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# ANNUAL FINANCIAL REPORT JOHNSON COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2013



**ANNUAL FINANCIAL REPORT**  
**JOHNSON COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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

*DIVISION OF LOCAL GOVERNMENT AUDIT*  
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*GREG BRUSH, CISA*  
*State Auditors*

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

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## JOHNSON COUNTY, TENNESSEE

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# ***Audit Highlights***

Annual Financial Report  
Johnson County, Tennessee  
For the Year Ended June 30, 2013

## ***Scope***

We have audited the basic financial statements of Johnson County as of and for the year ended June 30, 2013.

## ***Results***

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

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

## ***Findings and Best Practices***

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

### **OFFICES OF DIRECTOR OF SCHOOLS, DIRECTOR OF ACCOUNTS AND BUDGETS, AND TRUSTEE**

- ◆ Warrants were issued on the School Federal Projects Fund that exceeded cash on deposit with the county trustee, and the trustee paid warrants issued by the School Federal Projects Fund that exceeded available funds.

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### **OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS**

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

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### **OFFICES OF CLERK AND MASTER, REGISTER OF DEEDS, 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.

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# INTRODUCTORY SECTION

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# Johnson County Officials

## June 30, 2013

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### **Officials**

Larry Potter, County Mayor  
Tony Jennings, Road Superintendent  
Morris Woodring, Director of Schools  
Carolyn Sue Hensley, Trustee  
Matthew Lewis, Assessor of Property  
Tammie Fenner, County Clerk  
Carolyn Hawkins, Circuit and General Sessions Courts Clerk  
Linda Morefield, Clerk and Master  
Patricia Hartley, Register of Deeds  
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 Millsap  
Jonathan Pleasant  
Jack Proffitt  
Rick Snyder  
Dean Stout  
Kenneth Taylor

### **Board of Education**

Gerald Buckles, Chairman  
Howard Carlton  
Brad Dunn

Bill Gambill  
Kevin Long

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**FINANCIAL SECTION**

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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

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

To the County Mayor and Board of County Commissioners:

**Report on the Financial Statements**

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, 2013, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Johnson County, Tennessee, as of June 30, 2013, and the respective changes in financial position thereof and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note V.B., Johnson County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60 *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position*, which became effective for the year ended June 30, 2013. Johnson County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

We draw attention to Note I.D.8. to the financial statements, which describes a restatement to the beginning net position of the governmental activities totaling \$329,683. This restatement was necessary due to the implementation of GASB Statement No. 65.

### ***Other Matters***

#### ***Required Supplementary Information***

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 schedule of funding progress – pension plan and other postemployment benefits plan on pages 68-70 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.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Johnson County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Johnson County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Johnson County School Department (a discretely presented component unit), and 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, 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 miscellaneous schedules are fairly stated, in all material respects, in relation to the basic 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2013, on our consideration of Johnson County's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Johnson County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

November 13, 2013

JPW/sb

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# **BASIC FINANCIAL STATEMENTS**

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Exhibit A

Johnson County, Tennessee  
Statement of Net Position  
June 30, 2013

	Primary Governmental Activities	Component Unit Johnson County School Department
<u>ASSETS</u>		
Cash and Equivalents	\$ 950	\$ 75,324
Equity in Pooled Cash and Investments	7,573,436	4,128,222
Accounts Receivable	35,655	0
Due from Other Governments	700,018	370,137
Due from Component Units	24,520	0
Property Taxes Receivable	3,080,110	2,910,874
Allowance for Uncollectible Property Taxes	(119,707)	(113,130)
Unamortized Discount on Debt	7,667	0
Capital Assets:		
Assets Not Depreciated:		
Land	830,378	946,939
Construction in Progress	983,599	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	7,415,837	14,143,439
Infrastructure	1,414,408	515,530
Other Capital Assets	647,675	1,266,113
Total Assets	<u>\$ 22,594,546</u>	<u>\$ 24,243,448</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	\$ 128,390	\$ 0
Total Deferred Outflows of Resources	<u>\$ 128,390</u>	<u>\$ 0</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 48,950	\$ 10,578
Accrued Payroll	0	23,311
Payroll Deductions Payable	60,496	462,076
Cash Overdraft	0	126,279
Contracts Payable	94,944	0
Accrued Interest Payable	91,689	0
Due to Primary Government	0	24,520
Due to State of Tennessee	10,821	24,450
Other Current Liabilities	0	71,597
Noncurrent Liabilities:		
Due Within One Year	891,232	50,106
Due in More Than One Year (net of unamortized premium on debt)	14,927,091	86,499
Total Liabilities	<u>\$ 16,125,223</u>	<u>\$ 879,416</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Johnson County School Department
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Deferred Current Property Taxes	\$ 2,815,470	\$ 2,660,774
Total Deferred Inflows of Resources	<u>\$ 2,815,470</u>	<u>\$ 2,660,774</u>
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	\$ 5,815,505	\$ 0
Investment in Capital Assets	0	16,872,021
Restricted for:		
General Government	66,806	0
Finance	31,627	0
Administration of Justice	28,955	0
Public Safety	77,446	0
Highways	299,609	0
Education	0	861,902
Capital Outlay	834,335	0
Unrestricted	<u>(3,372,040)</u>	<u>2,969,336</u>
Total Net Position	<u>\$ 3,782,243</u>	<u>\$ 20,703,258</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, 2013

Functions/Programs	Program Revenues						Net (Expense) Revenue and Changes in Net Position		Component Unit
	Expenses	Charges for Services	Operating		Capital Grants and Contributions	Primary		Johnson County School Department	
			Operating Contributions	Grants and Contributions		Governmental Activities	Governmental Activities		
<b>Primary Government:</b>									
<b>Governmental Activities:</b>									
General Government	\$ 712,487	\$ 225,479	\$ 41,385	\$ 0	\$ 0	\$ (445,623)	\$ 0	0	
Finance	768,575	388,398	0	0	0	(380,177)	0	0	
Administration of Justice	626,687	374,002	9,300	0	0	(243,385)	0	0	
Public Safety	3,238,298	1,110,392	140,474	19,516	0	(1,967,916)	0	0	
Public Health and Welfare	960,218	422,526	196,361	0	0	(341,331)	0	0	
Social, Cultural, and Recreational Services	199,442	0	24,904	38,370	0	(136,168)	0	0	
Agriculture and Natural Resources	73,499	0	0	0	0	(73,499)	0	0	
Other Operations	1,125,508	552,977	0	122,531	0	(450,000)	0	0	
Highways	2,196,675	80,705	1,513,974	97,000	0	(504,996)	0	0	
Education	76,154	0	0	0	0	(76,154)	0	0	
Interest on Long-term Debt	541,948	0	315,004	0	0	(226,944)	0	0	
Debt Service	24,943	0	0	0	0	(24,943)	0	0	
<b>Total Primary Government</b>	<b>\$ 10,544,434</b>	<b>\$ 3,154,479</b>	<b>\$ 2,241,402</b>	<b>\$ 277,417</b>	<b>\$ (4,871,136)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>0</b>	
<b>Component Unit:</b>									
Johnson County School Department	\$ 21,951,559	\$ 632,184	\$ 3,632,628	\$ 76,154	\$ 0	\$ (17,610,593)	\$ (17,610,593)	0	
<b>Total Component Unit</b>	<b>\$ 21,951,559</b>	<b>\$ 632,184</b>	<b>\$ 3,632,628</b>	<b>\$ 76,154</b>	<b>\$ 0</b>	<b>\$ (17,610,593)</b>	<b>\$ (17,610,593)</b>	<b>0</b>	

(Continued)

Exhibit B

Johnson County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Unit	
				Primary Governmental Activities	Johnson County School Department
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes		\$ 2,156,495		\$	2,729,066
Property Taxes Levied for Debt Service		729,973			0
Local Option Sales Taxes		268,802			700,975
Hotel/Motel Tax		13,180			0
Wheel Tax		549,247			0
Litigation Tax - General		6,503			0
Litigation Tax - Special Purpose		58,015			0
Litigation Tax - Jail, Workhouse, or Courthouse		11,033			0
Business Tax		74,379			0
Mineral Severance Tax		1,428			0
Bank Excise Tax		19,534			0
Wholesale Beer Tax		133,184			0
Other Local Taxes		2,142		2,764	
Grants and Contributions Not Restricted to Specific Programs		627,295		12,981,251	
Unrestricted Investment Income		79,075		2,862	
Miscellaneous		133,434		151,364	
Gain on Disposal of Capital Assets		4,776		0	
Total General Revenues		\$ 4,868,495		\$ 16,568,282	
Change in Net Position				\$ (2,641)	\$ (1,042,311)
Net Position, July 1, 2012				4,114,567	21,745,569
Prior-period Adjustment				(329,683)	0
Net Position, June 30, 2013				\$ 3,782,243	\$ 20,703,258

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, 2013

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 950	\$ 950
Equity in Pooled Cash and Investments	1,598,986	80,323	4,718,137	1,175,990	7,573,436
Accounts Receivable	15,605	0	0	20,050	35,655
Due from Other Governments	284,192	260,426	152,700	2,700	700,018
Due from Other Funds	424	19,246	298,580	2,566	320,816
Property Taxes Receivable	1,861,605	0	778,489	440,016	3,080,110
Allowance for Uncollectible Property Taxes	(72,351)	0	(30,256)	(17,100)	(119,707)
Total Assets	\$ 3,688,461	\$ 359,995	\$ 5,917,650	\$ 1,625,172	\$ 11,591,278
<u>LIABILITIES</u>					
Accounts Payable	\$ 17,047	\$ 11,213	\$ 0	\$ 20,690	\$ 48,950
Payroll Deductions Payable	47,474	13,022	0	0	60,496
Contracts Payable	94,944	0	0	0	94,944
Due to Other Funds	41,059	0	0	279,757	320,816
Due to State of Tennessee	8,459	2,362	0	0	10,821
Total Liabilities	\$ 208,983	\$ 26,597	\$ 0	\$ 300,447	\$ 536,027
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 1,701,657	\$ 0	\$ 711,602	\$ 402,211	\$ 2,815,470
Deferred Delinquent Property Taxes	79,759	0	33,353	18,852	131,964
Other Deferred/Unavailable Revenue	54,137	132,713	78,438	0	265,288
Total Deferred Inflows of Resources	\$ 1,835,553	\$ 132,713	\$ 823,393	\$ 421,063	\$ 3,212,722
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 66,806	\$ 0	\$ 0	\$ 0	\$ 66,806
Restricted for Finance	31,627	0	0	0	31,627
Restricted for Administration of Justice	28,955	0	0	0	28,955
Restricted for Public Safety	20,955	0	0	56,491	77,446
Restricted for Highways/Public Works	0	200,685	0	0	200,685
Restricted for Capital Outlay	0	0	0	819,833	819,833
Committed:					
Committed for Public Health and Welfare	0	0	0	17,505	17,505
Committed for Social, Cultural, and Recreational Services	0	0	0	9,833	9,833
Committed for Debt Service	0	0	5,094,257	0	5,094,257
Assigned:					
Assigned for General Government	703,152	0	0	0	703,152
Assigned for Public Safety	432,782	0	0	0	432,782
Unassigned	359,648	0	0	0	359,648
Total Fund Balances	\$ 1,643,925	\$ 200,685	\$ 5,094,257	\$ 903,662	\$ 7,842,529
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,688,461	\$ 359,995	\$ 5,917,650	\$ 1,625,172	\$ 11,591,278

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

Exhibit C-2

Johnson County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
June 30, 2013

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different because:

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	7,842,529
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	830,378	
Add: construction in progress		983,599	
Add: other capital assets net of accumulated depreciation		647,675	
Add: buildings and improvements net of accumulated depreciation		7,415,837	
Add: infrastructure net of accumulated depreciation		<u>1,414,408</u>	11,291,897
(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	\$	(20,000)	
Less: other loans payable		(184,085)	
Less: bonds payable		(12,665,000)	
Less: capital leases payable		(24,520)	
Add: debt to be contributed by School Department		24,520	
Add: deferred amount on refunding		128,390	
Add: deferred charges - discount on debt		7,667	
Less: compensated absences payable		(263,799)	
Less: landfill postclosure care costs		(1,199,946)	
Less: other postemployment benefits liability		(1,436,451)	
Less: accrued interest on bonds, notes, and other loans payable		(91,689)	
Less: other deferred revenue - premium on debt		<u>(24,522)</u>	(15,749,435)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			
			<u>397,252</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>3,782,243</u></u>

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

Exhibit C-3

Johnson County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2013

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 2,762,428	\$ 1,428	\$ 857,033	\$ 456,334	\$ 4,077,223
Licenses and Permits	36,508	0	0	0	36,508
Fines, Forfeitures, and Penalties	86,710	0	0	95	86,805
Charges for Current Services	56,210	0	0	423,604	479,814
Other Local Revenues	749,263	12,636	0	126,996	888,895
Fees Received from County Officials	725,738	0	0	0	725,738
State of Tennessee	2,052,742	1,444,059	0	115,370	3,612,171
Federal Government	133,908	23,822	0	0	157,730
Other Governments and Citizens Groups	82,136	74,868	338,090	39,390	534,484
<b>Total Revenues</b>	<b>\$ 6,685,643</b>	<b>\$ 1,556,813</b>	<b>\$ 1,195,123</b>	<b>\$ 1,161,789</b>	<b>\$ 10,599,368</b>
<u>Expenditures</u>					
Current:					
General Government	\$ 624,598	\$ 0	\$ 0	\$ 6,445	\$ 631,043
Finance	708,109	0	0	0	708,109
Administration of Justice	649,072	0	0	0	649,072
Public Safety	2,905,278	0	0	3,728	2,909,006
Public Health and Welfare	360,420	0	0	623,321	983,741
Social, Cultural, and Recreational Services	102,451	0	0	57,025	159,476
Agriculture and Natural Resources	75,296	0	0	0	75,296
Other Operations	1,075,318	0	0	0	1,075,318
Highways	44,813	1,891,709	0	0	1,936,522
Debt Service:					
Principal on Debt	0	0	711,110	0	711,110
Interest on Debt	0	0	528,654	0	528,654
Other Debt Service	0	0	24,943	0	24,943
Capital Projects	0	0	0	500,748	500,748
<b>Total Expenditures</b>	<b>\$ 6,545,355</b>	<b>\$ 1,891,709</b>	<b>\$ 1,264,707</b>	<b>\$ 1,191,267</b>	<b>\$ 10,893,038</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 140,288	\$ (334,896)	\$ (69,584)	\$ (29,478)	\$ (293,670)
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 20,000	\$ 20,000
Insurance Recovery	6,960	0	0	0	6,960
Transfers In	0	230,018	230,018	17,842	477,878
Transfers Out	(477,878)	0	0	0	(477,878)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (470,918)</b>	<b>\$ 230,018</b>	<b>\$ 230,018</b>	<b>\$ 37,842</b>	<b>\$ 26,960</b>
Net Change in Fund Balances	\$ (330,630)	\$ (104,878)	\$ 160,434	\$ 8,364	\$ (266,710)
Fund Balance, July 1, 2012	1,974,555	305,563	4,933,823	895,298	8,109,239
Fund Balance, June 30, 2013	\$ 1,643,925	\$ 200,685	\$ 5,094,257	\$ 903,662	\$ 7,842,529

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, 2013

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)		\$ (266,710)
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 646,063	
Less: current-year depreciation expense	<u>(558,519)</u>	87,544
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2013	\$ 397,252	
Less: deferred delinquent property taxes and other deferred June 30, 2012	<u>(431,741)</u>	(34,489)
<p>(3) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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:</p>		
Less: note proceeds	\$ (20,000)	
Add: change in premium on debt issuances	1,635	
Add: principal payments on bonds	610,000	
Add: principal payments on notes	30,000	
Add: principal payments on other loans	48,024	
Add: principal payments on capital leases	23,086	
Less: contributions from School Department for capital leases	(23,086)	
Less: change in unamortized discount on debt	(555)	
Less: change in deferred amount on refunding debt	<u>(18,790)</u>	650,314
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest payable	\$ 4,416	
Change in compensated absences payable	(13,202)	
Change in landfill postclosure care costs	(8,807)	
Change in other postemployment benefits liability	<u>(421,707)</u>	<u>(439,300)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ (2,641)</u>

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

Exhibit C-5

Johnson County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)	
					Original			Final
					Original	Final		
<b>Revenues</b>								
Local Taxes	\$ 2,762,428	\$ 0	\$ 0	\$ 2,762,428	\$ 2,731,489	\$ 2,733,776	\$ 28,652	
Licenses and Permits	36,508	0	0	36,508	30,000	30,000	6,508	
Fines, Forfeitures, and Penalties	86,710	0	0	86,710	49,200	49,200	37,510	
Charges for Current Services	56,210	0	0	56,210	2,500	2,500	53,710	
Other Local Revenues	749,263	0	0	749,263	701,907	735,465	13,798	
Fees Received from County Officials	725,738	0	0	725,738	704,500	704,500	21,238	
State of Tennessee	2,052,742	0	0	2,052,742	1,895,361	2,035,153	17,589	
Federal Government	133,908	0	0	133,908	65,000	145,467	(11,559)	
Other Governments and Citizens Groups	82,136	0	0	82,136	16,789	73,454	8,682	
<b>Total Revenues</b>	<b>\$ 6,685,643</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 6,685,643</b>	<b>\$ 6,196,746</b>	<b>\$ 6,509,515</b>	<b>\$ 176,128</b>	
<b>Expenditures</b>								
<u>General Government</u>								
County Commission	\$ 79,176	\$ 0	\$ 0	\$ 79,176	\$ 82,200	\$ 82,200	\$ 3,024	
Board of Equalization	970	0	0	970	1,200	1,200	230	
Other Boards and Committees	2,280	0	0	2,280	5,500	5,500	3,220	
County Mayor/Executive	127,068	0	0	127,068	132,244	132,244	5,176	
County Attorney	10,700	(50)	0	10,650	10,700	10,700	50	
Election Commission	174,646	(680)	0	173,966	157,861	177,479	3,513	
Register of Deeds	119,797	0	0	119,797	109,120	121,120	1,323	
Development	9,250	0	0	9,250	9,250	9,250	0	
County Buildings	100,711	(1,297)	986	100,400	101,386	103,886	3,486	
<u>Finance</u>								
Accounting and Budgeting	172,086	(24)	0	172,062	176,035	176,035	3,973	
Purchasing	45,670	(2,254)	1,788	45,204	46,717	46,718	1,514	
Property Assessor's Office	129,211	0	0	129,211	132,742	132,740	3,529	
Reappraisal Program	28,613	0	872	29,485	33,784	33,784	4,299	
County Trustee's Office	118,866	0	0	118,866	119,630	119,630	764	
County Clerk's Office	213,663	(11)	0	213,652	193,450	216,410	2,758	

(Continued)

Exhibit C-5

Johnson County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Final		
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice</u>	\$						
Circuit Court	296,103	(312)	350	296,141	240,326	296,192	51
General Sessions Court	117,753	(1,206)	48	116,595	116,931	116,931	336
Chancery Court	130,384	(38)	1,530	131,876	132,604	132,604	728
Juvenile Court	103,165	0	0	103,165	90,400	110,400	7,235
Courtroom Security	1,667	(622)	2,371	3,416	0	3,584	168
<u>Public Safety</u>							
Sheriff's Department	1,451,024	(26,415)	13,180	1,437,789	1,267,367	1,439,907	2,118
Administration of the Sexual Offender Registry	650	0	0	650	0	650	0
Jail	1,057,634	(48,791)	93,552	1,102,395	1,145,554	1,161,007	58,612
Fire Prevention and Control	151,000	0	0	151,000	151,000	151,000	0
Civil Defense	159,325	(273)	46	159,098	80,758	161,419	2,321
Other Emergency Management	66,600	0	0	66,600	66,600	66,600	0
Inspection and Regulation	16,450	0	110	16,560	16,561	16,561	1
County Coroner/Medical Examiner	2,595	(304)	0	2,291	2,293	2,293	2
<u>Public Health and Welfare</u>							
Local Health Center	250,243	(360)	75	249,958	357,292	357,439	107,481
Rabies and Animal Control	947	(160)	151	938	4,000	4,000	3,062
Regional Mental Health Center	10,300	0	0	10,300	10,300	10,300	0
Appropriation to State	17,710	0	0	17,710	14,387	17,710	0
General Welfare Assistance	0	0	0	0	1,500	1,500	1,500
Sanitation Management	81,220	0	0	81,220	81,219	81,219	(1)
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	68,865	0	0	68,865	70,773	75,038	6,173
Libraries	5,296	0	0	5,296	0	5,654	358
Other Social, Cultural, and Recreational	28,290	0	0	28,290	30,375	30,375	2,085
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	54,838	0	0	54,838	71,738	71,738	16,900
Soil Conservation	20,458	0	0	20,458	20,475	20,475	17

(Continued)

Johnson County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund (Cont.)

	Actual (GAAP Basis)	Less:		Add:	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		7/1/2012	6/30/2013			Original	Final	
<u>Expenditures (Cont.)</u>								
<u>Other Operations</u>								
Tourism	\$ 15,675	\$ 0	\$ 0	\$ 15,675	\$ 15,000	\$ 17,287	\$ 1,612	
Airport	171,455	(39,341)	10,529	142,643	16,718	140,334	(2,309)	
Veterans' Services	26,686	0	0	26,686	26,709	26,709	23	
Other Charges	624,869	0	0	624,869	607,043	639,384	14,515	
Contributions to Other Agencies	21,518	0	0	21,518	21,518	21,518	0	
Employee Benefits	15,541	0	0	15,541	16,050	16,050	509	
Miscellaneous	199,574	0	60	199,634	208,300	222,198	22,564	
<u>Highways</u>								
Litter and Trash Collection	44,813	(723)	1,779	45,869	45,117	46,617	748	
Total Expenditures	\$ 6,545,355	\$ (122,861)	\$ 127,427	\$ 6,549,921	\$ 6,240,727	\$ 6,833,589	\$ 283,668	
Excess (Deficiency) of Revenues Over Expenditures	\$ 140,288	\$ 122,861	\$ (127,427)	\$ 135,722	\$ (43,981)	\$ (324,074)	\$ 459,796	
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 6,960	\$ 0	\$ 0	\$ 6,960	\$ 0	\$ 0	\$ 6,960	
Transfers Out	(477,878)	0	0	(477,878)	(517,000)	(517,000)	39,122	
Total Other Financing Sources	\$ (470,918)	\$ 0	\$ 0	\$ (470,918)	\$ (517,000)	\$ (517,000)	\$ 46,082	
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ (330,630)	\$ 122,861	\$ (127,427)	\$ (335,196)	\$ (560,981)	\$ (841,074)	\$ 505,878	
Fund Balance, June 30, 2013	1,974,555	(122,861)	0	1,851,694	1,938,224	1,938,224	(86,530)	
Fund Balance, June 30, 2013	\$ 1,643,925	\$ 0	\$ (127,427)	\$ 1,516,498	\$ 1,377,243	\$ 1,097,150	\$ 419,348	

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

Exhibit C-6

Johnson County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,428	\$ 0	0	\$ 1,428	\$ 0	\$ 0	\$ 1,428
Other Local Revenues	12,636	0	0	12,636	0	0	12,636
State of Tennessee	1,444,059	0	0	1,444,059	1,425,734	1,425,734	18,325
Federal Government	23,822	0	0	23,822	25,000	25,000	(1,178)
Other Governments and Citizens Groups	74,868	0	0	74,868	0	71,500	3,368
Total Revenues	\$ 1,556,813	\$ 0	0	\$ 1,556,813	\$ 1,450,734	\$ 1,522,234	\$ 34,579
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 145,149	\$ (473)	250	\$ 144,926	\$ 152,772	\$ 153,772	\$ 8,846
Highway and Bridge Maintenance	1,209,014	(27,364)	30,809	1,212,459	1,030,672	1,278,672	66,213
Operation and Maintenance of Equipment	321,913	(19,469)	27,988	330,432	273,500	364,500	34,068
Other Charges	68,285	(154)	2,791	70,922	74,350	74,350	3,428
Employee Benefits	72,029	0	0	72,029	75,400	75,400	3,371
Capital Outlay	75,319	(430)	385	75,274	111,000	119,500	44,226
Total Expenditures	\$ 1,891,709	\$ (47,890)	\$ 62,223	\$ 1,906,042	\$ 1,717,694	\$ 2,066,194	\$ 160,152
Excess (Deficiency) of Revenues Over Expenditures	\$ (334,896)	\$ 47,890	\$ (62,223)	\$ (349,229)	\$ (266,960)	\$ (543,960)	\$ 194,731
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 230,018	\$ 0	0	\$ 230,018	\$ 250,000	\$ 250,000	\$ (19,982)
Total Other Financing Sources	\$ 230,018	\$ 0	0	\$ 230,018	\$ 250,000	\$ 250,000	\$ (19,982)
Net Change in Fund Balance	\$ (104,878)	\$ 47,890	\$ (62,223)	\$ (119,211)	\$ (16,960)	\$ (293,960)	\$ 174,749
Fund Balance, July 1, 2012	305,563	(47,890)	0	257,673	241,789	302,789	(45,116)
Fund Balance, June 30, 2013	\$ 200,685	\$ 0	\$ (62,223)	\$ 138,462	\$ 224,829	\$ 8,829	\$ 129,633

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, 2013

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 311,062
Equity in Pooled Cash and Investments	12,435
Accounts Receivable	3,546
Due from Other Governments	<u>76,837</u>
Total Assets	<u><u>\$ 403,880</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 89,272
Due to Litigants, Heirs, and Others	<u>314,608</u>
Total Liabilities	<u><u>\$ 403,880</u></u>

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

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**JOHNSON COUNTY, TENNESSEE**  
**Index of Notes to the Financial Statements**

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**JOHNSON COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**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 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; however, in our opinion, this omission is not material to the component units' opinion unit.

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 Position 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, 2013.

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, deferred outflow of resources, liabilities, deferred inflow of resources, 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 local sales taxes received by the state to be forwarded to the various cities in Johnson County, and assets held in a custodial capacity for the Doe Mountain Recreation Authority. 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.

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.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**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 position 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 are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. 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. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which

approximates fair value) even though it is calculated using the amortized cost method. 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 2.09 percent of total taxes levied.

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 a deferred inflow of resources 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 as a deferred inflow of resources 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.

Most payables are disaggregated on the face of the financial statements. Other current liabilities of the discretely presented School Department's General Purpose School Fund consist primarily of balances of employee flexible spending accounts.

**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. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources

(expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from two sources: current and delinquent property taxes, as well as, other receivables for revenues, which do not meet the availability criteria for governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### **5. 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.

## 6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner 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.

## 7. Net Position and Fund Balances

In the government-wide financial statements, equity is classified as net position and may be displayed in the following components:

- a. Net investment in capital assets – 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. Investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation.
- c. Restricted net position – Consists of net position 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.

- d. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2013, Johnson County had \$7,438,630 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 position with no corresponding increase in the county's capital assets.

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.

In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purpose for which amounts in these funds can be spent. These classifications may consist of the following:

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

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

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority, 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 by resolution. Assigned fund balance in the General Fund includes fund balance approved for use in the budget for fiscal year ending June 30, 2014 (\$445,777), encumbrances (\$127,427), and amounts assigned by the commission for public safety (\$325,894) and various other purposes (\$236,836). Assigned fund balance in the discretely presented School Department’s General Purpose School Fund includes fund balance approved for use in the budget for fiscal year ending June 30, 2014 (\$400,167), encumbrances of (\$491,314), and amounts assigned by the board for various purposes within Instruction (\$330,228), Support (\$675,000), and Capital Outlay (\$706,799).

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.

**8. Prior-period Adjustment**

Prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the implementation of GASB Statement No. 65, debt issuance costs become period costs. An adjustment to beginning net position totaling \$329,683 has been recognized for accumulated debt issuance costs on the government-wide financial statements.

**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 Position**

**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 Position.

### **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 Position.

#### **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 position 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 position of governmental activities reported in the government-wide Statement of Activities.

## **III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### **A. Budgetary Information**

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

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

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

The budgetary level of control is at the major category level established by the 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, 2013, Johnson County had the following significant encumbrances:

Fund	Description	Amount
Primary Government:		
Nonmajor Fund:		
General Capital Projects	Highway Equipment	\$ 156,613
School Department:		
Major Fund:		
General Purpose School	Bus	91,713
"	Wireless Access Project	109,767

**B. Cash Overdraft**

The discretely presented School Federal Projects Fund had a cash overdraft of \$126,279 at June 30, 2013. This cash overdraft resulted from the issuance of warrants exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2013.

**C. Expenditures Exceeded Appropriations**

Expenditures exceeded appropriations approved by the County Commission in the Airport major appropriation category (the legal level of control) of the General Fund by \$2,309. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by greater than anticipated revenues in the General Fund.

#### 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 position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position 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, 2013.

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2013, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-12	Increases	Balance 6-30-13
<b>Capital Assets Not Depreciated:</b>			
Land	\$ 795,478	\$ 34,900	\$ 830,378
Construction in Progress	983,599	0	983,599
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 1,779,077</b>	<b>\$ 34,900</b>	<b>\$ 1,813,977</b>
<b>Capital Assets Depreciated:</b>			
Buildings and Improvements	\$ 11,054,662	\$ 170,419	\$ 11,225,081
Other Capital Assets	3,111,609	369,766	3,481,375
Infrastructure	2,195,271	70,978	2,266,249
<b>Total Capital Assets Depreciated</b>	<b>\$ 16,361,542</b>	<b>\$ 611,163</b>	<b>\$ 16,972,705</b>
<b>Less Accumulated Depreciation For:</b>			
Buildings and Improvements	\$ 3,535,541	\$ 273,703	\$ 3,809,244
Other Capital Assets	2,664,000	169,700	2,833,700
Infrastructure	736,725	115,116	851,841
<b>Total Accumulated Depreciation</b>	<b>\$ 6,936,266</b>	<b>\$ 558,519</b>	<b>\$ 7,494,785</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 9,425,276</b>	<b>\$ 52,644</b>	<b>\$ 9,477,920</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 11,204,353</b>	<b>\$ 87,544</b>	<b>\$ 11,291,897</b>

There were no decreases in capital assets to report for the year ended June 30, 2013.

Construction in progress did not change during the year due to certain airport improvements awaiting final approval from the state. The improvements were completed and final payments made to contractors subsequent to June 30, 2013.

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

**Governmental Activities:**

General Government	\$ 49,149
Finance	2,533
Administration of Justice	5,388
Public Safety	204,533
Public Health and Welfare	67,143
Social, Cultural, and Recreational Services	16,497
Other Operations	56,652
Highways/Public Works	<u>156,624</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 558,519</u></u>

**Discretely Presented Johnson County School Department**

**Governmental Activities:**

	Balance 7-1-12	Increases	Balance 6-30-13
Capital Assets Not Depreciated:			
Land	\$ 946,939	\$ 0	\$ 946,939
Total Capital Assets Not Depreciated	<u>\$ 946,939</u>	<u>\$ 0</u>	<u>\$ 946,939</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 23,969,061	\$ 8,921	\$ 23,977,982
Other Capital Assets	3,503,395	346,873	3,850,268
Infrastructure	2,168,067	29,906	2,197,973
Total Capital Assets Depreciated	<u>\$ 29,640,523</u>	<u>\$ 385,700</u>	<u>\$ 30,026,223</u>

**Governmental Activities (Cont.):**

	Balance 7-1-12	Increases	Balance 6-30-13
Less Accumulated Depreciated For:			
Buildings and Improvements	\$ 9,245,647	\$ 588,896	\$ 9,834,543
Other Capital Assets Infrastructure	2,238,461	345,694	2,584,155
	1,539,918	142,525	1,682,443
Total Accumulated Depreciation	\$ 13,024,026	\$ 1,077,115	\$ 14,101,141
Total Capital Assets Depreciated, Net	\$ 16,616,497	\$ (691,415)	\$ 15,925,082
Governmental Activities Capital Assets, Net	\$ 17,563,436	\$ (691,415)	\$ 16,872,021

There were no decreases in capital assets to report for the year ended June 30, 2013.

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

**Governmental Activities:**

Instruction	\$ 850,685
Support Services	219,663
Operation of Non-Instructional Services	6,767
Total Depreciation Expense - Governmental Activities	<u>\$ 1,077,115</u>

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

The composition of interfund balances as of June 30, 2013, was as follows:

**Due to/from Other Funds:**

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 424
Highway/Public Works	General	19,246
General Debt Service	"	19,246
"	Nonmajor governmental	279,334
Nonmajor governmental	General	2,566
Discretely Presented School		
Department:		
General Purpose School	School Federal Projects	26

The amount due to the General Debt Service Fund from the nonmajor governmental funds resulted from long-term interfund loans. The amount of these loans not expected to be received within one year is \$239,667. See Note IV.G. for further details of these loans.

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.

**Due to/from Primary Government and Component Units:**

The amount reflected as due to primary government from the discretely presented School Department on the government-wide Statement of Net Position is a long-term receivable of \$24,520 for debt issued by the primary government, principal of which is being contributed by the School Department. This entire amount is expected to be received within one year.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2013, consisted of the following amounts:

**Primary Government**

Transfers Out	Transfers In		
	Highway/ Public Works Fund	General Debt Service Fund	Nonmajor Governmental Fund
General Fund	\$ 230,018	\$ 230,018	\$ 17,842

**Discretely Presented Johnson County School Department**

Transfer Out	<u>Transfer In</u> General Purpose School Fund
School Federal Projects Fund	\$ 20,675

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

**D. Capital Leases**

On June 21, 2012, Johnson County entered into a three-year lease-purchase agreement for the School Department for computer equipment. The terms of the agreement require total lease payments of \$73,280 plus interest of 6.04 percent. Title to the equipment transferred to the School Department immediately upon acceptance of each item of equipment. 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, 2013, were as follows:

Year Ending June 30	Governmental Funds
2014	\$ 25,912
Total Minimum Lease Payments	\$ 25,912
Less: Amount Representing Interest	<u>(1,392)</u>
Present Value of Minimum Lease Payments	<u>\$ 24,520</u>

**E. Long-term Obligations**

**Primary Government**

**General Obligation Bonds, Notes, and Other Loans**

Johnson County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. 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 notes included in long-term debt as of June 30, 2013, will be retired from the General Debt Service Fund.

General obligation bonds, other loans, capital outlay notes, and the capital lease outstanding as of June 30, 2013, for governmental activities are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-13</u>
General Obligation Bonds -				
Refunding	1.5 to 4.5 %	6-1-28	\$ 7,095,000	\$ 5,670,000
School Refunding Bonds	3 to 4.125	4-1-25	8,535,000	6,995,000
Capital Outlay Notes	0	7-31-14	20,000	20,000
Other Loans	0	4-1-17	336,161	184,085
Capital Lease	6.04	6-21-14	73,280	24,520

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2013, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2019-2023	4,140,000	1,560,470	5,700,470
2024-2028	5,115,000	641,438	5,756,438
Total	\$ 12,665,000	\$ 4,482,595	\$ 17,147,595

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 0	\$ 0	\$ 0
2015	20,000	0	20,000
Total	\$ 20,000	\$ 0	\$ 20,000

Year Ending June 30	Other Loans		
	Principal	Interest	Total
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	\$ 184,085	\$ 0	\$ 184,085

During the year, the Johnson County School Department contributed \$338,090 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 \$5,094,257 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, other loans, notes, and capital leases outstanding totaled \$707, based on the 2010 federal census.

The School Department is currently servicing some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the School Department and as Due from Component Units in the financial statements of the primary government. In the prior year, this debt was reflected as debt of the School Department; however, this debt has been reclassified as debt of the primary government because the primary government is legally obligated to repay the debt.

<u>Description of Indebtedness</u>	<u>Outstanding 6-30-13</u>
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Capital Leases

Contributed through General Purpose School Fund

Computer Equipment	\$ 24,520
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Changes in Long-term Obligations

Long-term obligation activity for the year ended June 30, 2013, was as follows:

Governmental Activities:	Bonds	Notes	Other Loans	Capital Lease
Balance, July 1, 2012	\$ 13,275,000	\$ 30,000	\$ 232,109	\$ 0
Reclassification of School Debt	0	0	0	47,606
Additions	0	20,000	0	0
Reductions	(610,000)	(30,000)	(48,024)	(23,086)
Balance, June 30, 2013	<u>\$ 12,665,000</u>	<u>\$ 20,000</u>	<u>\$ 184,085</u>	<u>\$ 24,520</u>
Balance Due Within One Year	<u>\$ 630,000</u>	<u>\$ 0</u>	<u>\$ 48,024</u>	<u>\$ 24,520</u>

	Compensated Absences	Landfill Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2012	\$ 250,597	\$ 1,191,139	\$ 1,014,744
Additions	127,123	22,632	427,505
Reductions	(113,921)	(13,825)	(5,798)
Balance, June 30, 2013	<u>\$ 263,799</u>	<u>\$ 1,199,946</u>	<u>\$ 1,436,451</u>
Balance Due Within One Year	<u>\$ 117,715</u>	<u>\$ 70,973</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 15,793,801
Less: Balance Due Within One Year	(891,232)
Add: Unamortized Premium on Debt	<u>24,522</u>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 14,927,091</u>
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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 Obligations**

Long-term obligation activity for the discretely presented School Department for the year ended June 30, 2013, was as follows:

Governmental Activities:

	Compensated Absences	Capital Leases
Balance, July 1, 2012	\$ 47,841	\$ 47,606
Additions	62,776	0
Reductions	(60,511)	0
Reclassification of School Debt	0	(47,606)
Balance, June 30, 2013	<u>\$ 50,106</u>	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 50,106</u>	<u>\$ 0</u>

	Other Postemployment Benefits
Balance, July 1, 2012	\$ 620,465
Additions	470,198
Reductions	(1,004,164)
Balance, June 30, 2013	<u>\$ 86,499</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 136,605
Less: Balance Due Within One Year	<u>(50,106)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 86,499</u>

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

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

The State of Tennessee pays 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, 2013, were \$12,015. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**G. 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 Solid Waste/Sanitation Fund and Community Development/Industrial Park Fund are reflected below:

	Amount of Issue	Interest Rate	of Issue	Maturity Date
Solid Waste Equipment	\$ 119,000	0	% 6-21-12	6-1-15
Building Rehabilitation	300,000	0	11-30-10	9-16-19

	Outstanding 7-1-12	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-13
Solid Waste Equipment	\$ 0	\$ 119,000	\$ 39,667	\$ 79,333
Building Rehabilitation	266,667	0	66,667	200,000
<b>Total</b>	<b>\$ 266,667</b>	<b>\$ 119,000</b>	<b>\$ 106,334</b>	<b>\$ 279,333</b>

**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. Accounting Changes

Prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the implementation of GASB Statement No. 65, debt issuance costs become period costs. An adjustment to beginning net position totaling \$329,683 has been recognized for accumulated debt issuance costs on the government-wide financial statements.

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position* became effective for the year ended June 30, 2013. Johnson County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

GASB Statement No. 60 provides accounting and financial reporting guidance related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The standard establishes criteria for determining whether a SCA exists, how to account for SCAs, and requires certain disclosures associated with a SCA.

GASB Statement No. 61 amends Statements No. 14 and No. 34 and modifies certain requirements for inclusion of component units in the financial reporting entity to ensure that the reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. Statement No. 61 also clarifies the criteria for blending component units and presenting business-type component units.

GASB Statement No. 62 incorporates into GASB's literature the provisions in Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedure issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. The option to use subsequent FASB guidance has been removed.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources that were introduced and defined by Concepts Statement No. 4, *Elements of Financial Statements*. Previous financial reporting standards did not include guidance for reporting those financial statement elements, which are distinct from assets and

liabilities. In addition, the previous Statement of Net Assets was renamed to a Statement of Financial Position.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66 resolves conflicting guidance by removing the provision that limits fund based reporting of an entity's risk financing activities to the General Fund and the internal service fund type. Under Statement No. 66 decisions about fund type classifications are based on the nature of the activity to be reported as required by Statements No. 54 and No. 34. This statement also modifies guidance on operating lease payments, purchased loans, and servicing fees related to mortgage loans.

**C. Subsequent Event**

On July 31, 2013, Douglas Hammons left the Office of Purchasing Agent and was succeeded by Dustin Shearin.

**D. Contingent Liabilities**

The county is involved in several pending lawsuits. Based on letters from attorneys, management estimates that the potential claims not covered by insurance resulting from such litigation would not materially affect the financial statements.

**E. Changes in Administration**

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

On June 30, 2013, Linda Morefield left the Office of Clerk and Master and was succeeded by Sherrie Fenner.

During the year, the Johnson County Commission ratified Chapter 55, Private Acts of 2012, which abolished the Road Commission of Johnson County.

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

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

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as 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 \$1,199,946 reported as postclosure care liability at June 30, 2013, represents amounts based on what it would cost to perform all postclosure care in 2013. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**G. Joint Ventures**

**Primary Government**

The Upper East Tennessee Juvenile Detention Center was formed through cooperative agreements between Johnson County and the counties of Carter, Greene, Hawkins, Sullivan, Unicoi, and Washington for the operation of a program to divert youth from commitment to Department of Correction facilities. This program is governed by a board of directors designated by the counties. The board of directors has contracted with Universal Health Services 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 this joint venture. Complete financial statements for the above-noted joint venture can be obtained from its administrative office at the following address:

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

**Discretely Presented School Department**

The discretely presented School Department participates in the Northeast Tennessee Cooperative (NETCO). The cooperative was established through a contractual agreement between the Boards of Education of Johnson County and various other counties and cities in the upper East Tennessee area. The cooperative was authorized through Chapter 49 of *Tennessee Code Annotated*, and was established to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each member's school food service systems. The cooperative has contracted with a coordinating district (Johnson City School System) and a service provider to provide 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.

Complete financial statements for NETCO can be obtained from its administrative office at the following address:

Northeast Tennessee Cooperative  
100 East Maple Street  
P.O. Box 1517  
Johnson City, TN 37605

## **H. Jointly Governed Organization**

### **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.

## **I. Retirement Commitments**

### **Plan Description**

Employees of Johnson County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Johnson County has authorized mandatory retirement for its public safety officers. Public safety officers can retire at age 55 with five years of service or at any age with 25 years of service and receive a supplemental bridge payment between the mandatory retirement age and 62. 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, 2013, was 11.71 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, 2013, Johnson County's annual pension cost of \$663,559 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, 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 three percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a 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, 2011, was three years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

### Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-13	\$663,559	100%	\$0
6-30-12	648,479	100	0
6-30-11	663,521	100	0

### Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 94.71 percent funded. The actuarial accrued liability for benefits was \$16.35 million, and the actuarial value of assets was \$15.49 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.87 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5.35 million, and the ratio of the UAAL to the covered payroll was 16.17 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.

## SCHOOL TEACHERS

### Plan Description

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

Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2013, was 8.88 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, 2013, 2012, and 2011, were \$775,419, \$771,108, and \$767,988, respectively, equal to the required contributions for each year.

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

### **Primary Government**

#### **Plan Description**

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

**Funding Policy**

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a 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, 2013, the county contributed \$5,798 for postemployment benefits.

**Annual OPEB Cost and Net OPEB Obligation**

	Local Government Group Plan
	<hr/>
ARC	\$ 430,000
Interest on the NOPEBO	40,591
Adjustment to the ARC	(43,086)
Annual OPEB cost	<hr/> \$ 427,505
Amount of contribution	(5,798)
Increase/decrease in NOPEBO	<hr/> \$ 421,707
Net OPEB obligation, 7-1-12	<hr/> 1,014,744
	<hr/>
Net OPEB obligation, 6-30-13	<u><u>\$ 1,436,451</u></u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-11	Local Government Group	\$ 100,200	11	% \$ 594,668
6-30-12	"	425,538	1	1,014,744
6-30-13	"	427,504	1	1,436,450

**Funding Status and Funding Progress**

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

	Local Government Group Plan
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)	\$ 3,433,978
UAAL as of % of covered payroll	83%

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 8.75 percent for fiscal year 2013. The trend rate will decrease to 8.25 percent in fiscal year 2014 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 July 1, 2007.

## **Discretely Presented School Department**

### **Plan Description**

Effective January 1, 2012, the Johnson County School Department joined the state-administered Local Education 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 8-27-302, *Tennessee Code Annotated (TCA)*, for local education employees. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

### **Funding Policy**

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a 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; however the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2013, the School Department contributed \$1,004,164 for postemployment benefits.

### **Annual OPEB Cost and Net OPEB Obligation**

	<u>Local Education Group Plan</u>
ARC	\$ 476,113
Interest on the NOPEBO	24,819
Adjustment to the ARC	<u>(30,734)</u>
Annual OPEB cost	\$ 470,198
Amount of contribution	<u>(1,004,164)</u>
Increase/decrease in NOPEBO	\$ (533,966)
Net OPEB obligation, 7-1-12	<u>620,465</u>
Net OPEB obligation, 6-30-13	<u><u>\$ 86,499</u></u>

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-11	Commercial Insurance	\$ 480,599	54 %	\$ 460,547
6-30-12*	Commercial Insurance/ Local Education Group	453,766	65	620,465
6-30-13	Local Education Group	470,198	214	86,499

\* Prior to January 1, 2012, the School Department carried commercial insurance.

### Funding Status and Funding Progress

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

	Local Education Group Plan
Actuarial valuation date	7-1-11
Actuarial accrued liability (AAL)	\$ 5,448,000
Actuarial value of plan assets	\$ 150,000
Unfunded actuarial accrued liability (UAAL)	\$ 5,298,000
Actuarial value of assets as a % of the AAL	3%
Covered payroll (active plan members)	\$ 11,820,000
UAAL as of % of covered payroll	45%

The Board of Education has placed funds with the Tennessee School Board Association (TSBA) GASB 45 Trust to be used to pre-fund a portion of the OPEB liability. The assets of the GASB 45 Trust are commingled with other participants' funds for investment purposes, but are held in an irrevocable trust for each plan participant and may be used only for the payment of benefits to the members of the plan in accordance with the terms of their plan. At June 30, 2013, the Board of Education's balance with the GASB 45 Trust was \$544,407. The TSBA GASB 45 Trust obtains an annual audit, which may be obtained from the TSBA at 525 Brick Church Park Drive, Nashville, TN 37207.

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 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 July 1, 2009.

#### **K. Office of Central Accounting and Budgeting**

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

#### **L. Purchasing Laws**

##### Office of County Mayor and Road Superintendent

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

##### Office of Director of Schools

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

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit E-1

Johnson County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Johnson County School Department  
June 30, 2013

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-11	\$ 15,486	\$ 16,351	\$ 865	94.71 %	\$ 5,351	16.17 %
7-1-09	12,612	13,654	1,042	92.37	5,305	19.64
7-1-07	11,613	12,807	1,194	90.68	4,992	23.92

Exhibit E-2

Johnson County, Tennessee  
 Schedule of Funding Progress – Other Postemployment Benefits Plans  
 Primary Government and Discretely Presented Johnson County School Department  
 June 30, 2013

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<b><u>PRIMARY GOVERNMENT</u></b>							
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	3,433	83
<b><u>DISCRETELY PRESENTED JOHNSON COUNTY SCHOOL DEPARTMENT</u></b>							
Commercial Group	7-1-09	0	5,197	5,197	0	9,525	54.6
"	7-1-10	0	5,329	5,329	0	9,737	54.7
Local Education Group*	7-1-11	150	5,448	5,298	2.8	11,820	44.8

\* 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, 2013**

**BUDGETARY INFORMATION**

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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Special Revenue Funds are used to account for 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.

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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

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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.

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

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

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for the Trails Grant program.

Exhibit F-1

Johnson County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2013

	Special Revenue Funds				Total
	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	
<u>ASSETS</u>					
Cash	\$ 300	\$ 250	\$ 0	\$ 400	\$ 950
Equity in Pooled Cash and Investments	8,662	97,645	56,491	0	162,798
Accounts Receivable	944	19,082	0	24	20,050
Due from Other Governments	0	0	0	0	0
Due from Other Funds	0	0	0	0	0
Property Taxes Receivable	0	101,542	0	0	101,542
Allowance for Uncollectible Property Taxes	0	(3,946)	0	0	(3,946)
Total Assets	<u>\$ 9,906</u>	<u>\$ 214,573</u>	<u>\$ 56,491</u>	<u>\$ 424</u>	<u>\$ 281,394</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 73	\$ 20,567	\$ 0	\$ 0	\$ 20,640
Due to Other Funds	0	79,333	0	424	79,757
Total Liabilities	<u>\$ 73</u>	<u>\$ 99,900</u>	<u>\$ 0</u>	<u>\$ 424</u>	<u>\$ 100,397</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 0	\$ 92,818	\$ 0	\$ 0	\$ 92,818
Deferred Delinquent Property Taxes	0	4,350	0	0	4,350
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 97,168</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 97,168</u>
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Public Safety	\$ 0	\$ 0	\$ 56,491	\$ 0	\$ 56,491
Restricted for Capital Outlay	0	0	0	0	0
Committed:					
Committed for Public Health and Welfare	0	17,505	0	0	17,505
Committed for Social, Cultural, and Recreational Services	9,833	0	0	0	9,833
Total Fund Balances	<u>\$ 9,833</u>	<u>\$ 17,505</u>	<u>\$ 56,491</u>	<u>\$ 0</u>	<u>\$ 83,829</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,906</u>	<u>\$ 214,573</u>	<u>\$ 56,491</u>	<u>\$ 424</u>	<u>\$ 281,394</u>

(Continued)

Exhibit F-1

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

	Capital Projects Funds				Total Nonmajor Governmental Funds
	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects	Total	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 950
Equity in Pooled Cash and Investments	805,159	199,754	8,279	1,013,192	1,175,990
Accounts Receivable	0	0	0	0	20,050
Due from Other Governments	0	2,700	0	2,700	2,700
Due from Other Funds	2,566	0	0	2,566	2,566
Property Taxes Receivable	338,474	0	0	338,474	440,016
Allowance for Uncollectible Property Taxes	(13,154)	0	0	(13,154)	(17,100)
<b>Total Assets</b>	<b>\$ 1,133,045</b>	<b>\$ 202,454</b>	<b>\$ 8,279</b>	<b>\$ 1,343,778</b>	<b>\$ 1,625,172</b>
<u>LIABILITIES</u>					
Accounts Payable	\$ 0	\$ 50	\$ 0	\$ 50	\$ 20,690
Due to Other Funds	0	200,000	0	200,000	279,757
<b>Total Liabilities</b>	<b>\$ 0</b>	<b>\$ 200,050</b>	<b>\$ 0</b>	<b>\$ 200,050</b>	<b>\$ 300,447</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 309,393	\$ 0	\$ 0	\$ 309,393	\$ 402,211
Deferred Delinquent Property Taxes	14,502	0	0	14,502	18,852
<b>Total Deferred Inflows of Resources</b>	<b>\$ 323,895</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 323,895</b>	<b>\$ 421,063</b>
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Public Safety	\$ 0	\$ 0	\$ 0	\$ 0	\$ 56,491
Restricted for Capital Outlay	809,150	2,404	8,279	819,833	819,833
Committed:					
Committed for Public Health and Welfare	0	0	0	0	17,505
Committed for Social, Cultural, and Recreational Services	0	0	0	0	9,833
<b>Total Fund Balances</b>	<b>\$ 809,150</b>	<b>\$ 2,404</b>	<b>\$ 8,279</b>	<b>\$ 819,833</b>	<b>\$ 903,662</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 1,133,045</b>	<b>\$ 202,454</b>	<b>\$ 8,279</b>	<b>\$ 1,343,778</b>	<b>\$ 1,625,172</b>

Exhibit F-2

Johnson County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2013

	Special Revenue Funds				Total
	Public Library	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	
<u>Revenues</u>					
Local Taxes	\$ 35,346	\$ 97,231	\$ 0	\$ 0	\$ 132,577
Fines, Forfeitures, and Penalties	0	0	95	0	95
Charges for Current Services	18	417,141	0	6,445	423,604
Other Local Revenues	40	6,171	0	0	6,211
State of Tennessee	0	0	0	0	0
Other Governments and Citizens Groups	18,622	0	0	0	18,622
<b>Total Revenues</b>	<b>\$ 54,026</b>	<b>\$ 520,543</b>	<b>\$ 95</b>	<b>\$ 6,445</b>	<b>\$ 581,109</b>
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 0	\$ 0	\$ 6,445	\$ 6,445
Public Safety	0	0	3,728	0	3,728
Public Health and Welfare	0	623,321	0	0	623,321
Social, Cultural, and Recreational Services	57,025	0	0	0	57,025
Capital Projects	0	0	0	0	0
<b>Total Expenditures</b>	<b>\$ 57,025</b>	<b>\$ 623,321</b>	<b>\$ 3,728</b>	<b>\$ 6,445</b>	<b>\$ 690,519</b>
Excess (Deficiency) of Revenues					
Over Expenditures	\$ (2,999)	\$ (102,778)	\$ (3,633)	\$ 0	\$ (109,410)
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
Net Change in Fund Balances					
Fund Balance, July 1, 2012	\$ 12,832	\$ 120,283	\$ 60,124	\$ 0	\$ 193,239
Fund Balance, June 30, 2013	\$ 9,833	\$ 17,505	\$ 56,491	\$ 0	\$ 83,829

(Continued)

Exhibit F-2

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

	Capital Projects Funds				Total Nonmajor Governmental Funds
	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects	Total	
<u>Revenues</u>					
Local Taxes	\$ 323,757	\$ 0	\$ 0	\$ 323,757	\$ 456,334
Fines, Forfeitures, and Penalties	0	0	0	0	95
Charges for Current Services	0	0	0	0	423,604
Other Local Revenues	0	120,785	0	120,785	126,996
State of Tennessee	97,000	0	18,370	115,370	115,370
Other Governments and Citizens Groups	0	20,768	0	20,768	39,390
Total Revenues	\$ 420,757	\$ 141,553	\$ 18,370	\$ 580,680	\$ 1,161,789
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,445
Public Safety	0	0	0	0	3,728
Public Health and Welfare	0	0	0	0	623,321
Social, Cultural, and Recreational Services	0	0	0	0	57,025
Capital Projects	245,415	234,399	20,934	500,748	500,748
Total Expenditures	\$ 245,415	\$ 234,399	\$ 20,934	\$ 500,748	\$ 1,191,267
Excess (Deficiency) of Revenues Over Expenditures					
	\$ 175,342	\$ (92,846)	\$ (2,564)	\$ 79,932	\$ (29,478)
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 0	\$ 20,000	\$ 0	\$ 20,000	\$ 20,000
Transfers In	17,842	0	0	17,842	17,842
Total Other Financing Sources (Uses)	\$ 17,842	\$ 20,000	\$ 0	\$ 37,842	\$ 37,842
Net Change in Fund Balances					
Fund Balance, July 1, 2012	\$ 193,184	\$ (72,846)	\$ (2,564)	\$ 117,774	\$ 8,364
	615,966	75,250	10,843	702,059	895,298
Fund Balance, June 30, 2013	\$ 809,150	\$ 2,404	\$ 8,279	\$ 819,833	\$ 903,662

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 35,346	\$ 0	\$ 0	\$ 35,346	\$ 35,346	\$ 0	
Charges for Current Services	18	0	0	18	0	18	
Other Local Revenues	40	0	0	40	0	(17)	
Other Governments and Citizens Groups	18,622	0	0	18,622	14,693	2,064	
Total Revenues	\$ 54,026	\$ 0	\$ 0	\$ 54,026	\$ 50,039	\$ 2,065	
<u>Expenditures</u>							
<u>Social, Cultural, and Recreational Services</u>							
Libraries	\$ 57,025	(2,728)	124	\$ 54,421	\$ 50,039	\$ 3,879	
Total Expenditures	\$ 57,025	(2,728)	124	\$ 54,421	\$ 50,039	\$ 3,879	
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,999)	2,728	(124)	(395)	0	5,944	
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ (2,999)	2,728	(124)	(395)	0	5,944	
	12,832	(2,728)	0	10,104	9,803	301	
Fund Balance, June 30, 2013	\$ 9,833	\$ 0	(124)	\$ 9,709	\$ 9,803	\$ 6,245	

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 97,231	\$ 0	\$ 0	\$ 97,231	\$ 93,282	\$ 93,282	\$ 3,949
Charges for Current Services	417,141	0	0	417,141	384,465	420,465	(3,324)
Other Local Revenues	6,171	0	0	6,171	0	0	6,171
Total Revenues	\$ 520,543	\$ 0	\$ 0	\$ 520,543	\$ 477,747	\$ 513,747	\$ 6,796
<u>Expenditures</u>							
Public Health and Welfare							
Sanitation Management	\$ 623,321	(120,693)	\$ 364	\$ 502,992	\$ 483,639	\$ 519,639	\$ 16,647
Total Expenditures	\$ 623,321	(120,693)	\$ 364	\$ 502,992	\$ 483,639	\$ 519,639	\$ 16,647
Excess (Deficiency) of Revenues Over Expenditures	\$ (102,778)	\$ 120,693	\$ (364)	\$ 17,551	\$ (5,892)	\$ (5,892)	\$ 23,443
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ (102,778)	\$ 120,693	\$ (364)	\$ 17,551	\$ (5,892)	\$ (5,892)	\$ 23,443
	120,283	(120,693)	0	(410)	59,268	59,268	(59,678)
Fund Balance, June 30, 2013	\$ 17,505	\$ 0	\$ (364)	\$ 17,141	\$ 53,376	\$ 53,376	\$ (36,235)

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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 95	\$ 5,000	\$ 5,000	\$ (4,905)
Total Revenues	\$ 95	\$ 5,000	\$ 5,000	\$ (4,905)
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 3,728	\$ 10,550	\$ 10,550	\$ 6,822
Total Expenditures	\$ 3,728	\$ 10,550	\$ 10,550	\$ 6,822
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,633)	\$ (5,550)	\$ (5,550)	\$ 1,917
Net Change in Fund Balance	\$ (3,633)	\$ (5,550)	\$ (5,550)	\$ 1,917
Fund Balance, July 1, 2012	60,124	60,124	60,124	0
Fund Balance, June 30, 2013	\$ 56,491	\$ 54,574	\$ 54,574	\$ 1,917

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 323,757	\$ 0	\$ 0	\$ 323,757	\$ 300,793	\$ 300,793	\$ 22,964
State of Tennessee	97,000	0	0	97,000	0	97,000	0
Total Revenues	\$ 420,757	\$ 0	\$ 0	\$ 420,757	\$ 300,793	\$ 397,793	\$ 22,964
<u>Expenditures</u>							
<u>Capital Projects</u>							
General Administration Projects	\$ 138,015	\$ (131,604)	\$ 0	\$ 6,411	\$ 261,810	\$ 217,600	\$ 211,189
Highway and Street Capital Projects	107,400	(1,360)	156,613	262,653	17,000	281,013	18,360
Total Expenditures	\$ 245,415	\$ (132,964)	\$ 156,613	\$ 269,064	\$ 278,810	\$ 498,613	\$ 229,549
Excess (Deficiency) of Revenues Over Expenditures	\$ 175,342	\$ 132,964	\$ (156,613)	\$ 151,693	\$ 21,983	\$ (100,820)	\$ 252,513
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 17,842	\$ 0	\$ 0	\$ 17,842	\$ 17,000	\$ 17,000	\$ 842
Total Other Financing Sources	\$ 17,842	\$ 0	\$ 0	\$ 17,842	\$ 17,000	\$ 17,000	\$ 842
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ 193,184	\$ 132,964	\$ (156,613)	\$ 169,535	\$ 38,983	\$ (83,820)	\$ 253,355
	615,966	(132,964)	0	483,002	483,473	483,473	(471)
Fund Balance, June 30, 2013	\$ 809,150	\$ 0	\$ (156,613)	\$ 652,537	\$ 522,456	\$ 399,653	\$ 252,884

# **Major Governmental Fund**

## **General Debt Service Fund**

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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.

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Exhibit G

Johnson County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 857,033	\$ 1,469,432	\$ 768,457	\$ 88,576
Other Governments and Citizens Groups	338,090	0	338,090	0
<b>Total Revenues</b>	<b>\$ 1,195,123</b>	<b>\$ 1,469,432</b>	<b>\$ 1,106,547</b>	<b>\$ 88,576</b>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 175,000	\$ 30,000	\$ 175,000	\$ 0
Education	536,110	778,717	556,110	20,000
<u>Interest on Debt</u>				
General Government	212,112	36,753	212,112	0
Education	316,542	0	333,296	16,754
<u>Other Debt Service</u>				
General Government	23,232	383,112	26,000	2,768
Education	1,711	720,000	19,025	17,314
<b>Total Expenditures</b>	<b>\$ 1,264,707</b>	<b>\$ 1,948,582</b>	<b>\$ 1,321,543</b>	<b>\$ 56,836</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (69,584)</b>	<b>\$ (479,150)</b>	<b>\$ (214,996)</b>	<b>\$ 145,412</b>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 230,018	\$ 514,154	\$ 250,000	\$ (19,982)
<b>Total Other Financing Sources</b>	<b>\$ 230,018</b>	<b>\$ 514,154</b>	<b>\$ 250,000</b>	<b>\$ (19,982)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 160,434</b>	<b>\$ 35,004</b>	<b>\$ 35,004</b>	<b>\$ 125,430</b>
Fund Balance, July 1, 2012	4,933,823	4,935,582	4,935,582	(1,759)
<b>Fund Balance, June 30, 2013</b>	<b>\$ 5,094,257</b>	<b>\$ 4,970,586</b>	<b>\$ 4,970,586</b>	<b>\$ 123,671</b>

# Fiduciary Funds

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

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

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

Other Agency Fund – The Other Agency Fund is used to account for amounts received and disbursed in an agency capacity for the Doe Mountain Recreation Authority.

Exhibit H-1

Johnson County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2013

	<u>Agency Funds</u>			
	Cities - Sales Tax	Constitu- tional Officers - Agency	Other Agency	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 311,062	\$ 0	\$ 311,062
Equity in Pooled Cash and Investments	0	0	12,435	12,435
Accounts Receivable	0	3,546	0	3,546
Due from Other Governments	76,837	0	0	76,837
Total Assets	<u>\$ 76,837</u>	<u>\$ 314,608</u>	<u>\$ 12,435</u>	<u>\$ 403,880</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 76,837	\$ 0	\$ 12,435	\$ 89,272
Due to Litigants, Heirs, and Others	0	314,608	0	314,608
Total Liabilities	<u>\$ 76,837</u>	<u>\$ 314,608</u>	<u>\$ 12,435</u>	<u>\$ 403,880</u>

## Exhibit H-2

Johnson County, Tennessee  
Combining Statement of Changes in Assets  
and Liabilities - All Agency Funds  
For the Year Ended June 30, 2013

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 439,436	\$ 439,436	\$ 0
Due from Other Governments	79,150	76,837	79,150	76,837
Total Assets	\$ 79,150	\$ 516,273	\$ 518,586	\$ 76,837
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 79,150	\$ 516,273	\$ 518,586	\$ 76,837
Total Liabilities	\$ 79,150	\$ 516,273	\$ 518,586	\$ 76,837
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 355,177	\$ 3,796,771	\$ 3,840,886	\$ 311,062
Accounts Receivable	2,572	3,546	2,572	3,546
Total Assets	\$ 357,749	\$ 3,800,317	\$ 3,843,458	\$ 314,608
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 357,749	\$ 3,800,317	\$ 3,843,458	\$ 314,608
Total Liabilities	\$ 357,749	\$ 3,800,317	\$ 3,843,458	\$ 314,608
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 12,435	\$ 0	\$ 12,435
Total Assets	\$ 0	\$ 12,435	\$ 0	\$ 12,435
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 0	\$ 12,435	\$ 0	\$ 12,435
Total Liabilities	\$ 0	\$ 12,435	\$ 0	\$ 12,435
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 355,177	\$ 3,796,771	\$ 3,840,886	\$ 311,062
Equity in Pooled Cash and Investments	0	451,871	439,436	12,435
Accounts Receivable	2,572	3,546	2,572	3,546
Due from Other Governments	79,150	76,837	79,150	76,837
Total Assets	\$ 436,899	\$ 4,329,025	\$ 4,362,044	\$ 403,880
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 79,150	\$ 528,708	\$ 518,586	\$ 89,272
Due to Litigants, Heirs, and Others	357,749	3,800,317	3,843,458	314,608
Total Liabilities	\$ 436,899	\$ 4,329,025	\$ 4,362,044	\$ 403,880

# Johnson County School Department

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

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

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

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

Other Education Special Revenue Fund – The Other Education Special Revenue Fund is used to account for a Headstart program, which is funded by charges for services.

Exhibit I-1

Johnson County, Tennessee  
 Statement of Activities  
Discretely Presented Johnson County School Department  
For the Year Ended June 30, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 12,093,761	\$ 157,225	\$ 2,230,852	\$ 0	\$ (9,705,684)
Support Services	7,837,643	104,878	340,598	76,154	(7,316,013)
Operation of Non-Instructional Services	1,705,151	370,081	1,061,178	0	(273,892)
Interest on Long-term Debt	0	0	0	0	0
Other Debt Service	315,004	0	0	0	(315,004)
<b>Total Governmental Activities</b>	<b>\$ 21,951,559</b>	<b>\$ 632,184</b>	<b>\$ 3,632,628</b>	<b>\$ 76,154</b>	<b>\$ (17,610,593)</b>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 2,729,066	
Local Option Sales Taxes				700,975	
Interstate Telecommunications Tax				2,764	
Grants and Contributions Not Restricted for Specific Programs				12,981,251	
Unrestricted Investment Income				2,862	
Miscellaneous				151,364	
<b>Total General Revenues</b>				<b>\$ 16,568,282</b>	
Change in Net Position					\$ (1,042,311)
Net Position, July 1, 2012					21,745,569
Net Position, June 30, 2013					<b>\$ 20,703,258</b>

Exhibit I-2

Johnson County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Johnson County School Department  
June 30, 2013

	<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>
<u>ASSETS</u>				
Cash	\$ 75,324	\$ 0	\$ 0	\$ 75,324
Equity in Pooled Cash and Investments	3,582,509	0	545,713	4,128,222
Due from Other Governments	159,323	177,121	33,693	370,137
Due from Other Funds	26	0	0	26
Property Taxes Receivable	2,910,874	0	0	2,910,874
Allowance for Uncollectible Property Taxes	(113,130)	0	0	(113,130)
<b>Total Assets</b>	<b>\$ 6,614,926</b>	<b>\$ 177,121</b>	<b>\$ 579,406</b>	<b>\$ 7,371,453</b>
<u>LIABILITIES</u>				
Accounts Payable	\$ 7,913	\$ 2,665	\$ 0	\$ 10,578
Accrued Payroll	23,311	0	0	23,311
Payroll Deductions Payable	376,748	41,528	43,800	462,076
Cash Overdraft	0	126,279	0	126,279
Due to Other Funds	0	26	0	26
Due to State of Tennessee	24,450	0	0	24,450
Other Current Liabilities	71,597	0	0	71,597
<b>Total Liabilities</b>	<b>\$ 504,019</b>	<b>\$ 170,498</b>	<b>\$ 43,800</b>	<b>\$ 718,317</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 2,660,774	\$ 0	\$ 0	\$ 2,660,774
Deferred Delinquent Property Taxes	124,714	0	0	124,714
<b>Total Deferred Inflows of Resources</b>	<b>\$ 2,785,488</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,785,488</b>
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 319,673	\$ 6,623	\$ 535,606	\$ 861,902
Committed:				
Committed for Education	12,323	0	0	12,323
Assigned:				
Assigned for Education	2,603,508	0	0	2,603,508
Unassigned	389,915	0	0	389,915
<b>Total Fund Balances</b>	<b>\$ 3,325,419</b>	<b>\$ 6,623</b>	<b>\$ 535,606</b>	<b>\$ 3,867,648</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 6,614,926</b>	<b>\$ 177,121</b>	<b>\$ 579,406</b>	<b>\$ 7,371,453</b>

Exhibit I-3

Johnson County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
Discretely Presented Johnson County School Department  
June 30, 2013

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different because:

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	3,867,648
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	946,939	
Add: construction in progress		0	
Add: buildings and improvements net of accumulated depreciation		14,143,439	
Add: other capital assets net of accumulated depreciation		1,266,113	
Add: infrastructure net of accumulated depreciation		<u>515,530</u>	16,872,021
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			124,714
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: principal on leases to be contributed on primary government debt	\$	(24,520)	
Less: compensated absences payable		(50,106)	
Less: other postemployment benefits liability		<u>(86,499)</u>	<u>(161,125)</u>
Net position of governmental activities (Exhibit A)			<u>\$ 20,703,258</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, 2013

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	School Federal Projects	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 3,489,876	\$ 0	\$ 0	\$ 3,489,876
Licenses and Permits	1,379	0	0	1,379
Charges for Current Services	168,668	0	846,498	1,015,166
Other Local Revenues	320,766	0	3,662	324,428
State of Tennessee	12,558,145	0	0	12,558,145
Federal Government	154,636	2,281,209	1,046,865	3,482,710
Total Revenues	<u>\$ 16,693,470</u>	<u>\$ 2,281,209</u>	<u>\$ 1,897,025</u>	<u>\$ 20,871,704</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 9,707,755	\$ 1,696,306	\$ 397,219	\$ 11,801,280
Support Services	6,950,817	607,733	153,838	7,712,388
Operation of Non-Instructional Services	492,318	0	1,367,370	1,859,688
Capital Outlay	49,591	0	0	49,591
Debt Service:				
Other Debt Service	338,090	0	0	338,090
Total Expenditures	<u>\$ 17,538,571</u>	<u>\$ 2,304,039</u>	<u>\$ 1,918,427</u>	<u>\$ 21,761,037</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (845,101)</u>	<u>\$ (22,830)</u>	<u>\$ (21,402)</u>	<u>\$ (889,333)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 22,260	\$ 0	\$ 0	\$ 22,260
Transfers In	20,675	0	0	20,675
Transfers Out	0	(20,675)	0	(20,675)
Total Other Financing Sources (Uses)	<u>\$ 42,935</u>	<u>\$ (20,675)</u>	<u>\$ 0</u>	<u>\$ 22,260</u>
Net Change in Fund Balances	\$ (802,166)	\$ (43,505)	\$ (21,402)	\$ (867,073)
Fund Balance, July 1, 2012	<u>4,127,585</u>	<u>50,128</u>	<u>557,008</u>	<u>4,734,721</u>
Fund Balance, June 30, 2013	<u>\$ 3,325,419</u>	<u>\$ 6,623</u>	<u>\$ 535,606</u>	<u>\$ 3,867,648</u>

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, 2013

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)		\$ (867,073)
(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	\$ 309,546	
Less: current-year depreciation expense	<u>(1,077,115)</u>	(767,569)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.		
Add: assets donated and capitalized		76,154
(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, 2013	\$ 124,714	
Less: deferred delinquent property taxes and other deferred June 30, 2012	<u>(163,324)</u>	(38,610)
(4) The issuance of long-term debt (e.g., capital 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 position.		
Add: principal contributions on lease for primary government		23,086
(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	\$ (2,265)	
Change in other postemployment benefits liability	<u>533,966</u>	<u>531,701</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ (1,042,311)</u>

Exhibit I-6

Johnson County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Johnson County School Department  
June 30, 2013

	<u>Special Revenue Funds</u>		
	Central Cafeteria	Other Education Special Revenue	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 538,657	\$ 7,056	\$ 545,713
Due from Other Governments	28,593	5,100	33,693
Total Assets	<u>\$ 567,250</u>	<u>\$ 12,156</u>	<u>\$ 579,406</u>
<u>LIABILITIES</u>			
Payroll Deductions Payable	\$ 31,644	\$ 12,156	\$ 43,800
Total Liabilities	<u>\$ 31,644</u>	<u>\$ 12,156</u>	<u>\$ 43,800</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 535,606	\$ 0	\$ 535,606
Total Fund Balances	<u>\$ 535,606</u>	<u>\$ 0</u>	<u>\$ 535,606</u>
Total Liabilities and Fund Balances	<u>\$ 567,250</u>	<u>\$ 12,156</u>	<u>\$ 579,406</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, 2013

	<u>Special Revenue Funds</u>		
	Central Cafeteria	Other Education Special Revenue	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 298,291	\$ 548,207	\$ 846,498
Other Local Revenues	2,862	800	3,662
Federal Government	1,046,865	0	1,046,865
Total Revenues	<u>\$ 1,348,018</u>	<u>\$ 549,007</u>	<u>\$ 1,897,025</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 0	\$ 397,219	\$ 397,219
Support Services	0	153,838	153,838
Operation of Non-Instructional Services	1,367,370	0	1,367,370
Total Expenditures	<u>\$ 1,367,370</u>	<u>\$ 551,057</u>	<u>\$ 1,918,427</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (19,352)</u>	<u>\$ (2,050)</u>	<u>\$ (21,402)</u>
Net Change in Fund Balances	\$ (19,352)	\$ (2,050)	\$ (21,402)
Fund Balance, July 1, 2012	<u>554,958</u>	<u>2,050</u>	<u>557,008</u>
Fund Balance, June 30, 2013	<u>\$ 535,606</u>	<u>\$ 0</u>	<u>\$ 535,606</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, 2013

	Actual (GAAP Basis)	Less:		Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		7/1/2012	Encumbrances 6/30/2012			Original	Final	
<b>Revenues</b>								
Local Taxes	\$ 3,489,876	\$ 0	\$ 0	\$ 0	\$ 3,489,876	\$ 3,420,797	\$ 3,420,797	\$ 69,079
Licenses and Permits	1,379	0	0	0	1,379	1,250	1,250	129
Charges for Current Services	168,668	0	0	0	168,668	139,600	208,937	(40,269)
Other Local Revenues	320,766	0	0	0	320,766	110,800	333,744	(12,978)
State of Tennessee	12,558,145	0	0	0	12,558,145	12,569,717	12,572,701	(4,556)
Federal Government	154,636	0	0	0	154,636	132,934	138,542	16,094
<b>Total Revenues</b>	<b>\$ 16,693,470</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 16,693,470</b>	<b>\$ 16,375,098</b>	<b>\$ 16,675,971</b>	<b>\$ 17,499</b>

<b>Expenditures</b>								
<u>Instruction</u>								
Regular Instruction Program	\$ 7,478,727	\$ (102,438)	\$ 0	\$ 138,178	\$ 7,514,467	\$ 7,116,984	\$ 7,546,872	\$ 32,405
Alternative Instruction Program	179,822	(2,000)	0	0	177,822	169,563	188,063	10,241
Special Education Program	981,280	(108)	0	0	981,172	967,295	981,403	231
Vocational Education Program	1,006,914	(8,881)	0	4,838	1,002,871	1,008,804	1,266,372	263,501
Adult Education Program	61,012	0	0	0	61,012	57,193	62,585	1,573
<u>Support Services</u>								
Attendance	81,259	0	0	0	81,259	82,863	82,863	1,604
Health Services	270,924	(17,933)	0	4,000	256,991	253,517	263,377	6,386
Other Student Support	387,488	0	0	0	387,488	369,491	389,746	2,258
Regular Instruction Program	652,947	(1,405)	0	53	651,595	647,708	671,734	20,139
Alternative Instruction Program	0	0	0	0	0	1,000	1,405	1,405
Special Education Program	118,542	0	0	0	118,542	119,215	119,430	888
Vocational Education Program	91,520	0	0	0	91,520	91,087	91,682	162
Adult Programs	71,788	0	0	0	71,788	73,386	75,971	4,183
Other Programs	12,015	0	0	0	12,015	0	12,015	0
Board of Education	924,177	(92)	0	262	924,347	448,456	940,883	16,536
Director of Schools	216,513	0	0	400	216,913	192,824	222,234	5,321
Office of the Principal	1,119,223	(500)	0	0	1,118,723	1,085,336	1,119,918	1,195

(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 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Fiscal Services	\$ 91,480	\$ 0	\$ 0	\$ 91,480	\$ 92,488	\$ 92,988	\$ 1,508
Human Services/Personnel	60,841	0	0	60,841	61,212	62,212	1,371
Operation of Plant	1,682,013	(16,419)	35,018	1,700,612	1,612,652	1,717,521	16,909
Maintenance of Plant	254,546	(16,660)	66,632	304,518	239,950	318,403	13,885
Transportation	892,380	(17,580)	103,959	978,759	876,415	993,268	14,509
Central and Other	23,161	0	0	23,161	26,537	26,977	3,816
<u>Operation of Non-Instructional Services</u>							
Food Service	105,373	0	0	105,373	105,858	106,358	985
Community Services	90,442	(1,934)	2,307	90,815	85,000	105,203	14,388
Early Childhood Education	296,503	(696)	0	295,807	310,586	310,586	14,779
<u>Capital Outlay</u>							
Regular Capital Outlay	49,591	(3,703)	135,667	181,555	42,500	188,855	7,300
<u>Other Debt Service</u>							
Education	338,090	0	0	338,090	312,178	338,090	0
Total Expenditures	\$ 17,538,571	\$ (190,349)	\$ 491,314	\$ 17,839,536	\$ 16,450,098	\$ 18,297,014	\$ 457,478
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (845,101)	\$ 190,349	\$ (491,314)	\$ (1,146,066)	\$ (75,000)	\$ (1,621,043)	\$ 474,977
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 22,260	\$ 0	\$ 0	\$ 22,260	\$ 0	\$ 18,071	\$ 4,189
Transfers In	20,675	0	0	20,675	75,000	91,669	(70,994)
Total Other Financing Sources	\$ 42,935	\$ 0	\$ 0	\$ 42,935	\$ 75,000	\$ 109,740	\$ (66,805)
<u>Net Change in Fund Balance</u>	\$ (802,166)	\$ 190,349	\$ (491,314)	\$ (1,103,131)	\$ 0	\$ (1,511,303)	\$ 408,172
<u>Fund Balance, July 1, 2012</u>	4,127,585	(190,349)	0	3,937,236	3,811,643	3,811,643	125,593
<u>Fund Balance, June 30, 2013</u>	\$ 3,325,419	\$ 0	\$ (491,314)	\$ 2,834,105	\$ 3,811,643	\$ 2,300,340	\$ 533,765

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Federal Government	\$ 2,281,209 \$	0 \$	0 \$	2,281,209 \$	3,657,159 \$	3,712,472 \$	(1,431,263)
Total Revenues	\$ 2,281,209 \$	0 \$	0 \$	2,281,209 \$	3,657,159 \$	3,712,472 \$	(1,431,263)
<b>Expenditures</b>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,184,377 \$	(28,739) \$	3,828 \$	1,159,466 \$	1,783,962 \$	1,908,425 \$	748,959
Special Education Program	476,593	0	1,142	477,735	480,858	480,761	3,026
Vocational Education Program	35,336	(3,266)	0	32,070	32,247	32,071	1
<u>Support Services</u>							
Other Student Support	57,343	0	0	57,343	133,995	69,272	11,929
Regular Instruction Program	493,302	(513)	52	492,841	1,135,541	1,142,703	649,862
Special Education Program	3,000	0	0	3,000	3,000	3,000	0
Fiscal Services	2,390	0	0	2,390	50	2,390	0
Transportation	51,698	0	0	51,698	51,544	51,698	0
Total Expenditures	\$ 2,304,039 \$	(32,518) \$	5,022 \$	2,276,543 \$	3,621,197 \$	3,690,320 \$	1,413,777
Excess (Deficiency) of Revenues Over Expenditures	\$ (22,830) \$	32,518 \$	(5,022) \$	4,666 \$	35,962 \$	22,152 \$	(17,486)
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (20,675) \$	0 \$	0 \$	(20,675) \$	(42,161) \$	(28,698) \$	8,023
Total Other Financing Sources	\$ (20,675) \$	0 \$	0 \$	(20,675) \$	(42,161) \$	(28,698) \$	8,023
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ (43,505) \$	32,518 \$	(5,022) \$	(16,009) \$	(6,199) \$	(6,546) \$	(9,463)
	50,128	(32,518)	0	17,610	6,199	6,546	11,064
Fund Balance, June 30, 2013	\$ 6,623 \$	0 \$	(5,022) \$	1,601 \$	0 \$	0 \$	1,601

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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 298,291	\$ 435,250	\$ 435,250	\$ (136,959)
Other Local Revenues	2,862	3,500	3,500	(638)
Federal Government	1,046,865	1,070,344	1,070,344	(23,479)
Total Revenues	<u>\$ 1,348,018</u>	<u>\$ 1,509,094</u>	<u>\$ 1,509,094</u>	<u>\$ (161,076)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,367,370	\$ 1,509,094	\$ 1,509,094	\$ 141,724
Total Expenditures	<u>\$ 1,367,370</u>	<u>\$ 1,509,094</u>	<u>\$ 1,509,094</u>	<u>\$ 141,724</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (19,352)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (19,352)</u>
Net Change in Fund Balance	\$ (19,352)	\$ 0	\$ 0	(19,352)
Fund Balance, July 1, 2012	554,958	554,961	554,961	(3)
Fund Balance, June 30, 2013	<u>\$ 535,606</u>	<u>\$ 554,961</u>	<u>\$ 554,961</u>	<u>\$ (19,355)</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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 548,207	\$ 534,481	\$ 569,481	\$ (21,274)
Other Local Revenues	800	1,200	1,200	(400)
Total Revenues	<u>\$ 549,007</u>	<u>\$ 535,681</u>	<u>\$ 570,681</u>	<u>\$ (21,674)</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 397,219	\$ 381,237	\$ 412,837	\$ 15,618
<u>Support Services</u>				
Attendance	67,801	67,781	71,181	3,380
Health Services	16,097	16,655	16,655	558
Regular Instruction Program	69,940	70,008	70,008	68
Total Expenditures	<u>\$ 551,057</u>	<u>\$ 535,681</u>	<u>\$ 570,681</u>	<u>\$ 19,624</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (2,050)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,050)</u>
Net Change in Fund Balance	\$ (2,050)	\$ 0	\$ 0	(2,050)
Fund Balance, July 1, 2012	<u>2,050</u>	<u>2,053</u>	<u>2,053</u>	<u>(3)</u>
Fund Balance, June 30, 2013	<u>\$ 0</u>	<u>\$ 2,053</u>	<u>\$ 2,053</u>	<u>\$ (2,053)</u>

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## MISCELLANEOUS SCHEDULES

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Exhibit J-1

Johnson County, Tennessee  
Schedule of Changes in Long-term Notes, Other Loans, Bonds, and Capital Leases  
For the Year Ended June 30, 2013

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-13
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Energy Loan	\$ 210,000	0%	3-31-06	5-1-13	\$ 30,000	0	\$ 30,000	\$ 0
Tarr Loan	20,000	0	7-31-12	7-31-14	0	20,000	0	20,000
Total Payable through General Debt Service Fund					\$ 30,000	20,000	30,000	20,000
Total Notes Payable					\$ 30,000	20,000	30,000	20,000
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Energy Efficient Schools Initiative	336,161	0	6-2-10	4-1-17	\$ 232,109	0	\$ 48,024	\$ 184,085
Total Payable through General Debt Service Fund					\$ 232,109	0	\$ 48,024	\$ 184,085
Total Other Loans Payable					\$ 232,109	0	\$ 48,024	\$ 184,085
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
General Obligation Refunding (2004)	1,435,000	1.5 to 4.5	3-3-04	4-1-27	\$ 415,000	0	\$ 20,000	\$ 395,000
School Refunding Bonds, Series 2005	8,535,000	3 to 4.125	5-27-05	4-1-25	7,440,000	0	445,000	6,995,000
General Refunding Bonds, Series 2010	5,660,000	2 to 4.125	1-25-10	6-1-28	5,420,000	0	145,000	5,275,000
Total Payable through General Debt Service Fund					\$ 13,275,000	0	\$ 610,000	\$ 12,665,000
Total Bonds Payable					\$ 13,275,000	0	\$ 610,000	\$ 12,665,000
<u>CAPITAL LEASES PAYABLE</u>								
<u>Contributed by School Department through General Purpose School Fund</u>								
Computer Equipment	73,280	6.04	6-21-12	6-21-14	\$ 47,606	0	\$ 23,086	\$ 24,520
Total Contributed by School Department through General Purpose School Fund					\$ 47,606	0	\$ 23,086	\$ 24,520
Total Capital Leases Payable					\$ 47,606	0	\$ 23,086	\$ 24,520

Exhibit J-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 0	\$ 0	\$ 0
2015	20,000	0	20,000
<b>Total</b>	<b>\$ 20,000</b>	<b>\$ 0</b>	<b>\$ 20,000</b>

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2014	\$ 48,024	\$ 0	\$ 48,024
2015	48,024	0	48,024
2016	48,024	0	48,024
2017	40,013	0	40,013
<b>Total</b>	<b>\$ 184,085</b>	<b>\$ 0</b>	<b>\$ 184,085</b>

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
<b>Total</b>	<b>\$ 12,665,000</b>	<b>\$ 4,482,595</b>	<b>\$ 17,147,595</b>

(Continued)

Exhibit J-2

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

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2014	\$ 24,520	\$ 1,392	\$ 25,912
Total	\$ 24,520	\$ 1,392	\$ 25,912

Exhibit J-3

Johnson County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Johnson County School Department  
For the Year Ended June 30, 2013

From Fund	To Fund	Purpose	Amount
<u>PRIMARY GOVERNMENT</u>			
General	Highway/Public Works	Allocate wheel tax	\$ 230,018
"	General Debt Service	"	230,018
"	General Capital Projects	"	<u>17,842</u>
Total Transfers Primary Government			<u>\$ 477,878</u>
<u>DISCRETELY PRESENTED JOHNSON</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ <u>20,675</u>
Total Transfers Discretely Presented Johnson County School Department			\$ <u>20,675</u>

Exhibit J-4

Johnson County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Johnson County School Department  
For the Year Ended June 30, 2013

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 68,443	\$ 10,000	Western Surety Company
Road Superintendent	Section 8-24-102, TCA	64,613	100,000	"
Director of Schools	State Board of Education and County Board of Education	87,667 (1)	50,000	"
Trustee	Section 8-24-102, TCA	58,739	647,000	"
Assessor of Property:				
Bowtie Stout (7-1-12 through 8-31-12)	Section 8-24-102, TCA	9,790	10,000	"
Matthew Lewis (9-1-12 through 6-30-13)	Section 8-24-102, TCA	48,949	10,000	"
Director of Accounts and Budgets	County Commission	50,895	100,000	"
County Clerk	Section 8-24-102, TCA	58,739	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	58,739	50,000	"
Clerk and Master	Section 8-24-102, TCA and Chancery Court Judge	58,739 (3)	50,000	"
Register of Deeds	Section 8-24-102, TCA	58,739	25,000	"
Sheriff	Section 8-24-102, TCA	65,213 (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 \$6,314.

Exhibit J-5

Johnson County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2013

	Special Revenue Funds						Highway / Public Works
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees		
<u>Local Taxes</u>							
County Property Taxes							
Current Property Tax	\$ 1,598,000	\$ 0	\$ 82,923	\$ 0	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	104,770	0	9,956	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	46,071	0	2,618	0	0	0	0
Interest and Penalty	19,985	0	1,090	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	2,430	0	0	0	0	0	0
<u>County Local Option Taxes</u>							
Local Option Sales Tax	131,683	35,346	0	0	0	0	0
Hotel/Motel Tax	13,180	0	0	0	0	0	0
Wheel Tax	549,247	0	0	0	0	0	0
Litigation Tax - General	6,503	0	0	0	0	0	0
Litigation Tax - Special Purpose	58,015	0	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	11,033	0	0	0	0	0	0
Business Tax	74,379	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0	1,428
Other County Local Option Taxes	2,142	0	0	0	0	0	0
<u>Statutory Local Taxes</u>							
Bank Excise Tax	11,806	0	644	0	0	0	0
Wholesale Beer Tax	133,184	0	0	0	0	0	0
<b>Total Local Taxes</b>	<b>\$ 2,762,428</b>	<b>\$ 35,346</b>	<b>\$ 97,231</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>1,428</b>
<u>Licenses and Permits</u>							
Licenses							
Marriage Licenses	\$ 142	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	33,583	0	0	0	0	0	0
Permits							
Beer Permits	1,758	0	0	0	0	0	0
Other Permits	1,025	0	0	0	0	0	0
<b>Total Licenses and Permits</b>	<b>\$ 36,508</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>0</b>
<u>Fines, Forfeitures, and Penalties</u>							
Circuit Court							
Fines	\$ 6,284	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	619	0	0	0	0	0	0
Game and Fish Fines	25	0	0	0	0	0	0
Jail Fees	242	0	0	0	0	0	0
DUI Treatment Fines	446	0	0	0	0	0	0
Courtroom Security Fee	587	0	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Criminal Court</u>						
Drug Control Fines	48 \$	0 \$	0 \$	0 \$	0 \$	0
Drug Court Fees	67	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	37,512	0	0	0	0	0
Officers Costs	11,064	0	0	0	0	0
Game and Fish Fines	403	0	0	0	0	0
Drug Control Fines	95	0	0	95	0	0
Jail Fees	3,797	0	0	0	0	0
DUI Treatment Fines	1,047	0	0	0	0	0
Data Entry Fee - General Sessions Court	4,955	0	0	0	0	0
Courtroom Security Fee	3,465	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	118	0	0	0	0	0
Data Entry Fee - Chancery Court	1,716	0	0	0	0	0
Courtroom Security Fee	54	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	13,366	0	0	0	0	0
Other Fines, Forfeitures, and Penalties	800	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	86,710 \$	0 \$	0 \$	95 \$	0 \$	0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Self Insurance Premiums/Contributions	6,709 \$	0 \$	0 \$	0 \$	0 \$	0
Tipping Fees	0	0	417,075	0	0	0
<u>Fees</u>						
Airport Fees	4,343	0	0	0	0	0
Copy Fees	3,141	18	0	0	0	0
Telephone Commissions	19,364	0	0	0	0	0
Vending Machine Collections	685	0	66	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	131	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	6,314	0
Data Processing Fee - Register	5,852	0	0	0	0	0
Probation Fees	1,528	0	0	0	0	0
Data Processing Fee - Sheriff	1,596	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	1,650	0	0	0	0	0
Data Processing Fee - County Clerk	8,286	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>						
<u>Other Charges for Services</u>	\$ 3,056	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Charges for Services	\$ 56,210	\$ 18	\$ 417,141	\$ 0	\$ 6,445	\$ 0
Total Charges for Current Services	\$ 59,266	\$ 18	\$ 417,141	\$ 0	\$ 6,445	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 79,075	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	88,573	0	0	0	0	0
Sale of Materials and Supplies	2,069	30	5,451	0	0	5,837
Commissary Sales	9,366	0	0	0	0	0
Sale of Gasoline	430,549	0	0	0	0	0
Retirees' Insurance Payments	1,030	0	0	0	0	0
Miscellaneous Refunds	123,391	10	720	0	0	5,183
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	0	1,616
Sale of Property	3,160	0	0	0	0	0
Damages Recovered from Individuals	400	0	0	0	0	0
Contributions and Gifts	1,000	0	0	0	0	0
Performance Bond Forfeitures	10,650	0	0	0	0	0
Total Other Local Revenues	\$ 749,263	\$ 40	\$ 6,171	\$ 0	\$ 0	\$ 12,636
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of-Salary</u>						
County Clerk	\$ 189,588	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	72,027	0	0	0	0	0
General Sessions Court Clerk	132,818	0	0	0	0	0
Clerk and Master	74,970	0	0	0	0	0
Register	66,594	0	0	0	0	0
Sheriff	515	0	0	0	0	0
Trustee	189,226	0	0	0	0	0
Total Fees Received from County Officials	\$ 725,738	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,300	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Airport Maintenance Program	122,531	0	0	0	0	0
Aging Programs	19,117	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds						
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>State of Tennessee (Cont.)</u>							
Public Safety Grants							
Law Enforcement Training Programs	\$ 8,400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Public Works Grants							
Litter Program	46,093	0	0	0	0	0	0
<u>Other State Revenues</u>							
Income Tax							
Beer Tax	65,150	0	0	0	0	0	0
Alcoholic Beverage Tax	18,586	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	34,706	0	0	0	0	0	0
Contracted Prisoner Boarding	489,034	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	1,056,765	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0	1,430,895
Registrar's Salary Supplement	0	0	0	0	0	0	13,164
Other State Grants	15,164	0	0	0	0	0	0
Other State Revenues	0	0	0	0	0	0	0
Other State Revenues	167,896	0	0	0	0	0	0
Total State of Tennessee	\$ 2,052,742	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,444,059
<u>Federal Government</u>							
Federal Through State							
Appalachian Regional Commission	5,514	0	0	0	0	0	0
Community Development	14,898	0	0	0	0	0	0
Homeland Security Grants	76,524	0	0	0	0	0	0
Other Federal through State	19,516	0	0	0	0	0	23,822
Direct Federal Revenue							
Other Direct Federal Revenue	17,456	0	0	0	0	0	0
Total Federal Government	\$ 133,908	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,822
<u>Other Governments and Citizens Groups</u>							
Other Governments							
Contributions	0	0	0	0	0	0	0
Contracted Services	11,025	0	0	0	0	0	74,868
Citizens Groups							
Donations	8,765	11,275	0	0	0	0	0
Other							
Other	62,346	7,347	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 82,136	\$ 18,622	\$ 0	\$ 0	\$ 0	\$ 0	\$ 74,868
Total	\$ 6,685,643	\$ 54,026	\$ 520,543	\$ 95	\$ 6,445	\$ 1,556,813	

(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	General Capital Projects	Community Development/Industrial Park	Other Capital Projects			
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	668,263	290,540	0	0	0	0	2,639,736	
Trustee's Collections - Prior Year	43,814	19,048	0	0	0	0	177,588	
Circuit/Clerk & Master Collections - Prior Years	19,863	8,390	0	0	0	0	76,942	
Interest and Penalty	8,360	3,632	0	0	0	0	33,067	
Payments in-Lieu-of-Taxes - T.V.A.	0	0	0	0	0	0	2,430	
<u>County Local Option Taxes</u>								
Local Option Sales Tax	111,796	0	0	0	0	0	278,825	
Hotel/Motel Tax	0	0	0	0	0	0	13,180	
Wheel Tax	0	0	0	0	0	0	549,247	
Litigation Tax - General	0	0	0	0	0	0	6,503	
Litigation Tax - Special Purpose	0	0	0	0	0	0	58,015	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	11,033	
Business Tax	0	0	0	0	0	0	74,379	
Mineral Severance Tax	0	0	0	0	0	0	1,428	
Other County Local Option Taxes	0	0	0	0	0	0	2,142	
<u>Statutory Local Taxes</u>								
Bank Excise Tax	4,937	2,147	0	0	0	0	19,534	
Wholesale Beer Tax	0	0	0	0	0	0	133,184	
Total Local Taxes	<u>857,033</u>	<u>323,757</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,077,223</u>	
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Marriage Licenses	0	0	0	0	0	0	142	
Cable TV Franchise	0	0	0	0	0	0	33,583	
<u>Permits</u>								
Beer Permits	0	0	0	0	0	0	1,758	
Other Permits	0	0	0	0	0	0	1,025	
Total Licenses and Permits	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>36,508</u>	
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	0	0	0	0	0	0	6,284	
Officers Costs	0	0	0	0	0	0	619	
Game and Fish Fines	0	0	0	0	0	0	25	
Jail Fees	0	0	0	0	0	0	242	
DUI Treatment Fines	0	0	0	0	0	0	446	
Courtroom Security Fee	0	0	0	0	0	0	587	

(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	General Capital Projects	Community Development/Industrial Park	Other Capital Projects			
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
<u>Criminal Court</u>								
Drug Control Fines	0	0	0	0	0	0	48	
Drug Court Fees	0	0	0	0	0	0	67	
<u>General Sessions Court</u>								
Fines	0	0	0	0	0	0	37,512	
Officers Costs	0	0	0	0	0	0	11,064	
Game and Fish Fines	0	0	0	0	0	0	403	
Drug Control Fines	0	0	0	0	0	0	190	
Jail Fees	0	0	0	0	0	0	3,797	
DUI Treatment Fines	0	0	0	0	0	0	1,047	
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	4,955	
Courtroom Security Fee	0	0	0	0	0	0	3,465	
<u>Chancery Court</u>								
Officers Costs	0	0	0	0	0	0	118	
Data Entry Fee - Chancery Court	0	0	0	0	0	0	1,716	
Courtroom Security Fee	0	0	0	0	0	0	54	
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	0	0	0	0	0	0	13,366	
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	0	800	
Total Fines, Forfeitures, and Penalties	0	0	0	0	0	0	86,805	
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Self-Insurance Premiums/Contributions	0	0	0	0	0	0	6,709	
Tipping Fees	0	0	0	0	0	0	417,075	
<u>Fees</u>								
Airport Fees	0	0	0	0	0	0	4,343	
Copy Fees	0	0	0	0	0	0	3,159	
Telephone Commissions	0	0	0	0	0	0	19,364	
Vending Machine Collections	0	0	0	0	0	0	751	
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0	131	
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	0	6,314	
Data Processing Fee - Register	0	0	0	0	0	0	5,852	
Probation Fees	0	0	0	0	0	0	1,528	
Data Processing Fee - Sheriff	0	0	0	0	0	0	1,596	
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	1,650	
Data Processing Fee - County Clerk	0	0	0	0	0	0	8,286	

(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	General Capital Projects	Community Development/Industrial Park	Other Capital Projects		
<u>Charges for Current Services (Cont.)</u>							
<u>Other Charges for Services</u>	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	3,056	
Other Charges for Services	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	479,814	
Total Charges for Current Services							
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	79,075	
Lease/Rentals	0	0	0	118,085	0	206,658	
Sale of Materials and Supplies	0	0	0	0	0	13,387	
Commissary Sales	0	0	0	0	0	9,366	
Sale of Gasoline	0	0	0	0	0	430,549	
Retirees' Insurance Payments	0	0	0	0	0	1,030	
Miscellaneous Refunds	0	0	0	2,700	0	132,004	
<u>Nonrecurring Items</u>							
Sale of Equipment	0	0	0	0	0	1,616	
Sale of Property	0	0	0	0	0	3,160	
Damages Recovered from Individuals	0	0	0	0	0	400	
Contributions and Gifts	0	0	0	0	0	1,000	
Performance Bond Forfeitures	0	0	0	0	0	10,650	
Total Other Local Revenues	\$ 0 \$	0 \$	0 \$	120,785 \$	0 \$	888,895	
<u>Fees Received from County Officials</u>							
<u>Fees in-Lieu-of-Salary</u>							
County Clerk	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	189,588	
Circuit Court Clerk	0	0	0	0	0	72,027	
General Sessions Court Clerk	0	0	0	0	0	132,818	
Clerk and Master	0	0	0	0	0	74,970	
Register	0	0	0	0	0	66,594	
Sheriff	0	0	0	0	0	515	
Trustee	0	0	0	0	0	189,226	
Total Fees Received from County Officials	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	725,738	
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	9,300	
Airport Maintenance Program	0	0	0	0	0	122,531	
Aging Programs	0	0	0	0	0	19,117	

(Continued)

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

	Debt Service Fund		Capital Projects Funds				Total
	General Debt Service	General Capital Projects	Community Development/Industrial Park	Other Capital Projects			
<u>State of Tennessee (Cont.)</u>							
Public Safety Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,400	
Law Enforcement Training Programs							
Public Works Grants	0	0	0	0	0	46,093	
Litter Program							
Other State Revenues							
Income Tax	0	0	0	0	0	65,150	
Beer Tax	0	0	0	0	0	18,586	
Alcoholic Beverage Tax	0	0	0	0	0	34,706	
State Revenue Sharing - T.V.A.	0	0	0	0	0	489,034	
Contracted Prisoner Boarding	0	0	0	0	0	1,056,765	
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,430,895	
Petroleum Special Tax	0	0	0	0	0	13,164	
Registrar's Salary Supplement	0	0	0	0	0	15,164	
Other State Grants	0	97,000	0	0	18,370	115,370	
Other State Revenues	0	0	0	0	0	167,896	
Total State of Tennessee	\$ 0	\$ 97,000	\$ 0	\$ 18,370	\$ 0	\$ 3,612,171	
<u>Federal Government</u>							
Federal Through State							
Appalachian Regional Commission	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,514	
Community Development	0	0	0	0	0	14,898	
Homeland Security Grants	0	0	0	0	0	76,524	
Other Federal through State	0	0	0	0	0	43,338	
Direct Federal Revenue							
Other Direct Federal Revenue	0	0	0	0	0	17,456	
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 157,730	
<u>Other Governments and Citizens Groups</u>							
Other Governments							
Contributions	\$ 338,090	\$ 0	\$ 20,000	\$ 0	\$ 0	\$ 358,090	
Contracted Services	0	0	0	0	0	85,893	
Citizens Groups							
Donations	0	0	768	0	0	20,808	
Other	0	0	0	0	0	69,693	
Total Other Governments and Citizens Groups	\$ 338,090	\$ 0	\$ 20,768	\$ 0	\$ 0	\$ 534,484	
Total	\$ 1,195,123	\$ 420,757	\$ 141,553	\$ 18,370	\$ 0	\$ 10,599,368	

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, 2013

	Special Revenue Funds				Total
	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 2,498,695	\$ 0	\$ 0	\$ 0	2,498,695
Trustee's Collections - Prior Year	163,822	0	0	0	163,822
Circuit/Clerk & Master Collections - Prior Years	73,907	0	0	0	73,907
Interest and Penalty	31,252	0	0	0	31,252
<u>County Local Option Taxes</u>					
Local Option Sales Tax	700,975	0	0	0	700,975
<u>Statutory Local Taxes</u>					
Bank Excise Tax	18,461	0	0	0	18,461
Interstate Telecommunications Tax	2,764	0	0	0	2,764
Total Local Taxes	\$ 3,489,876	\$ 0	\$ 0	\$ 0	3,489,876
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,131	\$ 0	\$ 0	\$ 0	1,131
<u>Permits</u>					
Other Permits	248	0	0	0	248
Total Licenses and Permits	\$ 1,379	\$ 0	\$ 0	\$ 0	1,379
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 167,257	\$ 0	167,257
Lunch Payments - Adults	0	0	28,505	0	28,505
Income from Breakfast	0	0	61	0	61
A la carte Sales	0	0	102,468	0	102,468
Contract for Instructional Services with Other LEAs	0	0	0	548,207	548,207
Receipts from Individual Schools	49,656	0	0	0	49,656
Community Service Fees - Children	71,790	0	0	0	71,790
TBI Criminal Background Fees	4,740	0	0	0	4,740
<u>Other Charges for Services</u>					
Other Charges for Services	42,482	0	0	0	42,482
Total Charges for Current Services	\$ 168,668	\$ 0	\$ 298,291	\$ 548,207	1,015,166
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 2,862	\$ 0	2,862
Lease/Rentals	7,200	0	0	800	8,000
Refund of Telecommunication and Internet Fees (E-Rate)	55,635	0	0	0	55,635
Retirees' Insurance Payments	69,440	0	0	0	69,440
Miscellaneous Refunds	24,236	0	0	0	24,236
<u>Nonrecurring Items</u>					
Sale of Equipment	1,805	0	0	0	1,805
Resale of Materials - T&I House	157,225	0	0	0	157,225
Contributions and Gifts	5,225	0	0	0	5,225
Total Other Local Revenues	\$ 320,766	\$ 0	\$ 2,862	\$ 800	324,428
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 12,015	\$ 0	\$ 0	\$ 0	12,015
<u>State Education Funds</u>					
Basic Education Program	11,925,510	0	0	0	11,925,510
Early Childhood Education	296,504	0	0	0	296,504
School Food Service	14,313	0	0	0	14,313
Other State Education Funds	186,555	0	0	0	186,555
Career Ladder Program	91,148	0	0	0	91,148
Career Ladder - Extended Contract	32,100	0	0	0	32,100
Total State of Tennessee	\$ 12,558,145	\$ 0	\$ 0	\$ 0	12,558,145

(Continued)

Exhibit J-6

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

	Special Revenue Funds				Total
	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 653,816	\$ 0	\$ 653,816
USDA - Commodities	0	0	84,600	0	84,600
Breakfast	0	0	279,212	0	279,212
USDA - Other	0	0	29,237	0	29,237
Adult Education State Grant Program	83,171	0	0	0	83,171
Vocational Education - Basic Grants to States	0	45,485	0	0	45,485
Title I Grants to Local Education Agencies	0	964,684	0	0	964,684
Special Education - Grants to States	0	522,869	0	0	522,869
Special Education Preschool Grants	0	18,955	0	0	18,955
Safe and Drug-free Schools - State Grants	0	55,000	0	0	55,000
Rural Education	0	35,608	0	0	35,608
Eisenhower Professional Development State Grants	0	154,184	0	0	154,184
Race-to-the-Top - ARRA	0	157,689	0	0	157,689
Other Federal through State	71,465	326,735	0	0	398,200
Total Federal Government	\$ 154,636	\$ 2,281,209	\$ 1,046,865	\$ 0	\$ 3,482,710
Total	\$ 16,693,470	\$ 2,281,209	\$ 1,348,018	\$ 549,007	\$ 20,871,704

Exhibit J-7

Johnson County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2013

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	36,000	
Social Security		1,921	
State Retirement		2,731	
Medical Insurance		11,492	
Employer Medicare		449	
Audit Services		5,473	
Dues and Memberships		4,925	
Financial Advisory Services		1,250	
Travel		14,623	
Other Supplies and Materials		312	
Total County Commission			\$ 79,176

Board of Equalization

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

Other Boards and Committees

Board and Committee Members Fees	\$	2,280	
Total Other Boards and Committees			2,280

County Mayor/Executive

County Official/Administrative Officer	\$	68,443	
Secretary(ies)		24,375	
Social Security		5,373	
State Retirement		10,496	
Medical Insurance		15,729	
Unemployment Compensation		90	
Employer Medicare		1,257	
Office Supplies		672	
Other Charges		300	
Office Equipment		333	
Total County Mayor/Executive			127,068

County Attorney

Other Salaries and Wages	\$	6,000	
Advertising		1,225	
Legal Services		3,475	
Total County Attorney			10,700

Election Commission

County Official/Administrative Officer	\$	52,865	
Deputy(ies)		28,638	
Clerical Personnel		632	
Other Salaries and Wages		2,929	
Election Commission		5,000	
Election Workers		21,769	
In-Service Training		3,541	
Social Security		5,124	
State Retirement		9,276	
Medical Insurance		5,875	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Unemployment Compensation	\$	122	
Employer Medicare		1,198	
Data Processing Services		20,426	
Legal Notices, Recording, and Court Costs		5,309	
Printing, Stationery, and Forms		6,283	
Equipment Parts - Light		485	
Office Supplies		1,733	
Data Processing Equipment		2,867	
Office Equipment		574	
Total Election Commission			\$ 174,646

Register of Deeds

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		24,356	
Social Security		5,009	
State Retirement		9,458	
Medical Insurance		5,620	
Unemployment Compensation		90	
Employer Medicare		1,172	
Data Processing Services		13,578	
Dues and Memberships		225	
Printing, Stationery, and Forms		935	
Office Supplies		615	
Total Register of Deeds			119,797

Development

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

County Buildings

Custodial Personnel	\$	22,097	
Social Security		1,287	
State Retirement		2,515	
Medical Insurance		5,872	
Unemployment Compensation		90	
Employer Medicare		301	
Maintenance and Repair Services - Buildings		15,830	
Custodial Supplies		5,921	
Electricity		36,563	
Natural Gas		3,049	
Uniforms		1,537	
Water and Sewer		3,268	
Other Charges		60	
Building Improvements		2,321	
Total County Buildings			100,711

Finance

Accounting and Budgeting

Supervisor/Director	\$	50,895	
Data Processing Personnel		63,137	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Social Security	\$	6,324	
State Retirement		12,978	
Medical Insurance		20,246	
Unemployment Compensation		270	
Employer Medicare		1,479	
Data Processing Services		9,841	
Printing, Stationery, and Forms		6,300	
Office Supplies		56	
Office Equipment		560	
Total Accounting and Budgeting			\$ 172,086

Purchasing

County Official/Administrative Officer	\$	28,982	
Social Security		1,622	
State Retirement		3,299	
Medical Insurance		7,313	
Unemployment Compensation		90	
Employer Medicare		379	
Advertising		91	
Office Supplies		3,644	
Office Equipment		250	
Total Purchasing			45,670

Property Assessor's Office

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		15,127	
Secretary(ies)		10,310	
Social Security		4,856	
State Retirement		9,581	
Medical Insurance		12,459	
Unemployment Compensation		90	
Employer Medicare		1,136	
Advertising		98	
Contracts with Government Agencies		3,125	
Data Processing Services		8,728	
Postal Charges		452	
Printing, Stationery, and Forms		41	
Other Contracted Services		2,696	
Office Supplies		446	
Office Equipment		1,327	
Total Property Assessor's Office			129,211

Reappraisal Program

Clerical Personnel	\$	19,370	
Social Security		1,076	
State Retirement		2,205	
Medical Insurance		5,620	
Unemployment Compensation		90	
Employer Medicare		252	
Total Reappraisal Program			28,613

(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

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		22,094	
Other Salaries and Wages		3,054	
Social Security		4,934	
State Retirement		9,200	
Medical Insurance		11,744	
Unemployment Compensation		121	
Employer Medicare		1,165	
Advertising		126	
Dues and Memberships		10	
Printing, Stationery, and Forms		1,045	
Office Supplies		515	
Data Processing Equipment		6,025	
Office Equipment		94	
Total County Trustee's Office			\$ 118,866

County Clerk's Office

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		23,400	
Other Salaries and Wages		50,116	
Social Security		7,360	
State Retirement		14,040	
Medical Insurance		27,258	
Unemployment Compensation		355	
Employer Medicare		1,721	
Dues and Memberships		2,145	
Printing, Stationery, and Forms		2,806	
Office Supplies		711	
Data Processing Equipment		22,960	
Office Equipment		2,052	
Total County Clerk's Office			213,663

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	58,739	
Other Salaries and Wages		98,771	
Jury and Witness Expense		17,468	
Social Security		9,419	
State Retirement		17,526	
Medical Insurance		19,793	
Unemployment Compensation		360	
Employer Medicare		2,305	
Data Processing Services		65,564	
Printing, Stationery, and Forms		1,838	
Office Supplies		4,320	
Total Circuit Court			296,103

General Sessions Court

Judge(s)	\$	86,402	
Social Security		5,260	

(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 (Cont.)

State Retirement	\$	9,834	
Medical Insurance		5,872	
Employer Medicare		1,230	
Dues and Memberships		160	
Printing, Stationery, and Forms		8,069	
Office Supplies		506	
Office Equipment		420	
Total General Sessions Court			\$ 117,753

Chancery Court

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		26,585	
Social Security		4,577	
State Retirement		9,711	
Medical Insurance		18,172	
Unemployment Compensation		90	
Employer Medicare		1,070	
Data Processing Services		9,974	
Printing, Stationery, and Forms		516	
Office Supplies		950	
Total Chancery Court			130,384

Juvenile Court

Social Workers	\$	24,343	
Secretary(ies)		9,048	
Social Security		1,747	
State Retirement		3,757	
Medical Insurance		8,970	
Unemployment Compensation		90	
Employer Medicare		306	
Travel		85	
Other Contracted Services		52,776	
Office Supplies		506	
Other Supplies and Materials		1,537	
Total Juvenile Court			103,165

Courtroom Security

Communication	\$	580	
Other Supplies and Materials		1,087	
Total Courtroom Security			1,667

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	65,213	
Deputy(ies)		414,037	
Investigator(s)		75,130	
Guards		136,405	
Secretary(ies)		56,080	
Overtime Pay		63,731	
Other Salaries and Wages		14,037	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

In-Service Training	\$	7,308	
Social Security		49,008	
State Retirement		105,849	
Medical Insurance		123,779	
Unemployment Compensation		2,981	
Employer Medicare		11,563	
Communication		23,704	
Contracts with Other Public Agencies		2,965	
Data Processing Services		327	
Maintenance and Repair Services - Vehicles		143,211	
Postal Charges		2,503	
Printing, Stationery, and Forms		2,077	
Travel		6,742	
Other Contracted Services		12,301	
Law Enforcement Supplies		9,271	
Office Supplies		2,335	
Uniforms		9,804	
Other Supplies and Materials		326	
Judgments		474	
Other Charges		4,478	
Data Processing Equipment		864	
Law Enforcement Equipment		98,033	
Office Equipment		6,488	
Total Sheriff's Department			\$ 1,451,024

Administration of the Sexual Offender Registry

Other Charges	\$	650	
Total Administration of the Sexual Offender Registry			650

Jail

Medical Personnel	\$	33,322	
Guards		398,190	
Maintenance Personnel		33,688	
Overtime Pay		1,252	
In-Service Training		378	
Social Security		27,493	
State Retirement		37,052	
Medical Insurance		62,883	
Unemployment Compensation		2,236	
Employer Medicare		6,430	
Maintenance and Repair Services - Buildings		18,398	
Printing, Stationery, and Forms		176	
Custodial Supplies		41,567	
Drugs and Medical Supplies		83,629	
Electricity		50,350	
Food Supplies		190,810	
Natural Gas		21,294	
Office Supplies		3,403	
Uniforms		1,699	
Water and Sewer		28,382	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Other Supplies and Materials	\$	6,230	
Food Service Equipment		347	
Office Equipment		2,980	
Other Equipment		545	
Other Construction		4,900	
Total Jail			\$ 1,057,634

Fire Prevention and Control

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

Civil Defense

Supervisor/Director	\$	35,835	
Secretary(ies)		10,894	
Social Security		2,750	
State Retirement		5,318	
Medical Insurance		4,790	
Unemployment Compensation		135	
Employer Medicare		643	
Communication		3,300	
Law Enforcement Supplies		12,788	
Other Supplies and Materials		2,883	
Other Charges		2,021	
Communication Equipment		50,282	
Maintenance Equipment		1,248	
Office Equipment		807	
Other Equipment		25,631	
Total Civil Defense			159,325

Other Emergency Management

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

Inspection and Regulation

Secretary(ies)	\$	12,227	
Social Security		721	
State Retirement		1,392	
Medical Insurance		1,796	
Unemployment Compensation		45	
Employer Medicare		169	
Office Supplies		70	
Other Charges		30	
Total Inspection and Regulation			16,450

County Coroner/Medical Examiner

Medical Personnel	\$	1,800	
Social Security		74	
Employer Medicare		17	
Other Supplies and Materials		704	
Total County Coroner/Medical Examiner			2,595

(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	\$	2,565	
Custodial Personnel		17,955	
Other Salaries and Wages		132,255	
Social Security		8,077	
State Retirement		7,073	
Medical Insurance		8,083	
Unemployment Compensation		488	
Employer Medicare		1,903	
Other Fringe Benefits		3,896	
Communication		2,174	
Contracts with Other Public Agencies		35,107	
Travel		3,481	
Custodial Supplies		2,927	
Drugs and Medical Supplies		3,625	
Office Supplies		1,434	
Utilities		15,143	
Other Supplies and Materials		4,057	
Total Local Health Center			\$ 250,243

Rabies and Animal Control

Other Charges	\$	947	
Total Rabies and Animal Control			947

Regional Mental Health Center

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

Appropriation to State

Other Contracted Services	\$	17,710	
Total Appropriation to State			17,710

Sanitation Management

Equipment Operators	\$	64,375	
Social Security		3,907	
State Retirement		5,914	
Medical Insurance		5,872	
Unemployment Compensation		238	
Employer Medicare		914	
Total Sanitation Management			81,220

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	20,126	
Bus Drivers		15,862	
Other Salaries and Wages		5,847	
Social Security		2,329	
State Retirement		4,182	
Medical Insurance		5,620	
Unemployment Compensation		235	
Employer Medicare		545	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Senior Citizens Assistance (Cont.)

Communication	\$	2,344	
Other Contracted Services		190	
Utilities		5,425	
Other Supplies and Materials		75	
Data Processing Equipment		4,265	
Health Equipment		1,820	
Total Senior Citizens Assistance			\$ 68,865

Libraries

Other Charges	\$	5,296	
Total Libraries			5,296

Other Social, Cultural, and Recreational

Contributions	\$	1,600	
Other Contracted Services		25,270	
Other Charges		1,420	
Total Other Social, Cultural, and Recreational			28,290

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	26,044	
Secretary(ies)		6,160	
Social Security		2,141	
State Retirement		4,625	
Medical Insurance		3,443	
Unemployment Compensation		59	
Employer Medicare		77	
Communication		3,199	
Maintenance Agreements		300	
Travel		5,153	
Other Contracted Services		139	
Other Supplies and Materials		2,825	
Office Equipment		673	
Total Agriculture Extension Service			54,838

Soil Conservation

Secretary(ies)	\$	17,139	
Social Security		1,037	
State Retirement		1,951	
Unemployment Compensation		89	
Employer Medicare		242	
Total Soil Conservation			20,458

Other Operations

Tourism

Contributions	\$	13,388	
Other Charges		2,287	
Total Tourism			15,675

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Airport

Communication	\$	2,008	
Maintenance and Repair Services - Buildings		4,424	
Travel		1,560	
Electricity		1,196	
Liability Insurance		1,200	
Airport Improvement		155,165	
Site Development		5,902	
Total Airport			\$ 171,455

Veterans' Services

Secretary(ies)	\$	12,227	
Other Salaries and Wages		9,468	
Social Security		1,309	
State Retirement		1,392	
Medical Insurance		1,796	
Unemployment Compensation		133	
Employer Medicare		306	
Office Supplies		55	
Total Veterans' Services			26,686

Other Charges

Diesel Fuel	\$	363,140	
Gasoline		158,518	
Trustee's Commission		50,853	
Workers' Compensation Insurance		45,823	
Other Charges		6,535	
Total Other Charges			624,869

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	\$	2,575	
Medical Insurance		1,748	
Other Fringe Benefits		11,218	
Total Employee Benefits			15,541

Miscellaneous

Communication	\$	26,735	
Legal Notices, Recording, and Court Costs		124	
Maintenance and Repair Services - Buildings		1,996	
Postal Charges		27,606	
Duplicating Supplies		11,279	
Electricity		7,159	
Water and Sewer		2,082	
Liability Insurance		97,457	
Premiums on Corporate Surety Bonds		7,101	
Other Charges		3,137	
Building Construction		14,898	
Total Miscellaneous			199,574

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Highways

Litter and Trash Collection

Other Salaries and Wages	\$	19,100	
Social Security		1,152	
State Retirement		2,174	
Medical Insurance		5,872	
Unemployment Compensation		106	
Employer Medicare		269	
Communication		1,791	
Maintenance and Repair Services - Vehicles		3,122	
Travel		48	
Other Contracted Services		3,705	
Other Supplies and Materials		4,481	
Other Charges		2,993	
Total Litter and Trash Collection			\$ 44,813

Total General Fund \$ 6,545,355

Public Library Fund

Social, Cultural, and Recreational Services

Libraries

Other Salaries and Wages	\$	29,610	
Social Security		1,793	
Unemployment Compensation		213	
Employer Medicare		419	
Communication		1,998	
Data Processing Services		3,605	
Maintenance and Repair Services - Buildings		3,190	
Maintenance and Repair Services - Vehicles		21	
Postal Charges		1,259	
Electricity		5,426	
Library Books/Media		1,604	
Office Supplies		2,244	
Water and Sewer		252	
Other Supplies and Materials		555	
Other Charges		878	
Data Processing Equipment		2,728	
Office Equipment		1,230	
Total Libraries			\$ 57,025

Total Public Library Fund 57,025

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Equipment Operators	\$	64,652	
Social Security		3,907	
State Retirement		7,358	
Medical Insurance		5,872	
Unemployment Compensation		288	
Employer Medicare		914	
Communication		1,453	

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management (Cont.)

Data Processing Services	\$	1,828	
Maintenance and Repair Services - Equipment		5,984	
Printing, Stationery, and Forms		242	
Other Contracted Services		330,189	
Custodial Supplies		980	
Diesel Fuel		4,415	
Electricity		5,369	
Gasoline		20,553	
Office Supplies		456	
Uniforms		2,911	
Water and Sewer		869	
Liability Insurance		7,270	
Trustee's Commission		6,060	
Workers' Compensation Insurance		7,617	
Other Charges		23,097	
Office Equipment		1,037	
Site Development		1,000	
Solid Waste Equipment		119,000	
Total Sanitation Management			\$ 623,321

Total Solid Waste/Sanitation Fund \$ 623,321

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	3,055	
Law Enforcement Supplies		600	
Other Charges		73	
Total Drug Enforcement			\$ 3,728

Total Drug Control Fund 3,728

Constitutional Officers - Fees Fund

General Government

Other General Administration

Special Commissioner Fees/Special Master Fees	\$	6,314	
Other Charges		131	
Total Other General Administration			\$ 6,445

Total Constitutional Officers - Fees Fund 6,445

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	64,613	
Supervisor/Director		39,615	
Board and Committee Members Fees		209	
Social Security		6,064	
State Retirement		11,862	
Medical Insurance		14,590	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Unemployment Compensation	\$	270	
Employer Medicare		1,421	
Travel		710	
Office Supplies		3,098	
Office Equipment		2,697	
Total Administration			\$ 145,149

Highway and Bridge Maintenance

Laborers	\$	580,596	
Social Security		32,847	
State Retirement		53,895	
Medical Insurance		129,267	
Unemployment Compensation		9,254	
Employer Medicare		7,859	
Asphalt - Liquid		207,597	
Crushed Stone		150,607	
Pipe		28,421	
Road Signs		6,818	
Wood Products		1,853	
Total Highway and Bridge Maintenance			1,209,014

Operation and Maintenance of Equipment

Laundry Service	\$	5,421	
Diesel Fuel		105,641	
Equipment and Machinery Parts		117,821	
Garage Supplies		25,485	
Gasoline		28,447	
Lubricants		12,094	
Tires and Tubes		27,004	
Total Operation and Maintenance of Equipment			321,913

Other Charges

Communication	\$	7,360	
Electricity		6,526	
Water and Sewer		895	
Liability Insurance		29,526	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		14,439	
Other Charges		9,189	
Total Other Charges			68,285

Employee Benefits

Life Insurance	\$	664	
Medical Insurance		99	
Other Fringe Benefits		4,305	
Workers' Compensation Insurance		66,961	
Total Employee Benefits			72,029

Capital Outlay

Other Contracted Services	\$	23,030	
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(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay (Cont.)

Other Supplies and Materials	\$	3,869	
Other Charges		1,643	
Bridge Construction		5,200	
Building Construction		142	
Highway Equipment		39,474	
Other Capital Outlay		1,961	
Total Capital Outlay			\$ 75,319

Total Highway/Public Works Fund \$ 1,891,709

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	145,000	
Principal on Notes		30,000	
Total General Government			\$ 175,000

Education

Principal on Bonds	\$	465,000	
Principal on Capital Leases		23,086	
Principal on Other Loans		48,024	
Total Education			536,110

Interest on Debt

General Government

Interest on Bonds	\$	212,112	
Total General Government			212,112

Education

Interest on Bonds	\$	313,716	
Interest on Capital Leases		2,826	
Total Education			316,542

Other Debt Service

General Government

Trustee's Commission	\$	23,232	
Total General Government			23,232

Education

Other Debt Service	\$	1,711	
Total Education			1,711

Total General Debt Service Fund 1,264,707

General Capital Projects Fund

Capital Projects

General Administration Projects

Trustee's Commission	\$	6,411	
Transportation Equipment		76,154	
Other Capital Outlay		55,450	
Total General Administration Projects			\$ 138,015

(Continued)

Exhibit J-7

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

<u>General Capital Projects Fund (Cont.)</u>			
<u>Capital Projects (Cont.)</u>			
<u>Highway and Street Capital Projects</u>			
Other Capital Outlay	\$	107,400	
Total Highway and Street Capital Projects			\$ 107,400
Total General Capital Projects Fund			\$ 245,415
<u>Community Development/Industrial Park Fund</u>			
<u>Capital Projects</u>			
<u>General Administration Projects</u>			
Communication	\$	222	
Data Processing Services		5,500	
Maintenance and Repair Services - Buildings		794	
Other Contracted Services		11,700	
Electricity		2,132	
Water and Sewer		1,271	
Other Charges		6,196	
Site Development		1,265	
Building Purchases		205,319	
Total General Administration Projects			\$ 234,399
Total Community Development/Industrial Park Fund			234,399
<u>Other Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Social, Cultural, and Recreation Projects</u>			
Engineering Services	\$	2,000	
Electricity		119	
Other Charges		18,440	
Other Construction		375	
Total Social, Cultural, and Recreation Projects			\$ 20,934
Total Other Capital Projects Fund			20,934
Total Governmental Funds - Primary Government			\$ 10,893,038

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, 2013

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	4,546,548	
Career Ladder Program		57,195	
Career Ladder Extended Contracts		33,820	
Homebound Teachers		42,025	
Educational Assistants		92,874	
Bonus Payments		4,350	
Other Salaries and Wages		4,903	
Certified Substitute Teachers		11,876	
Non-certified Substitute Teachers		135,078	
Social Security		293,250	
State Retirement		421,794	
Medical Insurance		1,051,512	
Unemployment Compensation		10,495	
Employer Medicare		68,806	
Operating Lease Payments		21,173	
Maintenance and Repair Services - Equipment		4,285	
Tuition		67,269	
Other Contracted Services		18,434	
Instructional Supplies and Materials		172,828	
Textbooks		128,922	
Other Supplies and Materials		301	
Other Charges		41,287	
Regular Instruction Equipment		249,702	
Total Regular Instruction Program	\$		7,478,727

Alternative Instruction Program

Teachers	\$	90,240	
Career Ladder Program		1,000	
Clerical Personnel		13,342	
Educational Assistants		10,062	
Bonus Payments		1,000	
Non-certified Substitute Teachers		1,243	
Social Security		7,151	
State Retirement		10,879	
Medical Insurance		19,649	
Unemployment Compensation		356	
Employer Medicare		1,689	
Operating Lease Payments		2,073	
Other Contracted Services		1,100	
Instructional Supplies and Materials		18,038	
Textbooks		2,000	
Total Alternative Instruction Program			179,822

Special Education Program

Teachers	\$	452,289	
Career Ladder Program		5,000	
Homebound Teachers		18,892	
Educational Assistants		55,857	
Speech Pathologist		123,860	

(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 (Cont.)

Bonus Payments	\$	3,375	
Certified Substitute Teachers		4,831	
Non-certified Substitute Teachers		22,321	
Social Security		40,637	
State Retirement		57,541	
Medical Insurance		111,765	
Unemployment Compensation		1,667	
Employer Medicare		9,561	
Other Fringe Benefits		4,129	
Contracts with Private Agencies		10,000	
Other Contracted Services		50,965	
Instructional Supplies and Materials		8,590	
Total Special Education Program			\$ 981,280

Vocational Education Program

Teachers	\$	579,672	
Career Ladder Program		3,000	
Clerical Personnel		16,349	
Bonus Payments		2,500	
Other Salaries and Wages		62,145	
Non-certified Substitute Teachers		39,283	
Social Security		41,578	
State Retirement		62,048	
Medical Insurance		136,930	
Unemployment Compensation		1,899	
Employer Medicare		9,725	
Operating Lease Payments		2,873	
Maintenance and Repair Services - Equipment		4,024	
Other Contracted Services		2,013	
Instructional Supplies and Materials		16,173	
T&I Construction Materials		5,689	
Other Supplies and Materials		5,301	
Other Charges		5,726	
Vocational Instruction Equipment		9,986	
Total Vocational Education Program			1,006,914

Adult Education Program

Teachers	\$	43,240	
Career Ladder Program		1,000	
Social Security		2,494	
State Retirement		3,929	
Medical Insurance		8,191	
Unemployment Compensation		115	
Employer Medicare		590	
Other Fringe Benefits		196	
Instructional Supplies and Materials		1,257	
Total Adult Education Program			61,012

(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

Attendance

Supervisor/Director	\$	60,171	
Career Ladder Program		1,000	
Social Security		3,543	
State Retirement		5,432	
Medical Insurance		8,270	
Unemployment Compensation		79	
Employer Medicare		829	
Other Supplies and Materials		246	
In Service/Staff Development		1,689	
Total Attendance			\$ 81,259

Health Services

Medical Personnel	\$	107,846	
Bonus Payments		3,375	
Other Salaries and Wages		55,620	
Social Security		10,100	
State Retirement		17,315	
Medical Insurance		35,044	
Unemployment Compensation		603	
Employer Medicare		2,362	
Other Fringe Benefits		221	
Travel		1,350	
Other Contracted Services		1,364	
Drugs and Medical Supplies		5,630	
Other Supplies and Materials		19,928	
In Service/Staff Development		5,445	
Other Charges		4,721	
Total Health Services			270,924

Other Student Support

Career Ladder Program	\$	2,000	
Guidance Personnel		230,467	
Social Security		14,372	
State Retirement		20,657	
Medical Insurance		31,175	
Unemployment Compensation		395	
Employer Medicare		3,361	
Evaluation and Testing		8,434	
Travel		1,466	
Other Contracted Services		34,270	
Other Supplies and Materials		591	
In Service/Staff Development		2,661	
Other Charges		37,639	
Total Other Student Support			387,488

Regular Instruction Program

Supervisor/Director	\$	131,348	
Career Ladder Program		2,000	
Librarians		232,095	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Instructional Computer Personnel	\$	56,331	
Bonus Payments		750	
Other Salaries and Wages		9,309	
In-Service Training		2,800	
Social Security		26,085	
State Retirement		40,490	
Medical Insurance		51,713	
Unemployment Compensation		968	
Employer Medicare		6,240	
Operating Lease Payments		3,199	
Travel		6,824	
Other Contracted Services		12,035	
Library Books/Media		24,000	
Periodicals		6,000	
Other Supplies and Materials		3,742	
In Service/Staff Development		22,580	
Other Charges		50	
Other Equipment		14,388	
Total Regular Instruction Program			\$ 652,947

Special Education Program

Supervisor/Director	\$	36,364	
Psychological Personnel		33,376	
Secretary(ies)		13,324	
Bonus Payments		215	
In-Service Training		290	
Social Security		5,047	
State Retirement		7,759	
Medical Insurance		3,712	
Unemployment Compensation		175	
Employer Medicare		1,180	
Other Fringe Benefits		333	
Travel		11,419	
Other Supplies and Materials		211	
In Service/Staff Development		5,137	
Total Special Education Program			118,542

Vocational Education Program

Supervisor/Director	\$	66,150	
Career Ladder Program		1,000	
Social Security		4,163	
State Retirement		5,963	
Medical Insurance		5,937	
Unemployment Compensation		79	
Employer Medicare		974	
In Service/Staff Development		7,254	
Total Vocational Education Program			91,520

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs

Supervisor/Director	\$	48,147	
Clerical Personnel		2,000	
Bonus Payments		500	
Social Security		3,106	
State Retirement		5,764	
Medical Insurance		6,871	
Unemployment Compensation		79	
Employer Medicare		726	
Other Fringe Benefits		218	
Travel		111	
In Service/Staff Development		4,266	
Total Adult Programs			\$ 71,788

Other Programs

On-Behalf Payments to OPEB	\$	12,015	
Total Other Programs			12,015

Board of Education

Secretary to Board	\$	1,550	
Other Salaries and Wages		1,525	
Board and Committee Members Fees		12,000	
Social Security		930	
State Retirement		808	
Life Insurance		9,285	
Medical Insurance		502	
Unemployment Compensation		2,591	
Employer Medicare		217	
Other Fringe Benefits		503,624	
Audit Services		11,311	
Dues and Memberships		11,922	
Legal Services		1,167	
Other Contracted Services		2,220	
Liability Insurance		146,500	
Trustee's Commission		83,835	
Workers' Compensation Insurance		111,500	
In Service/Staff Development		14,309	
Criminal Investigation of Applicants - TBI		4,860	
Other Charges		3,521	
Total Board of Education			924,177

Director of Schools

County Official/Administrative Officer	\$	87,667	
Clerical Personnel		20,788	
Bonus Payments		500	
Social Security		6,686	
State Retirement		10,207	
Medical Insurance		13,104	
Unemployment Compensation		158	
Employer Medicare		1,564	

(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.)

Communication	\$	41,637	
Operating Lease Payments		4,501	
Postal Charges		2,920	
Other Contracted Services		9,086	
Office Supplies		5,997	
In Service/Staff Development		6,628	
Other Charges		4,395	
Administration Equipment		675	
Total Director of Schools			\$ 216,513

Office of the Principal

Principals	\$	414,674	
Career Ladder Program		4,000	
Assistant Principals		161,206	
Secretary(ies)		185,130	
Bonus Payments		5,500	
Social Security		44,906	
State Retirement		69,485	
Medical Insurance		127,104	
Unemployment Compensation		1,729	
Employer Medicare		10,943	
Communication		62,598	
Dues and Memberships		4,550	
Operating Lease Payments		4,565	
Postal Charges		2,806	
Travel		188	
Other Contracted Services		3,480	
Office Supplies		3,407	
In Service/Staff Development		11,079	
Other Charges		500	
Administration Equipment		1,373	
Total Office of the Principal			1,119,223

Fiscal Services

Supervisor/Director	\$	33,338	
Accountants/Bookkeepers		31,683	
Bonus Payments		500	
Social Security		3,943	
State Retirement		7,456	
Medical Insurance		11,005	
Unemployment Compensation		139	
Employer Medicare		922	
Travel		282	
Office Supplies		500	
In Service/Staff Development		581	
Other Charges		250	
Administration Equipment		881	
Total Fiscal Services			91,480

(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	\$	11,163	
Clerical Personnel		30,901	
Bonus Payments		1,000	
Social Security		2,599	
State Retirement		4,895	
Medical Insurance		8,009	
Unemployment Compensation		100	
Employer Medicare		608	
Travel		50	
Office Supplies		574	
In Service/Staff Development		494	
Other Charges		123	
Administration Equipment		325	
Total Human Services/Personnel			\$ 60,841

Operation of Plant

Guards	\$	59,970	
Custodial Personnel		345,226	
Bonus Payments		12,250	
Other Salaries and Wages		17,970	
Social Security		26,199	
State Retirement		39,478	
Medical Insurance		154,799	
Unemployment Compensation		2,312	
Employer Medicare		6,152	
Other Contracted Services		262,336	
Custodial Supplies		46,052	
Electricity		506,259	
Natural Gas		111,612	
Water and Sewer		42,044	
Other Supplies and Materials		9,133	
In Service/Staff Development		3,172	
Other Charges		45	
Plant Operation Equipment		37,004	
Total Operation of Plant			1,682,013

Maintenance of Plant

Maintenance Personnel	\$	95,472	
Bonus Payments		1,000	
Social Security		5,893	
State Retirement		10,978	
Medical Insurance		21,291	
Unemployment Compensation		259	
Employer Medicare		1,378	
Maintenance and Repair Services - Buildings		28,945	
Maintenance and Repair Services - Equipment		2,120	
Other Contracted Services		2,297	
Other Supplies and Materials		83,003	
In Service/Staff Development		394	

(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.)

Other Charges	\$	246	
Maintenance Equipment		1,270	
Total Maintenance of Plant			\$ 254,546

Transportation

Supervisor/Director	\$	44,610	
Mechanic(s)		56,817	
Bus Drivers		222,372	
Clerical Personnel		21,633	
Bonus Payments		13,500	
Social Security		21,823	
State Retirement		38,013	
Medical Insurance		173,978	
Unemployment Compensation		2,218	
Employer Medicare		5,124	
Other Fringe Benefits		272	
Communication		2,564	
Contracts with Parents		2,000	
Medical and Dental Services		3,025	
Travel		214	
Other Contracted Services		2,718	
Diesel Fuel		158,615	
Equipment and Machinery Parts		2,666	
Garage Supplies		6,071	
Gasoline		29,219	
Lubricants		3,987	
Tires and Tubes		17,798	
Vehicle Parts		52,440	
Other Supplies and Materials		2,139	
In Service/Staff Development		1,632	
Other Charges		4,383	
Transportation Equipment		2,549	
Total Transportation			892,380

Central and Other

Data Processing Personnel	\$	10,469	
Bonus Payments		170	
Social Security		641	
State Retirement		1,211	
Medical Insurance		2,883	
Unemployment Compensation		28	
Employer Medicare		150	
Travel		553	
Other Contracted Services		5,036	
Other Supplies and Materials		329	
In Service/Staff Development		1,691	
Total Central and Other			23,161

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	56,858	
Accountants/Bookkeepers		21,250	
Bonus Payments		500	
Social Security		4,791	
State Retirement		7,524	
Medical Insurance		11,875	
Unemployment Compensation		155	
Employer Medicare		1,120	
Travel		987	
Other Supplies and Materials		313	
Total Food Service			\$ 105,373

Community Services

Other Salaries and Wages	\$	68,131	
Social Security		4,029	
State Retirement		4,591	
Medical Insurance		3,634	
Unemployment Compensation		510	
Employer Medicare		978	
Food Supplies		2,439	
In Service/Staff Development		690	
Other Charges		5,440	
Total Community Services			90,442

Early Childhood Education

Supervisor/Director	\$	11,674	
Teachers		133,074	
Educational Assistants		33,952	
Bonus Payments		2,125	
Other Salaries and Wages		13,692	
Non-certified Substitute Teachers		3,927	
Social Security		11,956	
State Retirement		18,498	
Medical Insurance		46,728	
Unemployment Compensation		691	
Employer Medicare		2,810	
Other Fringe Benefits		898	
Travel		775	
Instructional Supplies and Materials		5,593	
In Service/Staff Development		2,876	
Other Charges		7,234	
Total Early Childhood Education			296,503

Capital Outlay

Regular Capital Outlay

Engineering Services	\$	380	
Building Improvements		6,892	
Site Development		377	
Other Capital Outlay		41,942	
Total Regular Capital Outlay			49,591

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 338,090	
Total Education		\$ 338,090

Total General Purpose School Fund \$ 17,538,571

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 525,475	
Educational Assistants	140,890	
Bonus Payments	6,400	
Other Salaries and Wages	74,445	
Non-certified Substitute Teachers	43,396	
Social Security	45,381	
State Retirement	62,145	
Medical Insurance	137,454	
Unemployment Compensation	3,104	
Employer Medicare	11,209	
Other Fringe Benefits	3,543	
Other Contracted Services	2,172	
Instructional Supplies and Materials	116,071	
Other Charges	2,142	
Regular Instruction Equipment	10,550	
Total Regular Instruction Program		\$ 1,184,377

Special Education Program

Teachers	\$ 114,137	
Educational Assistants	156,819	
Speech Pathologist	9,881	
Bonus Payments	6,625	
Non-certified Substitute Teachers	29,410	
Social Security	19,064	
State Retirement	27,578	
Medical Insurance	87,504	
Unemployment Compensation	1,572	
Employer Medicare	4,460	
Other Fringe Benefits	1,659	
Instructional Supplies and Materials	17,884	
Total Special Education Program		476,593

Vocational Education Program

Teachers	\$ 8,723	
Social Security	541	
State Retirement	775	
Medical Insurance	1,472	
Unemployment Compensation	19	
Employer Medicare	126	
Other Fringe Benefits	40	
Instructional Supplies and Materials	279	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Other Supplies and Materials	\$	750	
Vocational Instruction Equipment		22,611	
Total Vocational Education Program			\$ 35,336

Support Services

Other Student Support

Social Workers	\$	25,710	
Bonus Payments		125	
Other Salaries and Wages		4,600	
Social Security		1,709	
State Retirement		2,820	
Medical Insurance		4,659	
Unemployment Compensation		86	
Employer Medicare		400	
Other Fringe Benefits		125	
Travel		3,191	
Other Supplies and Materials		9,378	
In Service/Staff Development		4,540	
Total Other Student Support			57,343

Regular Instruction Program

Supervisor/Director	\$	82,354	
Instructional Computer Personnel		15,521	
Secretary(ies)		7,113	
Bonus Payments		365	
Other Salaries and Wages		135,864	
In-Service Training		101,890	
Social Security		18,568	
State Retirement		27,102	
Medical Insurance		23,185	
Unemployment Compensation		520	
Employer Medicare		4,963	
Other Fringe Benefits		1,274	
Travel		1,753	
Other Supplies and Materials		13,829	
In Service/Staff Development		59,001	
Total Regular Instruction Program			493,302

Special Education Program

In Service/Staff Development	\$	3,000	
Total Special Education Program			3,000

Fiscal Services

Accountants/Bookkeepers	\$	2,000	
Social Security		124	
State Retirement		228	
Employer Medicare		29	
Other Fringe Benefits		9	
Total Fiscal Services			2,390

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation

Bus Drivers	\$	26,830	
Bonus Payments		1,500	
Social Security		1,709	
State Retirement		3,224	
Medical Insurance		17,812	
Unemployment Compensation		209	
Employer Medicare		400	
Other Fringe Benefits		14	
Total Transportation			\$ 51,698

Total School Federal Projects Fund \$ 2,304,039

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	360,777	
Bonus Payments		15,000	
Social Security		22,119	
State Retirement		40,241	
Medical Insurance		182,923	
Unemployment Compensation		2,444	
Employer Medicare		5,173	
Other Fringe Benefits		11,875	
Communication		1,381	
Maintenance and Repair Services - Equipment		26,870	
Transportation - Other than Students		4,908	
Travel		4,073	
Other Contracted Services		26,478	
Food Preparation Supplies		70,348	
Food Supplies		451,598	
Uniforms		4,006	
USDA - Commodities		84,600	
Other Supplies and Materials		1,160	
Other Charges		29,404	
Food Service Equipment		21,992	
Total Food Service			\$ 1,367,370

Total Central Cafeteria Fund 1,367,370

Other Education Special Revenue Fund

Instruction

Regular Instruction Program

Teachers	\$	196,296	
Educational Assistants		54,344	
Bonus Payments		2,495	
Non-certified Substitute Teachers		17,356	
Social Security		16,164	
State Retirement		24,267	
Medical Insurance		60,497	

(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.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Unemployment Compensation	\$	855	
Employer Medicare		3,845	
Other Fringe Benefits		1,244	
Instructional Supplies and Materials		10,265	
Other Supplies and Materials		1,979	
Other Charges		7,612	
Total Regular Instruction Program			\$ 397,219

Support Services

Attendance

Social Workers	\$	41,573	
Bonus Payments		1,000	
Social Security		2,341	
State Retirement		4,390	
Medical Insurance		11,875	
Unemployment Compensation		194	
Employer Medicare		605	
Other Fringe Benefits		196	
Travel		1,016	
Other Supplies and Materials		4,611	
Total Attendance			67,801

Health Services

Medical Personnel	\$	9,445	
Bonus Payments		125	
Social Security		593	
State Retirement		1,089	
Medical Insurance		1,476	
Unemployment Compensation		18	
Employer Medicare		139	
Other Fringe Benefits		302	
Other Contracted Services		740	
Drugs and Medical Supplies		2,170	
Total Health Services			16,097

Regular Instruction Program

Supervisor/Director	\$	46,696	
Social Security		2,849	
State Retirement		4,147	
Medical Insurance		4,708	
Unemployment Compensation		68	
Employer Medicare		666	
Other Fringe Benefits		215	
Travel		26	
Other Supplies and Materials		5,014	
In Service/Staff Development		5,551	
Total Regular Instruction Program			69,940

Total Other Education Special Revenue Fund \$ 551,057

Total Governmental Funds - Johnson County School Department \$ 21,761,037

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, 2013

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 439,436
Total Cash Receipts	<u>\$ 439,436</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 435,042
Trustee's Commissions	4,394
Total Cash Disbursements	<u>\$ 439,436</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2012	<u>0</u>
 Cash Balance, June 30, 2013	<u><u>\$ 0</u></u>

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## **SINGLE AUDIT SECTION**

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STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
DIVISION OF 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***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2013, and the related notes to the financial statements, which collectively comprise Johnson County's basic financial statements and have issued our report thereon dated November 13, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Johnson County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of Johnson County's internal control.

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 a 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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2013-001(A) and 2013-003.

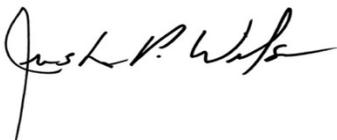
### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Johnson County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2013-001(B) and 2013-002.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Johnson County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

November 13, 2013

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 for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

**Report on Compliance for Each Major Federal Program**

We have audited Johnson County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Johnson County's major federal programs for the year ended June 30, 2013. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Johnson County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide legal determination of Johnson County's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Johnson County complied, in all material respects, with the types of compliance 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, 2013.

### **Report on Internal Control Over Compliance**

Management of Johnson County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Johnson County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

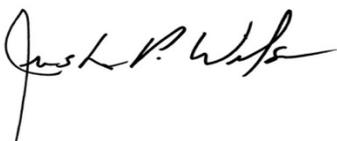
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

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, 2013, and the related notes to the financial statements, which collectively comprise Johnson County's basic financial statements. We issued our report thereon dated November 13, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

November 13, 2013

JPW/sb

Johnson County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2013

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	\$ 114,803
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	279,212
National School Lunch Program	10.555	N/A	653,816 (4)
Summer Food Service Program for Children	10.559	N/A	29,237
Passed-through State Department of Agriculture:			
Child Nutrition Cluster:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	84,600 (4)
Total U.S. Department of Agriculture			<u>\$ 1,161,668</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM-09-28	\$ 14,898
Total U.S. Department of Housing and Urban Development			<u>\$ 14,898</u>
U.S. Bureau of Land Management, Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 17,456
Total U.S. Bureau of Land Management, Department of the Interior			<u>\$ 17,456</u>
U.S. Department of Transportation:			
Passed-through State Department of Environment and Conservation:			
Recreational Trails Program	20.219	(3)	\$ 18,370
Total U.S. Department of Transportation			<u>\$ 18,370</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 990,417
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	525,475
Special Education - Preschool Grants	84.173	N/A	18,955
Career and Technical Education - Basic Grants to States	84.048	N/A	48,750
Twenty-first Century Community Learning Centers	84.287	(2)	56,086
Rural Education	84.358	N/A	35,600
Improving Teacher Quality State Grants	84.367	N/A	155,133
Teacher Incentive Fund	84.374	N/A	282,582
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top			
Incentive Grants, Recovery Act	84.395	N/A	165,887
Education Jobs Fund	84.410	N/A	14,022
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	83,171
Passed-through State Higher Education Commission:			
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	(2)	31,806
Total U.S. Department of Education			<u>\$ 2,407,884</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(2)	\$ 26,500
Homeland Security Grant Program	97.067	(2)	<u>50,024</u>
Total U.S. Department of Homeland Security			<u>\$ 76,524</u>
Total Expenditures of Federal Awards			<u>\$ 3,696,800</u>

State Grants

		<u>Contract Number</u>	
Juvenile Services Program - State Commission on Children and Youth	N/A	(2)	\$ 9,300
Airport Maintenance - State Department of Transportation	N/A	(2)	122,531
Aging Program - First Tennessee Development District	N/A	(2)	19,117
Health Department Program - State Department of Health	N/A	GG-1338502-00	162,346
State Aid Program - State Department of Transportation	N/A	(2)	0
Litter Program - State Department of Transportation	N/A	(2)	46,093
Adult Basic Education - State Department of Education	N/A	(2)	27,724
Family Resource Center Grant - State Department of Education	N/A	(2)	29,612
Safe Schools Act Grant - State Department of Education	N/A	(2)	13,500
Safe Student Management System Grant - State Department of Education	N/A	(2)	5,902
Early Childhood Education Pilot Project - State Department of Education	N/A	(2)	296,504
Coordinated School Health Program - State Department of Education	N/A	(2)	<u>100,000</u>
Total State Grants			<u>\$ 832,629</u>

CFDA - Catalog of Federal Domestic Assistance  
N/A - Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) GG-08-23308-00: \$1,870; GG-08-23482-00: \$16,500.
- (4) The total for CFDA No. 10.555 is \$738,416.

Johnson County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2013

*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, 2012, which has not been corrected.

**OFFICES OF CLERK AND MASTER, REGISTER OF DEEDS, AND SHERIFF**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.02	161	Duties were not segregated adequately

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**JOHNSON COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2013**

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

1. Our report on the financial statements of Johnson County is unmodified.
2. The audit of the financial statements of Johnson County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Johnson County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified 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 Title I Grants to Local Education Agencies (CFDA No. 84.010); and the State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants (CFDA No. 84.395) 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.

### OFFICES OF DIRECTOR OF SCHOOLS, DIRECTOR OF ACCOUNTS AND BUDGETS, AND TRUSTEE

FINDING 2013-001                    **WARRANTS WERE ISSUED ON THE SCHOOL FEDERAL PROJECTS FUND THAT EXCEEDED CASH ON DEPOSIT WITH THE COUNTY TRUSTEE, AND THE TRUSTEE PAID WARRANTS ISSUED ON THE SCHOOL FEDERAL PROJECTS FUND THAT EXCEEDED AVAILABLE FUNDS**  
(A. – Internal Control – Significant Deficiency Under *Government Auditing Standards*; B. – Noncompliance Under *Government Auditing Standards*)

We noted the following deficiencies related to the School Federal Projects Fund:

- A.     Warrants were issued on the School Federal Projects Fund that exceeded cash on deposit with the county trustee by \$126,279 at June 30, 2013. Sound business practices dictate that expenditures be held within available funds.
- B.     The trustee paid warrants issued on the School Federal Projects Fund that exceeded the available cash balance on deposit by \$63,361. Section 8-11-104(5), *Tennessee Code Annotated*, prohibits the trustee from paying a warrant if sufficient funds are not available.

These deficiencies exist because the School Department and the Office of Accounts and Budgets issued warrants exceeding cash on deposit with the trustee, and the trustee kept paying warrants that exceeded available cash. The cash overdraft was liquidated subsequent to June 30, 2013.

### RECOMMENDATION

The School Department and the director of accounts and budgets should not issue warrants exceeding cash on deposit with the county trustee, and the trustee should not pay warrants that exceed available cash as required by state statute.

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## **OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS**

**FINDING 2013-002**

### **A CAPITAL OUTLAY NOTE WAS NOT ISSUED IN COMPLIANCE WITH STATE STATUTES**

(Noncompliance Under *Government Auditing Standards*)

On July 31, 2012, Johnson County issued a \$20,000 capital outlay note for the purchase of property without the approval of the state Comptroller's Office as required by Section 9-21-601, *Tennessee Code Annotated (TCA)*. Also, county officials did not file a Report on Debt Obligation with the state Comptroller's Office for the capital outlay note. Section 9-21-151, *TCA*, requires that within 45 days following the issuance of debt, a county must provide to the state Comptroller's Office certain information, such as a description of the purchase for which the debt is issued, a description of the debt obligation, and an itemized description of the cost of issuance. These deficiencies are the result of a lack of management oversight.

### **RECOMMENDATION**

Capital outlay notes should be issued in compliance with state statutes.

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## **OFFICES OF CLERK AND MASTER, REGISTER OF DEEDS, AND SHERIFF**

**FINDING 2013-003**

### **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 of Deeds, and Sheriff. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to 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.

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## 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, 2013**

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