outlay			2,774,047

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	319,717	
Total Education			319,717

Total General Purpose School Fund \$ 19,289,256

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	207,931	
Educational Assistants		162,677	
Non-certified Substitute Teachers		18,154	
Social Security		22,604	
State Retirement		28,536	

(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.)

Medical Insurance	\$	69,528	
Unemployment Compensation		879	
Employer Medicare		5,531	
Other Contracted Services		14,476	
Instructional Supplies and Materials		40,241	
Regular Instruction Equipment		67,063	
Total Regular Instruction Program			\$ 637,620

Special Education Program

Teachers	\$	82,955	
Educational Assistants		182,839	
Non-certified Substitute Teachers		23,082	
Social Security		16,653	
State Retirement		22,970	
Medical Insurance		65,081	
Unemployment Compensation		846	
Employer Medicare		3,906	
Other Contracted Services		6,542	
Instructional Supplies and Materials		6,967	
Other Charges		1,075	
Total Special Education Program			412,916

Vocational Education Program

Teachers	\$	10,218	
Social Security		634	
State Retirement		638	
Medical Insurance		1,916	
Unemployment Compensation		11	
Employer Medicare		148	
Instructional Supplies and Materials		5,730	
Vocational Instruction Equipment		17,274	
Total Vocational Education Program			36,569

Support Services

Health Services

Medical Personnel	\$	8,917	
Social Security		553	
State Retirement		492	
Medical Insurance		2,058	

(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.)

Health Services (Cont.)

Unemployment Compensation	\$	18	
Employer Medicare		129	
Other Charges		218	
Total Health Services			\$ 12,385

Other Student Support

Guidance Personnel	\$	98,384	
Social Workers		10,457	
Other Salaries and Wages		4,800	
Social Security		6,762	
State Retirement		7,264	
Medical Insurance		11,761	
Unemployment Compensation		157	
Employer Medicare		1,581	
Travel		13,325	
Other Supplies and Materials		18,038	
Other Charges		6,000	
Total Other Student Support			178,529

Regular Instruction Program

Supervisor/Director	\$	59,389	
Secretary(ies)		8,610	
Other Salaries and Wages		1,992	
In-Service Training		30,570	
Social Security		5,894	
State Retirement		7,490	
Medical Insurance		2,946	
Unemployment Compensation		101	
Employer Medicare		1,378	
Operating Lease Payments		1,693	
Travel		93	
Other Contracted Services		1,000	
Other Supplies and Materials		6,534	
In Service/Staff Development		48,759	
Total Regular Instruction Program			176,449

Special Education Program

In Service/Staff Development	\$	2,999	
Total Special Education Program			2,999

(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.)

Vocational Education Program

In Service/Staff Development	\$ 7,944	
Total Vocational Education Program		\$ 7,944

Board of Education

Workers' Compensation Insurance	\$ 2,507	
Total Board of Education		2,507

Transportation

Bus Drivers	\$ 25,150	
Social Security	1,271	
State Retirement	2,774	
Medical Insurance	13,300	
Unemployment Compensation	92	
Employer Medicare	297	
Other Charges	1,284	
Transportation Equipment	7,564	
Total Transportation		<u>51,732</u>

Total School Federal Projects Fund		\$ 1,519,650
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Central Cafeteria Fund

Support Services

Board of Education

Workers' Compensation Insurance	\$ 9,726	
Total Board of Education		\$ 9,726

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$ 366,425
Social Security	20,999
State Retirement	36,153
Medical Insurance	109,514
Unemployment Compensation	1,341
Employer Medicare	4,911
Communication	1,206
Maintenance and Repair Services - Equipment	15,000
Transportation - Other than Students	5,727
Travel	2,499
Other Contracted Services	49,910

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Food Preparation Supplies	\$ 51,612	
Food Supplies	477,422	
Uniforms	3,332	
Other Supplies and Materials	838	
Other Charges	19,336	
Food Service Equipment	13,292	
Total Food Service	\$ 1,179,517	

Total Central Cafeteria Fund \$ 1,189,243

Other Education Special Revenue Fund

Instruction

Regular Instruction Program

Teachers	\$ 191,834	
Educational Assistants	54,472	
Non-certified Substitute Teachers	13,750	
Social Security	15,531	
State Retirement	15,691	
Medical Insurance	34,464	
Unemployment Compensation	488	
Employer Medicare	3,635	
Instructional Supplies and Materials	23,911	
Other Supplies and Materials	2,467	
Other Charges	2,619	
Total Regular Instruction Program	\$ 358,862	

Support Services

Attendance

Social Workers	\$ 34,100	
Other Salaries and Wages	1,327	
Social Security	2,135	
State Retirement	3,908	
Medical Insurance	8,230	
Unemployment Compensation	81	
Employer Medicare	499	
Travel	1,957	
Other Supplies and Materials	5,282	
Other Charges	2,067	
Total Attendance	59,586	

(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.)

Health Services

Medical Personnel	\$	8,702	
Social Security		540	
State Retirement		960	
Unemployment Compensation		11	
Employer Medicare		126	
Other Contracted Services		1,224	
Drugs and Medical Supplies		1,357	
Other Charges		<u>1,031</u>	
Total Health Services	\$		13,951

Regular Instruction Program

Supervisor/Director	\$	55,822	
Social Security		3,379	
State Retirement		3,478	
Medical Insurance		4,332	
Unemployment Compensation		39	
Employer Medicare		790	
Travel		452	
Other Supplies and Materials		3,345	
In Service/Staff Development		<u>5,596</u>	
Total Regular Instruction Program			77,233

Board of Education

Workers' Compensation Insurance	\$	<u>2,374</u>	
Total Board of Education			<u>2,374</u>

Total Other Education Special Revenue Fund \$ 512,006

Total Governmental Funds - Johnson County School Department \$ 22,510,155

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, 2008

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 446,619
Total Cash Receipts	<u>\$ 446,619</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 442,153
Trustee's Commissions	4,466
Total Cash Disbursements	<u>\$ 446,619</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2007	<u>0</u>
 Cash Balance, June 30, 2008	<u><u>\$ 0</u></u>

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SINGLE AUDIT SECTION

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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

February 12, 2009

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, 2008, which collectively comprise Johnson County's basic financial statements and have issued our report thereon dated February 12, 2009. 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: 08.01, 08.02, and 08.03.

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, of the significant deficiencies described above, we consider item 08.01 to be a material weakness.

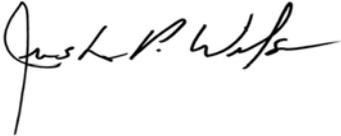
Compliance and Other Matters

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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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 budgets, 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, appearing to read "Justin P. Wilson". The signature is written in a cursive style with a prominent vertical line extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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

February 12, 2009

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, 2008. 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, 2008.

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, 2008, and have issued our report thereon dated February 12, 2009. 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 budgets, 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 black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke extending downwards from the end of the name.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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Johnson County, Tennessee
 Schedule of Expenditures of Federal Awards and State Grants (1)
 For the Year Ended June 30, 2008

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 203,894
National School Lunch Program	10.555	N/A	597,470 (4)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	67,518 (4)
Passed-through State Department of Human Services:			
Child Nutrition Cluster:			
Summer Food Service Program for Children	10.559	N/A	28,464
Total U.S. Department of Agriculture			<u>\$ 897,346</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	\$ 1,500
Passed-through State Housing Development Agency:			
HOME Investment Partnerships Program	14.239	HM-05-28	355,041
Total U.S. Department of Housing and Urban Development			<u>\$ 356,541</u>
U.S. Bureau of Land Management, Department of the Interior:			
Direct Programs:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 45,549
Total U.S. Department of Land Management, Department of the Interior			<u>\$ 45,549</u>
U.S. Department of Justice Assistance:			
Direct Programs:			
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	2007-MO-BX-0007	\$ 23,284
Passed-through State Department of Finance and Administration:			
Violence Against Women Formula Grants	16.588	Z-00-01453-00	42,598
Total U.S. Department of Justice Assistance			<u>\$ 65,882</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	Z-07-037547-00	\$ 83,900
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	Z-07-035849-00	5,000
Passed-through State Department of Environment and Conservation:			
Recreational Trails Program	20.219	GG-08-23308-00	11,235
Total U.S. Department of Transportation			<u>\$ 100,135</u>
Appalachian Regional Commission:			
Direct Program:			
Appalachian Regional Development	23.001	TN-14650	\$ 4,590
Total U.S. Department of Transportation			<u>\$ 4,590</u>
U.S. Department of Education:			
Direct Programs:			
Safe and Drug-Free Schools and Communities - National Programs	84.184	Q184L030205-04	\$ 119
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	594,181

(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 (Cont.)			
Passed-through State Department of Education (Cont.):			
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	\$ 479,663
Special Education - Preschool Grants	84.173	N/A	16,351
Vocational Education - Basic Grants to States	84.048	N/A	49,553
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	13,476
Twenty-First Century Community Learning Centers	84.287	(2)	69,463
State Grants for Innovative Programs	84.298	N/A	3,970
Education Technology State Grants	84.318	(2)	17,936
Rural Education	84.358	N/A	59,036
Improving Teacher Quality State Grants	84.367	N/A	183,450
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(3)	80,836
Passed-through State Higher Education Commission:			
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	GG-08-21817-00	138,523
Total U.S. Department of Education			<u>\$ 1,706,557</u>
U.S. Department of Health and Human Services:			
Passed-through Upper East Tennessee Human Development Agency:			
Head Start	93.600	(2)	\$ 508,331
Total U.S. Department of Health and Human Services			<u>\$ 508,331</u>
Total Expenditures of Federal Awards			<u>\$ 3,684,931</u>

State Grants	Contract Number		Expenditures
Juvenile Services Program - State Commission on Children and Youth	N/A	(2)	\$ 7,050
Airport Maintenance - State Department of Transportation	N/A	(2)	2,443
Aging Program - First Tennessee Development District	N/A	(2)	37,056
State Reappraisal - Comptroller of the Treasury	N/A	(2)	8,382
Health Department Program - State Department of Health	N/A	(2)	228,041
Litter Program - State Department of Transportation	N/A	(2)	29,784
Fast Track Industrial Development Project - State Economic and Community Development	N/A	(2)	269,217
Tobacco Cessation Grant - State Department of Health	N/A	(2)	15,789
Recreational Trails Program - State Department of Environment and Conservation	N/A	GG-08-23482-00	3,263
Adult Basic Education - State Department of Education	N/A	(2)	39,622
Family Resource Center Grant - State Department of Education	N/A	(2)	33,300
Safe Schools Act Grant - State Department of Education	N/A	(2)	15,800
Early Childhood Education Pilot Project - State Department of Education	N/A	(2)	193,268
Early Childhood Education Project - State Department of Education	N/A	(2)	89,295
Lottery for Education Afterschool Programs (LEAPS) - State Department of Education	N/A	(2)	103,757
Coordinated School Health Program - State Department of Education	N/A	(2)	92,999
Total State Grants			<u>\$ 1,169,066</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-07-033708-00: \$3,866; Z-08-020796-00: \$76,970.
- (4) Total for CFDA No. 10.555 is \$664,988.

Johnson County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2008

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below is a finding from the Annual Financial Report for Johnson County, Tennessee, for the year ended June 30, 2007, which has not been corrected.

OTHER FINDING

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.04	181	Duties were not segregated adequately in the Offices of Trustee, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff

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JOHNSON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2008

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. One of these deficiencies 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 HOME Investment Partnerships Program (CFDA No. 14.239), Improving Teacher Quality State Grants (CFDA No. 84.367), and Head Start (CFDA No. 93.600) 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 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 ACCOUNTS AND BUDGETS

FINDING 08.01 **MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION OF SEVERAL FUNDS**

(Internal Control – Material Weakness Under Government Auditing Standards)

At June 30, 2008, various general ledger account balances of several funds were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Johnson County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

Johnson County should have appropriate processes in place to ensure that its general ledgers are materially correct.

OFFICES OF TRUSTEE AND REGISTER

FINDING 08.02 **THE OFFICES DID NOT REVIEW SOFTWARE AUDIT LOGS**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The software applications used by these offices generated daily logs that displayed changes made by users. Since these logs provided the only audit trail of these changes, they should be reviewed regularly for inappropriate activity. Because management was not aware of their importance, they did not begin reviewing the logs until several months into the fiscal year. Procedures for reviewing these logs are currently in place.

OTHER FINDING AND RECOMMENDATION

FINDING 08.03 **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 the officials and employees in the Offices of Trustee, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff. Employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to provide reasonable assurance of the reliability in financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

RECOMMENDATION

Officials should segregate duties to the extent possible using available resources.

**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, 2008**

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