

**ANNUAL FINANCIAL REPORT
JOHNSON COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2012



ANNUAL FINANCIAL REPORT
JOHNSON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2012

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

BRYAN BURKLIN, CPA, CGFM
Audit Manager

MARK TREECE, CPA, CGFM
Auditor 4

ROBERT ANDERSON
GREG BRUSH
State Auditors

This financial report is available at www.comptroller.tn.gov

JOHNSON COUNTY, TENNESSEE

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Audit Highlights

Annual Financial Report
Johnson County, Tennessee
For the Year Ended June 30, 2012

Scope

We have audited the basic financial statements of Johnson County as of and for the year ended June 30, 2012.

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

Findings and Best Practices

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

OFFICE OF CIRCUIT COURT CLERK

- ◆ The accounting software did not identify the user that processed each transaction.
-

OFFICES OF CLERK AND MASTER, REGISTER, AND SHERIFF

- ◆ Duties were not segregated adequately.
-

BEST PRACTICES

The Division of Local Government 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, 2012

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 LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841**

INDEPENDENT AUDITOR'S REPORT

September 11, 2012

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, 2012, 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, 2012, 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, 2012, 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 11, 2012, 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.

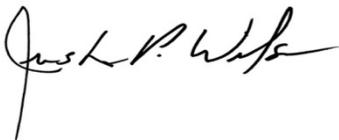
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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,

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/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Johnson County, Tennessee
Statement of Net Assets
June 30, 2012

	<u>Primary Governmental Governmental Activities</u>	<u>Component Unit Johnson County School Department</u>
<u>ASSETS</u>		
Cash and Equivalents	\$ 4,160	\$ 441,675
Equity in Pooled Cash and Investments	7,671,186	4,317,759
Accounts Receivable	34,367	0
Due from Other Governments	824,968	291,758
Property Taxes Receivable	3,105,411	2,934,785
Allowance for Uncollectible Property Taxes	(100,346)	(94,833)
Unamortized Debt Issuance Cost	329,683	0
Unamortized Discount on Debt	8,222	0
Capital Assets:		
Assets Not Depreciated:		
Land	795,478	946,939
Construction in Progress	983,599	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	7,519,121	14,723,414
Infrastructure	1,458,546	628,149
Other Capital Assets	447,609	1,264,934
Total Assets	<u>\$ 23,082,004</u>	<u>\$ 25,454,580</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 38,985	\$ 20,327
Accrued Payroll	0	48,193
Payroll Deductions Payable	75,068	210,519
Contracts Payable	15,243	0
Retainage Payable	42,820	0
Accrued Interest Payable	96,105	0
Due to State of Tennessee	8,647	0
Other Current Liabilities	2,300	53,067
Deferred Revenue - Current Property Taxes	2,815,703	2,660,993
Noncurrent Liabilities:		
Due Within One Year	868,781	70,927
Due in More Than One Year (net of deferred amount on refunding and unamortized premium on debt)	15,003,785	644,985
Total Liabilities	<u>\$ 18,967,437</u>	<u>\$ 3,709,011</u>

(Continued)

Exhibit A

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

	Primary Governmental Activities	Component Unit Johnson County School Department
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 5,563,451	\$ 17,515,830
Restricted for:		
General Government	36,310	0
Finance	29,142	0
Administration of Justice	12,332	0
Public Safety	77,883	0
Highways	397,724	0
Education	0	790,755
Capital Outlay	721,050	0
Unrestricted	<u>(2,723,325)</u>	<u>3,438,984</u>
Total Net Assets	<u>\$ 4,114,567</u>	<u>\$ 21,745,569</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, 2012

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						Component Unit
	Expenses	Charges for Services	Program Revenues			Primary Governmental Activities	
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		
Primary Government:							
Governmental Activities:							
General Government	\$ 673,228	\$ 208,289	\$ 33,031	\$ 0	\$ (431,908)	\$ 0	0
Finance	786,146	391,752	0	0	(394,394)	0	0
Administration of Justice	676,293	355,446	4,800	0	(316,047)	0	0
Public Safety	2,998,025	1,111,797	145,663	28,920	(1,711,645)	0	0
Public Health and Welfare	850,348	401,265	323,946	0	(125,137)	0	0
Social, Cultural, and Recreational Services	215,048	0	39,052	15,628	(160,368)	0	0
Agriculture and Natural Resources	97,891	0	0	96,337	(1,554)	0	0
Other Operations	1,106,610	576,425	0	982,724	452,539	0	0
Highways	2,124,825	124,333	1,505,947	174,075	(320,470)	0	0
Education	77,977	0	0	0	(77,977)	0	0
Interest on Long-term Debt	582,485	0	312,178	0	(270,307)	0	0
Debt Service	25,767	0	0	0	(25,767)	0	0
Total Primary Government	\$ 10,214,643	\$ 3,169,307	\$ 2,364,617	\$ 1,297,684	\$ (3,383,035)	\$ 0	0
Component Unit:							
Johnson County School Department	\$ 22,321,558	\$ 532,962	\$ 4,381,359	\$ 77,977	0	\$ (17,329,260)	0
Total Component Unit	\$ 22,321,558	\$ 532,962	\$ 4,381,359	\$ 77,977	0	\$ (17,329,260)	0

(Continued)

Exhibit B

Johnson County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Component Unit
	Expenses	Charges for Services	Operating		Primary Governmental Activities	Johnson County School Department	
			Grants and Contributions	Capital Grants and Contributions			
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$ 2,285,356	\$ 2,864,443	
Property Taxes Levied for Debt Service					741,737	0	
Local Option Sales Taxes					284,447	711,280	
Hotel/Motel Tax					17,055	0	
Wheel Tax					473,258	0	
Litigation Tax - General					6,672	0	
Litigation Tax - Special Purpose					61,449	0	
Litigation Tax - Jail, Workhouse, or Courthouse					12,409	0	
Business Tax					68,731	0	
Mineral Severance Tax					1,504	0	
Bank Excise Tax					29,455	0	
Wholesale Beer Tax					143,518	0	
Other Local Taxes					2,301	1,891	
Grants and Contributions Not Restricted to Specific Programs					592,534	12,791,219	
Unrestricted Investment Income					103,426	20,173	
Miscellaneous					150,106	179,899	
Gain on Disposal of Capital Assets					13,955	0	
Total General Revenues					\$ 4,987,913	\$ 16,568,905	
Change in Net Assets					\$ 1,604,878	\$ (760,355)	
Net Assets, July 1, 2011					2,509,689	22,505,924	
Net Assets, June 30, 2012					\$ 4,114,567	\$ 21,745,569	

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, 2012

	Major Funds		Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds	
ASSETS					
Cash	\$ 0	\$ 2,300	\$ 0	\$ 1,860	\$ 4,160
Equity in Pooled Cash and Investments	1,766,718	180,413	4,565,331	1,158,724	7,671,186
Accounts Receivable	16,621	1,817	0	15,929	34,367
Due from Other Governments	410,701	251,890	162,377	0	824,968
Due from Other Funds	1,370	23,632	290,299	0	315,301
Property Taxes Receivable	1,876,897	0	784,884	443,630	3,105,411
Allowance for Uncollectible Property Taxes	(60,649)	0	(25,362)	(14,335)	(100,346)
Total Assets	\$ 4,011,658	\$ 460,052	\$ 5,777,529	\$ 1,605,808	\$ 11,855,047
LIABILITIES AND FUND BALANCES					
<u>Liabilities</u>					
Accounts Payable	\$ 23,180	\$ 264	\$ 0	\$ 15,541	\$ 38,985
Payroll Deductions Payable	51,871	23,197	0	0	75,068
Contracts Payable	15,243	0	0	0	15,243
Retainage Payable	42,820	0	0	0	42,820
Due to Other Funds	47,264	0	0	268,037	315,301
Due to State of Tennessee	5,656	2,991	0	0	8,647
Other Current Liabilities	0	2,300	0	0	2,300
Deferred Revenue - Current Property Taxes	1,701,798	0	711,661	402,244	2,815,703
Deferred Revenue - Delinquent Property Taxes	104,451	0	43,680	24,688	172,819
Other Deferred Revenues	44,820	125,737	88,365	0	258,922
Total Liabilities	\$ 2,037,103	\$ 154,489	\$ 843,706	\$ 710,510	\$ 3,745,808
<u>Fund Balances</u>					
Restricted:					
Restricted for General Government	\$ 36,310	\$ 0	\$ 0	\$ 0	\$ 36,310
Restricted for Finance	29,142	0	0	0	29,142
Restricted for Administration of Justice	12,332	0	0	0	12,332
Restricted for Public Safety	17,759	0	0	60,124	77,883
Restricted for Highways/Public Works	0	305,563	0	0	305,563
Restricted for Capital Outlay	0	0	0	702,059	702,059
Committed:					
Committed for Public Health and Welfare	0	0	0	120,283	120,283
Committed for Social, Cultural, and Recreational Services	0	0	0	12,832	12,832
Committed for Debt Service	0	0	4,933,823	0	4,933,823
Assigned:					
Assigned for General Government	683,842	0	0	0	683,842
Unassigned	1,195,170	0	0	0	1,195,170
Total Fund Balances	\$ 1,974,555	\$ 305,563	\$ 4,933,823	\$ 895,298	\$ 8,109,239
Total Liabilities and Fund Balances	\$ 4,011,658	\$ 460,052	\$ 5,777,529	\$ 1,605,808	\$ 11,855,047

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

Johnson County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2012

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)		\$	8,109,239
(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		983,599	
Add: other capital assets net of accumulated depreciation		447,609	
Add: buildings and improvements net of accumulated depreciation		7,519,121	
Add: infrastructure net of accumulated depreciation		1,458,546	11,204,353
(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	\$	(30,000)	
Less: other loans payable		(232,109)	
Less: bonds payable		(13,275,000)	
Add: deferred amount on refunding		147,180	
Add: deferred charges - discount on debt		8,222	
Add: deferred charges - debt issuance costs		329,683	
Less: compensated absences payable		(250,597)	
Less: landfill postclosure care costs		(1,191,139)	
Less: other postemployment benefits liability		(1,014,744)	
Less: accrued interest on bonds, notes, and other loans payable		(96,105)	
Less: other deferred revenue - premium on debt		(26,157)	(15,630,766)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			431,741
Net assets of governmental activities (Exhibit A)		\$	<u>4,114,567</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, 2012

	Major Funds			Nonmajor	Total
	General	Highway /	General	Funds	
		Public	Debt	Other	
	Works	Service	Governmental	Governmental	
			Funds	Funds	
<u>Revenues</u>					
Local Taxes	\$ 2,784,751	\$ 1,504	\$ 895,696	\$ 469,742	\$ 4,151,693
Licenses and Permits	29,385	0	0	0	29,385
Fines, Forfeitures, and Penalties	95,061	0	0	5,904	100,965
Charges for Current Services	48,455	0	0	401,626	450,081
Other Local Revenues	832,942	11,027	0	132,733	976,702
Fees Received from County Officials	727,432	0	0	0	727,432
State of Tennessee	2,784,186	1,622,011	0	11,752	4,417,949
Federal Government	326,132	178,412	0	3,389	507,933
Other Governments and Citizens Groups	12,050	118,380	312,178	39,116	481,724
Total Revenues	\$ 7,640,394	\$ 1,931,334	\$ 1,207,874	\$ 1,064,262	\$ 11,843,864
<u>Expenditures</u>					
Current:					
General Government	\$ 576,223	\$ 0	\$ 0	\$ 5,168	\$ 581,391
Finance	719,871	0	0	0	719,871
Administration of Justice	614,819	0	0	0	614,819
Public Safety	2,730,029	0	0	5,201	2,735,230
Public Health and Welfare	264,375	0	0	503,320	767,695
Social, Cultural, and Recreational Services	105,391	0	0	71,713	177,104
Agriculture and Natural Resources	92,007	0	0	0	92,007
Other Operations	2,019,680	0	0	0	2,019,680
Highways	42,029	2,100,987	0	0	2,143,016
Debt Service:					
Principal on Debt	0	0	663,024	0	663,024
Interest on Debt	0	0	545,144	0	545,144
Other Debt Service	0	0	25,767	0	25,767
Capital Projects	0	0	0	158,149	158,149
Total Expenditures	\$ 7,164,424	\$ 2,100,987	\$ 1,233,935	\$ 743,551	\$ 11,242,897
Excess (Deficiency) of Revenues					
Over Expenditures	\$ 475,970	\$ (169,653)	\$ (26,061)	\$ 320,711	\$ 600,967
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 14,901	\$ 0	\$ 0	\$ 5,458	\$ 20,359
Transfers In	0	236,629	236,629	0	473,258
Transfers Out	(473,258)	0	0	0	(473,258)
Total Other Financing Sources (Uses)	\$ (458,357)	\$ 236,629	\$ 236,629	\$ 5,458	\$ 20,359
Net Change in Fund Balances					
Fund Balance, July 1, 2011	\$ 1,956,942	\$ 238,587	\$ 4,723,255	\$ 569,129	\$ 7,487,913
Fund Balance, June 30, 2012	\$ 1,974,555	\$ 305,563	\$ 4,933,823	\$ 895,298	\$ 8,109,239

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

Exhibit C-4

Johnson County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2012

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)		\$ 621,326
(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	\$ 1,394,852	
Less: current-year depreciation expense	<u>(556,458)</u>	838,394
(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, 2012	\$ 431,741	
Less: deferred delinquent property taxes and other deferred June 30, 2011	<u>(456,084)</u>	(24,343)
(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:		
Add: change in premium on debt issuances	\$ 1,635	
Less: change in deferred debt issuance costs	(22,690)	
Add: principal payments on bonds	585,000	
Add: principal payments on notes	30,000	
Add: principal payments on other loans	48,024	
Less: change in unamortized discount on debt	(555)	
Less: change in deferred amount on refunding debt	<u>(19,960)</u>	621,454
(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	\$ 4,229	
Change in compensated absences payable	(13,790)	
Change in landfill postclosure care costs	(22,316)	
Change in other postemployment benefits liability	<u>(420,076)</u>	(451,953)
Change in net assets of governmental activities (Exhibit B)		<u>\$ 1,604,878</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, 2012

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 355,177
Accounts Receivable	2,572
Due from Other Governments	<u>79,150</u>
Total Assets	<u><u>\$ 436,899</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 79,150
Due to Litigants, Heirs, and Others	<u>357,749</u>
Total Liabilities	<u><u>\$ 436,899</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, 2012

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. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2012.

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 Due from Other Funds 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 1.75 percent of total taxes levied.

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

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

an estimated allowance for uncollectible taxes, is reported as deferred revenue as of June 30.

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

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

Retainage payable in the primary government's General Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments.

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, 2012, Johnson County had \$7,919,034 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. Restricted for Other Purposes in the School Department's General Purpose School Fund represents amounts restricted for other postemployment benefits.

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, and shall remain binding unless removed in the same manner.

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 \$122,861 and an amount of fund balance appropriated for use in the 2012-2013 budget totaling \$560,981. Assigned fund balance in the discretely presented School Department's General Purpose School Fund includes encumbrances of \$190,349 and amounts assigned by the board for various purposes within Instruction (\$768,228), Support (\$1,018,999), and Capital Outlay (\$582,000).

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 Fund, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

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

The budgetary level of control is at the major category level established by the 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, 2012, Johnson County had the following significant encumbrances:

Fund	Description	Amount
Primary Government:		
General	Airport Construction Projects	\$ 39,341
General	Security Equipment	16,823
Solid Waste/Sanitation	Equipment	119,000
General Capital Projects	School Buses	76,154
General Capital Projects	Road Construction Materials	56,810

B. Cash Shortage

The audit of Johnson County for the 2010-11 year reported a cash shortage of \$41,495.55 in the County Mayor's Office as of 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. The employee was terminated and later was indicted by a grand jury on criminal charges, including theft and official misconduct, in connection with the cash shortage. On September 24, 2012, the former employee pled guilty to several charges including the theft of \$41,495.55. . During the year, the county's insurance company paid \$40,495.55, and the county mayor paid \$1,000 (amount of insurance deductible) from personal funds to liquidate the cash shortage.

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, 2012.

B. Capital Assets

Capital assets activity for the year ended June 30, 2012, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 795,478	\$ 0	\$ 0	\$ 795,478
Construction in Progress	636,067	983,599	(636,067)	983,599
Total Capital Assets Not Depreciated	<u>\$ 1,431,545</u>	<u>\$ 983,599</u>	<u>\$ (636,067)</u>	<u>\$ 1,779,077</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 10,418,595	\$ 636,067	\$ 0	\$ 11,054,662
Other Capital Assets	3,087,461	139,235	(115,087)	3,111,609
Infrastructure	1,923,253	272,018	0	2,195,271
Total Capital Assets Depreciated	<u>\$ 15,429,309</u>	<u>\$ 1,047,320</u>	<u>\$ (115,087)</u>	<u>\$ 16,361,542</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,266,207	\$ 269,334	\$ 0	\$ 3,535,541
Other Capital Assets	2,618,052	161,035	(115,087)	2,664,000
Infrastructure	610,636	126,089	0	736,725
Total Accumulated Depreciation	<u>\$ 6,494,895</u>	<u>\$ 556,458</u>	<u>\$ (115,087)</u>	<u>\$ 6,936,266</u>
Total Capital Assets Depreciated, Net	<u>\$ 8,934,414</u>	<u>\$ 490,862</u>	<u>\$ 0</u>	<u>\$ 9,425,276</u>
Governmental Activities Capital Assets, Net	<u>\$ 10,365,959</u>	<u>\$ 1,474,461</u>	<u>\$ (636,067)</u>	<u>\$ 11,204,353</u>

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

Governmental Activities:

General Government	\$ 49,149
Finance	2,533
Public Safety	195,813
Public Health and Welfare	55,243
Social, Cultural, and Recreational Services	12,128
Other Operations	51,977
Highways/Public Works	<u>189,615</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 556,458</u>

Discretely Presented Johnson County School Department

Governmental Activities:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 946,939	\$ 0	\$ 0	\$ 946,939
Construction in Progress	39,962	0	(39,962)	0
Total Capital Assets Not Depreciated	<u>\$ 986,901</u>	<u>\$ 0</u>	<u>\$ (39,962)</u>	<u>\$ 946,939</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 23,918,481	\$ 50,580	\$ 0	\$ 23,969,061
Other Capital Assets	3,184,431	365,719	(46,755)	3,503,395
Infrastructure	2,160,277	7,790	0	2,168,067
Total Capital Assets Depreciated	<u>\$ 29,263,189</u>	<u>\$ 424,089</u>	<u>\$ (46,755)</u>	<u>\$ 29,640,523</u>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 8,654,090	\$ 591,557	\$ 0	\$ 9,245,647
Other Capital Assets	1,981,055	304,161	(46,755)	2,238,461
Infrastructure	1,399,387	140,531	0	1,539,918
Total Accumulated Depreciation	<u>\$ 12,034,532</u>	<u>\$ 1,036,249</u>	<u>\$ (46,755)</u>	<u>\$ 13,024,026</u>

Governmental Activities (Cont.):

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Total Capital Assets Depreciated, Net	\$ 17,228,657	\$ (612,160)	\$ 0	\$ 16,616,497
Governmental Activities Capital Assets, Net	\$ 18,215,558	\$ (612,160)	\$ (39,962)	\$ 17,563,436

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

Governmental Activities:

Instruction	\$ 803,724
Support Services	225,758
Operation of Non-Instructional Services	<u>6,767</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,036,249</u></u>

C. Construction Commitments

At June 30, 2012, the general government had uncompleted construction contracts of approximately \$39,341 for repairs to the airport runway. Funding for these future expenditures is expected to be received from state grants.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2012, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 1,370
Highway/Public Works	General	23,632
General Debt Service	"	23,632
"	Nonmajor governmental	266,667
Discretely Presented School Department:		
General Purpose School	School Federal Projects	57,010
"	Nonmajor governmental	1,475

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 \$233,333. See note IV.H. 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, 2012, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	Highway/ Public Works Fund	General Debt Service Fund
General Fund	\$ 236,629	\$ 236,629

Discretely Presented Johnson County School Department

Transfer Out	Transfer In
	General Purpose School Fund
School Federal Projects Fund	\$ 30,527

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

E. Capital Leases

Discretely Presented Johnson County School Department

On June 21, 2012, the Johnson County School Department entered into a two-year lease-purchase agreement for computer equipment. The terms of the lease require total lease payments of \$73,280 plus interest of 6.04 percent. Title to the equipment transfers to the School Department immediately upon

acceptance of each item of equipment. The lease payments are made from the General Purpose School Fund. In the government-wide financial statements, the equipment was expensed in the year of acquisition because those items did not meet criteria of the county's capitalization policy.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2012, were as follows:

Year Ending June 30	Governmental Funds
2013	\$ 25,912
2014	<u>25,912</u>
Total Minimum Lease Payments	\$ 51,824
Less: Amount Representing Interest	<u>(4,218)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 47,606</u></u>

F. 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, 2012, will be retired from the General Debt Service Fund.

General obligation bonds, other loans, and capital outlay notes outstanding as of June 30, 2012, are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
General Obligation Bonds -				
Refunding	1.5 to 4.5 %	6-1-28	\$ 7,095,000	\$ 5,835,000
School Refunding Bonds	3 to 4.125	4-1-25	8,535,000	7,440,000
Capital Outlay Notes	0	5-1-13	210,000	30,000
Other Loans	0	4-1-17	336,161	232,109

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2012, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2018-2022	3,980,000	1,719,545	5,699,545
2023-2027	4,920,000	841,672	5,761,672
2028	1,090,000	44,962	1,134,962
Total	\$ 13,275,000	\$ 5,008,424	\$ 18,283,424

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

Year Ending June 30	Other Loans		
	Principal	Interest	Total
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	\$ 232,109	\$ 0	\$ 232,109

During the year, the Johnson County School Department contributed \$312,178 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 \$4,933,823 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$728, based on the 2010 federal census. Debt per capita, including bonds, other loans, and notes outstanding totaled \$742, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2011	\$ 13,860,000	\$ 60,000	\$ 280,133
Additions	0	0	0
Deductions	(585,000)	(30,000)	(48,024)
Balance, June 30, 2012	<u>\$ 13,275,000</u>	<u>\$ 30,000</u>	<u>\$ 232,109</u>
Balance Due Within One Year	<u>\$ 610,000</u>	<u>\$ 30,000</u>	<u>\$ 48,024</u>

	Compensated Absences	Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2011	\$ 236,807	\$ 1,168,823	\$ 594,668
Additions	121,653	28,052	425,538
Deductions	(107,863)	(5,736)	(5,462)
Balance, June 30, 2012	<u>\$ 250,597</u>	<u>\$ 1,191,139</u>	<u>\$ 1,014,744</u>
Balance Due Within One Year	<u>\$ 111,447</u>	<u>\$ 69,310</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 15,993,589
Less: Balance Due Within One Year	(868,781)
Add: Unamortized Premium on Debt	26,157
Less: Deferred Amount on Refunding	<u>(147,180)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 15,003,785</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, 2012, was as follows:

Governmental Activities:

	<u>Compensated Absences</u>	<u>Capital Leases</u>
Balance, July 1, 2011	\$ 47,336	\$ 0
Additions	62,666	73,280
Deductions	<u>(62,161)</u>	<u>(25,674)</u>
Balance, June 30, 2012	<u>\$ 47,841</u>	<u>\$ 47,606</u>
Balance Due Within One Year	<u>\$ 47,841</u>	<u>\$ 23,086</u>

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2011	\$ 460,547
Additions	453,766
Deductions	<u>(293,848)</u>
Balance, June 30, 2012	<u>\$ 620,465</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 715,912
Less: Balance Due Within One Year	<u>(70,927)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 644,985</u>

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

G. 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, 2012, were \$10,286. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

H. 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 7-1-11	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-12
Building Rehabilitation	\$ 300,000	\$ 0	\$ 33,333	\$ 266,667

V. OTHER INFORMATION

A. Risk Management

Primary Government

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

Johnson County decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for workers'

compensation coverage. The county joined the Local Government Workers' Compensation Fund (LGWCF). The county pays an annual premium to the LGWCF for its workers' compensation coverage. The creation of the LGWCF provides for it to be self-sustaining through member premiums.

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

Discretely Presented Johnson County School Department

The School Department participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The School Department pays annual premiums to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of TN-RMT provides for it to be self-sustaining through member premiums.

The School Department purchased commercial insurance for employees' health coverage until joining the Local Education Group Insurance Fund (LEGIF) effective January 1, 2012. Settled claims did not exceed the commercial coverage in any of the past three fiscal years through the time that it was discontinued. The LEGIF is a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *TCA*, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

B. Subsequent Events

On June 21, 2012, Johnson County authorized the issuance of an interfund capital outlay note of up to \$119,000 to purchase a solid waste compactor. As of the date of this report, this note has not been issued.

Subsequent to June 30, 2012, the County Commission agreed to purchase property totaling \$205,000 to build the Doe Mountain Visitor Center. Funding is expected to be provided from the Community Development Industrial Park Fund and from donations.

On August 16, 2012, Johnson County ratified Chapter 55, Private Acts of 2012, which abolished the Johnson County Road Commission.

Also on August 16, 2012, the County Commission approved an increase of \$10 to the county's wheel tax rate.

On August 31, 2012, Bowsie Stout left the Office of Assessor of Property and was succeeded by Matthew Lewis.

C. 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.

D. 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 \$1,191,139 reported as postclosure care liability at June 30, 2012, represents amounts based on what it would cost to perform all postclosure care in 2012. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

E. Joint Ventures

The First Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between 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 discontinued its participation and did not contribute to the DTF for the fiscal year ended June 30, 2012.

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 addresses:

Administrative Offices:

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

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

F. Jointly Governed Organizations

Primary Government

The East Tennessee Regional Agribusiness Marketing Authority was established through Title 64 of *Tennessee Code Annotated*, and includes the counties of Claiborne, Cocke, Grainger, 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 Northeast Tennessee Cooperative (NETCO) was established between the boards of education of Johnson County and various other counties and cities in the upper East Tennessee area 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 has contracted with a coordinating district (Johnson City School System) and a service provider to operate this service. 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.

G. Retirement Commitments

Information for this footnote for the year ended June 30, 2012, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented below is for the fiscal year ended June 30, 2011.

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 SETHEEPP. That report may be obtained by writing to the Tennessee

Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230, or can be accessed at www.tn.gov/treasury/tcrs/Schools.

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.

H. Other Postemployment Benefits (OPEB)

Primary Government

Johnson County participates in the state-administered Local Government Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-207, *Tennessee Code Annotated*, for local governments. Prior to reaching the age of 65, all members have the option of choosing between the standard 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, 2012, the county contributed \$5,462 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan
	<hr/>
ARC	\$ 427,000
Interest on the NPO	23,787
Adjustment to the ARC	(25,249)
Annual OPEB cost	<hr/> \$ 425,538
Amount of contribution	(5,462)
Increase/decrease in NPO	<hr/> \$ 420,076
Net OPEB obligation, 7-1-11	<hr/> 594,668
	<hr/>
Net OPEB obligation, 6-30-12	<u><u>\$ 1,014,744</u></u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Local Government Group	\$ 95,997	11 %	\$ 504,999
6-30-11	"	100,200	11	594,668
6-30-12	"	425,538	1	1,014,744

Funding Status and Funding Progress

The funding status of the plan as of July 1, 2011, was as follows:

	Local Government Group Plan
	<hr/>
Actuarial valuation date	7-1-11
Actuarial accrued liability (AAL)	\$ 2,849,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 2,849,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 3,178,238
UAAL as of % of covered payroll	90%

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, 2011, actuarial valuation, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare trend rate of 9.25 percent for fiscal year 2012. The trend will decrease to 8.75 percent in fiscal year 2013 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a 2.5 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 provided commercial health insurance benefits for retirees until joining the Local Education Group Insurance Fund (LEGIF) effective January 1, 2012. For accounting purposes, the commercial plan was a single-employer defined benefit OPEB plan and the Local Education Group Insurance Fund is an agent multiple-employer defined benefit OPEB plan. Benefits were established and amended by the recommendation of an insurance committee and approved by the Board of Education.

The Board of Education has placed \$385,144 with the Tennessee School Board Association (TSBA) to be used for funding a portion of the OPEB liability. The Comptroller of the Treasury has obtained legal advice from the State Attorney General on the appropriate statutory authority for such trusts. The TSBA is addressing issues noted in the State Attorney General's opinion. However, until those issues are resolved, the \$385,144 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 plans are financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plans were periodically computed using actuarial and statistical techniques to establish premium rates. The School Department developed its own contribution policy in terms of subsidizing active employees or retired employees' premiums. The School Department paid 100 percent of the individual cost of benefits for eligible employees who are age 55 with at least 30 years of service. Benefit coverage was 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. During the year, the School Department contributed \$293,848 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	School Department Plans
ARC	\$ 462,762
Interest on the NPO	13,816
Adjustment to the ARC	(22,812)
Annual OPEB cost	\$ 453,766
Amount of contribution	(293,848)
Increase/decrease in NPO	\$ 159,918
Net OPEB obligation, 7-1-11	460,547
Net OPEB obligation, 6-30-12	\$ 620,465

Fiscal Year Ended	Plans	Annual OPEB Cost	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
6-30-12	Commercial Insurance / Local Education Group Plans	453,766	65	620,465

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

Actuarial valuation date	7-1-11
Actuarial accrued liability (AAL)	\$ 4,780,656
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 4,780,656
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 9,301,417
UAAL as a % of covered payroll	51%

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, 2011, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a discount rate of three percent and an annual healthcare trend rate of ten percent for 2012 with decrements to an ultimate rate of five percent by 2022. The unfunded actuarial accrued liability is being amortized on a closed basis over a 30-year period beginning June 30, 2010.

I. Office of Central Accounting and Budgeting

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

J. Purchasing Laws

Office of County Mayor and Road Superintendent

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

Office of Director of Schools

Purchasing procedures for the discretely presented Johnson County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, *TCA*, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires that competitive bids be solicited through newspaper advertisement on all purchases estimated to exceed \$10,000.

**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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,784,751	\$ 0	0	\$ 2,784,751	\$ 2,634,849	\$ 2,651,586	\$ 133,165
Licenses and Permits	29,385	0	0	29,385	30,000	30,000	(615)
Fines, Forfeitures, and Penalties	95,061	0	0	95,061	49,200	54,073	40,988
Charges for Current Services	48,455	0	0	48,455	2,500	2,500	45,955
Other Local Revenues	832,942	0	0	832,942	851,522	922,055	(89,113)
Fees Received from County Officials	727,432	0	0	727,432	705,000	705,000	22,432
State of Tennessee	2,784,186	0	0	2,784,186	1,721,818	2,786,914	(2,728)
Federal Government	326,132	0	0	326,132	65,000	241,334	84,798
Other Governments and Citizens Groups	12,050	0	0	12,050	16,789	16,789	(4,739)
Total Revenues	\$ 7,640,394	\$ 0	0	\$ 7,640,394	\$ 6,076,678	\$ 7,410,251	\$ 230,143
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 79,030	(24)	0	\$ 79,006	\$ 82,396	\$ 82,796	\$ 3,790
Board of Equalization	800	0	0	800	1,200	1,200	400
Other Boards and Committees	2,200	0	0	2,200	5,500	5,500	3,300
County Mayor/Executive	125,521	0	0	125,521	127,394	127,394	1,873
County Attorney	4,839	0	50	4,889	9,500	9,500	4,611
Election Commission	152,963	0	680	153,643	144,771	159,446	5,803
Register of Deeds	108,337	0	0	108,337	110,141	120,141	11,804
Development	9,250	0	0	9,250	9,250	9,250	0
County Buildings	93,283	(1,623)	1,297	92,957	95,592	99,592	6,635
<u>Finance</u>							
Accounting and Budgeting	172,506	(8,525)	24	164,005	171,947	171,947	7,942
Purchasing	43,955	(1,836)	2,254	44,373	45,475	45,475	1,102

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 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Property Assessor's Office	\$ 152,788	\$ 0	\$ 0	\$ 152,788	\$ 155,476	\$ 155,488	\$ 2,700
Reappraisal Program	31,381	0	0	31,381	33,717	33,705	2,324
County Trustee's Office	116,819	(50)	0	116,769	116,926	116,927	158
County Clerk's Office	202,422	0	11	202,433	200,733	211,978	9,545
<u>Administration of Justice</u>							
Circuit Court	255,516	(790)	312	255,038	225,817	256,961	1,923
General Sessions Court	112,825	(764)	1,206	113,267	113,478	113,478	211
Chancery Court	131,452	(36)	38	131,454	125,172	135,002	3,548
Juvenile Court	108,941	0	0	108,941	91,725	114,725	5,784
Courtroom Security	6,085	(823)	622	5,884	0	5,918	34
<u>Public Safety</u>							
Sheriff's Department	1,344,768	(12,541)	26,415	1,358,642	1,172,799	1,388,547	29,905
Drug Enforcement	4,109	0	0	4,109	0	4,109	0
Administration of the Sexual Offender Registry	1,736	0	0	1,736	0	1,736	0
Jail	970,010	(43,830)	48,791	974,971	1,094,836	1,034,795	59,824
Fire Prevention and Control	151,000	0	0	151,000	151,000	151,000	0
Civil Defense	170,657	(67)	273	170,863	76,867	195,430	24,567
Other Emergency Management	66,600	0	0	66,600	66,600	66,600	0
Inspection and Regulation	16,461	0	0	16,461	16,479	16,479	18
County Coroner/Medical Examiner	4,688	0	304	4,992	2,293	4,994	2
<u>Public Health and Welfare</u>							
Local Health Center	165,468	(266)	360	165,562	327,464	327,965	162,403
Rabies and Animal Control	953	0	160	1,113	6,000	10,000	8,887
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 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare (Cont.)</u>							
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	73,267	0	0	73,267	83,822	83,822	10,555
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	73,920	0	0	73,920	80,802	86,377	12,457
Libraries	2,596	0	0	2,596	0	3,150	554
Other Social, Cultural, and Recreational	28,875	0	0	28,875	30,875	30,875	2,000
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	72,373	0	0	72,373	73,512	73,512	1,139
Soil Conservation	19,634	0	0	19,634	20,483	20,483	849
<u>Other Operations</u>							
Tourism	26,295	0	0	26,295	550	26,295	0
Airport	1,011,915	0	39,341	1,051,256	16,868	1,068,602	17,346
Veterans' Services	26,724	0	0	26,724	26,929	26,929	205
Other Charges	571,994	0	0	571,994	699,000	705,743	133,749
Contributions to Other Agencies	21,518	0	0	21,518	21,518	21,518	0
Employee Benefits	13,877	0	0	13,877	19,500	19,500	5,623
Miscellaneous	347,357	(143)	0	347,214	207,300	368,075	20,861
<u>Highways</u>							
Litter and Trash Collection	42,029	0	723	42,752	44,035	44,035	1,283
Total Expenditures	\$ 7,164,424	\$ (71,318)	\$ 122,861	\$ 7,215,967	\$ 6,133,729	\$ 7,784,981	\$ 569,014
Excess (Deficiency) of Revenues Over Expenditures	\$ 475,970	\$ 71,318	\$ (122,861)	\$ 424,427	\$ (57,051)	\$ (374,730)	\$ 799,157

(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 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 14,901	\$ 0	\$ 0	\$ 14,901	\$ 0	\$ 17,838	\$ (2,937)
Transfers Out	(473,258)	0	0	(473,258)	(500,000)	(500,000)	26,742
Total Other Financing Sources (Uses)	\$ (458,357)	\$ 0	\$ 0	\$ (458,357)	\$ (500,000)	\$ (482,162)	\$ 23,805
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 17,613	\$ 71,318	\$ (122,861)	\$ (33,930)	\$ (557,051)	\$ (856,892)	\$ 822,962
	1,956,942	(71,318)	0	1,885,624	1,870,371	1,870,371	15,253
Fund Balance, June 30, 2012	\$ 1,974,555	\$ 0	\$ (122,861)	\$ 1,851,694	\$ 1,313,320	\$ 1,013,479	\$ 838,215

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, 2012

	Actual (GAAP Basis)	Less:		Add:	Actual Revenues/ Expenditures (Budgetary Basis)		Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2011	Encumbrances 6/30/2012		Original	Final			
<u>Revenues</u>									
Local Taxes	\$ 1,504	\$ 0	\$ 0	\$ 0	\$ 1,504	\$ 0	\$ 0	\$ 0	\$ 1,504
Other Local Revenues	11,027	0	0	0	11,027	0	0	0	11,027
State of Tennessee	1,622,011	0	0	0	1,622,011	1,425,734	1,599,809	1,599,809	22,202
Federal Government	178,412	0	0	0	178,412	31,000	156,203	156,203	22,209
Other Governments and Citizens Groups	118,380	0	0	0	118,380	0	110,495	110,495	7,885
Total Revenues	\$ 1,931,334	\$ 0	\$ 0	\$ 0	\$ 1,931,334	\$ 1,456,734	\$ 1,866,507	\$ 1,866,507	\$ 64,827
<u>Expenditures</u>									
<u>Highways</u>									
Administration	\$ 149,552	(476)	473	473	149,549	151,682	153,745	153,745	4,196
Highway and Bridge Maintenance	1,188,083	(23,544)	27,364	27,364	1,191,903	1,038,691	1,294,682	1,294,682	102,779
Operation and Maintenance of Equipment	297,684	(19,948)	19,469	19,469	297,205	273,500	322,500	322,500	25,295
Other Charges	69,646	(183)	154	154	69,617	74,350	75,850	75,850	6,233
Employee Benefits	65,187	0	0	0	65,187	66,800	66,950	66,950	1,763
Capital Outlay	330,835	(880)	430	430	330,385	111,000	358,069	358,069	27,684
Total Expenditures	\$ 2,100,987	(45,031)	47,890	47,890	\$ 2,103,846	\$ 1,716,023	\$ 2,271,796	\$ 2,271,796	\$ 167,950
Excess (Deficiency) of Revenues Over Expenditures	\$ (169,653)	\$ 45,031	\$ (47,890)	\$ (47,890)	\$ (172,512)	\$ (259,289)	\$ (405,289)	\$ (405,289)	\$ 232,777
<u>Other Financing Sources (Uses)</u>									
Transfers In	\$ 236,629	0	0	0	236,629	250,000	250,000	250,000	(13,371)
Total Other Financing Sources (Uses)	\$ 236,629	0	0	0	236,629	250,000	250,000	250,000	(13,371)
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 66,976	45,031	(47,890)	(47,890)	64,117	(9,289)	(155,289)	(155,289)	219,406
	238,587	(45,031)	0	0	193,556	38,112	184,112	184,112	9,444
Fund Balance, June 30, 2012	\$ 305,563	0	(47,890)	(47,890)	257,673	28,823	28,823	28,823	228,850

Exhibit E-3

Johnson County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Johnson County School Department
June 30, 2012

(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

* - Information for July 1, 2011, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, only two years are presented.

Exhibit E-4

Johnson County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Johnson County School Department
June 30, 2012

(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	7-1-09	\$ 0	\$ 630	\$ 630	0	\$ 3,094	20.36 %
"	7-1-10	0	680	680	0	3,252	20.91
"	7-1-11	0	2,849	2,849	0	3,178	89.64
<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
" *	7-1-11	0	4,781	4,781	0	9,301	51.40

* The School Department joined the Local Education Group Insurance Fund effective January 1, 2012.

JOHNSON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2012

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, 2012, Johnson County had the following significant encumbrances in the General Fund:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Airport Construction Project	\$ 39,341
"	Security Equipment	16,823

**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.

Johnson County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

Special Revenue Funds					
	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Total
\$	300	250	0	1,310	1,860
	12,338	119,354	60,124	0	191,816
	194	15,675	0	60	15,929
	0	102,376	0	0	102,376
	0	(3,308)	0	0	(3,308)
\$	12,832	234,347	60,124	1,370	308,673

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Accounts Receivable
 Property Taxes Receivable
 Allowance for Uncollectible Property Taxes

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities
 Accounts Payable
 Due to Other Funds
 Deferred Revenue - Current Property Taxes
 Deferred Revenue - Delinquent Property Taxes
 Total Liabilities

Fund Balances
 Restricted:
 Restricted for Public Safety
 Restricted for Capital Outlay
 Committed:
 Committed for Public Health and Welfare
 Committed for Social, Cultural, and Recreational Services
 Total Fund Balances

Total Liabilities and Fund Balances

\$	0	15,541	0	0	15,541
	0	0	0	1,370	1,370
	0	92,826	0	0	92,826
	0	5,697	0	0	5,697
\$	0	114,064	0	1,370	115,434
\$	0	0	60,124	0	60,124
	0	0	0	0	0
	0	120,283	0	0	120,283
	12,832	0	0	0	12,832
\$	12,832	120,283	60,124	0	193,239
\$	12,832	234,347	60,124	1,370	308,673

(Continued)

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	
\$	0	0	0	0	1,860
614,148	341,917	10,843	966,908	1,158,724	
0	0	0	0	15,929	
341,254	0	0	341,254	443,630	
(11,027)	0	0	(11,027)	(14,335)	
\$ 944,375	\$ 341,917	\$ 10,843	\$ 1,297,135	\$ 1,605,808	

ASSETS

Cash	
Equity in Pooled Cash and Investments	
Accounts Receivable	
Property Taxes Receivable	
Allowance for Uncollectible Property Taxes	
Total Assets	

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>				
Accounts Payable	0	0	0	15,541
Due to Other Funds	0	266,667	0	268,037
Deferred Revenue - Current Property Taxes	309,418	0	0	402,244
Deferred Revenue - Delinquent Property Taxes	18,991	0	0	24,688
Total Liabilities	\$ 328,409	\$ 266,667	\$ 0	\$ 710,510
<u>Fund Balances</u>				
Restricted:				
Restricted for Public Safety	0	0	0	60,124
Restricted for Capital Outlay	615,966	75,250	10,843	702,059
Committed:				
Committed for Public Health and Welfare	0	0	0	120,283
Committed for Social, Cultural, and Recreational Services	0	0	0	12,832
Total Fund Balances	\$ 615,966	\$ 75,250	\$ 10,843	\$ 895,298
Total Liabilities and Fund Balances	\$ 944,375	\$ 341,917	\$ 10,843	\$ 1,605,808

Johnson County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2012

	Special Revenue Funds					Total
	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees		
<u>Revenues</u>						
Local Taxes	\$ 34,107	\$ 103,913	\$ 0	\$ 0	\$ 0	\$ 138,020
Fines, Forfeitures, and Penalties	0	0	5,904	0	0	5,904
Charges for Current Services	0	396,458	0	5,168	0	401,626
Other Local Revenues	18	5,357	0	0	0	5,375
State of Tennessee	11,752	0	0	0	0	11,752
Federal Government	0	3,389	0	0	0	3,389
Other Governments and Citizens Groups	20,616	0	0	0	0	20,616
Total Revenues	\$ 66,493	\$ 509,117	\$ 5,904	\$ 5,168	\$ 0	\$ 586,682
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 5,168	\$ 0	\$ 5,168
Public Safety	0	0	5,201	0	0	5,201
Public Health and Welfare	0	503,320	0	0	0	503,320
Social, Cultural, and Recreational Services	71,713	0	0	0	0	71,713
Capital Projects	0	0	0	0	0	0
Total Expenditures	\$ 71,713	\$ 503,320	\$ 5,201	\$ 5,168	\$ 0	\$ 585,402
Excess (Deficiency) of Revenues Over Expenditures	\$ (5,220)	\$ 5,797	\$ 703	\$ 0	\$ 0	\$ 1,280
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 0	\$ 5,458	\$ 0	\$ 0	\$ 0	\$ 5,458
Total Other Financing Sources (Uses)	\$ 0	\$ 5,458	\$ 0	\$ 0	\$ 0	\$ 5,458
Net Change in Fund Balances	\$ (5,220)	\$ 11,255	\$ 703	\$ 0	\$ 0	\$ 6,738
Fund Balance, July 1, 2011	18,052	109,028	59,421	0	0	186,501
Fund Balance, June 30, 2012	\$ 12,832	\$ 120,283	\$ 60,124	\$ 0	\$ 0	\$ 193,239

(Continued)

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	\$ 331,722	\$ 0	\$ 0	\$ 331,722	\$ 469,742	
Fines, Forfeitures, and Penalties	0	0	0	0	5,904	
Charges for Current Services	0	0	0	0	401,626	
Other Local Revenues	0	127,358	0	127,358	132,733	
State of Tennessee	0	0	0	0	11,752	
Federal Government	0	0	0	0	3,389	
Other Governments and Citizens Groups	0	18,500	0	18,500	39,116	
Total Revenues	\$ 331,722	\$ 145,858	\$ 0	\$ 477,580	\$ 1,064,262	
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,168	
Public Safety	0	0	0	0	5,201	
Public Health and Welfare	0	0	0	0	503,320	
Social, Cultural, and Recreational Services	0	0	0	0	71,713	
Capital Projects	117,494	19,946	20,709	158,149	158,149	
Total Expenditures	\$ 117,494	\$ 19,946	\$ 20,709	\$ 158,149	\$ 743,551	
Excess (Deficiency) of Revenues Over Expenditures	\$ 214,228	\$ 125,912	\$ (20,709)	\$ 319,431	\$ 320,711	
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,458	
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,458	
Net Change in Fund Balances	\$ 214,228	\$ 125,912	\$ (20,709)	\$ 319,431	\$ 326,169	
Fund Balance, July 1, 2011	401,738	(50,662)	31,552	382,628	569,129	
Fund Balance, June 30, 2012	\$ 615,966	\$ 75,250	\$ 10,843	\$ 702,059	\$ 895,298	

Exhibit F-3

Johnson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Public Library Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 34,107	\$ 0	\$ 34,107	\$ 34,107	\$ 34,107	\$ 0
Other Local Revenues	18	0	18	0	117	(99)
State of Tennessee	11,752	0	11,752	0	11,752	0
Other Governments and Citizens Groups	20,616	0	20,616	14,072	17,701	2,915
Total Revenues	\$ 66,493	\$ 0	\$ 66,493	\$ 48,179	\$ 63,677	\$ 2,816
<u>Expenditures</u>						
<u>Social, Cultural, and Recreational Services</u>						
Libraries	\$ 71,713	\$ 2,728	\$ 74,441	\$ 48,183	\$ 76,938	\$ 2,497
Total Expenditures	\$ 71,713	\$ 2,728	\$ 74,441	\$ 48,183	\$ 76,938	\$ 2,497
Excess (Deficiency) of Revenues Over Expenditures	\$ (5,220)	\$ (2,728)	\$ (7,948)	\$ (4)	\$ (13,261)	\$ 5,313
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ (5,220)	\$ (2,728)	\$ (7,948)	\$ (4)	\$ (13,261)	\$ 5,313
	18,052	0	18,052	11,801	14,591	3,461
Fund Balance, June 30, 2012	\$ 12,832	\$ (2,728)	\$ 10,104	\$ 11,797	\$ 1,330	\$ 8,774

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 103,913	\$ 0	\$ 0	\$ 103,913	\$ 106,699	\$ 106,699	\$ (2,786)
Charges for Current Services	396,458	0	0	396,458	364,465	415,465	(19,007)
Other Local Revenues	5,357	0	0	5,357	0	0	5,357
Federal Government	3,389	0	0	3,389	0	0	3,389
Total Revenues	\$ 509,117	\$ 0	\$ 0	\$ 509,117	\$ 471,164	\$ 522,164	\$ (13,047)
<u>Expenditures</u>							
Public Health and Welfare							
Sanitation Management	\$ 503,320	(2,405)	\$ 120,693	\$ 621,608	\$ 472,180	\$ 642,180	\$ 20,572
Total Expenditures	\$ 503,320	(2,405)	\$ 120,693	\$ 621,608	\$ 472,180	\$ 642,180	\$ 20,572
Excess (Deficiency) of Revenues Over Expenditures	\$ 5,797	2,405	(120,693)	(112,491)	(1,016)	(120,016)	7,525
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 119,000	\$ (119,000)
Insurance Recovery	5,458	0	0	5,458	0	0	5,458
Total Other Financing Sources (Uses)	\$ 5,458	\$ 0	\$ 0	\$ 5,458	\$ 0	\$ 119,000	\$ (113,542)
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 11,255	2,405	(120,693)	(107,033)	(1,016)	(1,016)	(106,017)
	109,028	(2,405)	0	106,623	46,509	46,509	60,114
Fund Balance, June 30, 2012	\$ 120,283	\$ 0	(120,693)	(410)	\$ 45,493	\$ 45,493	\$ (45,903)

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 5,904	\$ 5,600	\$ 5,600	\$ 304
Total Revenues	\$ 5,904	\$ 5,600	\$ 5,600	\$ 304
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 5,201	\$ 10,000	\$ 10,000	\$ 4,799
Total Expenditures	\$ 5,201	\$ 10,000	\$ 10,000	\$ 4,799
Excess (Deficiency) of Revenues Over Expenditures	\$ 703	\$ (4,400)	\$ (4,400)	\$ 5,103
Net Change in Fund Balance	\$ 703	\$ (4,400)	\$ (4,400)	\$ 5,103
Fund Balance, July 1, 2011	59,421	59,423	59,423	(2)
Fund Balance, June 30, 2012	\$ 60,124	\$ 55,023	\$ 55,023	\$ 5,101

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 331,722	\$ 0	\$ 0	\$ 331,722	\$ 294,239	\$ 295,239	\$ 36,483
Total Revenues	\$ 331,722	\$ 0	\$ 0	\$ 331,722	\$ 294,239	\$ 295,239	\$ 36,483
<u>Expenditures</u>							
<u>Capital Projects</u>							
General Administration Projects	\$ 117,494	\$ (77,977)	\$ 132,964	\$ 172,481	\$ 260,695	\$ 272,095	\$ 99,614
Total Expenditures	\$ 117,494	\$ (77,977)	\$ 132,964	\$ 172,481	\$ 260,695	\$ 272,095	\$ 99,614
Excess (Deficiency) of Revenues Over Expenditures	\$ 214,228	\$ 77,977	\$ (132,964)	\$ 159,241	\$ 33,544	\$ 23,144	\$ 136,097
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 214,228	\$ 77,977	\$ (132,964)	\$ 159,241	\$ 33,544	\$ 23,144	\$ 136,097
	401,738	(77,977)	0	323,761	323,175	323,175	586
Fund Balance, June 30, 2012	\$ 615,966	\$ 0	\$ (132,964)	\$ 483,002	\$ 356,719	\$ 346,319	\$ 136,683

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 895,696	\$ 1,461,903	\$ 760,623	\$ 135,073
Other Governments and Citizens Groups	312,178	0	312,178	0
Total Revenues	<u>\$ 1,207,874</u>	<u>\$ 1,461,903</u>	<u>\$ 1,072,801</u>	<u>\$ 135,073</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 150,000	\$ 30,000	\$ 150,000	\$ 0
Education	513,024	794,432	513,024	0
<u>Interest on Debt</u>				
General Government	215,713	37,372	253,085	37,372
Education	329,431	0	329,432	1
<u>Other Debt Service</u>				
General Government	24,057	360,713	25,000	943
Education	1,710	715,000	13,720	12,010
Total Expenditures	<u>\$ 1,233,935</u>	<u>\$ 1,937,517</u>	<u>\$ 1,284,261</u>	<u>\$ 50,326</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (26,061)</u>	<u>\$ (475,614)</u>	<u>\$ (211,460)</u>	<u>\$ 185,399</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 236,629	\$ 514,154	\$ 250,000	\$ (13,371)
Total Other Financing Sources (Uses)	<u>\$ 236,629</u>	<u>\$ 514,154</u>	<u>\$ 250,000</u>	<u>\$ (13,371)</u>
Net Change in Fund Balance	\$ 210,568	\$ 38,540	\$ 38,540	\$ 172,028
Fund Balance, July 1, 2011	<u>4,723,255</u>	<u>4,699,377</u>	<u>4,699,377</u>	<u>23,878</u>
Fund Balance, June 30, 2012	<u>\$ 4,933,823</u>	<u>\$ 4,737,917</u>	<u>\$ 4,737,917</u>	<u>\$ 195,906</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, 2012

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 355,177	\$ 355,177
Accounts Receivable	0	2,572	2,572
Due from Other Governments	79,150	0	79,150
Total Assets	<u>\$ 79,150</u>	<u>\$ 357,749</u>	<u>\$ 436,899</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 79,150	\$ 0	\$ 79,150
Due to Litigants, Heirs, and Others	0	357,749	357,749
Total Liabilities	<u>\$ 79,150</u>	<u>\$ 357,749</u>	<u>\$ 436,899</u>

Exhibit H-2

Johnson County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 453,236	\$ 453,236	\$ 0
Due from Other Governments	78,572	79,150	78,572	79,150
Total Assets	\$ 78,572	\$ 532,386	\$ 531,808	\$ 79,150
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 78,572	\$ 532,386	\$ 531,808	\$ 79,150
Total Liabilities	\$ 78,572	\$ 532,386	\$ 531,808	\$ 79,150
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 732,006	\$ 3,569,232	\$ 3,946,061	\$ 355,177
Accounts Receivable	1,749	2,572	1,749	2,572
Total Assets	\$ 733,755	\$ 3,571,804	\$ 3,947,810	\$ 357,749
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 733,755	\$ 3,571,804	\$ 3,947,810	\$ 357,749
Total Liabilities	\$ 733,755	\$ 3,571,804	\$ 3,947,810	\$ 357,749
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 732,006	\$ 3,569,232	\$ 3,946,061	\$ 355,177
Equity in Pooled Cash and Investments	0	453,236	453,236	0
Accounts Receivable	1,749	2,572	1,749	2,572
Due from Other Governments	78,572	79,150	78,572	79,150
Total Assets	\$ 812,327	\$ 4,104,190	\$ 4,479,618	\$ 436,899
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 78,572	\$ 532,386	\$ 531,808	\$ 79,150
Due to Litigants, Heirs, and Others	733,755	3,571,804	3,947,810	357,749
Total Liabilities	\$ 812,327	\$ 4,104,190	\$ 4,479,618	\$ 436,899

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 program, which is funded by charges for services.

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, 2012

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	\$ 12,463,415	\$ 1,430	\$ 3,030,581	0	\$ (9,431,404)
Support Services	7,716,779	116,055	260,990	77,977	(7,261,757)
Operation of Non-Instructional Services	1,828,948	415,477	1,089,788	0	(323,683)
Interest on Long-term Debt	238	0	0	0	(238)
Other Debt Service	312,178	0	0	0	(312,178)
Total Governmental Activities	\$ 22,321,558	\$ 532,962	\$ 4,381,359	\$ 77,977	\$ (17,329,260)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 2,864,443
Local Option Sales Taxes					711,280
Interstate Telecommunications Tax					1,891
Grants and Contributions Not Restricted for Specific Programs					12,791,219
Unrestricted Investment Income					20,173
Miscellaneous					179,899
Total General Revenues					\$ 16,568,905
Change in Net Assets					\$ (760,355)
Net Assets, July 1, 2011					22,505,924
Net Assets, June 30, 2012					<u>\$ 21,745,569</u>

Exhibit I-2

Johnson County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Johnson County School Department
June 30, 2012

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Other</u>	
	<u>School</u>	<u>Projects</u>	<u>Governmental</u>	<u>Governmental</u>
			<u>Funds</u>	<u>Funds</u>
ASSETS				
Cash	\$ 441,675	\$ 0	\$ 0	\$ 441,675
Equity in Pooled Cash and Investments	3,741,054	29,049	547,656	4,317,759
Due from Other Governments	144,319	116,164	31,275	291,758
Due from Other Funds	58,485	0	0	58,485
Property Taxes Receivable	2,934,785	0	0	2,934,785
Allowance for Uncollectible Property Taxes	(94,833)	0	0	(94,833)
Total Assets	\$ 7,225,485	\$ 145,213	\$ 578,931	\$ 7,949,629
LIABILITIES AND FUND BALANCES				
<u>Liabilities</u>				
Accounts Payable	\$ 8,997	\$ 11,330	\$ 0	\$ 20,327
Accrued Payroll	48,193	0	0	48,193
Payroll Deductions Payable	163,326	26,745	20,448	210,519
Due to Other Funds	0	57,010	1,475	58,485
Other Current Liabilities	53,067	0	0	53,067
Deferred Revenue - Current Property Taxes	2,660,993	0	0	2,660,993
Deferred Revenue - Delinquent Property Taxes	163,324	0	0	163,324
Total Liabilities	\$ 3,097,900	\$ 95,085	\$ 21,923	\$ 3,214,908
<u>Fund Balances</u>				
Restricted:				
Restricted for Education	\$ 183,619	\$ 50,128	\$ 557,008	\$ 790,755
Restricted for Other Purposes	385,144	0	0	385,144
Committed:				
Committed for Education	9,442	0	0	9,442
Assigned:				
Assigned for Education	2,559,576	0	0	2,559,576
Unassigned	989,804	0	0	989,804
Total Fund Balances	\$ 4,127,585	\$ 50,128	\$ 557,008	\$ 4,734,721
Total Liabilities and Fund Balances	\$ 7,225,485	\$ 145,213	\$ 578,931	\$ 7,949,629

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, 2012

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)		\$	4,734,721
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	946,939	
Add: buildings and improvements net of accumulated depreciation		14,723,414	
Add: other capital assets net of accumulated depreciation		1,264,934	
Add: infrastructure net of accumulated depreciation		<u>628,149</u>	17,563,436
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: capital leases payable	\$	(47,606)	
Less: compensated absences payable		(47,841)	
Less: other postemployment benefits liability		<u>(620,465)</u>	(715,912)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>163,324</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>21,745,569</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, 2012

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	School Federal Projects	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 3,642,452	\$ 0	\$ 0	\$ 3,642,452
Licenses and Permits	1,521	0	0	1,521
Charges for Current Services	184,434	0	882,657	1,067,091
Other Local Revenues	215,676	0	5,163	220,839
State of Tennessee	12,235,883	0	0	12,235,883
Federal Government	171,812	3,104,808	1,075,822	4,352,442
Total Revenues	<u>\$ 16,451,778</u>	<u>\$ 3,104,808</u>	<u>\$ 1,963,642</u>	<u>\$ 21,520,228</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 8,859,802	\$ 2,395,102	\$ 396,703	\$ 11,651,607
Support Services	6,628,782	755,354	149,345	7,533,481
Operation of Non-Instructional Services	475,371	0	1,357,949	1,833,320
Capital Outlay	78,532	0	0	78,532
Debt Service:				
Principal on Debt	25,674	0	0	25,674
Interest on Debt	238	0	0	238
Other Debt Service	312,178	0	0	312,178
Capital Projects	0	0	44,350	44,350
Total Expenditures	<u>\$ 16,380,577</u>	<u>\$ 3,150,456</u>	<u>\$ 1,948,347</u>	<u>\$ 21,479,380</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 71,201</u>	<u>\$ (45,648)</u>	<u>\$ 15,295</u>	<u>\$ 40,848</u>
<u>Other Financing Sources (Uses)</u>				
Capital Leases Issued	\$ 73,280	\$ 0	\$ 0	\$ 73,280
Insurance Recovery	22,670	0	0	22,670
Transfers In	30,527	0	0	30,527
Transfers Out	0	(30,527)	0	(30,527)
Total Other Financing Sources (Uses)	<u>\$ 126,477</u>	<u>\$ (30,527)</u>	<u>\$ 0</u>	<u>\$ 95,950</u>
Net Change in Fund Balances	\$ 197,678	\$ (76,175)	\$ 15,295	\$ 136,798
Fund Balance, July 1, 2011	3,929,907	126,303	541,713	4,597,923
Fund Balance, June 30, 2012	<u>\$ 4,127,585</u>	<u>\$ 50,128</u>	<u>\$ 557,008</u>	<u>\$ 4,734,721</u>

Exhibit I-5

Johnson County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Johnson County School Department
For the Year Ended June 30, 2012

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)		\$ 136,798
(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	\$ 306,150	
Less: current-year depreciation expense	<u>(1,036,249)</u>	(730,099)
(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		77,977
(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, 2012	\$ 163,324	
Less: deferred delinquent property taxes and other deferred June 30, 2011	<u>(200,326)</u>	(37,002)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the effect of these differences in the treatment of long-term debt and related items:		
Less: capital lease proceeds	\$ (73,280)	
Add: principal payments on capital leases	<u>25,674</u>	(47,606)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	\$ (505)	
Change in other postemployment benefits liability	<u>(159,918)</u>	(160,423)
Change in net assets of governmental activities (Exhibit B)		<u>\$ (760,355)</u>

Exhibit I-6

Johnson County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Johnson County School Department
June 30, 2012

	<u>Special Revenue Funds</u>		
	Central Cafeteria	Other Education Special Revenue	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 538,163	\$ 9,493	\$ 547,656
Due from Other Governments	31,275	0	31,275
Total Assets	<u>\$ 569,438</u>	<u>\$ 9,493</u>	<u>\$ 578,931</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Payroll Deductions Payable	\$ 14,480	\$ 5,968	\$ 20,448
Due to Other Funds	0	1,475	1,475
Total Liabilities	<u>\$ 14,480</u>	<u>\$ 7,443</u>	<u>\$ 21,923</u>
<u>Fund Balances</u>			
Restricted:			
Restricted for Education	\$ 554,958	\$ 2,050	\$ 557,008
Total Fund Balances	<u>\$ 554,958</u>	<u>\$ 2,050</u>	<u>\$ 557,008</u>
Total Liabilities and Fund Balances	<u>\$ 569,438</u>	<u>\$ 9,493</u>	<u>\$ 578,931</u>

Exhibit I-7

Johnson County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Johnson County School Department
For the Year Ended June 30, 2012

	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	\$ 336,528	\$ 546,129	\$ 882,657	\$ 0	\$ 882,657
Other Local Revenues	3,963	1,200	5,163	0	5,163
Federal Government	1,075,822	0	1,075,822	0	1,075,822
Total Revenues	<u>\$ 1,416,313</u>	<u>\$ 547,329</u>	<u>\$ 1,963,642</u>	<u>\$ 0</u>	<u>\$ 1,963,642</u>
<u>Expenditures</u>					
Current:					
Instruction	\$ 0	\$ 396,703	\$ 396,703	\$ 0	\$ 396,703
Support Services	0	149,345	149,345	0	149,345
Operation of Non-Instructional Services	1,357,949	0	1,357,949	0	1,357,949
Capital Projects	0	0	0	44,350	44,350
Total Expenditures	<u>\$ 1,357,949</u>	<u>\$ 546,048</u>	<u>\$ 1,903,997</u>	<u>\$ 44,350</u>	<u>\$ 1,948,347</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 58,364</u>	<u>\$ 1,281</u>	<u>\$ 59,645</u>	<u>\$ (44,350)</u>	<u>\$ 15,295</u>
Net Change in Fund Balances	\$ 58,364	\$ 1,281	\$ 59,645	\$ (44,350)	\$ 15,295
Fund Balance, July 1, 2011	496,594	769	497,363	44,350	541,713
Fund Balance, June 30, 2012	<u>\$ 554,958</u>	<u>\$ 2,050</u>	<u>\$ 557,008</u>	<u>\$ 0</u>	<u>\$ 557,008</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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 3,642,452	\$ 0	\$ 0	\$ 3,642,452	\$ 3,387,315	\$ 3,387,315	\$ 255,137
Licenses and Permits	1,521	0	0	1,521	2,000	2,000	(479)
Charges for Current Services	184,434	0	0	184,434	157,918	197,691	(13,257)
Other Local Revenues	215,676	0	0	215,676	123,762	217,706	(2,030)
State of Tennessee	12,235,883	0	0	12,235,883	12,265,416	12,290,506	(54,623)
Federal Government	171,812	0	0	171,812	185,883	191,117	(19,305)
Total Revenues	\$ 16,451,778	\$ 0	\$ 0	\$ 16,451,778	\$ 16,122,294	\$ 16,286,335	\$ 165,443
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 6,633,626	(217,427)	102,438	\$ 6,518,637	\$ 6,560,683	\$ 6,713,100	\$ 194,463
Alternative Instruction Program	155,009	0	2,000	157,009	174,311	174,311	17,302
Special Education Program	960,231	(891)	108	959,448	928,582	969,067	9,619
Vocational Education Program	1,043,496	(7,819)	8,881	1,044,558	1,089,276	1,214,154	169,596
Adult Education Program	67,440	0	0	67,440	62,025	69,005	1,565
<u>Support Services</u>							
Attendance	80,629	0	0	80,629	81,400	81,400	771
Health Services	254,855	(529)	17,933	272,259	268,701	279,514	7,255
Other Student Support	387,357	(1,800)	0	385,557	367,980	399,301	13,744
Regular Instruction Program	683,812	(635)	1,405	684,582	671,546	730,708	46,126
Alternative Instruction Program	51	0	0	51	1,500	1,500	1,449
Special Education Program	124,066	0	0	124,066	125,617	125,743	1,677
Vocational Education Program	93,481	0	0	93,481	99,407	99,547	6,066
Adult Programs	67,769	0	0	67,769	72,582	72,582	4,813

(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 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Other Programs	\$ 10,286	\$ 0	\$ 0	\$ 10,286	\$ 0	\$ 10,286	\$ 0
Board of Education	452,421	(43)	92	452,470	454,443	611,866	159,396
Director of Schools	218,672	(2,284)	0	216,388	195,669	219,350	2,962
Office of the Principal	1,075,518	(3,084)	500	1,072,934	1,102,043	1,134,047	61,113
Fiscal Services	95,883	0	0	95,883	96,701	96,701	818
Human Services/Personnel	61,467	0	0	61,467	62,753	62,753	1,286
Operation of Plant	1,704,509	(44,234)	16,419	1,676,694	1,745,295	1,757,328	80,634
Maintenance of Plant	325,219	(74,704)	16,660	267,175	243,923	277,495	10,320
Transportation	967,285	(123,164)	17,580	861,701	885,448	924,011	62,310
Central and Other	25,502	0	0	25,502	28,544	28,544	3,042
<u>Operation of Non-Instructional Services</u>							
Food Service	103,281	0	0	103,281	105,124	105,124	1,843
Community Services	86,624	0	1,934	88,558	85,000	95,450	6,892
Early Childhood Education	285,466	0	696	286,162	310,586	319,077	32,915
<u>Capital Outlay</u>							
Regular Capital Outlay	78,532	(54,689)	3,703	27,546	62,500	62,500	34,954
<u>Principal on Debt</u>							
Education	25,674	0	0	25,674	0	25,674	0
Interest on Debt							
Education	238	0	0	238	0	238	0
<u>Other Debt Service</u>							
Education	312,178	0	0	312,178	312,178	312,178	0
Total Expenditures	\$ 16,380,577	\$ (531,303)	\$ 190,349	\$ 16,039,623	\$ 16,193,817	\$ 16,972,554	\$ 932,931

(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 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 71,201	\$ 531,303	\$ (190,349)	\$ 412,155	\$ (71,523)	\$ (686,219)	\$ 1,098,374
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 73,280	\$ 0	\$ 0	\$ 73,280	\$ 0	\$ 73,280	\$ 0
Insurance Recovery	22,670	0	0	22,670	0	22,670	0
Transfers In	30,527	0	0	30,527	71,523	133,417	(102,890)
Total Other Financing Sources (Uses)	\$ 126,477	\$ 0	\$ 0	\$ 126,477	\$ 71,523	\$ 229,367	\$ (102,890)
Net Change in Fund Balance	\$ 197,678	\$ 531,303	\$ (190,349)	\$ 538,632	\$ 0	\$ (456,852)	\$ 995,484
Fund Balance, July 1, 2011	3,929,907	(531,303)	0	3,398,604	3,215,450	3,215,450	183,154
Fund Balance, June 30, 2012	\$ 4,127,585	\$ 0	\$ (190,349)	\$ 3,937,236	\$ 3,215,450	\$ 2,758,598	\$ 1,178,638

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Federal Government	\$ 3,104,808	\$ 0	\$ 0	\$ 3,104,808	\$ 5,114,778	\$ 4,900,176	\$ (1,795,368)
Total Revenues	\$ 3,104,808	\$ 0	\$ 0	\$ 3,104,808	\$ 5,114,778	\$ 4,900,176	\$ (1,795,368)
Expenditures							
Instruction							
Regular Instruction Program	\$ 1,863,185	\$ (87,979)	\$ 28,739	\$ 1,803,945	\$ 2,693,266	\$ 2,607,732	\$ 803,787
Special Education Program	487,289	(279)	0	487,010	516,275	513,967	26,957
Vocational Education Program	44,628	(6,428)	3,266	41,466	38,399	41,466	0
Support Services							
Other Student Support	60,238	(3,235)	0	57,003	63,510	62,175	5,172
Regular Instruction Program	616,077	(3,003)	513	613,587	1,656,882	1,566,917	953,330
Special Education Program	2,500	0	0	2,500	16,651	2,500	0
Fiscal Services	2,389	0	0	2,389	2,439	2,439	50
Transportation	74,150	0	0	74,150	51,620	74,150	0
Total Expenditures	\$ 3,150,456	\$ (100,924)	\$ 32,518	\$ 3,082,050	\$ 5,039,042	\$ 4,871,346	\$ 1,789,296
Excess (Deficiency) of Revenues Over Expenditures	\$ (45,648)	\$ 100,924	\$ (32,518)	\$ 22,758	\$ 75,736	\$ 28,830	\$ (6,072)
Other Financing Sources (Uses)							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 91,062	\$ (91,062)
Transfers Out	(30,527)	0	0	(30,527)	(100,376)	(53,788)	23,261
Total Other Financing Sources (Uses)	\$ (30,527)	\$ 0	\$ 0	\$ (30,527)	\$ (100,376)	\$ 37,274	\$ (67,801)
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ (76,175)	\$ 100,924	\$ (32,518)	\$ (7,769)	\$ (24,640)	\$ 66,104	\$ (73,873)
	126,303	(100,924)	0	25,379	24,640	24,640	739
Fund Balance, June 30, 2012	\$ 50,128	\$ 0	\$ (32,518)	\$ 17,610	\$ 0	\$ 90,744	\$ (73,134)

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 336,528	\$ 416,000	\$ 416,000	\$ (79,472)
Other Local Revenues	3,963	5,500	5,500	(1,537)
Federal Government	1,075,822	974,379	1,044,945	30,877
Total Revenues	<u>\$ 1,416,313</u>	<u>\$ 1,395,879</u>	<u>\$ 1,466,445</u>	<u>\$ (50,132)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,357,949	\$ 1,395,879	\$ 1,466,445	\$ 108,496
Total Expenditures	<u>\$ 1,357,949</u>	<u>\$ 1,395,879</u>	<u>\$ 1,466,445</u>	<u>\$ 108,496</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 58,364</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 58,364</u>
Net Change in Fund Balance	\$ 58,364	\$ 0	\$ 0	\$ 58,364
Fund Balance, July 1, 2011	496,594	504,983	504,983	(8,389)
Fund Balance, June 30, 2012	<u>\$ 554,958</u>	<u>\$ 504,983</u>	<u>\$ 504,983</u>	<u>\$ 49,975</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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 546,129	\$ 516,986	\$ 591,910	\$ (45,781)
Other Local Revenues	1,200	1,200	1,200	0
Total Revenues	\$ 547,329	\$ 518,186	\$ 593,110	\$ (45,781)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 396,703	\$ 367,684	\$ 434,507	\$ 37,804
<u>Support Services</u>				
Attendance	67,304	67,390	71,273	3,969
Health Services	15,496	14,817	17,293	1,797
Regular Instruction Program	66,545	66,079	70,037	3,492
Total Expenditures	\$ 546,048	\$ 515,970	\$ 593,110	\$ 47,062
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,281	\$ 2,216	\$ 0	\$ 1,281
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ 0	\$ (2,216)	\$ 0	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ (2,216)	\$ 0	\$ 0
Net Change in Fund Balance	\$ 1,281	\$ 0	\$ 0	\$ 1,281
Fund Balance, July 1, 2011	769	771	771	(2)
Fund Balance, June 30, 2012	\$ 2,050	\$ 771	\$ 771	\$ 1,279

MISCELLANEOUS SCHEDULES

Exhibit J-1

Johnson County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Bonds, and Capital Leases
Primary Government and Discretely Presented Johnson County School Department
For the Year Ended June 30, 2012

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-12
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
Payable through General Debt Service Fund								
Energy Loan	\$ 210,000	0%	3-31-06	5-1-13	\$ 60,000	\$ 0	\$ 30,000	\$ 30,000
Total Payable through General Debt Service Fund					\$ 60,000	\$ 0	\$ 30,000	\$ 30,000
Total Notes Payable					\$ 60,000	\$ 0	\$ 30,000	\$ 30,000
<u>OTHER LOANS PAYABLE</u>								
Payable through General Debt Service Fund								
Energy Efficient Schools Initiative	336,161	0	6-2-10	4-1-17	\$ 280,133	\$ 0	\$ 48,024	\$ 232,109
Total Other Loans Payable					\$ 280,133	\$ 0	\$ 48,024	\$ 232,109
<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	\$ 555,000	\$ 0	\$ 140,000	\$ 415,000
School Refunding Bonds, Series 2005	8,535,000	3 to 4.125	5-27-05	4-1-25	7,765,000	0	325,000	7,440,000
General Refunding Bonds, Series 2010	5,660,000	2 to 4.125	1-25-10	6-1-28	5,540,000	0	120,000	5,420,000
Total Bonds Payable					\$ 13,860,000	\$ 0	\$ 585,000	\$ 13,275,000

(Continued)

Exhibit J-1

Johnson County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Bonds, and Capital Leases
Primary Government and Discretely Presented Johnson County School Department (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-12
<u>DISCRETELY PRESENTED JOHNSON</u>								
<u>COUNTY SCHOOL DEPARTMENT</u>								
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through General Purpose School Fund</u> Computer Equipment	\$ 73,280	6.04%	6-21-12	6-21-14	\$ 0	\$ 73,280	\$ 25,674	\$ 47,606
Total Capital Leases Payable	\$				\$ 0	\$ 73,280	\$ 25,674	\$ 47,606

Exhibit J-2

Johnson County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Johnson County School Department

PRIMARY GOVERNMENT

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

Year Ending June 30	Other Loans		
	Principal	Interest	Total
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	\$ 232,109	\$ 0	\$ 232,109

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	\$ 13,275,000	\$ 5,008,424	\$ 18,283,424

(Continued)

Exhibit J-2

Johnson County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Johnson County School Department (Cont.)

DISCRETELY PRESENTED JOHNSON
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2013	\$ 23,086	\$ 2,826	\$ 25,912
2014	24,520	1,392	25,912
Total	\$ 47,606	\$ 4,218	\$ 51,824

Exhibit J-3

Johnson County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Johnson County School Department
For the Year Ended June 30, 2012

<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	\$ 236,629
"	General Debt Service	Allocate wheel tax	236,629
Total Transfers Primary Government			<u>\$ 473,258</u>
<u>DISCRETELY PRESENTED JOHNSON</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 30,527
Total Transfers Discretely Presented Johnson County School Department			<u>\$ 30,527</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, 2012

Official	Authorization for Salary	\$	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$	67,302	10,000	Western Surety Company
Road Superintendent	Section 8-24-102, TCA		63,527	100,000	"
Director of Schools	State Board of Education and County Board of Education		85,857 (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		50,895	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 and Chancery Court Judge		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		28,982	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 \$5,000.

Exhibit J-5

Johnson County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2012

	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	\$ 1,588,197	\$ 0	\$ 86,530	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	171,443	0	11,061	0	0	0
Trustee's Collections - Bankruptcy	294	0	19	0	0	0
Circuit/Clerk & Master Collections - Prior Years	45,904	0	2,586	0	0	0
Interest and Penalty	42,412	0	2,707	0	0	0
Pick-up Taxes	714	0	39	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	130,162	34,107	0	0	0	0
Hotel/Motel Tax	17,055	0	0	0	0	0
Wheel Tax	473,258	0	0	0	0	0
Litigation Tax - General	6,672	0	0	0	0	0
Litigation Tax - Special Purpose	61,449	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	12,409	0	0	0	0	0
Business Tax	68,731	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	1,504
Other County Local Option Taxes	2,301	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	17,802	0	971	0	0	0
Wholesale Beer Tax	143,518	0	0	0	0	0
Total Local Taxes	\$ 2,784,751	\$ 34,107	\$ 103,913	\$ 0	\$ 0	\$ 1,504
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 26,755	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>						
Beer Permits	1,450	0	0	0	0	0
Other Permits	1,180	0	0	0	0	0
Total Licenses and Permits	\$ 29,385	\$ 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>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 4,618	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	1,312	0	0	0	0	0
Game and Fish Fines	10	0	0	0	0	0
Jail Fees	448	0	0	0	0	0
DUI Treatment Fines	1,637	0	0	0	0	0
Courtroom Security Fee	850	0	0	0	0	0
<u>Criminal Court</u>						
Data Entry Fee - Criminal Court	116	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	33,198	0	0	0	0	0
Officers Costs	10,080	0	0	0	0	0
Game and Fish Fines	1,107	0	0	0	0	0
Drug Control Fines	0	0	0	712	0	0
Jail Fees	3,095	0	0	0	0	0
DUI Treatment Fines	3,550	0	0	0	0	0
Data Entry Fee - General Sessions Court	3,902	0	0	0	0	0
Courtroom Security Fee	3,453	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	205	0	0	0	0	0
Data Entry Fee - Chancery Court	1,056	0	0	0	0	0
Courtroom Security Fee	58	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Fines	0	0	0	3,978	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	26,366	0	0	1,214	0	0
Total Fines, Forfeitures, and Penalties	\$ 95,061	\$ 0	\$ 0	\$ 5,904	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Self-Insurance Premiums/Contributions	\$ 6,793	\$ 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>Charges for Current Services (Cont.)</u>						
<u>General Service Charges (Cont.)</u>						
<u>Tipping Fees</u>	\$ 0	\$ 0	\$ 396,458	\$ 0	\$ 0	\$ 0
<u>Fees</u>						
Airport Fees	2,643	0	0	0	0	0
Copy Fees	2,834	0	0	0	0	0
Telephone Commissions	11,671	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	168	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	5,000	0
Data Processing Fee - Register	5,738	0	0	0	0	0
Data Processing Fee - Sheriff	3,460	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	2,100	0	0	0	0	0
Data Processing Fee - County Clerk	9,516	0	0	0	0	0
<u>Other Charges for Services</u>						
Other Charges for Services	3,700	0	0	0	0	0
<u>Total Charges for Current Services</u>	\$ 48,455	\$ 0	\$ 396,458	\$ 0	\$ 5,168	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 103,426	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	87,464	0	0	0	0	0
Sale of Materials and Supplies	8,613	0	4,807	0	0	5,953
Commissary Sales	39,596	0	0	0	0	0
Sale of Gasoline	435,424	0	0	0	0	0
Retirees' Insurance Payments	1,030	0	0	0	0	0
Miscellaneous Refunds	141,247	18	550	0	0	5,074
<u>Nonrecurring Items</u>						
Sale of Equipment	11,805	0	0	0	0	0
Contributions and Gifts	2,150	0	0	0	0	0
Performance Bond Forfeitures	2,187	0	0	0	0	0
<u>Total Other Local Revenues</u>	\$ 832,942	\$ 18	\$ 5,357	\$ 0	\$ 0	\$ 11,027

(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	\$ 191,769	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	56,638	0	0	0	0	0
General Sessions Court Clerk	154,244	0	0	0	0	0
Clerk and Master	62,479	0	0	0	0	0
Register	63,385	0	0	0	0	0
Sheriff	282	0	0	0	0	0
Trustee	198,635	0	0	0	0	0
Total Fees Received from County Officials	\$ 727,432	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 4,800	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Airport Maintenance Program	975,224	0	0	0	0	0
Aging Programs	34,339	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	9,000	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	174,075
Litter Program	29,546	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	46,802	0	0	0	0	0
Beer Tax	18,421	0	0	0	0	0
Alcoholic Beverage Tax	33,566	0	0	0	0	0
State Revenue Sharing - T. V. A.	494,287	0	0	0	0	0
Contracted Prisoner Boarding	1,010,799	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	1,434,772
Registrar's Salary Supplement	15,164	0	0	0	0	13,164
Other State Grants	28,812	11,752	0	0	0	0
Other State Revenues	83,426	0	0	0	0	0
Total State of Tennessee	\$ 2,784,186	\$ 11,752	\$ 0	\$ 0	\$ 0	\$ 1,622,011

(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>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 144,546	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Disaster Relief	6,436	0	3,389	0	0	53,610
Homeland Security Grants	121,402	0	0	0	0	0
Other Federal through State	23,320	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Forest Service	0	0	0	0	0	28,465
Other Direct Federal Revenue	30,428	0	0	0	0	96,337
<u>Total Federal Government</u>	\$ 326,132	\$ 0	\$ 3,389	\$ 0	\$ 0	\$ 178,412
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	7,050	0	0	0	0	118,380
<u>Citizens Groups</u>						
Donations	0	6,544	0	0	0	0
<u>Other</u>						
Other	5,000	14,072	0	0	0	0
<u>Total Other Governments and Citizens Groups</u>	\$ 12,050	\$ 20,616	\$ 0	\$ 0	\$ 0	\$ 118,380
<u>Total</u>	\$ 7,640,394	\$ 66,493	\$ 509,117	\$ 5,904	\$ 5,168	\$ 1,931,334

(Continued)

Exhibit J-5

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

	Debt Service Fund		Capital Projects Funds			Total
	General Debt Service	General Capital Projects	Community Development/Industrial	Park		
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 663,834	\$ 289,118	\$ 0	\$ 0	\$ 2,627,679	
Trustee's Collections - Prior Year	77,426	24,887	0	0	284,817	
Trustee's Collections - Bankruptcy	133	42	0	0	488	
Circuit/Clerk & Master Collections - Prior Years	19,472	8,045	0	0	76,007	
Interest and Penalty	19,057	6,263	0	0	70,439	
Pick-up Taxes	299	130	0	0	1,182	
Payments in-Lieu-of Taxes - T. V.A.	0	0	0	0	2,430	
<u>County Local Option Taxes</u>						
Local Option Sales Tax	108,030	0	0	0	272,299	
Hotel/Motel Tax	0	0	0	0	17,055	
Wheel Tax	0	0	0	0	473,258	
Litigation Tax - General	0	0	0	0	6,672	
Litigation Tax - Special Purpose	0	0	0	0	61,449	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	12,409	
Business Tax	0	0	0	0	68,731	
Mineral Severance Tax	0	0	0	0	1,504	
Other County Local Option Taxes	0	0	0	0	2,301	
<u>Statutory Local Taxes</u>						
Bank Excise Tax	7,445	3,237	0	0	29,455	
Wholesale Beer Tax	0	0	0	0	143,518	
Total Local Taxes	\$ 895,696	\$ 331,722	\$ 0	\$ 4,151,693		
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	26,755	
<u>Permits</u>						
Beer Permits	0	0	0	0	1,450	
Other Permits	0	0	0	0	1,180	
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	29,385	

(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		
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,618	
Officers Costs	0	0	0	0	1,312	
Game and Fish Fines	0	0	0	0	10	
Jail Fees	0	0	0	0	448	
DUI Treatment Fines	0	0	0	0	1,637	
Courtroom Security Fee	0	0	0	0	850	
<u>Criminal Court</u>						
Data Entry Fee - Criminal Court	0	0	0	0	116	
<u>General Sessions Court</u>						
Fines	0	0	0	0	33,198	
Officers Costs	0	0	0	0	10,080	
Game and Fish Fines	0	0	0	0	1,107	
Drug Control Fines	0	0	0	0	712	
Jail Fees	0	0	0	0	3,095	
DUI Treatment Fines	0	0	0	0	3,550	
Data Entry Fee - General Sessions Court	0	0	0	0	3,902	
Courtroom Security Fee	0	0	0	0	3,453	
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	205	
Data Entry Fee - Chancery Court	0	0	0	0	1,056	
Courtroom Security Fee	0	0	0	0	58	
<u>Judicial District Drug Program</u>						
Fines	0	0	0	0	3,978	
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	27,580	
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 100,965	
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Self-Insurance Premiums/Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,793	

(Continued)

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

	Debt Service Fund		Capital Projects Funds			Total
	General Debt Service	General Debt Service	General Capital Projects	Community Development/Industrial Park		
<u>Charges for Current Services (Cont.)</u>						
<u>General Service Charges (Cont.)</u>						
<u>Tipping Fees</u>	\$	0 \$	0 \$	0 \$	0 \$	396,458
<u>Fees</u>						
Airport Fees		0	0	0	0	2,643
Copy Fees		0	0	0	0	2,834
Telephone Commissions		0	0	0	0	11,671
Constitutional Officers' Fees and Commissions		0	0	0	0	168
Special Commissioner Fees/Special Master Fees		0	0	0	0	5,000
Data Processing Fee - Register		0	0	0	0	5,738
Data Processing Fee - Sheriff		0	0	0	0	3,460
Sexual Offender Registration Fees - Sheriff		0	0	0	0	2,100
Data Processing Fee - County Clerk		0	0	0	0	9,516
<u>Other Charges for Services</u>						
Other Charges for Services		0	0	0	0	3,700
<u>Total Charges for Current Services</u>	\$	0 \$	0 \$	0 \$	0 \$	450,081
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income		0 \$	0 \$	0 \$	0 \$	103,426
Lease/Rentals		0	0	127,358	0	214,822
Sale of Materials and Supplies		0	0	0	0	19,373
Commissary Sales		0	0	0	0	39,596
Sale of Gasoline		0	0	0	0	435,424
Retirees' Insurance Payments		0	0	0	0	1,030
Miscellaneous Refunds		0	0	0	0	146,889
<u>Nonrecurring Items</u>						
Sale of Equipment		0	0	0	0	11,805
Contributions and Gifts		0	0	0	0	2,150
Performance Bond Forfeitures		0	0	0	0	2,187
<u>Total Other Local Revenues</u>	\$	0 \$	0 \$	127,358 \$	0 \$	976,702

(Continued)

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

	Debt Service Fund		Capital Projects Funds		Total
	General Debt Service	Community Development/Industrial Park	General Capital Projects	Community Development/Industrial Park	
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	191,769
Circuit Court Clerk	0	0	0	0	56,638
General Sessions Court Clerk	0	0	0	0	154,244
Clerk and Master	0	0	0	0	62,479
Register	0	0	0	0	63,385
Sheriff	0	0	0	0	282
Trustee	0	0	0	0	198,635
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 727,432
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	4,800
Airport Maintenance Program	0	0	0	0	975,224
Aging Programs	0	0	0	0	34,339
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	0	0	0	0	9,000
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	174,075
Litter Program	0	0	0	0	29,546
<u>Other State Revenues</u>					
Income Tax	0	0	0	0	46,802
Beer Tax	0	0	0	0	18,421
Alcoholic Beverage Tax	0	0	0	0	33,566
State Revenue Sharing - T. V. A.	0	0	0	0	494,287
Contracted Prisoner Boarding	0	0	0	0	1,010,799
Gasoline and Motor Fuel Tax	0	0	0	0	1,434,772
Petroleum Special Tax	0	0	0	0	13,164
Registrar's Salary Supplement	0	0	0	0	15,164
Other State Grants	0	0	0	0	40,564
Other State Revenues	0	0	0	0	83,426
Total State of Tennessee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,417,949

(Continued)

Exhibit J-5

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

	Debt Service Fund				Capital Projects Funds			Total
	General Debt Service	General Capital Projects	Community Development/Industrial Park					
<u>Federal Government</u>								
<u>Federal Through State</u>								
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 144,546	
Disaster Relief	0	0	0	0	0	0	63,435	
Homeland Security Grants	0	0	0	0	0	0	121,402	
Other Federal through State	0	0	0	0	0	0	23,320	
<u>Direct Federal Revenue</u>								
Forest Service	0	0	0	0	0	0	28,465	
Other Direct Federal Revenue	0	0	0	0	0	0	126,765	
<u>Total Federal Government</u>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 507,933	
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Contributions	\$ 312,178	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 312,178	
Contracted Services	0	0	0	0	11,000	0	136,430	
<u>Citizens Groups</u>								
Donations	0	0	0	0	7,500	0	14,044	
Other	0	0	0	0	0	0	19,072	
<u>Total Other Governments and Citizens Groups</u>	\$ 312,178	\$ 0	\$ 0	\$ 0	\$ 18,500	\$ 0	\$ 481,724	
<u>Total</u>	\$ 1,207,874	\$ 331,722	\$ 145,858	\$ 11,843,864				

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, 2012

	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 2,482,883	\$ 0	\$ 0	\$ 0	\$ 2,482,883
Trustee's Collections - Prior Year	276,521	0	0	0	276,521
Trustee's Collections - Bankruptcy	476	0	0	0	476
Circuit/Clerk & Master Collections - Prior Years	72,183	0	0	0	72,183
Interest and Penalty	68,265	0	0	0	68,265
Pick-up Taxes	1,117	0	0	0	1,117
<u>County Local Option Taxes</u>					
Local Option Sales Tax	711,280	0	0	0	711,280
<u>Statutory Local Taxes</u>					
Bank Excise Tax	27,836	0	0	0	27,836
Interstate Telecommunications Tax	1,891	0	0	0	1,891
Total Local Taxes	\$ 3,642,452	\$ 0	\$ 0	\$ 0	\$ 3,642,452
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,397	\$ 0	\$ 0	\$ 0	\$ 1,397
<u>Permits</u>					
Other Permits	124	0	0	0	124
Total Licenses and Permits	\$ 1,521	\$ 0	\$ 0	\$ 0	\$ 1,521
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Other	\$ 1,430	\$ 0	\$ 0	\$ 0	\$ 1,430
Lunch Payments - Children	0	0	194,171	0	194,171
Lunch Payments - Adults	0	0	39,768	0	39,768
Income from Breakfast	0	0	175	0	175
A la carte Sales	0	0	102,414	0	102,414
Contract for Instructional Services with Other LEAs	0	0	0	546,129	546,129
Contract for Student Support Services with Other LEAs	14,599	0	0	0	14,599
Receipts from Individual Schools	37,418	0	0	0	37,418
Community Service Fees - Children	78,949	0	0	0	78,949
TBI Criminal Background Fees	5,040	0	0	0	5,040
<u>Other Charges for Services</u>					
Other Charges for Services	46,998	0	0	0	46,998
Total Charges for Current Services	\$ 184,434	\$ 0	\$ 336,528	\$ 546,129	\$ 1,067,091
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 16,210	\$ 0	\$ 3,963	\$ 0	\$ 20,173
Lease/Rentals	10,800	0	0	1,200	12,000
Refund of Telecommunication and Internet Fees (E-Rate)	37,712	0	0	0	37,712
Retirees' Insurance Payments	86,756	0	0	0	86,756
Miscellaneous Refunds	50,937	0	0	0	50,937
<u>Nonrecurring Items</u>					
Sale of Equipment	4,370	0	0	0	4,370
Contributions and Gifts	8,891	0	0	0	8,891
Total Other Local Revenues	\$ 215,676	\$ 0	\$ 3,963	\$ 1,200	\$ 220,839

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Total
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 10,286	\$ 0	\$ 0	\$ 0	\$ 10,286
<u>State Education Funds</u>					
Basic Education Program	11,591,000	0	0	0	11,591,000
Early Childhood Education	276,263	0	0	0	276,263
School Food Service	13,966	0	0	0	13,966
Other State Education Funds	186,382	0	0	0	186,382
Career Ladder Program	97,392	0	0	0	97,392
Career Ladder - Extended Contract	50,700	0	0	0	50,700
Career Ladder - Extended Contract - ARRA	6,251	0	0	0	6,251
<u>Other State Revenues</u>					
Safe Schools - ARRA	3,643	0	0	0	3,643
Total State of Tennessee	\$ 12,235,883	\$ 0	\$ 0	\$ 0	\$ 12,235,883
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 729,913	\$ 0	\$ 729,913
USDA - Commodities	0	0	70,567	0	70,567
Breakfast	0	0	249,782	0	249,782
USDA - Other	0	0	25,560	0	25,560
Adult Education State Grant Program	86,418	0	0	0	86,418
Vocational Education - Basic Grants to States	0	53,448	0	0	53,448
Title I Grants to Local Education Agencies	0	1,085,592	0	0	1,085,592
Special Education - Grants to States	0	541,138	0	0	541,138
Special Education Preschool Grants	0	20,427	0	0	20,427
Safe and Drug-free Schools - State Grants	0	84,286	0	0	84,286
Rural Education	0	55,423	0	0	55,423
Eisenhower Professional Development State Grants	0	189,792	0	0	189,792
Race-to-the-Top - ARRA	0	253,244	0	0	253,244
Other Federal through State	85,394	821,458	0	0	906,852
Total Federal Government	\$ 171,812	\$ 3,104,808	\$ 1,075,822	\$ 0	\$ 4,352,442
Total	\$ 16,451,778	\$ 3,104,808	\$ 1,416,313	\$ 547,329	\$ 21,520,228

Exhibit J-7

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2012

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	36,000	
Social Security		1,929	
State Retirement		2,741	
Medical Insurance		10,940	
Employer Medicare		451	
Audit Services		6,187	
Dues and Memberships		4,494	
Financial Advisory Services		1,250	
Travel		14,738	
Other Supplies and Materials		300	
Total County Commission			\$ 79,030

Board of Equalization

Board and Committee Members Fees	\$	800	
Total Board of Equalization			800

Other Boards and Committees

Board and Committee Members Fees	\$	2,200	
Total Other Boards and Committees			2,200

County Mayor/Executive

County Official/Administrative Officer	\$	67,302	
Secretary(ies)		22,289	
Part-time Personnel		194	
Social Security		5,165	
State Retirement		10,163	
Medical Insurance		15,703	
Unemployment Compensation		127	
Employer Medicare		1,208	
Dues and Memberships		1,200	
Printing, Stationery, and Forms		150	
Office Supplies		666	
Other Charges		867	
Office Equipment		487	
Total County Mayor/Executive			125,521

County Attorney

Other Salaries and Wages	\$	4,800	
Advertising		39	
Total County Attorney			4,839

(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	\$	51,976	
Deputy(ies)		28,798	
Clerical Personnel		1,058	
Other Salaries and Wages		1,014	
Election Commission		3,800	
Election Workers		7,590	
In-Service Training		2,800	
Social Security		4,820	
State Retirement		9,246	
Medical Insurance		6,226	
Unemployment Compensation		89	
Employer Medicare		1,127	
Data Processing Services		10,217	
Dues and Memberships		460	
Legal Notices, Recording, and Court Costs		3,324	
Printing, Stationery, and Forms		3,049	
Equipment Parts - Light		918	
Office Supplies		1,624	
Data Processing Equipment		10,354	
Office Equipment		597	
Voting Machines		3,876	
Total Election Commission			\$ 152,963

Register of Deeds

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		24,456	
Social Security		4,956	
State Retirement		9,388	
Medical Insurance		5,562	
Unemployment Compensation		72	
Employer Medicare		1,159	
Data Processing Services		3,171	
Dues and Memberships		25	
Printing, Stationery, and Forms		991	
Office Supplies		768	
Office Equipment		38	
Total Register of Deeds			108,337

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	\$	22,097	
Social Security		1,291	
State Retirement		2,523	
Medical Insurance		5,597	
Unemployment Compensation		72	
Employer Medicare		302	
Maintenance and Repair Services - Buildings		15,319	
Custodial Supplies		6,032	
Electricity		31,668	
Natural Gas		3,535	
Uniforms		1,185	
Water and Sewer		3,662	
Total County Buildings			\$ 93,283

Finance

Accounting and Budgeting

Supervisor/Director	\$	50,895	
Data Processing Personnel		62,766	
Social Security		6,207	
State Retirement		12,980	
Medical Insurance		17,650	
Unemployment Compensation		216	
Employer Medicare		1,452	
Data Processing Services		11,055	
Printing, Stationery, and Forms		8,130	
Office Supplies		880	
Office Equipment		275	
Total Accounting and Budgeting			172,506

Purchasing

County Official/Administrative Officer	\$	28,982	
Social Security		1,581	
State Retirement		3,310	
Medical Insurance		6,127	
Unemployment Compensation		72	
Employer Medicare		370	
Advertising		234	
Office Supplies		3,279	
Total Purchasing			43,955

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		22,123	
Secretary(ies)		19,439	
Social Security		5,693	
State Retirement		11,372	
Medical Insurance		16,976	
Unemployment Compensation		144	
Employer Medicare		1,331	
Advertising		49	
Contracts with Government Agencies		7,300	
Data Processing Services		1,074	
Postal Charges		597	
Printing, Stationery, and Forms		453	
Other Contracted Services		7,145	
Office Supplies		581	
Office Equipment		760	
Total Property Assessor's Office	\$		152,788

Reappraisal Program

Clerical Personnel	\$	19,639	
Social Security		1,082	
State Retirement		2,243	
Medical Insurance		5,343	
Unemployment Compensation		72	
Employer Medicare		253	
Data Processing Services		2,749	
Total Reappraisal Program			31,381

County Trustee's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		22,094	
Other Salaries and Wages		3,226	
Social Security		4,928	
State Retirement		9,118	
Medical Insurance		11,194	
Unemployment Compensation		98	
Employer Medicare		1,153	
Advertising		130	
Dues and Memberships		10	
Printing, Stationery, and Forms		962	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Office Supplies	\$	587	
Data Processing Equipment		5,531	
Office Equipment		37	
Total County Trustee's Office			\$ 116,819

County Clerk's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		23,518	
Other Salaries and Wages		51,288	
Social Security		7,344	
State Retirement		14,014	
Medical Insurance		28,607	
Unemployment Compensation		294	
Employer Medicare		1,717	
Dues and Memberships		2,085	
Printing, Stationery, and Forms		2,524	
Office Supplies		674	
Data Processing Equipment		11,594	
Office Equipment		1,012	
Total County Clerk's Office			202,422

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	57,751	
Other Salaries and Wages		95,304	
Jury and Witness Expense		19,915	
Social Security		9,101	
State Retirement		17,479	
Medical Insurance		18,694	
Unemployment Compensation		323	
Employer Medicare		2,128	
Data Processing Services		16,866	
Dues and Memberships		60	
Printing, Stationery, and Forms		2,972	
Office Supplies		5,504	
Fines, Assessments, and Penalties		4,629	
Office Equipment		4,790	
Total Circuit Court			255,516

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court

Judge(s)	\$	83,723	
Social Security		5,098	
State Retirement		9,561	
Medical Insurance		5,597	
Employer Medicare		1,192	
Dues and Memberships		190	
Printing, Stationery, and Forms		6,352	
Office Supplies		642	
Other Charges		72	
Office Equipment		398	
Total General Sessions Court			\$ 112,825

Chancery Court

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		26,083	
Social Security		4,499	
State Retirement		9,574	
Medical Insurance		22,007	
Unemployment Compensation		72	
Employer Medicare		1,052	
Data Processing Services		8,199	
Dues and Memberships		60	
Printing, Stationery, and Forms		1,124	
Office Supplies		877	
Other Charges		154	
Total Chancery Court			131,452

Juvenile Court

Social Workers	\$	25,243	
Secretary(ies)		9,048	
Social Security		1,789	
State Retirement		3,918	
Medical Insurance		10,006	
Unemployment Compensation		72	
Employer Medicare		418	
Travel		207	
Other Contracted Services		56,150	
Office Supplies		338	
Other Supplies and Materials		1,752	
Total Juvenile Court			108,941

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Courtroom Security

Communication	\$	283	
Other Supplies and Materials		5,802	
Total Courtroom Security			\$ 6,085

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	64,127	
Deputy(ies)		361,786	
Investigator(s)		99,830	
Youth Service Officer(s)		22,509	
Guards		107,490	
Secretary(ies)		53,737	
Overtime Pay		68,126	
Other Salaries and Wages		14,037	
In-Service Training		2,575	
Social Security		46,033	
State Retirement		99,733	
Medical Insurance		101,800	
Unemployment Compensation		2,076	
Employer Medicare		10,860	
Communication		25,768	
Data Processing Services		848	
Maintenance and Repair Services - Vehicles		136,913	
Pauper Burials		500	
Postal Charges		2,091	
Printing, Stationery, and Forms		1,968	
Travel		5,897	
Other Contracted Services		11,142	
Law Enforcement Supplies		5,640	
Office Supplies		2,928	
Uniforms		8,294	
Other Supplies and Materials		2,041	
Judgments		4,990	
Other Charges		3,970	
Data Processing Equipment		1,059	
Law Enforcement Equipment		71,784	
Office Equipment		4,216	
Total Sheriff's Department			1,344,768

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement

Maintenance and Repair Services - Vehicles	\$	85	
Other Contracted Services		4,024	
Total Drug Enforcement			\$ 4,109

Administration of the Sexual Offender Registry

Other Charges	\$	600	
Office Equipment		1,136	
Total Administration of the Sexual Offender Registry			1,736

Jail

Medical Personnel	\$	30,517	
Guards		332,331	
Maintenance Personnel		24,304	
In-Service Training		835	
Social Security		22,701	
State Retirement		33,591	
Medical Insurance		49,702	
Unemployment Compensation		1,566	
Employer Medicare		5,309	
Maintenance and Repair Services - Buildings		23,819	
Custodial Supplies		27,724	
Drugs and Medical Supplies		124,282	
Electricity		56,886	
Food Supplies		157,662	
Natural Gas		27,332	
Office Supplies		5,000	
Uniforms		2,670	
Water and Sewer		29,102	
Other Supplies and Materials		7,477	
Food Service Equipment		1,109	
Office Equipment		2,430	
Other Equipment		3,661	
Total Jail			970,010

Fire Prevention and Control

Contracts with Other Public Agencies	\$	1,000	
Contributions		150,000	
Total Fire Prevention and Control			151,000

(Continued)

Exhibit J-7

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

General Fund (Cont.)Public Safety (Cont.)Civil Defense

Supervisor/Director	\$	33,645	
Secretary(ies)		10,162	
Social Security		2,553	
State Retirement		5,008	
Medical Insurance		3,469	
Unemployment Compensation		129	
Employer Medicare		597	
Communication		2,740	
Law Enforcement Supplies		10,083	
Other Supplies and Materials		5,400	
Hazardous Waste Cleanup		421	
Other Charges		650	
Communication Equipment		75,178	
Office Equipment		504	
Other Equipment		13,635	
Other Capital Outlay		6,483	
Total Civil Defense			\$ 170,657

Other Emergency Management

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

Inspection and Regulation

Secretary(ies)	\$	12,227	
Social Security		723	
State Retirement		1,396	
Medical Insurance		1,711	
Unemployment Compensation		36	
Employer Medicare		169	
Office Supplies		199	
Total Inspection and Regulation			16,461

County Coroner/Medical Examiner

Medical Personnel	\$	1,800	
Social Security		74	
Employer Medicare		17	
Travel		2,737	
Other Supplies and Materials		60	
Total County Coroner/Medical Examiner			4,688

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare

Local Health Center

Salary Supplements	\$	1,250	
Custodial Personnel		15,724	
Other Salaries and Wages		61,799	
Social Security		4,136	
State Retirement		7,662	
Medical Insurance		5,343	
Unemployment Compensation		166	
Employer Medicare		976	
Communication		107	
Contracts with Other Public Agencies		35,107	
Travel		2,307	
Custodial Supplies		1,411	
Drugs and Medical Supplies		478	
Office Supplies		617	
Utilities		15,122	
Other Supplies and Materials		13,263	
Total Local Health Center			\$ 165,468

Rabies and Animal Control

Other Supplies and Materials	\$	212	
Other Charges		741	
Total Rabies and Animal Control			953

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	\$	47,983	
Other Salaries and Wages		10,162	
Social Security		3,503	
State Retirement		4,858	
Medical Insurance		5,597	
Unemployment Compensation		345	
Employer Medicare		819	
Total Sanitation Management			73,267

(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	\$	19,781	
Bus Drivers		12,854	
Other Salaries and Wages		11,591	
Social Security		2,512	
State Retirement		3,583	
Medical Insurance		5,343	
Unemployment Compensation		253	
Employer Medicare		588	
Communication		2,256	
Other Contracted Services		7,032	
Utilities		6,412	
Other Supplies and Materials		672	
Health Equipment		1,043	
Total Senior Citizens Assistance			\$ 73,920

Libraries

Other Charges	\$	2,596	
Total Libraries			2,596

Other Social, Cultural, and Recreational

Contributions	\$	500	
Other Contracted Services		25,000	
Other Charges		3,375	
Total Other Social, Cultural, and Recreational			28,875

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	34,715	
Secretary(ies)		6,160	
Social Security		3,127	
State Retirement		6,722	
Medical Insurance		5,776	
Unemployment Compensation		28	
Communication		5,761	
Maintenance Agreements		300	
Travel		7,666	
Other Contracted Services		415	
Other Supplies and Materials		240	
Workers' Compensation Insurance		30	
Office Equipment		1,433	
Total Agriculture Extension Service			72,373

(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

Secretary(ies)	\$	17,072	
Social Security		1,058	
State Retirement		1,129	
Unemployment Compensation		127	
Employer Medicare		248	
Total Soil Conservation			\$ 19,634

Other Operations

Tourism

Contributions	\$	24,008	
Other Charges		2,287	
Total Tourism			26,295

Airport

Communication	\$	1,686	
Maintenance and Repair Services - Buildings		1,563	
Travel		1,588	
Other Contracted Services		1,043	
Electricity		1,428	
Liability Insurance		1,285	
Other Charges		272	
Airport Improvement		983,600	
Site Development		19,450	
Total Airport			1,011,915

Veterans' Services

Secretary(ies)	\$	12,227	
Other Salaries and Wages		9,180	
Social Security		1,292	
State Retirement		1,396	
Medical Insurance		1,711	
Unemployment Compensation		107	
Employer Medicare		302	
Office Supplies		509	
Total Veterans' Services			26,724

Other Charges

Diesel Fuel	\$	333,815	
Gasoline		133,817	
Trustee's Commission		53,164	

(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	\$ 46,519	
Other Charges	4,679	
Total Other Charges		\$ 571,994

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	\$ 3,180	
Medical Insurance	1,741	
Other Fringe Benefits	8,956	
Total Employee Benefits		13,877

Miscellaneous

Communication	\$ 27,919	
Legal Notices, Recording, and Court Costs	196	
Maintenance and Repair Services - Buildings	2,896	
Postal Charges	25,895	
Duplicating Supplies	12,950	
Electricity	6,077	
Water and Sewer	2,020	
Liability Insurance	113,493	
Premiums on Corporate Surety Bonds	7,582	
Other Charges	3,183	
Building Construction	144,139	
Other Construction	1,007	
Total Miscellaneous		347,357

Highways

Litter and Trash Collection

Other Salaries and Wages	\$ 18,889	
Social Security	1,116	
State Retirement	2,157	
Medical Insurance	5,597	
Unemployment Compensation	85	
Employer Medicare	261	
Communication	1,632	
Maintenance and Repair Services - Vehicles	1,500	

(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	\$	215	
Other Contracted Services		5,084	
Other Supplies and Materials		2,676	
Other Charges		2,817	
Total Litter and Trash Collection			\$ 42,029

Total General Fund \$ 7,164,424

Public Library Fund

Social, Cultural, and Recreational Services

Libraries

Other Salaries and Wages	\$	27,506	
Social Security		1,709	
Unemployment Compensation		172	
Employer Medicare		400	
Communication		1,981	
Data Processing Services		3,777	
Maintenance and Repair Services - Buildings		1,799	
Postal Charges		52	
Electricity		4,653	
Library Books/Media		3,529	
Office Supplies		1,256	
Water and Sewer		232	
Other Supplies and Materials		262	
Data Processing Equipment		23,482	
Office Equipment		903	
Total Libraries			\$ 71,713

Total Public Library Fund 71,713

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Equipment Operators	\$	58,145	
Social Security		3,503	
State Retirement		4,858	
Life Insurance		42	
Medical Insurance		5,597	
Unemployment Compensation		345	
Employer Medicare		819	

(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.)

Communication	\$	1,365	
Data Processing Services		1,676	
Maintenance and Repair Services - Equipment		12,036	
Printing, Stationery, and Forms		1,206	
Other Contracted Services		352,663	
Custodial Supplies		875	
Diesel Fuel		2,070	
Electricity		4,085	
Gasoline		3,183	
Office Supplies		824	
Uniforms		2,186	
Water and Sewer		880	
Liability Insurance		7,311	
Trustee's Commission		6,165	
Workers' Compensation Insurance		8,047	
Other Charges		22,287	
Data Processing Equipment		40	
Office Equipment		505	
Site Development		2,607	
Total Sanitation Management			\$ 503,320

Total Solid Waste/Sanitation Fund \$ 503,320

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	5,110	
Maintenance and Repair Services - Vehicles		44	
Trustee's Commission		47	
Total Drug Enforcement			\$ 5,201

Total Drug Control Fund 5,201

Constitutional Officers - Fees Fund

General Government

Other General Administration

Special Commissioner Fees/Special Master Fees	\$	5,000	
Other Charges		168	
Total Other General Administration			\$ 5,168

Total Constitutional Officers - Fees Fund 5,168

(Continued)

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		41,200	
Board and Committee Members Fees		1,461	
Social Security		6,058	
State Retirement		11,960	
Medical Insurance		17,122	
Unemployment Compensation		270	
Employer Medicare		1,417	
Travel		1,340	
Office Supplies		2,449	
Office Equipment		2,748	
Total Administration			\$ 149,552

Highway and Bridge Maintenance

Laborers	\$	553,188	
Social Security		31,276	
State Retirement		51,696	
Medical Insurance		127,171	
Unemployment Compensation		8,652	
Employer Medicare		7,487	
Asphalt - Liquid		282,786	
Crushed Stone		99,655	
Pipe		13,625	
Road Signs		8,392	
Wood Products		4,155	
Total Highway and Bridge Maintenance			1,188,083

Operation and Maintenance of Equipment

Laundry Service	\$	6,924	
Diesel Fuel		99,287	
Equipment and Machinery Parts		107,521	
Garage Supplies		29,323	
Gasoline		27,492	
Lubricants		13,319	
Tires and Tubes		13,818	
Total Operation and Maintenance of Equipment			297,684

Other Charges

Communication	\$	6,728	
Electricity		6,173	

(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	\$	1,143	
Liability Insurance		28,645	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		14,566	
Other Charges		12,041	
Total Other Charges			\$ 69,646

Employee Benefits

Life Insurance	\$	944	
Medical Insurance		1,271	
Other Fringe Benefits		3,255	
Workers' Compensation Insurance		59,717	
Total Employee Benefits			65,187

Capital Outlay

Other Contracted Services	\$	10,661	
Other Supplies and Materials		6,388	
Other Charges		2,499	
Bridge Construction		879	
Building Construction		10,706	
Highway Construction		213,569	
Highway Equipment		86,133	
Total Capital Outlay			330,835

Total Highway/Public Works Fund \$ 2,100,987

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	120,000	
Principal on Notes		30,000	
Total General Government			\$ 150,000

Education

Principal on Bonds	\$	465,000	
Principal on Other Loans		48,024	
Total Education			513,024

(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	\$ 215,713	
Total General Government		\$ 215,713

Education

Interest on Bonds	\$ 329,431	
Total Education		329,431

Other Debt Service

General Government

Trustee's Commission	\$ 24,057	
Total General Government		24,057

Education

Other Debt Service	\$ 1,710	
Total Education		<u>1,710</u>

Total General Debt Service Fund		\$ 1,233,935
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General Capital Projects Fund

Capital Projects

General Administration Projects

Trustee's Commission	\$ 6,517	
Law Enforcement Equipment	33,000	
Transportation Equipment	<u>77,977</u>	
Total General Administration Projects		<u>\$ 117,494</u>

Total General Capital Projects Fund		117,494
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Community Development/Industrial Park Fund

Capital Projects

General Administration Projects

Data Processing Services	\$ 5,500	
Maintenance and Repair Services - Buildings	1,518	
Other Contracted Services	9,600	
Electricity	1,152	
Water and Sewer	878	
Other Charges	892	
Site Development	<u>406</u>	
Total General Administration Projects		<u>\$ 19,946</u>

Total Community Development/Industrial Park Fund		19,946
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(Continued)

Exhibit J-7

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

Other Capital Projects Fund

Capital Projects

Social, Cultural, and Recreation Projects

Engineering Services	\$ 2,500	
Electricity	238	
Other Charges	15,220	
Other Construction	<u>2,751</u>	
Total Social, Cultural, and Recreation Projects		<u>\$ 20,709</u>

Total Other Capital Projects Fund \$ 20,709

Total Governmental Funds - Primary Government \$ 11,242,897

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, 2012

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 3,988,931	
Career Ladder Program	59,740	
Career Ladder Extended Contracts	40,270	
Homebound Teachers	42,654	
Educational Assistants	83,848	
Certified Substitute Teachers	5,502	
Non-certified Substitute Teachers	123,410	
Social Security	258,219	
State Retirement	381,516	
Medical Insurance	948,784	
Employer Medicare	60,537	
Operating Lease Payments	20,240	
Maintenance and Repair Services - Equipment	7,176	
Tuition	85,000	
Other Contracted Services	16,592	
Instructional Supplies and Materials	157,787	
Textbooks	231,846	
Other Supplies and Materials	2,561	
Other Charges	1,868	
Regular Instruction Equipment	117,145	
Total Regular Instruction Program		\$ 6,633,626

Alternative Instruction Program

Teachers	\$ 87,527	
Career Ladder Program	1,000	
Clerical Personnel	13,710	
Educational Assistants	10,615	
Non-certified Substitute Teachers	1,148	
Social Security	6,982	
State Retirement	10,789	
Medical Insurance	17,708	
Unemployment Compensation	328	
Employer Medicare	1,648	
Operating Lease Payments	1,920	
Other Contracted Services	1,100	
Instructional Supplies and Materials	534	
Total Alternative Instruction Program		155,009

(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	\$ 440,842	
Career Ladder Program	5,995	
Homebound Teachers	15,374	
Educational Assistants	56,547	
Speech Pathologist	88,507	
Non-certified Substitute Teachers	50,704	
Social Security	39,451	
State Retirement	56,332	
Medical Insurance	87,935	
Employer Medicare	9,249	
Contracts with Other School Systems	1,000	
Contracts with Private Agencies	10,000	
Other Contracted Services	85,314	
Instructional Supplies and Materials	12,981	
Total Special Education Program		\$ 960,231

Vocational Education Program

Teachers	\$ 600,631	
Career Ladder Program	3,500	
Clerical Personnel	16,690	
Other Salaries and Wages	56,242	
Non-certified Substitute Teachers	40,813	
Social Security	42,557	
State Retirement	63,025	
Medical Insurance	127,693	
Employer Medicare	9,953	
Operating Lease Payments	2,876	
Maintenance and Repair Services - Equipment	2,276	
Other Contracted Services	2,382	
Instructional Supplies and Materials	21,879	
T&I Construction Materials	29,848	
Other Supplies and Materials	7,113	
Other Charges	6,043	
Vocational Instruction Equipment	9,975	
Total Vocational Education Program		1,043,496

Adult Education Program

Teachers	\$ 40,880
Career Ladder Program	1,000

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program (Cont.)

Social Security	\$	2,368	
State Retirement		3,733	
Medical Insurance		7,949	
Unemployment Compensation		81	
Employer Medicare		554	
Instructional Supplies and Materials		3,957	
Other Equipment		6,918	
Total Adult Education Program			\$ 67,440

Support Services

Attendance

Supervisor/Director	\$	58,674	
Career Ladder Program		1,000	
Social Security		3,443	
State Retirement		5,401	
Medical Insurance		7,480	
Unemployment Compensation		79	
Employer Medicare		805	
Travel		539	
Other Supplies and Materials		1,705	
In Service/Staff Development		1,503	
Total Attendance			80,629

Health Services

Medical Personnel	\$	116,407	
Other Salaries and Wages		51,557	
Social Security		10,179	
State Retirement		16,486	
Medical Insurance		24,945	
Unemployment Compensation		682	
Employer Medicare		2,381	
Travel		722	
Other Contracted Services		2,551	
Drugs and Medical Supplies		4,473	
Other Supplies and Materials		7,648	
In Service/Staff Development		4,230	
Other Charges		4,877	
Health Equipment		7,717	
Total Health Services			254,855

(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	\$	2,000	
Guidance Personnel		223,134	
Social Security		13,936	
State Retirement		20,428	
Medical Insurance		27,896	
Unemployment Compensation		382	
Employer Medicare		3,259	
Evaluation and Testing		8,487	
Travel		2,503	
Other Contracted Services		34,648	
Other Supplies and Materials		3,443	
In Service/Staff Development		2,951	
Other Charges		44,290	
Total Other Student Support			\$ 387,357

Regular Instruction Program

Supervisor/Director	\$	119,389	
Career Ladder Program		3,000	
Librarians		242,237	
Instructional Computer Personnel		55,655	
Clerical Personnel		12,525	
Other Salaries and Wages		15,036	
In-Service Training		2,000	
Social Security		26,859	
State Retirement		41,704	
Medical Insurance		52,701	
Unemployment Compensation		886	
Employer Medicare		6,436	
Operating Lease Payments		3,527	
Travel		6,534	
Other Contracted Services		2,359	
Library Books/Media		23,998	
Periodicals		6,000	
Other Supplies and Materials		2,460	
In Service/Staff Development		15,984	
Other Charges		70	
Other Equipment		44,452	
Total Regular Instruction Program			683,812

(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.)

Alternative Instruction Program

Travel	\$ 51	
Total Alternative Instruction Program		\$ 51

Special Education Program

Supervisor/Director	\$ 35,740	
Psychological Personnel	32,563	
Secretary(ies)	13,344	
Social Security	4,859	
State Retirement	7,705	
Medical Insurance	3,305	
Unemployment Compensation	162	
Employer Medicare	1,136	
Travel	10,533	
Other Supplies and Materials	271	
In Service/Staff Development	14,448	
Total Special Education Program		124,066

Vocational Education Program

Supervisor/Director	\$ 64,873	
Career Ladder Program	1,000	
Social Security	3,942	
State Retirement	5,962	
Medical Insurance	8,429	
Unemployment Compensation	79	
Employer Medicare	922	
In Service/Staff Development	8,274	
Total Vocational Education Program		93,481

Adult Programs

Supervisor/Director	\$ 47,559	
Clerical Personnel	2,000	
Social Security	3,038	
State Retirement	5,660	
Medical Insurance	6,096	
Unemployment Compensation	79	
Employer Medicare	711	
Other Fringe Benefits	390	
Travel	151	
In Service/Staff Development	2,085	
Total Adult Programs		67,769

(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	\$ 10,286	
Total Other Programs		\$ 10,286

Board of Education

Secretary to Board	\$ 1,700	
Other Salaries and Wages	2,125	
Board and Committee Members Fees	12,000	
Social Security	974	
State Retirement	938	
Life Insurance	6,933	
Medical Insurance	634	
Employer Medicare	228	
Other Fringe Benefits	18,762	
Audit Services	9,297	
Dues and Memberships	14,261	
Legal Services	1,178	
Other Contracted Services	6,905	
Liability Insurance	160,082	
Trustee's Commission	89,588	
Workers' Compensation Insurance	107,314	
In Service/Staff Development	12,861	
Criminal Investigation of Applicants - TBI	5,040	
Other Charges	1,601	
Total Board of Education		452,421

Director of Schools

County Official/Administrative Officer	\$ 85,857	
Clerical Personnel	21,084	
Social Security	6,502	
State Retirement	10,178	
Medical Insurance	12,761	
Unemployment Compensation	158	
Employer Medicare	1,521	
Communication	37,569	
Operating Lease Payments	4,138	
Postal Charges	4,178	
Other Contracted Services	6,398	
Office Supplies	11,949	
In Service/Staff Development	7,990	

(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.)

Other Charges	\$ 6,686	
Administration Equipment	1,703	
Total Director of Schools		\$ 218,672

Office of the Principal

Principals	\$ 407,432	
Career Ladder Program	4,000	
Assistant Principals	151,905	
Secretary(ies)	189,145	
In-Service Training	525	
Social Security	43,821	
State Retirement	67,568	
Medical Insurance	110,987	
Unemployment Compensation	177	
Employer Medicare	10,677	
Communication	57,393	
Dues and Memberships	3,850	
Operating Lease Payments	4,538	
Postal Charges	3,390	
Travel	248	
Other Contracted Services	7,258	
Office Supplies	4,935	
In Service/Staff Development	5,097	
Administration Equipment	2,572	
Total Office of the Principal		1,075,518

Fiscal Services

Supervisor/Director	\$ 33,409	
Accountants/Bookkeepers	31,870	
Social Security	3,851	
State Retirement	7,456	
Medical Insurance	14,859	
Unemployment Compensation	136	
Employer Medicare	901	
Travel	295	
Office Supplies	452	
In Service/Staff Development	964	
Other Charges	15	
Administration Equipment	1,675	
Total Fiscal Services		95,883

(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	\$	11,103	
Clerical Personnel		31,096	
Social Security		2,521	
State Retirement		4,819	
Medical Insurance		9,624	
Unemployment Compensation		98	
Employer Medicare		590	
Office Supplies		415	
In Service/Staff Development		364	
Administration Equipment		837	
Total Human Services/Personnel			\$ 61,467

Operation of Plant

Guards	\$	60,680	
Custodial Personnel		356,619	
Other Salaries and Wages		10,993	
Social Security		25,948	
State Retirement		42,138	
Medical Insurance		141,117	
Unemployment Compensation		2,127	
Employer Medicare		6,068	
Other Contracted Services		188,986	
Custodial Supplies		69,727	
Electricity		553,272	
Natural Gas		141,608	
Water and Sewer		40,342	
Other Supplies and Materials		34,052	
In Service/Staff Development		1,360	
Other Charges		6,967	
Plant Operation Equipment		22,505	
Total Operation of Plant			1,704,509

Maintenance of Plant

Maintenance Personnel	\$	95,657	
Social Security		5,855	
State Retirement		10,926	
Medical Insurance		18,926	
Unemployment Compensation		255	
Employer Medicare		1,369	

(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 - Buildings	\$	3,916	
Maintenance and Repair Services - Equipment		1,818	
Other Contracted Services		4,859	
General Construction Materials		925	
Other Supplies and Materials		177,255	
In Service/Staff Development		638	
Other Charges		2,820	
Total Maintenance of Plant			\$ 325,219

Transportation

Supervisor/Director	\$	44,428	
Mechanic(s)		56,985	
Bus Drivers		226,451	
Clerical Personnel		21,606	
Social Security		21,235	
State Retirement		38,118	
Medical Insurance		146,444	
Unemployment Compensation		2,172	
Employer Medicare		4,966	
Communication		2,674	
Contracts with Parents		843	
Medical and Dental Services		3,202	
Rentals		2,353	
Other Contracted Services		4,393	
Diesel Fuel		155,543	
Equipment and Machinery Parts		6,818	
Garage Supplies		2,853	
Gasoline		28,285	
Lubricants		4,586	
Tires and Tubes		16,141	
Vehicle Parts		63,636	
Other Supplies and Materials		10,001	
In Service/Staff Development		1,476	
Other Charges		6,309	
Transportation Equipment		95,767	
Total Transportation			967,285

Central and Other

Data Processing Personnel	\$	10,600	
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(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.)

Social Security	\$	643	
State Retirement		1,211	
Medical Insurance		2,597	
Unemployment Compensation		28	
Employer Medicare		150	
Travel		485	
Other Contracted Services		5,036	
Data Processing Supplies		966	
Other Supplies and Materials		996	
In Service/Staff Development		1,539	
Data Processing Equipment		1,251	
Total Central and Other			\$ 25,502

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	55,484	
Accountants/Bookkeepers		21,540	
Social Security		4,695	
State Retirement		7,481	
Medical Insurance		11,805	
Unemployment Compensation		158	
Employer Medicare		1,098	
Travel		523	
Other Supplies and Materials		497	
Total Food Service			103,281

Community Services

Other Salaries and Wages	\$	64,786	
Social Security		3,902	
State Retirement		4,559	
Medical Insurance		3,468	
Unemployment Compensation		383	
Employer Medicare		928	
Other Fringe Benefits		248	
Food Supplies		1,858	
In Service/Staff Development		583	
Other Charges		5,909	
Total Community Services			86,624

(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

Supervisor/Director	\$ 11,399	
Teachers	129,627	
Educational Assistants	37,518	
Other Salaries and Wages	14,920	
Non-certified Substitute Teachers	7,670	
Social Security	12,370	
State Retirement	19,194	
Medical Insurance	34,787	
Unemployment Compensation	690	
Employer Medicare	2,900	
Other Fringe Benefits	860	
Travel	942	
Other Contracted Services	395	
Instructional Supplies and Materials	4,219	
In Service/Staff Development	1,748	
Other Charges	<u>6,227</u>	
Total Early Childhood Education		\$ 285,466

Capital Outlay

Regular Capital Outlay

Engineering Services	\$ 1,001	
Building Improvements	15,575	
Other Capital Outlay	<u>61,956</u>	
Total Regular Capital Outlay		78,532

Principal on Debt

Education

Principal on Capital Leases	\$ 25,674	
Total Education		25,674

Interest on Debt

Education

Interest on Capital Leases	\$ 238	
Total Education		238

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 312,178	
Total Education		<u>312,178</u>

Total General Purpose School Fund \$ 16,380,577

(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

Instruction

Regular Instruction Program

Teachers	\$ 868,456	
Educational Assistants	156,098	
Other Salaries and Wages	41,408	
Non-certified Substitute Teachers	41,389	
Social Security	65,028	
State Retirement	97,387	
Medical Insurance	171,402	
Unemployment Compensation	3,334	
Employer Medicare	15,708	
Other Fringe Benefits	2,756	
Other Contracted Services	31,010	
Instructional Supplies and Materials	168,727	
Regular Instruction Equipment	200,482	
Total Regular Instruction Program		\$ 1,863,185

Special Education Program

Teachers	\$ 105,190	
Educational Assistants	161,078	
Non-certified Substitute Teachers	49,101	
Social Security	18,902	
State Retirement	27,922	
Medical Insurance	91,148	
Unemployment Compensation	1,683	
Employer Medicare	4,430	
Other Fringe Benefits	1,565	
Instructional Supplies and Materials	26,270	
Total Special Education Program		487,289

Vocational Education Program

Teachers	\$ 8,499	
Social Security	527	
State Retirement	769	
Medical Insurance	1,476	
Unemployment Compensation	19	
Employer Medicare	123	
Other Fringe Benefits	19	
Other Supplies and Materials	749	
Vocational Instruction Equipment	32,447	
Total Vocational Education Program		44,628

(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	\$	25,606	
Other Salaries and Wages		4,125	
Social Security		1,735	
State Retirement		2,813	
Medical Insurance		3,425	
Unemployment Compensation		87	
Employer Medicare		406	
Other Fringe Benefits		110	
Travel		2,770	
Other Supplies and Materials		11,922	
In Service/Staff Development		4,534	
Other Equipment		2,705	
Total Other Student Support			\$ 60,238

Regular Instruction Program

Supervisor/Director	\$	82,641	
Instructional Computer Personnel		14,154	
Secretary(ies)		7,152	
Other Salaries and Wages		133,807	
In-Service Training		139,431	
Social Security		20,674	
State Retirement		30,612	
Medical Insurance		23,466	
Unemployment Compensation		504	
Employer Medicare		5,447	
Other Fringe Benefits		3,566	
Travel		1,302	
Other Supplies and Materials		12,371	
In Service/Staff Development		100,896	
Other Equipment		40,054	
Total Regular Instruction Program			616,077

Special Education Program

In Service/Staff Development	\$	2,500	
Total Special Education Program			2,500

Fiscal Services

Accountants/Bookkeepers	\$	2,000	
Social Security		124	

(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.)

Fiscal Services (Cont.)

State Retirement	\$	228	
Employer Medicare		29	
Other Fringe Benefits		8	
Total Fiscal Services			\$ 2,389

Transportation

Bus Drivers	\$	27,944	
Social Security		1,683	
State Retirement		3,208	
Medical Insurance		16,843	
Unemployment Compensation		208	
Employer Medicare		394	
Other Fringe Benefits		1,340	
Transportation Equipment		22,530	
Total Transportation			74,150

Total School Federal Projects Fund \$ 3,150,456

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	378,885	
Social Security		22,436	
State Retirement		39,311	
Medical Insurance		159,343	
Unemployment Compensation		2,440	
Employer Medicare		5,247	
Other Fringe Benefits		10,985	
Communication		1,502	
Maintenance and Repair Services - Equipment		37,161	
Transportation - Other than Students		5,013	
Travel		3,201	
Other Contracted Services		30,531	
Food Preparation Supplies		58,855	
Food Supplies		485,501	
Uniforms		4,470	
USDA - Commodities		70,567	
Other Supplies and Materials		1,030	
Other Charges		39,255	

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Food Service Equipment	\$ 2,216	
Total Food Service		\$ <u>1,357,949</u>

Total Central Cafeteria Fund \$ 1,357,949

Other Education Special Revenue Fund

Instruction

Regular Instruction Program

Teachers	\$ 185,382	
Educational Assistants	59,538	
Non-certified Substitute Teachers	4,424	
Social Security	15,026	
State Retirement	23,577	
Medical Insurance	55,567	
Unemployment Compensation	788	
Employer Medicare	3,522	
Other Fringe Benefits	1,072	
Instructional Supplies and Materials	26,550	
Other Charges	9,988	
Regular Instruction Equipment	<u>11,269</u>	
Total Regular Instruction Program		\$ 396,703

Support Services

Attendance

Social Workers	\$ 43,515	
Social Security	2,371	
State Retirement	4,445	
Medical Insurance	11,805	
Unemployment Compensation	199	
Employer Medicare	621	
Other Fringe Benefits	187	
Travel	732	
Other Supplies and Materials	<u>3,429</u>	
Total Attendance		67,304

Health Services

Medical Personnel	\$ 9,379
Social Security	581
State Retirement	1,071

(Continued)

Exhibit J-8

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

Other Education Special Revenue Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Unemployment Compensation	\$	21	
Employer Medicare		136	
Other Fringe Benefits		276	
Other Contracted Services		1,028	
Drugs and Medical Supplies		<u>3,004</u>	
Total Health Services	\$		15,496

Regular Instruction Program

Supervisor/Director	\$	45,597	
Clerical Personnel		777	
Social Security		2,784	
State Retirement		4,215	
Medical Insurance		4,777	
Unemployment Compensation		70	
Employer Medicare		651	
Other Fringe Benefits		196	
Travel		265	
Other Supplies and Materials		1,500	
In Service/Staff Development		<u>5,713</u>	
Total Regular Instruction Program			<u>66,545</u>

Total Other Education Special Revenue Fund \$ 546,048

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Other Capital Outlay	\$	<u>44,350</u>	
Total Education Capital Projects			<u>\$ 44,350</u>

Total Education Capital Projects Fund 44,350

Total Governmental Funds - Johnson County School Department \$ 21,479,380

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, 2012

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 453,236
Total Cash Receipts	<u>\$ 453,236</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 448,704
Trustee's Commissions	4,532
Total Cash Disbursements	<u>\$ 453,236</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2011	<u>0</u>
 Cash Balance, June 30, 2012	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT 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 11, 2012

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, 2012, which collectively comprise Johnson County's basic financial statements and have issued our report thereon dated September 11, 2012. 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

The management of Johnson County is responsible for establishing and maintaining effective 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: 12.01 and 12.02. 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.

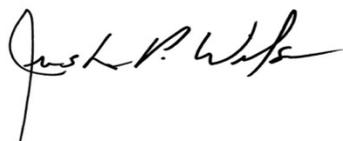
Compliance and Other Matters

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

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

This report is intended solely for the information and use of management, the county mayor, 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,



Justin P. Wilson
Comptroller of the Treasury

JPW/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT 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

Independent Auditor's Report

September 11, 2012

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited Johnson County's compliance 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, 2012. 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, 2012.

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 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, 2012, and have issued our report thereon dated September 11, 2012. 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.

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 prominent vertical stroke at the beginning.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

Johnson County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2012

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	\$ 137,179
Community Facilities Loans and Grants	10.780	N/A	10,572
Emergency Watershed Protection Program, Recovery Act	10.923	N/A	96,337
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	249,782
National School Lunch Program	10.555	N/A	729,913 (3)
Summer Food Service Program for Children	10.559	N/A	25,560
Passed-through State Department of Agriculture:			
Child Nutrition Cluster:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	70,567 (3)
Total U.S. Department of Agriculture			\$ 1,319,910
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	N/A	\$ 53,229
Passed-through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM-09-28	91,317
Total U.S. Department of Housing and Urban Development			\$ 144,546
U.S. Bureau of Land Management, Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 17,867
Total U.S. Bureau of Land Management, Department of the Interior			\$ 17,867
U.S. Department of Justice Assistance:			
Direct Programs:			
Bulletproof Vest Partnership Program	16.607	(2)	\$ 5,600
Total U.S. Department of Justice Assistance			\$ 5,600
U.S. Department of Transportation:			
Passed-through State Department of Environment and Conservation:			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	(2)	\$ 6,500
Total U.S. Department of Transportation			\$ 6,500
U.S. Institute of Museums and Library Services:			
Passed-through Department of State, Division of Library Services:			
Grants to States	45.310	(2)	\$ 1,180
Total U.S. Institute of Museums and Library Services			\$ 1,180
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	\$ 1,014,651
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	96,629
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	500,901
Special Education - Preschool Grants	84.173	N/A	58,772
Special Education - Grants to States, Recovery Act	84.391	N/A	16,260
Special Education - Preschool Grants, Recovery Act	84.392	N/A	4,680

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont.):			
Passed-through State Department of Education (Cont.):			
Career and Technical Education - Basic Grants to States	84.048	N/A	\$ 59,845
Twenty-first Century Community Learning Centers	84.287	192-09-2-014	90,558
Education Technology Cluster:			
Education Technology State Grants	84.318	(2)	727
Education Technology State Grants, Recovery Act	84.386	(2)	8,005
Rural Education	84.358	N/A	67,867
Improving Teacher Quality State Grants	84.367	N/A	191,438
Teacher Incentive Fund	84.374	N/A	205,708
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top			
Incentive Grants, Recovery Act	84.395	N/A	252,944
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	9,894
Education Jobs Fund	84.410	N/A	611,999
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	86,418
Total U.S. Department of Education			\$ 3,277,296
U.S. Election Assistance Administration:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ 3,876
Total U.S. Election Assistance Administration			\$ 3,876
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance	97.036	(2)	\$ 63,435
Emergency Management Performance Grants	97.042	(2)	121,402
Total U.S. Department of Homeland Security			\$ 184,837
Total Expenditures of Federal Awards			\$ 4,961,612
<u>State Grants</u>			
		<u>Contract Number</u>	
Juvenile Services Program - State Commission on Children and Youth	N/A	(2)	\$ 4,800
Airport Maintenance - State Department of Transportation	N/A	DG-11-33041-00	975,224
Aging Program - First Tennessee Development District	N/A	(2)	34,339
Health Department Program - State Department of Health	N/A	Z-12-44004-00	81,626
State Aid Program - State Department of Transportation	N/A	(2)	174,075
Litter Program - State Department of Transportation	N/A	(2)	29,546
Adult Basic Education - State Department of Education	N/A	(2)	31,137
Family Resource Center Grant - State Department of Education	N/A	(2)	29,612
Safe Schools Act Grant - State Department of Education	N/A	(2)	9,533
Safe Student Management System Grant - State Department of Education	N/A	(2)	5,871
Early Childhood Education Pilot Project - State Department of Education	N/A	(2)	276,263
Coordinated School Health Program - State Department of Education	N/A	(2)	100,000
Total State Grants			\$ 1,752,026

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 \$800,480.

Johnson County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2012

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, 2011, which has not been corrected.

OFFICES OF CLERK AND MASTER, REGISTER, AND SHERIFF

Finding Number	Page Number	Subject
11.07	168	Duties were not segregated adequately

JOHNSON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Johnson County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no 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 no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559); the 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); the Race-to-the-Top Incentive Grants (CFDA No. 84.395); and the Education Jobs Fund (CFDA No. 84.410) 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; however, management did not provide responses for inclusion in this report.

OFFICE OF CIRCUIT COURT CLERK

FINDING 12.01 **THE ACCOUNTING SOFTWARE DID NOT IDENTIFY THE USER THAT PROCESSED EACH TRANSACTION**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Although each employee had been assigned a unique username and password for accessing the office accounting software, the software did not record the user who processed each transaction. Since the vendor did not design the system with these controls, the employee responsible for this activity would not be easily identified if inappropriate activity were to occur. Sound business practices dictate that each transaction be identified with the individual creating the transaction. In March 2012, the vendor implemented controls to identify the user that processed each transaction.

OFFICES OF CLERK AND MASTER, REGISTER, AND SHERIFF

FINDING 12.02 **DUTIES WERE NOT SEGREGATED ADEQUATELY**
(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 give reasonable assurance of the reliability of 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 Local Government 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 process. 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.

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

There were no findings and questioned costs for federal awards.

JOHNSON COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2012

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

Director of Schools – Summary Schedule of Prior-Year's Findings

FINDINGS 11.04 and 11.08

Johnson County school administration has ensured that 100 percent of all special education funds are spent on special education students. All expenditures determined by the State of Tennessee, Division of Special Education to be non-special education expenditures have been reimbursed to the appropriate programs, and future expenditures have been budgeted and expended from regular education General Purpose School funds. The corrective action was approved by the State Department of Education on March 25, 2011.