



**ANNUAL FINANCIAL REPORT  
JOHNSON COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2011**



**ANNUAL FINANCIAL REPORT**  
**JOHNSON COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2011**

*COMPTROLLER OF THE TREASURY*  
*JUSTIN P. WILSON*

*DIVISION OF COUNTY AUDIT*  
*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)

---



---

## JOHNSON COUNTY, TENNESSEE TABLE OF CONTENTS

---



---

	Exhibit	Page(s)
Audit Highlights		6-7
<u>INTRODUCTORY SECTION</u>		8
Johnson County Officials		9
<u>FINANCIAL SECTION</u>		10
Independent Auditor's Report		11-13
BASIC FINANCIAL STATEMENTS:		14
Government-wide Financial Statements:		
Statement of Net Assets	A	15-16
Statement of Activities	B	17-18
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	20
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	22
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	D	23
Notes to the Financial Statements		24-56
REQUIRED SUPPLEMENTARY INFORMATION:		57
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	E-1	58-61
Highway/Public Works Fund	E-2	62
Schedule of Funding Progress – Pension Plan – Primary Government and Discretely Presented Johnson County School Department	E-3	63
Schedule of Funding Progress – Other Postemployment Benefits Plans – Primary Government and Discretely Presented Johnson County School Department	E-4	64

	Exhibit	Page(s)
Notes to the Required Supplementary Information		65
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		66
Nonmajor Governmental Funds:		67-68
Combining Balance Sheet	F-1	69-70
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	71-72
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
Public Library Fund	F-3	73
Solid Waste/Sanitation Fund	F-4	74
Drug Control Fund	F-5	75
General Capital Projects Fund	F-6	76
Major Governmental Fund:		77
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	G	78
Fiduciary Funds:		79
Combining Statement of Fiduciary Assets and Liabilities	H-1	80
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	H-2	81
Component Unit:		
Discretely Presented Johnson County School Department:		82
Statement of Activities	I-1	83
Balance Sheet – Governmental Funds	I-2	84
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	I-3	85
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	I-4	86
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	I-5	87
Combining Balance Sheet – Nonmajor Governmental Funds	I-6	88
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	I-7	89
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	I-8	90-92
School Federal Projects Fund	I-9	93
Central Cafeteria Fund	I-10	94
Other Education Special Revenue Fund	I-11	95
Miscellaneous Schedules:		96
Schedule of Changes in Long-term Notes, Other Loans, and Bonds	J-1	97
Schedule of Long-term Debt Requirements by Year	J-2	98

	Exhibit	Page(s)
Schedule of Transfers – Primary Government and Discretely Presented Johnson County School Department	J-3	99
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Johnson County School Department	J-4	100
Schedule of Detailed Revenues – All Governmental Fund Types	J-5	101-110
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Johnson County School Department	J-6	111-113
Schedule of Detailed Expenditures – All Governmental Fund Types	J-7	114-132
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Johnson County School Department	J-8	133-148
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	J-9	149
 <u>SINGLE AUDIT SECTION</u>		 150
Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		151-153
Auditor’s Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133		154-156
Schedule of Expenditures of Federal Awards and State Grants		157-158
Schedule of Audit Findings Not Corrected		159
Schedule of Findings and Questioned Costs		160-170
Auditee Reporting Responsibilities		171

***Audit Highlights***  
Annual Financial Report  
Johnson County, Tennessee  
For the Year Ended June 30, 2011

***Scope***

We have audited the basic financial statements of Johnson County as of and for the year ended June 30, 2011.

***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 seven findings and recommendations, which we have reviewed with Johnson County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

***Findings and Best Practices***

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

**OFFICE OF COUNTY MAYOR**

- ◆ A cash shortage of \$41,495.55 existed in the County Mayor's Office at August 24, 2011.
- ◆ The Solid Waste Department had operating deficiencies.
- ◆ An employee of the Solid Waste Department allowed his son to remove scrap metal for personal gain, resulting in an undetermined cash shortage.

---

**OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ The School Department had deficiencies in the use of federal Special Education Funds provided by the American Recovery and Reinvestment Act.

---

**OFFICES OF COUNTY CLERK AND CIRCUIT COURT CLERK**

- ◆ The offices did not review their software audit logs.
-

## **OFFICES OF COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, AND CLERK AND MASTER**

- ◆ Multiple employees operated from the same cash drawer in the Offices of County Clerk, Circuit and General Session Courts Clerk, and Clerk and Master.
- 

## **OTHER FINDING**

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

## **BEST PRACTICES**

The Division of County Audit strongly believes that the items noted below are best practices that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Johnson County.

- Johnson County should adopt a central system of purchasing for all departments.
- Johnson County should establish an Audit Committee.

---

---

# INTRODUCTORY SECTION

---

---

# Johnson County Officials

## June 30, 2011

---

### **Officials**

Larry Potter, 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  
John Brookshire  
Lester Dunn  
Jerry Gentry  
Robert Grindstaff  
Huey Long  
Jimmy Lowe

Gina Meade  
Emily Millsaps  
Jonathan Pleasant  
Jack Proffitt  
Rick Snyder  
Dean Stout  
Kenneth Taylor

### **Road Commission**

Rhonda Reece, Chairman  
Clint Howard  
Terry Shull

### **Board of Education**

Gerald Buckles, Chairman  
Howard Carlton  
Kevin Long

Bill Gambill  
Ann Parsons

---

---

## FINANCIAL SECTION

---

---



**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
DEPARTMENT OF AUDIT  
DIVISION OF COUNTY AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-1402  
PHONE (615) 401-7841**

**INDEPENDENT AUDITOR'S REPORT**

September 30, 2011

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, 2011, 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, as of June 30, 2011, 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, 2011, 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 September 30, 2011, 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. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

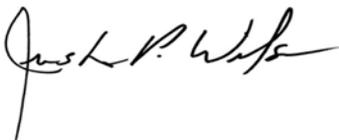
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 58 through 65 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 financial statements as a whole. 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 miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury

JPW/yu

---

---

# BASIC FINANCIAL STATEMENTS

---

---

Exhibit A

Johnson County, Tennessee  
Statement of Net Assets  
June 30, 2011

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Johnson County School Department</u>
<u>ASSETS</u>		
Cash and Equivalents	\$ 14,640	\$ 333,982
Equity in Pooled Cash and Investments	7,018,740	3,758,770
Accounts Receivable	48,832	0
Due from Other Governments	739,684	614,387
Property Taxes Receivable	3,082,716	2,992,926
Allowance for Uncollectible Property Taxes	(118,249)	(114,806)
Cash Shortage	36,038	0
Unamortized Debt Issuance Cost	352,373	0
Unamortized Discount on Debt	8,777	0
Capital Assets:		
Assets Not Depreciated:		
Land	795,478	946,939
Construction in Progress	636,067	39,962
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	7,152,388	15,264,391
Infrastructure	1,312,617	760,890
Other Capital Assets	469,409	1,203,376
Total Assets	<u>\$ 21,549,510</u>	<u>\$ 25,800,817</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 52,451	\$ 35,051
Accrued Payroll	0	24,404
Payroll Deductions Payable	65,170	4,335
Accrued Interest Payable	100,334	0
Due to State of Tennessee	5,344	0
Other Current Liabilities	13,637	61,278
Deferred Revenue - Current Property Taxes	2,741,802	2,661,942
Noncurrent Liabilities:		
Due Within One Year	833,972	47,336
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	15,227,111	460,547
Total Liabilities	<u>\$ 19,039,821</u>	<u>\$ 3,294,893</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	\$ 4,721,988	\$ 0
Invested in Capital Assets	0	18,215,558
Restricted for:		
General Government	33,743	0
Finance	52,974	0
Administration of Justice	18,125	0
Public Safety	73,356	0
Social, Cultural, and Recreational Services	18,052	0
Highways	331,492	0
Education	0	842,966
Capital Outlay	451,320	44,350
Unrestricted	<u>(3,191,361)</u>	<u>3,403,050</u>
Total Net Assets	<u>\$ 2,509,689</u>	<u>\$ 22,505,924</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, 2011

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						Component Unit
	Program Revenues			Primary			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Johnson County School Department	
Primary Government:							
Governmental Activities:							
General Government	\$ 523,021	\$ 198,676	\$ 32,505	\$ 13,798	\$ (278,042)	\$ 0	0
Finance	746,424	375,403	0	0	(371,021)	0	0
Administration of Justice	559,574	387,552	9,300	0	(162,722)	0	0
Public Safety	2,906,222	1,052,646	28,399	27,316	(1,797,861)	0	0
Public Health and Welfare	797,085	429,855	502,771	0	135,541	0	0
Social, Cultural, and Recreational Services	191,197	0	0	71,164	(120,033)	0	0
Agriculture and Natural Resources	86,619	0	0	0	(86,619)	0	0
Other Operations	1,280,214	498,691	17,387	2,500	(761,636)	0	0
Highways	2,019,688	58,728	1,550,563	379,502	(30,895)	0	0
Education	412,161	0	0	0	(412,161)	0	0
Interest on Long-term Debt	601,310	0	320,182	0	(281,128)	0	0
Debt Service	27,847	0	0	0	(27,847)	0	0
<b>Total Primary Government</b>	<b>\$ 10,151,362</b>	<b>\$ 3,001,551</b>	<b>\$ 2,461,107</b>	<b>\$ 494,280</b>	<b>\$ (4,194,424)</b>	<b>\$ 0</b>	<b>0</b>
Component Unit:							
Johnson County School Department	\$ 21,741,671	\$ 501,620	\$ 4,037,332	\$ 412,161	\$ 0	\$ (16,790,558)	0
<b>Total Component Unit</b>	<b>\$ 21,741,671</b>	<b>\$ 501,620</b>	<b>\$ 4,037,332</b>	<b>\$ 412,161</b>	<b>\$ 0</b>	<b>\$ (16,790,558)</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	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Unit	
				Primary Governmental Activities	Johnson County School Department
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 2,042,277	\$ 2,713,440
Property Taxes Levied for Debt Service				759,004	0
Local Option Sales Taxes				268,108	704,651
Hotel/Motel Tax				25,363	0
Local Amusement Tax				13,599	0
Wheel Tax				468,663	0
Litigation Tax - General				23,439	0
Litigation Tax - Special Purpose				55,816	0
Litigation Tax - Jail, Workhouse, or Courthouse				12,618	0
Business Tax				65,184	0
Mineral Severance Tax				2,017	0
Wholesale Beer Tax				134,246	0
Other Local Taxes				2,777	2,043
Grants and Contributions Not Restricted to Specific Programs				498,175	12,870,383
Unrestricted Investment Income				128,723	24,136
Miscellaneous				172,589	184,505
Gain on Disposal of Capital Assets				62,138	0
Total General Revenues				\$ 4,734,736	\$ 16,499,158
Change in Net Assets				\$ 540,312	\$ (291,400)
Net Assets, July 1, 2010				1,969,377	22,797,324
Net Assets, June 30, 2011				\$ 2,509,689	\$ 22,505,924

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, 2011

	Major Funds			Nonmajor Funds	Total Govern- mental Funds
	General	Highway /	General	Other	
		Public Works	Debt Service	Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 11,021	\$ 2,616	\$ 0	\$ 1,003	\$ 14,640
Equity in Pooled Cash and Investments	1,753,666	124,087	4,321,279	819,708	7,018,740
Accounts Receivable	17,145	0	0	31,687	48,832
Due from Other Governments	328,378	259,512	151,794	0	739,684
Due from Other Funds	1,046	22,057	322,057	0	345,160
Property Taxes Receivable	1,855,615	0	838,020	389,081	3,082,716
Allowance for Uncollectible Property Taxes	(71,179)	0	(32,146)	(14,924)	(118,249)
Cash Shortage	0	0	0	36,038	36,038
<b>Total Assets</b>	<b>\$ 3,895,692</b>	<b>\$ 408,272</b>	<b>\$ 5,601,004</b>	<b>\$ 1,262,593</b>	<b>\$ 11,167,561</b>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 10,443	\$ 21,686	\$ 0	\$ 20,322	\$ 52,451
Payroll Deductions Payable	49,082	16,088	0	0	65,170
Due to Other Funds	44,114	0	0	301,046	345,160
Due to State of Tennessee	2,262	3,082	0	0	5,344
Other Current Liabilities	11,021	2,616	0	0	13,637
Deferred Revenue - Current Property Taxes	1,650,405	0	745,344	346,053	2,741,802
Deferred Revenue - Delinquent Property Taxes	124,203	0	56,092	26,043	206,338
Other Deferred Revenues	47,220	126,213	76,313	0	249,746
<b>Total Liabilities</b>	<b>\$ 1,938,750</b>	<b>\$ 169,685</b>	<b>\$ 877,749</b>	<b>\$ 693,464</b>	<b>\$ 3,679,648</b>
<u>Fund Balances</u>					
Restricted:					
Restricted for General Government	\$ 33,743	\$ 0	\$ 0	\$ 0	\$ 33,743
Restricted for Finance	52,974	0	0	0	52,974
Restricted for Administration of Justice	18,125	0	0	0	18,125
Restricted for Public Safety	13,935	0	0	59,421	73,356
Restricted for Social, Cultural, and Recreational Services	0	0	0	18,052	18,052
Restricted for Highways/Public Works	0	238,587	0	0	238,587
Restricted for Capital Outlay	0	0	0	433,290	433,290
Committed:					
Committed for Public Health and Welfare	0	0	0	106,623	106,623
Committed for Debt Service	0	0	4,723,255	0	4,723,255
Assigned:					
Assigned for General Government	628,369	0	0	0	628,369
Assigned for Public Health and Welfare	0	0	0	2,405	2,405
Unassigned	1,209,796	0	0	(50,662)	1,159,134
<b>Total Fund Balances</b>	<b>\$ 1,956,942</b>	<b>\$ 238,587</b>	<b>\$ 4,723,255</b>	<b>\$ 569,129</b>	<b>\$ 7,487,913</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,895,692</b>	<b>\$ 408,272</b>	<b>\$ 5,601,004</b>	<b>\$ 1,262,593</b>	<b>\$ 11,167,561</b>

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, 2011

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)		\$ 7,487,913
(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	636,067	
Add: other capital assets net of accumulated depreciation	469,409	
Add: buildings and improvements net of accumulated depreciation	7,152,388	
Add: infrastructure net of accumulated depreciation	<u>1,312,617</u>	10,365,959
(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	\$ (60,000)	
Less: other loans payable	(280,133)	
Less: bonds payable	(13,860,000)	
Add: deferred amount on refunding	167,140	
Add: deferred charges - discount on debt	8,777	
Add: deferred charges - debt issuance costs	352,373	
Less: compensated absences payable	(236,807)	
Less: landfill postclosure care costs	(1,168,823)	
Less: other postemployment benefits liability	(594,668)	
Less: accrued interest on bonds, notes, and other loans payable	(100,334)	
Less: other deferred revenue - premium on debt	<u>(27,792)</u>	(15,800,267)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>456,084</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 2,509,689</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, 2011

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 2,594,847	\$ 2,017	\$ 911,739	\$ 385,263	\$ 3,893,866
Licenses and Permits	34,494	0	0	0	34,494
Fines, Forfeitures, and Penalties	117,148	0	0	11,539	128,687
Charges for Current Services	52,510	0	0	429,262	481,772
Other Local Revenues	810,055	69,691	0	81,831	961,577
Fees Received from County Officials	717,845	0	0	0	717,845
State of Tennessee	1,741,046	1,868,183	0	62,156	3,671,385
Federal Government	451,479	33,341	0	0	484,820
Other Governments and Citizens Groups	18,523	53,934	320,182	21,306	413,945
<b>Total Revenues</b>	<b>\$ 6,537,947</b>	<b>\$ 2,027,166</b>	<b>\$ 1,231,921</b>	<b>\$ 991,357</b>	<b>\$ 10,788,391</b>
<u>Expenditures</u>					
Current:					
General Government	\$ 608,151	\$ 0	\$ 0	\$ 2,061	\$ 610,212
Finance	725,834	0	0	0	725,834
Administration of Justice	553,423	0	0	0	553,423
Public Safety	2,580,250	0	0	7,960	2,588,210
Public Health and Welfare	279,111	0	0	500,254	779,365
Social, Cultural, and Recreational Services	94,680	0	0	54,620	149,300
Agriculture and Natural Resources	87,059	0	0	0	87,059
Other Operations	1,363,696	0	0	0	1,363,696
Highways	41,282	2,263,393	0	0	2,304,675
Debt Service:					
Principal on Debt	0	0	651,028	0	651,028
Interest on Debt	0	0	562,559	0	562,559
Other Debt Service	0	0	27,847	0	27,847
Capital Projects	0	0	0	526,085	526,085
Capital Projects - Donated	0	0	0	336,161	336,161
<b>Total Expenditures</b>	<b>\$ 6,333,486</b>	<b>\$ 2,263,393</b>	<b>\$ 1,241,434</b>	<b>\$ 1,427,141</b>	<b>\$ 11,265,454</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 204,461	\$ (236,227)	\$ (9,513)	\$ (435,784)	\$ (477,063)
<u>Other Financing Sources (Uses)</u>					
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 336,161	\$ 336,161
Insurance Recovery	13,148	9,798	0	0	22,946
Transfers In	0	234,331	234,331	6,251	474,913
Transfers Out	(468,662)	0	0	(6,251)	(474,913)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (455,514)</b>	<b>\$ 244,129</b>	<b>\$ 234,331</b>	<b>\$ 336,161</b>	<b>\$ 359,107</b>
Net Change in Fund Balances	\$ (251,053)	\$ 7,902	\$ 224,818	\$ (99,623)	\$ (117,956)
Fund Balance, July 1, 2010	2,207,995	230,685	4,498,437	668,752	7,605,869
Fund Balance, June 30, 2011	\$ 1,956,942	\$ 238,587	\$ 4,723,255	\$ 569,129	\$ 7,487,913

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

Johnson County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
For the Year Ended June 30, 2011

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)		\$ (117,956)
(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	\$ 1,056,076	
Less: current year depreciation expense	<u>(530,331)</u>	525,745
(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, 2011	\$ 456,084	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(552,801)</u>	(96,717)
(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 and related items:		
Less: other loan proceeds	\$ (336,161)	
Add: change in premium on debt issuances	1,635	
Less: change in deferred debt issuance costs	(22,692)	
Add: principal payments on bonds	565,000	
Add: principal payments on notes	30,000	
Add: principal payments on other loans	56,028	
Less: change in unamortized discount on debt	(555)	
Less: change in deferred amount on refunding debt	<u>(21,093)</u>	272,162
(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	\$ 3,954	
Change in compensated absences payable	(3,158)	
Change in landfill postclosure care costs	45,951	
Change in other postemployment benefits liability	<u>(89,669)</u>	(42,922)
Change in net assets of governmental activities (Exhibit B)		<u>\$ 540,312</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, 2011

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 732,006
Accounts Receivable	1,749
Due from Other Governments	<u>78,572</u>
Total Assets	<u><u>\$ 812,327</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 78,572
Due to Litigants, Heirs, and Others	<u>733,755</u>
Total Liabilities	<u><u>\$ 812,327</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, 2011**

**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.

Johnson County issues all debt for the discretely presented Johnson County School Department. Net debt issues totaling \$336,161 were contributed by the county to the School Department during the year ended June 30, 2011.

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 special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

**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 and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**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 special revenue fund accounts for restricted federal revenues, which must be expended on specific education programs.

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

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

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.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

**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.

Long-term receivables between funds, as reported in the General Debt Service Fund financial statements, are included in committed fund balance.

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 2.11 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, 2011, Johnson County had \$8,375,358 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 fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on

the specific purpose for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county’s highest level of decision-making authority and the Board of Education, the School Department’s highest level of decision-making authority.

Assigned Fund Balance – includes amounts that are constrained by the county’s intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission and the Board of Education are authorized bodies to make assignments. Assigned fund balance in the General Fund includes encumbrances of \$71,318 and an amount of fund balance appropriated for use in the 2011-2012 budget totaling \$557,051. Assigned fund balance in the discretely presented School Department’s General Purpose School Fund includes encumbrances of \$531,303 and amounts assigned by the board for various purposes within Instruction (\$675,228), Support (\$840,192), and Capital Outlay (\$585,000).

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

## **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.

At June 30, 2011, Johnson County had the following significant encumbrances:

Fund	Description	Amount
Primary Government:		
General	Operations	\$ 71,318
Highway/Public Works	Operations	45,031
General Capital Projects	Capital projects	77,977
School Department:		
General Purpose School	Operations	531,303
School Federal Projects	Operations	100,924

**B. Fund Deficit**

The Community Development/Industrial Park Fund had a negative unassigned fund balance of \$50,662 at June 30, 2011. This negative unassigned fund balance resulted from the recognition of a fund liability for an interfund capital outlay note borrowed from the General Debt Service Fund. The negative unassigned balance is expected to be liquidated with future lease/rental revenues.

**C. Cash Shortage**

The County Mayor's Office had a cash shortage of \$36,037.86 as of June 30, 2011. Subsequently, the cash shortage increased by \$5,457.69, resulting in a total cash shortage of \$41,495.55 at August 24, 2011. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs in the Single Audit section of this report.

#### 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, 2011.

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2011, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-10	Increases	Balance 6-30-11
Capital Assets Not Depreciated:			
Land	\$ 795,478	\$ 0	\$ 795,478
Construction in Progress	485,759	150,308	636,067
Total Capital Assets Not Depreciated	<u>\$ 1,281,237</u>	<u>\$ 150,308</u>	<u>\$ 1,431,545</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 10,120,720	\$ 297,875	\$ 10,418,595
Other Capital Assets	2,927,351	160,110	3,087,461
Infrastructure	1,475,470	447,783	1,923,253
Total Capital Assets Depreciated	<u>\$ 14,523,541</u>	<u>\$ 905,768</u>	<u>\$ 15,429,309</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 3,013,183	\$ 253,024	\$ 3,266,207
Other Capital Assets	2,440,995	177,057	2,618,052
Infrastructure	510,386	100,250	610,636
Total Accumulated Depreciation	<u>\$ 5,964,564</u>	<u>\$ 530,331</u>	<u>\$ 6,494,895</u>
Total Capital Assets Depreciated, Net	<u>\$ 8,558,977</u>	<u>\$ 375,437</u>	<u>\$ 8,934,414</u>
Governmental Activities Capital Assets, Net	<u>\$ 9,840,214</u>	<u>\$ 525,745</u>	<u>\$ 10,365,959</u>

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

**Governmental Activities:**

General Government	\$ 52,007
Finance	2,533
Public Safety	194,074
Public Health and Welfare	55,243
Social, Cultural, and Recreational Services	12,128
Other Operations	35,669
Highways/Public Works	<u>178,677</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 530,331</u>

**Discretely Presented Johnson County School Department**

**Governmental Activities:**

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 946,939	\$ 0	\$ 0	\$ 946,939
Construction in Progress	0	39,962	0	39,962
Total Capital Assets Not Depreciated	<u>\$ 946,939</u>	<u>\$ 39,962</u>	<u>\$ 0</u>	<u>\$ 986,901</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 23,582,260	\$ 336,221	\$ 0	\$ 23,918,481
Other Capital Assets	3,203,852	111,775	(131,196)	3,184,431
Infrastructure	2,160,277	0	0	2,160,277
Total Capital Assets Depreciated	<u>\$ 28,946,389</u>	<u>\$ 447,996</u>	<u>\$ (131,196)</u>	<u>\$ 29,263,189</u>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 8,063,611	\$ 590,479	\$ 0	\$ 8,654,090
Other Capital Assets	1,834,359	273,996	(127,300)	1,981,055
Infrastructure	1,259,376	140,011	0	1,399,387
Total Accumulated Depreciation	<u>\$ 11,157,346</u>	<u>\$ 1,004,486</u>	<u>\$ (127,300)</u>	<u>\$ 12,034,532</u>
Total Capital Assets Depreciated, Net	\$ 17,789,043	\$ (556,490)	\$ (3,896)	\$ 17,228,657

**Governmental Activities (Cont.):**

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Total Capital Assets Depreciated, Net	\$ 17,789,043	\$ (556,490)	\$ (3,896)	\$ 17,228,657
Governmental Activities Capital Assets, Net	\$ 18,735,982	\$ (516,528)	\$ (3,896)	\$ 18,215,558

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

**Governmental Activities:**

Instruction	\$ 779,023
Support Services	218,696
Operation of Non-Instructional Services	<u>6,767</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,004,486</u>

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

The composition of interfund balances as of June 30, 2011, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 1,046
Highway/Public Works	General	22,057
General Debt Service	General	22,057
General Debt Service	Nonmajor governmental	300,000
Discretely Presented School Department:		
General Purpose School	School Federal Projects	48,285

The amount due to the General Debt Service Fund from the nonmajor governmental funds resulted from a long-term interfund loan. The amount of this loan not expected to be received within one year is \$266,667. See note IV.F. for further details of this loan.

The remaining 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, 2011, consisted of the following amounts:

**Primary Government**

Transfers Out	Transfers In		
	Highway/ Public Works Fund	General Debt Service Fund	Nonmajor Governmental Funds
General Fund	\$ 234,331	\$ 234,331	\$ 0
Nonmajor governmental funds	0	0	6,251
<b>Total</b>	<b>\$ 234,331</b>	<b>\$ 234,331</b>	<b>\$ 6,251</b>

**Discretely Presented Johnson County School Department**

Transfer Out	Transfer In
	General Purpose School Fund
School Federal Projects Fund	\$ 47,491

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.

**D. 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, up to seven years for notes, and up to seven years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, other loans, and capital outlay notes included in long-term debt as of June 30, 2011, will be retired from the General Debt Service Fund.

General obligation bonds, other loans, and capital outlay notes outstanding as of June 30, 2011, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
General Obligation Bonds -			
Refunding	1.5 to 4.5 %	\$ 7,095,000	\$ 6,095,000
School Refunding Bonds	3 to 4.125	8,535,000	7,765,000
Capital Outlay Notes	0	210,000	60,000
Other Loans	0	336,161	280,133

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2011, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2017-2021	3,820,000	1,870,408	5,690,408
2022-2026	4,705,000	1,033,831	5,738,831
2027-2028	2,170,000	133,299	2,303,299
Total	\$ 13,860,000	\$ 5,553,568	\$ 19,413,568

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 30,000	\$ 0	\$ 30,000
2013	30,000	0	30,000
Total	\$ 60,000	\$ 0	\$ 60,000

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2012	\$ 48,024	\$ 0	\$ 48,024
2013	48,024	0	48,024
2014	48,024	0	48,024
2015	48,024	0	48,024
2016	48,024	0	48,024
2017	40,013	0	40,013
Total	\$ 280,133	\$ 0	\$ 280,133

During the year, the Johnson County School Department contributed \$320,182 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 \$4,723,255 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$760, based on the 2010 federal census. Debt per capita, including bonds, other loans, and notes outstanding totaled \$778, based on the 2010 federal census.

#### Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2011, was as follows:

##### Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2010	\$ 14,425,000	\$ 90,000	\$ 0
Additions	0	0	336,161
Deductions	(565,000)	(30,000)	(56,028)
Balance, June 30, 2011	\$ 13,860,000	\$ 60,000	\$ 280,133
Balance Due Within One Year	\$ 585,000	\$ 30,000	\$ 48,024

	Compensated Absences	Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2010	\$ 233,649	\$ 1,214,774	\$ 504,999
Additions	133,711	(36,601)	100,200
Deductions	(130,553)	(9,350)	(10,531)
Balance, June 30, 2011	\$ 236,807	\$ 1,168,823	\$ 594,668
Balance Due Within One Year	\$ 102,324	\$ 68,624	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilites, June 30, 2011	\$ 16,200,431
Less: Balance Due Within One Year	(833,972)
Add: Unamortized Premium on Debt	27,792
Less: Deferred Amount on Refunding	<u>(167,140)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 15,227,111</u></u>

Compensated absences and other postemployment benefits 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.

**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, 2011, was as follows:

Governmental Activities:

	Other Postemployment Benefits	Compensated Absences
	<u>                    </u>	<u>                    </u>
Balance, July 1, 2010	\$ 237,832	\$ 49,324
Additions	480,599	64,634
Deductions	<u>(257,884)</u>	<u>(66,622)</u>
Balance, June 30, 2011	<u><u>\$ 460,547</u></u>	<u><u>\$ 47,336</u></u>
Balance Due Within One Year	<u><u>\$ 0</u></u>	<u><u>\$ 47,336</u></u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilites, June 30, 2011	\$ 507,883
Less: Balance Due Within One Year	<u>(47,336)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 460,547</u></u>

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Johnson County School Department. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state’s Comprehensive Annual Financial Report. Payments made by the state to the Medicare Supplement Plan for the year ended June 30, 2011, were \$9,192. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**F. Internal Financing**

In-lieu-of issuing debt with financial institutions, Johnson County often chooses to internally finance various projects with idle county funds. Internally reported notes receivable from idle funds loaned from the General Debt Service Fund to the Community Development/Industrial Park Fund are reflected below:

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date
Building Rehabilitation	\$ 300,000	0	% 11-30-10	11-30-13
	Outstanding 7-1-10	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-11
Building Rehabilitation	\$ 0	\$ 300,000	\$ 0	\$ 300,000

**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*, 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. Accounting Change**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* became effective for the year ended June 30, 2011.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications include nonspendable, restricted, committed, assigned, and unassigned and are based on the relative strength of the constraints that control how specific amounts can be spent. Also, Statement No. 54 clarified the definitions of the General Fund

and the special revenue, capital projects, debt service, and permanent fund types. Johnson County and the Johnson County School Department have implemented provisions of this statement in the financial statements of this report for their governmental funds.

**C. Subsequent Event**

Subsequent to June 30, 2011, the \$36,037.86 cash shortage reported in the County Mayor's Office increased by \$5,457.69 for a total cash shortage of \$41,495.55 as of August 24, 2011. Details of the cash shortage are presented in the Schedule of Findings and Questioned Costs in the Single Audit section of this report.

**D. 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.

**E. Change in Administration**

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

**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 an 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 \$1,168,823 reported as postclosure care liability at June 30, 2011, represents amounts based on what it would cost to perform all postclosure care in 2011. 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 contributed \$5,000 to the DTF for the year ended June 30, 2011.

The Upper East Tennessee Juvenile Detention Center was formed through cooperative agreements between Johnson, Carter, Hawkins, Sullivan, Unicoi, and Washington counties 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*, 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 (UETEC) was reported as a jointly governed organization in prior years, but was dissolved during the 2010-2011 year. The cooperative had been 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 to provide the First Tennessee-Virginia Development District with educational programs and services of higher quality, greater scope, and greater accessibility. The cooperative was governed by a board of control, consisting of one board member and the directors of schools from each of the systems. Funding for the cooperative was provided through state grants and member schools' contributions. Upon dissolution, residual balances of the cooperative were remitted to the participating school districts.

UETEC entered into an agreement to establish and operate the Northeast Tennessee Cooperative (NETCO) 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. NETCO continues to operate after the dissolution of UETEC. NETCO 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 former member districts of UETEC, is also a member of NETCO. NETCO 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 <http://www.tn.gov/treasury/tcrs/PS/>.

### **Funding Policy**

Johnson County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 11.72 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2011, the county's annual pension cost of \$663,521 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, 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), and (c) projected 3.5 percent annual increase in the Social Security wage base. 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 ten-year period. The 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, 2009, was nine 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
6-30-11	\$663,521	100%	\$0
6-30-10	583,003	100	0
6-30-09	601,855	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 \$16 million, and the actuarial value of assets was \$13 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$3 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5 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 annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

**SCHOOL TEACHERS**

**Plan Description**

The Johnson County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member’s high five-year average salary and years of service. Members

become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230, or can be accessed at [www.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 salary to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2011, was 9.05 percent of annual covered payroll. The employer contribution requirement for the 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, 2011, 2010, and 2009 were \$767,988, 538,700, and \$536,906, 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. In previous fiscal years, prior to reaching the age of 65, all members had the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. However, as of January 1, 2010, the insurance plan structure was

changed, and as a result all members now have the option of choosing between the standard or partnership preferred provider organization (PPO) 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, 2011, the county contributed \$10,531 for postemployment benefits.

**Annual OPEB Cost and Net OPEB Obligation**

	Local Government Group Plan
	<u>          </u>
ARC	\$ 99,000
Interest on the NPO	22,725
Adjustment to the ARC	<u>(21,525)</u>
Annual OPEB cost	\$ 100,200
Amount of contribution	<u>(10,531)</u>
Increase/decrease in NPO	\$ 89,669
Net OPEB obligation, 7-1-10	<u>504,999</u>
 Net OPEB obligation, 6-30-11	 <u><u>\$ 594,668</u></u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Local Government Group	\$ 227,317	6 %	\$ 419,696
6-30-10	"	95,997	11	504,999
6-30-11	"	100,200	11	594,668

Funding Status and Funding Progress

The funding status of the plan as of July 1, 2010, was as follows:

	<u>Local Government Group Plan</u>
Actuarial valuation date	7-1-10
Actuarial accrued liability (AAL)	\$ 680,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 680,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 3,251,570
UAAL as of % of covered payroll	21%

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, 2010, 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 ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 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 Board of Education.

The Board of Education has placed \$268,934 with the Tennessee School Board Association (TSBA) to be used for funding a portion of the OPEB liability. The Division of County Audit is seeking legal advice from the State Attorney General on the appropriate statutory authority for such trusts to be established by political subdivisions. Therefore, the \$268,934 placed with TSBA is not reported as OPEB plan assets in the financial statements of this report.

#### **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	\$ 485,245
Interest on the NPO	7,135
Adjustment to the ARC	(11,781)
Annual OPEB cost	<hr/> \$ 480,599
Amount of contribution	(257,884)
Increase/decrease in NPO	<hr/> \$ 222,715
Net OPEB obligation, 7-1-10	<hr/> 237,832
Net OPEB obligation, 6-30-11	<hr/> <hr/> \$ 460,547

Fiscal Year Ended*	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Commercial Insurance	\$ 472,272	49	% \$ 237,832
6-30-11	"	480,599	54	460,547

\* Data only available for two years.

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010, was as follows:

Actuarial valuation date	7-1-10
Actuarial accrued liability (AAL)	\$ 5,329,301
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 5,329,301
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 9,736,838
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, 2010, 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 nine percent for 2012 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.

---

---

**REQUIRED SUPPLEMENTARY  
INFORMATION**

---

---

Exhibit E-1

Johnson County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,594,847	\$ 0	\$ 0	\$ 2,594,847	\$ 2,569,802	\$ 2,545,296	\$ 49,551
Licenses and Permits	34,494	0	0	34,494	30,000	30,000	4,494
Fines, Forfeitures, and Penalties	117,148	0	0	117,148	45,500	50,291	66,857
Charges for Current Services	52,510	0	0	52,510	3,500	4,162	48,348
Other Local Revenues	810,055	0	0	810,055	910,354	914,356	(104,301)
Fees Received from County Officials	717,845	0	0	717,845	703,000	703,000	14,845
State of Tennessee	1,741,046	0	0	1,741,046	1,696,925	1,753,203	(12,157)
Federal Government	451,479	0	0	451,479	65,000	481,141	(29,662)
Other Governments and Citizens Groups	18,523	0	0	18,523	16,789	8,496	10,027
Total Revenues	\$ 6,537,947	\$ 0	\$ 0	\$ 6,537,947	\$ 6,040,870	\$ 6,489,945	\$ 48,002

<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 80,695	(119)	24	\$ 80,600	\$ 96,180	\$ 93,250	\$ 12,650
Board of Equalization	1,130	0	0	1,130	1,200	1,200	70
Other Boards and Committees	3,360	0	0	3,360	5,694	5,694	2,334
County Mayor/Executive	128,560	0	0	128,560	131,964	131,964	3,404
County Attorney	6,706	(234)	0	6,472	9,500	9,500	3,028
Election Commission	181,190	(2,270)	0	178,920	148,690	181,078	2,158
Register of Deeds	107,881	0	0	107,881	109,447	112,447	4,566
Development	9,250	0	0	9,250	9,250	9,250	0
County Buildings	89,379	(875)	1,623	90,127	94,397	94,398	4,271
<u>Finance</u>							
Accounting and Budgeting	171,053	(15,169)	8,525	164,409	180,038	180,038	15,629
Purchasing	45,726	(1,132)	1,836	46,430	53,650	53,650	7,220

(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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original		
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Property Assessor's Office	\$ 159,317	\$ (52)	0	\$ 159,265	\$ 161,917	\$ 161,916	\$ 2,651
Reappraisal Program	33,457	0	0	33,457	33,772	33,773	316
County Trustee's Office	116,569	(500)	50	116,119	116,203	116,203	84
County Clerk's Office	199,712	(56)	0	199,656	211,286	211,286	11,630
<u>Administration of Justice</u>							
Circuit Court	232,545	(3,189)	790	230,146	235,477	238,521	8,375
General Sessions Court	109,776	(43)	764	110,497	111,654	111,654	1,157
Chancery Court	122,135	0	36	122,171	125,253	125,253	3,082
Juvenile Court	88,967	(90)	0	88,877	82,397	93,827	4,950
Courtroom Security	0	0	823	823	0	823	0
<u>Public Safety</u>							
Sheriff's Department	1,272,233	(11,210)	12,541	1,273,564	1,121,265	1,277,471	3,907
Drug Enforcement	10,915	0	0	10,915	0	12,000	1,085
Administration of the Sexual Offender Registry	5,066	0	0	5,066	0	5,195	129
Jail	983,630	(30,811)	43,830	996,649	1,123,291	1,073,730	77,081
Fire Prevention and Control	151,000	0	0	151,000	151,000	151,000	0
Civil Defense	80,007	0	67	80,074	74,636	100,660	20,586
Other Emergency Management	66,600	0	0	66,600	66,600	66,600	0
Inspection and Regulation	8,625	0	0	8,625	8,902	8,902	277
County Coroner/Medical Examiner	2,174	(283)	0	1,891	2,293	2,293	402
<u>Public Health and Welfare</u>							
Local Health Center	180,577	(2,777)	266	178,066	326,696	330,738	152,672
Rabies and Animal Control	100	0	0	100	6,000	6,000	5,900
Regional Mental Health Center	10,300	0	0	10,300	10,300	10,300	0

(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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original		
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare (Cont.)</u>							
Appropriation to State	\$ 14,387	\$ 0	\$ 0	\$ 14,387	\$ 16,187	\$ 16,187	\$ 1,800
General Welfare Assistance	0	0	0	0	1,500	1,500	1,500
Sanitation Management	73,747	0	0	73,747	77,367	77,367	3,620
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	66,374	0	0	66,374	82,188	82,189	15,815
Libraries	0	0	0	0	45,833	0	0
Other Social, Cultural, and Recreational	28,306	0	0	28,306	30,875	30,875	2,569
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	66,824	0	0	66,824	71,634	71,634	4,810
Soil Conservation	20,235	0	0	20,235	20,483	20,483	248
<u>Other Operations</u>							
Tourism	13,775	0	0	13,775	550	13,775	0
Airport	173,329	(700)	0	172,629	16,868	217,521	44,892
Veterans' Services	28,873	0	0	28,873	29,731	29,732	859
Other Charges	516,790	0	0	516,790	632,000	634,194	117,404
Contributions to Other Agencies	21,518	0	0	21,518	21,518	21,518	0
Employee Benefits	17,322	0	0	17,322	24,600	24,600	7,278
Miscellaneous	592,089	(190)	143	592,042	204,800	604,045	12,003
<u>Highways</u>							
Litter and Trash Collection	41,282	(57)	0	41,225	40,124	41,316	91
Total Expenditures	\$ 6,333,486	\$ (69,757)	\$ 71,318	\$ 6,335,047	\$ 6,125,210	\$ 6,897,550	\$ 562,503
Excess (Deficiency) of Revenues Over Expenditures	\$ 204,461	\$ 69,757	\$ (71,318)	\$ 202,900	\$ (84,340)	\$ (407,605)	\$ 610,505

(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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 13,148	\$ 0	\$ 0	\$ 13,148	\$ 0	\$ 11,391	\$ 1,757
Transfers Out	(468,662)	0	0	(468,662)	(500,000)	(500,000)	31,338
Total Other Financing Sources (Uses)	\$ (455,514)	\$ 0	\$ 0	\$ (455,514)	\$ (500,000)	\$ (488,609)	\$ 33,095
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ (251,053)	\$ 69,757	\$ (71,318)	\$ (252,614)	\$ (584,340)	\$ (896,214)	\$ 643,600
Fund Balance, June 30, 2011	2,207,995	(69,757)	0	2,138,238	1,676,528	1,676,528	461,710
	\$ 1,956,942	\$ 0	\$ (71,318)	\$ 1,885,624	\$ 1,092,188	\$ 780,314	\$ 1,105,310

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,017	\$ 0	\$ 0	\$ 2,017	\$ 0	\$ 0	\$ 2,017
Other Local Revenues	69,691	0	0	69,691	0	34,607	35,084
State of Tennessee	1,868,183	0	0	1,868,183	1,425,734	1,740,429	127,754
Federal Government	33,341	0	0	33,341	31,000	31,000	2,341
Other Governments and Citizens Groups	53,934	0	0	53,934	0	48,455	5,479
Total Revenues	\$ 2,027,166	\$ 0	\$ 0	\$ 2,027,166	\$ 1,456,734	\$ 1,854,491	\$ 172,675
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 148,516	(250)	476	\$ 148,742	\$ 144,198	\$ 149,575	\$ 833
Highway and Bridge Maintenance	1,153,599	(16,213)	23,544	1,160,930	1,038,689	1,235,611	74,681
Operation and Maintenance of Equipment	313,411	(12,956)	19,948	320,403	272,000	348,000	27,597
Other Charges	76,755	(170)	183	76,768	74,350	78,150	1,382
Employee Benefits	61,652	0	0	61,652	66,497	66,497	4,845
Capital Outlay	509,460	(100,469)	880	409,871	111,000	446,695	36,824
Total Expenditures	\$ 2,263,393	\$ (130,058)	\$ 45,031	\$ 2,178,366	\$ 1,706,734	\$ 2,324,528	\$ 146,162
Excess (Deficiency) of Revenues Over Expenditures	\$ (236,227)	\$ 130,058	\$ (45,031)	\$ (151,200)	\$ (250,000)	\$ (470,037)	\$ 318,837
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 9,798	\$ 0	\$ 0	\$ 9,798	\$ 0	\$ 9,538	\$ 260
Transfers In	234,331	0	0	234,331	250,000	250,000	(15,669)
Total Other Financing Sources (Uses)	\$ 244,129	\$ 0	\$ 0	\$ 244,129	\$ 250,000	\$ 259,538	\$ (15,409)
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 7,902	\$ 130,058	\$ (45,031)	\$ 92,929	\$ 0	\$ (210,499)	\$ 303,428
Fund Balance, July 1, 2010	230,685	(130,058)	0	100,627	196,426	196,426	(95,799)
Fund Balance, June 30, 2011	\$ 238,587	\$ 0	\$ (45,031)	\$ 193,556	\$ 196,426	\$ (14,073)	\$ 207,629

Exhibit E-3

Johnson County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Johnson County School Department  
June 30, 2011

(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.

Johnson County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Johnson County School Department  
June 30, 2011

(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
"	7-1-10	0	680	680	0		3,252	20.91
<u>DISCRETELY PRESENTED JOHNSON COUNTY SCHOOL DEPARTMENT</u>								
Commercial Group *	7-1-09	0	5,197	5,197	0		9,525	54.60
"	7-1-10	0	5,329	5,329	0		9,737	54.70

\*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, 2011**

**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.

At June 30, 2011, Johnson County had the following significant encumbrances in the General and major special revenue funds:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Primary Government:		
General	Operations	\$ 71,318
Highway/Public Works	Operations	45,031

---

---

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

---

---

# Nonmajor Governmental Funds

## Special Revenue Funds

---

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

---

Public Library Fund – The Public Library Fund is used to account for revenues committed or restricted for library operations.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions involving solid waste collection.

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

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

## Capital Projects Funds

---

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

---

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 trails grant program.

Exhibit F-1

Johnson County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2011

	Special Revenue Funds				
	Public Library	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 1,003	\$ 1,003
Equity in Pooled Cash and Investments	18,052	60,904	59,421	0	138,377
Accounts Receivable	0	31,644	0	43	31,687
Property Taxes Receivable	0	119,717	0	0	119,717
Allowance for Uncollectible Property Taxes	0	(4,592)	0	0	(4,592)
Cash Shortage	0	36,038	0	0	36,038
Total Assets	\$ 18,052	\$ 243,711	\$ 59,421	\$ 1,046	\$ 322,230
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 0	\$ 20,192	\$ 0	\$ 0	\$ 20,192
Due to Other Funds	0	0	0	1,046	1,046
Deferred Revenue - Current Property Taxes	0	106,478	0	0	106,478
Deferred Revenue - Delinquent Property Taxes	0	8,013	0	0	8,013
Total Liabilities	\$ 0	\$ 134,683	\$ 0	\$ 1,046	\$ 135,729
<u>Fund Balances</u>					
<u>Restricted:</u>					
Restricted for Public Safety	\$ 0	\$ 0	\$ 59,421	\$ 0	\$ 59,421
Restricted for Social, Cultural, and Recreational Services	18,052	0	0	0	18,052
Restricted for Capital Outlay	0	0	0	0	0
<u>Committed:</u>					
Committed for Public Health and Welfare	0	106,623	0	0	106,623
<u>Assigned:</u>					
Assigned for Public Health and Welfare	0	2,405	0	0	2,405
Unassigned	0	0	0	0	0
Total Fund Balances	\$ 18,052	\$ 109,028	\$ 59,421	\$ 0	\$ 186,501
Total Liabilities and Fund Balances	\$ 18,052	\$ 243,711	\$ 59,421	\$ 1,046	\$ 322,230

(Continued)

Exhibit F-1

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

	Capital Projects Funds				Total Nonmajor Governmental Funds
	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects	Total	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 0	1,003
Equity in Pooled Cash and Investments	400,311	249,388	31,632	681,331	819,708
Accounts Receivable	0	0	0	0	31,687
Property Taxes Receivable	269,364	0	0	269,364	389,081
Allowance for Uncollectible Property Taxes	(10,332)	0	0	(10,332)	(14,924)
Cash Shortage	0	0	0	0	36,038
<b>Total Assets</b>	<b>\$ 659,343</b>	<b>\$ 249,388</b>	<b>\$ 31,632</b>	<b>\$ 940,363</b>	<b>\$ 1,262,593</b>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 0	\$ 50	\$ 80	\$ 130	20,322
Due to Other Funds	0	300,000	0	300,000	301,046
Deferred Revenue - Current Property Taxes	239,575	0	0	239,575	346,053
Deferred Revenue - Delinquent Property Taxes	18,030	0	0	18,030	26,043
<b>Total Liabilities</b>	<b>\$ 257,605</b>	<b>\$ 300,050</b>	<b>\$ 80</b>	<b>\$ 557,735</b>	<b>\$ 693,464</b>
<u>Fund Balances</u>					
<u>Restricted:</u>					
Restricted for Public Safety	\$ 0	\$ 0	\$ 0	\$ 0	59,421
Restricted for Social, Cultural, and Recreational Services	0	0	0	0	18,052
Restricted for Capital Outlay	401,738	0	31,552	433,290	433,290
<u>Committed:</u>					
Committed for Public Health and Welfare	0	0	0	0	106,023
<u>Assigned:</u>					
Assigned for Public Health and Welfare	0	0	0	0	2,405
Unassigned	0	(50,662)	0	(50,662)	(50,662)
<b>Total Fund Balances</b>	<b>\$ 401,738</b>	<b>\$ (50,662)</b>	<b>\$ 31,552</b>	<b>\$ 382,628</b>	<b>\$ 569,129</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 659,343</b>	<b>\$ 249,388</b>	<b>\$ 31,632</b>	<b>\$ 940,363</b>	<b>\$ 1,262,593</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, 2011

	Special Revenue Funds				
	Public Library	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total
<u>Revenues</u>					
Local Taxes	\$ 32,540	\$ 108,529	\$ 0	\$ 0	\$ 141,069
Fines, Forfeitures, and Penalties	0	0	11,539	0	11,539
Charges for Current Services	0	427,201	0	2,061	429,262
Other Local Revenues	457	2,944	1,019	0	4,420
State of Tennessee	14,618	0	0	0	14,618
Other Governments and Citizens Groups	18,806	0	0	0	18,806
<b>Total Revenues</b>	<b>\$ 66,421</b>	<b>\$ 538,674</b>	<b>\$ 12,558</b>	<b>\$ 2,061</b>	<b>\$ 619,714</b>
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 0	\$ 0	\$ 2,061	\$ 2,061
Public Safety	0	0	7,960	0	7,960
Public Health and Welfare	0	500,254	0	0	500,254
Social, Cultural, and Recreational Services	54,620	0	0	0	54,620
Capital Projects	0	0	0	0	0
Capital Projects - Donated	0	0	0	0	0
<b>Total Expenditures</b>	<b>\$ 54,620</b>	<b>\$ 500,254</b>	<b>\$ 7,960</b>	<b>\$ 2,061</b>	<b>\$ 564,895</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 11,801	\$ 38,420	\$ 4,598	\$ 0	\$ 54,819
<u>Other Financing Sources (Uses)</u>					
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	6,251	0	0	0	6,251
Transfers Out	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 6,251</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 6,251</b>
Net Change in Fund Balances	\$ 18,052	\$ 38,420	\$ 4,598	\$ 0	\$ 61,070
Fund Balance, July 1, 2010	0	70,608	54,823	0	125,431
<b>Fund Balance, June 30, 2011</b>	<b>\$ 18,052</b>	<b>\$ 109,028</b>	<b>\$ 59,421</b>	<b>\$ 0</b>	<b>\$ 186,501</b>

(Continued)

Exhibit F-2

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

	Capital Projects Funds				Total Nonmajor Governmental Funds
	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects	Total	
<u>Revenues</u>					
Local Taxes	\$ 244,194	\$ 0	\$ 0	\$ 244,194	\$ 385,263
Fines, Forfeitures, and Penalties	0	0	0	0	11,539
Charges for Current Services	0	0	0	0	429,262
Other Local Revenues	0	77,411	0	77,411	81,831
State of Tennessee	0	13,798	33,740	47,538	62,156
Other Governments and Citizens Groups	0	2,500	0	2,500	21,306
<b>Total Revenues</b>	<b>\$ 244,194</b>	<b>\$ 93,709</b>	<b>\$ 33,740</b>	<b>\$ 371,643</b>	<b>\$ 991,357</b>
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,061
Public Safety	0	0	0	0	7,960
Public Health and Welfare	0	0	0	0	500,254
Social, Cultural, and Recreational Services	0	0	0	0	54,620
Capital Projects	176,842	320,968	28,275	526,085	526,085
Capital Projects - Donated	336,161	0	0	336,161	336,161
<b>Total Expenditures</b>	<b>\$ 513,003</b>	<b>\$ 320,968</b>	<b>\$ 28,275</b>	<b>\$ 862,246</b>	<b>\$ 1,427,141</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (268,809)	\$ (227,259)	\$ 5,465	\$ (490,603)	\$ (435,784)
<u>Other Financing Sources (Uses)</u>					
Other Loans Issued	\$ 336,161	\$ 0	\$ 0	\$ 336,161	\$ 336,161
Transfers In	0	0	0	0	6,251
Transfers Out	0	0	(6,251)	(6,251)	(6,251)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 336,161</b>	<b>\$ 0</b>	<b>\$ (6,251)</b>	<b>\$ 329,910</b>	<b>\$ 336,161</b>
Net Change in Fund Balances	\$ 67,352	\$ (227,259)	\$ (786)	\$ (160,693)	\$ (99,623)
Fund Balance, July 1, 2010	334,386	176,597	32,338	543,321	668,752
<b>Fund Balance, June 30, 2011</b>	<b>\$ 401,738</b>	<b>\$ (50,662)</b>	<b>\$ 31,552</b>	<b>\$ 382,628</b>	<b>\$ 569,129</b>

Exhibit F-3

Johnson County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Public Library Fund  
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 32,540	\$ 0	\$ 32,540	\$ 0
Other Local Revenues	457	0	457	0
State of Tennessee	14,618	0	3,324	11,294
Other Governments and Citizens Groups	18,806	15,489	16,502	2,304
Total Revenues	<u>\$ 66,421</u>	<u>\$ 15,489</u>	<u>\$ 52,823</u>	<u>\$ 13,598</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 54,620	\$ 45,833	\$ 55,480	\$ 860
Total Expenditures	<u>\$ 54,620</u>	<u>\$ 45,833</u>	<u>\$ 55,480</u>	<u>\$ 860</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 11,801</u>	<u>\$ (30,344)</u>	<u>\$ (2,657)</u>	<u>\$ 14,458</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 6,251	\$ 32,540	\$ 0	\$ 6,251
Total Other Financing Sources (Uses)	<u>\$ 6,251</u>	<u>\$ 32,540</u>	<u>\$ 0</u>	<u>\$ 6,251</u>
Net Change in Fund Balance	\$ 18,052	\$ 2,196	\$ (2,657)	\$ 20,709
Fund Balance, July 1, 2010	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30, 2011	<u>\$ 18,052</u>	<u>\$ 2,196</u>	<u>\$ (2,657)</u>	<u>\$ 20,709</u>

Exhibit F-4

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 108,529	\$ 0	\$ 0	\$ 108,529	\$ 105,635	\$ 105,635	\$ 2,894
Charges for Current Services	427,201	0	0	427,201	344,760	415,760	11,441
Other Local Revenues	2,944	0	0	2,944	0	0	2,944
Total Revenues	\$ 538,674	\$ 0	\$ 0	\$ 538,674	\$ 450,395	\$ 521,395	\$ 17,279
<u>Expenditures</u>							
Public Health and Welfare	\$ 500,254	\$ (2,271)	\$ 2,405	\$ 500,388	\$ 450,395	\$ 529,913	\$ 29,525
Sanitation Management	500,254	(2,271)	2,405	500,388	450,395	529,913	29,525
Total Expenditures	\$ 38,420	\$ 2,271	\$ (2,405)	\$ 38,286	\$ 0	\$ (8,518)	\$ 46,804
Excess (Deficiency) of Revenues Over Expenditures	\$ 38,420	\$ 2,271	\$ (2,405)	\$ 38,286	\$ 0	\$ (8,518)	\$ 46,804
Net Change in Fund Balance Fund Balance, July 1, 2010	70,608	(2,271)	0	68,337	68,045	68,045	292
Fund Balance, June 30, 2011	\$ 109,028	\$ 0	\$ (2,405)	\$ 106,623	\$ 68,045	\$ 59,527	\$ 47,096

Exhibit F-5

Johnson County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 11,539	\$ 15,000	\$ 15,000	\$ (3,461)
Other Local Revenues	1,019	0	1,000	19
Total Revenues	<u>\$ 12,558</u>	<u>\$ 15,000</u>	<u>\$ 16,000</u>	<u>\$ (3,442)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 7,960	\$ 68,000	\$ 69,000	\$ 61,040
Total Expenditures	<u>\$ 7,960</u>	<u>\$ 68,000</u>	<u>\$ 69,000</u>	<u>\$ 61,040</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 4,598</u>	<u>\$ (53,000)</u>	<u>\$ (53,000)</u>	<u>\$ 57,598</u>
Net Change in Fund Balance	\$ 4,598	\$ (53,000)	\$ (53,000)	\$ 57,598
Fund Balance, July 1, 2010	<u>54,823</u>	<u>54,822</u>	<u>54,822</u>	<u>1</u>
Fund Balance, June 30, 2011	<u>\$ 59,421</u>	<u>\$ 1,822</u>	<u>\$ 1,822</u>	<u>\$ 57,599</u>

Exhibit F-6

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, 2011

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 244,194	0	\$ 244,194	\$ 234,941	\$ 234,941	\$ 9,253
Total Revenues	\$ 244,194	0	\$ 244,194	\$ 234,941	\$ 234,941	\$ 9,253
<u>Expenditures</u>						
<u>Capital Projects</u>						
General Administration Projects	\$ 176,842	77,977	\$ 254,819	\$ 203,200	\$ 266,200	\$ 11,381
Capital Projects - Donated	336,161	0	336,161	0	336,161	0
Capital Projects Donated to School Department	\$ 513,003	77,977	\$ 590,980	\$ 203,200	\$ 602,361	\$ 11,381
Total Expenditures	\$ (268,809)	(77,977)	\$ (346,786)	\$ 31,741	\$ (367,420)	\$ 20,634
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>						
<u>Other Financing Sources (Uses)</u>						
Other Loans Issued	\$ 336,161	0	\$ 336,161	0	\$ 336,161	0
Total Other Financing Sources (Uses)	\$ 336,161	0	\$ 336,161	0	\$ 336,161	0
Net Change in Fund Balance	\$ 67,352	(77,977)	\$ (10,625)	\$ 31,741	\$ (31,259)	\$ 20,634
Fund Balance, July 1, 2010	334,386	0	334,386	360,713	360,713	(26,327)
Fund Balance, June 30, 2011	\$ 401,738	(77,977)	\$ 323,761	\$ 392,454	\$ 329,454	\$ (5,693)

# **Major Governmental Fund**

## **General Debt Service Fund**

---

The General Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

---

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 911,739	\$ 1,534,693	\$ 830,042	\$ 81,697
Other Governments and Citizens Groups	320,182	0	320,182	0
Total Revenues	<u>\$ 1,231,921</u>	<u>\$ 1,534,693</u>	<u>\$ 1,150,224</u>	<u>\$ 81,697</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 150,000	\$ 30,000	\$ 150,000	\$ 0
Education	501,028	789,447	501,028	0
<u>Interest on Debt</u>				
General Government	218,113	37,993	256,106	37,993
Education	344,446	0	344,447	1
<u>Other Debt Service</u>				
General Government	23,639	363,113	25,000	1,361
Education	4,208	715,000	12,849	8,641
Total Expenditures	<u>\$ 1,241,434</u>	<u>\$ 1,935,553</u>	<u>\$ 1,289,430</u>	<u>\$ 47,996</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (9,513)</u>	<u>\$ (400,860)</u>	<u>\$ (139,206)</u>	<u>\$ 129,693</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 234,331	\$ 514,154	\$ 250,000	\$ (15,669)
Total Other Financing Sources (Uses)	<u>\$ 234,331</u>	<u>\$ 514,154</u>	<u>\$ 250,000</u>	<u>\$ (15,669)</u>
Net Change in Fund Balance	\$ 224,818	\$ 113,294	\$ 110,794	\$ 114,024
Fund Balance, July 1, 2010	<u>4,498,437</u>	<u>4,496,637</u>	<u>4,496,637</u>	<u>1,800</u>
Fund Balance, June 30, 2011	<u><u>\$ 4,723,255</u></u>	<u><u>\$ 4,609,931</u></u>	<u><u>\$ 4,607,431</u></u>	<u><u>\$ 115,824</u></u>

# Fiduciary Funds

---

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

---

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

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

Exhibit H-1

Johnson County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2011

	<u>Agency Funds</u>		
	Cities -	Constitu-	
	Sales	tional	
	Tax	Officers -	Total
		Agency	
<u>ASSETS</u>			
Cash	\$ 0	\$ 732,006	\$ 732,006
Accounts Receivable	0	1,749	1,749
Due from Other Governments	78,572	0	78,572
Total Assets	<u>\$ 78,572</u>	<u>\$ 733,755</u>	<u>\$ 812,327</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 78,572	\$ 0	\$ 78,572
Due to Litigants, Heirs, and Others	0	733,755	733,755
Total Liabilities	<u>\$ 78,572</u>	<u>\$ 733,755</u>	<u>\$ 812,327</u>

Exhibit H-2

Johnson County, Tennessee  
Combining Statement of Changes in Assets  
and Liabilities - All Agency Funds  
For the Year Ended June 30, 2011

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 470,614	\$ 470,614	\$ 0
Due from Other Governments	81,111	78,572	81,111	78,572
Total Assets	\$ 81,111	\$ 549,186	\$ 551,725	\$ 78,572
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 81,111	\$ 549,186	\$ 551,725	\$ 78,572
Total Liabilities	\$ 81,111	\$ 549,186	\$ 551,725	\$ 78,572
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 291,469	\$ 3,731,150	\$ 3,290,613	\$ 732,006
Accounts Receivable	2,335	1,749	2,335	1,749
Total Assets	\$ 293,804	\$ 3,732,899	\$ 3,292,948	\$ 733,755
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 293,804	\$ 3,732,899	\$ 3,292,948	\$ 733,755
Total Liabilities	\$ 293,804	\$ 3,732,899	\$ 3,292,948	\$ 733,755
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 291,469	\$ 3,731,150	\$ 3,290,613	\$ 732,006
Equity in Pooled Cash and Investments	0	470,614	470,614	0
Accounts Receivable	2,335	1,749	2,335	1,749
Due from Other Governments	81,111	78,572	81,111	78,572
Total Assets	\$ 374,915	\$ 4,282,085	\$ 3,844,673	\$ 812,327
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 81,111	\$ 549,186	\$ 551,725	\$ 78,572
Due to Litigants, Heirs, and Others	293,804	3,732,899	3,292,948	733,755
Total Liabilities	\$ 374,915	\$ 4,282,085	\$ 3,844,673	\$ 812,327

# Johnson County School Department

---

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

---

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

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

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

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

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

Exhibit I-1

Johnson County, Tennessee  
 Statement of Activities  
 Discretely Presented Johnson County School Department  
 For the Year Ended June 30, 2011

Functions/Programs	Program Revenues			Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions		
Governmental Activities:					
Instruction	\$ 12,253,865	\$ 1,125	\$ 2,898,045	\$ 336,161	\$ (9,018,534)
Support Services	7,356,442	85,388	95,216	76,000	(7,099,838)
Operation of Non-Instructional Services	1,811,182	415,107	1,044,071	0	(352,004)
Other Debt Service	320,182	0	0	0	(320,182)
<b>Total Governmental Activities</b>	<b>\$ 21,741,671</b>	<b>\$ 501,620</b>	<b>\$ 4,037,332</b>	<b>\$ 412,161</b>	<b>\$ (16,790,558)</b>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 2,713,440	
Local Option Sales Taxes				704,651	
Interstate Telecommunications Tax				2,043	
Grants and Contributions Not Restricted for Specific Programs				12,870,383	
Unrestricted Investment Income				24,136	
Miscellaneous				184,505	
<b>Total General Revenues</b>				<b>\$ 16,499,158</b>	
Change in Net Assets				\$ (291,400)	
Net Assets, July 1, 2010				22,797,324	
<b>Net Assets, June 30, 2011</b>				<b>\$ 22,505,924</b>	

Exhibit I-2

Johnson County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Johnson County School Department  
June 30, 2011

	Major Funds		Nonmajor Funds	Total Govern- mental Funds
	General Purpose School	School Federal Projects	Other Govern- mental Funds	
<u>ASSETS</u>				
Cash	\$ 333,982	\$ 0	\$ 0	\$ 333,982
Equity in Pooled Cash and Investments	3,248,235	624	509,911	3,758,770
Due from Other Governments	388,461	194,124	31,802	614,387
Due from Other Funds	48,285	0	0	48,285
Property Taxes Receivable	2,992,926	0	0	2,992,926
Allowance for Uncollectible Property Taxes	(114,806)	0	0	(114,806)
Total Assets	\$ 6,897,083	\$ 194,748	\$ 541,713	\$ 7,633,544
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 15,949	\$ 19,102	\$ 0	\$ 35,051
Accrued Payroll	23,346	1,058	0	24,404
Payroll Deductions Payable	4,335	0	0	4,335
Due to Other Funds	0	48,285	0	48,285
Other Current Liabilities	61,278	0	0	61,278
Deferred Revenue - Current Property Taxes	2,661,942	0	0	2,661,942
Deferred Revenue - Delinquent Property Taxes	200,326	0	0	200,326
Total Liabilities	\$ 2,967,176	\$ 68,445	\$ 0	\$ 3,035,621
<u>Fund Balances</u>				
Restricted:				
Restricted for Education	\$ 219,300	\$ 126,303	\$ 497,363	\$ 842,966
Restricted for Capital Outlay	0	0	44,350	44,350
Restricted for Other Purposes	268,934	0	0	268,934
Committed:				
Committed for Education	14,762	0	0	14,762
Assigned:				
Assigned for Education	2,631,723	0	0	2,631,723
Unassigned	795,188	0	0	795,188
Total Fund Balances	\$ 3,929,907	\$ 126,303	\$ 541,713	\$ 4,597,923
Total Liabilities and Fund Balances	\$ 6,897,083	\$ 194,748	\$ 541,713	\$ 7,633,544

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, 2011

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)		\$	4,597,923
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	946,939	
Add: construction in progress		39,962	
Add: buildings and improvements net of accumulated depreciation		15,264,391	
Add: other capital assets net of accumulated depreciation		1,203,376	
Add: infrastructure net of accumulated depreciation		<u>760,890</u>	18,215,558
(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	\$	(47,336)	
Less: other postemployment benefits liability		<u>(460,547)</u>	(507,883)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>200,326</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>22,505,924</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, 2011

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	School Federal Projects	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 3,422,935	\$ 0	\$ 0	\$ 3,422,935
Licenses and Permits	1,526	0	0	1,526
Charges for Current Services	159,549	0	843,491	1,003,040
Other Local Revenues	218,079	0	6,402	224,481
State of Tennessee	12,351,891	0	0	12,351,891
Federal Government	206,362	2,780,637	1,030,123	4,017,122
Other Governments and Citizens Groups	336,161	0	0	336,161
<b>Total Revenues</b>	<b>\$ 16,696,503</b>	<b>\$ 2,780,637</b>	<b>\$ 1,880,016</b>	<b>\$ 21,357,156</b>
<u>Expenditures</u>				
Current:				
Instruction	\$ 8,934,089	\$ 2,076,135	\$ 372,603	\$ 11,382,827
Support Services	6,254,231	635,208	145,863	7,035,302
Operation of Non-Instructional Services	490,723	0	1,308,578	1,799,301
Capital Outlay	389,611	0	0	389,611
Debt Service:				
Other Debt Service	320,182	0	0	320,182
<b>Total Expenditures</b>	<b>\$ 16,388,836</b>	<b>\$ 2,711,343</b>	<b>\$ 1,827,044</b>	<b>\$ 20,927,223</b>
Excess (Deficiency) of Revenues Over Expenditures				
	\$ 307,667	\$ 69,294	\$ 52,972	\$ 429,933
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 2,703	\$ 0	\$ 0	\$ 2,703
Transfers In	47,491	0	0	47,491
Transfers Out	0	(47,491)	0	(47,491)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 50,194</b>	<b>\$ (47,491)</b>	<b>\$ 0</b>	<b>\$ 2,703</b>
Net Change in Fund Balances				
Fund Balance, July 1, 2010	\$ 3,572,046	\$ 104,500	\$ 488,741	\$ 4,165,287
Fund Balance, June 30, 2011	\$ 3,929,907	\$ 126,303	\$ 541,713	\$ 4,597,923

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, 2011

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)		\$	432,636
(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	\$	411,958	
Less: current-year depreciation expense		<u>(1,004,486)</u>	(592,528)
(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	\$	76,000	
Less: book value of capital assets disposed		<u>(3,896)</u>	72,104
(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, 2011	\$	200,326	
Less: deferred delinquent property taxes and other deferred June 30, 2010		<u>(183,211)</u>	17,115
(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	\$	1,988	
Change in other postemployment benefits liability		<u>(222,715)</u>	<u>(220,727)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ (291,400)</u>

Exhibit I-6

Johnson County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Johnson County School Department  
June 30, 2011

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Other	Education Special Revenue	Total	Education Capital Projects	
Central Cafeteria					
\$ 464,792 \$	769 \$	465,561 \$	44,350 \$	509,911	
31,802	0	31,802	0	31,802	
\$ 496,594 \$	769 \$	497,363 \$	44,350 \$	541,713	
<u>ASSETS</u>					
Equity in Pooled Cash and Investments					
Due from Other Governments					
Total Assets					
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Education					
Restricted for Capital Outlay					
Total Fund Balances					

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, 2011

	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	\$ 330,071	\$ 513,420	\$ 843,491	\$ 0	\$ 843,491
Other Local Revenues	5,190	1,200	6,390	12	6,402
Federal Government	1,030,123	0	1,030,123	0	1,030,123
Total Revenues	<u>\$ 1,365,384</u>	<u>\$ 514,620</u>	<u>\$ 1,880,004</u>	<u>\$ 12</u>	<u>\$ 1,880,016</u>
<u>Expenditures</u>					
Current:					
Instruction	\$ 0	\$ 372,603	\$ 372,603	\$ 0	\$ 372,603
Support Services	0	145,863	145,863	0	145,863
Operation of Non-Instructional Services	1,308,578	0	1,308,578	0	1,308,578
Total Expenditures	<u>\$ 1,308,578</u>	<u>\$ 518,466</u>	<u>\$ 1,827,044</u>	<u>\$ 0</u>	<u>\$ 1,827,044</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 56,806</u>	<u>\$ (3,846)</u>	<u>\$ 52,960</u>	<u>\$ 12</u>	<u>\$ 52,972</u>
Net Change in Fund Balances	\$ 56,806	\$ (3,846)	\$ 52,960	\$ 12	\$ 52,972
Fund Balance, July 1, 2010	439,788	4,615	444,403	44,338	488,741
Fund Balance, June 30, 2011	<u>\$ 496,594</u>	<u>\$ 769</u>	<u>\$ 497,363</u>	<u>\$ 44,350</u>	<u>\$ 541,713</u>

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 3,422,935	\$ 0	\$ 0	\$ 3,422,935	\$ 3,381,619	\$ 3,381,619	\$ 41,316
Licenses and Permits	1,526	0	0	1,526	2,000	2,000	(474)
Charges for Current Services	159,549	0	0	159,549	142,405	173,378	(13,829)
Other Local Revenues	218,079	0	0	218,079	107,470	193,832	24,247
State of Tennessee	12,351,891	0	0	12,351,891	12,472,591	12,393,657	(41,766)
Federal Government	206,362	0	0	206,362	131,491	139,517	66,845
Other Governments and Citizens Groups	336,161	0	0	336,161	0	0	336,161
<b>Total Revenues</b>	<b>\$ 16,696,503</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 16,696,503</b>	<b>\$ 16,237,576</b>	<b>\$ 16,284,003</b>	<b>\$ 412,500</b>
<b>Expenditures</b>							
<u>Instruction</u>							
Regular Instruction Program	\$ 6,929,324	\$ (163,980)	\$ 217,427	\$ 6,982,771	\$ 6,962,155	\$ 7,075,961	\$ 93,190
Alternative Instruction Program	152,441	0	0	152,441	165,932	165,368	12,927
Special Education Program	856,123	0	891	857,014	938,401	926,043	69,029
Vocational Education Program	936,137	(8,891)	7,819	935,065	965,166	1,111,596	176,531
Adult Education Program	60,064	(375)	0	59,689	62,313	72,417	12,728
<u>Support Services</u>							
Attendance	76,539	0	0	76,539	77,310	76,835	296
Health Services	266,806	0	529	267,335	250,883	275,285	7,950
Other Student Support	356,668	(5,994)	1,800	352,474	358,198	367,411	14,937
Regular Instruction Program	578,828	(2,021)	635	577,442	658,634	686,108	108,666
Alternative Instruction Program	0	0	0	0	1,500	1,500	1,500
Special Education Program	115,868	0	0	115,868	116,736	116,552	684
Vocational Education Program	91,077	0	0	91,077	96,732	96,213	5,136

(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:		Add:	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2010	Encumbrances 6/30/2011			Original	Final	
<u>Expenditures (Cont.)</u>								
<u>Support Services (Cont.)</u>								
Adult Programs	\$ 68,465	\$ (184)	\$ 0	\$ 68,281	\$ 67,508	\$ 68,641	\$ 360	
Other Programs	9,192	0	0	9,192	0	9,192	0	
Board of Education	465,155	(38)	43	465,160	442,604	600,071	134,911	
Director of Schools	194,832	(339)	2,284	196,777	191,980	206,892	10,115	
Office of the Principal	1,069,274	(1,071)	3,084	1,071,287	1,063,472	1,079,466	8,179	
Fiscal Services	91,005	0	0	91,005	93,878	94,283	3,278	
Human Services/Personnel	58,409	0	0	58,409	61,095	61,380	2,971	
Operation of Plant	1,656,719	(27,829)	44,234	1,673,124	1,729,696	1,744,923	71,799	
Maintenance of Plant	297,061	(21,119)	74,704	350,646	240,273	361,256	10,610	
Transportation	840,784	(16,784)	123,164	947,164	865,215	1,038,389	91,225	
Central and Other	17,549	0	0	17,549	45,787	43,539	25,990	
<u>Operation of Non-Instructional Services</u>								
Food Service	101,080	0	0	101,080	102,475	102,236	1,156	
Community Services	92,881	0	0	92,881	85,000	100,000	7,119	
Early Childhood Education	296,762	(1,572)	0	295,190	297,739	310,872	15,682	
Capital Outlay								
Regular Capital Outlay	389,611	(27,055)	54,689	417,245	62,500	452,752	35,507	
Other Debt Service								
Education	320,182	0	0	320,182	321,298	321,298	1,116	
Total Expenditures	\$ 16,388,836	\$ (277,252)	\$ 531,303	\$ 16,642,887	\$ 16,324,480	\$ 17,566,479	\$ 923,592	
Excess (Deficiency) of Revenues Over Expenditures	\$ 307,667	\$ 277,252	\$ (531,303)	\$ 53,616	\$ (86,904)	\$ (1,282,476)	\$ 1,336,092	

(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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 2,703 \$	0 \$	0 \$	2,703 \$	0 \$	2,703 \$	0
Transfers In	47,491	0	0	47,491	86,904	95,842	(48,351)
Total Other Financing Sources (Uses)	\$ 50,194 \$	0 \$	0 \$	50,194 \$	86,904 \$	98,545 \$	(48,351)
Net Change in Fund Balance	\$ 357,861 \$	277,252 \$	(531,303) \$	103,810 \$	0 \$	(1,183,931) \$	1,287,741
Fund Balance, July 1, 2010	3,572,046	(277,252)	0	3,294,794	3,129,784	3,129,784	165,010
Fund Balance, June 30, 2011	\$ 3,929,907 \$	0 \$	(531,303) \$	3,398,604 \$	3,129,784 \$	1,945,853 \$	1,452,751

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 2,780,637 \$	0 \$	0 \$	2,780,637 \$	3,783,637 \$	3,757,073 \$	(976,436)
Total Revenues	\$ 2,780,637 \$	0 \$	0 \$	2,780,637 \$	3,783,637 \$	3,757,073 \$	(976,436)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,222,797 \$	(28,874) \$	87,979 \$	1,281,902 \$	1,354,316 \$	1,450,414 \$	168,512
Special Education Program	735,224	(523)	279	734,980	814,994	808,557	73,577
Vocational Education Program	118,114	(2,420)	6,428	122,122	120,121	122,122	0
<u>Support Services</u>							
Health Services	0	0	0	0	289	0	0
Other Student Support	75,314	(2,595)	3,235	75,954	379,557	82,940	6,986
Regular Instruction Program	482,273	(406)	3,003	484,870	1,030,166	1,199,146	714,276
Special Education Program	24,886	(261)	0	24,625	26,961	38,776	14,151
Fiscal Services	2,388	0	0	2,388	2,502	2,388	0
Transportation	50,347	0	0	50,347	50,809	50,348	1
Total Expenditures	\$ 2,711,343 \$	(35,079) \$	100,924 \$	2,777,188 \$	3,779,715 \$	3,754,691 \$	977,503
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	\$ 69,294 \$	35,079 \$	(100,924) \$	3,449 \$	3,922 \$	2,382 \$	1,067
<u>Other Financing Sources (Uses)</u>							
Transfers In	0 \$	0 \$	0 \$	0 \$	245 \$	17,433 \$	(17,433)
Transfers Out	(47,491)	0	0	(47,491)	(73,589)	(71,607)	24,116
Total Other Financing Sources (Uses)	\$ (47,491) \$	0 \$	0 \$	(47,491) \$	(73,344) \$	(54,174) \$	6,683
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 21,803 \$	35,079 \$	(100,924) \$	(44,042) \$	(69,422) \$	(51,792) \$	7,750
	104,500	(35,079)	0	69,421	69,422	51,792	17,629
Fund Balance, June 30, 2011	\$ 126,303 \$	0 \$	(100,924) \$	25,379 \$	0 \$	0 \$	25,379

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 330,071	\$ 379,000	\$ 379,000	\$ (48,929)
Other Local Revenues	5,190	5,500	5,500	(310)
Federal Government	1,030,123	965,970	1,061,410	(31,287)
Total Revenues	<u>\$ 1,365,384</u>	<u>\$ 1,350,470</u>	<u>\$ 1,445,910</u>	<u>\$ (80,526)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,308,578	\$ 1,350,470	\$ 1,469,910	\$ 161,332
Total Expenditures	<u>\$ 1,308,578</u>	<u>\$ 1,350,470</u>	<u>\$ 1,469,910</u>	<u>\$ 161,332</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 56,806</u>	<u>\$ 0</u>	<u>\$ (24,000)</u>	<u>\$ 80,806</u>
Net Change in Fund Balance	\$ 56,806	\$ 0	\$ (24,000)	\$ 80,806
Fund Balance, July 1, 2010	<u>439,788</u>	<u>431,397</u>	<u>431,397</u>	<u>8,391</u>
Fund Balance, June 30, 2011	<u>\$ 496,594</u>	<u>\$ 431,397</u>	<u>\$ 407,397</u>	<u>\$ 89,197</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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 513,420	\$ 508,042	\$ 587,514	\$ (74,094)
Other Local Revenues	1,200	2,400	2,400	(1,200)
Total Revenues	<u>\$ 514,620</u>	<u>\$ 510,442</u>	<u>\$ 589,914</u>	<u>\$ (75,294)</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 372,603	\$ 359,682	\$ 426,154	\$ 53,551
<u>Support Services</u>				
Attendance	62,559	65,874	69,374	6,815
Health Services	14,975	14,626	19,715	4,740
Regular Instruction Program	68,329	67,671	74,671	6,342
Total Expenditures	<u>\$ 518,466</u>	<u>\$ 507,853</u>	<u>\$ 589,914</u>	<u>\$ 71,448</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (3,846)</u>	<u>\$ 2,589</u>	<u>\$ 0</u>	<u>\$ (3,846)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ 0	\$ (2,589)	\$ 0	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ (2,589)</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (3,846)	\$ 0	\$ 0	\$ (3,846)
Fund Balance, July 1, 2010	<u>4,615</u>	<u>4,613</u>	<u>4,613</u>	<u>2</u>
Fund Balance, June 30, 2011	<u>\$ 769</u>	<u>\$ 4,613</u>	<u>\$ 4,613</u>	<u>\$ (3,844)</u>

---

---

## MISCELLANEOUS SCHEDULES

---

---

Exhibit J-1

Johnson County, Tennessee  
Schedule of Changes in Long-term Notes, Other Loans, and Bonds  
For the Year Ended June 30, 2011

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-11
<u>NOTES PAYABLE</u>								
Payable through General Debt Service Fund								
Energy Loan	\$ 210,000	0%	3-31-06	5-1-13	\$ 90,000	0	\$ 30,000	\$ 60,000
Total Payable through General Debt Service Fund					\$ 90,000	0	\$ 30,000	\$ 60,000
Total Notes Payable					\$ 90,000	0	\$ 30,000	\$ 60,000
<u>OTHER LOANS PAYABLE</u>								
Payable through General Debt Service Fund								
Energy Efficient Schools Initiative	336,161	0	6-2-10	4-1-17	\$ 0	\$ 336,161	\$ 56,028	\$ 280,133
Total Other Loans Payable					\$ 0	\$ 336,161	\$ 56,028	\$ 280,133
<u>BONDS PAYABLE</u>								
Payable through General Debt Service Fund								
General Obligation Refunding (2004)	1,435,000	1.5 to 4.5	3-3-04	4-1-27	\$ 695,000	0	\$ 140,000	\$ 555,000
School Refunding Bonds, Series 2005	8,535,000	3 to 4.125	5-27-05	4-1-25	8,070,000	0	305,000	7,765,000
General Refunding Bonds, Series 2010	5,660,000	2 to 4.125	1-25-10	6-1-28	5,660,000	0	120,000	5,540,000
Total Bonds Payable					\$ 14,425,000	0	\$ 565,000	\$ 13,860,000

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 30,000	\$ 0	\$ 30,000
2013	30,000	0	30,000
Total	\$ 60,000	\$ 0	\$ 60,000

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2012	\$ 48,024	\$ 0	\$ 48,024
2013	48,024	0	48,024
2014	48,024	0	48,024
2015	48,024	0	48,024
2016	48,024	0	48,024
2017	40,013	0	40,013
Total	\$ 280,133	\$ 0	\$ 280,133

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	\$ 13,860,000	\$ 5,553,568	\$ 19,413,568

Exhibit J-3

Johnson County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Johnson County School Department  
For the Year Ended June 30, 2011

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Highway/Public Works	Allocate wheel tax	\$ 234,331
General	General Debt Service	Allocate wheel tax	234,331
Other Capital Projects	Public Library	To establish fund	<u>6,251</u>
Total Transfers Primary Government			<u>\$ 474,913</u>
<u>DISCRETELY PRESENTED JOHNSON</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 47,491
Total Transfers Discretely Presented Johnson County School Department			<u>\$ 47,491</u>

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, 2011

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor				
Dick Grayson (7-1-10 through 8-31-10)	Section 8-24-102, TCA	\$ 11,117	\$ 50,000	Western Surety Company
Larry Potter (9-1-10 through 6-30-11)	Section 8-24-102, TCA	56,185	10,000	"
Road Superintendent	Section 8-24-102, TCA	63,527	100,000	"
Director of Schools	State Board of Education and County Board of Education	83,343 (1)	50,000	"
Trustee	Section 8-24-102, TCA	57,751	647,000	"
Assessor of Property	Section 8-24-102, TCA	57,751	10,000	"
Director of Accounts and Budgets	County Commission	50,849	100,000	"
County Clerk	Section 8-24-102, TCA	57,751	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	57,751	50,000	"
Clerk and Master	Section 8-24-102, TCA	57,751 (3)	50,000	"
Register	Section 8-24-102, TCA	57,751	25,000	"
Sheriff	Section 8-24-102, TCA	64,127 (2)	25,000	"
Purchasing Agent	County Commission	28,956	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 \$1,000 for a chief executive officer's training supplement.

(2) Includes \$600 for a law enforcement training supplement.

(3) Does not include special commissioner fees of \$1,790.

Exhibit J-5

Johnson County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2011

	Special Revenue Funds					
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 1,517,816	\$ 0	\$ 97,921	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	101,591	0	6,554	0	0	0
Trustee's Collections - Bankruptcy	50	0	3	0	0	0
Circuit/Clerk & Master Collections - Prior Years	40,830	0	2,038	0	0	0
Interest and Penalty	18,799	0	1,213	0	0	0
Pick-up Taxes	51	0	3	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	2,430	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	99,227	32,540	0	0	0	0
Hotel/Motel Tax	25,363	0	0	0	0	0
Local Amusement Tax	13,599	0	0	0	0	0
Wheel Tax	468,663	0	0	0	0	0
Litigation Tax - General	23,439	0	0	0	0	0
Litigation Tax - Special Purpose	55,816	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	12,618	0	0	0	0	0
Business Tax	65,184	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	2,017
Other County Local Option Taxes	2,777	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	12,348	0	797	0	0	0
Wholesale Beer Tax	134,246	0	0	0	0	0
Total Local Taxes	\$ 2,594,847	\$ 32,540	\$ 108,529	\$ 0	\$ 0	\$ 2,017
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise Permits	\$ 32,402	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Beer Permits	1,000	0	0	0	0	0
Other Permits	1,092	0	0	0	0	0
Total Licenses and Permits	\$ 34,494	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 10,977	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	1,917	0	0	0	0	0
Drug Control Fines	0	0	0	194	0	0
Jail Fees	515	0	0	0	0	0
DUI Treatment Fines	1,871	0	0	0	0	0
Courtroom Security Fee	1,000	0	0	0	0	0
<u>Criminal Court</u>						
Drug Court Fees	4,629	0	0	0	0	0
Data Entry Fee - Criminal Court	136	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	39,111	0	0	0	0	0
Officers Costs	11,272	0	0	0	0	0
Game and Fish Fines	566	0	0	0	0	0
Drug Control Fines	0	0	0	1,921	0	0
Jail Fees	4,108	0	0	0	0	0
DUI Treatment Fines	6,230	0	0	0	0	0
Data Entry Fee - General Sessions Court	4,429	0	0	0	0	0
Courtroom Security Fee	3,885	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	281	0	0	0	0	0
Data Entry Fee - Chancery Court	1,098	0	0	0	0	0
Courtroom Security Fee	104	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Fines	0	0	0	3,482	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	25,019	0	0	5,942	0	0
Total Fines, Forfeitures, and Penalties	\$ 117,148	\$ 0	\$ 0	\$ 11,539	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds					
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Self-Insurance Premiums/Contributions	\$ 6,456	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Tipping Fees	0	0	427,201	0	0	0
<u>Fees</u>						
Airport Fees	3,163	0	0	0	0	0
Copy Fees	2,610	0	0	0	0	0
Telephone Commissions	17,057	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	263	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	1,798	0
Data Processing Fee - Register	5,628	0	0	0	0	0
Data Processing Fee - Sheriff	3,709	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	1,500	0	0	0	0	0
Data Processing Fee - County Clerk	7,928	0	0	0	0	0
<u>Other Charges for Services</u>						
Other Charges for Services	4,459	0	0	0	0	0
<u>Total Charges for Current Services</u>	\$ 52,510	\$ 0	\$ 427,201	\$ 0	\$ 2,061	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 128,723	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	77,450	0	0	0	0	0
Sale of Materials and Supplies	7,686	0	2,654	0	0	4,794
Commissary Sales	10,015	0	0	0	0	0
Sale of Gasoline	418,322	0	0	0	0	0
Retirees' Insurance Payments	1,030	0	0	0	0	0
Miscellaneous Refunds	152,807	457	290	1,019	0	10,260
<u>Nonrecurring Items</u>						
Sale of Equipment	360	0	0	0	0	54,637
Sale of Property	7,141	0	0	0	0	0
Damages Recovered from Individuals	6,521	0	0	0	0	0
<u>Total Other Local Revenues</u>	\$ 810,055	\$ 457	\$ 2,944	\$ 1,019	\$ 0	\$ 69,691

(Continued)

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

	Special Revenue Funds					
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 187,725	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	57,287	0	0	0	0	0
General Sessions Court Clerk	157,996	0	0	0	0	0
Clerk and Master	68,286	0	0	0	0	0
Register	59,877	0	0	0	0	0
Sheriff	571	0	0	0	0	0
Trustee	186,103	0	0	0	0	0
<b>Total Fees Received from County Officials</b>	<b>\$ 717,845</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,300	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Airport Maintenance Program	15,193	0	0	0	0	0
Aging Programs	13,706	0	0	0	0	0
On-Behalf Contributions for OPEB	2,194	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	7,800	0	0	0	0	0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	261,881
State Aid Program	0	0	0	0	0	117,621
Litter Program	28,541	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	52,606	0	0	0	0	0
Beer Tax	18,724	0	0	0	0	0
Alcoholic Beverage Tax	32,603	0	0	0	0	0
State Revenue Sharing - T. V.A.	470,204	0	0	0	0	0
Contracted Prisoner Boarding	974,669	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,474,627
Petroleum Special Tax	0	0	0	0	0	14,054
Registrar's Salary Supplement	15,164	0	0	0	0	0

(Continued)

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

	Special Revenue Funds					
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Other State Grants	\$ 4,000	\$ 14,618	\$ 0	\$ 0	\$ 0	\$ 0
Other State Revenues	96,342	0	0	0	0	0
Total State of Tennessee	\$ 1,741,046	\$ 14,618	\$ 0	\$ 0	\$ 0	\$ 1,868,183
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 393,767	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	12,749	0	0	0	0	0
Other Federal through State	27,316	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Forest Service	0	0	0	0	0	33,341
Other Direct Federal Revenue	17,647	0	0	0	0	0
Total Federal Government	\$ 451,479	\$ 0	\$ 0	\$ 0	\$ 0	\$ 33,341
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	7,023	0	0	0	0	53,934
<u>Citizens Groups</u>						
Donations	6,500	5,086	0	0	0	0
<u>Other</u>						
Other	5,000	13,720	0	0	0	0
Total Other Governments and Citizens Groups	\$ 18,523	\$ 18,806	\$ 0	\$ 0	\$ 0	\$ 53,934
Total	\$ 6,537,947	\$ 66,421	\$ 538,674	\$ 12,558	\$ 2,061	\$ 2,027,166

(Continued)

Exhibit J-5

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

	Debt Service Fund	Capital Projects Funds				Total
		General Debt Service	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 685,465	\$ 220,328	\$ 0	\$ 0	\$ 0	\$ 2,521,530
Trustee's Collections - Prior Year	45,880	14,747	0	0	0	168,772
Trustee's Collections - Bankruptcy	22	7	0	0	0	82
Circuit/Clerk & Master Collections - Prior Years	14,269	4,588	0	0	0	61,725
Interest and Penalty	8,490	2,725	0	0	0	31,227
Pick-up Taxes	23	7	0	0	0	84
Payments in-Lieu-of-Taxes - T.V.A.	0	0	0	0	0	2,430
<u>County Local Option Taxes</u>						
Local Option Sales Tax	152,013	0	0	0	0	283,780
Hotel/Motel Tax	0	0	0	0	0	25,363
Local Amusement Tax	0	0	0	0	0	13,599
Wheel Tax	0	0	0	0	0	468,663
Litigation Tax - General	0	0	0	0	0	23,439
Litigation Tax - Special Purpose	0	0	0	0	0	55,816
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	12,618
Business Tax	0	0	0	0	0	65,184
Mineral Severance Tax	0	0	0	0	0	2,017
Other County Local Option Taxes	0	0	0	0	0	2,777
<u>Statutory Local Taxes</u>						
Bank Excise Tax	5,577	1,792	0	0	0	20,514
Wholesale Beer Tax	0	0	0	0	0	134,246
Total Local Taxes	\$ 911,739	\$ 244,194	\$ 0	\$ 0	\$ 0	\$ 3,893,866
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	0	0	0	0	0	32,402
<u>Permits</u>						
Beer Permits	0	0	0	0	0	1,000
Other Permits	0	0	0	0	0	1,092
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 34,494

(Continued)

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

	Debt Service Fund	Capital Projects Funds				Total
	General Debt Service	General Capital Projects	Community Development/Industrial Park	Other Capital Projects		
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	0 \$	0 \$	0 \$	0 \$	10,977	
Officers Costs	0	0	0	0	1,917	
Drug Control Fines	0	0	0	0	194	
Jail Fees	0	0	0	0	515	
DUI Treatment Fines	0	0	0	0	1,871	
Courtroom Security Fee	0	0	0	0	1,000	
<u>Criminal Court</u>						
Drug Court Fees	0	0	0	0	4,629	
Data Entry Fee - Criminal Court	0	0	0	0	136	
<u>General Sessions Court</u>						
Fines	0	0	0	0	39,111	
Officers Costs	0	0	0	0	11,272	
Game and Fish Fines	0	0	0	0	566	
Drug Control Fines	0	0	0	0	1,921	
Jail Fees	0	0	0	0	4,108	
DUI Treatment Fines	0	0	0	0	6,230	
Data Entry Fee - General Sessions Court	0	0	0	0	4,429	
Courtroom Security Fee	0	0	0	0	3,885	
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	281	
Data Entry Fee - Chancery Court	0	0	0	0	1,098	
Courtroom Security Fee	0	0	0	0	104	
<u>Judicial District Drug Program</u>						
Fines	0	0	0	0	3,482	
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	30,961	
Total Fines, Forfeitures, and Penalties	0 \$	0 \$	0 \$	0 \$	128,687	

(Continued)

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

	Debt Service Fund	Capital Projects Funds				Total
		General Debt Service	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects	
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Self-Insurance Premiums/Contributions	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	6,456
Tipping Fees	0	0	0	0	0	427,201
<u>Fees</u>						
Airport Fees	0	0	0	0	0	3,163
Copy Fees	0	0	0	0	0	2,610
Telephone Commissions	0	0	0	0	0	17,057
Constitutional Officers' Fees and Commissions	0	0	0	0	0	263
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	1,798
Data Processing Fee - Register	0	0	0	0	0	5,628
Data Processing Fee - Sheriff	0	0	0	0	0	3,709
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	1,500
Data Processing Fee - County Clerk	0	0	0	0	0	7,928
<u>Other Charges for Services</u>						
Other Charges for Services	0	0	0	0	0	4,459
<b>Total Charges for Current Services</b>	<b>\$ 0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>481,772</b>
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	128,723
Lease/Rentals	0	0	77,206	0	0	154,656
Sale of Materials and Supplies	0	0	0	0	0	15,134
Commissary Sales	0	0	0	0	0	10,015
Sale of Gasoline	0	0	0	0	0	418,322
Retirees' Insurance Payments	0	0	0	0	0	1,030
Miscellaneous Refunds	0	0	205	0	0	165,038
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	0	54,997
Sale of Property	0	0	0	0	0	7,141
Damages Recovered from Individuals	0	0	0	0	0	6,521
<b>Total Other Local Revenues</b>	<b>\$ 0 \$</b>	<b>0 \$</b>	<b>77,411 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>961,577</b>

(Continued)

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

	Debt Service Fund	Capital Projects Funds				Total
		General Debt Service	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects	
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	187,725
Circuit Court Clerk	0	0	0	0	0	57,287
General Sessions Court Clerk	0	0	0	0	0	157,996
Clerk and Master	0	0	0	0	0	68,286
Register	0	0	0	0	0	59,877
Sheriff	0	0	0	0	0	571
Trustee	0	0	0	0	0	186,103
<b>Total Fees Received from County Officials</b>	<b>\$ 0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>717,845</b>
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	9,300
Airport Maintenance Program	0	0	0	0	0	15,193
Aging Programs	0	0	0	0	0	13,706
On-Behalf Contributions for OPEB	0	0	0	0	0	2,194
Public Safety Grants						
Law Enforcement Training Programs	0	0	0	0	0	7,800
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	261,881
State Aid Program	0	0	0	0	0	117,621
Litter Program	0	0	0	0	0	28,541
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	52,606
Beer Tax	0	0	0	0	0	18,724
Alcoholic Beverage Tax	0	0	0	0	0	32,603
State Revenue Sharing - T. V.A.	0	0	0	0	0	470,204
Contracted Prisoner Boarding	0	0	0	0	0	974,669
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,474,627
Petroleum Special Tax	0	0	0	0	0	14,054
Registrar's Salary Supplement	0	0	0	0	0	15,164

(Continued)

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

	Debt Service Fund	Capital Projects Funds				Total
		General Debt Service	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects	
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Other State Grants	\$ 0 \$	0 \$	0 \$	0 \$	33,740 \$	52,358
Other State Revenues	0	0	13,798	0	0	110,140
Total State of Tennessee	\$ 0 \$	0 \$	13,798 \$	0 \$	33,740 \$	3,671,385
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	393,767
Homeland Security Grants	0	0	0	0	0	12,749
Other Federal through State	0	0	0	0	0	27,316
<u>Direct Federal Revenue</u>						
Forest Service	0	0	0	0	0	33,341
Other Direct Federal Revenue	0	0	0	0	0	17,647
Total Federal Government	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	484,820
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 320,182 \$	0 \$	0 \$	0 \$	0 \$	320,182
Contracted Services	0	0	0	0	0	60,957
<u>Citizens Groups</u>						
Donations	0	0	2,500	0	0	14,086
Other	0	0	0	0	0	18,720
Total Other Governments and Citizens Groups	\$ 320,182 \$	0 \$	2,500 \$	0 \$	0 \$	413,945
Total	\$ 1,231,921 \$	244,194 \$	93,709 \$	33,740 \$	10,788,391	

Exhibit J-6

Johnson County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 Discretely Presented Johnson County School Department  
 For the Year Ended June 30, 2011

	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	\$ 2,448,088	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,448,088
Trustee's Collections - Prior Year	163,857	0	0	0	0	163,857
Trustee's Collections - Bankruptcy	80	0	0	0	0	80
Circuit/Clerk & Master Collections - Prior Years	53,672	0	0	0	0	53,672
Interest and Penalty	30,320	0	0	0	0	30,320
Pick-up Taxes	82	0	0	0	0	82
<u>County Local Option Taxes</u>						
Local Option Sales Tax	704,651	0	0	0	0	704,651
<u>Statutory Local Taxes</u>						
Bank Excise Tax	19,916	0	0	0	0	19,916
Interstate Telecommunications Tax	2,269	0	0	0	0	2,269
Total Local Taxes	\$ 3,422,935	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,422,935
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	1,216	0	0	0	0	1,216
<u>Permits</u>						
Other Permits	310	0	0	0	0	310
Total Licenses and Permits	\$ 1,526	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,526
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Tuition - Summer School	680	0	0	0	0	680
Tuition - Other	445	0	0	0	0	445
Lunch Payments - Children	0	0	186,459	0	0	186,459
Lunch Payments - Adults	0	0	41,563	0	0	41,563
Income from Breakfast	0	0	230	0	0	230
A la carte Sales	0	0	101,819	0	0	101,819
Contract for Instructional Services with Other LEAs	0	0	0	513,420	0	513,420
Receipts from Individual Schools	21,649	0	0	0	0	21,649
Community Service Fees - Children	85,036	0	0	0	0	85,036
TBI Criminal Background Fees	5,640	0	0	0	0	5,640

(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>						
Other Charges for Services	\$ 46,099	\$ 0	\$ 0	\$ 0	\$ 0	\$ 46,099
Total Charges for Current Services	\$ 159,549	\$ 0	\$ 330,071	\$ 513,420	\$ 0	\$ 1,003,040
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 18,934	\$ 0	\$ 5,190	\$ 0	\$ 12	\$ 24,136
Lease/Rentals	10,800	0	0	1,200	0	12,000
Refund of Telecommunication & Internet Fees (E-Rate)	37,607	0	0	0	0	37,607
Retirees' Insurance Payments	97,611	0	0	0	0	97,611
Miscellaneous Refunds	22,824	0	0	0	0	22,824
<u>Nonrecurring Items</u>						
Sale of Equipment	26,153	0	0	0	0	26,153
Contributions and Gifts	4,150	0	0	0	0	4,150
Total Other Local Revenues	\$ 218,079	\$ 0	\$ 5,190	\$ 1,200	\$ 12	\$ 224,481
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
On-Behalf Contributions for OPEB	\$ 9,192	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,192
<u>State Education Funds</u>						
Basic Education Program	10,406,941	0	0	0	0	10,406,941
Basic Education Program - ARRA	1,265,684	0	0	0	0	1,265,684
Early Childhood Education	303,563	0	0	0	0	303,563
School Food Service	13,948	0	0	0	0	13,948
Other State Education Funds	28,564	0	0	0	0	28,564
Coordinated School Health - ARRA	100,000	0	0	0	0	100,000
Internet Connectivity - ARRA	6,699	0	0	0	0	6,699
Family Resource Centers - ARRA	33,300	0	0	0	0	33,300
Statewide Student Management System (SSMS) - ARRA	5,819	0	0	0	0	5,819
Career Ladder Program	107,017	0	0	0	0	107,017
Career Ladder - Extended Contract - ARRA	56,745	0	0	0	0	56,745
<u>Other State Revenues</u>						
Safe Schools - ARRA	14,419	0	0	0	0	14,419
Total State of Tennessee	\$ 12,351,891	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,351,891

(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	\$ 685,168	\$ 0	\$ 0	\$ 685,168
USDA - Commodities	0	0	95,440	0	0	95,440
Breakfast	0	0	226,480	0	0	226,480
USDA - Other	0	0	23,035	0	0	23,035
Adult Education State Grant Program	82,006	0	0	0	0	82,006
Vocational Education - Basic Grants to States	0	52,500	0	0	0	52,500
Other Vocational	0	90,000	0	0	0	90,000
Title I Grants to Local Education Agencies	0	1,069,904	0	0	0	1,069,904
Special Education - Grants to States	0	819,975	0	0	0	819,975
Special Education Preschool Grants	0	19,754	0	0	0	19,754
Safe and Drug-free Schools - State Grants	0	87,931	0	0	0	87,931
Rural Education	0	86,741	0	0	0	86,741
Eisenhower Professional Development State Grants	0	180,292	0	0	0	180,292
Race to the Top - ARRA	0	193,756	0	0	0	193,756
Other Federal through State	124,356	179,784	0	0	0	304,140
Total Federal Government	\$ 206,362	\$ 2,780,637	\$ 1,030,123	\$ 0	\$ 0	\$ 4,017,122
<u>Other Governments and Citizens Groups</u>						
Other Governments						
Contributions	\$ 336,161	\$ 0	\$ 0	\$ 0	\$ 0	\$ 336,161
Total Other Governments and Citizens Groups	\$ 336,161	\$ 0	\$ 0	\$ 0	\$ 0	\$ 336,161
Total	\$ 16,696,503	\$ 2,780,637	\$ 1,365,384	\$ 514,620	\$ 12	\$ 21,357,156

## Exhibit J-7

Johnson County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2011

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$ 36,525	
Social Security	1,921	
State Retirement	2,649	
Medical Insurance	14,597	
Employer Medicare	455	
Audit Services	5,250	
Dues and Memberships	4,094	
Financial Advisory Services	1,250	
Travel	12,788	
Other Supplies and Materials	516	
Office Equipment	650	
Total County Commission		\$ 80,695

Board of Equalization

Board and Committee Members Fees	\$ 1,130	
Total Board of Equalization		1,130

Other Boards and Committees

Board and Committee Members Fees	\$ 3,360	
Total Other Boards and Committees		3,360

County Mayor/Executive

County Official/Administrative Officer	\$ 67,302	
Secretary(ies)	23,669	
Part-time Personnel	1,098	
Social Security	5,286	
State Retirement	10,320	
Medical Insurance	13,553	
Unemployment Compensation	81	
Employer Medicare	1,236	
Dues and Memberships	1,200	
Printing, Stationery, and Forms	176	
Office Supplies	1,296	
Other Charges	2,352	
Office Equipment	991	
Total County Mayor/Executive		128,560

County Attorney

Other Salaries and Wages	\$ 4,800	
Legal Services	1,906	
Total County Attorney		6,706

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$ 77,320	
Deputy(ies)	25,660	
Clerical Personnel	6,847	
Other Salaries and Wages	2,415	
Election Commission	5,950	
Election Workers	17,575	
In-Service Training	2,790	
Social Security	6,398	
State Retirement	9,212	
Medical Insurance	561	
Unemployment Compensation	113	
Employer Medicare	1,551	
Data Processing Services	9,155	
Dues and Memberships	250	
Legal Notices, Recording, and Court Costs	4,758	
Printing, Stationery, and Forms	5,917	
Rentals	48	
Equipment Parts - Light	260	
Office Supplies	410	
Voting Machines	4,000	
Total Election Commission		\$ 181,190

Register of Deeds

County Official/Administrative Officer	\$ 57,751	
Deputy(ies)	24,649	
Social Security	4,970	
State Retirement	9,410	
Medical Insurance	5,438	
Unemployment Compensation	72	
Employer Medicare	1,162	
Data Processing Services	2,780	
Dues and Memberships	550	
Printing, Stationery, and Forms	617	
Office Supplies	482	
Total Register of Deeds		107,881

Development

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

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings

Custodial Personnel	\$ 22,078	
Social Security	1,293	
State Retirement	2,521	
Medical Insurance	5,381	
Unemployment Compensation	72	
Employer Medicare	302	
Maintenance and Repair Services - Buildings	7,301	
Custodial Supplies	5,520	
Electricity	32,929	
Natural Gas	3,524	
Uniforms	1,071	
Water and Sewer	3,634	
Other Charges	253	
Building Improvements	3,500	
Total County Buildings		\$ 89,379

Finance

Accounting and Budgeting

Supervisor/Director	\$ 50,849	
Data Processing Personnel	62,006	
Social Security	6,229	
State Retirement	12,894	
Medical Insurance	19,740	
Unemployment Compensation	216	
Employer Medicare	1,457	
Data Processing Services	745	
Printing, Stationery, and Forms	3,079	
Office Supplies	2,234	
Data Processing Equipment	11,309	
Office Equipment	295	
Total Accounting and Budgeting		171,053

Purchasing

County Official/Administrative Officer	\$ 28,956
Social Security	1,524
State Retirement	3,307
Medical Insurance	8,093
Unemployment Compensation	72
Employer Medicare	356
Advertising	104

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Purchasing (Cont.)

Office Supplies	\$ 3,314	
Total Purchasing		\$ 45,726

Property Assessor's Office

County Official/Administrative Officer	\$ 57,751	
Deputy(ies)	22,216	
Secretary(ies)	20,458	
Social Security	5,522	
State Retirement	11,469	
Medical Insurance	20,646	
Unemployment Compensation	144	
Employer Medicare	1,291	
Contracts with Government Agencies	4,610	
Data Processing Services	4,270	
Postal Charges	666	
Printing, Stationery, and Forms	178	
Other Contracted Services	8,417	
Office Supplies	282	
Office Equipment	1,397	
Total Property Assessor's Office		159,317

Reappraisal Program

Clerical Personnel	\$ 20,593	
Social Security	1,142	
State Retirement	2,352	
Medical Insurance	5,239	
Unemployment Compensation	90	
Employer Medicare	267	
Data Processing Services	3,717	
Office Equipment	57	
Total Reappraisal Program		33,457

County Trustee's Office

County Official/Administrative Officer	\$ 57,751	
Deputy(ies)	22,044	
Other Salaries and Wages	3,084	
Social Security	4,892	
State Retirement	9,113	
Medical Insurance	10,762	
Unemployment Compensation	97	

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Employer Medicare	\$	1,144	
Advertising		126	
Dues and Memberships		110	
Printing, Stationery, and Forms		1,419	
Office Supplies		251	
Data Processing Equipment		5,739	
Office Equipment		37	
Total County Trustee's Office			\$ 116,569

County Clerk's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		39,148	
Other Salaries and Wages		32,414	
Social Security		7,092	
State Retirement		13,842	
Medical Insurance		29,598	
Unemployment Compensation		290	
Employer Medicare		1,659	
Dues and Memberships		2,385	
Printing, Stationery, and Forms		2,322	
Office Supplies		514	
Data Processing Equipment		11,567	
Office Equipment		1,130	
Total County Clerk's Office			199,712

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	57,751	
Other Salaries and Wages		96,852	
Jury and Witness Expense		7,948	
Social Security		9,269	
State Retirement		17,414	
Medical Insurance		16,011	
Unemployment Compensation		323	
Employer Medicare		2,168	
Dues and Memberships		360	
Printing, Stationery, and Forms		4,064	
Office Supplies		5,159	
Fines, Assessments, and Penalties		3,044	
Data Processing Equipment		11,623	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Office Equipment	\$ 559	
Total Circuit Court		\$ 232,545

General Sessions Court

Judge(s)	\$ 82,404	
Social Security	5,141	
State Retirement	9,411	
Medical Insurance	5,405	
Unemployment Compensation	16	
Employer Medicare	1,202	
Dues and Memberships	50	
Printing, Stationery, and Forms	5,637	
Office Supplies	269	
Office Equipment	241	
Total General Sessions Court		109,776

Chancery Court

County Official/Administrative Officer	\$ 57,751	
Deputy(ies)	24,431	
Social Security	4,683	
State Retirement	8,743	
Medical Insurance	12,243	
Unemployment Compensation	105	
Employer Medicare	1,095	
Data Processing Services	8,382	
Printing, Stationery, and Forms	520	
Office Supplies	1,444	
Data Processing Equipment	2,700	
Office Equipment	38	
Total Chancery Court		122,135

Juvenile Court

Social Workers	\$ 24,818
Secretary(ies)	9,048
Social Security	1,868
State Retirement	3,874
Medical Insurance	8,316
Unemployment Compensation	72
Employer Medicare	437
Travel	384

(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.)

Other Contracted Services	\$ 37,009	
Office Supplies	286	
Other Supplies and Materials	2,855	
Total Juvenile Court		\$ 88,967

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 64,127	
Deputy(ies)	345,823	
Investigator(s)	63,178	
Captain(s)	34,011	
Guards	113,498	
Secretary(ies)	54,949	
Overtime Pay	77,275	
Other Salaries and Wages	20,634	
In-Service Training	7,898	
Social Security	45,505	
State Retirement	94,696	
Medical Insurance	90,355	
Unemployment Compensation	2,023	
Employer Medicare	11,029	
Advertising	234	
Communication	18,336	
Contracts with Other Public Agencies	3,386	
Data Processing Services	486	
Maintenance and Repair Services - Vehicles	122,498	
Postal Charges	1,846	
Printing, Stationery, and Forms	1,302	
Travel	8,604	
Other Contracted Services	7,566	
Law Enforcement Supplies	3,218	
Office Supplies	3,150	
Uniforms	2,660	
Other Supplies and Materials	2,243	
Judgments	4,357	
Other Charges	4,672	
Data Processing Equipment	976	
Law Enforcement Equipment	56,290	
Office Equipment	5,408	
Total Sheriff's Department		1,272,233

(Continued)

Exhibit J-7

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

<u>General Fund (Cont.)</u>		
<u>Public Safety (Cont.)</u>		
<u>Drug Enforcement</u>		
Other Contracted Services	\$ 10,915	
Total Drug Enforcement		\$ 10,915
 <u>Administration of the Sexual Offender Registry</u>		
Other Charges	\$ 912	
Office Equipment	4,154	
Total Administration of the Sexual Offender Registry		5,066
 <u>Jail</u>		
Medical Personnel	\$ 30,979	
Guards	359,148	
Maintenance Personnel	24,166	
In-Service Training	767	
Social Security	23,839	
State Retirement	38,774	
Medical Insurance	64,465	
Unemployment Compensation	1,480	
Employer Medicare	5,575	
Maintenance and Repair Services - Buildings	26,751	
Custodial Supplies	29,711	
Drugs and Medical Supplies	104,778	
Electricity	54,249	
Food Supplies	146,316	
Natural Gas	26,024	
Office Supplies	3,758	
Uniforms	2,187	
Water and Sewer	28,084	
Other Supplies and Materials	5,492	
Food Service Equipment	678	
Office Equipment	2,094	
Other Equipment	4,315	
Total Jail		983,630
 <u>Fire Prevention and Control</u>		
Contracts with Other Public Agencies	\$ 1,000	
Contributions	150,000	
Total Fire Prevention and Control		151,000
 <u>Civil Defense</u>		
Supervisor/Director	\$ 33,688	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Secretary(ies)	\$ 8,109	
Social Security	2,637	
State Retirement	5,184	
Medical Insurance	1,626	
Unemployment Compensation	106	
Employer Medicare	617	
Communication	2,478	
Maintenance and Repair Services - Vehicles	794	
Law Enforcement Supplies	12,801	
Other Supplies and Materials	2,528	
Other Charges	354	
Office Equipment	1,736	
Other Equipment	7,349	
Total Civil Defense		\$ 80,007

Other Emergency Management

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

Inspection and Regulation

Secretary(ies)	\$ 6,116	
Social Security	291	
State Retirement	564	
Medical Insurance	1,369	
Unemployment Compensation	18	
Employer Medicare	68	
Office Supplies	149	
Other Charges	50	
Total Inspection and Regulation		8,625

County Coroner/Medical Examiner

Medical Personnel	\$ 1,800	
Social Security	74	
Employer Medicare	17	
Other Supplies and Materials	283	
Total County Coroner/Medical Examiner		2,174

Public Health and Welfare

Local Health Center

Salary Supplements	\$ 4,615	
--------------------	----------	--

(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.)

Custodial Personnel	\$ 17,062	
Other Salaries and Wages	61,946	
Social Security	3,883	
State Retirement	7,184	
Medical Insurance	5,239	
Unemployment Compensation	162	
Employer Medicare	990	
Communication	2,569	
Contracts with Other Public Agencies	35,107	
Travel	2,103	
Custodial Supplies	2,553	
Drugs and Medical Supplies	1,474	
Office Supplies	1,118	
Utilities	16,142	
Other Supplies and Materials	16,933	
Office Equipment	1,497	
Total Local Health Center		\$ 180,577

Rabies and Animal Control

Other Charges	\$ 100	
Total Rabies and Animal Control		100

Regional Mental Health Center

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

Appropriation to State

Other Contracted Services	\$ 14,387	
Total Appropriation to State		14,387

Sanitation Management

Equipment Operators	\$ 57,000	
Social Security	3,458	
State Retirement	5,112	
Medical Insurance	7,152	
Unemployment Compensation	216	
Employer Medicare	809	
Total Sanitation Management		73,747

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	19,763	
Bus Drivers		12,758	
Other Salaries and Wages		10,476	
Social Security		2,476	
State Retirement		3,453	
Medical Insurance		5,239	
Unemployment Compensation		222	
Employer Medicare		579	
Communication		1,891	
Other Contracted Services		757	
Utilities		6,993	
Other Supplies and Materials		24	
Health Equipment		1,743	
Total Senior Citizens Assistance			\$ 66,374

Other Social, Cultural, and Recreational

Contributions	\$	1,000	
Other Contracted Services		25,000	
Other Charges		2,306	
Total Other Social, Cultural, and Recreational			28,306

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	33,231	
Secretary(ies)		6,160	
Social Security		3,013	
State Retirement		5,820	
Medical Insurance		4,984	
Unemployment Compensation		45	
Communication		5,428	
Maintenance Agreements		429	
Travel		6,031	
Other Contracted Services		641	
Workers' Compensation Insurance		25	
Office Equipment		1,017	
Total Agriculture Extension Service			66,824

Soil Conservation

Secretary(ies)	\$	17,132	
Social Security		953	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation (Cont.)

State Retirement	\$ 1,859	
Unemployment Compensation	68	
Employer Medicare	223	
Total Soil Conservation		\$ 20,235

Other Operations

Tourism

Contributions	\$ 11,183	
Other Charges	2,592	
Total Tourism		13,775

Airport

Communication	\$ 1,550	
Maintenance and Repair Services - Buildings	3,588	
Travel	1,228	
Other Contracted Services	7,423	
Electricity	1,450	
Liability Insurance	1,548	
Other Charges	261	
Airport Improvement	150,308	
Site Development	5,973	
Total Airport		173,329

Veterans' Services

Secretary(ies)	\$ 12,233	
Other Salaries and Wages	7,445	
Social Security	1,044	
State Retirement	1,128	
Medical Insurance	5,386	
Unemployment Compensation	96	
Employer Medicare	244	
Travel	1,211	
Office Supplies	86	
Total Veterans' Services		28,873

Other Charges

On-Behalf Payments to OPEB	\$ 2,194	
Diesel Fuel	305,707	
Gasoline	119,106	
Trustee's Commission	50,055	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges (Cont.)

Workers' Compensation Insurance	\$ 37,159	
Other Charges	2,569	
Total Other Charges		\$ 516,790

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	\$ 1,933	
Medical Insurance	1,614	
Other Fringe Benefits	13,775	
Total Employee Benefits		17,322

Miscellaneous

Communication	\$ 28,169	
Legal Notices, Recording, and Court Costs	680	
Maintenance and Repair Services - Buildings	3,197	
Postal Charges	28,650	
Duplicating Supplies	10,073	
Electricity	7,739	
Water and Sewer	2,223	
Liability Insurance	98,636	
Premiums on Corporate Surety Bonds	8,681	
Other Charges	4,796	
Bridge Construction	4,128	
Building Construction	393,767	
Other Construction	1,350	
Total Miscellaneous		592,089

Highways

Litter and Trash Collection

Other Salaries and Wages	\$ 18,626	
Social Security	1,162	
State Retirement	2,127	
Medical Insurance	5,381	
Unemployment Compensation	85	
Employer Medicare	272	
Communication	1,122	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Highways (Cont.)

Litter and Trash Collection (Cont.)

Travel	\$ 2,744	
Other Contracted Services	2,564	
Other Supplies and Materials	3,631	
Other Charges	3,568	
Total Litter and Trash Collection		<u>\$ 41,282</u>

Total General Fund \$ 6,333,486

Public Library Fund

Social, Cultural, and Recreational Services

Libraries

Other Salaries and Wages	\$ 26,377	
Social Security	1,635	
Unemployment Compensation	161	
Employer Medicare	382	
Communication	1,748	
Data Processing Services	3,208	
Maintenance and Repair Services - Buildings	2,707	
Electricity	4,764	
Library Books/Media	2,102	
Office Supplies	2,455	
Water and Sewer	202	
Data Processing Equipment	8,041	
Office Equipment	838	
Total Libraries		<u>\$ 54,620</u>

Total Public Library Fund 54,620

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Equipment Operators	\$ 62,851	
Social Security	3,841	
State Retirement	5,486	
Life Insurance	36	
Medical Insurance	7,152	
Unemployment Compensation	324	
Employer Medicare	898	
Other Fringe Benefits	180	
Communication	1,336	

(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.)

Data Processing Services	\$ 1,000	
Maintenance and Repair Services - Equipment	15,379	
Printing, Stationery, and Forms	227	
Other Contracted Services	347,810	
Custodial Supplies	1,391	
Diesel Fuel	3,700	
Electricity	3,544	
Gasoline	4,795	
Office Supplies	1,062	
Uniforms	1,830	
Water and Sewer	926	
Liability Insurance	7,239	
Trustee's Commission	5,756	
Workers' Compensation Insurance	6,545	
Other Charges	15,183	
Data Processing Equipment	1,247	
Office Equipment	213	
Site Development	303	
Total Sanitation Management		<u>\$ 500,254</u>

Total Solid Waste/Sanitation Fund \$ 500,254

Drug Control Fund

Public Safety

Drug Enforcement

Maintenance and Repair Services - Vehicles	\$ 774	
Other Contracted Services	5,000	
Drugs and Medical Supplies	1,129	
Trustee's Commission	57	
Other Charges	1,000	
Total Drug Enforcement		<u>\$ 7,960</u>

Total Drug Control Fund 7,960

Constitutional Officers - Fees Fund

General Government

Other General Administration

Special Commissioner Fees/Special Master Fees	\$ 1,798	
Other Charges	263	
Total Other General Administration		<u>\$ 2,061</u>

Total Constitutional Officers - Fees Fund 2,061

(Continued)

Exhibit J-7

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 63,527	
Supervisor/Director	42,738	
Board and Committee Members Fees	2,504	
Social Security	6,349	
State Retirement	12,141	
Medical Insurance	15,303	
Unemployment Compensation	270	
Employer Medicare	1,485	
Travel	503	
Office Supplies	2,283	
Office Equipment	1,413	
Total Administration		\$ 148,516

Highway and Bridge Maintenance

Laborers	\$ 576,519	
Social Security	32,567	
State Retirement	57,486	
Medical Insurance	123,425	
Unemployment Compensation	8,606	
Employer Medicare	7,785	
Asphalt - Liquid	188,360	
Crushed Stone	136,685	
Pipe	14,603	
Road Signs	5,023	
Wood Products	2,540	
Total Highway and Bridge Maintenance		1,153,599

Operation and Maintenance of Equipment

Laundry Service	\$ 7,375	
Diesel Fuel	107,063	
Equipment and Machinery Parts	115,051	
Garage Supplies	22,489	
Gasoline	38,401	
Lubricants	9,643	
Tires and Tubes	13,389	
Total Operation and Maintenance of Equipment		313,411

Other Charges

Communication	\$ 7,072	
Electricity	6,605	

(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	\$ 1,080	
Liability Insurance	30,735	
Premiums on Corporate Surety Bonds	350	
Trustee's Commission	14,796	
Other Charges	<u>16,117</u>	
Total Other Charges		\$ 76,755

Employee Benefits

Life Insurance	\$ 570	
Medical Insurance	1,941	
Other Fringe Benefits	3,274	
Workers' Compensation Insurance	<u>55,867</u>	
Total Employee Benefits		61,652

Capital Outlay

Other Contracted Services	\$ 2,205	
Other Supplies and Materials	25,427	
Other Charges	1,787	
Bridge Construction	261,881	
Building Construction	1,462	
Highway Construction	143,215	
Highway Equipment	72,783	
Other Capital Outlay	<u>700</u>	
Total Capital Outlay		<u>509,460</u>

Total Highway/Public Works Fund \$ 2,263,393

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 120,000	
Principal on Notes	<u>30,000</u>	
Total General Government		\$ 150,000

Education

Principal on Bonds	\$ 445,000	
Principal on Other Loans	<u>56,028</u>	
Total Education		501,028

(Continued)

Exhibit J-7

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

Interest on Bonds	\$ 218,113	
Total General Government		\$ 218,113

Education

Interest on Bonds	\$ 344,446	
Total Education		344,446

Other Debt Service

General Government

Trustee's Commission	\$ 23,639	
Total General Government		23,639

Education

Other Debt Service	\$ 4,208	
Total Education		<u>4,208</u>

Total General Debt Service Fund		\$ 1,241,434
---------------------------------	--	--------------

General Capital Projects Fund

Capital Projects

General Administration Projects

Trustee's Commission	\$ 4,842	
Law Enforcement Equipment	96,000	
Transportation Equipment	<u>76,000</u>	
Total General Administration Projects		\$ 176,842

Capital Projects - Donated

Capital Projects Donated to School Department

Contributions	\$ 336,161	
Total Capital Projects Donated to School Department		<u>336,161</u>

Total General Capital Projects Fund		513,003
-------------------------------------	--	---------

Community Development/Industrial Park Fund

Capital Projects

General Administration Projects

Engineering Services	\$ 1,713	
Maintenance and Repair Services - Buildings	682	
Other Contracted Services	9,600	
Electricity	4,036	

(Continued)

Exhibit J-7

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

Community Development/Industrial Park Fund (Cont.)

Capital Projects (Cont.)

General Administration Projects (Cont.)

Water and Sewer	\$ 1,040	
Other Charges	1,820	
Building Improvements	297,874	
Site Development	4,203	
Total General Administration Projects		<u>\$ 320,968</u>

Total Community Development/Industrial Park Fund \$ 320,968

Other Capital Projects Fund

Capital Projects

Social, Cultural, and Recreation Projects

Electricity	\$ 220	
Other Charges	10,622	
Site Development	200	
Other Construction	17,233	
Total Social, Cultural, and Recreation Projects		<u>\$ 28,275</u>

Total Other Capital Projects Fund 28,275

Total Governmental Funds - Primary Government \$ 11,265,454

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, 2011

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 4,413,292	
Career Ladder Program	64,455	
Career Ladder Extended Contracts	47,625	
Homebound Teachers	45,969	
Educational Assistants	88,539	
Certified Substitute Teachers	11,591	
Non-certified Substitute Teachers	97,137	
Social Security	282,335	
State Retirement	420,140	
Medical Insurance	915,384	
Unemployment Compensation	2,717	
Employer Medicare	66,396	
Operating Lease Payments	17,273	
Maintenance and Repair Services - Equipment	2,671	
Tuition	76,330	
Other Contracted Services	20,826	
Instructional Supplies and Materials	166,992	
Textbooks	174,924	
Other Supplies and Materials	1,194	
Other Charges	2,074	
Regular Instruction Equipment	11,460	
Total Regular Instruction Program		\$ 6,929,324

Alternative Instruction Program

Teachers	\$ 83,222	
Career Ladder Program	1,000	
Clerical Personnel	13,951	
Educational Assistants	10,181	
Non-certified Substitute Teachers	1,760	
Social Security	6,693	
State Retirement	9,537	
Medical Insurance	20,752	
Unemployment Compensation	283	
Employer Medicare	1,585	
Operating Lease Payments	1,920	
Other Contracted Services	1,120	
Instructional Supplies and Materials	400	
Other Supplies and Materials	37	
Total Alternative Instruction Program		152,441

(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	\$ 459,849	
Career Ladder Program	6,500	
Homebound Teachers	10,130	
Educational Assistants	54,145	
Speech Pathologist	87,370	
Non-certified Substitute Teachers	12,226	
Social Security	37,695	
State Retirement	57,228	
Medical Insurance	85,102	
Unemployment Compensation	1,334	
Employer Medicare	8,846	
Other Fringe Benefits	2,721	
Other Contracted Services	24,871	
Instructional Supplies and Materials	8,106	
Total Special Education Program		\$ 856,123

Vocational Education Program

Teachers	\$ 570,461	
Career Ladder Program	4,000	
Clerical Personnel	17,753	
Other Salaries and Wages	37,571	
Non-certified Substitute Teachers	18,913	
Social Security	38,444	
State Retirement	57,629	
Medical Insurance	101,567	
Unemployment Compensation	1,364	
Employer Medicare	9,017	
Operating Lease Payments	3,075	
Maintenance and Repair Services - Equipment	3,828	
Other Contracted Services	2,662	
Instructional Supplies and Materials	15,175	
T&I Construction Materials	26,841	
Other Supplies and Materials	5,460	
Other Charges	6,202	
Vocational Instruction Equipment	16,175	
Total Vocational Education Program		936,137

Adult Education Program

Teachers	\$ 40,234	
----------	-----------	--

(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.)

Adult Education Program (Cont.)

Career Ladder Program	\$	1,000	
Social Security		2,556	
State Retirement		3,732	
Medical Insurance		5,362	
Unemployment Compensation		68	
Employer Medicare		598	
Other Fringe Benefits		352	
Instructional Supplies and Materials		4,962	
Other Equipment		1,200	
Total Adult Education Program			\$ 60,064

Support Services

Attendance

Supervisor/Director	\$	57,424	
Career Ladder Program		1,000	
Social Security		3,393	
State Retirement		5,287	
Medical Insurance		6,894	
Unemployment Compensation		68	
Employer Medicare		794	
In Service/Staff Development		1,679	
Total Attendance			76,539

Health Services

Medical Personnel	\$	120,092	
Other Salaries and Wages		65,228	
Social Security		11,192	
State Retirement		17,600	
Medical Insurance		27,851	
Unemployment Compensation		508	
Employer Medicare		2,617	
Other Fringe Benefits		192	
Travel		1,689	
Other Contracted Services		142	
Drugs and Medical Supplies		5,221	
Other Supplies and Materials		2,578	
In Service/Staff Development		5,540	
Other Charges		6,356	
Total Health Services			266,806

(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.)

Other Student Support

Career Ladder Program	\$	1,500	
Guidance Personnel		212,856	
Other Salaries and Wages		75	
Social Security		13,272	
State Retirement		19,408	
Medical Insurance		23,044	
Unemployment Compensation		385	
Employer Medicare		3,104	
Evaluation and Testing		8,445	
Travel		1,332	
Other Contracted Services		34,999	
Other Supplies and Materials		275	
In Service/Staff Development		1,095	
Other Charges		36,878	
Total Other Student Support			\$ 356,668

Regular Instruction Program

Supervisor/Director	\$	102,631	
Career Ladder Program		3,000	
Librarians		237,798	
Instructional Computer Personnel		52,773	
Other Salaries and Wages		15,083	
Social Security		24,547	
State Retirement		37,273	
Medical Insurance		47,539	
Unemployment Compensation		710	
Employer Medicare		5,880	
Operating Lease Payments		3,070	
Travel		4,093	
Other Contracted Services		975	
Library Books/Media		24,000	
Periodicals		6,000	
Other Supplies and Materials		2,731	
In Service/Staff Development		10,362	
Other Equipment		363	
Total Regular Instruction Program			578,828

Special Education Program

Supervisor/Director	\$	34,918	
---------------------	----	--------	--

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Career Ladder Program	\$	1,000	
Psychological Personnel		32,600	
Secretary(ies)		13,134	
In-Service Training		1,500	
Social Security		4,943	
State Retirement		7,837	
Medical Insurance		6,198	
Unemployment Compensation		130	
Employer Medicare		1,156	
Travel		9,015	
Other Contracted Services		120	
Other Supplies and Materials		659	
In Service/Staff Development		2,658	
Total Special Education Program			\$ 115,868

Vocational Education Program

Supervisor/Director	\$	64,588	
Career Ladder Program		1,000	
Social Security		3,808	
State Retirement		5,936	
Medical Insurance		10,601	
Unemployment Compensation		68	
Employer Medicare		891	
Travel		43	
In Service/Staff Development		4,142	
Total Vocational Education Program			91,077

Adult Programs

Supervisor/Director	\$	47,135	
Clerical Personnel		2,000	
Social Security		2,990	
State Retirement		5,611	
Medical Insurance		5,265	
Unemployment Compensation		67	
Employer Medicare		699	
Travel		132	
In Service/Staff Development		4,566	
Total Adult Programs			68,465

(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.)

Other Programs

On-Behalf Payments to OPEB	\$ 9,192	
Total Other Programs		\$ 9,192

Board of Education

Secretary to Board	\$ 1,760	
Other Salaries and Wages	2,100	
Board and Committee Members Fees	12,000	
Social Security	973	
State Retirement	939	
Life Insurance	7,283	
Medical Insurance	485	
Unemployment Compensation	11,540	
Employer Medicare	228	
Other Fringe Benefits	19,600	
Audit Services	8,560	
Dues and Memberships	7,373	
Legal Services	386	
Other Contracted Services	2,200	
Liability Insurance	181,511	
Trustee's Commission	82,590	
Workers' Compensation Insurance	106,937	
In Service/Staff Development	9,183	
Criminal Investigation of Applicants - TBI	5,880	
Other Charges	3,627	
Total Board of Education		465,155

Director of Schools

County Official/Administrative Officer	\$ 83,343
Clerical Personnel	21,180
Social Security	6,420
State Retirement	9,961
Medical Insurance	10,383
Unemployment Compensation	133
Employer Medicare	1,502
Communication	35,883
Operating Lease Payments	4,138
Postal Charges	4,002
Travel	13
Other Contracted Services	4,132

(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.)

Office Supplies	\$	2,966	
In Service/Staff Development		6,165	
Other Charges		4,099	
Administration Equipment		512	
Total Director of Schools			\$ 194,832

Office of the Principal

Principals	\$	407,512	
Career Ladder Program		8,000	
Assistant Principals		156,830	
Secretary(ies)		184,939	
Social Security		45,751	
State Retirement		72,292	
Medical Insurance		93,911	
Unemployment Compensation		1,392	
Employer Medicare		10,724	
Communication		58,084	
Dues and Memberships		3,850	
Operating Lease Payments		4,747	
Postal Charges		220	
Travel		285	
Other Contracted Services		3,546	
Office Supplies		3,449	
Other Supplies and Materials		393	
In Service/Staff Development		4,705	
Administration Equipment		8,644	
Total Office of the Principal			1,069,274

Fiscal Services

Supervisor/Director	\$	33,113	
Accountants/Bookkeepers		31,755	
Social Security		3,742	
State Retirement		7,408	
Medical Insurance		12,490	
Unemployment Compensation		116	
Employer Medicare		875	
Travel		180	
Office Supplies		326	
In Service/Staff Development		1,000	
Total Fiscal Services			91,005

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Human Services/Personnel

Supervisor/Director	\$	11,038	
Clerical Personnel		30,997	
Social Security		2,474	
State Retirement		4,800	
Medical Insurance		7,519	
Unemployment Compensation		84	
Employer Medicare		579	
Travel		24	
Office Supplies		500	
In Service/Staff Development		394	
Total Human Services/Personnel			\$ 58,409

Operation of Plant

Guards	\$	61,190	
Custodial Personnel		362,436	
Other Salaries and Wages		3,545	
Social Security		25,803	
State Retirement		44,044	
Medical Insurance		97,501	
Unemployment Compensation		1,829	
Employer Medicare		6,035	
Other Contracted Services		182,722	
Custodial Supplies		75,722	
Electricity		577,977	
Natural Gas		161,181	
Water and Sewer		35,826	
Other Supplies and Materials		10,663	
Other Charges		4,120	
Plant Operation Equipment		6,125	
Total Operation of Plant			1,656,719

Maintenance of Plant

Maintenance Personnel	\$	93,968	
Social Security		5,715	
State Retirement		10,405	
Medical Insurance		16,419	
Unemployment Compensation		206	
Employer Medicare		1,337	
Maintenance and Repair Services - Buildings		13,433	

(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.)

Maintenance of Plant (Cont.)

Maintenance and Repair Services - Equipment	\$	3,138	
Other Contracted Services		8,523	
General Construction Materials		20,616	
Other Supplies and Materials		92,069	
In Service/Staff Development		700	
Other Charges		1,012	
Maintenance Equipment		29,520	
Total Maintenance of Plant			\$ 297,061

Transportation

Supervisor/Director	\$	43,427	
Mechanic(s)		54,568	
Bus Drivers		245,156	
Clerical Personnel		21,672	
Social Security		21,686	
State Retirement		38,047	
Medical Insurance		117,731	
Unemployment Compensation		1,756	
Employer Medicare		5,072	
Communication		2,240	
Contracts with Parents		363	
Medical and Dental Services		2,572	
Other Contracted Services		4,101	
Diesel Fuel		132,502	
Equipment and Machinery Parts		2,786	
Garage Supplies		4,187	
Gasoline		25,583	
Lubricants		6,103	
Tires and Tubes		18,397	
Vehicle Parts		64,313	
Other Supplies and Materials		2,432	
In Service/Staff Development		1,804	
Other Charges		5,909	
Transportation Equipment		18,377	
Total Transportation			840,784

Central and Other

Data Processing Personnel	\$	10,734	
Social Security		531	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other (Cont.)

State Retirement	\$	1,226	
Medical Insurance		2,717	
Unemployment Compensation		24	
Employer Medicare		124	
Travel		92	
Other Contracted Services		1,216	
In Service/Staff Development		885	
Total Central and Other			\$ 17,549

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	54,802	
Accountants/Bookkeepers		21,627	
Social Security		4,648	
State Retirement		7,429	
Medical Insurance		10,383	
Unemployment Compensation		134	
Employer Medicare		1,087	
Travel		421	
Other Supplies and Materials		549	
Total Food Service			101,080

Community Services

Other Salaries and Wages	\$	67,752	
Social Security		4,121	
State Retirement		4,656	
Medical Insurance		4,146	
Unemployment Compensation		367	
Employer Medicare		973	
Food Supplies		2,950	
In Service/Staff Development		382	
Other Charges		7,534	
Total Community Services			92,881

Early Childhood Education

Supervisor/Director	\$	11,263	
Teachers		133,521	
Educational Assistants		31,744	
Other Salaries and Wages		12,755	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Non-certified Substitute Teachers	\$	13,967	
Social Security		11,964	
State Retirement		18,533	
Medical Insurance		40,940	
Unemployment Compensation		594	
Employer Medicare		2,803	
Other Fringe Benefits		793	
Operating Lease Payments		344	
Travel		1,197	
Other Contracted Services		1,010	
Instructional Supplies and Materials		4,884	
In Service/Staff Development		2,787	
Other Charges		7,663	
Total Early Childhood Education			\$ 296,762

Capital Outlay

Regular Capital Outlay

Architects	\$	2,890	
Engineering Services		3,672	
Building Improvements		349,069	
Other Capital Outlay		33,980	
Total Regular Capital Outlay			389,611

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	320,182	
Total Education			320,182

Total General Purpose School Fund \$ 16,388,836

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	449,352	
Educational Assistants		153,550	
Other Salaries and Wages		64,296	
Non-certified Substitute Teachers		16,214	
Social Security		39,408	
State Retirement		61,513	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Medical Insurance	\$	82,396	
Unemployment Compensation		2,113	
Employer Medicare		9,721	
Other Fringe Benefits		2,678	
Other Contracted Services		17,265	
Instructional Supplies and Materials		139,072	
Regular Instruction Equipment		185,219	
Total Regular Instruction Program			\$ 1,222,797

Special Education Program

Teachers	\$	155,899	
Educational Assistants		209,170	
Other Salaries and Wages		44,635	
Non-certified Substitute Teachers		104,095	
Social Security		30,628	
State Retirement		40,820	
Medical Insurance		92,278	
Unemployment Compensation		2,475	
Employer Medicare		7,185	
Other Fringe Benefits		2,389	
Other Contracted Services		930	
Instructional Supplies and Materials		44,720	
Total Special Education Program			735,224

Vocational Education Program

Teachers	\$	34,344	
Social Security		2,129	
State Retirement		2,401	
Medical Insurance		4,751	
Unemployment Compensation		127	
Employer Medicare		498	
Other Fringe Benefits		132	
Instructional Supplies and Materials		46,042	
Other Supplies and Materials		2,104	
Vocational Instruction Equipment		25,586	
Total Vocational Education Program			118,114

(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

Other Student Support

Social Workers	\$	25,047	
Other Salaries and Wages		2,600	
Social Security		1,647	
State Retirement		2,637	
Medical Insurance		3,309	
Unemployment Compensation		83	
Employer Medicare		385	
Other Fringe Benefits		106	
Travel		10,525	
Other Supplies and Materials		17,010	
In Service/Staff Development		9,419	
Other Charges		2,546	
Total Other Student Support			\$ 75,314

Regular Instruction Program

Supervisor/Director	\$	75,880	
Instructional Computer Personnel		11,576	
Secretary(ies)		7,129	
Other Salaries and Wages		70,539	
In-Service Training		113,768	
Social Security		17,238	
State Retirement		25,963	
Medical Insurance		20,180	
Unemployment Compensation		286	
Employer Medicare		4,034	
Other Fringe Benefits		938	
Operating Lease Payments		1,981	
Travel		183	
Other Contracted Services		15,190	
Other Supplies and Materials		1,248	
In Service/Staff Development		116,140	
Total Regular Instruction Program			482,273

Special Education Program

Clerical Personnel	\$	15,225	
Social Security		944	
State Retirement		1,532	
Unemployment Compensation		33	
Employer Medicare		221	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Other Fringe Benefits	\$	59	
Other Supplies and Materials		261	
In Service/Staff Development		6,611	
Total Special Education Program			\$ 24,886

Fiscal Services

Accountants/Bookkeepers	\$	2,000	
Social Security		124	
State Retirement		228	
Employer Medicare		29	
Other Fringe Benefits		7	
Total Fiscal Services			2,388

Transportation

Bus Drivers	\$	28,812	
Social Security		1,689	
State Retirement		3,290	
Medical Insurance		15,249	
Unemployment Compensation		180	
Employer Medicare		395	
Other Fringe Benefits		732	
Total Transportation			50,347

Total School Federal Projects Fund \$ 2,711,343

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	377,242	
Social Security		21,537	
State Retirement		38,603	
Medical Insurance		122,535	
Unemployment Compensation		2,172	
Employer Medicare		5,037	
Other Fringe Benefits		9,010	
Communication		1,146	
Maintenance and Repair Services - Equipment		30,523	
Transportation - Other than Students		5,727	
Travel		3,858	

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Other Contracted Services	\$ 67,351	
Food Preparation Supplies	54,193	
Food Supplies	413,390	
Uniforms	4,016	
USDA - Commodities	95,440	
Other Supplies and Materials	1,143	
Other Charges	20,258	
Food Service Equipment	35,397	
Total Food Service		<u>\$ 1,308,578</u>

Total Central Cafeteria Fund \$ 1,308,578

Other Education Special Revenue Fund

Instruction

Regular Instruction Program

Teachers	\$ 156,730	
Educational Assistants	58,801	
Certified Substitute Teachers	30,403	
Non-certified Substitute Teachers	7,518	
Social Security	15,500	
State Retirement	20,498	
Medical Insurance	40,169	
Unemployment Compensation	703	
Employer Medicare	3,625	
Other Fringe Benefits	988	
Instructional Supplies and Materials	26,924	
Other Charges	10,744	
Total Regular Instruction Program		<u>\$ 372,603</u>

Support Services

Attendance

Social Workers	\$ 41,619	
Social Security	2,259	
State Retirement	4,277	
Medical Insurance	10,166	
Unemployment Compensation	166	
Employer Medicare	589	
Other Fringe Benefits	162	
Travel	1,700	

(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.)

Attendance (Cont.)

Other Supplies and Materials	\$ 1,621	
Total Attendance		\$ 62,559

Health Services

Medical Personnel	\$ 9,223	
Social Security	572	
State Retirement	1,053	
Medical Insurance	1,271	
Unemployment Compensation	13	
Employer Medicare	134	
Other Fringe Benefits	220	
Other Contracted Services	2,196	
Drugs and Medical Supplies	293	
Total Health Services		14,975

Regular Instruction Program

Supervisor/Director	\$ 45,051	
Clerical Personnel	1,077	
Social Security	2,767	
State Retirement	4,186	
Medical Insurance	4,240	
Unemployment Compensation	58	
Employer Medicare	647	
Other Fringe Benefits	180	
Travel	141	
Other Supplies and Materials	1,415	
In Service/Staff Development	8,567	
Total Regular Instruction Program		68,329

Total Other Education Special Revenue Fund	\$ 518,466
--	------------

Total Governmental Funds - Johnson County School Department	<u>\$ 20,927,223</u>
---	----------------------

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, 2011

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 436,963
Refund of Payment in Error	33,651
Total Cash Receipts	<u>\$ 470,614</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 466,244
Trustee's Commissions	4,370
Total Cash Disbursements	<u>\$ 470,614</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2010	<u>0</u>
 Cash Balance, June 30, 2011	<u><u>\$ 0</u></u>

---

---

## **SINGLE AUDIT SECTION**

---

---



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

September 30, 2011

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, 2011, which collectively comprise Johnson County's basic financial statements and have issued our report thereon dated September 30, 2011. Our report on the aggregate discretely presented component units financial statements 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: 11.02, 11.05, 11.06, and 11.07. 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

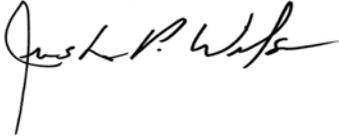
As part of obtaining reasonable assurance about whether Johnson County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 11.01, 11.03, and 11.04.

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

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

This report is intended solely for the information and use of management, the county mayor, road superintendent, director of schools, director of accounts and budgets, County Commission, Road Commission, Board of Education, others within Johnson County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is written in a cursive style with a large initial "J" and "W".

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu



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  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

September 30, 2011

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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Johnson County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Johnson County's management. Our responsibility is to express an opinion on Johnson County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Johnson County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We

believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Johnson County's compliance with those requirements.

In our opinion, Johnson County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and are described in the accompanying Schedule of Findings and Questioned Costs as items 11.04 and 11.08.

#### Internal Control Over Compliance

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

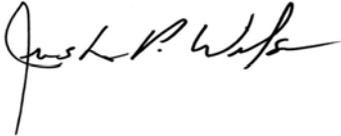
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Johnson County as of and for the year ended June 30, 2011, and have issued our report thereon dated September 30, 2011. Our report on the aggregate discretely presented component units financial statements 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 our opinions on the financial statements as a whole. The 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

This report is intended solely for the information and use of management, the county mayor, road superintendent, director of schools, director of accounts and budgets, County Commission, Road 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 long vertical stroke extending downwards from the end.

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu

Johnson County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2011

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Schools and Roads - Grants to States	10.665	N/A	\$ 189,142
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	226,480
National School Lunch Program	10.555	N/A	685,168 (3)
Summer Food Service Program for Children	10.559	N/A	23,035
Passed-through State Department of Agriculture:			
Child Nutrition Cluster:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	95,440 (3)
Total U.S. Department of Agriculture			<u>\$ 1,219,265</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM-09-28	\$ 393,767
Total U.S. Department of Housing and Urban Development			<u>\$ 393,767</u>
U.S. Bureau of Land Management, Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 17,341
Total U.S. Bureau of Land Management, Department of the Interior			<u>\$ 17,341</u>
U.S. Department of Justice Assistance:			
Direct Programs:			
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	N/A	\$ 306
Total U.S. Department of Justice Assistance			<u>\$ 306</u>
U.S. Department of Transportation:			
Passed-through State Department of Environment and Conservation:			
Recreational Trails Program	20.219	GG-08-23482-00	33,740
Total U.S. Department of Transportation			<u>\$ 33,740</u>
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	\$ 851,680
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	229,676
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	561,433
Special Education - Preschool Grants	84.173	N/A	15,833
Special Education - Grants to States, Recovery Act	84.391	N/A	253,603
Special Education - Preschool Grants, Recovery Act	84.392	N/A	3,611
Career and Technical Education - Basic Grants to States	84.048	N/A	137,456
Twenty-first Century Community Learning Centers	84.287	192-09-2-014	81,390
Education Technology Cluster:			
Education Technology State Grants	84.318	(2)	8,166
Education Technology State Grants, Recovery Act	84.386	(2)	14,233
Rural Education	84.358	N/A	85,904
Improving Teacher Quality State Grants	84.367	N/A	177,743
Teacher Incentive Fund	84.374	N/A	30,405
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	185,806

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont.):			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	Z-10-281523-00	\$ 82,006
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	1,265,684
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	216,982
Passed-through State Higher Education Commission:			
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	GG-08-21817-00	121,894
Total U.S. Department of Education			<u>\$ 4,323,505</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Education:			
ARRA Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	(2)	\$ 24,333
Total U.S. Department of Health and Human Services			<u>\$ 24,333</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(2)	\$ 12,749
Total U.S. Department of Homeland Security			<u>\$ 12,749</u>
Total Expenditures of Federal Awards			<u>\$ 6,025,006</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	15,193
Health Department Program - State Department of Health	N/A	Z-10-219805-00	94,992
State Aid Program - State Department of Transportation	N/A	(2)	117,621
Litter Program - State Department of Transportation	N/A	(2)	28,541
Adult Basic Education - State Department of Education	N/A	Z-10-218523-00	26,111
Early Childhood Education Pilot Project - State Department of Education	N/A	(2)	<u>303,563</u>
Total State Grants			<u>\$ 595,321</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) The total for CFDA No. 10.555 is \$780,608.

Johnson County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2011

*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, 2010, which has not been corrected.

**OTHER FINDING**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.03	149	Duties were not segregated adequately in the Offices of Clerk and Master, Register, and Sheriff

---

---

**JOHNSON COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2011**

---

---

**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 were considered to be a material weakness.
3. The audit disclosed one instance of noncompliance that is 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 one finding that is 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 HOME Investment Partnership Program (CFDA No. 14.239); 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 Fund 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 mayor and county clerk provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

### OFFICE OF COUNTY MAYOR

**FINDING 11.01      **A CASH SHORTAGE OF \$41,495.55 EXISTED IN THE COUNTY MAYOR'S OFFICE AT AUGUST 24, 2011****  
(Material Noncompliance Under *Government Audit Standards*)

A cash shortage of \$36,037.86 existed in the office at June 30, 2011, and is reflected in the financial statements of this report. As a result of this cash shortage, we extended certain audit procedures, which resulted in an increase in the cash shortage to \$41,495.55 at August 24, 2011. This cash shortage resulted from an employee of the County Mayor's Office not remitting solid waste transfer station collections (\$40,695.55) to the county trustee and not remitting sewer inspection collections (\$800) to the State Department of Environment and Conservation. We informed the county mayor of this cash shortage on August 24, 2011, and he immediately suspended the suspected employee.

Certain solid waste customers are billed by the County Mayor's Office. We reviewed collection and deposit records in the County Mayor's Office and discovered several days' collections (\$21,958.15) had never been deposited with the county trustee. In addition, we discovered several customer checks (\$18,737.40) for solid waste collections had not been receipted but had been deposited with the county trustee to replace other cash collections that had been receipted. These above-noted deficiencies totaled \$40,695.55.

Table 1 below details the cash collections totaling \$21,958.15, which had not been remitted to the county trustee by the County Mayor's Office. Table 2 details the unreceipted checks totaling \$18,737.40, which were remitted to the county trustee and substituted for cash that had been receipted. Table 3 details cash receipts totaling \$800, which were received on behalf of the state Department of Environment and Conservation in August 2011 but had not been remitted to the state.

TABLE 1

Dates of Collection	Total Collections	Total Deposits	Cash Shortage
3-15-11 to 4-13-11	\$ 22,115.68	\$ 14,993.84	7,121.84
5-3-11 to 5-31-11	31,967.79	26,805.31	5,162.48
6-17-11 to 6-30-11	15,235.92	10,219.78	5,016.14
8-1-11 to 8-12-11	8,973.76	4,316.07	4,657.69
Total	<u>\$ 78,293.15</u>	<u>\$ 56,335.00</u>	<u>\$ 21,958.15</u>

TABLE 2

Payer	Check Number	Check Date	Cash Shortage
Robert Lee Stout	239	11-12-10	\$ 3,265.60
Bill or Evelyn Farmer	5064	12-15-10	54.08
Shouns Manor			
Apartments	6842	12-9-10	18.72
Brown Enterprises, Inc	3641	12-14-10	23.84
State of Tennessee	42474251	12-17-10	5,115.00
Mountain Side			
Apartments	6498	12-20-10	30.16
State of Tennessee	42715438	2-11-11	5,115.00
State of Tennessee	42988373	4-13-11	<u>5,115.00</u>
Total			<u>\$ 18,737.40</u>

TABLE 3

Payer	Receipt Number	Receipt Date	Cash Shortage
Swift	COU-46-375	8-4-11	\$ 100.00
Woodward	COU-46-376	8-8-11	100.00
Horn	COU-46-377	8-9-11	500.00
Colson	COU-46-380	8-16-11	<u>100.00</u>
Total			<u>\$ 800.00</u>
Total Cash Shortage			<u><u>\$ 41,495.55</u></u>

Our examination revealed the following deficiencies were factors that contributed to the cash shortage:

- A. We noted significant delays in remitting daily collections from the County Mayor's Office to the county trustee. Records reflected as many as 35 days elapsed between the date some funds were collected and the date the funds were deposited. Section 5-8-207, *Tennessee Code Annotated*, requires county officials to deposit public funds to the office bank account within three days of collecting funds. Sound business practices dictate that all collections be deposited on a daily basis to minimize the risk of fraud and abuse. The delay in depositing funds allows large amounts of cash and checks to accumulate in the office.
- B. The County Mayor's Office did not always issue receipts in sequential order or at the point of collection. Likewise, numerous alterations were made to the accounting records, including voiding receipts that appeared to have been properly issued and voiding/adjusting invoices related to accounts receivable. Many of these alterations were made to customer accounts related to the checks noted in Table 2 above. These deficiencies existed due to a lack of management oversight.
- C. Independent reconciliations of the monthly customer summary reports generated by the solid waste transfer station with the transfer station collections remitted to the County Mayor's Office or with total collections remitted to the county trustee were not performed. Management reviews of the reconciliations act as a deterrent to fraud and abuse and ensure that errors that are discovered get corrected properly.
- D. Duties were not segregated adequately in the County Mayor's Office. The one employee of the office was responsible for maintaining the accounts receivable records along with receipting and remitting transfer station collections to the county trustee's office. 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 material weakness in internal controls that increases the risk of unauthorized transactions.

We have reviewed this finding with the district attorney general.

### RECOMMENDATION

County officials should take immediate steps to liquidate the \$41,495.55 cash shortage. All collections made at the solid waste transfer station should be remitted directly to the county trustee within three days of collection. All collections made at the County Mayor's Office should be remitted to the county trustee within three days of collection. Receipts should be issued in sequential order at the point of collection. Any changes made to the accounting records should be reviewed by someone not directly involved with the transfer

station operations. Independent reconciliations of the monthly customer summary reports generated by the solid waste transfer station with the transfer station collections remitted to the county trustee should be performed monthly. Management should segregate duties adequately in the County Mayor's Office.

#### MANAGEMENT'S RESPONSE – COUNTY MAYOR

The county mayor immediately suspended the suspected employee. The county's insurance should cover the missing funds except for \$1,000, which is our deductible, and we have notified our insurance carrier about the missing funds. Furthermore:

- A. All collections from the solid waste transfer station will be taken to the Trustee's Office daily.
- B. All receipts will be issued in sequence.
- C. An independent reconciliation will be done on the monthly customer summary report generated by the solid waste transfer station with the transfer station collections remitted to the Trustee's Office. Also, changes made to the accounting records will be reviewed by the director of accounts and budgets or Emergency Management Agency director.

---

#### FINDING 11.02      **THE SOLID WASTE DEPARTMENT HAD OPERATING DEFICIENCIES** (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

We reviewed various records and assessed the controls of the Solid Waste Department and determined the following weaknesses, which were the result of management's decisions that could result in a loss of funds and property:

- A. The department did not perform a reconciliation of waste collected at the transfer station with waste hauled to the disposal facility. In addition, we discovered that waste accepted at the transfer station from the Northeast Tennessee Correctional Facility was not weighed since a flat monthly fee is charged to that facility.
- B. Physical access to the solid waste facilities was not controlled after normal operating hours. County personnel informed us that a gate had been erected to control access to the facility; however, the Northeast Tennessee Correctional Facility had a key to the gate, which allowed them unsupervised access to the facility after normal operating hours.
- C. Duties were not segregated adequately among the employees at the transfer station. Employees responsible for maintaining accounting records were also involved in receipting and remitting collections to the County Mayor's Office. 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 a significant deficiency in internal controls that increases the risk of unauthorized transactions.

- D. Multiple employees operated from the same cash drawer at the solid waste transfer station. Sound internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to that employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, management would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer.

### RECOMMENDATION

All waste accepted at the transfer station should be weighed and a periodic reconciliation performed of waste collected with waste hauled to the disposal facility. Physical access to the transfer station facility should be controlled after normal operating hours. Officials should segregate duties to the extent possible using available resources. To strengthen internal controls over cash collections, separate cash drawers should be maintained for each employee handling cash.

### MANAGEMENT'S RESPONSE – COUNTY MAYOR

- A. A monthly reconciliation of waste collected at the transfer station and waste hauled to the disposal facility will be conducted.
  - B. The county mayor has discussed hauling waste after hours to the transfer station with the Northeast Tennessee Correctional Facility. Due to the high volume of waste, this access to the transfer station is needed for the Northeast Tennessee Correctional Facility. A camera system has been installed, and any suspicious activity can be reviewed.
  - C. & D. Employees at the transfer station will segregate duties. One employee will take collections, and the other employee will work on the site. Both employees will reconcile the collections.
-

**FINDING 11.03 AN EMPLOYEE OF THE SOLID WASTE DEPARTMENT ALLOWED HIS SON TO REMOVE SCRAP METAL FOR PERSONAL GAIN, RESULTING IN AN UNDETERMINED CASH SHORTAGE**  
(Noncompliance Under *Government Auditing Standards*)

As a result of allegations we received, our office performed an investigation concerning the removal of scrap metal from the solid waste transfer station by an employee of the Solid Waste Department. During this investigation, Solid Waste Director Tim Keene admitted to us that his son removed scrap metal from the transfer station and sold the metal for personal gain. Tim Keene's employment with the Solid Waste Department was terminated on April 18, 2011. We could not determine the amount and the value of the scrap metal sold. This unauthorized removal of scrap metal resulted in a loss of revenue for the county. This theft is currently under investigation by the Tennessee Bureau of Investigation.

**RECOMMENDATION**

County officials should seek to recover any funds determined to have been generated from the unauthorized removal of scrap metal. The Solid Waste Department should maintain lists detailing items sold as scrap and reconcile the sale proceeds from the recycler with amounts deposited with the county trustee.

---

**OFFICE OF DIRECTOR OF SCHOOLS**

**FINDING 11.04 THE SCHOOL DEPARTMENT HAD DEFICIENCIES IN THE USE OF FEDERAL SPECIAL EDUCATION FUNDS PROVIDED BY THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)**  
(Noncompliance Under *Government Auditing Standards* and OMB Circular A-133)

On January 7, 2011, the State of Tennessee, Department of Education, Division of Special Education released a monitoring report on the Special Education – Grants to States, Recovery Act program (CFDA No. 84.391) in Johnson County for the fiscal year 2011. The results of that monitoring disclosed the following deficiencies:

- A. Services for one half-time equivalent (FTE) nurse were funded in the Special Education - Grants to States, Recovery Act program. However, the logs maintained by nurses to reflect activities performed did not document services to specific students and did not reflect services different from those provided to general education students. In addition, the IEPs of the special education students reflected nursing services as a consultation, not a related service.
- B. Allocations were provided to special education teachers for materials and supplies, which is a regular education requirement that should be provided through general purpose education funds.

These deficiencies resulted in questioned costs of \$19,131 in the Special Education - Grants to States, Recovery Act program. It should be noted that in accordance with actions recommended by the State of Tennessee, Department of Education, Division of Special Education, the Johnson County School Department transferred \$18,904 on February 18, 2011, and \$227 on February 24, 2011, from the General Purpose School Fund to the School Federal Projects Fund to reimburse the Special Education - Grants to States, Recovery Act program for the questioned costs noted above. This monitoring report along with management's responses and corrective action plans may be obtained from the state Department of Education, Division of Special Education, 7<sup>th</sup> floor, Andrew Johnson Tower, 710 James Robertson Parkway, Nashville, TN 37243.

---

### **OFFICES OF COUNTY CLERK AND CIRCUIT COURT CLERK**

**FINDING 11.05**      **THE OFFICES DID NOT REVIEW THEIR SOFTWARE AUDIT LOGS**  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The software applications used by the Offices of County Clerk and Circuit Court Clerk 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. During the prior-audit period, management was aware of the importance of these logs, and was reviewing the audit logs on a regular basis. However, during the current period, management chose to discontinue their review. The officials did not resume the review of these logs until we brought it to their attention in May 2011. Procedures for reviewing these logs are currently in place.

### **MANAGEMENT'S RESPONSE – COUNTY CLERK**

I was not aware that I needed to review these audit logs each month, but when it was brought to my attention, it was immediately implemented. We regret the error.

---

### **OFFICES OF COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, AND CLERK AND MASTER**

**FINDING 11.06**      **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER IN THE OFFICES OF COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, AND CLERK AND MASTER**  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Multiple employees operated from the same cash drawer in the Offices of County Clerk, Circuit and General Sessions Courts Clerk, and Clerk and Master. Sound internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed

amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the officials would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management decision by the officials, resulting in a loss of control over assets. Since management was not aware of its importance, the officials did not obtain separate cash drawers until we brought it to their attention several months into the fiscal year. The officials have now obtained separate cash drawers for each employee accepting cash.

---

### **OTHER FINDING AND RECOMMENDATION**

**FINDING 11.07**     **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. 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.

---

### **BEST PRACTICES**

The Division of County Audit strongly believes that the items noted below are best practices that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Johnson County.

**ITEM 1.**                     **JOHNSON COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF PURCHASING FOR ALL DEPARTMENTS**

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.

These acts also include provisions for centralized purchasing for funds maintained by the mayor and road superintendent. However, purchasing for the School Department was made by the Board of Education, through its executive committee (director of schools and chairman of the board of education). Sound business practices dictate that establishing a central system would significantly improve internal controls over the purchasing processes. The absence of a central system of purchasing has been a management decision by the County Commission, resulting in decentralization and some duplication of effort. We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of purchasing for all county departments.

**ITEM 2.                   JOHNSON COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE**

Johnson County does not have an Audit Committee. An Audit Committee can 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. County officials should establish an Audit Committee as a best practice.

**OTHER COMMENT**

On June 9, 2009, the Johnson County School Department entered into an agreement with the Tennessee School Board Association (TSBA) referred to as a Governmental Accounting Standards Board (GASB) 45 Trust. The agreement cited the provisions of the Tennessee Interlocal Cooperation Act, Section 12-9-101, et seq., *Tennessee Code Annotated (TCA)*, as its organizational authority. As of June 30, 2011, the School Department deposited \$268,934 with TSBA who invested these monies in mutual funds to pre-fund liabilities associated with other postemployment benefits (OPEB).

The Other Post-Employment Benefit Investment Trust Act of 2006 (*TCA* Section 8-50-1201 et seq.) authorizes political subdivisions to establish an investment trust for the purpose of pre-funding other post-employment benefits. We are seeking legal advice from the State Attorney General on the appropriate statutory authority for such trusts to be established by political subdivisions.

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

Federal Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Education Passed-through State Department of Education: Special Education - Grants to States, Recovery Act	11.08	84.391	Circular A-133, Compliance Supplement Parts 3A and 3B.	Noncompliance - See Finding 11.04 - The School Department had deficiencies in the use of federal Special Education funds provided by the American Recovery and Reinvestment Act	\$ 19,131

**JOHNSON COUNTY, TENNESSEE  
AUDITEE REPORTING RESPONSIBILITIES  
For the Year Ended June 30, 2011**

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

**Director of Schools – Corrective Action Plan for Current-Year's Findings**

**FINDINGS 11.05 and 11.09**

Contact person: Morris Woodring

Corrective action planned: During the ARRA fiscal monitoring, it was determined that two areas of fiscal noncompliance existed that required repayment of funds. Section I, indicator 22 stated that the General Purpose School Fund must reimburse funds for .5 of a nurse position, related fringe costs, and funds disbursed for BEP teacher allocations. Reimbursement warrants were written to the IDEA ARRA fund totaling \$19,131.27. The ARRA fiscal corrective action plan was accepted and approved by the Tennessee Department of Education in a letter dated March 25, 2011.

Completion date: March 25, 2011