



**ANNUAL FINANCIAL REPORT  
JOHNSON COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2010**



**ANNUAL FINANCIAL REPORT**  
**JOHNSON COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2010**

*DEPARTMENT OF AUDIT*  
*JUSTIN P. WILSON*  
*Comptroller of the Treasury*

*DIVISION OF COUNTY AUDIT*  
*RICHARD V. NORMENT*  
*Assistant to the Comptroller*

*JAMES R. ARNETTE*  
*Director*

*BRYAN BURKLIN, CPA, CGFM*  
*Audit Manager*

*MARK TREECE, CPA, CGFM*  
*Auditor 4*

*MARIE ELLIOTT, CPA*  
*ROBERT ANDERSON*  
*GREG BRUSH*  
*State Auditors*

This financial report is available at [www.tn.gov/comptroller](http://www.tn.gov/comptroller)

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***Audit Highlights***  
Annual Financial Report  
Johnson County, Tennessee  
For the Year Ended June 30, 2010

***Scope***

We have audited the basic financial statements of Johnson County as of and for the year ended June 30, 2010.

***Results***

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

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

***Findings and Best Practice***

The following are summaries of the audit findings and best practice:

**SOLID WASTE DEPARTMENT**

- ◆ The office had deficiencies in computer system backup procedures.
- ◆ The office did not review its software audit logs.

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**OTHER FINDING**

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

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**BEST PRACTICE**

Johnson County does not have an Audit Committee. The Division of County Audit strongly believes that an Audit Committee is a best practice that should be adopted by the governing body to assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks.

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# INTRODUCTORY SECTION

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# Johnson County Officials

## June 30, 2010

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### **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  
Bill Adams  
Glenn Arney  
John Brookshire  
Clifton Dunn  
Lester Dunn  
Roby Dunn  
Robert Grindstaff

Jimmy Lowe  
Emily Millsaps  
Ronnie Perkins  
Larry Potter  
Jack Proffitt  
Kenneth Sluder  
Dean Stout

### **Road Commission**

Rhonda Reece, Chairman  
Clint Howard  
Terry Shull

### **Board of Education**

Howard Carlton, Chairman  
Gerald Buckles  
Bill Gambill

Kenneth Gregg  
Ann Parsons

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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  
PHONE (615) 401-7841**

**INDEPENDENT AUDITOR'S REPORT**

December 10, 2010

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, 2010, which collectively comprise Johnson County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Johnson County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

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

In our opinion, except for the effects of not including the financial statements of the Johnson County Emergency Communications District as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Johnson County, Tennessee, at June 30, 2010, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Johnson County, Tennessee, as of June 30, 2010, 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 December 10, 2010, 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. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53 Accounting and Financial Reporting for Derivative Instruments.

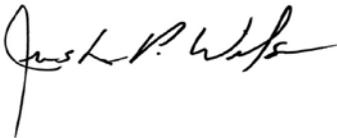
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 56 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational,

economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Johnson County, Tennessee  
Statement of Net Assets  
June 30, 2010

	<u>Primary Governmental Activities</u>	<u>Component Unit Johnson County School Department</u>
<u>ASSETS</u>		
Cash and Equivalents	\$ 1,004	\$ 207,756
Equity in Pooled Cash and Investments	7,338,702	3,476,059
Accounts Receivable	18,623	0
Due from Other Governments	739,078	603,096
Property Taxes Receivable	3,085,387	2,995,521
Allowance for Uncollectible Property Taxes	(90,567)	(87,930)
Unamortized Debt Issuance Cost	375,065	0
Unamortized Discount on Debt	9,332	0
Capital Assets:		
Assets Not Depreciated:		
Land	795,478	946,939
Construction in Progress	485,759	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	7,107,537	15,518,649
Infrastructure	965,084	900,901
Machinery and Equipment	0	1,128,123
Other Capital Assets	486,356	241,370
Total Assets	<u>\$ 21,316,838</u>	<u>\$ 25,930,484</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 75,925	\$ 27,034
Cash Overdraft	0	49,971
Payroll Deductions Payable	63,088	4,561
Accrued Interest Payable	104,288	0
Due to State of Tennessee	4,528	1,884
Other Current Liabilities	0	53,800
Deferred Revenue - Current Property Taxes	2,790,016	2,708,754
Noncurrent Liabilities:		
Due Within One Year	800,380	49,324
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	15,509,236	237,832
Total Liabilities	<u>\$ 19,347,461</u>	<u>\$ 3,133,160</u>

(Continued)

Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Johnson County School Department</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 4,000,252	\$ 0
Invested in Capital Assets	0	18,735,982
Restricted for:		
Highways	430,256	0
Debt Service	4,725,604	0
Capital Projects	559,790	44,338
Drug Control	54,823	0
Solid Waste/Sanitation	77,928	0
State and Federal Financial Assistance Programs	0	749,737
Alcohol and Drug Treatment	16,991	0
Litigation Tax - Jail, Workhouse, or Courthouse	17,182	0
Courtroom Security	9,690	0
Computer System - Register	8,004	0
Computer System - Circuit Court	23,478	0
Computer System - County Clerk	17,142	0
Other Purposes	45,298	0
Unrestricted	<u>(8,017,061)</u>	<u>3,267,267</u>
Total Net Assets	<u>\$ 1,969,377</u>	<u>\$ 22,797,324</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, 2010

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets										Component Unit
	Program Revenues			Capital			Primary			Johnson County School Department	
	Expenses	Charges for Services	Operating Grants and Contributions	Grants and Contributions	Governmental Activities	Governmental Activities	Governmental Activities				
<b>Primary Government:</b>											
<b>Governmental Activities:</b>											
General Government	\$ 629,862	\$ 215,356	\$ 16,380	\$ 0	\$ (398,126)	\$ 0					0
Finance	743,085	373,100	6,902	0	(363,083)	0					0
Administration of Justice	583,346	359,705	9,300	0	(214,341)	0					0
Public Safety	2,724,443	916,018	52,545	56,269	(1,699,611)	0					0
Public Health and Welfare	739,858	393,907	191,075	0	(154,876)	0					0
Social, Cultural, and Recreational Services	394,758	0	1,300	234,884	(158,574)	0					0
Agriculture and Natural Resources	80,236	0	0	0	(80,236)	0					0
Other Operations	826,114	389,628	50,635	488,704	102,853	0					0
Highways	2,145,489	49,362	1,486,538	272,292	(337,297)	0					0
Education	100,154	0	0	38,500	(61,654)	0					0
Interest on Long-term Debt	583,483	0	264,154	0	(319,329)	0					0
Debt Service	211,462	0	0	0	(211,462)	0					0
<b>Total Primary Government</b>	<b>\$ 9,762,290</b>	<b>\$ 2,697,076</b>	<b>\$ 2,078,829</b>	<b>\$ 1,090,649</b>	<b>\$ (3,895,736)</b>	<b>\$ 0</b>					<b>0</b>
<b>Component Unit:</b>											
Johnson County School Department	\$ 20,741,451	\$ 716,935	\$ 3,561,909	\$ 351,936	\$ 0	\$ (16,110,671)					0
<b>Total Component Unit</b>	<b>\$ 20,741,451</b>	<b>\$ 716,935</b>	<b>\$ 3,561,909</b>	<b>\$ 351,936</b>	<b>\$ 0</b>	<b>\$ (16,110,671)</b>					<b>0</b>

(Continued)

Exhibit B

Johnson County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Component Unit	
				Primary Governmental Activities	Johnson County School Department
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 2,002,005	\$ 2,666,527
Property Taxes Levied for Debt Service				747,417	0
Local Option Sales Taxes				264,789	688,659
Hotel/Motel Tax				15,089	0
Wheel Tax				474,027	0
Litigation Tax - General				25,457	0
Litigation Tax - Special Purpose				58,793	0
Litigation Tax - Jail, Workhouse, or Courthouse				14,453	0
Business Tax				69,063	0
Mineral Severance Tax				2,119	0
Wholesale Beer Tax				137,722	0
Other Local Taxes				2,118	2,931
Grants and Contributions Not Restricted to Specific Programs				583,292	12,830,203
Unrestricted Investment Income				231,400	5,608
Miscellaneous				48,639	153,236
Gain on Disposal of Capital Assets				7,000	0
Total General Revenues				\$ 4,683,383	\$ 16,347,164
Change in Net Assets				\$ 787,647	\$ 236,493
Net Assets, July 1, 2009				1,181,730	22,560,831
Net Assets, June 30, 2010				\$ 1,969,377	\$ 22,797,324

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, 2010

	Major Funds			Nonmajor	Total Govern- mental Funds
	Highway /		General	Other	
	General	Public Works	Debt Service	Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 1,004	\$ 1,004
Equity in Pooled Cash and Investments	2,147,532	111,633	4,395,086	684,451	7,338,702
Accounts Receivable	16,911	0	0	1,712	18,623
Due from Other Governments	221,061	349,449	168,568	0	739,078
Due from Other Funds	1,665	22,330	22,330	0	46,325
Property Taxes Receivable	1,857,223	0	838,746	389,418	3,085,387
Allowance for Uncollectible Property Taxes	(54,517)	0	(24,620)	(11,430)	(90,567)
Total Assets	\$ 4,189,875	\$ 483,412	\$ 5,400,110	\$ 1,065,155	\$ 11,138,552
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 47,331	\$ 9,783	\$ 0	\$ 18,811	\$ 75,925
Payroll Deductions Payable	49,619	13,469	0	0	63,088
Due to Other Funds	44,660	0	0	1,665	46,325
Due to State of Tennessee	2,182	2,346	0	0	4,528
Deferred Revenue - Current Property Taxes	1,679,427	0	758,451	352,138	2,790,016
Deferred Revenue - Delinquent Property Taxes	113,451	0	51,237	23,789	188,477
Other Deferred Revenues	45,210	227,129	91,985	0	364,324
Total Liabilities	\$ 1,981,880	\$ 252,727	\$ 901,673	\$ 396,403	\$ 3,532,683
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 69,757	\$ 130,058	\$ 0	\$ 27,271	\$ 227,086
Reserved for Alcohol and Drug Treatment	16,991	0	0	0	16,991
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	17,182	0	0	0	17,182
Reserved for Drug Court	3,044	0	0	0	3,044
Reserved for Sexual Offender Registration	5,420	0	0	0	5,420
Reserved for Courtroom Security	9,690	0	0	0	9,690
Reserved for Computer System - Register	8,004	0	0	0	8,004
Reserved for Automation Purposes - Circuit Court	23,478	0	0	0	23,478
Reserved for Automation Purposes - Sheriff	8,372	0	0	0	8,372
Reserved for Automation Purposes - County Clerk	17,142	0	0	0	17,142
Other Federal Reserves	28,462	0	0	0	28,462
Unreserved, Reported In:					
General Fund	2,000,453	0	0	0	2,000,453
Special Revenue Funds	0	100,627	0	123,160	223,787
Debt Service Funds	0	0	4,498,437	0	4,498,437
Capital Projects Funds	0	0	0	518,321	518,321
Total Fund Balances	\$ 2,207,995	\$ 230,685	\$ 4,498,437	\$ 668,752	\$ 7,605,869
Total Liabilities and Fund Balances	\$ 4,189,875	\$ 483,412	\$ 5,400,110	\$ 1,065,155	\$ 11,138,552

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, 2010

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)		\$ 7,605,869
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 795,478	
Add: construction in progress	485,759	
Add: other capital assets net of accumulated depreciation	486,356	
Add: buildings and improvements net of accumulated depreciation	7,107,537	
Add: infrastructure net of accumulated depreciation	<u>965,084</u>	9,840,214
(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	\$ (90,000)	
Less: bonds payable	(14,425,000)	
Add: deferred amount on refunding	188,233	
Add: deferred charges - discount on debt	9,332	
Add: deferred charges - debt issuance costs	375,065	
Less: compensated absences payable	(233,649)	
Less: landfill closure/postclosure care costs	(1,214,774)	
Less: other postemployment benefits liability	(504,999)	
Less: accrued interest on bonds, notes, and other loans payable	(104,288)	
Less: other deferred revenue - premium on debt	<u>(29,427)</u>	(16,029,507)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>552,801</u>
Net assets (deficit) of governmental activities (Exhibit A)		<u><u>\$ 1,969,377</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, 2010

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 2,613,704	\$ 2,119	\$ 909,785	\$ 355,261	\$ 3,880,869
Licenses and Permits	37,165	0	0	0	37,165
Fines, Forfeitures, and Penalties	99,489	0	0	16,529	116,018
Charges for Current Services	53,465	0	0	391,019	444,484
Other Local Revenues	691,491	12,369	1,147	76,222	781,229
Fees Received from County Officials	715,409	0	0	0	715,409
State of Tennessee	2,188,753	1,592,798	0	186,369	3,967,920
Federal Government	85,758	34,740	0	38,500	158,998
Other Governments and Citizens Groups	12,715	49,470	264,154	64,115	390,454
Total Revenues	\$ 6,497,949	\$ 1,691,496	\$ 1,175,086	\$ 1,128,015	\$ 10,492,546
<u>Expenditures</u>					
Current:					
General Government	\$ 583,104	\$ 0	\$ 0	\$ 0	\$ 583,104
Finance	727,928	0	0	0	727,928
Administration of Justice	566,939	0	0	0	566,939
Public Safety	2,497,802	0	0	58,930	2,556,732
Public Health and Welfare	264,666	0	0	480,004	744,670
Social, Cultural, and Recreational Services	140,769	0	0	47,271	188,040
Agriculture and Natural Resources	81,539	0	0	0	81,539
Other Operations	1,214,262	0	0	0	1,214,262
Highways	34,505	2,028,984	0	0	2,063,489
Debt Service:					
Principal on Debt	0	59,056	465,000	0	524,056
Interest on Debt	0	2,841	545,598	0	548,439
Other Debt Service	0	0	419,543	0	419,543
Capital Projects	0	0	0	404,175	404,175
Total Expenditures	\$ 6,111,514	\$ 2,090,881	\$ 1,430,141	\$ 990,380	\$ 10,622,916
Excess (Deficiency) of Revenues Over Expenditures	\$ 386,435	\$ (399,385)	\$ (255,055)	\$ 137,635	\$ (130,370)
<u>Other Financing Sources (Uses)</u>					
Refunding Debt Issued	\$ 0	\$ 0	\$ 5,660,000	\$ 0	\$ 5,660,000
Premiums on Debt Issued	0	0	30,081	0	30,081
Insurance Recovery	7,802	8,649	0	0	16,451
Transfers In	0	237,013	237,013	21,311	495,337
Transfers Out	(474,026)	0	0	(21,311)	(495,337)
Payments to Refunded Debt Escrow Agent	0	0	(5,395,000)	0	(5,395,000)
Total Other Financing Sources (Uses)	\$ (466,224)	\$ 245,662	\$ 532,094	\$ 0	\$ 311,532
Net Change in Fund Balances	\$ (79,789)	\$ (153,723)	\$ 277,039	\$ 137,635	\$ 181,162
Fund Balance, July 1, 2009	2,287,784	384,408	4,221,398	531,117	7,424,707
Fund Balance, June 30, 2010	\$ 2,207,995	\$ 230,685	\$ 4,498,437	\$ 668,752	\$ 7,605,869

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, 2010

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)		\$ 181,162
(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	\$ 661,239	
Less: current year depreciation expense	<u>(497,177)</u>	164,062
(2) 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, 2010	\$ 552,801	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(495,410)</u>	57,391
(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:		
Less: refunding bond proceeds	\$ (5,660,000)	
Less: change in premium on debt issuances	(29,427)	
Add: change in deferred debt issuance costs	192,176	
Add: principal payments on bonds	435,000	
Add: principal payments on notes	89,056	
Add: payment to refunding agent	5,395,000	
Less: change in unamortized discount on debt	(556)	
Less: change in deferred amount on refunding debt	<u>(22,086)</u>	399,163
(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 accrued interest payable	\$ 2,849	
Change in compensated absences payable	14,473	
Change in landfill closure/postclosure care costs	53,850	
Change in other postemployment benefits liability	<u>(85,303)</u>	<u>(14,131)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 787,647</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, 2010

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 291,469
Accounts Receivable	2,335
Due from Other Governments	<u>81,111</u>
Total Assets	<u><u>\$ 374,915</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 81,111
Due to Litigants, Heirs, and Others	<u>293,804</u>
Total Liabilities	<u><u>\$ 374,915</u></u>

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

**JOHNSON COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2010**

**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.

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

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

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

The Johnson County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the

Johnson County Emergency Communications District were not available in time for inclusion, as previously mentioned. Complete financial statements of the Johnson County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

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

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

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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. An emphasis is placed on major funds within the governmental category. Johnson County has no proprietary funds to report.

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 funds:

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

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

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

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

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; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

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 1.62 percent of total taxes levied.

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

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

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

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the

following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

**3. Capital Assets**

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

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

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

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

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

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

**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, the 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, 2010, Johnson County had \$8,483,525 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. At June 30, 2010, \$150,000 of the General Purpose School Fund balance was designated for funding of the School Department's other postemployment benefits obligation.

**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, Other Capital Projects, and the School Department's Education 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 County 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. Cash Overdraft**

The discretely presented School Department's School Federal Projects Fund had a cash overdraft of \$49,971 at June 30, 2010. 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, 2010, upon receipt of federal grant reimbursements.

**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 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; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; 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 Comptroller’s Office 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 fair value of the securities on the day of purchase.

The county had no pooled and nonpooled investments as of June 30, 2010.

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2010, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-09	Increases	Balance 6-30-10
Capital Assets Not Depreciated:			
Land	\$ 795,478	\$ 0	\$ 795,478
Construction in Progress	0	485,759	485,759
Total Capital Assets			
Not Depreciated	\$ 795,478	\$ 485,759	\$ 1,281,237

**Governmental Activities: (Cont.)**

	Balance 7-1-09	Increases	Balance 6-30-10
Capital Assets Depreciated:			
Buildings and Improvements	\$ 10,120,720	\$ 0	\$ 10,120,720
Other Capital Assets	2,795,541	131,810	2,927,351
Infrastructure	1,431,800	43,670	1,475,470
Total Capital Assets			
Depreciated	<u>\$ 14,348,061</u>	<u>\$ 175,480</u>	<u>\$ 14,523,541</u>
Less Accumulated			
Depreciation For:			
Buildings and Improvements	\$ 2,767,797	\$ 245,386	\$ 3,013,183
Other Capital Assets	2,280,159	160,836	2,440,995
Infrastructure	419,431	90,955	510,386
Total Accumulated			
Depreciation	<u>\$ 5,467,387</u>	<u>\$ 497,177</u>	<u>\$ 5,964,564</u>
Total Capital Assets			
Depreciated, Net	<u>\$ 8,880,674</u>	<u>\$ (321,697)</u>	<u>\$ 8,558,977</u>
Governmental Activities			
Capital Assets, Net	<u>\$ 9,676,152</u>	<u>\$ 164,062</u>	<u>\$ 9,840,214</u>

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

**Governmental Activities:**

General Government	\$ 44,368
Finance	1,402
Public Safety	177,698
Public Health and Welfare	55,243
Social, Cultural, and Recreational Services	16,274
Other Operations	35,670
Highways/Public Works	<u>166,522</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 497,177</u>

**Discretely Presented Johnson County School Department**

**Governmental Activities:**

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 946,939	\$ 0	\$ 0	\$ 946,939
Construction in Progress	381,481	0	(381,481)	0
Total Capital Assets Not Depreciated	<u>\$ 1,328,420</u>	<u>\$ 0</u>	<u>\$ (381,481)</u>	<u>\$ 946,939</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 23,200,779	\$ 381,481	\$ 0	\$ 23,582,260
Machinery and Equipment	2,373,592	100,154	(52,700)	2,421,046
Other Capital Assets	516,546	286,899	(20,639)	782,806
Infrastructure	2,160,277	0	0	2,160,277
Total Capital Assets Depreciated	<u>\$ 28,251,194</u>	<u>\$ 768,534</u>	<u>\$ (73,339)</u>	<u>\$ 28,946,389</u>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 7,495,547	\$ 568,064	\$ 0	\$ 8,063,611
Machinery and Equipment	1,150,928	194,695	(52,700)	1,292,923
Other Capital Assets	449,742	112,333	(20,639)	541,436
Infrastructure	1,118,114	141,262	0	1,259,376
Total Accumulated Depreciation	<u>\$ 10,214,331</u>	<u>\$ 1,016,354</u>	<u>\$ (73,339)</u>	<u>\$ 11,157,346</u>
Total Capital Assets Depreciated, Net	<u>\$ 18,036,863</u>	<u>\$ (247,820)</u>	<u>\$ 0</u>	<u>\$ 17,789,043</u>
Governmental Activities Capital Assets, Net	<u>\$ 19,365,283</u>	<u>\$ (247,820)</u>	<u>\$ (381,481)</u>	<u>\$ 18,735,982</u>

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

**Governmental Activities:**

Instruction	\$ 797,156
Support Services	212,431
Operation of Non-Instructional Services	<u>6,767</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,016,354</u>

**C. Construction Commitments**

At June 30, 2010, Johnson County had uncompleted construction contracts of approximately \$24,000 in the Other Capital Projects Fund related to a recreational trails project. Funding for these future expenditures is expected to be received from a federal grant.

**D. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2010, is as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 1,665
Highway/Public Works	General	22,330
General Debt Service	General	22,330
Discretely Presented School Department:		
General Purpose School	School Federal Projects	4,492

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, 2010, consisted of the following amounts:

**Primary Government**

Transfers Out	Transfers In		
	Highway/ Public Works Fund	General Debt Service Fund	Nonmajor Governmental Funds
General Fund	\$ 237,013	\$ 237,013	\$ 0
Nonmajor governmental funds	0	0	21,311
	<u>\$ 237,013</u>	<u>237,013</u>	<u>21,311</u>

**Discretely Presented Johnson County School Department**

Transfer Out	Transfer In
	General Purpose School Fund
School Federal Projects Fund	\$ 30,861

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 and loans. 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 and capital outlay notes outstanding were issued for original terms of up to 23 years for bonds and up to seven years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All

bonds and capital outlay notes included in long-term debt as of June 30, 2010, will be retired from the General Debt Service Fund.

General obligation bonds and capital and outlay notes outstanding as of June 30, 2010, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-10
General Obligation Bonds - Refunding	1.5 to 4.5 %	\$ 7,095,000	\$ 6,355,000
School Refunding Bonds	3 to 4.125	8,535,000	8,070,000
Capital Outlay Notes	0	210,000	90,000

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2010, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	\$ 565,000	\$ 562,559	\$ 1,127,559
2012	585,000	545,144	1,130,144
2013	610,000	525,829	1,135,829
2014	630,000	505,264	1,135,264
2015	655,000	483,984	1,138,984
2016-2020	3,675,000	2,012,491	5,687,491
2021-2025	4,500,000	1,217,662	5,717,662
2026-2028	3,205,000	263,194	3,468,194
Total	\$ 14,425,000	\$ 6,116,127	\$ 20,541,127

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 30,000	\$ 0	\$ 30,000
2012	30,000	0	30,000
2013	30,000	0	30,000
Total	\$ 90,000	\$ 0	\$ 90,000

During the year, the Johnson County School Department contributed \$264,154 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 \$4,498,437 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$824, based on the 2000 federal census. Debt per capita, including bonds and notes outstanding totaled \$829, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

Governmental Activities:	Bonds	Notes	Other Loans
	<u>          </u>	<u>          </u>	<u>          </u>
Balance, July 1, 2009	\$ 9,200,000	\$ 179,056	\$ 5,395,000
Additions	5,660,000	0	0
Deductions	(435,000)	(89,056)	(5,395,000)
	<u>          </u>	<u>          </u>	<u>          </u>
Balance, June 30, 2010	\$ 14,425,000	\$ 90,000	\$ 0
	<u>          </u>	<u>          </u>	<u>          </u>
Balance Due Within One Year	\$ 565,000	\$ 30,000	\$ 0
	<u>          </u>	<u>          </u>	<u>          </u>

	Compensated Absences	Postclosure Care Costs	Other Postemployment Benefits
	<u>          </u>	<u>          </u>	<u>          </u>
Balance, July 1, 2009	\$ 248,122	\$ 1,268,624	\$ 419,696
Additions	119,403	0	95,997
Deductions	(133,876)	(53,850)	(10,694)
	<u>          </u>	<u>          </u>	<u>          </u>
Balance, June 30, 2010	\$ 233,649	\$ 1,214,774	\$ 504,999
	<u>          </u>	<u>          </u>	<u>          </u>
Balance Due Within One Year	\$ 137,570	\$ 67,810	\$ 0
	<u>          </u>	<u>          </u>	<u>          </u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 16,468,422
Less: Balance Due Within One Year	(800,380)
Add: Unamortized Premium on Debt	29,427
Less: Deferred Amount on Refunding	(188,233)
	<u>          </u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 15,509,236</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.

Current Refunding

During the year, Johnson County issued \$5,660,000 of fixed-rate general obligation refunding bonds to provide resources for the current refunding of the Series A-5-B variable-rate loan agreement, which included a synthetic fixed-rate portion that had been swapped. Part of the proceeds from this bond issue was used to pay a \$257,000 fee for the termination of that swap agreement. As a result, the refunded loan was redeemed, and the liability has been removed from the governmental activities column of the Statement of Net Assets. The county's financial advisors were not able to determine the cumulative savings or economic gain from this refunding transaction due to the variable-rate debt instrument involved.

**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, 2010, was as follows:

Governmental Activities:

	Other Postemployment Benefits	Compensated Absences
Balance, July 1, 2009	\$ 0	\$ 56,053
Additions	472,272	64,635
Deductions	(234,440)	(71,364)
	<hr/>	<hr/>
Balance, June 30, 2010	\$ 237,832	\$ 49,324
	<hr/>	<hr/>
Balance Due Within One Year	\$ 0	\$ 49,324
	<hr/>	<hr/>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 287,156
Less: Balance Due Within One Year	<u>(49,324)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 237,832</u>

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

## V. OTHER INFORMATION

### A. Risk Management

#### Primary Government

The county is exposed to various risks related to general liability, property, and casualty losses. The county decided it was more economically feasible to join a public entity risk pool instead of purchasing commercial insurance for general liability, property, and casualty coverage. The county joined the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

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 participates in 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 (TCA), 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 participates in 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. Risk Financing Activities**

Johnson County and several other counties, cities, and local government entities were members of the Local Government Insurance Cooperative (LOGIC) for workers' compensation insurance for one or more policy years in 1996-97, 1997-98, and 1999-2000. LOGIC obtained excess insurance coverage from Reliance Insurance Company for claims that exceeded specific amounts. Reliance Insurance Company is now insolvent and is being liquidated in the State of Pennsylvania. The insolvency of Reliance Insurance Company has left LOGIC members exposed to significant claim liabilities for their policy years. In 2003, the LOGIC board of directors assessed its members certain amounts for each member's share of outstanding claims unpaid by Reliance Insurance Company. In 2009, the LOGIC board of directors made a second assessment of its members. Johnson County's share of this second assessment totaled \$19,786.

**C. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments became effective for the year ended June 30, 2010.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets. Intangible assets have three characteristics: lack of physical substance; nonfinancial in nature; and a useful life that extends beyond a single reporting period. Assets that have these characteristics and are identifiable to the government should be recorded as capital assets and amortized over their useful lives. Easements, water rights, patents, and computer software are examples of intangible assets that should be recognized under GASB Statement No. 51. Johnson County had no assets that met the definition of intangible assets at June 30, 2010. However, it is reasonably expected that Johnson County may acquire intangible assets in subsequent years.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by county governments. Derivative instruments are financial arrangements used by governments as investments; hedges against identified financial risks; or to lower the costs of borrowings. Interest rate swaps and locks, options, swaptions, forward contracts, and futures contracts are among the commonly used types of derivatives mentioned in GASB Statement No. 53. Derivative instruments associated with fluctuating financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. For the same reasons,

derivative instruments can expose governments to significant risks and liabilities. The requirements of GASB Statement No. 53 are intended to help users of financial information evaluate the effectiveness and associated risks involved with Johnson County's derivative transactions. GASB Statement No. 53 requires most derivatives to be reported at fair value in the Statement of Net Assets. Changes in fair value for derivative instruments that are intended for investment purposes or that are reported like investment derivative instruments because of ineffectiveness are reported as investment revenues in the Statement of Activities. Alternatively, the changes in fair value of derivative instruments that are classified as hedging (i.e., effective) derivative instruments are reported in the Statement of Net Assets as deferrals. Johnson County's only derivative transaction, a swap agreement discussed in Note IV.E., was terminated during the year, and Johnson County has no derivatives as of June 30, 2010.

**D. Subsequent Events**

On August 31, 2010, Dick Grayson left the Office of County Mayor and was succeeded by Larry Potter.

On November 30, 2010, capital outlay notes totaling \$300,000 were issued from the General Debt Service Fund for renovations to an industrial building.

**E. Contingent Liabilities**

There are several pending lawsuits in which the county is involved. Management has purchased 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.

**F. Landfill Closure and Postclosure Care Costs**

Johnson County has an active permit on file with the state Department of Environment and Conservation for a sanitary landfill. The county has provided financial assurances for estimated postclosure liabilities as required by the State of Tennessee. These financial assurances are on file with the Department of Environment and Conservation.

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as operating expense in each period based on landfill capacity used as of each balance sheet date. Johnson County closed its sanitary landfill in 1997. The \$1,214,774 reported as postclosure care liability at June 30, 2010, represents

amounts based on what it would cost to perform all postclosure care in 2010. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**G. Joint Ventures**

The First Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the 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, 2010.

The Upper East Tennessee Juvenile Detention Center was formed through cooperative agreements between Johnson County and the counties of Carter, 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

## H. 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, 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's 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 and various other counties and cities in the upper East Tennessee area. 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 directors 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 has entered into an agreement to establish and operate the Northeast Tennessee Cooperative to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each of the members' school food service systems. The cooperative has contracted with a coordinating district (Johnson City School System) and a service provider to operate this service. Johnson County School Department, along with certain other member districts of the Upper East Tennessee Educational Cooperative, is also a member of the Northeast Tennessee Cooperative. The cooperative is governed by a representative committee, including 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.

## **I. Retirement Commitments**

### **Plan Description**

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

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.tn.gov/treasury/tcrs/PS/](http://www.tn.gov/treasury/tcrs/PS/).

### **Funding Policy**

Johnson County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, was 10.83 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, 2010, Johnson County's annual pension cost of \$583,003 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2007, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include

(a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Johnson County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007, was 11 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

### Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-10	\$583,003	100%	\$0
6-30-09	601,855	100	0
6-30-08	585,212	100	0

### Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 80.92 percent funded. The actuarial accrued liability for benefits was \$15.59 million, and the actuarial value of assets was \$12.61 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.97 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5.3 million, and the ratio of the UAAL to the covered payroll was 56.05 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year 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 TCRS uses the frozen entry age cost method to calculate the annual required contribution. Effective July 1, 2009, the TCRS reestablished the unfunded accrued liabilities for all groups.

## **School Teachers**

### **Plan Description**

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

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.tn.gov/treasury/tcrs/Schools](http://www.tn.gov/treasury/tcrs/Schools).

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Johnson County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2010, was 6.42 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, 2010, 2009, and 2008, were \$538,700, \$536,906, and \$531,825, respectively, equal to the required contributions for each year.

**J. Other Postemployment Benefits (OPEB)**

**Primary Government**

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 the age of 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://tn.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. During the year ended June 30, 2010, the county contributed \$10,694 for postemployment benefits.

**Annual OPEB Cost and Net OPEB Obligation**

	<u>Local Government Group Plan</u>
ARC	\$ 95,000
Interest on the NPO	18,886
Adjustment to the ARC	<u>(17,889)</u>
Annual OPEB cost	\$ 95,997
Amount of contribution	<u>(10,694)</u>
Increase/decrease in NPO	\$ 85,303
Net OPEB obligation, 7-1-09	<u>419,696</u>
Net OPEB obligation, 6-30-10	<u><u>\$ 504,999</u></u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Government Group	\$ 225,000	9 %	\$ 205,643
6-30-09	"	227,317	6	419,696
6-30-10	"	95,997	11	504,999

### Funding Status and Funding Progress

The funding status of the plan as of June 30, 2010, was as follows:

	<u>Local Government Group Plan</u>
Actuarial valuation date	7-1-09
Actuarial accrued liability (AAL)	\$ 630,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 630,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 3,093,961
UAAL as of % of covered payroll	20%

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 required supplementary information 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 July 1, 2009, 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 three percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. 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**

#### **Plan Description**

The School Department provides commercial health insurance benefits for retirees. For accounting purposes, the plan is a single-employer defined benefit OPEB plan. Benefits are established and amended by the recommendation of an insurance committee and approved by the School Board.

The Johnson County Board of Education has designated \$150,000 of fund balance toward the funding of its OPEB obligation and has placed that amount, by contract, with the Tennessee School Board Association (TSBA). However, the agreement under which the funds were placed with the TSBA does not constitute an irrevocable trust. Therefore, the \$150,000 placed with TSBA is not reported as OPEB plan assets.

#### **Funding Policy**

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is purchased commercially 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 School Department develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums. The School Department pays 100 percent of the individual cost of benefits for eligible employees who are age 55 with at least 30 years of service. Benefit coverage is reduced for 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 attainment of age 65 when they become eligible for Medicare.

Annual OPEB Cost and Net OPEB Obligation

	Commercial Insurance Group Plan
	<hr/>
ARC	\$ 472,272
Interest on the NPO	0
Adjustment to the ARC	0
Annual OPEB cost	<hr/> \$ 472,272
Amount of contribution	(234,440)
Increase/decrease in NPO	<hr/> \$ 237,832
Net OPEB obligation, 7-1-09	<hr/> 0
Net OPEB obligation, 6-30-10	<hr/> <hr/> \$ 237,832

Fiscal Year Ended*	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
<hr/>				
6-30-10	Commercial Insurance	\$ 472,272	49 %	\$ 237,832

\* Data only available for one year.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, was as follows:

Actuarial valuation date	7-1-09
Actuarial accrued liability (AAL)	\$ 5,197,168
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 5,197,168
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 9,524,530
UAAL as a % of covered payroll	55%

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 required supplementary information 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 July 1, 2009, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a discount rate of three percent and an annual healthcare trend rate of ten percent for 2010-11 with decrements to an ultimate rate of five percent by 2020. The unfunded actuarial accrued liability is being amortized on a closed basis over a 30-year period beginning June 30, 2010.

#### **K. 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.

#### **L. 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.

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**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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,613,704	\$ 0	0	\$ 2,613,704	\$ 2,618,484	\$ 2,630,335	\$ (16,631)
Licenses and Permits	37,165	0	0	37,165	32,000	32,000	5,165
Fines, Forfeitures, and Penalties	99,489	0	0	99,489	38,800	58,540	40,949
Charges for Current Services	53,465	0	0	53,465	3,000	3,600	49,865
Other Local Revenues	691,491	0	0	691,491	935,337	940,322	(248,831)
Fees Received from County Officials	715,409	0	0	715,409	713,000	713,000	2,409
State of Tennessee	2,188,753	0	0	2,188,753	1,585,675	2,081,834	106,919
Federal Government	85,758	0	0	85,758	40,000	108,004	(22,246)
Other Governments and Citizens Groups	12,715	0	0	12,715	2,000	3,500	9,215
Total Revenues	\$ 6,497,949	\$ 0	0	\$ 6,497,949	\$ 5,968,296	\$ 6,571,135	\$ (73,186)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 106,996	\$ (728)	119	\$ 106,387	\$ 112,848	\$ 112,848	\$ 6,461
Board of Equalization	970	0	0	970	1,200	1,200	230
Other Boards and Committees	4,556	0	0	4,556	5,702	5,702	1,146
County Mayor/Executive	121,552	0	0	121,552	124,953	124,953	3,401
County Attorney	5,998	0	234	6,232	9,500	9,500	3,268
Election Commission	130,711	(30)	2,270	132,951	124,141	138,088	5,137
Register of Deeds	117,017	0	0	117,017	108,107	122,107	5,090
Development	9,250	0	0	9,250	9,250	9,250	0
County Buildings	86,054	(1,105)	875	85,824	89,402	89,403	3,579
<u>Finance</u>							
Accounting and Budgeting	184,565	0	15,169	199,734	169,149	199,957	223
Purchasing	47,613	(1,038)	1,132	47,707	48,898	48,898	1,191

(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 7/1/2009	Add: Encumbrances 6/30/2010	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	\$ 154,803	\$ 0	\$ 52	\$ 154,855	\$ 157,284	\$ 157,285	\$ 2,430
Reappraisal Program	30,623	0	0	30,623	31,861	31,861	1,238
County Trustee's Office	108,090	(90)	500	108,500	109,153	109,152	652
County Clerk's Office	202,234	0	56	202,290	204,824	204,823	2,533
<u>Administration of Justice</u>							
Circuit Court	222,617	(3,732)	3,189	222,074	230,823	234,724	12,650
General Sessions Court	121,616	(489)	43	121,170	121,517	121,517	347
Chancery Court	142,606	0	0	142,606	133,397	146,193	3,587
Juvenile Court	79,582	(599)	90	79,073	80,836	80,836	1,763
Courtroom Security	518	0	0	518	0	525	7
<u>Public Safety</u>							
Sheriff's Department	1,098,331	(9,750)	11,210	1,099,791	1,082,279	1,131,702	31,911
Administration of the Sexual Offender Registry	600	0	0	600	0	600	0
Jail	994,306	(43,160)	30,811	981,957	1,107,088	1,106,012	124,055
Fire Prevention and Control	211,505	0	0	211,505	151,000	211,505	0
Civil Defense	85,027	(978)	0	84,049	85,433	90,048	5,999
Other Emergency Management	66,600	0	0	66,600	66,600	66,600	0
County Coroner/Medical Examiner	1,891	0	283	2,174	2,293	2,293	119
Public Safety Grant Programs	39,542	0	0	39,542	0	39,542	0
<u>Public Health and Welfare</u>							
Local Health Center	239,460	(2,774)	2,777	239,463	339,578	339,579	100,116
Rabies and Animal Control	581	0	0	581	6,000	6,000	5,419
Regional Mental Health Center	10,300	0	0	10,300	10,300	10,300	0
Appropriation to State	14,325	0	0	14,325	15,051	16,125	1,800

(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 7/1/2009	Add: Encumbrances 6/30/2010	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>							
General Welfare Assistance	\$ 0	\$ 0	0	0	\$ 1,500	\$ 426	\$ 426
Sanitation Management	0	0	0	0	71,747	71,747	71,747
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	77,391	0	0	77,391	81,264	83,264	5,873
Libraries	32,540	0	0	32,540	32,540	32,540	0
Other Social, Cultural, and Recreational Agriculture and Natural Resources	30,838	0	0	30,838	30,875	30,875	37
<u>Agriculture Extension Service</u>							
Soil Conservation	63,735	(129)	0	63,606	70,199	74,235	10,629
<u>Other Operations</u>							
Tourism	13,244	0	0	13,244	550	13,244	0
Airport	497,599	(444,163)	700	54,136	16,868	502,627	448,491
Veterans' Services	11,377	0	0	11,377	9,552	11,552	175
Other Charges	426,688	(16,992)	0	409,696	632,000	648,000	238,304
Contributions to Other Agencies	21,518	0	0	21,518	21,518	21,518	0
Employee Benefits	14,718	0	0	14,718	24,600	24,600	9,882
Miscellaneous	229,118	(3,619)	190	225,689	201,250	275,570	49,881
<u>Highways</u>							
Litter and Trash Collection	34,505	(304)	57	34,258	39,217	39,218	4,960
Total Expenditures	\$ 6,111,514	\$ (529,680)	\$ 69,757	\$ 5,651,591	\$ 5,993,644	\$ 6,820,041	\$ 1,168,450
Excess (Deficiency) of Revenues Over Expenditures	\$ 386,435	\$ 529,680	\$ (69,757)	\$ 846,358	\$ (25,348)	\$ (248,906)	\$ 1,095,264

(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 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 7,802	\$ 0	\$ 0	\$ 7,802	\$ 0	\$ 0	\$ 7,802
Transfers Out	(474,026)	0	0	(474,026)	(500,000)	(500,000)	25,974
Total Other Financing Sources (Uses)	<u>\$ (466,224)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (466,224)</u>	<u>\$ (500,000)</u>	<u>\$ (500,000)</u>	<u>\$ 33,776</u>
Net Change in Fund Balance	\$ (79,789)	\$ 529,680	\$ (69,757)	\$ 380,134	\$ (525,348)	\$ (748,906)	\$ 1,129,040
Fund Balance, July 1, 2009	2,287,784	(529,680)	0	1,758,104	2,194,768	2,194,768	(436,664)
Fund Balance, June 30, 2010	<u>\$ 2,207,995</u>	<u>\$ 0</u>	<u>\$ (69,757)</u>	<u>\$ 2,138,238</u>	<u>\$ 1,669,420</u>	<u>\$ 1,445,862</u>	<u>\$ 692,376</u>

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)		Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	Original	Final	
<u>Revenues</u>								
Local Taxes	\$ 2,119	\$ 0	\$ 0	\$ 2,119	\$ 0	\$ 0	\$ 0	2,119
Other Local Revenues	12,369	0	0	12,369	0	7,012	7,012	5,357
State of Tennessee	1,592,798	0	0	1,592,798	1,402,207	1,673,282	1,673,282	(80,484)
Federal Government	34,740	0	0	34,740	35,000	35,000	35,000	(260)
Other Governments and Citizens Groups	49,470	0	0	49,470	0	42,363	42,363	7,107
Total Revenues	\$ 1,691,496	\$ 0	\$ 0	\$ 1,691,496	\$ 1,437,207	\$ 1,757,657	\$ 1,757,657	\$ (66,161)
<u>Expenditures</u>								
<u>Highways</u>								
Administration	\$ 145,505	\$ (325)	\$ 250	\$ 145,430	\$ 148,024	\$ 149,025	\$ 149,025	\$ 3,595
Highway and Bridge Maintenance	1,128,486	(52,210)	16,213	1,092,489	984,726	1,245,826	1,245,826	153,337
Operation and Maintenance of Equipment	280,295	(22,197)	12,956	271,054	271,050	322,050	322,050	50,996
Other Charges	71,683	(120)	170	71,733	74,350	75,950	75,950	4,217
Employee Benefits	63,039	0	0	63,039	66,497	66,497	66,497	3,458
Capital Outlay	339,976	(600)	100,469	439,845	111,000	459,551	459,551	19,706
Principal on Debt								
Highways and Streets	59,056	0	0	59,056	59,056	59,056	59,056	0
Interest on Debt								
Highways and Streets	2,841	0	0	2,841	2,841	2,841	2,841	0
Total Expenditures	\$ 2,090,881	\$ (75,452)	\$ 130,058	\$ 2,145,487	\$ 1,717,544	\$ 2,380,796	\$ 2,380,796	\$ 235,309
Excess (Deficiency) of Revenues Over Expenditures	\$ (399,385)	\$ 75,452	\$ (130,058)	\$ (453,991)	\$ (280,337)	\$ (623,139)	\$ (623,139)	\$ 169,148
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 8,649	\$ 0	\$ 0	\$ 8,649	\$ 0	\$ 6,301	\$ 6,301	\$ 2,348
Transfers In	237,013	0	0	237,013	250,000	250,000	250,000	(12,987)
Total Other Financing Sources (Uses)	\$ 245,662	\$ 0	\$ 0	\$ 245,662	\$ 250,000	\$ 256,301	\$ 256,301	\$ (10,639)
Net Change in Fund Balance	\$ (153,723)	\$ 75,452	\$ (130,058)	\$ (208,329)	\$ (30,337)	\$ (366,838)	\$ (366,838)	\$ 158,509
Fund Balance, July 1, 2009	384,408	(75,452)	0	308,956	266,015	382,015	382,015	(73,059)
Fund Balance, June 30, 2010	\$ 230,685	\$ 0	\$ (130,058)	\$ 100,627	\$ 235,678	\$ 15,177	\$ 15,177	\$ 85,450

Exhibit E-3

Johnson County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Johnson County School Department  
June 30, 2010

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan 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)
7-1-09	\$ 12,612	\$ 15,586	\$ 2,974	80.92 %	\$ 5,305	56.05 %
7-1-07	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 frozen entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the frozen entry age actuarial cost method went into effect during the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Exhibit E-4

Johnson County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Johnson County School Department  
June 30, 2010

(Dollar amounts in thousands)

Plans	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)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-07	\$ 0	\$ 1,623	\$ 1,623	0	\$ 3,025	53.65 %
"	7-1-09	0	630	630	0	3,094	20.36
<u>DISCRETELY PRESENTED JOHNSON COUNTY SCHOOL DEPARTMENT</u>							
Commercial Group	7-1-09	0	5,197	5,197	0	9,525	54.60

\*Data for three actuarial valuations will be presented when available.

**JOHNSON COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2010**

**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 County 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

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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.

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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

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

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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 and for the trails grant program.

Exhibit F-1

Johnson County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2010

	Special Revenue Funds				Capital Projects Funds				Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects	Total	
Cash	0	0	1,004	1,004	0	0	0	0	1,004
Equity in Pooled Cash and Investments	87,064	54,823	0	141,887	332,959	176,647	32,958	542,564	684,451
Accounts Receivable	1,051	0	661	1,712	0	0	0	0	1,712
Property Taxes Receivable	119,821	0	0	119,821	269,597	0	0	269,597	389,418
Allowance for Uncollectible Property Taxes	(3,517)	0	0	(3,517)	(7,913)	0	0	(7,913)	(11,430)
<b>Total Assets</b>	<b>\$ 204,419</b>	<b>\$ 54,823</b>	<b>\$ 1,665</b>	<b>\$ 260,907</b>	<b>\$ 594,643</b>	<b>\$ 176,647</b>	<b>\$ 32,958</b>	<b>\$ 804,248</b>	<b>\$ 1,065,155</b>

ASSETS

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>									
Accounts Payable	18,141	0	0	18,141	0	50	620	670	18,811
Due to Other Funds	0	0	1,665	1,665	0	0	0	0	1,665
Deferred Revenue - Current Property Taxes	108,350	0	0	108,350	243,788	0	0	243,788	352,138
Deferred Revenue - Delinquent Property Taxes	7,320	0	0	7,320	16,469	0	0	16,469	23,789
<b>Total Liabilities</b>	<b>\$ 133,811</b>	<b>\$ 0</b>	<b>\$ 1,665</b>	<b>\$ 135,476</b>	<b>\$ 260,257</b>	<b>\$ 50</b>	<b>\$ 620</b>	<b>\$ 260,927</b>	<b>\$ 396,403</b>
<u>Fund Balances</u>									
Reserved for Encumbrances	2,271	0	0	2,271	0	0	25,000	25,000	27,271
Unreserved	68,337	54,823	0	123,160	334,386	176,597	7,338	518,321	641,481
<b>Total Fund Balances</b>	<b>\$ 70,608</b>	<b>\$ 54,823</b>	<b>\$ 0</b>	<b>\$ 125,431</b>	<b>\$ 334,386</b>	<b>\$ 176,597</b>	<b>\$ 32,338</b>	<b>\$ 543,321</b>	<b>\$ 668,752</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 204,419</b>	<b>\$ 54,823</b>	<b>\$ 1,665</b>	<b>\$ 260,907</b>	<b>\$ 594,643</b>	<b>\$ 176,647</b>	<b>\$ 32,958</b>	<b>\$ 804,248</b>	<b>\$ 1,065,155</b>

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, 2010

	Special Revenue Funds				Capital Projects Funds				Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Total	General Capital Projects	Community		Other Capital Projects	Total	
					Development/ Industrial Park				
<u>Revenues</u>									
Local Taxes	\$ 109,306	\$ 0	\$ 109,306	\$ 245,955	\$ 0	\$ 0	\$ 245,955	\$ 355,261	
Fines, Forfeitures, and Penalties	0	16,529	16,529	0	0	0	0	16,529	
Charges for Current Services	391,019	0	391,019	0	0	0	0	391,019	
Other Local Revenues	2,023	0	2,023	0	74,199	0	74,199	76,222	
State of Tennessee	0	0	0	0	0	186,369	186,369	186,369	
Federal Government	0	0	0	38,500	0	0	38,500	38,500	
Other Governments and Citizens Groups	1,800	2,500	4,300	0	10,000	49,815	59,815	64,115	
Total Revenues	\$ 504,148	\$ 19,029	\$ 523,177	\$ 284,455	\$ 84,199	\$ 236,184	\$ 604,838	\$ 1,128,015	
<u>Expenditures</u>									
Current:									
Public Safety	\$ 0	\$ 58,930	\$ 58,930	\$ 0	\$ 0	\$ 0	\$ 0	\$ 58,930	
Public Health and Welfare	480,004	0	480,004	0	0	0	0	480,004	
Social, Cultural, and Recreational Services	0	0	0	0	0	47,271	47,271	47,271	
Capital Projects	0	0	0	161,724	62,157	180,294	404,175	404,175	
Total Expenditures	\$ 480,004	\$ 58,930	\$ 538,934	\$ 161,724	\$ 62,157	\$ 227,565	\$ 451,446	\$ 990,380	
Excess (Deficiency) of Revenues Over Expenditures	\$ 24,144	\$ (39,901)	\$ (15,757)	\$ 122,731	\$ 22,042	\$ 8,619	\$ 153,392	\$ 137,635	
<u>Other Financing Sources (Uses)</u>									
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,311	\$ 21,311	\$ 21,311	
Transfers Out	0	0	0	(21,311)	0	0	(21,311)	(21,311)	
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ (21,311)	\$ 0	\$ 21,311	\$ 0	\$ 0	
Net Change in Fund Balances	\$ 24,144	\$ (39,901)	\$ (15,757)	\$ 101,420	\$ 22,042	\$ 29,930	\$ 153,392	\$ 137,635	
Fund Balance, July 1, 2009	46,464	94,724	141,188	232,966	154,555	2,408	389,929	531,117	
Fund Balance, June 30, 2010	\$ 70,608	\$ 54,823	\$ 125,431	\$ 334,386	\$ 176,597	\$ 32,338	\$ 543,321	\$ 668,752	

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances		Add: 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		7/1/2009	6/30/2010			Original	Final	
<u>Revenues</u>								
Local Taxes	\$ 109,306	\$ 0	\$ 0	\$ 109,306	\$ 106,974	\$ 106,974	\$ 2,332	
Charges for Current Services	391,019	0	0	391,019	344,760	394,760	(3,741)	
Other Local Revenues	2,023	0	0	2,023	0	0	2,023	
Other Governments and Citizens Groups	1,800	0	0	1,800	0	0	1,800	
Total Revenues	\$ 504,148	\$ 0	\$ 0	\$ 504,148	\$ 451,734	\$ 501,734	\$ 2,414	
<u>Expenditures</u>								
<u>Public Health and Welfare</u>								
Sanitation Management	\$ 480,004	(1,665)	2,271	480,610	440,358	501,457	20,847	
Total Expenditures	\$ 480,004	(1,665)	2,271	480,610	440,358	501,457	20,847	
Excess (Deficiency) of Revenues Over Expenditures	\$ 24,144	1,665	(2,271)	23,538	11,376	277	23,261	
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 24,144	1,665	(2,271)	23,538	11,376	277	23,261	
	46,464	(1,665)	0	44,799	37,423	37,453	7,346	
Fund Balance, June 30, 2010	\$ 70,608	0	(2,271)	68,337	48,799	37,730	30,607	

Exhibit F-4

Johnson County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Drug Control Fund  
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 16,529	\$ 0	\$ 16,529	\$ 14,000	\$ 14,000	\$ 2,529
Other Governments and Citizens Groups	2,500	0	2,500	0	0	2,500
Total Revenues	\$ 19,029	\$ 0	\$ 19,029	\$ 14,000	\$ 14,000	\$ 5,029
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 58,930	(1,818)	\$ 57,112	\$ 61,500	\$ 64,500	\$ 7,388
Total Expenditures	\$ 58,930	(1,818)	\$ 57,112	\$ 61,500	\$ 64,500	\$ 7,388
Excess (Deficiency) of Revenues Over Expenditures	\$ (39,901)	\$ 1,818	\$ (38,083)	\$ (47,500)	\$ (50,500)	\$ 12,417
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ (39,901)	\$ 1,818	\$ (38,083)	\$ (47,500)	\$ (50,500)	\$ 12,417
	94,724	(1,818)	92,906	92,906	92,906	0
Fund Balance, June 30, 2010	\$ 54,823	\$ 0	\$ 54,823	\$ 45,406	\$ 42,406	\$ 12,417

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 245,955	\$ 0	\$ 245,955	\$ 238,030	\$ 238,030	\$ 7,925
Federal Government	38,500	0	38,500	0	0	38,500
Total Revenues	\$ 284,455	\$ 0	\$ 284,455	\$ 238,030	\$ 238,030	\$ 46,425
<u>Expenditures</u>						
<u>Capital Projects</u>						
General Administration Projects	\$ 161,646	(103,247)	\$ 58,399	\$ 203,200	\$ 226,816	\$ 168,417
Social, Cultural, and Recreation Projects	78	(78)	0	0	0	0
Total Expenditures	\$ 161,724	(103,325)	\$ 58,399	\$ 203,200	\$ 226,816	\$ 168,417
<u>Excess (Deficiency) of Revenues</u>						
Over Expenditures	\$ 122,731	\$ 103,325	\$ 226,056	\$ 34,830	\$ 11,214	\$ 214,842
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (21,311)	\$ 0	\$ (21,311)	\$ 0	\$ (21,311)	\$ 0
Total Other Financing Sources (Uses)	\$ (21,311)	\$ 0	\$ (21,311)	\$ 0	\$ (21,311)	\$ 0
<u>Net Change in Fund Balance</u>						
Fund Balance, July 1, 2009	\$ 101,420	\$ 103,325	\$ 204,745	\$ 34,830	\$ (10,097)	\$ 214,842
	232,966	(103,325)	129,641	99,579	99,579	30,062
Fund Balance, June 30, 2010	\$ 334,386	\$ 0	\$ 334,386	\$ 134,409	\$ 89,482	\$ 244,904

# **Major Governmental Fund**

## **General Debt Service Fund**

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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

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 909,785	\$ 1,544,070	\$ 855,411	\$ 54,374
Other Local Revenues	1,147	0	0	1,147
Other Governments and Citizens Groups	264,154	0	264,154	0
<b>Total Revenues</b>	<b>\$ 1,175,086</b>	<b>\$ 1,544,070</b>	<b>\$ 1,119,565</b>	<b>\$ 55,521</b>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 30,000	\$ 50,000	\$ 50,000	\$ 20,000
Education	435,000	792,744	435,000	0
<u>Interest on Debt</u>				
General Government	111,515	18,523	130,038	18,523
Education	434,083	0	434,083	0
<u>Other Debt Service</u>				
General Government	419,543	376,000	483,226	63,683
Education	0	725,000	36,341	36,341
<b>Total Expenditures</b>	<b>\$ 1,430,141</b>	<b>\$ 1,962,267</b>	<b>\$ 1,568,688</b>	<b>\$ 138,547</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (255,055)	\$ (418,197)	\$ (449,123)	\$ 194,068
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 5,660,000	\$ 0	\$ 5,660,000	\$ 0
Premiums on Debt Issued	30,081	0	30,081	0
Transfers In	237,013	514,154	250,000	(12,987)
Payments to Refunded Debt Escrow Agent	(5,395,000)	0	(5,395,000)	0
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 532,094</b>	<b>\$ 514,154</b>	<b>\$ 545,081</b>	<b>\$ (12,987)</b>
Net Change in Fund Balance	\$ 277,039	\$ 95,957	\$ 95,958	\$ 181,081
Fund Balance, July 1, 2009	4,221,398	2,841,304	2,841,304	1,380,094
<b>Fund Balance, June 30, 2010</b>	<b>\$ 4,498,437</b>	<b>\$ 2,937,261</b>	<b>\$ 2,937,262</b>	<b>\$ 1,561,175</b>

# Fiduciary Funds

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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.

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

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

Exhibit H-1

Johnson County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2010

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 291,469	\$ 291,469
Accounts Receivable	0	2,335	2,335
Due from Other Governments	81,111	0	81,111
Total Assets	<u>\$ 81,111</u>	<u>\$ 293,804</u>	<u>\$ 374,915</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 81,111	\$ 0	\$ 81,111
Due to Litigants, Heirs, and Others	0	293,804	293,804
Total Liabilities	<u>\$ 81,111</u>	<u>\$ 293,804</u>	<u>\$ 374,915</u>

Exhibit H-2

Johnson County, Tennessee  
Combining Statement of Changes in Assets  
and Liabilities - All Agency Funds  
For the Year Ended June 30, 2010

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 433,658	\$ 433,658	\$ 0
Due from Other Governments	78,230	81,111	78,230	81,111
Total Assets	<u>\$ 78,230</u>	<u>\$ 514,769</u>	<u>\$ 511,888</u>	<u>\$ 81,111</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 78,230	\$ 514,769	\$ 511,888	\$ 81,111
Total Liabilities	<u>\$ 78,230</u>	<u>\$ 514,769</u>	<u>\$ 511,888</u>	<u>\$ 81,111</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 283,690	\$ 3,396,747	\$ 3,388,968	\$ 291,469
Accounts Receivable	685	2,335	685	2,335
Total Assets	<u>\$ 284,375</u>	<u>\$ 3,399,082</u>	<u>\$ 3,389,653</u>	<u>\$ 293,804</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 284,375	\$ 3,399,082	\$ 3,389,653	\$ 293,804
Total Liabilities	<u>\$ 284,375</u>	<u>\$ 3,399,082</u>	<u>\$ 3,389,653</u>	<u>\$ 293,804</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 283,690	\$ 3,396,747	\$ 3,388,968	\$ 291,469
Equity in Pooled Cash and Investments	0	433,658	433,658	0
Accounts Receivable	685	2,335	685	2,335
Due from Other Governments	78,230	81,111	78,230	81,111
Total Assets	<u>\$ 362,605</u>	<u>\$ 3,913,851</u>	<u>\$ 3,901,541</u>	<u>\$ 374,915</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 78,230	\$ 514,769	\$ 511,888	\$ 81,111
Due to Litigants, Heirs, and Others	284,375	3,399,082	3,389,653	293,804
Total Liabilities	<u>\$ 362,605</u>	<u>\$ 3,913,851</u>	<u>\$ 3,901,541</u>	<u>\$ 374,915</u>

# Johnson County School Department

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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.

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

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

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

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

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations of the School Department.

Exhibit I-1

Johnson County, Tennessee  
 Statement of Activities  
 Discretely Presented Johnson County School Department  
 For the Year Ended June 30, 2010

Functions/Programs	Program Revenues			Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:								
Instruction	\$ 11,968,812	\$ 155,905	\$ 2,487,166	\$ 0	\$ 0	\$ 0	\$ (9,325,741)	
Support Services	6,769,846	130,570	57,022	315,417			(6,266,837)	
Operation of Non-Instructional Services	1,738,639	430,460	1,017,721	36,519			(253,939)	
Other Debt Service	264,154	0	0	0			(264,154)	
Total Governmental Activities	\$ 20,741,451	\$ 716,935	\$ 3,561,909	\$ 351,936	\$ 351,936	\$ (16,110,671)		
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes							\$ 2,666,527	
Local Option Sales Taxes							688,659	
Interstate Telecommunications Tax							2,931	
Grants and Contributions Not Restricted for Specific Programs							12,830,203	
Unrestricted Investment Income							5,608	
Miscellaneous							153,236	
Total General Revenues							\$ 16,347,164	
Change in Net Assets							\$ 236,493	
Net Assets, July 1, 2009							22,560,831	
Net Assets, June 30, 2010							\$ 22,797,324	

Exhibit I-2

Johnson County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Johnson County School Department  
June 30, 2010

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	<u>Total</u>
	<u>General Purpose School</u>	<u>School Federal Projects</u>	<u>Other Govern- mental Funds</u>	<u>Govern- mental Funds</u>
<u>ASSETS</u>				
Cash	\$ 207,756	\$ 0	\$ 0	\$ 207,756
Equity in Pooled Cash and Investments	3,025,052	0	451,007	3,476,059
Due from Other Governments	405,449	159,494	38,153	603,096
Due from Other Funds	4,492	0	0	4,492
Property Taxes Receivable	2,995,521	0	0	2,995,521
Allowance for Uncollectible Property Taxes	(87,930)	0	0	(87,930)
<b>Total Assets</b>	<b>\$ 6,550,340</b>	<b>\$ 159,494</b>	<b>\$ 489,160</b>	<b>\$ 7,198,994</b>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 27,018	\$ 16	\$ 0	\$ 27,034
Payroll Deductions Payable	4,561	0	0	4,561
Cash Overdraft	0	49,971	0	49,971
Due to Other Funds	0	4,492	0	4,492
Due to State of Tennessee	950	515	419	1,884
Other Current Liabilities	53,800	0	0	53,800
Deferred Revenue - Current Property Taxes	2,708,754	0	0	2,708,754
Deferred Revenue - Delinquent Property Taxes	182,985	0	0	182,985
Other Deferred Revenues	226	0	0	226
<b>Total Liabilities</b>	<b>\$ 2,978,294</b>	<b>\$ 54,994</b>	<b>\$ 419</b>	<b>\$ 3,033,707</b>
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 277,252	\$ 35,079	\$ 0	\$ 312,331
Reserved for Vocational Projects	151,125	0	0	151,125
Other Local Education Reserves	48,195	0	0	48,195
Reserved for Career Ladder Program	1,514	0	0	1,514
Reserved for Title I Grants to Local Education Agencies	0	49,656	0	49,656
Reserved for Special Education - Grants to States	0	18,356	0	18,356
Other Federal Reserves	0	1,409	0	1,409
Unreserved, Reported In:				
General Fund	3,093,960	0	0	3,093,960
Special Revenue Funds	0	0	444,403	444,403
Capital Projects Funds	0	0	44,338	44,338
<b>Total Fund Balances</b>	<b>\$ 3,572,046</b>	<b>\$ 104,500</b>	<b>\$ 488,741</b>	<b>\$ 4,165,287</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,550,340</b>	<b>\$ 159,494</b>	<b>\$ 489,160</b>	<b>\$ 7,198,994</b>

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, 2010

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)		\$	4,165,287
(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: buildings and improvements net of accumulated depreciation		15,518,649	
Add: other capital assets net of accumulated depreciation		1,369,493	
Add: infrastructure net of accumulated depreciation		<u>900,901</u>	18,735,982
(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	\$	(49,324)	
Less: other postemployment benefits liability		<u>(237,832)</u>	(287,156)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>183,211</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>22,797,324</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, 2010

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Other</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>Funds</u>	<u>Funds</u>
<u>Revenues</u>				
Local Taxes	\$ 3,421,602	\$ 0	\$ 0	\$ 3,421,602
Licenses and Permits	1,276	0	0	1,276
Charges for Current Services	190,068	0	944,109	1,134,177
Other Local Revenues	351,896	0	9,208	361,104
State of Tennessee	12,266,530	0	0	12,266,530
Federal Government	223,493	2,285,358	911,501	3,420,352
<b>Total Revenues</b>	<b>\$ 16,454,865</b>	<b>\$ 2,285,358</b>	<b>\$ 1,864,818</b>	<b>\$ 20,605,041</b>
<u>Expenditures</u>				
Current:				
Instruction	\$ 8,678,995	\$ 1,871,934	\$ 460,605	\$ 11,011,534
Support Services	5,983,178	389,988	151,990	6,525,156
Operation of Non-Instructional Services	527,565	0	1,124,422	1,651,987
Capital Outlay	54,823	0	0	54,823
Debt Service:				
Other Debt Service	264,154	0	0	264,154
<b>Total Expenditures</b>	<b>\$ 15,508,715</b>	<b>\$ 2,261,922</b>	<b>\$ 1,737,017</b>	<b>\$ 19,507,654</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 946,150	\$ 23,436	\$ 127,801	\$ 1,097,387
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 34,671	\$ 0	\$ 0	\$ 34,671
Transfers In	30,861	0	0	30,861
Transfers Out	0	(30,861)	0	(30,861)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 65,532</b>	<b>\$ (30,861)</b>	<b>\$ 0</b>	<b>\$ 34,671</b>
Net Change in Fund Balances	\$ 1,011,682	\$ (7,425)	\$ 127,801	\$ 1,132,058
Fund Balance, July 1, 2009	2,560,364	111,925	360,940	3,033,229
<b>Fund Balance, June 30, 2010</b>	<b>\$ 3,572,046</b>	<b>\$ 104,500</b>	<b>\$ 488,741</b>	<b>\$ 4,165,287</b>

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, 2010

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)		\$ 1,132,058
(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	\$ 71,636	
Less: current year depreciation expense	<u>(1,016,354)</u>	(944,718)
(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		315,417
(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, 2010	\$ 183,211	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(218,372)</u>	(35,161)
(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	\$ 6,729	
Change in other postemployment benefits liability	<u>(237,832)</u>	<u>(231,103)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 236,493</u>

Exhibit I-6

Johnson County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Johnson County School Department  
June 30, 2010

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>Other</u>			<u>Projects</u>	
	<u>Central</u>	<u>Education</u>	<u>Total</u>	<u>Fund</u>	
	<u>Cafeteria</u>	<u>Special</u>		<u>Education</u>	<u>Nonmajor</u>
		<u>Revenue</u>		<u>Capital</u>	<u>Governmental</u>
				<u>Projects</u>	<u>Funds</u>
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 401,983	\$ 4,686	\$ 406,669	\$ 44,338	\$ 451,007
Due from Other Governments	38,153	0	38,153	0	38,153
<b>Total Assets</b>	<b>\$ 440,136</b>	<b>\$ 4,686</b>	<b>\$ 444,822</b>	<b>\$ 44,338</b>	<b>\$ 489,160</b>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Due to State of Tennessee	\$ 348	\$ 71	\$ 419	\$ 0	\$ 419
<b>Total Liabilities</b>	<b>\$ 348</b>	<b>\$ 71</b>	<b>\$ 419</b>	<b>\$ 0</b>	<b>\$ 419</b>
<u>Fund Balances</u>					
Unreserved	\$ 439,788	\$ 4,615	\$ 444,403	\$ 44,338	\$ 488,741
<b>Total Fund Balances</b>	<b>\$ 439,788</b>	<b>\$ 4,615</b>	<b>\$ 444,403</b>	<b>\$ 44,338</b>	<b>\$ 488,741</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 440,136</b>	<b>\$ 4,686</b>	<b>\$ 444,822</b>	<b>\$ 44,338</b>	<b>\$ 489,160</b>

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, 2010

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Central Cafeteria	Other Education Special Revenue	Total	Education Capital Projects	
<u>Revenues</u>					
Charges for Current Services	\$ 338,192	\$ 605,917	\$ 944,109	\$ 0	\$ 944,109
Other Local Revenues	5,595	3,600	9,195	13	9,208
Federal Government	911,501	0	911,501	0	911,501
<b>Total Revenues</b>	<b>\$ 1,255,288</b>	<b>\$ 609,517</b>	<b>\$ 1,864,805</b>	<b>\$ 13</b>	<b>\$ 1,864,818</b>
<u>Expenditures</u>					
Current:					
Instruction	\$ 0	\$ 460,605	\$ 460,605	\$ 0	\$ 460,605
Support Services	7,226	144,764	151,990	0	151,990
Operation of Non-Instructional Services	1,124,422	0	1,124,422	0	1,124,422
<b>Total Expenditures</b>	<b>\$ 1,131,648</b>	<b>\$ 605,369</b>	<b>\$ 1,737,017</b>	<b>\$ 0</b>	<b>\$ 1,737,017</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 123,640	\$ 4,148	\$ 127,788	\$ 13	\$ 127,801
Net Change in Fund Balances	\$ 123,640	\$ 4,148	\$ 127,788	\$ 13	\$ 127,801
Fund Balance, July 1, 2009	316,148	467	316,615	44,325	360,940
<b>Fund Balance, June 30, 2010</b>	<b>\$ 439,788</b>	<b>\$ 4,615</b>	<b>\$ 444,403</b>	<b>\$ 44,338</b>	<b>\$ 488,741</b>

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 3,421,602	\$ 0	\$ 0	\$ 3,421,602	\$ 3,412,607	\$ 3,412,607	\$ 8,995
Licenses and Permits	1,276	0	0	1,276	2,000	2,000	(724)
Charges for Current Services	190,068	0	0	190,068	142,405	210,958	(20,890)
Other Local Revenues	351,896	0	0	351,896	138,155	349,767	2,129
State of Tennessee	12,266,530	0	0	12,266,530	11,951,810	12,275,351	(8,821)
Federal Government	223,493	0	0	223,493	192,969	169,169	54,324
Total Revenues	\$ 16,454,865	\$ 0	\$ 0	\$ 16,454,865	\$ 15,839,946	\$ 16,419,852	\$ 35,013
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 6,611,097	\$ (170,418)	\$ 163,980	\$ 6,604,659	\$ 6,944,271	\$ 7,079,289	\$ 474,630
Alternative Instruction Program	145,440	(2,000)	0	143,440	156,335	156,335	12,895
Special Education Program	914,736	(1,503)	0	913,233	946,488	945,821	32,588
Vocational Education Program	926,248	(10,041)	8,891	925,098	930,196	1,112,215	187,117
Student Body Education Program	21,431	(21,431)	0	0	0	0	0
Adult Education Program	60,043	(535)	375	59,883	60,030	60,030	147
<u>Support Services</u>							
Attendance	73,285	0	0	73,285	69,519	74,485	1,200
Health Services	218,674	(5,457)	0	213,217	303,068	236,851	23,634
Other Student Support	353,365	(1,293)	5,994	358,066	340,004	360,305	2,239
Regular Instruction Program	653,390	(37,784)	2,021	617,627	640,664	656,013	38,386
Alternative Instruction Program	303	0	0	303	1,500	1,500	1,197
Special Education Program	123,657	(2,731)	0	120,926	121,015	121,296	370
Vocational Education Program	91,070	(37)	0	91,033	94,041	94,104	3,071
Adult Programs	64,810	0	184	64,994	65,069	65,069	75
Board of Education	345,007	(158)	38	344,887	434,587	516,061	171,174
Director of Schools	186,963	(183)	339	187,119	187,432	199,998	12,879

(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 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive Negative
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Office of the Principal	\$ 1,080,992	\$ (12,271)	\$ 1,071	\$ 1,069,792	\$ 1,087,536	\$ 1,132,111	\$ 62,319
Fiscal Services	87,649	0	0	87,649	90,894	90,924	3,275
Human Services/Personnel	56,987	(104)	0	56,883	59,261	59,283	2,400
Operation of Plant	1,552,148	(6,305)	27,829	1,573,672	1,688,835	1,693,591	119,919
Maintenance of Plant	327,202	(24,162)	21,119	324,159	220,659	330,301	6,142
Transportation	728,557	(17,214)	16,784	728,127	843,563	874,854	146,727
Central and Other	39,119	0	0	39,119	56,057	51,091	11,972
<u>Operation of Non-Instructional Services</u>							
Food Service	123,220	(124)	0	123,096	98,962	124,395	1,299
Community Services	102,399	0	0	102,399	85,000	117,616	15,217
Early Childhood Education	301,946	(15,623)	1,572	287,895	0	294,113	6,218
<u>Capital Outlay</u>							
Regular Capital Outlay	54,823	(31,600)	27,055	50,278	142,500	142,500	92,222
<u>Other Debt Service</u>							
Education	264,154	0	0	264,154	264,154	264,154	0
<u>Total Expenditures</u>	<u>\$ 15,508,715</u>	<u>\$ (360,974)</u>	<u>\$ 277,252</u>	<u>\$ 15,424,993</u>	<u>\$ 15,931,640</u>	<u>\$ 16,854,305</u>	<u>\$ 1,429,312</u>
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 946,150	\$ 360,974	\$ (277,252)	\$ 1,029,872	\$ (91,694)	\$ (434,453)	\$ 1,464,325
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 34,671	\$ 0	\$ 0	\$ 34,671	\$ 20,049	\$ 34,671	\$ 0
Transfers In	30,861	0	0	30,861	71,645	39,576	(8,715)
<u>Total Other Financing Sources (Uses)</u>	<u>\$ 65,532</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 65,532</u>	<u>\$ 91,694</u>	<u>\$ 74,247</u>	<u>\$ (8,715)</u>
<u>Net Change in Fund Balance</u>	<u>\$ 1,011,682</u>	<u>\$ 360,974</u>	<u>\$ (277,252)</u>	<u>\$ 1,095,404</u>	<u>\$ 0</u>	<u>\$ (360,206)</u>	<u>\$ 1,455,610</u>
<u>Fund Balance, July 1, 2009</u>	<u>2,560,364</u>	<u>(360,974)</u>	<u>0</u>	<u>2,199,390</u>	<u>2,162,294</u>	<u>2,162,294</u>	<u>37,096</u>
<u>Fund Balance, June 30, 2010</u>	<u>\$ 3,572,046</u>	<u>\$ 0</u>	<u>\$ (277,252)</u>	<u>\$ 3,294,794</u>	<u>\$ 2,162,294</u>	<u>\$ 1,802,088</u>	<u>\$ 1,492,706</u>

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 2,285,358	\$ 0	\$ 0	\$ 2,285,358	\$ 3,111,111	\$ 3,168,400	\$ (883,042)
Total Revenues	\$ 2,285,358	\$ 0	\$ 0	\$ 2,285,358	\$ 3,111,111	\$ 3,168,400	\$ (883,042)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,191,468	\$ (17,681)	\$ 28,874	\$ 1,202,661	\$ 1,332,943	\$ 1,393,321	\$ 190,660
Special Education Program	646,531	(3,637)	523	643,417	1,013,407	1,013,023	369,606
Vocational Education Program	33,935	(882)	2,420	35,473	33,650	35,474	1
<u>Support Services</u>							
Health Services	13,338	0	0	13,338	13,627	13,627	289
Other Student Support	77,782	0	2,595	80,377	377,200	386,897	306,520
Regular Instruction Program	215,936	(250)	406	216,092	269,258	273,540	57,448
Special Education Program	33,417	0	261	33,678	51,308	50,639	16,961
Vocational Education Program	1,097	(1,097)	0	0	0	0	0
Board of Education	0	0	0	0	471	0	0
Fiscal Services	2,371	0	0	2,371	2,435	2,435	64
Transportation	46,047	0	0	46,047	46,508	46,508	461
Total Expenditures	\$ 2,261,922	\$ (23,547)	\$ 35,079	\$ 2,273,454	\$ 3,140,807	\$ 3,215,464	\$ 942,010
Excess (Deficiency) of Revenues Over Expenditures	\$ 23,436	\$ 23,547	\$ (35,079)	\$ 11,904	\$ (29,696)	\$ (47,064)	\$ 58,968
<u>Other Financing Sources (Uses)</u>							
Transfers In	0	0	0	0	1,559	45,703	(45,703)
Transfers Out	(30,861)	0	0	(30,861)	(60,240)	(41,559)	10,698
Total Other Financing Sources (Uses)	\$ (30,861)	\$ 0	\$ 0	\$ (30,861)	\$ (58,681)	\$ 4,144	\$ (35,005)
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ (7,425)	\$ 23,547	\$ (35,079)	\$ (18,957)	\$ (88,377)	\$ (42,920)	\$ 23,963
Fund Balance, July 1, 2009	111,925	(23,547)	0	88,378	88,378	88,378	0
Fund Balance, June 30, 2010	\$ 104,500	\$ 0	\$ (35,079)	\$ 69,421	\$ 1	\$ 45,458	\$ 23,963

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 338,192	\$ 436,000	\$ 436,000	\$ (97,808)
Other Local Revenues	5,595	7,000	7,000	(1,405)
Federal Government	911,501	892,492	892,492	19,009
Total Revenues	<u>\$ 1,255,288</u>	<u>\$ 1,335,492</u>	<u>\$ 1,335,492</u>	<u>\$ (80,204)</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 7,226	\$ 9,923	\$ 9,923	\$ 2,697
<u>Operation of Non-Instructional Services</u>				
Food Service	1,124,422	1,325,569	1,325,569	201,147
Total Expenditures	<u>\$ 1,131,648</u>	<u>\$ 1,335,492</u>	<u>\$ 1,335,492</u>	<u>\$ 203,844</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 123,640</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 123,640</u>
Net Change in Fund Balance	\$ 123,640	\$ 0	\$ 0	\$ 123,640
Fund Balance, July 1, 2009	316,148	316,150	316,150	(2)
Fund Balance, June 30, 2010	<u>\$ 439,788</u>	<u>\$ 316,150</u>	<u>\$ 316,150</u>	<u>\$ 123,638</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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 605,917	\$ 0	\$ 648,923	\$ (43,006)
Other Local Revenues	3,600	3,600	3,600	0
Federal Government	0	492,186	0	0
Total Revenues	<u>\$ 609,517</u>	<u>\$ 495,786</u>	<u>\$ 652,523</u>	<u>\$ (43,006)</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 460,605	\$ 353,494	\$ 493,139	\$ 32,534
<u>Support Services</u>				
Attendance	62,434	62,716	69,855	7,421
Health Services	14,102	12,508	14,935	833
Regular Instruction Program	68,228	63,446	73,408	5,180
Board of Education	0	1,381	1,186	1,186
Total Expenditures	<u>\$ 605,369</u>	<u>\$ 493,545</u>	<u>\$ 652,523</u>	<u>\$ 47,154</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 4,148</u>	<u>\$ 2,241</u>	<u>\$ 0</u>	<u>\$ 4,148</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ 0	\$ (2,241)	\$ 0	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ (2,241)</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 4,148	\$ 0	\$ 0	\$ 4,148
Fund Balance, July 1, 2009	467	469	469	(2)
Fund Balance, June 30, 2010	<u>\$ 4,615</u>	<u>\$ 469</u>	<u>\$ 469</u>	<u>\$ 4,146</u>

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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, 2010

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-10
<b>NOTES PAYABLE</b>									
<u>Payable through Highway/Public Works Fund</u>									
Highway Equipment	\$ 307,000	5.25	12-6-1999	12-6-09	\$ 38,267	\$ 0	\$ 38,267	\$ 0	\$ 0
Quarry Land	60,000	4	1-18-07	1-8-10	20,789	0	20,789	0	0
Total Payable through Highway/Public Works Fund					\$ 59,056	\$ 0	\$ 59,056	\$ 0	\$ 0
<u>Payable through General Debt Service Fund</u>									
Energy Loan	210,000	0	3-31-06	5-1-13	\$ 120,000	\$ 0	\$ 30,000	\$ 0	\$ 90,000
Total Payable through General Debt Service Fund					\$ 120,000	\$ 0	\$ 30,000	\$ 0	\$ 90,000
Total Notes Payable					\$ 179,056	\$ 0	\$ 89,056	\$ 0	\$ 90,000
<b>OTHER LOANS PAYABLE</b>									
<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	\$ 3,260,000	\$ 0	\$ 0	\$ 3,260,000	\$ 0
Blount County PBA Loan Program, Series A-5-B	2,135,000	Synthetic Fixed by Swap	6-27-02	6-1-28	2,135,000	0	0	2,135,000	0
Total Other Loans Payable					\$ 5,395,000	\$ 0	\$ 0	\$ 5,395,000	\$ 0
<b>BONDS PAYABLE</b>									
<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	\$ 835,000	\$ 0	\$ 140,000	\$ 0	\$ 695,000
School Refunding Bonds, Series 2005	8,535,000	3 to 4.125	5-27-05	4-1-25	8,365,000	0	295,000	0	8,070,000
General Refunding Bonds, Series 2010	5,660,000	2 to 4.125	1-25-10	6-1-28	0	5,660,000	0	0	5,660,000
Total Bonds Payable					\$ 9,200,000	\$ 5,660,000	\$ 435,000	\$ 0	\$ 14,425,000

Exhibit J-2

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

Year Ending June 30	Notes		Total
	Principal	Interest	
2011	\$ 30,000	\$ 0	\$ 30,000
2012	30,000	0	30,000
2013	30,000	0	30,000
Total	\$ 90,000	\$ 0	\$ 90,000

Year Ending June 30	Bonds		Total
	Principal	Interest	
2011	\$ 565,000	\$ 562,559	\$ 1,127,559
2012	585,000	545,144	1,130,144
2013	610,000	525,829	1,135,829
2014	630,000	505,264	1,135,264
2015	655,000	483,984	1,138,984
2016	685,000	455,809	1,140,809
2017	705,000	431,359	1,136,359
2018	735,000	404,271	1,139,271
2019	760,000	375,726	1,135,726
2020	790,000	345,326	1,135,326
2021	830,000	313,726	1,143,726
2022	865,000	280,496	1,145,496
2023	895,000	245,196	1,140,196
2024	935,000	208,309	1,143,309
2025	975,000	169,935	1,144,935
2026	1,035,000	129,895	1,164,895
2027	1,080,000	88,337	1,168,337
2028	1,090,000	44,962	1,134,962
Total	\$ 14,425,000	\$ 6,116,127	\$ 20,541,127

Exhibit J-3

Johnson County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Johnson County School Department  
For the Year Ended June 30, 2010

From Fund	To Fund	Purpose	Amount
<u>PRIMARY GOVERNMENT</u>			
General	Highway/Public Works	Allocate wheel tax	\$ 237,013
General	General Debt Service	Allocate wheel tax	237,013
General Capital Projects	Other Capital Projects	Trails grant project	<u>21,311</u>
Total Transfers Primary Government			<u>\$ 495,337</u>
<u>DISCRETELY PRESENTED JOHNSON</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 30,861</u>
Total Transfers Discretely Presented Johnson County School Department			<u>\$ 30,861</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, 2010

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 67,302	\$ 50,000	Western Surety Company
Road Superintendent	Section 8-24-102, <u>TCA</u>	63,527	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>	57,751	647,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	57,751	10,000	"
Director of Accounts and Budgets	Section 8-24-102, <u>TCA</u>	49,412	100,000	"
County Clerk	County Commission	57,751	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <u>TCA</u>	57,751	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	57,751	30,000	"
Register	Section 8-24-102, <u>TCA</u>	57,751	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	63,527 (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 \$600 for a law enforcement training supplement.

Exhibit J-5

Johnson County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2010

	Special Revenue Funds				Debt Service Fund			Capital Projects Funds					Total
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	General Capital Projects	Development/ Industrial Park	Other Capital Projects	Community		Total		
									General	Development/ Industrial Park			
<b>Local Taxes</b>													
<u>County Property Taxes</u>													
Current Property Tax	\$ 1,513,118	\$ 97,617	\$ 0	\$ 0	\$ 683,342	\$ 219,647	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,513,724	
Trustee's Collections - Prior Year	119,999	7,741	0	0	54,193	17,419	0	0	0	0	0	199,352	
Trustee's Collections - Bankruptcy	37	2	0	0	17	5	0	0	0	0	0	61	
Circuit/Clerk & Master Collections - Prior Years	19,773	1,275	0	0	8,930	2,870	0	0	0	0	0	32,848	
Interest and Penalty	21,976	1,416	0	0	9,925	3,190	0	0	0	0	0	36,507	
Pick-up Taxes	1,892	122	0	0	854	275	0	0	0	0	0	3,143	
Payments in-Lieu-of Taxes - T.V.A.	2,430	0	0	0	0	0	0	0	0	0	0	2,430	
<u>County Local Option Taxes</u>													
Local Option Sales Tax	120,196	0	0	0	144,593	0	0	0	0	0	0	264,789	
Hotel/Motel Tax	15,089	0	0	0	0	0	0	0	0	0	0	15,089	
Wheel Tax	474,027	0	0	0	0	0	0	0	0	0	0	474,027	
Litigation Tax - General	25,457	0	0	0	0	0	0	0	0	0	0	25,457	
Litigation Tax - Special Purpose	58,793	0	0	0	0	0	0	0	0	0	0	58,793	
Litigation Tax - Jail, Workhouse, or Courthouse	14,453	0	0	0	0	0	0	0	0	0	0	14,453	
Business Tax	69,063	0	0	0	0	0	0	0	0	0	0	69,063	
Mineral Severance Tax	0	0	0	2,119	0	0	0	0	0	0	0	2,119	
Other County Local Option Taxes	2,118	0	0	0	0	0	0	0	0	0	0	2,118	
<u>Statutory Local Taxes</u>													
Bank Excise Tax	17,561	1,133	0	0	7,931	2,549	0	0	0	0	0	29,174	
Wholesale Beer Tax	137,722	0	0	0	0	0	0	0	0	0	0	137,722	
<b>Total Local Taxes</b>	\$ 2,613,704	\$ 109,306	\$ 0	\$ 2,119	\$ 909,785	\$ 245,955	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,880,869	
<u>Licenses and Permits</u>													
<u>Licenses</u>													
Cable TV Franchise	\$ 21,563	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,563	
<u>Permits</u>													
Beer Permits	14,495	0	0	0	0	0	0	0	0	0	0	14,495	
Other Permits	1,107	0	0	0	0	0	0	0	0	0	0	1,107	
<b>Total Licenses and Permits</b>	\$ 37,165	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 37,165	

(Continued)

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

	Special Revenue Funds				Debt Service Fund				Capital Projects Funds				Total	
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	General Capital Projects	Community		Other Capital Projects					
							Development/ Industrial	Park						
<u>Fines, Forfeitures, and Penalties</u>														
<u>Circuit Court</u>														
Fines	\$ 3,734	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	3,734
Officers Costs	1,092	0	0	0	0	0	0	0	0	0	0	0	0	1,092
Game and Fish Fines	45	0	0	0	0	0	0	0	0	0	0	0	0	45
Drug Control Fines	0	0	937	0	0	0	0	0	0	0	0	0	0	937
Jail Fees	388	0	0	0	0	0	0	0	0	0	0	0	0	388
DUI Treatment Fines	889	0	0	0	0	0	0	0	0	0	0	0	0	889
Courtroom Security Fee	845	0	0	0	0	0	0	0	0	0	0	0	0	845
<u>Criminal Court</u>														
Drug Court Fees	3,044	0	0	0	0	0	0	0	0	0	0	0	0	3,044
Data Entry Fee - Criminal Court	141	0	0	0	0	0	0	0	0	0	0	0	0	141
<u>General Sessions Court</u>														
Fines	27,373	0	0	0	0	0	0	0	0	0	0	0	0	27,373
Officers Costs	10,208	0	0	0	0	0	0	0	0	0	0	0	0	10,208
Game and Fish Fines	495	0	0	0	0	0	0	0	0	0	0	0	0	495
Drug Control Fines	0	0	3,076	0	0	0	0	0	0	0	0	0	0	3,076
Jail Fees	3,794	0	0	0	0	0	0	0	0	0	0	0	0	3,794
DUI Treatment Fines	3,904	0	0	0	0	0	0	0	0	0	0	0	0	3,904
Data Entry Fee - General Sessions Court	5,174	0	0	0	0	0	0	0	0	0	0	0	0	5,174
Courtroom Security Fee	3,479	0	0	0	0	0	0	0	0	0	0	0	0	3,479
<u>Chancery Court</u>														
Officers Costs	228	0	0	0	0	0	0	0	0	0	0	0	0	228
Data Entry Fee - Chancery Court	910	0	0	0	0	0	0	0	0	0	0	0	0	910
Courtroom Security Fee	80	0	0	0	0	0	0	0	0	0	0	0	0	80
<u>Judicial District Drug Program</u>														
Fines	0	0	11,393	0	0	0	0	0	0	0	0	0	0	11,393
<u>Other Fines, Forfeitures, and Penalties</u>														
Proceeds from Confiscated Property	32,968	0	1,123	0	0	0	0	0	0	0	0	0	0	34,091
Other Fines, Forfeitures, and Penalties	698	0	0	0	0	0	0	0	0	0	0	0	0	698
Total Fines, Forfeitures, and Penalties	\$ 99,489	\$ 0	\$ 16,529	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 116,018

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Capital Projects Funds				Total
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	Debt Service Fund			Other Capital Projects	
					General Debt Service	General Development/Industrial Park	Community		
<b>Charges for Current Services</b>									
<u>General Service Charges</u>									
Self-Insurance Premiums/Contributions	\$ 6,172	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,172
Tipping Fees	0	391,019	0	0	0	0	0	0	391,019
<u>Fees</u>									
Airport Fees	3,404	0	0	0	0	0	0	0	3,404
Copy Fees	4,289	0	0	0	0	0	0	0	4,289
Telephone Commissions	14,981	0	0	0	0	0	0	0	14,981
Special Commissioner Fees/Special Master Fees	15	0	0	0	0	0	0	0	15
Data Processing Fee - Register	6,090	0	0	0	0	0	0	0	6,090
Data Processing Fee - Sheriff	4,154	0	0	0	0	0	0	0	4,154
Sexual Offender Registration Fees - Sheriff	1,950	0	0	0	0	0	0	0	1,950
Data Processing Fee - County Clerk	8,736	0	0	0	0	0	0	0	8,736
<u>Other Charges for Services</u>									
Other Charges for Services	3,674	0	0	0	0	0	0	0	3,674
<b>Total Charges for Current Services</b>	\$ 53,465	\$ 391,019	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 444,484
<b>Other Local Revenues</b>									
<u>Recurring Items</u>									
Investment Income	\$ 231,400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 231,400
Lease/Rentals	88,349	0	0	0	0	74,182	0	0	162,531
Sale of Materials and Supplies	2,135	1,088	0	3,892	0	0	0	0	7,115
Commissary Sales	12,502	0	0	0	0	0	0	0	12,502
Sale of Gasoline	312,042	0	0	0	0	0	0	0	312,042
Retirees' Insurance Payments	1,115	0	0	0	0	0	0	0	1,115
Miscellaneous Refunds	36,835	935	0	7,477	1,147	17	0	0	46,411
<u>Nonrecurring Items</u>									
Sale of Equipment	6,000	0	0	1,000	0	0	0	0	7,000
Damages Recovered from Individuals	1,113	0	0	0	0	0	0	0	1,113
<b>Total Other Local Revenues</b>	\$ 691,491	\$ 2,023	\$ 0	\$ 12,369	\$ 1,147	\$ 74,199	\$ 0	\$ 0	\$ 781,229

(Continued)

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

	Special Revenue Funds				Debt Service Fund			Capital Projects Funds				Total
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works	General Debt Service	General Capital Projects	Development/ Industrial Park	Other Capital Projects	Community			
									General Development/ Industrial Park	Other Capital Projects		
<u>Fees Received from County Officials</u>												
<u>Fees in-Lieu-of Salary</u>												
County Clerk	\$ 180,390	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 180,390
Circuit Court Clerk	56,361	0	0	0	0	0	0	0	0	0	0	56,361
General Sessions Court Clerk	163,240	0	0	0	0	0	0	0	0	0	0	163,240
Clerk and Master	55,186	0	0	0	0	0	0	0	0	0	0	55,186
Register	68,935	0	0	0	0	0	0	0	0	0	0	68,935
Sheriff	582	0	0	0	0	0	0	0	0	0	0	582
Trustee	190,715	0	0	0	0	0	0	0	0	0	0	190,715
<b>Total Fees Received from County Officials</b>	<b>\$ 715,409</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 715,409</b>
<u>State of Tennessee</u>												
<u>General Government Grants</u>												
Juvenile Services Program	\$ 9,300	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,300
Airport Maintenance Program	529,339	0	0	0	0	0	0	0	0	0	0	529,339
Aging Programs	32,838	0	0	0	0	0	0	0	0	0	0	32,838
<u>Public Safety Grants</u>												
Law Enforcement Training Programs	8,400	0	0	0	0	0	0	0	0	0	0	8,400
<u>Public Works Grants</u>												
State Aid Program	0	0	0	172,292	0	0	0	0	0	0	0	172,292
Litter Program	31,292	0	0	0	0	0	0	0	0	0	0	31,292
<u>Other State Revenues</u>												
Income Tax	48,908	0	0	0	0	0	0	0	0	0	0	48,908
Beer Tax	17,778	0	0	0	0	0	0	0	0	0	0	17,778
Alcoholic Beverage Tax	31,266	0	0	0	0	0	0	0	0	0	0	31,266
State Revenue Sharing - T.V.A.	460,132	0	0	0	0	0	0	0	0	0	0	460,132
Contracted Prisoner Boarding	826,450	0	0	0	0	0	0	0	0	0	0	826,450
Gasoline and Motor Fuel Tax	0	0	0	1,406,452	0	0	0	0	0	0	0	1,406,452
Petroleum Special Tax	0	0	0	14,054	0	0	0	0	0	0	0	14,054
Reappraisal Program Reimbursement	6,902	0	0	0	0	0	0	0	0	0	0	6,902
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	0	0	0	0	16,380
Other State Grants	12,971	0	0	0	0	0	0	0	0	0	0	12,971
												186,369

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Fund	Capital Projects Funds						
	General	Solid Waste / Sanitation	Drug Control	Highway / Public Works		General Debt Service	General Capital Projects	Community			Total	
								Development/ Industrial Park	Other Capital Projects			
<u>State of Tennessee (Cont.)</u>												
<u>Other State Revenues (Cont.)</u>												
Other State Revenues	\$ 156,797	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 156,797
Total State of Tennessee	\$ 2,188,753	\$ 0	\$ 0	\$ 1,592,798	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 186,369	\$ 3,967,920
<u>Federal Government</u>												
<u>Federal Through State</u>												
USDA - Other	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,500
Other Federal through State	35,029	0	0	0	0	0	0	0	0	0	0	35,029
<u>Direct Federal Revenue</u>												
Forest Service	0	0	0	34,740	0	0	0	0	0	0	0	34,740
Other Direct Federal Revenue	50,729	0	0	0	0	0	0	0	0	0	0	50,729
Total Federal Government	\$ 85,758	\$ 0	\$ 0	\$ 34,740	\$ 0	\$ 38,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 158,998
<u>Other Governments and Citizens Groups</u>												
<u>Other Governments</u>												
Prisoner Board	\$ 90	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 90
Paving and Maintenance	0	0	0	4,000	0	0	0	0	0	0	0	4,000
Contributions	0	0	0	0	264,154	0	0	0	0	0	0	264,154
Contracted Services	4,500	1,800	0	45,470	0	0	0	0	0	0	0	51,770
<u>Citizens Groups</u>												
Donations	3,125	0	0	0	0	0	10,000	42,815	0	0	0	55,940
<u>Other</u>												
Other	5,000	0	2,500	0	0	0	0	7,000	0	0	0	14,500
Total Other Governments and Citizens Groups	\$ 12,715	\$ 1,800	\$ 2,500	\$ 49,470	\$ 264,154	\$ 0	\$ 10,000	\$ 49,815	\$ 0	\$ 0	\$ 49,815	\$ 390,454
Total	\$ 6,497,949	\$ 504,148	\$ 19,029	\$ 1,691,496	\$ 1,175,086	\$ 284,455	\$ 84,199	\$ 236,184	\$ 10,492,546			

Johnson County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Johnson County School Department  
For the Year Ended June 30, 2010

	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	\$ 2,440,513	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,440,513
Trustee's Collections - Prior Year	193,496	0	0	0	0	193,496
Circuit/Clerk & Master Collections - Prior Years	29,182	0	0	0	0	29,182
Interest and Penalty	35,445	0	0	0	0	35,445
Pick-up Taxes	3,052	0	0	0	0	3,052
<u>County Local Option Taxes</u>						
Local Option Sales Tax	688,659	0	0	0	0	688,659
<u>Statutory Local Taxes</u>						
Bank Excise Tax	28,324	0	0	0	0	28,324
Interstate Telecommunications Tax	2,820	0	0	0	0	2,820
Other Statutory Local Taxes	111	0	0	0	0	111
Total Local Taxes	\$ 3,421,602	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,421,602
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 1,121	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,121
<u>Permits</u>						
Other Permits	155	0	0	0	0	155
Total Licenses and Permits	\$ 1,276	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,276
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Tuition - Summer School	\$ 590	\$ 0	\$ 0	\$ 0	\$ 0	\$ 590
Tuition - Other	180	0	0	0	0	180
Lunch Payments - Children	0	0	193,763	0	0	193,763
Lunch Payments - Adults	0	0	31,582	0	0	31,582
Income from Breakfast	0	0	219	0	0	219
A la carte Sales	0	0	112,628	0	0	112,628
Contract for Instructional Services with Other LEAs	2,460	0	0	605,917	0	608,377
Receipts from Individual Schools	43,955	0	0	0	0	43,955
Community Service Fees - Children	92,268	0	0	0	0	92,268
TBI Criminal Background Fees	5,040	0	0	0	0	5,040

(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>Charges for Current Services (Cont.)</u>						
<u>Other Charges for Services</u>	\$ 45,575	\$ 0	\$ 0	\$ 0	\$ 0	\$ 45,575
Other Charges for Services	\$ 190,068	\$ 0	\$ 338,192	\$ 605,917	\$ 0	\$ 1,134,177
Total Charges for Current Services						
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 5,595	\$ 0	\$ 13	\$ 5,608
Lease/Rentals	32,400	0	0	3,600	0	36,000
Refund of Telecommunication and Internet Fees (E-Rate)	20,699	0	0	0	0	20,699
Retirees' Insurance Payments	95,529	0	0	0	0	95,529
Miscellaneous Refunds	15,702	0	0	0	0	15,702
<u>Nonrecurring Items</u>						
Sale of Equipment	21,151	0	0	0	0	21,151
Resale of Materials - T&I House	152,675	0	0	0	0	152,675
Contributions and Gifts	13,740	0	0	0	0	13,740
Total Other Local Revenues	\$ 351,896	\$ 0	\$ 5,595	\$ 3,600	\$ 13	\$ 361,104
<u>State of Tennessee</u>						
<u>State Education Funds</u>						
Basic Education Program	\$ 11,190,886	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,190,886
Basic Education Program - ARRA	412,900	0	0	0	0	412,900
Early Childhood Education	288,247	0	0	0	0	288,247
School Food Service	13,573	0	0	0	0	13,573
Driver Education	530	0	0	0	0	530
Other State Education Funds	62,404	0	0	0	0	62,404
Coordinated School Health - ARRA	100,000	0	0	0	0	100,000
Internet Connectivity - ARRA	6,425	0	0	0	0	6,425
Family Resource Centers - ARRA	33,300	0	0	0	0	33,300
Statewide Student Management System (S SMS) - ARRA	5,722	0	0	0	0	5,722
Career Ladder Program	104,288	0	0	0	0	104,288
Career Ladder - Extended Contract - ARRA	40,712	0	0	0	0	40,712
<u>Other State Revenues</u>						
Safe Schools - ARRA	7,543	0	0	0	0	7,543
Total State of Tennessee	\$ 12,266,530	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,266,530

(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>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 657,801	\$ 0	\$ 0	\$ 657,801
Breakfast	0	0	207,188	0	0	207,188
USDA - Other	0	0	46,512	0	0	46,512
USDA Food Service Equipment Grant - ARRA	36,519	0	0	0	0	36,519
Adult Education State Grant Program	78,072	0	0	0	0	78,072
Vocational Education - Basic Grants to States	0	53,614	0	0	0	53,614
Title I Grants to Local Education Agencies	0	1,048,056	0	0	0	1,048,056
Special Education - Grants to States	4,681	713,020	0	0	0	717,701
Special Education Preschool Grants	0	22,081	0	0	0	22,081
Safe and Drug-free Schools - State Grants	0	101,475	0	0	0	101,475
Rural Education	0	50,918	0	0	0	50,918
Eisenhower Professional Development State Grants	0	136,632	0	0	0	136,632
Other Federal through State	0	159,562	0	0	0	159,562
<u>Direct Federal Revenue</u>	104,221	0	0	0	0	104,221
Forest Service	223,493	2,285,358	911,501	0	0	3,420,352
Total Federal Government	\$ 16,454,865	\$ 2,285,358	\$ 1,255,288	\$ 609,517	\$ 13	\$ 20,605,041

Exhibit J-7

Johnson County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2010

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	36,000	
Social Security		1,859	
State Retirement		2,024	
Medical Insurance		38,500	
Employer Medicare		470	
Audit Services		5,250	
Dues and Memberships		4,094	
Financial Advisory Services		1,250	
Travel		16,642	
Other Supplies and Materials		907	
Total County Commission			\$ 106,996

Board of Equalization

Board and Committee Members Fees	\$	970	
Total Board of Equalization			970

Other Boards and Committees

Board and Committee Members Fees	\$	4,440	
Social Security		35	
State Retirement		63	
Medical Insurance		8	
Unemployment Compensation		2	
Employer Medicare		8	
Total Other Boards and Committees			4,556

County Mayor/Executive

County Official/Administrative Officer	\$	67,302	
Secretary(ies)		22,503	
Social Security		5,145	
State Retirement		9,402	
Medical Insurance		11,922	
Unemployment Compensation		86	
Employer Medicare		1,203	
Dues and Memberships		1,200	
Office Supplies		857	
Other Charges		1,747	
Office Equipment		185	
Total County Mayor/Executive			121,552

(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		858	
Legal Services		340	
Total County Attorney			\$ 5,998

Election Commission

County Official/Administrative Officer	\$	51,976	
Deputy(ies)		37,216	
Clerical Personnel		1,868	
Other Salaries and Wages		350	
Election Commission		4,000	
In-Service Training		2,200	
Social Security		5,457	
State Retirement		8,367	
Medical Insurance		5,330	
Unemployment Compensation		173	
Employer Medicare		1,291	
Data Processing Services		8,750	
Dues and Memberships		400	
Legal Notices, Recording, and Court Costs		351	
Printing, Stationery, and Forms		2,000	
Equipment Parts - Light		325	
Office Supplies		657	
Total Election Commission			130,711

Register of Deeds

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		23,765	
Social Security		4,916	
State Retirement		8,592	
Medical Insurance		5,330	
Unemployment Compensation		88	
Employer Medicare		1,150	
Data Processing Services		13,658	
Dues and Memberships		125	
Printing, Stationery, and Forms		972	
Office Supplies		267	
Data Processing Equipment		303	
Office Equipment		100	
Total Register of Deeds			117,017

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Development

Other Contracted Services	\$ 9,250	
Total Development		\$ 9,250

County Buildings

Custodial Personnel	\$ 21,052	
Social Security	1,230	
State Retirement	2,219	
Medical Insurance	5,330	
Unemployment Compensation	88	
Employer Medicare	288	
Maintenance and Repair Services - Buildings	7,668	
Custodial Supplies	5,630	
Electricity	30,961	
Natural Gas	6,358	
Uniforms	1,041	
Water and Sewer	3,332	
Other Charges	386	
Building Improvements	471	
Total County Buildings		86,054

Finance

Accounting and Budgeting

Supervisor/Director	\$ 49,412	
Data Processing Personnel	82,658	
Clerical Personnel	135	
Social Security	7,579	
State Retirement	12,586	
Medical Insurance	15,988	
Unemployment Compensation	264	
Employer Medicare	1,772	
Data Processing Services	9,625	
Printing, Stationery, and Forms	4,100	
Office Supplies	133	
Office Equipment	313	
Total Accounting and Budgeting		184,565

Purchasing

County Official/Administrative Officer	\$ 28,138
Social Security	1,383
State Retirement	2,966

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Purchasing (Cont.)

Medical Insurance	\$	11,001	
Unemployment Compensation		88	
Employer Medicare		324	
Advertising		276	
Communication		97	
Office Supplies		3,340	
Total Purchasing			\$ 47,613

Property Assessor's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		21,036	
Secretary(ies)		24,590	
Social Security		5,746	
State Retirement		9,542	
Medical Insurance		21,659	
Unemployment Compensation		229	
Employer Medicare		1,344	
Advertising		52	
Contracts with Government Agencies		2,505	
Data Processing Services		567	
Postal Charges		578	
Printing, Stationery, and Forms		150	
Other Contracted Services		7,620	
Office Supplies		109	
Office Equipment		1,325	
Total Property Assessor's Office			154,803

Reappraisal Program

Clerical Personnel	\$	19,220	
Social Security		1,016	
State Retirement		2,026	
Medical Insurance		5,330	
Unemployment Compensation		93	
Employer Medicare		238	
Data Processing Services		2,700	
Total Reappraisal Program			30,623

County Trustee's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		20,836	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Other Salaries and Wages	\$	3,092	
Social Security		4,829	
State Retirement		8,354	
Medical Insurance		5,386	
Unemployment Compensation		80	
Employer Medicare		1,129	
Advertising		176	
Dues and Memberships		110	
Printing, Stationery, and Forms		416	
Office Supplies		413	
Data Processing Equipment		5,247	
Office Equipment		271	
Total County Trustee's Office			\$ 108,090

County Clerk's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		43,360	
Other Salaries and Wages		28,836	
Social Security		6,973	
State Retirement		12,581	
Medical Insurance		32,659	
Unemployment Compensation		224	
Employer Medicare		1,631	
Dues and Memberships		2,085	
Printing, Stationery, and Forms		2,259	
Office Supplies		809	
Data Processing Equipment		11,381	
Office Equipment		1,685	
Total County Clerk's Office			202,234

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	57,751
Other Salaries and Wages		92,470
Jury and Witness Expense		8,527
Social Security		9,053
State Retirement		15,910
Medical Insurance		16,158
Unemployment Compensation		224
Employer Medicare		2,117

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Dues and Memberships	\$	60	
Printing, Stationery, and Forms		2,076	
Office Supplies		5,612	
Fines, Assessments, and Penalties		3,901	
Data Processing Equipment		8,758	
Total Circuit Court			\$ 222,617

General Sessions Court

Judge(s)	\$	82,324	
Other Salaries and Wages		11,686	
Social Security		5,738	
State Retirement		8,677	
Medical Insurance		4,509	
Unemployment Compensation		94	
Employer Medicare		1,342	
Dues and Memberships		50	
Printing, Stationery, and Forms		6,065	
Office Supplies		306	
Office Equipment		825	
Total General Sessions Court			121,616

Chancery Court

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		23,610	
Social Security		4,336	
State Retirement		8,056	
Medical Insurance		22,117	
Unemployment Compensation		64	
Employer Medicare		1,014	
Data Processing Services		7,588	
Dues and Memberships		60	
Printing, Stationery, and Forms		788	
Office Supplies		374	
Data Processing Equipment		1,662	
Office Equipment		15,186	
Total Chancery Court			142,606

Juvenile Court

Social Workers	\$	25,615	
Secretary(ies)		8,784	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Social Security	\$	2,010	
State Retirement		3,549	
Medical Insurance		5,330	
Unemployment Compensation		56	
Employer Medicare		470	
Other Contracted Services		28,563	
Office Supplies		1,076	
Other Supplies and Materials		4,129	
Total Juvenile Court			\$ 79,582

Courtroom Security

Other Supplies and Materials	\$	518	
Total Courtroom Security			518

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	64,127	
Deputy(ies)		298,580	
Investigator(s)		84,396	
Guards		115,943	
Secretary(ies)		51,420	
Overtime Pay		58,599	
In-Service Training		1,454	
Social Security		38,841	
State Retirement		75,101	
Medical Insurance		84,309	
Unemployment Compensation		1,972	
Employer Medicare		10,063	
Communication		18,600	
Data Processing Services		1,876	
Maintenance and Repair Services - Vehicles		101,782	
Pauper Burials		500	
Postal Charges		1,411	
Printing, Stationery, and Forms		796	
Travel		8,244	
Other Contracted Services		9,755	
Law Enforcement Supplies		4,981	
Office Supplies		3,817	
Uniforms		7,803	
Other Supplies and Materials		2,935	

(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.)

Judgments	\$	18,414	
Other Charges		3,071	
Data Processing Equipment		1,234	
Law Enforcement Equipment		24,387	
Office Equipment		3,920	
Total Sheriff's Department			\$ 1,098,331

Administration of the Sexual Offender Registry

Other Charges	\$	600	
Total Administration of the Sexual Offender Registry			600

Jail

Medical Personnel	\$	30,392	
Guards		348,645	
Maintenance Personnel		23,084	
In-Service Training		564	
Social Security		23,240	
State Retirement		34,604	
Medical Insurance		65,938	
Unemployment Compensation		1,600	
Employer Medicare		5,435	
Maintenance and Repair Services - Buildings		12,401	
Printing, Stationery, and Forms		160	
Custodial Supplies		30,906	
Drugs and Medical Supplies		122,685	
Electricity		49,180	
Food Supplies		173,754	
Natural Gas		23,640	
Office Supplies		4,101	
Uniforms		2,225	
Water and Sewer		23,285	
Other Supplies and Materials		5,337	
Food Service Equipment		775	
Office Equipment		7,659	
Other Equipment		221	
Other Construction		4,475	
Total Jail			994,306

Fire Prevention and Control

Contracts with Other Public Agencies	\$	1,000	
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(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Contributions	\$ 150,000	
Other Contracted Services	60,505	
Total Fire Prevention and Control		\$ 211,505

Civil Defense

Supervisor/Director	\$ 32,000	
Secretary(ies)	23,742	
Social Security	3,233	
State Retirement	5,875	
Medical Insurance	9,544	
Unemployment Compensation	112	
Employer Medicare	756	
Communication	2,121	
Other Contracted Services	250	
Other Supplies and Materials	2,447	
Other Charges	332	
Other Equipment	4,615	
Total Civil Defense		85,027

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

Public Safety Grant Programs

Other Contracted Services	\$ 3,240	
Law Enforcement Equipment	36,302	
Total Public Safety Grant Programs		39,542

Public Health and Welfare

Local Health Center

Salary Supplements	\$ 4,476	
Custodial Personnel	14,181	
Other Salaries and Wages	107,541	
Social Security	6,583	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

State Retirement	\$	10,580	
Medical Insurance		6,468	
Unemployment Compensation		278	
Employer Medicare		1,540	
Communication		172	
Contracts with Other Public Agencies		35,107	
Travel		1,598	
Custodial Supplies		2,618	
Drugs and Medical Supplies		6,657	
Office Supplies		2,647	
Utilities		16,046	
Other Supplies and Materials		17,752	
Heating and Air Conditioning Equipment		3,500	
Office Equipment		1,716	
Total Local Health Center			\$ 239,460

Rabies and Animal Control

Other Charges	\$	581	
Total Rabies and Animal Control			581

Regional Mental Health Center

Other Charges	\$	10,300	
Total Regional Mental Health Center			10,300

Appropriation to State

Other Contracted Services	\$	14,325	
Total Appropriation to State			14,325

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	19,198	
Social Workers		8,080	
Bus Drivers		12,432	
Other Salaries and Wages		11,021	
Social Security		2,961	
State Retirement		3,185	
Medical Insurance		4,772	
Unemployment Compensation		296	
Employer Medicare		693	
Communication		1,880	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Senior Citizens Assistance (Cont.)

Travel	\$	404	
Utilities		7,182	
Other Supplies and Materials		287	
Other Charges		903	
Office Equipment		2,000	
Health Equipment		2,097	
Total Senior Citizens Assistance			\$ 77,391

Libraries

Contributions	\$	32,540	
Total Libraries			32,540

Other Social, Cultural, and Recreational

Contributions	\$	2,500	
Other Contracted Services		25,000	
Other Charges		3,338	
Total Other Social, Cultural, and Recreational			30,838

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	27,199	
Secretary(ies)		5,981	
Social Security		2,535	
State Retirement		4,550	
Medical Insurance		3,387	
Unemployment Compensation		15	
Communication		5,901	
Travel		7,463	
Other Supplies and Materials		1,226	
Workers' Compensation Insurance		38	
Office Equipment		5,440	
Total Agriculture Extension Service			63,735

Soil Conservation

Secretary(ies)	\$	12,954	
Social Security		698	
State Retirement		858	
Medical Insurance		3,075	
Unemployment Compensation		56	
Employer Medicare		163	
Total Soil Conservation			17,804

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations

Tourism

Contributions	\$ 10,652	
Other Charges	2,592	
Total Tourism		\$ 13,244

Airport

Communication	\$ 1,522	
Maintenance and Repair Services - Buildings	3,333	
Electricity	1,437	
Liability Insurance	1,548	
Airport Improvement	485,759	
Site Development	4,000	
Total Airport		497,599

Veterans' Services

Other Salaries and Wages	\$ 9,192	
Unemployment Compensation	56	
Employer Medicare	129	
Other Charges	2,000	
Total Veterans' Services		11,377

Other Charges

Diesel Fuel	\$ 209,175	
Gasoline	112,928	
Trustee's Commission	51,858	
Workers' Compensation Insurance	34,126	
Other Charges	6,781	
Data Processing Equipment	11,820	
Total Other Charges		426,688

Contributions to Other Agencies

Contracts with Other Public Agencies	\$ 15,000	
Contributions	6,518	
Total Contributions to Other Agencies		21,518

Employee Benefits

Life Insurance	\$ 1,598	
Medical Insurance	1,456	
Other Fringe Benefits	11,664	
Total Employee Benefits		14,718

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Communication	\$	26,046	
Legal Notices, Recording, and Court Costs		167	
Maintenance and Repair Services - Buildings		7,745	
Postal Charges		20,410	
Duplicating Supplies		16,704	
Electricity		6,621	
Water and Sewer		2,352	
Liability Insurance		115,158	
Premiums on Corporate Surety Bonds		8,048	
Other Charges		4,138	
Bridge Construction		21,729	
Total Miscellaneous			\$ 229,118

Highways

Litter and Trash Collection

Other Salaries and Wages	\$	18,680	
Social Security		1,169	
State Retirement		1,969	
Medical Insurance		4,772	
Unemployment Compensation		101	
Employer Medicare		273	
Communication		1,242	
Travel		964	
Other Contracted Services		411	
Other Supplies and Materials		2,326	
Other Charges		2,598	
Total Litter and Trash Collection			34,505

Total General Fund \$ 6,111,514

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Equipment Operators	\$	52,566	
Social Security		3,145	
State Retirement		3,392	
Medical Insurance		7,008	
Unemployment Compensation		324	
Employer Medicare		736	
Communication		1,346	

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management (Cont.)

Maintenance and Repair Services - Equipment	\$	24,431	
Printing, Stationery, and Forms		638	
Other Contracted Services		329,102	
Custodial Supplies		948	
Diesel Fuel		5,039	
Electricity		3,917	
Gasoline		2,207	
Office Supplies		817	
Uniforms		2,056	
Water and Sewer		1,004	
Liability Insurance		7,300	
Trustee's Commission		6,128	
Workers' Compensation Insurance		6,545	
Other Charges		19,309	
Data Processing Equipment		1,626	
Site Development		420	
Total Sanitation Management			\$ 480,004

Total Solid Waste/Sanitation Fund \$ 480,004

Drug Control Fund

Public Safety

Drug Enforcement

Deputy(ies)	\$	33,937	
Other Fringe Benefits		14,770	
Maintenance and Repair Services - Vehicles		3,513	
Other Contracted Services		5,000	
Drugs and Medical Supplies		773	
Uniforms		454	
Other Supplies and Materials		269	
Trustee's Commission		160	
Other Charges		54	
Total Drug Enforcement			\$ 58,930

Total Drug Control Fund 58,930

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	63,527	
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(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Supervisor/Director	\$	40,000	
Board and Committee Members Fees		2,431	
Social Security		6,229	
State Retirement		10,930	
Medical Insurance		13,410	
Unemployment Compensation		330	
Employer Medicare		1,457	
Travel		480	
Office Supplies		2,930	
Office Equipment		3,781	
Total Administration			\$ 145,505

Highway and Bridge Maintenance

Laborers	\$	511,851	
Social Security		28,936	
State Retirement		49,958	
Medical Insurance		111,067	
Unemployment Compensation		8,564	
Employer Medicare		6,930	
Asphalt - Liquid		220,812	
Crushed Stone		167,457	
Pipe		17,128	
Road Signs		3,895	
Wood Products		1,888	
Total Highway and Bridge Maintenance			1,128,486

Operation and Maintenance of Equipment

Laundry Service	\$	7,505	
Diesel Fuel		85,967	
Equipment and Machinery Parts		103,978	
Garage Supplies		24,706	
Gasoline		31,544	
Lubricants		9,598	
Tires and Tubes		16,997	
Total Operation and Maintenance of Equipment			280,295

Other Charges

Communication	\$	6,171	
Electricity		6,059	
Natural Gas		107	

(Continued)

## Exhibit J-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Other Charges (Cont.)

Water and Sewer	\$	776	
Liability Insurance		31,588	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		14,318	
Other Charges		12,314	
Total Other Charges			\$ 71,683

Employee Benefits

Life Insurance	\$	424	
Medical Insurance		3,913	
Other Fringe Benefits		2,835	
Workers' Compensation Insurance		55,867	
Total Employee Benefits			63,039

Capital Outlay

Engineering Services	\$	16,127	
Other Contracted Services		5,050	
Other Supplies and Materials		2,147	
Other Charges		3,039	
Bridge Construction		89	
Building Construction		37,643	
Highway Construction		210,624	
Highway Equipment		65,257	
Total Capital Outlay			339,976

Principal on DebtHighways and Streets

Principal on Notes	\$	59,056	
Total Highways and Streets			59,056

Interest on DebtHighways and Streets

Interest on Notes	\$	2,841	
Total Highways and Streets			2,841

Total Highway/Public Works Fund			\$ 2,090,881
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(Continued)

Exhibit J-7

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

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$ 30,000	
Total General Government		\$ 30,000

Education

Principal on Bonds	\$ 435,000	
Total Education		435,000

Interest on Debt

General Government

Interest on Other Loans	\$ 111,515	
Total General Government		111,515

Education

Interest on Bonds	\$ 434,083	
Total Education		434,083

Other Debt Service

General Government

Trustee's Commission	\$ 23,464	
Underwriter's Discount	48,110	
Other Debt Issuance Charges	74,971	
Other Debt Service	272,998	
Total General Government		419,543

Total General Debt Service Fund		\$ 1,430,141
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General Capital Projects Fund

Capital Projects

General Administration Projects

Trustee's Commission	\$ 4,877	
Law Enforcement Equipment	48,115	
Site Development	8,500	
Other Equipment	100,154	
Total General Administration Projects		\$ 161,646

Social, Cultural, and Recreation Projects

Other Charges	\$ 78	
Total Social, Cultural, and Recreation Projects		78

Total General Capital Projects Fund		161,724
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(Continued)

Exhibit J-7

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

Community Development/Industrial Park Fund

Capital Projects

General Administration Projects

Communication	\$	16	
Contracts with Government Agencies		1,811	
Engineering Services		15,245	
Other Contracted Services		28,432	
Electricity		580	
Water and Sewer		1,881	
Other Charges		12,692	
Site Development		1,500	
Total General Administration Projects			\$ <u>62,157</u>

Total Community Development/Industrial Park Fund \$ 62,157

Other Capital Projects Fund

Social, Cultural, and Recreational Services

Libraries

Other Salaries and Wages	\$	26,241	
Social Security		1,627	
Unemployment Compensation		164	
Employer Medicare		380	
Communication		1,556	
Data Processing Services		2,874	
Maintenance and Repair Services - Buildings		4,026	
Travel		70	
Electricity		4,614	
Library Books/Media		1,480	
Office Supplies		1,814	
Water and Sewer		238	
Data Processing Equipment		1,130	
Office Equipment		1,057	
Total Libraries			\$ 47,271

Capital Projects

Social, Cultural, and Recreation Projects

Engineering Services	\$	7,571	
Other Contracted Services		450	
Electricity		196	
Other Charges		58,795	
Bridge Construction		112,586	
Other Construction		696	
Total Social, Cultural, and Recreation Projects			<u>180,294</u>

Total Other Capital Projects Fund 227,565

Total Governmental Funds - Primary Government \$ 10,622,916

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, 2010

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	4,299,098	
Career Ladder Program		64,955	
Career Ladder Extended Contracts		40,480	
Homebound Teachers		47,055	
Educational Assistants		88,900	
Certified Substitute Teachers		11,228	
Non-certified Substitute Teachers		73,334	
Social Security		273,323	
State Retirement		292,925	
Medical Insurance		865,328	
Unemployment Compensation		7,668	
Employer Medicare		64,315	
Operating Lease Payments		17,780	
Maintenance and Repair Services - Equipment		4,385	
Tuition		70,050	
Other Contracted Services		12,127	
Instructional Supplies and Materials		144,148	
Textbooks		159,393	
Other Charges		4,579	
Regular Instruction Equipment		70,026	
Total Regular Instruction Program			\$ 6,611,097

Alternative Instruction Program

Teachers	\$	78,840	
Career Ladder Program		1,000	
Clerical Personnel		12,951	
Educational Assistants		9,411	
Non-certified Substitute Teachers		2,145	
Social Security		6,266	
State Retirement		7,483	
Medical Insurance		19,896	
Unemployment Compensation		253	
Employer Medicare		1,495	
Operating Lease Payments		1,920	
Other Contracted Services		1,100	
Instructional Supplies and Materials		680	
Textbooks		2,000	
Total Alternative Instruction Program			145,440

(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	\$	499,653	
Career Ladder Program		10,000	
Homebound Teachers		6,228	
Educational Assistants		54,456	
Speech Pathologist		85,705	
Non-certified Substitute Teachers		10,478	
Social Security		40,003	
State Retirement		44,773	
Medical Insurance		89,609	
Unemployment Compensation		1,091	
Employer Medicare		9,384	
Other Fringe Benefits		4,740	
Contracts with Other School Systems		1,000	
Contracts with Private Agencies		10,418	
Other Contracted Services		38,501	
Instructional Supplies and Materials		8,697	
Total Special Education Program			\$ 914,736

Vocational Education Program

Teachers	\$	592,546	
Career Ladder Program		4,000	
Clerical Personnel		15,031	
Other Salaries and Wages		35,605	
Non-certified Substitute Teachers		14,100	
Social Security		39,397	
State Retirement		43,517	
Medical Insurance		97,671	
Unemployment Compensation		1,172	
Employer Medicare		9,249	
Operating Lease Payments		3,435	
Maintenance and Repair Services - Equipment		3,362	
Other Contracted Services		2,422	
Instructional Supplies and Materials		21,367	
T&I Construction Materials		30,162	
Other Supplies and Materials		5,342	
Other Charges		4,719	
Vocational Instruction Equipment		3,151	
Total Vocational Education Program			926,248

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Student Body Education Program

Other Charges	\$	11,978	
Other Equipment		9,453	
Total Student Body Education Program			\$ 21,431

Adult Education Program

Teachers	\$	44,892	
Career Ladder Program		1,000	
Social Security		2,629	
State Retirement		2,674	
Medical Insurance		6,682	
Unemployment Compensation		80	
Employer Medicare		615	
Other Fringe Benefits		168	
Instructional Supplies and Materials		1,303	
Total Adult Education Program			60,043

Support Services

Attendance

Supervisor/Director	\$	55,044	
Career Ladder Program		1,000	
Social Security		3,258	
State Retirement		3,598	
Medical Insurance		6,682	
Unemployment Compensation		47	
Employer Medicare		762	
Travel		168	
Other Supplies and Materials		1,569	
In Service/Staff Development		1,157	
Total Attendance			73,285

Health Services

Medical Personnel	\$	94,191	
Other Salaries and Wages		56,906	
Social Security		9,136	
State Retirement		13,302	
Medical Insurance		20,129	
Unemployment Compensation		353	
Employer Medicare		2,137	
Travel		1,203	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)  
Support Services (Cont.)

Health Services (Cont.)

Other Contracted Services	\$	444	
Drugs and Medical Supplies		4,559	
Other Supplies and Materials		7,495	
In Service/Staff Development		5,574	
Other Charges		3,245	
Total Health Services			\$ 218,674

Other Student Support

Career Ladder Program	\$	2,000	
Guidance Personnel		210,194	
Social Security		12,968	
State Retirement		13,709	
Medical Insurance		25,919	
Unemployment Compensation		249	
Employer Medicare		3,033	
Evaluation and Testing		8,889	
Travel		1,497	
Other Contracted Services		34,236	
Other Supplies and Materials		5,570	
In Service/Staff Development		2,203	
Other Charges		32,898	
Total Other Student Support			353,365

Regular Instruction Program

Supervisor/Director	\$	137,455	
Career Ladder Program		3,000	
Librarians		237,120	
Instructional Computer Personnel		45,144	
Other Salaries and Wages		13,958	
Social Security		25,822	
State Retirement		29,734	
Medical Insurance		39,772	
Unemployment Compensation		560	
Employer Medicare		6,205	
Operating Lease Payments		3,046	
Maintenance and Repair Services - Equipment		396	
Travel		3,903	
Other Contracted Services		5,346	
Library Books/Media		23,999	

(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.)

Periodicals	\$	6,000	
Other Supplies and Materials		1,653	
In Service/Staff Development		10,104	
Other Charges		132	
Other Equipment		60,041	
Total Regular Instruction Program			\$ 653,390

Alternative Instruction Program

Travel	\$	303	
Total Alternative Instruction Program			303

Special Education Program

Supervisor/Director	\$	33,259	
Career Ladder Program		1,000	
Psychological Personnel		31,923	
Secretary(ies)		12,747	
In-Service Training		1,800	
Social Security		4,772	
State Retirement		5,708	
Medical Insurance		7,078	
Unemployment Compensation		119	
Employer Medicare		1,116	
Other Fringe Benefits		1,870	
Travel		10,973	
Other Contracted Services		120	
Other Supplies and Materials		6,016	
In Service/Staff Development		5,156	
Total Special Education Program			123,657

Vocational Education Program

Supervisor/Director	\$	64,188	
Career Ladder Program		1,000	
Social Security		3,824	
State Retirement		4,185	
Medical Insurance		10,177	
Unemployment Compensation		47	
Employer Medicare		894	
In Service/Staff Development		6,755	
Total Vocational Education Program			91,070

(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.)

Adult Programs

Supervisor/Director	\$	46,135	
Clerical Personnel		2,000	
Social Security		2,927	
State Retirement		5,073	
Medical Insurance		5,224	
Unemployment Compensation		47	
Employer Medicare		684	
Other Fringe Benefits		102	
Travel		134	
In Service/Staff Development		2,484	
Total Adult Programs			\$ 64,810

Board of Education

Secretary to Board	\$	1,945	
Other Salaries and Wages		1,650	
Board and Committee Members Fees		12,000	
Social Security		958	
State Retirement		817	
Life Insurance		6,617	
Medical Insurance		510	
Unemployment Compensation		3	
Employer Medicare		224	
Other Fringe Benefits		20,150	
Audit Services		14,349	
Dues and Memberships		9,506	
Legal Services		1,091	
Other Contracted Services		210	
Liability Insurance		104,326	
Trustee's Commission		85,574	
Workers' Compensation Insurance		66,115	
In Service/Staff Development		11,581	
Criminal Investigation of Applicants - TBI		5,040	
Other Charges		2,341	
Total Board of Education			345,007

Director of Schools

County Official/Administrative Officer	\$	82,943	
Clerical Personnel		20,180	
Social Security		6,334	

(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.)

Director of Schools (Cont.)

State Retirement	\$	7,452	
Medical Insurance		9,960	
Unemployment Compensation		107	
Employer Medicare		1,481	
Communication		25,649	
Operating Lease Payments		4,138	
Postal Charges		5,446	
Other Contracted Services		4,021	
Office Supplies		8,017	
In Service/Staff Development		4,930	
Other Charges		5,497	
Administration Equipment		808	
Total Director of Schools			\$ 186,963

Office of the Principal

Principals	\$	424,369	
Career Ladder Program		10,000	
Assistant Principals		151,815	
Secretary(ies)		176,541	
In-Service Training		300	
Social Security		46,221	
State Retirement		54,590	
Medical Insurance		96,221	
Unemployment Compensation		1,138	
Employer Medicare		10,833	
Communication		73,187	
Operating Lease Payments		4,533	
Travel		585	
Other Contracted Services		9,294	
Office Supplies		4,038	
In Service/Staff Development		4,395	
Administration Equipment		12,932	
Total Office of the Principal			1,080,992

Fiscal Services

Supervisor/Director	\$	32,363	
Accountants/Bookkeepers		30,428	
Social Security		3,670	
State Retirement		6,618	

(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.)

Fiscal Services (Cont.)

Medical Insurance	\$	11,846	
Unemployment Compensation		88	
Employer Medicare		858	
Travel		231	
Office Supplies		493	
In Service/Staff Development		618	
Administration Equipment		436	
Total Fiscal Services			\$ 87,649

Human Services/Personnel

Supervisor/Director	\$	10,788	
Clerical Personnel		29,997	
Social Security		2,414	
State Retirement		4,299	
Medical Insurance		7,170	
Unemployment Compensation		67	
Employer Medicare		565	
Travel		101	
Office Supplies		656	
In Service/Staff Development		390	
Other Charges		104	
Administration Equipment		436	
Total Human Services/Personnel			56,987

Operation of Plant

Guards	\$	57,581	
Custodial Personnel		329,978	
Other Salaries and Wages		394	
Social Security		23,376	
State Retirement		36,961	
Medical Insurance		95,363	
Unemployment Compensation		1,575	
Employer Medicare		5,467	
Other Contracted Services		168,402	
Custodial Supplies		34,736	
Electricity		560,401	
Natural Gas		159,693	
Water and Sewer		39,003	
Other Supplies and Materials		16,116	

(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.)

Operation of Plant (Cont.)

Other Charges	\$	4,593	
Plant Operation Equipment		18,509	
Total Operation of Plant			\$ 1,552,148

Maintenance of Plant

Maintenance Personnel	\$	93,180	
Social Security		5,662	
State Retirement		9,200	
Medical Insurance		14,735	
Unemployment Compensation		223	
Employer Medicare		1,324	
Maintenance and Repair Services - Buildings		17,027	
Maintenance and Repair Services - Equipment		4,518	
Other Contracted Services		9,697	
General Construction Materials		969	
Other Supplies and Materials		161,007	
In Service/Staff Development		102	
Other Charges		902	
Maintenance Equipment		8,656	
Total Maintenance of Plant			327,202

Transportation

Supervisor/Director	\$	42,280	
Mechanic(s)		62,071	
Bus Drivers		207,543	
Clerical Personnel		20,191	
Social Security		19,783	
State Retirement		32,660	
Medical Insurance		111,712	
Unemployment Compensation		1,523	
Employer Medicare		4,627	
Communication		2,331	
Contracts with Parents		1,943	
Medical and Dental Services		2,799	
Rentals		2,530	
Travel		423	
Other Contracted Services		7,565	
Diesel Fuel		100,209	
Equipment and Machinery Parts		4,452	

(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 (Cont.)

Garage Supplies	\$	3,013	
Gasoline		28,004	
Lubricants		3,209	
Tires and Tubes		21,595	
Vehicle Parts		37,306	
Other Supplies and Materials		2,362	
In Service/Staff Development		819	
Other Charges		6,802	
Transportation Equipment		805	
Total Transportation			\$ 728,557

Central and Other

Data Processing Personnel	\$	22,684	
Social Security		1,303	
State Retirement		2,391	
Medical Insurance		3,784	
Unemployment Compensation		96	
Employer Medicare		305	
Travel		115	
Other Contracted Services		5,020	
Data Processing Supplies		746	
Other Supplies and Materials		290	
In Service/Staff Development		825	
Data Processing Equipment		1,560	
Total Central and Other			39,119

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	54,402	
Accountants/Bookkeepers		20,464	
Social Security		4,551	
State Retirement		5,649	
Medical Insurance		9,960	
Unemployment Compensation		107	
Employer Medicare		1,064	
Travel		737	
Other Contracted Services		119	
Other Supplies and Materials		734	
Food Service Equipment		25,433	
Total Food Service			123,220

(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.)

Community Services

Other Salaries and Wages	\$	78,909	
Social Security		4,782	
State Retirement		4,792	
Medical Insurance		5,130	
Unemployment Compensation		396	
Employer Medicare		1,120	
Food Supplies		3,438	
Other Supplies and Materials		469	
In Service/Staff Development		360	
Other Charges		3,003	
Total Community Services			\$ 102,399

Early Childhood Education

Supervisor/Director	\$	11,183	
Teachers		130,976	
Educational Assistants		38,444	
Other Salaries and Wages		12,523	
Certified Substitute Teachers		171	
Non-certified Substitute Teachers		7,068	
Social Security		12,312	
State Retirement		14,917	
Medical Insurance		41,047	
Unemployment Compensation		559	
Employer Medicare		2,883	
Other Fringe Benefits		593	
Operating Lease Payments		1,032	
Travel		1,034	
Other Contracted Services		395	
Instructional Supplies and Materials		17,564	
In Service/Staff Development		2,517	
Other Charges		6,728	
Total Early Childhood Education			301,946

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	12,008	
Other Capital Outlay		42,815	
Total Regular Capital Outlay			54,823

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 264,154	
Total Education		\$ 264,154

Total General Purpose School Fund \$ 15,508,715

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 459,512	
Educational Assistants	138,177	
Other Salaries and Wages	73,730	
Non-certified Substitute Teachers	21,522	
Social Security	40,212	
State Retirement	47,509	
Medical Insurance	93,012	
Unemployment Compensation	1,776	
Employer Medicare	9,940	
Other Fringe Benefits	2,349	
Other Contracted Services	58,331	
Instructional Supplies and Materials	173,106	
Regular Instruction Equipment	72,292	
Total Regular Instruction Program		\$ 1,191,468

Special Education Program

Teachers	\$ 138,977	
Educational Assistants	182,351	
Other Salaries and Wages	55,496	
Non-certified Substitute Teachers	51,446	
Social Security	24,833	
State Retirement	32,583	
Medical Insurance	97,732	
Unemployment Compensation	1,739	
Employer Medicare	5,848	
Other Fringe Benefits	1,418	
Other Contracted Services	2,508	
Instructional Supplies and Materials	51,600	
Total Special Education Program		646,531

(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.)

Vocational Education Program

Instructional Supplies and Materials	\$	1,056	
Other Supplies and Materials		265	
Vocational Instruction Equipment		32,614	
Total Vocational Education Program			\$ 33,935

Support Services

Health Services

Medical Personnel	\$	9,037	
Social Security		560	
State Retirement		952	
Medical Insurance		2,436	
Unemployment Compensation		30	
Employer Medicare		131	
Other Fringe Benefits		192	
Total Health Services			13,338

Other Student Support

Social Workers	\$	24,199	
Other Salaries and Wages		4,100	
Social Security		1,611	
State Retirement		1,989	
Medical Insurance		4,271	
Unemployment Compensation		74	
Employer Medicare		377	
Other Fringe Benefits		96	
Evaluation and Testing		130	
Travel		17,264	
Other Contracted Services		11,177	
Other Supplies and Materials		6,691	
In Service/Staff Development		4,299	
Other Charges		1,504	
Total Other Student Support			77,782

Regular Instruction Program

Supervisor/Director	\$	71,650	
Secretary(ies)		7,455	
Other Salaries and Wages		24,224	
In-Service Training		21,325	
Social Security		7,692	

(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.)

Regular Instruction Program (Cont.)

State Retirement	\$	9,903	
Medical Insurance		9,209	
Unemployment Compensation		204	
Employer Medicare		1,800	
Other Fringe Benefits		365	
Operating Lease Payments		1,751	
Travel		111	
Other Contracted Services		1,647	
Other Supplies and Materials		2,437	
In Service/Staff Development		56,163	
Total Regular Instruction Program			\$ 215,936

Special Education Program

Clerical Personnel	\$	10,483	
Other Salaries and Wages		145	
In-Service Training		7,900	
Social Security		1,141	
State Retirement		1,811	
Medical Insurance		1,967	
Unemployment Compensation		69	
Employer Medicare		267	
Other Fringe Benefits		36	
Other Supplies and Materials		26	
In Service/Staff Development		9,572	
Total Special Education Program			33,417

Vocational Education Program

In Service/Staff Development	\$	1,097	
Total Vocational Education Program			1,097

Fiscal Services

Accountants/Bookkeepers	\$	2,000	
Social Security		124	
State Retirement		211	
Employer Medicare		29	
Other Fringe Benefits		7	
Total Fiscal Services			2,371

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)  
Support Services (Cont.)

Transportation

Bus Drivers	\$	25,594	
Social Security		1,496	
State Retirement		2,698	
Medical Insurance		14,591	
Unemployment Compensation		159	
Employer Medicare		350	
Other Fringe Benefits		1,159	
Total Transportation			\$ 46,047

Total School Federal Projects Fund \$ 2,261,922

Central Cafeteria Fund

Support Services

Board of Education

Workers' Compensation Insurance	\$	7,226	
Total Board of Education			\$ 7,226

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	345,101	
Social Security		19,751	
State Retirement		31,125	
Medical Insurance		108,389	
Unemployment Compensation		1,895	
Employer Medicare		4,619	
Communication		1,352	
Maintenance and Repair Services - Equipment		22,417	
Transportation - Other than Students		6,547	
Travel		2,480	
Other Contracted Services		57,441	
Food Preparation Supplies		58,989	
Food Supplies		410,663	
Uniforms		4,500	
Other Supplies and Materials		1,405	
Other Charges		23,658	
Food Service Equipment		24,090	
Total Food Service			1,124,422

Total Central Cafeteria Fund 1,131,648

(Continued)

Exhibit J-8

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

Other Education Special Revenue Fund

Instruction

Regular Instruction Program

Teachers	\$	189,524	
Educational Assistants		52,789	
Non-certified Substitute Teachers		11,632	
Social Security		15,221	
State Retirement		17,759	
Medical Insurance		38,067	
Unemployment Compensation		643	
Employer Medicare		3,560	
Other Fringe Benefits		2,722	
Instructional Supplies and Materials		17,570	
Other Supplies and Materials		105,890	
Other Charges		5,228	
Total Regular Instruction Program			\$ 460,605

Support Services

Attendance

Social Workers	\$	40,665	
Other Salaries and Wages		745	
Social Security		2,283	
State Retirement		3,970	
Medical Insurance		9,743	
Unemployment Compensation		148	
Employer Medicare		588	
Other Fringe Benefits		144	
Travel		1,558	
Other Supplies and Materials		2,590	
Total Attendance			62,434

Health Services

Medical Personnel	\$	8,882	
Social Security		551	
State Retirement		936	
Medical Insurance		1,218	
Unemployment Compensation		15	
Employer Medicare		129	
Other Contracted Services		1,317	
Drugs and Medical Supplies		1,054	
Total Health Services			14,102

(Continued)

Exhibit J-8

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

Other Education Special Revenue Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	44,731	
Social Security		2,690	
State Retirement		2,872	
Medical Insurance		4,363	
Unemployment Compensation		41	
Employer Medicare		629	
Other Fringe Benefits		152	
Travel		460	
Other Supplies and Materials		5,965	
In Service/Staff Development		6,325	
Total Regular Instruction Program			<u>\$ 68,228</u>

Total Other Education Special Revenue Fund \$ 605,369

Total Governmental Funds - Johnson County School Department \$ 19,507,654

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, 2010

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 433,658
Total Cash Receipts	<u>\$ 433,658</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 429,321
Trustee's Commissions	4,337
Total Cash Disbursements	<u>\$ 433,658</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2009	<u>0</u>
 Cash Balance, June 30, 2010	<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**

December 10, 2010

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, 2010, which collectively comprise Johnson County's basic financial statements and have issued our report thereon dated December 10, 2010. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Johnson County Emergency Communications District, which were not available from other auditors as of the date of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Johnson County's internal control over financial reporting 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.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a

deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting: 10.02 and 10.03. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

#### Compliance and Other Matters

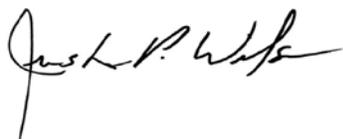
As part of obtaining reasonable assurance about whether Johnson County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and is described in the accompanying Schedule of Findings and Questioned Costs as item 10.01.

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

Johnson County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Johnson County's response and, accordingly, we express no opinion on the response.

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,



Justin P. Wilson  
Comptroller of the Treasury

JPW/sb



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

December 10, 2010

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, 2010. 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 on Johnson County's compliance with those requirements.

In our opinion, Johnson County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

#### Internal Control Over Compliance

The management of Johnson County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Johnson County's internal control over compliance with 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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

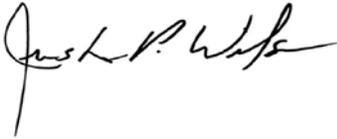
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Johnson County, Tennessee, as of and for the year ended June 30, 2010, and have issued our report thereon dated December 10, 2010. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Johnson County Emergency Communications District, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming 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.

Johnson County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Johnson County's response and, accordingly, we express no opinion on the response.

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 fluid and cursive, with a prominent vertical stroke at the beginning.

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

Johnson County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2010

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Programs:			
Schools and Roads - Grants to States	10.665	N/A	\$ 171,004
Community Facilities Loans and Grants	10.766	N/A	38,500
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	207,188
National School Lunch Program	10.555	N/A	657,801 (4)
Summer Food Service Program for Children	10.559	N/A	21,061
ARRA - Child Nutrition Discretionary Grants Limited Availability	10.579	5TN340330	36,519
Fresh Fruit and Vegetable Program	10.582	HQ10 AAX	25,451
Passed-through State Department of Agriculture:			
Child Nutrition Cluster:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	92,647 (4)
Total U.S. Department of Agriculture			\$ 1,250,171
U.S. Department of Justice Assistance:			
Direct Programs:			
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	N/A	\$ 3,240
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	N/A	27,807
Total U.S. Department of Justice Assistance			\$ 31,047
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	Z-07-037577-00	\$ 478,704
Passed-through State Department of Environment and Conservation:			
Recreational Trails Program	20.219	(3)	185,069
Total U.S. Department of Transportation			\$ 663,773
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 787,631
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	253,562
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	513,173
Special Education - Preschool Grants	84.173	N/A	21,987
Special Education - Grants to States, Recovery Act	84.391	N/A	224,310
Special Education - Preschool Grants, Recovery Act	84.392	N/A	3,142
Career and Technical Education - Basic Grants to States	84.048	N/A	50,974
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	11,177
Twenty-first Century Community Learning Centers	84.287	192-09-2-014	85,978
Education Technology State Grants	84.318	(2)	6,062
Rural Education	84.358	N/A	39,311
Improving Teacher Quality State Grants	84.367	N/A	147,708
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	N/A	412,900
State Fiscal Stabilization Fund - Government Services, Recovery Act	84.397	N/A	193,702
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	Z-10-281523-00	78,072
Passed-through State Higher Education Commission:			
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	GG-08-21817-00	152,451
Total U.S. Department of Education			\$ 2,982,140

(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 Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(2)	\$ 36,879
Total U.S. Department of Homeland Security			<u>\$ 36,879</u>
Total Expenditures of Federal Awards			<u>\$ 4,964,010</u>
<u>State Grants</u>		<u>Contract Number</u>	
Juvenile Services Program - State Commission on Children and Youth	N/A	(2)	\$ 9,300
Airport Maintenance - State Department of Transportation	N/A	Z-09-213962-00	50,635
Aging Program - First Tennessee Development District	N/A	(2)	32,838
State Reappraisal - Comptroller of the Treasury	N/A	(2)	6,902
Health Department Program - State Department of Health	N/A	Z-10-219805-00	154,997
State Aid Program - State Department of Transportation	N/A	(2)	172,292
Litter Program - State Department of Transportation	N/A	(2)	31,292
Adult Basic Education - State Department of Education	N/A	(2)	24,134
Early Childhood Education Pilot Project - State Department of Education	N/A	(2)	<u>288,247</u>
Total State Grants			<u>\$ 770,637</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) GG-08-23308-00: \$39,490; GG-08-23482-00: \$145,579.
- (4) Total for CFDA No. 10.555 is \$750,448.

Johnson County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2010

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, 2009, which has not been corrected.

**OTHER FINDING**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.01	192	Duties were not segregated adequately in the Offices of 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, 2010**

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**PART I, SUMMARY OF AUDITOR'S RESULTS**

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Johnson County disclosed significant deficiencies in internal control. None 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 Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555 and 10.559); the Airport Improvement Program (CFDA No. 20.106); the Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Education Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants, Special Education – Grants to States, Recovery Act, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.173, 84.391, and 84.392); and the State Fiscal Stabilization Cluster: State Fiscal Stabilization Fund – Education State Grants, Recovery Act and State Fiscal Stabilization Fund – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Johnson County did not qualify as a low-risk auditee.

## PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The county mayor's written response is included in this report.

### SOLID WASTE DEPARTMENT

**FINDING 10.01      THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES**  
(Noncompliance Under Government Auditing Standards)

System backups were not performed and stored off-site. Section 10-7-121, Tennessee Code Annotated, provides that records required to be retained by any government official may be maintained on a computer or removable storage media as long as certain standards are met. One of these standards requires that all data generated and stored within the computer system be copied to storage media daily, and media more than one week old be stored at an off-site location. This deficiency is the result of problems with the backup software used by the office. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process.

### RECOMMENDATION

Management should contact the vendor and request that the problems with the backup software be resolved. Management should implement daily system backup procedures. A backup labeled for each day of the week should be maintained. Management should store these backups in a secure fireproof location. In addition to daily system backups, a weekly system backup should be performed, and two copies of this backup should be maintained. These backups should be rotated off-site on a weekly basis. Some possibilities for an off-site storage location would be another county office building with a fireproof vault or a safe-deposit box at a local bank.

### MANAGEMENT'S RESPONSE – COUNTY MAYOR

The software support representative has corrected the problem with the backup. The daily backup is now taken off-site each day.

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**FINDING 10.02      THE OFFICE DID NOT REVIEW ITS SOFTWARE AUDIT LOGS**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The software application used by the office generated daily logs that displayed changes made by users. Since the logs provided the only audit trail of these changes, they should be reviewed daily for inappropriate activity. When the importance of these audit logs was

brought to management's attention in May 2010, management implemented a review process.

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## **OTHER FINDING AND RECOMMENDATION**

### **FINDING 10.03      **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF 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 Clerk and Master, Register, and Sheriff. Officials and 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. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

### **RECOMMENDATION**

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

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## **BEST PRACTICE**

### **AN AUDIT COMMITTEE HAS NOT BEEN ESTABLISHED**

Johnson County does not have an Audit Committee. Sound business practices dictate that establishing an Audit Committee would significantly improve management oversight and accountability. The absence of an Audit Committee has been a management decision by the County Commission. The Division of County Audit strongly believes that an Audit Committee is a best practice that should be adopted to assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks.

**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, 2010**

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