

ANNUAL FINANCIAL REPORT
JOHNSON COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2016



DIVISION OF LOCAL GOVERNMENT AUDIT



ANNUAL FINANCIAL REPORT
JOHNSON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2016

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

MARK TREECE, CPA, CGFM
Audit Manager

MARIE TIDWELL, CPA
Auditor 4

ROBERT ANDERSON
PAULA KNIGHT
GREG BRUSH, CISA
State Auditors

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

JOHNSON COUNTY, TENNESSEE TABLE OF CONTENTS

	Exhibit	Page(s)
Summary of Audit Findings		6
<u>INTRODUCTORY SECTION</u>		7
Johnson County Officials		8
<u>FINANCIAL SECTION</u>		9
Independent Auditor's Report		10-13
BASIC FINANCIAL STATEMENTS:		14
Government-wide Financial Statements:		
Statement of Net Position	A	15-16
Statement of Activities	B	17-18
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	19-20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C-2	21
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	22-23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	24
Statements of Revenues, Expenditures, and Changes in Fund Balances - Actual (Budgetary Basis) and Budget:		
General Fund	C-5	25-27
Highway/Public Works Fund	C-6	28-29
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	D	30
Index and Notes to the Financial Statements		31-82
REQUIRED SUPPLEMENTARY INFORMATION:		83
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	E-1	84
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	E-2	85
Schedule of Contributions Based on Participation in the Teacher Retirement Plan of TCRS – Discretely Presented Johnson County School Department	E-3	86
Schedule of Contributions Based on Participation in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Johnson County School Department	E-4	87
Schedule of Proportionate Share of the Net Pension Asset in the Teacher Pension Plan of TCRS – Discretely Presented Johnson County School Department	E-5	88
Schedule of Proportionate Share of the Net Pension Liability (Asset) in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Johnson County School Department	E-6	89
Schedule of Funding Progress – Other Postemployment Benefits Plans – Primary Government and Discretely Presented Johnson County School Department	E-7	90
Notes to the Required Supplementary Information		91

	Exhibit	Page(s)
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		92
Nonmajor Governmental Funds:		93-94
Combining Balance Sheet	F-1	95-98
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	99-102
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
Public Library Fund	F-3	103
Solid Waste/Sanitation Fund	F-4	104
Drug Control Fund	F-5	105
General Capital Projects Fund	F-6	106
Major Governmental Fund:		107
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	G	108
Fiduciary Funds:		109
Combining Statement of Fiduciary Assets and Liabilities	H-1	110
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	H-2	111
Component Unit:		
Discretely Presented Johnson County School Department:		112
Statement of Activities	I-1	113
Balance Sheet – Governmental Funds	I-2	114-115
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	I-3	116
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	I-4	117-118
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	I-5	119
Combining Balance Sheet – Nonmajor Governmental Funds	I-6	120
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	I-7	121
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	I-8	122-123
School Federal Projects Fund	I-9	124
Central Cafeteria Fund	I-10	125
Other Education Special Revenue Fund	I-11	126

	Exhibit	Page(s)
Miscellaneous Schedules:		127
Schedule of Changes in Other Loans, Bonds, and Capital Leases	J-1	128
Schedule of Long-term Debt Requirements by Year	J-2	129
Schedule of Transfers – Primary Government and Discretely Presented Johnson County School Department	J-3	130
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Johnson County School Department	J-4	131
Schedule of Detailed Revenues – All Governmental Fund Types	J-5	132-143
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Johnson County School Department	J-6	144-146
Schedule of Detailed Expenditures – All Governmental Fund Types	J-7	147-163
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Johnson County School Department	J-8	164-177
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	J-9	178
 <u>SINGLE AUDIT SECTION</u>		 179
 Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		 180-181
Auditor's 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 Uniform Guidance		182-184
Schedule of Expenditures of Federal Awards and State Grants		185-186
Summary Schedule of Prior-year Findings		187
Schedule of Findings and Questioned Costs		188-193
Management's Corrective Action Plan		194-197
Best Practice		198

Summary of Audit Findings

Annual Financial Report
Johnson County, Tennessee
For the Year Ended June 30, 2016

Scope

We have audited the basic financial statements of Johnson County as of and for the year ended June 30, 2016.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

- ◆ Amounts withheld from contractor payments were not deposited into an escrow account.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The School Department had deficiencies purchasing procedures.
-

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ Abstract bills of cost were not filed with the state in a timely manner.
-

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

- ◆ Duties were not segregated adequately.

INTRODUCTORY SECTION

Johnson County Officials

June 30, 2016

Officials

Larry Potter, County Mayor
Darrell Reece, Road Superintendent
Mischelle Simcox, Director of Schools
Lisa Crowder, Trustee
Matthew Lewis, Assessor of Property
Tammie Fenner, County Clerk
Melissa Hollaway, Circuit and General Sessions Courts Clerk
Sherrie Fenner, Clerk and Master
Freida May Gwinn, Register of Deeds
William Reece, Sheriff
Dustin Shearin, Purchasing Agent
Russell Robinson, Director of Accounts and Budgets

Board of County Commissioners

Mike Taylor, Chairman	Gina Meade
Bill Adams	Steve Marshall
Eugene Campbell	Scott Mast
Robert Grindstaff	Chris Pierce
Evelyn Hill	Tommy Poore
Huey Long	Rick Snyder
Jimmy Lowe	Bill Roark
George Lowe	

Board of Education

Kevin Long, Chairman	Bill Gambill
Howard Carlton	Kenny Gregg
Brad Dunn	

Audit Committee

Huey Long, Chairman	Gina Meade
Sally Snyder	

FINANCIAL SECTION



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

Independent Auditor's Report

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, 2016, 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, 2016, 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.

Change in Accounting Principle

As described in Note V.B., Johnson County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*; and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Our opinion is not modified with respect to these matters.

Emphasis of Matter

We draw attention to Note I.D.8 to the financial statements, which describes a prior-period adjustment increasing the beginning fund balance of the General Purpose School Fund of the discretely presented Johnson County School Department by \$394,077. This adjustment was necessary to record a receivable from the State of Tennessee for overpayments of retiree insurance premiums in previous years, which were discovered during the current year. Our opinion is not modified with respect to this matter.

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 changes in the county's net pension liability and related ratios, schedule of county contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress - other postemployment benefits plans on pages 84-91 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

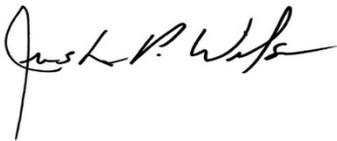
statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the combining and individual nonmajor 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 October 17, 2016, 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

October 17, 2016

JPW/kp

BASIC FINANCIAL STATEMENTS

Exhibit A

Johnson County, Tennessee
Statement of Net Position
June 30, 2016

	Primary Government <u>Governmental Activities</u>	Component Unit <u>Johnson County School Department</u>
<u>ASSETS</u>		
Cash and Equivalents	\$ 15,553	\$ 70,658
Equity in Pooled Cash and Investments	9,534,852	4,136,800
Accounts Receivable	64,375	30,049
Due from Other Governments	820,802	272,926
Due from Primary Government	0	181
Property Taxes Receivable	3,177,172	2,876,175
Allowance for Uncollectible Property Taxes	(92,919)	(84,117)
Unamortized Discount on Debt	6,002	0
Net Pension Asset - Teacher Retirement Plan	0	10,729
Capital Assets:		
Assets Not Depreciated:		
Land	830,378	964,939
Construction in Progress	708,979	139,192
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	6,610,113	13,087,985
Infrastructure	2,871,008	288,122
Other Capital Assets	773,860	1,032,853
Total Assets	<u>\$ 25,320,175</u>	<u>\$ 22,826,492</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	\$ 179,899	\$ 0
Pension Changes in Experience	464,813	430,124
Pension Contributions after Measurement Date	404,441	1,060,164
Pension Other Deferrals	0	3,514
Total Deferred Outflows of Resources	<u>\$ 1,049,153</u>	<u>\$ 1,493,802</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 81,669	\$ 39,666
Accrued Payroll	0	1,821
Payroll Deductions Payable	115,415	622,193
Contracts Payable	266,922	0
Retainage Payable	25,626	0
Accrued Interest Payable	26,276	0
Due to Component Units	181	0
Due to State of Tennessee	7,521	0
Other Current Liabilities	29,672	68,999

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Johnson County School Department
<u>LIABILITIES (Cont.)</u>		
Noncurrent Liabilities:		
Due Within One Year	\$ 1,064,646	\$ 53,697
Due in More Than One Year	13,259,053	1,254,950
Total Liabilities	<u>\$ 14,876,981</u>	<u>\$ 2,041,326</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 2,960,142	\$ 2,679,707
Pension Changes in Experiences	0	1,393,637
Net Pension Changes in Investment Earnings	126,839	673,571
Pension Other Deferrals	0	78,426
Total Deferred Inflows of Resources	<u>\$ 3,086,981</u>	<u>\$ 4,825,341</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 6,707,529	\$ 15,513,091
Restricted for:		
General Government	121,624	0
Finance	42,629	0
Administration of Justice	64,753	0
Public Safety	136,627	0
Public Health and Welfare	29,888	0
Highways	309,593	0
Education	0	967,125
Capital Outlay	1,275,796	0
Unrestricted	<u>(283,073)</u>	<u>973,411</u>
Total Net Position	<u>\$ 8,405,366</u>	<u>\$ 17,453,627</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, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component
						Unit
					Johnson County School Department	
Primary Government:						
Governmental Activities:						
General Government	\$ 1,555,756	\$ 571,390	\$ 74,601	\$ 110,378	\$ (799,387)	\$ 0
Finance	849,720	422,000	0	0	(427,720)	0
Administration of Justice	587,685	369,037	13,725	0	(204,923)	0
Public Safety	3,151,381	1,012,041	54,425	435,991	(1,648,924)	0
Public Health and Welfare	487,738	512,772	193,731	0	218,765	0
Social, Cultural, and Recreational Services	184,479	0	27,509	38,325	(118,645)	0
Agriculture and Natural Resources	88,284	0	0	0	(88,284)	0
Highways	1,642,859	15,438	1,626,941	311,562	311,082	0
Education	162,655	0	0	0	(162,655)	0
Interest on Long-term Debt	350,865	0	377,789	0	26,924	0
Total Primary Government	\$ 9,061,422	\$ 2,902,678	\$ 2,368,721	\$ 896,256	\$ (2,893,767)	\$ 0
Component Unit:						
Johnson County School Department	\$ 20,909,782	\$ 275,149	\$ 4,209,722	\$ 174,745	\$ 0	\$ (16,250,166)
Total Component Unit	\$ 20,909,782	\$ 275,149	\$ 4,209,722	\$ 174,745	\$ 0	\$ (16,250,166)

(Continued)

Exhibit B

Johnson County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit
						Johnson County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 2,326,844	\$ 2,780,040
Property Taxes Levied for Debt Service					743,500	0
Local Option Sales Taxes					314,135	785,839
Hotel/Motel Tax					25,349	0
Wheel Tax					618,507	0
Litigation Tax - General					9,165	0
Litigation Tax - Special Purpose					40,028	0
Litigation Tax - Jail, Workhouse, or Courthouse					17,884	0
Business Tax					75,676	0
Mixed Drink Tax					997	0
Mineral Severance Tax					878	0
Bank Excise Tax					12,392	0
Wholesale Beer Tax					135,059	0
Other Local Taxes					0	2,809
Grants and Contributions Not Restricted to Specific Programs					648,013	13,345,719
Unrestricted Investment Income					63,019	39,970
Miscellaneous					35,925	148,042
Gain on Disposal of Capital Assets					81,863	0
Total General Revenues					\$ 5,149,234	\$ 17,102,419
Change in Net Position					\$ 2,255,467	\$ 852,253
Net Position, July 1, 2015					6,149,899	16,601,374
Net Position, June 30, 2016					\$ 8,405,366	\$ 17,453,627

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, 2016

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds	
<u>ASSETS</u>					
Cash	\$ 8,512	\$ 908	\$ 0	\$ 6,133	\$ 15,553
Equity in Pooled Cash and Investments	1,724,936	746,690	5,298,806	1,764,420	9,534,852
Accounts Receivable	33,036	3,545	0	27,794	64,375
Due from Other Governments	354,674	287,660	167,186	11,282	820,802
Due from Other Funds	5,719	20,193	375,748	2,692	404,352
Property Taxes Receivable	2,040,078	0	769,210	367,884	3,177,172
Allowance for Uncollectible Property Taxes	(59,664)	0	(22,496)	(10,759)	(92,919)
Total Assets	<u>\$ 4,107,291</u>	<u>\$ 1,058,996</u>	<u>\$ 6,588,454</u>	<u>\$ 2,169,446</u>	<u>\$ 13,924,187</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 42,438	\$ 4,835	\$ 0	\$ 34,396	\$ 81,669
Payroll Deductions Payable	92,146	23,269	0	0	115,415
Contracts Payable	266,922	0	0	0	266,922
Retainage Payable	25,626	0	0	0	25,626
Due to Other Funds	265,300	0	0	139,052	404,352
Due to Component Units	181	0	0	0	181
Due to State of Tennessee	6,360	1,161	0	0	7,521
Other Current Liabilities	8,512	908	0	20,252	29,672
Total Liabilities	<u>\$ 707,485</u>	<u>\$ 30,173</u>	<u>\$ 0</u>	<u>\$ 193,700</u>	<u>\$ 931,358</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 1,900,722	\$ 0	\$ 716,666	\$ 342,754	\$ 2,960,142
Deferred Delinquent Property Taxes	72,277	0	27,252	13,034	112,563

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>DEFERRED INFLOWS OF RESOURCES (Cont.)</u>					
Other Deferred/Unavailable Revenue	\$ 46,243	\$ 140,962	\$ 86,092	\$ 0	\$ 273,297
Total Deferred Inflows of Resources	\$ 2,019,242	\$ 140,962	\$ 830,010	\$ 355,788	\$ 3,346,002
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 121,624	\$ 0	\$ 0	\$ 0	\$ 121,624
Restricted for Finance	42,629	0	0	0	42,629
Restricted for Administration of Justice	64,753	0	0	0	64,753
Restricted for Public Safety	61,520	0	0	75,107	136,627
Restricted for Public Health and Welfare	29,888	0	0	0	29,888
Restricted for Highways/Public Works	0	196,364	0	0	196,364
Restricted for Capital Outlay	0	0	0	1,265,132	1,265,132
Committed:					
Committed for Public Health and Welfare	0	0	0	194,774	194,774
Committed for Social, Cultural, and Recreational Services	0	0	0	49,356	49,356
Committed for Highways/Public Works	0	691,497	0	0	691,497
Committed for Capital Outlay	0	0	0	35,589	35,589
Committed for Debt Service	0	0	5,758,444	0	5,758,444
Assigned:					
Assigned for General Government	244,315	0	0	0	244,315
Assigned for Administration of Justice	39,580	0	0	0	39,580
Assigned for Public Safety	679,961	0	0	0	679,961
Unassigned	96,294	0	0	0	96,294
Total Fund Balances	\$ 1,380,564	\$ 887,861	\$ 5,758,444	\$ 1,619,958	\$ 9,646,827
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,107,291	\$ 1,058,996	\$ 6,588,454	\$ 2,169,446	\$ 13,924,187

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, 2016

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)		\$ 9,646,827
(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	708,979	
Add: other capital assets net of accumulated depreciation	773,860	
Add: buildings and improvements net of accumulated depreciation	6,610,113	
Add: infrastructure net of accumulated depreciation	<u>2,871,008</u>	11,794,338
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other loans payable	\$ (40,013)	
Less: bonds payable	(10,625,000)	
Less: capital leases payable	(123,338)	
Add: deferred amount on refunding	179,899	
Add: deferred charges - discount on debt	6,002	
Less: compensated absences payable	(189,510)	
Less: landfill postclosure care costs	(829,827)	
Less: other postemployment benefits liability	(1,753,228)	
Less: net pension liability	(585,649)	
Less: accrued interest on bonds, notes, and other loans payable	(26,276)	
Less: other deferred revenue - premium on debt	<u>(177,134)</u>	(14,164,074)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 869,254	
Less: deferred inflows of resources related to pensions	<u>(126,839)</u>	742,415
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>385,860</u>
Net position of governmental activities (Exhibit A)		<u>\$ 8,405,366</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, 2016

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 3,036,340	\$ 878	\$ 888,784	\$ 401,475	\$ 4,327,477
Licenses and Permits	57,592	0	0	0	57,592
Fines, Forfeitures, and Penalties	132,727	50	0	71,515	204,292
Charges for Current Services	139,805	0	0	509,515	649,320
Other Local Revenues	447,393	75,861	0	102,229	625,483
Fees Received From County Officials	716,022	0	0	0	716,022
State of Tennessee	1,760,696	1,871,956	0	22,855	3,655,507
Federal Government	270,174	22,575	0	0	292,749
Other Governments and Citizens Groups	311,923	12,797	377,789	65,337	767,846
Total Revenues	\$ 6,872,672	\$ 1,984,117	\$ 1,266,573	\$ 1,172,926	\$ 11,296,288
<u>Expenditures</u>					
Current:					
General Government	\$ 649,777	\$ 0	\$ 0	\$ 202	\$ 649,979
Finance	781,140	0	0	0	781,140
Administration of Justice	603,119	0	0	0	603,119
Public Safety	2,866,329	0	0	33,670	2,899,999
Public Health and Welfare	307,413	0	0	487,575	794,988
Social, Cultural, and Recreational Services	125,482	0	0	67,273	192,755
Agriculture and Natural Resources	88,441	0	0	0	88,441
Other Operations	890,775	0	0	0	890,775
Highways	38,825	2,008,846	0	0	2,047,671
Debt Service:					
Principal on Debt	0	19,277	851,423	13,817	884,517
Interest on Debt	0	0	333,925	0	333,925
Other Debt Service	0	0	27,803	0	27,803

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>					
Capital Projects	\$ 578,542	\$ 0	\$ 0	\$ 291,430	\$ 869,972
Total Expenditures	\$ 6,929,843	\$ 2,028,123	\$ 1,213,151	\$ 893,967	\$ 11,065,084
<u>Excess (Deficiency) of Revenues Over Expenditures</u>					
	\$ (57,171)	\$ (44,006)	\$ 53,422	\$ 278,959	\$ 231,204
<u>Other Financing Sources (Uses)</u>					
Capital Leases Issued	\$ 0	\$ 156,432	\$ 0	\$ 0	\$ 156,432
Insurance Recovery	28,343	942	0	0	29,285
Transfers In	0	231,940	231,940	30,925	494,805
Transfers Out	(494,805)	0	0	0	(494,805)
Total Other Financing Sources (Uses)	\$ (466,462)	\$ 389,314	\$ 231,940	\$ 30,925	\$ 185,717
<u>Net Change in Fund Balances</u>					
Fund Balance, July 1, 2015	\$ 1,904,197	\$ 542,553	\$ 5,473,082	\$ 1,310,074	\$ 9,229,906
Fund Balance, June 30, 2016	\$ 1,380,564	\$ 887,861	\$ 5,758,444	\$ 1,619,958	\$ 9,646,827

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, 2016

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)		\$ 416,921
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,433,324	
Less: current-year depreciation expense	<u>(653,986)</u>	779,338
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2016	\$ 385,860	
Less: deferred delinquent property taxes and other deferred June 30, 2015	<u>(365,259)</u>	20,601
(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:		
Less: capital lease proceeds	\$ (156,432)	
Add: change in unamortized premium on debt issuances	19,334	
Less: change in unamortized discount on debt	(555)	
Add: principal payments on bonds	740,000	
Add: principal payments on other loans	48,024	
Add: principal payments on capital leases	96,493	
Less: change in deferred amount on refunding	<u>(37,442)</u>	709,422
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 1,723	
Change in compensated absences payable	(31,711)	
Change in landfill postclosure care costs	371,953	
Change in other postemployment benefits liability	(76,335)	
Change in net pension liability	(639,577)	
Change in deferred outflows related to pensions	363,977	
Change in deferred inflows related to pensions	<u>339,155</u>	329,185
Change in net position of governmental activities (Exhibit B)		<u>\$ 2,255,467</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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 3,036,340	\$ 0	\$ 0	\$ 3,036,340	\$ 2,967,298	\$ 2,967,298	\$ 69,042
Licenses and Permits	57,592	0	0	57,592	53,000	53,000	4,592
Fines, Forfeitures, and Penalties	132,727	0	0	132,727	125,150	138,328	(5,601)
Charges for Current Services	139,805	0	0	139,805	47,150	55,650	84,155
Other Local Revenues	447,393	0	0	447,393	819,250	842,228	(394,835)
Fees Received From County Officials	716,022	0	0	716,022	735,500	735,500	(19,478)
State of Tennessee	1,760,696	0	0	1,760,696	2,244,005	3,019,567	(1,258,871)
Federal Government	270,174	0	0	270,174	73,250	337,600	(67,426)
Other Governments and Citizens Groups	311,923	0	0	311,923	59,900	313,204	(1,281)
Total Revenues	\$ 6,872,672	\$ 0	\$ 0	\$ 6,872,672	\$ 7,124,503	\$ 8,462,375	\$ (1,589,703)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 86,562	\$ (100)	\$ 383	\$ 86,845	\$ 78,964	\$ 87,216	\$ 371
Board of Equalization	1,148	0	0	1,148	1,200	1,200	52
Other Boards and Committees	1,483	0	0	1,483	3,738	3,738	2,255
County Mayor/Executive	129,838	0	0	129,838	133,001	133,601	3,763
County Attorney	23,228	0	0	23,228	10,700	25,990	2,762
Election Commission	170,509	0	1,829	172,338	189,358	188,339	16,001
Register of Deeds	118,836	0	250	119,086	125,735	126,669	7,583
County Buildings	118,173	(5,743)	1,560	113,990	112,951	117,551	3,561
<u>Finance</u>							
Accounting and Budgeting	189,043	(247)	250	189,046	189,841	189,871	825
Purchasing	40,331	(303)	1,369	41,397	41,934	41,934	537
Property Assessor's Office	122,761	0	0	122,761	123,926	123,926	1,165
Reappraisal Program	68,237	0	0	68,237	71,662	71,662	3,425
County Trustee's Office	142,615	0	0	142,615	148,687	148,687	6,072
County Clerk's Office	218,153	0	300	218,453	220,475	235,324	16,871
<u>Administration of Justice</u>							
Circuit Court	235,863	(612)	1,134	236,385	239,827	243,575	7,190

(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 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice (Cont.)</u>							
General Sessions Court	\$ 126,276	\$ 0	\$ 362	\$ 126,638	\$ 127,722	\$ 127,722	\$ 1,084
Chancery Court	133,240	(46)	37,934	171,128	146,821	171,592	464
Juvenile Court	98,998	(842)	150	98,306	96,636	103,736	5,430
Courtroom Security	8,742	0	0	8,742	7,500	9,000	258
<u>Public Safety</u>							
Sheriff's Department	1,380,141	(8,490)	8,775	1,380,426	1,477,739	1,492,226	111,800
Administration of the Sexual Offender Registry	483	0	0	483	1,500	1,500	1,017
Jail	1,133,798	(37,194)	35,221	1,131,825	1,153,010	1,169,158	37,333
Commissary	22,504	(365)	1,000	23,139	75,000	75,000	51,861
Fire Prevention and Control	159,000	0	0	159,000	159,000	159,000	0
Civil Defense	79,238	0	15	79,253	86,407	86,407	7,154
Other Emergency Management	66,600	0	0	66,600	66,600	66,600	0
Inspection and Regulation	20,854	0	0	20,854	19,089	20,914	60
County Coroner/Medical Examiner	3,711	0	0	3,711	2,893	4,243	532
<u>Public Health and Welfare</u>							
Local Health Center	204,420	(335)	1,035	205,120	430,315	453,901	248,781
Rabies and Animal Control	1,548	0	0	1,548	4,000	4,000	2,452
Regional Mental Health Center	5,300	0	0	5,300	5,300	5,300	0
Appropriation to State	31,294	0	0	31,294	32,884	32,884	1,590
Other Public Health and Welfare	64,851	(512)	0	64,339	0	91,727	27,388
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	95,620	(33,528)	0	62,092	64,560	64,614	2,522
Other Social, Cultural, and Recreational	29,862	0	0	29,862	29,975	29,975	113
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	66,612	0	0	66,612	72,490	72,490	5,878
Soil Conservation	21,829	0	0	21,829	21,905	21,905	76
<u>Other Operations</u>							
Tourism	15,550	0	0	15,550	18,050	18,050	2,500
Other Economic and Community Development	62,627	0	0	62,627	0	62,627	0

(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 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations (Cont.)</u>							
Airport	\$ 163,759	\$ (11,390)	\$ 16,546	\$ 168,915	\$ 20,000	\$ 784,192	\$ 615,277
Veterans' Services	28,438	0	0	28,438	29,080	29,080	642
Other Charges	339,314	0	0	339,314	639,126	641,226	301,912
Contributions to Other Agencies	26,490	0	0	26,490	24,344	27,844	1,354
Employee Benefits	39,081	0	0	39,081	39,400	40,458	1,377
Miscellaneous	215,516	0	1,000	216,516	192,695	235,721	19,205
<u>Highways</u>							
Litter and Trash Collection	38,825	0	4,255	43,080	46,946	46,946	3,866
<u>Capital Projects</u>							
Public Safety Projects	578,542	0	221,667	800,209	0	811,945	11,736
Total Expenditures	\$ 6,929,843	\$ (99,707)	\$ 335,035	\$ 7,165,171	\$ 6,782,986	\$ 8,701,266	\$ 1,536,095
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (57,171)	\$ 99,707	\$ (335,035)	\$ (292,499)	\$ 341,517	\$ (238,891)	\$ (53,608)
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 28,343	\$ 0	\$ 0	\$ 28,343	\$ 0	\$ 28,343	\$ 0
Transfers In	0	0	0	0	0	250,000	(250,000)
Special Items (Revenues)	0	0	0	0	8,500	0	0
Transfers Out	(494,805)	0	0	(494,805)	(488,000)	(488,000)	(6,805)
Total Other Financing Sources	\$ (466,462)	\$ 0	\$ 0	\$ (466,462)	\$ (479,500)	\$ (209,657)	\$ (256,805)
Net Change in Fund Balance	\$ (523,633)	\$ 99,707	\$ (335,035)	\$ (758,961)	\$ (137,983)	\$ (448,548)	\$ (310,413)
Fund Balance, July 1, 2015	1,904,197	(99,707)	0	1,804,490	2,022,548	2,022,548	(218,058)
Fund Balance, June 30, 2016	\$ 1,380,564	\$ 0	\$ (335,035)	\$ 1,045,529	\$ 1,884,565	\$ 1,574,000	\$ (528,471)

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 878	\$ 0	\$ 0	\$ 878	\$ 1,000	\$ 1,000	\$ (122)
Fines, Forfeitures, and Penalties	50	0	0	50	0	0	50
Other Local Revenues	75,861	0	0	75,861	0	66,521	9,340
State of Tennessee	1,871,956	0	0	1,871,956	1,450,359	1,803,659	68,297
Federal Government	22,575	0	0	22,575	20,000	20,000	2,575
Other Governments and Citizens Groups	12,797	0	0	12,797	0	10,538	2,259
Total Revenues	\$ 1,984,117	\$ 0	\$ 0	\$ 1,984,117	\$ 1,471,359	\$ 1,901,718	\$ 82,399
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 208,112	\$ 0	\$ 0	\$ 208,112	\$ 215,066	\$ 215,066	\$ 6,954
Highway and Bridge Maintenance	911,008	(12,500)	8,161	906,669	1,016,608	1,099,913	193,244
Operation and Maintenance of Equipment	218,967	(9,031)	5,550	215,486	260,000	267,019	51,533
Other Charges	80,553	(850)	400	80,103	70,418	87,168	7,065
Employee Benefits	83,041	0	0	83,041	84,193	84,215	1,174
Capital Outlay	507,165	0	0	507,165	53,824	610,434	103,269
<u>Principal on Debt</u>							
Highways and Streets	19,277	0	0	19,277	0	19,277	0
Total Expenditures	\$ 2,028,123	\$ (22,381)	\$ 14,111	\$ 2,019,853	\$ 1,700,109	\$ 2,383,092	\$ 363,239
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (44,006)	\$ 22,381	\$ (14,111)	\$ (35,736)	\$ (228,750)	\$ (481,374)	\$ 445,638
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 156,432	\$ 0	\$ 0	\$ 156,432	\$ 0	\$ 156,432	\$ 0
Insurance Recovery	942	0	0	942	0	942	0
Transfers In	231,940	0	0	231,940	228,750	233,000	(1,060)
Total Other Financing Sources	\$ 389,314	\$ 0	\$ 0	\$ 389,314	\$ 228,750	\$ 390,374	\$ (1,060)

(Continued)

Exhibit C-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 345,308	\$ 22,381	\$ (14,111)	\$ 353,578	\$ 0	\$ (91,000)	\$ 444,578
Fund Balance, July 1, 2015	542,553	(22,381)	0	520,172	444,100	444,100	76,072
Fund Balance, June 30, 2016	\$ 887,861	\$ 0	\$ (14,111)	\$ 873,750	\$ 444,100	\$ 353,100	\$ 520,650

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, 2016

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 599,555
Equity in Pooled Cash and Investments	31,335
Accounts Receivable	14,657
Due from Other Governments	<u>83,486</u>
Total Assets	<u><u>\$ 729,033</u></u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 545
Due to Other Taxing Units	124,276
Due to Litigants, Heirs, and Others	<u>604,212</u>
Total Liabilities	<u><u>\$ 729,033</u></u>

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

JOHNSON COUNTY, TENNESSEE
Index of Notes to the Financial Statements

Note	Page(s)
I. Summary of Significant Accounting Policies	
A. Reporting Entity	32
B. Government-wide and Fund Financial Statements	33
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	34
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	
1. Deposits and Investments	36
2. Receivables and Payables	37
3. Capital Assets	38
4. Deferred Outflows/Inflows of Resources	39
5. Compensated Absences	39
6. Long-term Obligations	40
7. Net Position and Fund Balances	40
8. Prior-period Adjustment	42
E. Pension Plans	42
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	43
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	43
III. Stewardship, Compliance, and Accountability	
A. Budgetary Information	44
B. Transfers Exceeded Appropriations	45
IV. Detailed Notes on All Funds	
A. Deposits and Investments	45
B. Capital Assets	46
C. Construction Commitments	49
D. Interfund Receivables, Payables, and Transfers	49
E. Capital Lease	50
F. Long-term Obligations	51
G. On-Behalf Payments	56
H. Internal Financing	56
V. Other Information	
A. Risk Management	57
B. Accounting Changes	58
C. Subsequent Event	59
D. Contingent Liabilities	59
E. Landfill Closure/Postclosure Care Costs	59
F. Joint Ventures	59
G. Jointly Governed Organization	60
H. Retirement Commitments	61
I. Other Postemployment Benefits (OPEB)	78
J. Office of Central Accounting and Budgeting	81
K. Purchasing Laws	81

JOHNSON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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 financial statements of the Johnson County Emergency Communications District, a component unit requiring discrete presentation, was excluded from this report due to materiality calculations; therefore, the effect of its omission did not affect the independent auditor's opinion thereon. 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 material to the component units' opinion unit and therefore have been omitted from this report.

The Johnson County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of

the School Department are included in this report as listed in the table of contents. 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, 2016.

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 1.55 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 General, Highway/Public Works, and the discretely presented School Department's General Purpose School funds consist of balances of employee federal tax deposits not drawn as of June 30, 2016. Other current liabilities of the Drug Control Fund represent asset seizures that have not been awarded to the county as of June 30, 2016.

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

3. Capital Assets

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

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

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

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

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

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

4. **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. Deferred outflows of resources represent 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 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 items are for pension changes in experience, employer contributions made to the pension plan after the measurement date, other pension deferrals, and the deferred charge on refunding. 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. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue, etc.) 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 items are from the following sources: current and delinquent property taxes, pension changes in experiences, pension changes in investment earnings, other pension deferrals, and various receivables for revenues, which do not meet the availability criteria for governmental funds.

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, landfill closure/postclosure care costs, and pensions 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 displayed in three 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. 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.

- c. 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, 2016, Johnson County had \$5,722,193 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 purposes 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. Assigned fund balance in the General Fund includes fund balance approved for encumbrances (\$335,035), and amounts assigned by the commission for public safety (\$413,284) and various other purposes (\$215,537). 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 June 30, 2017 (\$279,401), encumbrances of (\$139,027), and amounts assigned by the board for various purposes within Instruction (\$350,000), Support (\$166,436), and Capital Outlay (\$500,000).

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

8. Prior-period Adjustment

A prior-period adjustment of \$394,077 is recognized in the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds of the discretely presented Johnson County School Department. This adjustment was due to the detection of overpayments made in prior years to the State of Tennessee for retiree health insurance premiums. This adjustment increased the fund balance of the General Purpose School Fund as of July 1, 2015. Because the retiree insurance premiums paid to the state had reduced the School Department’s liability for Other Postemployment Benefits described in Note V.I., the recording of the amount due to be refunded by the state increased the Net Other Postemployment Benefits liability by \$394,077 as of July 1, 2015. Therefore, there was no effect on the School Department’s net position reflected on the Statement of Activities as of July 1, 2015.

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Johnson County’s participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from

Johnson County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Discretely Presented Johnson County School Department

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

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

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, 2016, Johnson County had the following significant encumbrances:

Fund	Description	Amount
Primary Government:		
Major Fund:		
General	Software uprgades	\$ 37,934
"	Building construction	221,667
Nonmajor Fund:		
General Capital Projects	Buses	136,280

B. Transfers Exceeded Appropriations

Transfers to other funds exceeded appropriations approved by the County Commission in the Transfers Out major appropriations category (the legal level of control) of the General Fund by \$6,805. Transfers out that exceed appropriations are a violation of state statutes. These transfers in excess of appropriations were funded by greater than anticipated revenue 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, 2016.

B. Capital Assets

Capital assets activity for the year ended June 30, 2016, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets Not Depreciated:				
Land	\$ 830,378	\$ 0	\$ 0	\$ 830,378
Construction in Progress	36,592	672,387	0	708,979
Total Capital Assets Not Depreciated	<u>\$ 866,970</u>	<u>\$ 672,387</u>	<u>\$ 0</u>	<u>\$ 1,539,357</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 11,225,081	\$ 0	\$ 0	\$ 11,225,081
Other Capital Assets	3,407,139	340,231	(201,565)	3,545,805
Infrastructure	3,883,226	420,706	0	4,303,932
Total Capital Assets Depreciated	<u>\$ 18,515,446</u>	<u>\$ 760,937</u>	<u>\$ (201,565)</u>	<u>\$ 19,074,818</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,348,957	\$ 266,011	\$ 0	\$ 4,614,968
Other Capital Assets	2,796,947	176,563	(201,565)	2,771,945
Infrastructure	1,221,512	211,412	0	1,432,924
Total Accumulated Depreciation	<u>\$ 8,367,416</u>	<u>\$ 653,986</u>	<u>\$ (201,565)</u>	<u>\$ 8,819,837</u>
Total Capital Assets Depreciated, Net	<u>\$ 10,148,030</u>	<u>\$ 106,951</u>	<u>\$ 0</u>	<u>\$ 10,254,981</u>
Governmental Activities Capital Assets, Net	<u>\$ 11,015,000</u>	<u>\$ 779,338</u>	<u>\$ 0</u>	<u>\$ 11,794,338</u>

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

Governmental Activities:

General Government	\$ 67,165
Finance	2,421
Administration of Justice	5,388
Public Safety	181,534
Public Health and Welfare	62,378
Social, Cultural, and Recreational Services	22,213
Other Operations	91,376
Highways/Public Works	<u>221,511</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 653,986</u>

Discretely Presented Johnson County School Department

Governmental Activities:

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets Not Depreciated:				
Land	\$ 946,939	\$ 18,000	\$ 0	\$ 964,939
Construction in Progress	4,500	134,692	0	139,192
Total Capital Assets Not Depreciated	<u>\$ 951,439</u>	<u>\$ 152,692</u>	<u>\$ 0</u>	<u>\$ 1,104,131</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 24,426,519	\$ 254,816	\$ 0	\$ 24,681,335
Other Capital Assets Infrastructure	4,168,638	214,056	(107,133)	4,275,561
	2,234,111	66,982	0	2,301,093
Total Capital Assets Depreciated	<u>\$ 30,829,268</u>	<u>\$ 535,854</u>	<u>\$ (107,133)</u>	<u>\$ 31,257,989</u>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 11,026,372	\$ 566,978	\$ 0	\$ 11,593,350
Other Capital Assets Infrastructure	3,025,654	324,187	(107,133)	3,242,708
	1,932,664	80,307	0	2,012,971
Total Accumulated Depreciation	<u>\$ 15,984,690</u>	<u>\$ 971,472</u>	<u>\$ (107,133)</u>	<u>\$ 16,849,029</u>
Total Capital Assets Depreciated, Net	<u>\$ 14,844,578</u>	<u>\$ (435,618)</u>	<u>\$ 0</u>	<u>\$ 14,408,960</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,796,017</u>	<u>\$ (282,926)</u>	<u>\$ 0</u>	<u>\$ 15,513,091</u>

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

Governmental Activities:

Instruction	\$ 757,157
Support Services	206,093
Operation of Non-instructional Services	<u>8,222</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 971,472</u></u>

C. Construction Commitments

At June 30, 2016, the General Fund had uncompleted construction contracts of approximately \$233,103. Funding for these future expenditures is expected to be received from federal and state grants as well funding available within the General Fund.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2016, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 5,719
Highway/Public Works	General	20,193
General Debt Service	"	242,415
"	Nonmajor governmental	133,333
Nonmajor governmental	General	2,692
Discretely Presented School Department:		
General Purpose School	School Federal Projects	42,919

A portion of the amount due to the General Debt Service Fund (\$222,222) from the General Fund and the entire amount due from the nonmajor governmental funds to the General Debt Service Fund resulted from long-term interfund loans. The amount of these loans not expected to be received within one year is \$294,444. See Note IV.H. 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 Unit:

Receivable Fund	Payable Fund	Amount
Component Unit School Department: Nonmajor governmental	Primary Government: General	\$ 181

Interfund Transfers:

Interfund transfers for the year ended June 30, 2016, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In		
	Highway/ Public Works Fund	General Debt Service Fund	Nonmajor Governmental Fund
General Fund	\$ 231,940	\$ 231,940	\$ 30,925
Total	<u>\$ 231,940</u>	<u>\$ 231,940</u>	<u>\$ 30,925</u>

Discretely Presented Johnson County School Department

Transfers Out	Transfers In General Purpose School Fund
School Federal Projects Fund	\$ 30,977
Total	<u>\$ 30,977</u>

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

E. Capital Lease

On April 11, 2016, Johnson County entered into a four-year lease-purchase agreement for the Highway Department for two backhoes. The terms of the agreement require total lease payments of \$156,432 plus interest of 2.89 percent. Title to the equipment transferred to the Highway Department

immediately upon acceptance of each item of equipment. The Highway/ Public Works Fund and General Capital Projects Fund are making the lease payments.

The assets acquired through capital leases are as follows:

Asset	Governmental Activities
Machinery and Equipment	\$ 156,432
Less: Accumulated Depreciation	<u>(15,643)</u>
Total Book Value	<u>\$ 140,789</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2016, were as follows:

Year Ending June 30	Governmental Funds
2017	\$ 33,094
2018	33,094
2019	33,094
2020	<u>33,095</u>
Total Minimum Lease Payments	\$ 132,377
Less: Amount Representing Interest	<u>(9,039)</u>
Present Value of Minimum Lease Payments	<u>\$ 123,338</u>

F. Long-term Obligations

Primary Government

General Obligation Bonds 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. Johnson County had no outstanding capital outlay notes at June 30, 2016.

General obligation bonds and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds and other loans outstanding were issued for original terms of up to 18 years for bonds 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 and other loans included in long-term debt as of June 30, 2016, will be retired from the General Debt Service Fund.

General obligation bonds, other loans and the capital lease outstanding as of June 30, 2016, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-16
General Obligation Bonds -				
Refunding	2 to 4.125 %	6-1-28	\$ 12,130,000	\$ 10,625,000
Other Loans	0	4-1-17	336,161	40,013

The annual requirements to amortize all general obligation bonds and other loans outstanding as of June 30, 2016, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2017	\$ 750,000	\$ 315,312	\$ 1,065,312
2018	770,000	297,213	1,067,213
2019	785,000	278,512	1,063,512
2020	805,000	259,413	1,064,413
2021	835,000	239,712	1,074,712
2022-2026	4,545,000	871,051	5,416,051
2027-2028	2,135,000	131,724	2,266,724
Total	\$ 10,625,000	\$ 2,392,937	\$ 13,017,937

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2017	\$ 40,013	\$ 0	\$ 40,013
Total	\$ 40,013	\$ 0	\$ 40,013

During the year, the Johnson County School Department contributed \$377,789 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 \$5,758,444 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, other loans, and capital leases outstanding totaled \$591, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2016, was as follows:

Governmental Activities:

	Bonds	Other Loans	Capital Lease
Balance, July 1, 2015	\$ 11,365,000	\$ 88,037	\$ 63,399
Additions	0	0	156,432
Reductions	(740,000)	(48,024)	(96,493)
Balance, June 30, 2016	<u>\$ 10,625,000</u>	<u>\$ 40,013</u>	<u>\$ 123,338</u>
Balance Due Within One Year	<u>\$ 750,000</u>	<u>\$ 40,013</u>	<u>\$ 29,529</u>

	Compensated Absences	Landfill Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2015	\$ 157,799	\$ 1,201,780	\$ 1,676,893
Additions	130,627	0	99,747
Reductions	(98,916)	(371,953)	(23,412)
Balance, June 30, 2016	<u>\$ 189,510</u>	<u>\$ 829,827</u>	<u>\$ 1,753,228</u>
Balance Due Within One Year	<u>\$ 170,560</u>	<u>\$ 74,544</u>	<u>\$ 0</u>

	Net Pension Liability - Agent Plan*
Balance, July 1, 2015	\$ (53,928)
Additions	1,324,535
Reductions	(684,958)
Balance, June 30, 2016	<u>\$ 585,649</u>
Balance Due Within One Year	<u>\$ 0</u>

*- At July 1, 2015, the agent plan had a net pension asset balance.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 14,146,565
Less: Balance Due Within One Year	(1,064,646)
Add: Unamortized Premium on Debt	<u>177,134</u>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 13,259,053</u>
---	----------------------

Compensated absences, net pension liabilities, 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 obligations activity for the discretely presented School Department for the year ended June 30, 2016, was as follows:

Governmental Activities:	Compensated Absences	Other Postemployment Benefits (1)
Balance, July 1, 2015	\$ 48,974	\$ 472,806
Additions	65,187	617,929
Reductions	(60,464)	(376,728)
Balance, June 30, 2016	<u>\$ 53,697</u>	<u>\$ 714,007</u>
Balance Due Within One Year	<u>\$ 53,697</u>	<u>\$ 0</u>

	Net Pension Liability - Agent Plan (2)	Net Pension Liability - Teacher Legacy Plan (2)
Balance, July 1, 2015	\$ (87,356)	\$ (36,620)
Additions	1,021,435	3,040,281
Reductions	(482,447)	(2,914,350)
Balance, June 30, 2016	<u>\$ 451,632</u>	<u>\$ 89,311</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 1,308,647
Less: Balance Due Within One Year	<u>(53,697)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,254,950</u>

(1) Beginning balance of the Other Postemployment Benefits liability was adjusted as discussed in Note I.D.8.

(2) At July 1, 2015, the agent plan and the teacher legacy retirement plans had net pension asset balances.

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

G. On-Behalf Payments – Primary Government and Discretely Presented Johnson County School Department Primary Government

The State of Tennessee pays health insurance premiums for retired employees on-behalf of Johnson County. 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, 2016, were \$2,100. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

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 Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state’s Comprehensive Annual Financial Report. Payments made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2016, were \$137,648 and \$9,750, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

H. Internal Financing

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

<u>Borrowing Fund/Purpose</u>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Last Maturity Date</u>
Community Development/ Industrial Park:				
Building Rehabilitation	\$ 300,000	0%	11-30-10	9-16-19
General:				
E-911 Operations Center	250,000	0	9-17-15	6-1-18

<u>Borrowing Fund/Purpose</u>	<u>Outstanding 7-1-15</u>	<u>Issued During Period</u>	<u>Paid and/or Matured During Period</u>	<u>Outstanding 6-30-16</u>
Community Development/ Industrial Park:				
Building Rehabilitation	\$ 166,667	\$ 0	\$ 33,334	\$ 133,333
General:				
E-911 Operations Center	0	250,000	27,778	222,222
Total	\$ 166,667	\$ 250,000	\$ 61,112	\$ 355,555

The balances at June 30, 2016 are reflected as Due to Other Funds in the General and Community Development/Industrial Park Funds and as Due from Other Funds in the General Debt Service Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

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

Johnson County decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for workers' compensation coverage. The county joined the Local Government Workers' Compensation Fund (LGWCF). The county pays an annual premium to the LGWCF for its workers' compensation coverage. The creation of the LGWCF provides for it to be self-sustaining through member premiums.

Johnson County participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated (TCA)*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial

Report for the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

Discretely Presented Johnson County School Department

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

The School Department participates in the Local Education Group Insurance Fund (LEGIF), 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

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; Statement No. 73, *The Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and Statement No. 79, *Certain External Investment Pools and Pool Participants* became effective for the year ended June 30, 2016.

GASB Statement No. 72, establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. This standard supersedes previous statements as they relate to measuring fair value of certain assets and liabilities.

GASB Statement No. 73, established accounting and reporting requirements for pensions that are not administered through a trust account and also addresses changes made to Statements No. 67 and No. 68. The changes to Statements No. 67 and No. 68 require new RSI disclosures concerning plan investments, and address specific payables to defined benefit plans.

GASB Statement No. 76, addresses changes made to the hierarchy of generally accepted accounting principles. This standard supersedes Statement No. 55 and reduces the hierarchy from four to two categories.

GASB Statement No. 79, addresses issues related to certain external investment pools and pool participants because of changes in Security and Exchange rules relative to money market funds. This standard establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost rather than fair value for financial reporting purposes standards.

C. Subsequent Event

On September 21, 2016, Johnson County issued \$4,715,000 in general obligation refunding bonds.

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. 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 \$829,827 reported as postclosure care liability at June 30, 2016, represents amounts based on what it would cost to perform all postclosure care in 2016. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. 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 these joint ventures. Complete financial statements for the above-noted joint venture can be obtained from its administrative office at the following addresses:

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

Discretely Presented Johnson County 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

G. 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, Greene, 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.

H. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Johnson County and non-certified employees of the discretely presented Johnson County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 56.46 percent and the non-certified employees of the discretely presented School Department comprised 43.54 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2015, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	217
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	350
Active Employees	253
 Total	 <hr/> <hr/> 820

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of their salary. Johnson County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, the Actuarial Determined Contribution (ADC) for Johnson County was \$720,240 based on a rate of 12.79 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Johnson County’s state shared taxes if required employer contributions are not remitted. The employer’s actuarially determined contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Johnson County’s net pension liability (asset) was measured as of June 30, 2015, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2015, actuarial valuation was determined using the following

actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Johnson County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2014	\$ 19,433,044	\$ 19,574,328	\$ (141,284)
Changes for the year:			
Service Cost	\$ 477,723	\$ 0	\$ 477,723
Interest	1,453,651	0	1,453,651
Differences Between Expected and Actual Experience	839,364	0	839,364
Contributions-Employer	0	720,240	(720,240)
Contributions-Employees	0	283,354	(283,354)
Net Investment Income	0	601,837	(601,837)
Benefit Payments, Including Refunds of Employee Contributions	(1,057,518)	(1,057,518)	0
Administrative Expense	0	(13,258)	13,258
Other Changes	0	0	0
Net Changes	\$ 1,713,220	\$ 534,655	\$ 1,178,565
Balance, June 30, 2015	\$ 21,146,264	\$ 20,108,983	\$ 1,037,281

Allocation of Agent Plan Changes in the Net Pension Liability (Asset)

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	56.46%	\$ 11,939,181	\$ 11,353,532	\$ 585,649
School Department	43.54%	9,207,083	8,755,451	451,632
Total		\$ 21,146,264	\$ 20,108,983	\$ 1,037,281

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Johnson County calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

Johnson County	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	\$ 3,568,627	\$ 1,037,281	\$ (1,070,737)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

Pension Expense. For the year ended June 30, 2016, Johnson County recognized pension expense of \$337,678.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, Johnson County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 823,261	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	690,974	915,628
Contributions Subsequent to the Measurement Date of June 30, 2015 (1)	716,332	N/A
Total	\$ 2,230,567	\$ 915,628

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2015,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Allocation of Agent Plan Deferred Outflows of Resources and
Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 1,259,378	\$ 516,963
School Department	971,189	398,665
Total	<u>\$ 2,230,567</u>	<u>\$ 915,628</u>

Amounts reported as deferred outflows of resources, with the exception of contributions subsequent to the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2017	\$ 141,955
2018	141,955
2019	141,955
2020	172,744
2021	0
Thereafter	0

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plan

At June 30, 2016, Johnson County reported a payable of \$65,370 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2016.

Discretely Presented Johnson County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Johnson County and non-certified employees of the discretely presented Johnson County School Department are provided a defined benefit pension plan through the Public Employee Retirement

Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 56.46 percent and the non-certified employees of the discretely presented School Department comprise 43.54 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Johnson County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning on July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan, is a separate cost-sharing multiple-employer defined benefit pension plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the

consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2016, to the Teacher Retirement Plan were \$40,240, which is four percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities (Assets). At June 30, 2016, the Johnson County School Department reported an asset of \$10,729 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Johnson County School Department's proportion of the net pension asset was based on the Johnson County School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Johnson County School Department's proportion was .266690 percent.

Pension Expense. For the year ended June 30, 2016, the Johnson County School Department recognized pension expense of \$14,060.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, the Johnson County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 3,492
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	867	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	40,240	N/A
Total	<u>\$ 41,107</u>	<u>\$ 3,492</u>

The Johnson County School Department's employer contributions of \$40,240, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2017	\$ (74)
2018	(74)
2019	(74)
2020	(74)
2021	(291)
Thereafter	(2,037)

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial Assumptions. The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return		Percentage Target Allocations	
U.S. Equity Developed Market	6.46	%	33	%
International Equity Emerging Market	6.26		17	
International Equity Private Equity and Strategic Lending	6.40		5	
U.S. Fixed Income Real Estate	4.61		8	
	0.98		29	
	4.73		7	
Short-term Securities	0.00		1	
			100	%
Total			100	%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the Johnson County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Johnson County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	\$ 1,902	\$ (10,729)	\$ (19,993)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Payable to the Pension Plan

At June 30, 2016, the Johnson County School Department reported a payable of \$6,440 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the Johnson County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability

benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Johnson County School Department for the year ended June 30, 2016, to the Teacher Legacy Pension Plan were \$708,033, which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liability (Assets). At June 30, 2016, the Johnson County School Department reported a liability of \$89,311 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Johnson County School Department's proportion of the net pension liability (asset) was based

on the Johnson County School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Johnson County School Department's proportion was .218027 percent. The proportion measured at June 30, 2014, was .225362 percent

Negative Pension Expense. For the year ended June 30, 2016, the Johnson County School Department recognized negative pension expense of \$90,384.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, the Johnson County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 71,676	\$ 1,390,145
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,612,684	2,189,307
Changes in Proportion of Net Pension Liability (Asset)	3,514	78,426
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	708,033	N/A
Total	<u>\$ 2,395,907</u>	<u>\$ 3,657,878</u>

The Johnson County School Department's employer contributions of \$708,033 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease in net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2017	\$ (605,274)
2018	(605,274)
2019	(605,274)
2020	124,495
2021	(278,676)
Thereafter	0

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial Assumptions. The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustments for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third

technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the Johnson County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well

as what the Johnson County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	\$ 6,088,951	\$ 89,311	\$ (4,877,683)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Payable to the Pension Plan

At June 30, 2016, the Johnson County School Department reported a payable of \$97,223 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2016.

2. Deferred Compensation

Teachers hired after July 1, 2014, by the discretely presented Johnson County School Department are required to participate in a hybrid pension plan administered by the Tennessee Consolidated Retirement System. This hybrid pension plan requires that these teachers contribute five percent of their salaries into a deferred compensation plan managed by the hybrid plan pursuant to IRC Section 401(k). As part of their employment package, the Johnson County School Department has assumed all costs of funding this program on-behalf of the plan participants. The Section 401(k) plan assets remain the property of the participating teachers and are not presented in the accompanying financial statements. IRC Section 401(k), establishes participation, contribution, and withdrawal provisions for the plans. During the year, the Johnson County School Department contributed \$49,486 to the 401(k) portion of the hybrid pension plan on-behalf of the plan participants.

I. Other Postemployment Benefits (OPEB)

Plan Description

Johnson County and the School Department participate in the state-administered Local Education Group Insurance Plan and the Local Government Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB

plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)*, for local education employees and Section 8-27-207, *TCA*, 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://tennessee.gov/finance/article/fa-accfin-cafr>.

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 plans 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. Johnson County and the School Department contributed \$23,412 and \$376,728 respectively, for postemployment benefits during the year ended June 30, 2016.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
	<u> </u>	<u> </u>
ARC	\$ 618,000	\$ 100,000
Interest on the NOPEBO	17,730	62,883
Adjustment to the ARC	(17,801)	(63,136)
Annual OPEB cost	<u>\$ 617,929</u>	<u>\$ 99,747</u>
Amount of contribution	(376,728)	(23,412)
Increase/decrease in NOPEBO	<u>\$ 241,201</u>	<u>\$ 76,335</u>
Net OPEB obligation, 7-1-15	<u>472,806</u>	<u>1,676,893</u>
 Net OPEB obligation, 6-30-16	 <u><u>\$ 714,007</u></u>	 <u><u>\$ 1,753,228</u></u>

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-14	Local Education Group	\$ 490,089	120 %	\$ (9,641)
6-30-15	"	508,990	83	472,806
6-30-16	"	617,988	61	714,007
6-30-14	Local Government Group	142,480	17	1,554,532
6-30-15	"	147,601	17	1,676,893
6-30-16	"	99,747	23	1,753,228

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2015, was as follows:

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-15	7-1-15
Actuarial accrued liability (AAL)	\$ 6,550,000	\$ 688,000
Actuarial value of plan assets	\$ 725,693	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 5,824,307	\$ 688,000
Actuarial value of assets as a % of the AAL	11%	0%
Covered payroll (active plan members)	\$ 10,469,162	\$ 3,286,697
UAAL as a % of covered payroll	56%	21%

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 School Department's 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, 2016, the Board of Education's balance with the GASB 45 Trust was \$763,760. The TSBA GASB 45 Trust procures 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, 2015, actuarial valuation for the Local Government Plan and the Local Education Plan, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.75 percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 6.5 percent initially. The trend rate will decrease to six percent in fiscal year 2016, and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2050. 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. Payroll is assumed to grow at a rate of three percent.

J. 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.

K. 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 \$25,000 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.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Johnson County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	2014	2015
Total Pension Liability (Asset)		
Service Cost	\$ 489,369	\$ 477,723
Interest	1,364,428	1,453,651
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	322,898	839,364
Changes in Assumptions	0	0
Benefit Payments, Including Refunds of Employee Contributions	(893,289)	(1,057,518)
Net Change in Total Pension Liability (Asset)	\$ 1,283,406	\$ 1,713,220
Total Pension Liability (Asset), Beginning	18,149,638	19,433,044
Total Pension Liability (Asset), Ending (a)	\$ 19,433,044	\$ 21,146,264
Plan Fiduciary Net Position		
Contributions - Employer	\$ 668,604	\$ 720,240
Contributions - Employee	286,133	283,354
Net Investment Income	2,783,446	601,837
Benefit Payments, Including Refunds of Employee Contributions	(893,289)	(1,057,518)
Administrative Expense	(10,300)	(13,258)
Net Change in Plan Fiduciary Net Position	\$ 2,834,594	\$ 534,655
Plan Fiduciary Net Position, Beginning	16,739,734	19,574,328
Plan Fiduciary Net Position, Ending (b)	\$ 19,574,328	\$ 20,108,983
Net Pension Liability (Asset), Ending (a - b)	\$ (141,284)	\$ 1,037,281
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	100.73%	95.09%
Covered Payroll	\$ 5,690,056	\$ 5,631,427
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(2.48%)	18.42%

Note: ten years of data will be presented when available.

Note: data presented includes primary government and non-certified employees of the discretely presented School Department.

Johnson County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	2014	2015	2016
Actuarially Determined Contribution	\$ 668,604	\$ 720,240	\$ 716,332
Less Contributions in Relation to the Actuarially Determined Contribution	(668,604)	(720,240)	(716,332)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 5,690,056	\$ 5,631,427	\$ 5,616,308
Contributions as a Percentage of Covered Payroll	11.75%	12.79%	12.75%

Note: ten years of data will be presented when available.

Note: data presented includes primary government and non-certified employees of the discretely presented School Department.

Johnson County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Retirement Plan of TCRS
Discretely Presented Johnson County School Department
For the Fiscal Year Ended June 30

	<u>2015</u>	<u>2016</u>
Contractually Required Contribution	\$ 13,853	\$ 24,902
Less Contributions in Relation to the Contractually Required Contribution	(22,164)	(40,240)
Contribution Deficiency (Excess)	<u>\$ (8,312)</u>	<u>\$ (15,338)</u>
 Covered Payroll	 \$ 554,107	 \$ 996,096
Contributions as a Percentage of Covered Payroll	4.00%	4.00%

Note: ten years of data will be presented when available.

Johnson County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Legacy Pension Plan of TCRS
Discretely Presented Johnson County School Department
For the Fiscal Year Ended June 30

	2014	2015	2016
Contractually Required Contribution	\$ 785,473	\$ 737,832	\$ 708,033
Less Contributions in Relation to the Contractually Required Contribution	(785,473)	(737,832)	(708,033)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 8,845,421	\$ 8,161,862	\$ 7,832,224
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%

Note: ten years of data will be presented when available.

Johnson County, Tennessee
Schedule of Proportionate Share of the Net Pension Asset
in the Teacher Pension Plan of TCRS
Discretely Presented Johnson County School Department
For the Fiscal Year Ended June 30 *

	<u>2016</u>
School Department's Proportion of the Net Pension Liability (Asset)	0.266690%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (10,729)
Covered Payroll	\$ 554,107
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%

* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Johnson County, Tennessee
Schedule of Proportionate Share of the Net Pension Liability (Asset)
in the Teacher Legacy Pension Plan of TCRS
Discretely Presented Johnson County School Department
For the Fiscal Year Ended June 30 *

	<u>2015</u>	<u>2016</u>
School Department's Proportion of the Net Pension Liability (Asset)	0.225362%	0.218027%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (36,620)	\$ 89,311
Covered Payroll	\$ 8,845,421	\$ 8,161,862
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.41)%	1.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%

* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit E-7

Johnson County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Johnson County School Department
June 30, 2016

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) 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)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-11	\$ 0	\$ 2,849	\$ 2,849	0 %	\$ 3,433	83 %
"	7-1-13	0	904	904	0	3,378	26.8
"	7-1-15	0	688	688	0	3,287	20.9
<u>DISCRETELY PRESENTED JOHNSON COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-11	150	5,448	5,298	2.8	11,820	44.8
"	7-1-13	544	5,147	4,603	10.6	9,853	46.7
"	7-1-15	726	6,550	5,824	11.1	10,469	55.6

JOHNSON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2016

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	2 Years
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

Capital Projects Funds

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

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

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

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

Exhibit F-1

Johnson County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue Funds					Capital Projects Funds
	Public Library	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects
<u>ASSETS</u>						
Cash	\$ 300	\$ 250	\$ 0	\$ 5,583	\$ 6,133	\$ 0
Equity in Pooled Cash and Investments	49,250	195,793	95,359	0	340,402	1,032,068
Accounts Receivable	0	27,658	0	136	27,794	0
Due from Other Governments	0	1,282	0	0	1,282	0
Due from Other Funds	0	0	0	0	0	2,692
Property Taxes Receivable	0	66,888	0	0	66,888	300,996
Allowance for Uncollectible Property Taxes	0	(1,956)	0	0	(1,956)	(8,803)
Total Assets	\$ 49,550	\$ 289,915	\$ 95,359	\$ 5,719	\$ 440,543	\$ 1,326,953
<u>LIABILITIES</u>						
Accounts Payable	\$ 194	\$ 30,452	\$ 0	\$ 0	\$ 30,646	\$ 3,750
Due to Other Funds	0	0	0	5,719	5,719	0
Other Current Liabilities	0	0	20,252	0	20,252	0
Total Liabilities	\$ 194	\$ 30,452	\$ 20,252	\$ 5,719	\$ 56,617	\$ 3,750
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 0	\$ 62,319	\$ 0	\$ 0	\$ 62,319	\$ 280,435
Deferred Delinquent Property Taxes	0	2,370	0	0	2,370	10,664
Total Deferred Inflows of Resources	\$ 0	\$ 64,689	\$ 0	\$ 0	\$ 64,689	\$ 291,099

(Continued)

Exhibit F-1

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

	Special Revenue Funds				Capital Projects Funds
	Public Library	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	General Capital Projects
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Public Safety	\$ 0	\$ 0	\$ 75,107	\$ 0	\$ 75,107
Restricted for Capital Outlay	0	0	0	0	996,515
Committed:					
Committed for Public Health and Welfare	0	194,774	0	0	194,774
Committed for Social, Cultural, and Recreational Services	49,356	0	0	0	49,356
Committed for Capital Outlay	0	0	0	0	35,589
Total Fund Balances	<u>\$ 49,356</u>	<u>\$ 194,774</u>	<u>\$ 75,107</u>	<u>\$ 0</u>	<u>\$ 319,237</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 49,550</u>	<u>\$ 289,915</u>	<u>\$ 95,359</u>	<u>\$ 5,719</u>	<u>\$ 440,543</u>

(Continued)

Exhibit F-1

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

	<u>Capital Projects Funds (Cont.)</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Community Development/ Industrial Park</u>	<u>Other Capital Projects</u>	<u>Total</u>	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 0	\$ 6,133
Equity in Pooled Cash and Investments	383,171	8,779	1,424,018	1,764,420
Accounts Receivable	0	0	0	27,794
Due from Other Governments	10,000	0	10,000	11,282
Due from Other Funds	0	0	2,692	2,692
Property Taxes Receivable	0	0	300,996	367,884
Allowance for Uncollectible Property Taxes	0	0	(8,803)	(10,759)
Total Assets	<u>\$ 393,171</u>	<u>\$ 8,779</u>	<u>\$ 1,728,903</u>	<u>\$ 2,169,446</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 0	\$ 3,750	\$ 34,396
Due to Other Funds	133,333	0	133,333	139,052
Other Current Liabilities	0	0	0	20,252
Total Liabilities	<u>\$ 133,333</u>	<u>\$ 0</u>	<u>\$ 137,083</u>	<u>\$ 193,700</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 280,435	\$ 342,754
Deferred Delinquent Property Taxes	0	0	10,664	13,034
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 291,099</u>	<u>\$ 355,788</u>

(Continued)

Exhibit F-1

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

FUND BALANCES

Restricted:

Restricted for Public Safety

Restricted for Capital Outlay

Committed:

Committed for Public Health and Welfare

Committed for Social, Cultural, and Recreational Services

Committed for Capital Outlay

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

<u>Capital Projects Funds (Cont.)</u>				Total Nonmajor Governmental Funds
Community Development/ Industrial Park	Other Capital Projects	Total		
\$ 0	\$ 0	\$ 0	\$ 75,107	
259,838	8,779	1,265,132	1,265,132	
0	0	0	194,774	
0	0	0	49,356	
0	0	35,589	35,589	
<u>\$ 259,838</u>	<u>\$ 8,779</u>	<u>\$ 1,300,721</u>	<u>\$ 1,619,958</u>	
<u>\$ 393,171</u>	<u>\$ 8,779</u>	<u>\$ 1,728,903</u>	<u>\$ 2,169,446</u>	

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, 2016

	Special Revenue Funds					Capital Projects Funds
	Public Library	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects
<u>Revenues</u>						
Local Taxes	\$ 40,146	\$ 67,497	\$ 0	\$ 0	\$ 107,643	\$ 293,832
Fines, Forfeitures, and Penalties	0	0	71,515	0	71,515	0
Charges for Current Services	0	509,313	0	202	509,515	0
Other Local Revenues	0	3,459	0	0	3,459	0
State of Tennessee	350	12,505	0	0	12,855	0
Other Governments and Citizens Groups	65,337	0	0	0	65,337	0
Total Revenues	\$ 105,833	\$ 592,774	\$ 71,515	\$ 202	\$ 770,324	\$ 293,832
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 202	\$ 202	\$ 0
Public Safety	0	0	33,670	0	33,670	0
Public Health and Welfare	0	487,575	0	0	487,575	0
Social, Cultural, and Recreational Services	67,273	0	0	0	67,273	0
Debt Service:						
Principal on Debt	0	0	0	0	0	13,817
Capital Projects	1,700	0	0	0	1,700	255,771
Total Expenditures	\$ 68,973	\$ 487,575	\$ 33,670	\$ 202	\$ 590,420	\$ 269,588
Excess (Deficiency) of Revenues						
Over Expenditures	\$ 36,860	\$ 105,199	\$ 37,845	\$ 0	\$ 179,904	\$ 24,244

(Continued)

Exhibit F-2

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

	Special Revenue Funds					Capital Projects Funds
	Public Library	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,925
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,925
Net Change in Fund Balances	\$ 36,860	\$ 105,199	\$ 37,845	\$ 0	\$ 179,904	\$ 55,169
Fund Balance, July 1, 2015	12,496	89,575	37,262	0	139,333	976,935
Fund Balance, June 30, 2016	\$ 49,356	\$ 194,774	\$ 75,107	\$ 0	\$ 319,237	\$ 1,032,104

(Continued)

Exhibit F-2

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

	Capital Projects Funds (Cont.)			Total Nonmajor Governmental Funds
	Community Development/ Industrial Park	Other Capital Projects	Total	
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 0	\$ 293,832	\$ 401,475
Fines, Forfeitures, and Penalties	0	0	0	71,515
Charges for Current Services	0	0	0	509,515
Other Local Revenues	98,770	0	98,770	102,229
State of Tennessee	10,000	0	10,000	22,855
Other Governments and Citizens Groups	0	0	0	65,337
Total Revenues	<u>\$ 108,770</u>	<u>\$ 0</u>	<u>\$ 402,602</u>	<u>\$ 1,172,926</u>
<u>Expenditures</u>				
Current:				
General Government	\$ 0	\$ 0	\$ 0	\$ 202
Public Safety	0	0	0	33,670
Public Health and Welfare	0	0	0	487,575
Social, Cultural, and Recreational Services	0	0	0	67,273
Debt Service:				
Principal on Debt	0	0	13,817	13,817
Capital Projects	32,138	1,821	289,730	291,430
Total Expenditures	<u>\$ 32,138</u>	<u>\$ 1,821</u>	<u>\$ 303,547</u>	<u>\$ 893,967</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 76,632</u>	<u>\$ (1,821)</u>	<u>\$ 99,055</u>	<u>\$ 278,959</u>

(Continued)

Exhibit F-2

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

	<u>Capital Projects Funds (Cont.)</u>			Total Nonmajor Governmental Funds
	Community Development/ Industrial Park	Other Capital Projects	Total	
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 0	\$ 30,925	\$ 30,925
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 30,925	\$ 30,925
Net Change in Fund Balances	\$ 76,632	\$ (1,821)	\$ 129,980	\$ 309,884
Fund Balance, July 1, 2015	183,206	10,600	1,170,741	1,310,074
Fund Balance, June 30, 2016	\$ 259,838	\$ 8,779	\$ 1,300,721	\$ 1,619,958

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 40,146	\$ 0	\$ 40,146	\$ 40,146	\$ 40,146	\$ 0
State of Tennessee	350	0	350	0	0	350
Other Governments and Citizens Groups	65,337	0	65,337	26,203	63,018	2,319
Total Revenues	\$ 105,833	\$ 0	\$ 105,833	\$ 66,349	\$ 103,164	\$ 2,669
<u>Expenditures</u>						
<u>Social, Cultural, and Recreational Services</u>						
Libraries	\$ 67,273	\$ (456)	\$ 66,817	\$ 66,349	\$ 71,310	\$ 4,493
<u>Capital Projects</u>						
Social, Cultural, and Recreation Projects	1,700	0	1,700	0	1,700	0
Total Expenditures	\$ 68,973	\$ (456)	\$ 68,517	\$ 66,349	\$ 73,010	\$ 4,493
Excess (Deficiency) of Revenues Over Expenditures	\$ 36,860	\$ 456	\$ 37,316	\$ 0	\$ 30,154	\$ 7,162
Net Change in Fund Balance	\$ 36,860	\$ 456	\$ 37,316	\$ 0	\$ 30,154	\$ 7,162
Fund Balance, July 1, 2015	12,496	(456)	12,040	12,040	12,040	0
Fund Balance, June 30, 2016	\$ 49,356	\$ 0	\$ 49,356	\$ 12,040	\$ 42,194	\$ 7,162

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 67,497	\$ 0	\$ 0	\$ 67,497	\$ 65,096	\$ 65,096	\$ 2,401
Charges for Current Services	509,313	0	0	509,313	437,500	437,500	71,813
Other Local Revenues	3,459	0	0	3,459	4,000	4,000	(541)
State of Tennessee	12,505	0	0	12,505	10,000	11,600	905
Total Revenues	<u>\$ 592,774</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 592,774</u>	<u>\$ 516,596</u>	<u>\$ 518,196</u>	<u>\$ 74,578</u>
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Management	\$ 487,575	\$ (50)	\$ 200	\$ 487,725	\$ 516,596	\$ 532,831	\$ 45,106
Total Expenditures	<u>\$ 487,575</u>	<u>\$ (50)</u>	<u>\$ 200</u>	<u>\$ 487,725</u>	<u>\$ 516,596</u>	<u>\$ 532,831</u>	<u>\$ 45,106</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 105,199</u>	<u>\$ 50</u>	<u>\$ (200)</u>	<u>\$ 105,049</u>	<u>\$ 0</u>	<u>\$ (14,635)</u>	<u>\$ 119,684</u>
Net Change in Fund Balance	\$ 105,199	\$ 50	\$ (200)	\$ 105,049	\$ 0	\$ (14,635)	\$ 119,684
Fund Balance, July 1, 2015	<u>89,575</u>	<u>(50)</u>	<u>0</u>	<u>89,525</u>	<u>104,318</u>	<u>104,318</u>	<u>(14,793)</u>
Fund Balance, June 30, 2016	<u>\$ 194,774</u>	<u>\$ 0</u>	<u>\$ (200)</u>	<u>\$ 194,574</u>	<u>\$ 104,318</u>	<u>\$ 89,683</u>	<u>\$ 104,891</u>

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 71,515	\$ 5,100	\$ 87,445	\$ (15,930)
Total Revenues	\$ 71,515	\$ 5,100	\$ 87,445	\$ (15,930)
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 33,670	\$ 27,050	\$ 109,395	\$ 75,725
Total Expenditures	\$ 33,670	\$ 27,050	\$ 109,395	\$ 75,725
Excess (Deficiency) of Revenues Over Expenditures	\$ 37,845	\$ (21,950)	\$ (21,950)	\$ 59,795
Net Change in Fund Balance	\$ 37,845	\$ (21,950)	\$ (21,950)	\$ 59,795
Fund Balance, July 1, 2015	37,262	37,332	37,332	(70)
Fund Balance, June 30, 2016	\$ 75,107	\$ 15,382	\$ 15,382	\$ 59,725

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 293,832	\$ 0	\$ 0	\$ 293,832	\$ 273,683	\$ 273,683	\$ 20,149
State of Tennessee	0	0	0	0	30,500	0	0
Total Revenues	\$ 293,832	\$ 0	\$ 0	\$ 293,832	\$ 304,183	\$ 273,683	\$ 20,149
<u>Expenditures</u>							
<u>Principal on Debt</u>							
Highways and Streets	\$ 13,817	\$ 0	\$ 0	\$ 13,817	\$ 0	\$ 13,817	\$ 0
<u>Capital Projects</u>							
General Administration Projects	231,432	(161,448)	136,280	206,264	262,010	281,193	74,929
Highway and Street Capital Projects	24,339	0	0	24,339	34,000	34,000	9,661
Total Expenditures	\$ 269,588	\$ (161,448)	\$ 136,280	\$ 244,420	\$ 296,010	\$ 329,010	\$ 84,590
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 24,244	\$ 161,448	\$ (136,280)	\$ 49,412	\$ 8,173	\$ (55,327)	\$ 104,739
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 30,925	\$ 0	\$ 0	\$ 30,925	\$ 0	\$ 30,500	\$ 425
Total Other Financing Sources	\$ 30,925	\$ 0	\$ 0	\$ 30,925	\$ 0	\$ 30,500	\$ 425
<u>Net Change in Fund Balance</u>							
Fund Balance, July 1, 2015	\$ 55,169	\$ 161,448	\$ (136,280)	\$ 80,337	\$ 8,173	\$ (24,827)	\$ 105,164
	976,935	(161,448)	0	815,487	1,049,698	1,049,698	(234,211)
Fund Balance, June 30, 2016	\$ 1,032,104	\$ 0	\$ (136,280)	\$ 895,824	\$ 1,057,871	\$ 1,024,871	\$ (129,047)

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

Johnson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 888,784	\$ 1,474,510	\$ 756,671	\$ 132,113
Other Governments and Citizens Groups	377,789	0	377,789	0
Total Revenues	\$ 1,266,573	\$ 1,474,510	\$ 1,134,460	\$ 132,113
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 195,000	\$ 195,000	\$ 195,000	\$ 0
Education	656,423	545,000	656,423	0
<u>Interest on Debt</u>				
General Government	206,018	206,018	206,018	0
Education	127,907	125,695	127,907	0
<u>Other Debt Service</u>				
General Government	26,596	26,000	26,680	84
Education	1,207	720,000	1,481	274
Total Expenditures	\$ 1,213,151	\$ 1,817,713	\$ 1,213,509	\$ 358
Excess (Deficiency) of Revenues Over Expenditures	\$ 53,422	\$ (343,203)	\$ (79,049)	\$ 132,471
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 231,940	\$ 492,904	\$ 228,750	\$ 3,190
Total Other Financing Sources	\$ 231,940	\$ 492,904	\$ 228,750	\$ 3,190
Net Change in Fund Balance	\$ 285,362	\$ 149,701	\$ 149,701	\$ 135,661
Fund Balance, July 1, 2015	5,473,082	5,208,928	5,208,928	264,154
Fund Balance, June 30, 2016	\$ 5,758,444	\$ 5,358,629	\$ 5,358,629	\$ 399,815

Fiduciary Funds

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

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

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk, circuit and general sessions courts clerk, clerk and master, register of deeds, 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, 2016

	Agency Funds			Total
	Cities - Sales Tax	Constitu- tional Officers - Agency	Other Agency	
<u>ASSETS</u>				
Cash	\$ 0	\$ 599,555	\$ 0	\$ 599,555
Equity in Pooled Cash and Investments	0	0	31,335	31,335
Accounts Receivable	0	4,657	10,000	14,657
Due from Other Governments	83,486	0	0	83,486
Total Assets	<u>\$ 83,486</u>	<u>\$ 604,212</u>	<u>\$ 41,335</u>	<u>\$ 729,033</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 0	\$ 545	\$ 545
Due to Other Taxing Units	83,486	0	40,790	124,276
Due to Litigants, Heirs, and Others	0	604,212	0	604,212
Total Liabilities	<u>\$ 83,486</u>	<u>\$ 604,212</u>	<u>\$ 41,335</u>	<u>\$ 729,033</u>

Exhibit H-2

Johnson County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2016

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 499,073	\$ 499,073	\$ 0
Due from Other Governments	81,547	83,486	81,547	83,486
Total Assets	\$ 81,547	\$ 582,559	\$ 580,620	\$ 83,486
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 81,547	\$ 582,559	\$ 580,620	\$ 83,486
Total Liabilities	\$ 81,547	\$ 582,559	\$ 580,620	\$ 83,486
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 318,648	\$ 4,332,760	\$ 4,051,853	\$ 599,555
Accounts Receivable	3,925	4,657	3,925	4,657
Total Assets	\$ 322,573	\$ 4,337,417	\$ 4,055,778	\$ 604,212
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 322,573	\$ 4,337,417	\$ 4,055,778	\$ 604,212
Total Liabilities	\$ 322,573	\$ 4,337,417	\$ 4,055,778	\$ 604,212
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 71,124	\$ 53,631	\$ 93,420	\$ 31,335
Accounts Receivable	955	10,000	955	10,000
Total Assets	\$ 72,079	\$ 63,631	\$ 94,375	\$ 41,335
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 545	\$ 0	\$ 545
Due to Other Taxing Units	72,079	63,086	94,375	40,790
Total Liabilities	\$ 72,079	\$ 63,631	\$ 94,375	\$ 41,335
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 318,648	\$ 4,332,760	\$ 4,051,853	\$ 599,555
Equity in Pooled Cash and Investments	71,124	552,704	592,493	31,335
Accounts Receivable	4,880	14,657	4,880	14,657
Due from Other Governments	81,547	83,486	81,547	83,486
Total Assets	\$ 476,199	\$ 4,983,607	\$ 4,730,773	\$ 729,033
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 545	\$ 0	\$ 545
Due to Other Taxing Units	153,626	645,645	674,995	124,276
Due to Litigants, Heirs, and Others	322,573	4,337,417	4,055,778	604,212
Total Liabilities	\$ 476,199	\$ 4,983,607	\$ 4,730,773	\$ 729,033

Johnson County School Department

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

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, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:					
Instruction	\$ 11,327,835	\$ 0	\$ 2,531,809	\$ 13,297	\$ (8,782,729)
Support Services	7,501,926	75,411	344,413	161,448	(6,920,654)
Operation of Non-instructional Services	2,080,021	199,738	1,333,500	0	(546,783)
Total Governmental Activities	\$ 20,909,782	\$ 275,149	\$ 4,209,722	\$ 174,745	\$ (16,250,166)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 2,780,040
Local Option Sales Taxes					785,839
Interstate Telecommunications Tax					2,809
Grants and Contributions Not Restricted for Specific Programs					13,345,719
Unrestricted Investment Income					39,970
Miscellaneous					148,042
Total General Revenues					\$ 17,102,419
Change in Net Position					\$ 852,253
Net Position, July 1, 2015					16,601,374
Net Position, June 30, 2016					\$ 17,453,627

Exhibit I-2

Johnson County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Johnson County School Department
June 30, 2016

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Other</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>Governmental</u>	<u>Funds</u>
			<u>Funds</u>	
<u>ASSETS</u>				
Cash	\$ 68,999	\$ 0	\$ 1,659	\$ 70,658
Equity in Pooled Cash and Investments	3,140,570	278,199	718,031	4,136,800
Accounts Receivable	30,049	0	0	30,049
Due from Other Governments	98,978	139,555	34,393	272,926
Due from Other Funds	42,919	0	0	42,919
Due from Primary Government	0	0	181	181
Property Taxes Receivable	2,876,175	0	0	2,876,175
Allowance for Uncollectible Property Taxes	(84,117)	0	0	(84,117)
Total Assets	\$ 6,173,573	\$ 417,754	\$ 754,264	\$ 7,345,591
<u>LIABILITIES</u>				
Accounts Payable	\$ 39,599	\$ 67	\$ 0	\$ 39,666
Accrued Payroll	178	1,643	0	1,821
Payroll Deductions Payable	519,879	50,135	52,179	622,193
Due to Other Funds	0	42,919	0	42,919
Other Current Liabilities	68,999	0	0	68,999
Total Liabilities	\$ 628,655	\$ 94,764	\$ 52,179	\$ 775,598
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 2,679,707	\$ 0	\$ 0	\$ 2,679,707
Deferred Delinquent Property Taxes	101,897	0	0	101,897
Other Deferred/Unavailable Revenue	33,990	0	0	33,990
Total Deferred Inflows of Resources	\$ 2,815,594	\$ 0	\$ 0	\$ 2,815,594

(Continued)

Exhibit I-2

Johnson County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Johnson County School Department (Cont.)

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Other</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>Funds</u>	<u>Funds</u>
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 197,593	\$ 22,990	\$ 702,085	\$ 922,668
Committed:				
Committed for Education	0	300,000	0	300,000
Assigned:				
Assigned for Education	1,434,864	0	0	1,434,864
Unassigned	1,096,867	0	0	1,096,867
Total Fund Balances	<u>\$ 2,729,324</u>	<u>\$ 322,990</u>	<u>\$ 702,085</u>	<u>\$ 3,754,399</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,173,573</u>	<u>\$ 417,754</u>	<u>\$ 754,264</u>	<u>\$ 7,345,591</u>

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, 2016

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)		\$	3,754,399
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	964,939	
Add: construction in progress		139,192	
Add: buildings and improvements net of accumulated depreciation		13,087,985	
Add: other capital assets net of accumulated depreciation		1,032,853	
Add: infrastructure net of accumulated depreciation		<u>288,122</u>	15,513,091
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: compensated absences payable	\$	(53,697)	
Less: other postemployment benefits liability		(714,007)	
Less: net pension liability - agent plan		(451,632)	
Less: net pension liability - teacher legacy retirement plan		<u>(89,311)</u>	(1,308,647)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	1,493,802	
Less: deferred inflows of resources related to pensions		<u>(2,145,634)</u>	(651,832)
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: cost-sharing plan net pension assets - teacher plan			10,729
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>135,887</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>17,453,627</u></u>

Exhibit I-4

Johnson County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Johnson County School Department
For the Year Ended June 30, 2016

	Major Funds		Nonmajor	Total
	General Purpose School	School Federal Projects	Other Governmental Funds	
<u>Revenues</u>				
Local Taxes	\$ 3,587,079	\$ 0	\$ 0	\$ 3,587,079
Licenses and Permits	2,330	0	0	2,330
Charges for Current Services	156,395	0	669,023	825,418
Other Local Revenues	237,807	0	2,504	240,311
State of Tennessee	13,432,452	0	0	13,432,452
Federal Government	210,964	2,337,188	1,320,094	3,868,246
Total Revenues	\$ 17,627,027	\$ 2,337,188	\$ 1,991,621	\$ 21,955,836
<u>Expenditures</u>				
Current:				
Instruction	\$ 9,442,852	\$ 1,383,146	\$ 384,540	\$ 11,210,538
Support Services	7,017,455	454,470	163,704	7,635,629
Operation of Non-Instructional Services	486,774	295,103	1,361,318	2,143,195
Capital Outlay	76,000	0	0	76,000
Debt Service:				
Other Debt Service	377,789	0	0	377,789
Total Expenditures	\$ 17,400,870	\$ 2,132,719	\$ 1,909,562	\$ 21,443,151
Excess (Deficiency) of Revenues Over Expenditures	\$ 226,157	\$ 204,469	\$ 82,059	\$ 512,685
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 97,780	\$ 0	\$ 0	\$ 97,780
Transfers In	30,977	0	0	30,977
Transfers Out	0	(30,977)	0	(30,977)
Total Other Financing Sources (Uses)	\$ 128,757	\$ (30,977)	\$ 0	\$ 97,780

(Continued)

Exhibit I-4

Johnson County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Johnson County School Department (Cont.)

	Major Funds		Nonmajor	Total
	General Purpose School	School Federal Projects	Other Governmental Funds	
Net Change in Fund Balances	\$ 354,914	\$ 173,492	\$ 82,059	\$ 610,465
Fund Balance, July 1, 2015	1,980,333	149,498	620,026	2,749,857
Prior Period Adjustment	394,077	0	0	394,077
Fund Balance, June 30, 2016	<u>\$ 2,729,324</u>	<u>\$ 322,990</u>	<u>\$ 702,085</u>	<u>\$ 3,754,399</u>

Exhibit I-5

Johnson County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Johnson County School Department
For the Year Ended June 30, 2016

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)		\$	610,465
(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	\$	513,801	
Less: current-year depreciation expense		<u>(971,472)</u>	(457,671)
(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			174,745
(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, 2016	\$	135,887	
Less: deferred delinquent property taxes and other deferred June 30, 2015		<u>(504,433)</u>	(368,546)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in compensated absences payable	\$	(4,723)	
Change in other postemployment benefits liability		(241,201)	
Change in net pension asset - teacher retirement plan		10,729	
Change in net pension liability - teacher legacy retirement plan		(538,988)	
Change in net pension liability - agent plan		(125,931)	
Change in deferred outflows related to pensions		166,892	
Change in deferred inflows related to pensions		<u>1,626,482</u>	<u>893,260</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ 852,253</u>

Exhibit I-6

Johnson County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Johnson County School Department
June 30, 2016

	<u>Special Revenue Funds</u>		
	Central Cafeteria	Other Education Special Revenue	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 1,659	\$ 0	\$ 1,659
Equity in Pooled Cash and Investments	705,747	12,284	718,031
Due from Other Governments	24,887	9,506	34,393
Due from Primary Government	181	0	181
Total Assets	<u>\$ 732,474</u>	<u>\$ 21,790</u>	<u>\$ 754,264</u>
<u>LIABILITIES</u>			
Payroll Deductions Payable	\$ 33,212	\$ 18,967	\$ 52,179
Total Liabilities	<u>\$ 33,212</u>	<u>\$ 18,967</u>	<u>\$ 52,179</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 699,262	\$ 2,823	\$ 702,085
Total Fund Balances	<u>\$ 699,262</u>	<u>\$ 2,823</u>	<u>\$ 702,085</u>
Total Liabilities and Fund Balances	<u>\$ 732,474</u>	<u>\$ 21,790</u>	<u>\$ 754,264</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, 2016

	<u>Special Revenue Funds</u>		
	Central Cafeteria	Other Education Special Revenue	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 118,754	\$ 550,269	\$ 669,023
Other Local Revenues	1,904	600	2,504
Federal Government	1,320,094	0	1,320,094
Total Revenues	<u>\$ 1,440,752</u>	<u>\$ 550,869</u>	<u>\$ 1,991,621</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 0	\$ 384,540	\$ 384,540
Support Services	0	163,704	163,704
Operation of Non-Instructional Services	1,361,318	0	1,361,318
Total Expenditures	<u>\$ 1,361,318</u>	<u>\$ 548,244</u>	<u>\$ 1,909,562</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 79,434</u>	<u>\$ 2,625</u>	<u>\$ 82,059</u>
Net Change in Fund Balances	\$ 79,434	\$ 2,625	\$ 82,059
Fund Balance, July 1, 2015	619,828	198	620,026
Fund Balance, June 30, 2016	<u>\$ 699,262</u>	<u>\$ 2,823</u>	<u>\$ 702,085</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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 3,587,079	\$ 0	\$ 0	\$ 3,587,079	\$ 3,456,637	\$ 3,456,637	\$ 130,442
Licenses and Permits	2,330	0	0	2,330	1,250	1,250	1,080
Charges for Current Services	156,395	0	0	156,395	140,600	169,698	(13,303)
Other Local Revenues	237,807	0	0	237,807	136,000	195,148	42,659
State of Tennessee	13,432,452	0	0	13,432,452	13,028,876	13,244,803	187,649
Federal Government	210,964	0	0	210,964	257,531	303,363	(92,399)
Total Revenues	\$ 17,627,027	\$ 0	\$ 0	\$ 17,627,027	\$ 17,020,894	\$ 17,370,899	\$ 256,128
Expenditures							
Instruction							
Regular Instruction Program	\$ 7,210,383	\$ (17,613)	\$ 0	\$ 7,192,770	\$ 7,377,726	\$ 7,314,816	\$ 122,046
Alternative Instruction Program	90,972	0	0	90,972	111,787	109,614	18,642
Special Education Program	1,120,825	(845)	0	1,119,980	1,077,265	1,140,436	20,456
Vocational Education Program	910,615	(15,487)	1,224	896,352	874,497	917,495	21,143
Adult Education Program	110,057	(4,244)	0	105,813	78,571	106,956	1,143
Support Services							
Attendance	83,168	0	0	83,168	82,181	83,299	131
Health Services	270,094	(3,631)	2,073	268,536	269,395	276,892	8,356
Other Student Support	397,959	(2,874)	1,272	396,357	381,998	399,787	3,430
Regular Instruction Program	637,064	(384)	100	636,780	730,744	677,133	40,353
Alternative Instruction Program	0	0	0	0	500	500	500
Special Education Program	140,775	(130)	0	140,645	113,474	140,697	52
Vocational Education Program	86,388	0	0	86,388	87,666	90,201	3,813
Adult Programs	108,046	0	0	108,046	102,695	110,970	2,924
Other Programs	147,398	0	0	147,398	0	147,398	0
Board of Education	506,495	(3,894)	200	502,801	526,510	528,260	25,459
Director of Schools	236,783	(371)	2,800	239,212	221,620	243,501	4,289
Office of the Principal	1,200,954	(112)	28	1,200,870	1,193,376	1,201,147	277
Fiscal Services	92,257	0	0	92,257	94,413	94,890	2,633

(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 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Human Services/Personnel	\$ 61,097	\$ (76)	\$ 0	\$ 61,021	\$ 62,498	\$ 62,039	\$ 1,018
Operation of Plant	1,597,217	(5,350)	16,064	1,607,931	1,607,956	1,609,688	1,757
Maintenance of Plant	601,736	(8,692)	24,725	617,769	371,701	619,442	1,673
Transportation	827,573	(21,458)	76,244	882,359	901,820	925,236	42,877
Central and Other	22,451	0	0	22,451	23,557	24,679	2,228
<u>Operation of Non-Instructional Services</u>							
Food Service	94,897	0	0	94,897	98,702	98,702	3,805
Community Services	81,028	(370)	1,200	81,858	85,591	85,591	3,733
Early Childhood Education	310,849	(20,465)	13,097	303,481	265,525	308,706	5,225
<u>Capital Outlay</u>							
Regular Capital Outlay	76,000	0	0	76,000	36,750	76,000	0
<u>Other Debt Service</u>							
Education	377,789	0	0	377,789	312,178	377,789	0
Total Expenditures	\$ 17,400,870	\$ (105,996)	\$ 139,027	\$ 17,433,901	\$ 17,090,696	\$ 17,771,864	\$ 337,963
Excess (Deficiency) of Revenues Over Expenditures	\$ 226,157	\$ 105,996	\$ (139,027)	\$ 193,126	\$ (69,802)	\$ (400,965)	\$ 594,091
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 97,780	\$ 0	\$ 0	\$ 97,780	\$ 0	\$ 5,221	\$ 92,559
Transfers In	30,977	0	0	30,977	69,802	69,802	(38,825)
Total Other Financing Sources	\$ 128,757	\$ 0	\$ 0	\$ 128,757	\$ 69,802	\$ 75,023	\$ 53,734
Net Change in Fund Balance	\$ 354,914	\$ 105,996	\$ (139,027)	\$ 321,883	\$ 0	\$ (325,942)	\$ 647,825
Fund Balance, July 1, 2015	1,980,333	(105,996)	0	1,874,337	1,973,847	1,973,847	(99,510)
Prior-period adjustment	394,077	0	0	394,077	0	0	394,077
Fund Balance, June 30, 2016	\$ 2,729,324	\$ 0	\$ (139,027)	\$ 2,590,297	\$ 1,973,847	\$ 1,647,905	\$ 942,392

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 2,337,188	\$ 0	\$ 0	\$ 2,337,188	\$ 2,865,808	\$ 3,046,980	\$ (709,792)
Total Revenues	\$ 2,337,188	\$ 0	\$ 0	\$ 2,337,188	\$ 2,865,808	\$ 3,046,980	\$ (709,792)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,017,593	\$ (938)	\$ 4,491	\$ 1,021,146	\$ 1,483,621	\$ 1,431,843	\$ 410,697
Special Education Program	320,521	(1,144)	4,175	323,552	427,484	424,961	101,409
Vocational Education Program	45,032	(14,506)	727	31,253	31,916	31,337	84
<u>Support Services</u>							
Other Student Support	22,672	0	295	22,967	36,887	24,700	1,733
Regular Instruction Program	357,796	(106)	249	357,939	429,537	490,779	132,840
Special Education Program	11,975	0	3,321	15,296	55,071	63,178	47,882
Transportation	62,027	0	0	62,027	81,413	75,953	13,926
<u>Operation of Non-Instructional Services</u>							
Community Services	295,103	(28,891)	7,192	273,404	282,030	277,442	4,038
Total Expenditures	\$ 2,132,719	\$ (45,585)	\$ 20,450	\$ 2,107,584	\$ 2,827,959	\$ 2,820,193	\$ 712,609
Excess (Deficiency) of Revenues Over Expenditures	\$ 204,469	\$ 45,585	\$ (20,450)	\$ 229,604	\$ 37,849	\$ 226,787	\$ 2,817
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (30,977)	\$ 0	\$ 0	\$ (30,977)	\$ (37,582)	\$ (34,187)	\$ 3,210
Total Other Financing Sources	\$ (30,977)	\$ 0	\$ 0	\$ (30,977)	\$ (37,582)	\$ (34,187)	\$ 3,210
Net Change in Fund Balance	\$ 173,492	\$ 45,585	\$ (20,450)	\$ 198,627	\$ 267	\$ 192,600	\$ 6,027
Fund Balance, July 1, 2015	149,498	(45,585)	0	103,913	0	0	103,913
Fund Balance, June 30, 2016	\$ 322,990	\$ 0	\$ (20,450)	\$ 302,540	\$ 267	\$ 192,600	\$ 109,940

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 118,754	\$ 245,000	\$ 245,000	\$ (126,246)
Other Local Revenues	1,904	3,000	3,000	(1,096)
Federal Government	1,320,094	1,265,373	1,265,373	54,721
Total Revenues	<u>\$ 1,440,752</u>	<u>\$ 1,513,373</u>	<u>\$ 1,513,373</u>	<u>\$ (72,621)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,361,318	\$ 1,513,373	\$ 1,513,373	\$ 152,055
Total Expenditures	<u>\$ 1,361,318</u>	<u>\$ 1,513,373</u>	<u>\$ 1,513,373</u>	<u>\$ 152,055</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 79,434</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 79,434</u>
Net Change in Fund Balance	\$ 79,434	\$ 0	\$ 0	\$ 79,434
Fund Balance, July 1, 2015	<u>619,828</u>	<u>607,445</u>	<u>607,445</u>	<u>12,383</u>
Fund Balance, June 30, 2016	<u>\$ 699,262</u>	<u>\$ 607,445</u>	<u>\$ 607,445</u>	<u>\$ 91,817</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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 550,269	\$ 541,339	\$ 571,302	\$ (21,033)
Other Local Revenues	600	0	0	600
Total Revenues	<u>\$ 550,869</u>	<u>\$ 541,339</u>	<u>\$ 571,302</u>	<u>\$ (20,433)</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 384,540	\$ 378,304	\$ 400,007	\$ 15,467
<u>Support Services</u>				
Attendance	69,777	71,494	72,494	2,717
Health Services	14,816	20,326	20,326	5,510
Regular Instruction Program	79,111	71,215	79,225	114
Total Expenditures	<u>\$ 548,244</u>	<u>\$ 541,339</u>	<u>\$ 572,052</u>	<u>\$ 23,808</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,625</u>	<u>\$ 0</u>	<u>\$ (750)</u>	<u>\$ 3,375</u>
Net Change in Fund Balance	\$ 2,625	\$ 0	\$ (750)	\$ 3,375
Fund Balance, July 1, 2015	198	0	750	(552)
Fund Balance, June 30, 2016	<u>\$ 2,823</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,823</u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Johnson County, Tennessee
Schedule of Changes in Other Loans, Bonds, and Capital Leases
For the Year Ended June 30, 2016

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-15	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-16
<u>OTHER LOANS PAYABLE</u>								
<u>Contributed by School Department through General Purpose School Fund to the General Debt Service Fund</u>								
Energy Efficient Schools Initiative	\$ 336,161	0%	6-2-10	4-1-17	\$ 88,037	\$ 0	\$ 48,024	\$ 40,013
Total Payable through General Debt Service Fund					<u>\$ 88,037</u>	<u>\$ 0</u>	<u>\$ 48,024</u>	<u>\$ 40,013</u>
Total Other Loans Payable					<u>\$ 88,037</u>	<u>\$ 0</u>	<u>\$ 48,024</u>	<u>\$ 40,013</u>
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
General Refunding Bonds, Series 2010	5,660,000	2 to 4.125	1-25-10	6-1-28	\$ 4,975,000	\$ 0	\$ 160,000	\$ 4,815,000
General Refunding Bonds, Series 2015	6,470,000	2 to 2.25	3-18-15	6-1-25	6,390,000	0	580,000	5,810,000
Total Payable through General Debt Service Fund					<u>\$ 11,365,000</u>	<u>\$ 0</u>	<u>\$ 740,000</u>	<u>\$ 10,625,000</u>
Total Bonds Payable					<u>\$ 11,365,000</u>	<u>\$ 0</u>	<u>\$ 740,000</u>	<u>\$ 10,625,000</u>
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through Highway/Public Works and General Capital Projects Funds</u>								
Highway Equipment	156,432	2.89	4-11-16	4-11-20	\$ 0	\$ 156,432	\$ 33,094	\$ 123,338
Total Payable through Highway/Public Works and General Capital Projects Funds					<u>\$ 0</u>	<u>\$ 156,432</u>	<u>\$ 33,094</u>	<u>\$ 123,338</u>
<u>Contributed by School Department through General Purpose School Fund to the General Debt Service Fund</u>								
Apple iPads	190,270	3.49	8-27-13	8-27-16	\$ 63,399	\$ 0	\$ 63,399	\$ 0
Total Payable through General Debt Service Fund					<u>\$ 63,399</u>	<u>\$ 0</u>	<u>\$ 63,399</u>	<u>\$ 0</u>
Total Capital Leases Payable					<u>\$ 63,399</u>	<u>\$ 156,432</u>	<u>\$ 96,493</u>	<u>\$ 123,338</u>

Exhibit J-2

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

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2017	\$ 40,013	\$ 0	\$ 40,013
Total	\$ 40,013	\$ 0	\$ 40,013

Year Ending June 30	Bonds		
	Principal	Interest	Total
2017	\$ 750,000	\$ 315,312	\$ 1,065,312
2018	770,000	297,213	1,067,213
2019	785,000	278,512	1,063,512
2020	805,000	259,413	1,064,413
2021	835,000	239,712	1,074,712
2022	855,000	219,313	1,074,313
2023	870,000	198,312	1,068,312
2024	895,000	175,238	1,070,238
2025	925,000	151,425	1,076,425
2026	1,000,000	126,763	1,126,763
2027	1,045,000	86,762	1,131,762
2028	1,090,000	44,962	1,134,962
Total	\$ 10,625,000	\$ 2,392,937	\$ 13,017,937

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2017	\$ 29,529	\$ 3,565	\$ 33,094
2018	30,383	2,711	33,094
2019	31,261	1,833	33,094
2020	32,165	930	33,095
Total	\$ 123,338	\$ 9,039	\$ 132,377

Exhibit J-3

Johnson County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Johnson County School Department
For the Year Ended June 30, 2016

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Highway/Public Works	Allocate wheel tax	\$ 231,940
"	General Debt Service	"	231,940
"	General Capital Projects	"	<u>30,925</u>
Total Transfers Primary Government			<u>\$ 494,805</u>
<u>DISCRETELY PRESENTED JOHNSON COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 30,977</u>
Total Transfers Discretely Presented Johnson County School Department			<u>\$ 30,977</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, 2016

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 74,338	\$ 100,000	Western Surety Company
Road Superintendent	Section 8-24-102, <i>TCA</i>	70,228	100,000	"
Director of Schools	State Board of Education and County Board of Education	104,143 (1)	100,000	"
Trustee	Section 8-24-102, <i>TCA</i>	63,843	699,996	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	63,843	10,000	"
Director of Accounts and Budgets	County Commission	56,369 (3)	100,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	63,843	100,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	63,843	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i>	63,843	100,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	63,843	100,000	"
Sheriff	Section 8-24-102, <i>TCA</i>	70,828 (2)	100,000	"
Purchasing Agent	County Commission	30,662 (3)	100,000	"
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 contractual payments for travel allowance of \$5,000 and stipends of \$10,900 paid from School Federal Projects Fund as grant program director.

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

(3) Includes a \$500 bonus payment approved by the county commission.

Exhibit J-5

Johnson County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2016

	Special Revenue Funds					
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 1,811,673	\$ 0	\$ 59,316	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	78,853	0	3,943	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	57,171	0	2,939	0	0	0
Interest and Penalty	15,062	0	704	0	0	0
Payments in-Lieu-of Taxes - Other	10,876	0	358	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	131,683	40,146	0	0	0	0
Hotel/Motel Tax	25,349	0	0	0	0	0
Wheel Tax	618,507	0	0	0	0	0
Litigation Tax - General	9,165	0	0	0	0	0
Litigation Tax - Special Purpose	40,028	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	17,884	0	0	0	0	0
Business Tax	75,676	0	0	0	0	0
Mixed Drink Tax	997	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	878
<u>Statutory Local Taxes</u>						
Bank Excise Tax	8,357	0	237	0	0	0
Wholesale Beer Tax	135,059	0	0	0	0	0
Total Local Taxes	\$ 3,036,340	\$ 40,146	\$ 67,497	\$ 0	\$ 0	\$ 878
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 55,479	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>						
Beer Permits	1,729	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>Licenses and Permits (Cont.)</u>						
<u>Permits (Cont.)</u>						
Other Permits	\$ 384	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	\$ 57,592	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 12,366	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Drug Control Fines	0	0	0	2,565	0	0
Jail Fees	1,314	0	0	0	0	0
DUI Treatment Fines	200	0	0	0	0	0
Data Entry Fee - Circuit Court	679	0	0	0	0	0
Courtroom Security Fee	2,753	0	0	0	0	0
<u>Criminal Court</u>						
Officers Costs	5,234	0	0	0	0	0
Drug Control Fines	1,310	0	0	1,310	0	0
Drug Court Fees	1,431	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	14,938	0	0	0	0	0
Fines for Littering	10	0	0	0	0	0
Officers Costs	23,399	0	0	0	0	0
Game and Fish Fines	310	0	0	0	0	0
Drug Control Fines	5,431	0	0	5,431	0	0
Drug Court Fees	3,216	0	0	0	0	0
Jail Fees	27,563	0	0	0	0	0
DUI Treatment Fines	3,515	0	0	0	0	0
Data Entry Fee - General Sessions Court	6,762	0	0	0	0	0
Courtroom Security Fee	8,770	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>Chancery Court</u>						
Officers Costs	\$ 434	\$ 0	\$ 0	\$ 0	\$ 0	0
Data Entry Fee - Chancery Court	1,600	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	4,011	0	0	62,209	0	0
Other Fines, Forfeitures, and Penalties	7,427	0	0	0	0	50
Total Fines, Forfeitures, and Penalties	\$ 132,727	\$ 0	\$ 0	\$ 71,515	\$ 0	\$ 50
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Self-Insurance Premiums/Contributions	\$ 94,980	\$ 0	\$ 0	\$ 0	\$ 0	0
Tipping Fees	0	0	509,313	0	0	0
Other General Service Charges	8,163	0	0	0	0	0
<u>Fees</u>						
Airport Fees	3,696	0	0	0	0	0
Copy Fees	3,501	0	0	0	0	0
Telephone Commissions	14,231	0	0	0	0	0
Vending Machine Collections	254	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	202	0
Data Processing Fee - Register	4,830	0	0	0	0	0
Probation Fees	192	0	0	0	0	0
Data Processing Fee - Sheriff	1,062	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	1,350	0	0	0	0	0
Data Processing Fee - County Clerk	7,546	0	0	0	0	0
Total Charges for Current Services	\$ 139,805	\$ 0	\$ 509,313	\$ 0	\$ 202	\$ 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>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 63,019	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	87,314	0	0	0	0	0
Sale of Materials and Supplies	2,599	0	3,459	0	0	2,641
Commissary Sales	56,348	0	0	0	0	0
Sale of Gasoline	198,345	0	0	0	0	0
Retirees' Insurance Payments	5,795	0	0	0	0	1,536
Miscellaneous Refunds	23,794	0	0	0	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	1,979	0	0	0	0	71,684
Sale of Property	8,200	0	0	0	0	0
Total Other Local Revenues	\$ 447,393	\$ 0	\$ 3,459	\$ 0	\$ 0	\$ 75,861
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 196,525	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	39,430	0	0	0	0	0
General Sessions Court Clerk	114,473	0	0	0	0	0
Clerk and Master	76,184	0	0	0	0	0
Register	71,562	0	0	0	0	0
Sheriff	413	0	0	0	0	0
Trustee	217,435	0	0	0	0	0
Total Fees Received From County Officials	\$ 716,022	\$ 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</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 13,725	\$ 0	\$ 0	\$ 0	\$ 0	0
Airport Maintenance Program	110,378	0	0	0	0	0
Aging Programs	21,200	0	0	0	0	0
On-behalf Contributions for OPEB	2,100	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	8,400	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	311,562
Litter Program	33,554	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	47,651	0	0	0	0	0
Beer Tax	18,488	0	0	0	0	0
Vehicle Certificate of Title Fees	18,225	0	0	0	0	0
Alcoholic Beverage Tax	40,634	0	0	0	0	0
State Revenue Sharing - T.V.A.	505,769	0	0	0	0	0
Contracted Prisoner Boarding	765,160	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,537,755
Petroleum Special Tax	0	0	0	0	0	13,164
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	45,000	350	0	0	0	0
Other State Revenues	115,248	0	12,505	0	0	9,475
Total State of Tennessee	\$ 1,760,696	\$ 350	\$ 12,505	\$ 0	\$ 0	\$ 1,871,956

(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>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 185,991	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	27,000	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	57,183	0	0	0	0	22,575
Total Federal Government	<u>\$ 270,174</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 22,575</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 250,000	\$ 37,975	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	50,719	0	0	0	0	12,797
<u>Citizens Groups</u>						
Donations	11,204	10,159	0	0	0	0
<u>Other</u>						
Other	0	17,203	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 311,923</u>	<u>\$ 65,337</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 12,797</u>
Total	<u>\$ 6,872,672</u>	<u>\$ 105,833</u>	<u>\$ 592,774</u>	<u>\$ 71,515</u>	<u>\$ 202</u>	<u>\$ 1,984,117</u>

(Continued)

Exhibit J-5

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

	Debt Service Fund		Capital Projects Funds		
	General Debt Service	General Capital Projects	Community Development/Industrial Park		Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 683,062	\$ 267,284	\$ 0	\$	2,821,335
Trustee's Collections - Prior Year	30,227	11,828	0		124,851
Circuit Clerk/Clerk and Master Collections - Prior Years	22,533	9,797	0		92,440
Interest and Penalty	5,755	2,251	0		23,772
Payments in-Lieu-of Taxes - Other	4,102	1,604	0		16,940
<u>County Local Option Taxes</u>					
Local Option Sales Tax	140,375	0	0		312,204
Hotel/Motel Tax	0	0	0		25,349
Wheel Tax	0	0	0		618,507
Litigation Tax - General	0	0	0		9,165
Litigation Tax - Special Purpose	0	0	0		40,028
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0		17,884
Business Tax	0	0	0		75,676
Mixed Drink Tax	0	0	0		997
Mineral Severance Tax	0	0	0		878
<u>Statutory Local Taxes</u>					
Bank Excise Tax	2,730	1,068	0		12,392
Wholesale Beer Tax	0	0	0		135,059
Total Local Taxes	\$ 888,784	\$ 293,832	\$ 0	\$	4,327,477
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$	55,479
<u>Permits</u>					
Beer Permits	0	0	0		1,729

(Continued)

Exhibit J-5

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

	Debt Service Fund		Capital Projects Funds		Total
	General Debt Service	General Capital Projects	Community Development/Industrial Park		
<u>Licenses and Permits (Cont.)</u>					
<u>Permits (Cont.)</u>					
Other Permits	\$ 0	\$ 0	\$ 0	\$ 0	384
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	57,592
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$ 0	12,366
Drug Control Fines	0	0	0	0	2,565
Jail Fees	0	0	0	0	1,314
DUI Treatment Fines	0	0	0	0	200
Data Entry Fee - Circuit Court	0	0	0	0	679
Courtroom Security Fee	0	0	0	0	2,753
<u>Criminal Court</u>					
Officers Costs	0	0	0	0	5,234
Drug Control Fines	0	0	0	0	2,620
Drug Court Fees	0	0	0	0	1,431
<u>General Sessions Court</u>					
Fines	0	0	0	0	14,938
Fines for Littering	0	0	0	0	10
Officers Costs	0	0	0	0	23,399
Game and Fish Fines	0	0	0	0	310
Drug Control Fines	0	0	0	0	10,862
Drug Court Fees	0	0	0	0	3,216
Jail Fees	0	0	0	0	27,563
DUI Treatment Fines	0	0	0	0	3,515
Data Entry Fee - General Sessions Court	0	0	0	0	6,762
Courtroom Security Fee	0	0	0	0	8,770

(Continued)

Exhibit J-5

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

	Debt Service		Capital Projects Funds		Total
	Fund			Community	
	General	Debt	General	Development/ Industrial Park	
	Service	Projects			
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Chancery Court</u>					
Officers Costs	\$	0	\$	0	\$ 434
Data Entry Fee - Chancery Court		0		0	1,600
Courtroom Security Fee		0		0	54
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property		0		0	66,220
Other Fines, Forfeitures, and Penalties		0		0	7,477
Total Fines, Forfeitures, and Penalties	\$	0	\$	0	\$ 204,292
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Self-Insurance Premiums/Contributions	\$	0	\$	0	\$ 94,980
Tipping Fees		0		0	509,313
Other General Service Charges		0		0	8,163
<u>Fees</u>					
Airport Fees		0		0	3,696
Copy Fees		0		0	3,501
Telephone Commissions		0		0	14,231
Vending Machine Collections		0		0	254
Constitutional Officers' Fees and Commissions		0		0	202
Data Processing Fee - Register		0		0	4,830
Probation Fees		0		0	192
Data Processing Fee - Sheriff		0		0	1,062
Sexual Offender Registration Fee - Sheriff		0		0	1,350
Data Processing Fee - County Clerk		0		0	7,546
Total Charges for Current Services	\$	0	\$	0	\$ 649,320

(Continued)

Exhibit J-5

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

	Debt Service Fund		Capital Projects Funds		Total
	General Debt Service	General Capital Projects	Community Development/Industrial Park		
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 0	\$ 63,019	
Lease/Rentals	0	0	96,070	183,384	
Sale of Materials and Supplies	0	0	0	8,699	
Commissary Sales	0	0	0	56,348	
Sale of Gasoline	0	0	0	198,345	
Retirees' Insurance Payments	0	0	0	7,331	
Miscellaneous Refunds	0	0	2,700	26,494	
<u>Nonrecurring Items</u>					
Sale of Equipment	0	0	0	73,663	
Sale of Property	0	0	0	8,200	
Total Other Local Revenues	\$ 0	\$ 0	\$ 98,770	\$ 625,483	
<u>Fees Received From County Officials</u>					
<u>Fees In-Lieu-of Salary</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 196,525	
Circuit Court Clerk	0	0	0	39,430	
General Sessions Court Clerk	0	0	0	114,473	
Clerk and Master	0	0	0	76,184	
Register	0	0	0	71,562	
Sheriff	0	0	0	413	
Trustee	0	0	0	217,435	
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 716,022	

(Continued)

Exhibit J-5

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

	Debt Service		Capital Projects Funds		Total
	Fund			Community	
	General	Debt	General	Development/ Industrial Park	
	Service	Projects			
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$	0	\$	0	\$ 13,725
Airport Maintenance Program		0		0	110,378
Aging Programs		0		0	21,200
On-behalf Contributions for OPEB		0		0	2,100
<u>Public Safety Grants</u>					
Law Enforcement Training Programs		0		0	8,400
<u>Public Works Grants</u>					
State Aid Program		0		0	311,562
Litter Program		0		0	33,554
<u>Other State Revenues</u>					
Income Tax		0		0	47,651
Beer Tax		0		0	18,488
Vehicle Certificate of Title Fees		0		0	18,225
Alcoholic Beverage Tax		0		0	40,634
State Revenue Sharing - T.V.A.		0		0	505,769
Contracted Prisoner Boarding		0		0	765,160
Gasoline and Motor Fuel Tax		0		0	1,537,755
Petroleum Special Tax		0		0	13,164
Registrar's Salary Supplement		0		0	15,164
Other State Grants		0		10,000	55,350
Other State Revenues		0		0	137,228
Total State of Tennessee	\$	0	\$	10,000	\$ 3,655,507

(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 Debt Service	General Capital Projects	Community Development/Industrial Park	
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	185,991
Homeland Security Grants	0	0	0	0	27,000
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	0	0	0	0	79,758
Total Federal Government	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>292,749</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 377,789	\$ 0	\$ 0	\$ 0	665,764
Contracted Services	0	0	0	0	63,516
<u>Citizens Groups</u>					
Donations	0	0	0	0	21,363
<u>Other</u>					
Other	0	0	0	0	17,203
Total Other Governments and Citizens Groups	<u>\$ 377,789</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>767,846</u>
Total	<u>\$ 1,266,573</u>	<u>\$ 293,832</u>	<u>\$ 108,770</u>	<u>\$ 11,296,288</u>	

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, 2016

	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	\$ 2,554,051	\$ 0	\$ 0	\$ 0	\$ 2,554,051
Trustee's Collections - Prior Year	113,023	0	0	0	113,023
Circuit Clerk/Clerk and Master Collections - Prior Years	84,252	0	0	0	84,252
Interest and Penalty	21,523	0	0	0	21,523
Payments in-Lieu-of Taxes - Other	15,332	0	0	0	15,332
<u>County Local Option Taxes</u>					
Local Option Sales Tax	785,839	0	0	0	785,839
<u>Statutory Local Taxes</u>					
Bank Excise Tax	10,208	0	0	0	10,208
Interstate Telecommunications Tax	2,851	0	0	0	2,851
Total Local Taxes	<u>\$ 3,587,079</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,587,079</u>
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,282	\$ 0	\$ 0	\$ 0	\$ 1,282
<u>Permits</u>					
Other Permits	1,048	0	0	0	1,048
Total Licenses and Permits	<u>\$ 2,330</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,330</u>
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Adults	\$ 0	\$ 0	\$ 65,351	\$ 0	\$ 65,351
A la Carte Sales	0	0	53,403	0	53,403
Contract for Instructional Services with Other LEA's	0	0	0	550,269	550,269

(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>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
Receipts from Individual Schools	\$ 32,259	\$ 0	\$ 0	\$ 0	\$ 32,259
Community Service Fees - Children	80,984	0	0	0	80,984
Other Charges for Services	43,152	0	0	0	43,152
Total Charges for Current Services	\$ 156,395	\$ 0	\$ 118,754	\$ 550,269	\$ 825,418
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 38,066	\$ 0	\$ 1,904	\$ 0	\$ 39,970
E-Rate Funding	19,819	0	0	0	19,819
Retirees' Insurance Payments	81,213	0	0	0	81,213
Miscellaneous Refunds	40,782	0	0	600	41,382
<u>Nonrecurring Items</u>					
Sale of Equipment	4,580	0	0	0	4,580
Contributions and Gifts	53,347	0	0	0	53,347
Total Other Local Revenues	\$ 237,807	\$ 0	\$ 1,904	\$ 600	\$ 240,311
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 147,398	\$ 0	\$ 0	\$ 0	\$ 147,398
<u>State Education Funds</u>					
Basic Education Program	12,263,605	0	0	0	12,263,605
Early Childhood Education	495,097	0	0	0	495,097
School Food Service	13,406	0	0	0	13,406
Other State Education Funds	441,254	0	0	0	441,254
Career Ladder Program	64,192	0	0	0	64,192

(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>State of Tennessee (Cont.)</u>					
<u>Other State Revenues</u>					
Other State Grants	\$ 7,500	\$ 0	\$ 0	\$ 0	\$ 7,500
Total State of Tennessee	\$ 13,432,452	\$ 0	\$ 0	\$ 0	\$ 13,432,452
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 876,144	\$ 0	\$ 876,144
USDA - Commodities	0	0	82,173	0	82,173
Breakfast	0	0	337,278	0	337,278
USDA - Other	0	0	24,499	0	24,499
Adult Education State Grant Program	143,238	0	0	0	143,238
Vocational Education - Basic Grants to States	0	61,431	0	0	61,431
Other Vocational	0	23,465	0	0	23,465
Title I Grants to Local Education Agencies	0	1,019,641	0	0	1,019,641
Special Education - Grants to States	0	409,521	0	0	409,521
Special Education Preschool Grants	0	25,483	0	0	25,483
Safe and Drug-free Schools - State Grants	0	90,286	0	0	90,286
Rural Education	0	45,559	0	0	45,559
Eisenhower Professional Development State Grants	0	139,779	0	0	139,779
Other Federal through State	0	522,023	0	0	522,023
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	67,726	0	0	0	67,726
Total Federal Government	\$ 210,964	\$ 2,337,188	\$ 1,320,094	\$ 0	\$ 3,868,246
Total	\$ 17,627,027	\$ 2,337,188	\$ 1,440,752	\$ 550,869	\$ 21,955,836

Exhibit J-7

Johnson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2016

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	36,000	
Social Security		1,847	
Pensions		3,571	
Medical Insurance		6,223	
Employer Medicare		501	
Advertising		4,835	
Audit Services		7,978	
Dues and Memberships		8,759	
Financial Advisory Services		1,250	
Travel		15,598	
Total County Commission			\$ 86,562

Board of Equalization

Board and Committee Members Fees	\$	1,148	
Total Board of Equalization			1,148

Other Boards and Committees

Board and Committee Members Fees	\$	1,360	
Social Security		12	
Pensions		30	
Medical Insurance		77	
Unemployment Compensation		1	
Employer Medicare		3	
Total Other Boards and Committees			1,483

County Mayor/Executive

County Official/Administrative Officer	\$	74,338	
Secretary(ies)		20,342	
Bonus Payments		500	
Social Security		5,702	
Pensions		11,728	
Medical Insurance		12,098	
Unemployment Compensation		96	
Employer Medicare		1,334	
Data Processing Services		2,261	
Operating Lease Payments		497	
Office Supplies		942	
Total County Mayor/Executive			129,838

County Attorney

Legal Services	\$	17,228	
Other Contracted Services		6,000	
Total County Attorney			23,228

Election Commission

County Official/Administrative Officer	\$	57,459	
Deputy(ies)		28,481	

(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.)

Clerical Personnel	\$	2,902	
Bonus Payments		500	
Other Salaries and Wages		2,180	
Election Commission		6,800	
Election Workers		10,926	
Social Security		4,445	
Pensions		8,922	
Medical Insurance		11,543	
Unemployment Compensation		183	
Employer Medicare		1,040	
Data Processing Services		16,800	
Dues and Memberships		200	
Operating Lease Payments		548	
Legal Notices, Recording, and Court Costs		4,074	
Printing, Stationery, and Forms		2,233	
Rentals		198	
Travel		151	
Equipment Parts - Light		35	
Office Supplies		1,144	
In Service/Staff Development		8,130	
Office Equipment		1,615	
Total Election Commission			\$ 170,509

Register of Deeds

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		17,650	
Bonus Payments		500	
Social Security		4,820	
Pensions		10,150	
Medical Insurance		12,387	
Unemployment Compensation		107	
Employer Medicare		1,127	
Data Processing Services		4,161	
Dues and Memberships		583	
Operating Lease Payments		1,669	
Maintenance and Repair Services - Office Equipment		389	
Printing, Stationery, and Forms		1,189	
Office Supplies		211	
Office Equipment		50	
Total Register of Deeds			118,836

County Buildings

Custodial Personnel	\$	22,598	
Bonus Payments		500	
Social Security		1,344	
Pensions		2,864	
Medical Insurance		6,223	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Unemployment Compensation	\$	96	
Employer Medicare		314	
Maintenance Agreements		60	
Maintenance and Repair Services - Buildings		22,076	
Custodial Supplies		7,118	
Electricity		34,551	
Natural Gas		4,261	
Uniforms		763	
Water and Sewer		4,742	
Other Charges		1,535	
Building Improvements		4,385	
Other Capital Outlay		4,743	
Total County Buildings			\$ 118,173

Finance

Accounting and Budgeting

Supervisor/Director	\$	55,869	
Data Processing Personnel		64,885	
Bonus Payments		1,500	
Social Security		6,811	
Pensions		15,159	
Medical Insurance		21,978	
Unemployment Compensation		288	
Employer Medicare		1,593	
Data Processing Services		12,364	
Operating Lease Payments		1,607	
Printing, Stationery, and Forms		5,315	
Office Supplies		1,124	
Office Equipment		550	
Total Accounting and Budgeting			189,043

Purchasing

County Official/Administrative Officer	\$	30,162	
Bonus Payments		500	
Social Security		1,888	
Pensions		3,802	
Unemployment Compensation		96	
Employer Medicare		442	
Advertising		598	
Dues and Memberships		170	
Office Supplies		2,673	
Total Purchasing			40,331

Property Assessor's Office

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		23,136	
Bonus Payments		500	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Social Security	\$	4,931	
Pensions		10,847	
Medical Insurance		13,978	
Unemployment Compensation		96	
Employer Medicare		1,153	
Advertising		52	
Data Processing Services		1,200	
Operating Lease Payments		977	
Postal Charges		423	
Printing, Stationery, and Forms		826	
Office Supplies		33	
Office Equipment		766	
Total Property Assessor's Office			\$ 122,761

Reappraisal Program

Clerical Personnel	\$	20,012	
Bonus Payments		1,000	
Other Salaries and Wages		17,549	
Social Security		2,146	
Pensions		4,782	
Medical Insurance		11,854	
Unemployment Compensation		214	
Employer Medicare		502	
Contracts with Government Agencies		7,978	
Data Processing Services		2,200	
Total Reappraisal Program			68,237

County Trustee's Office

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		27,390	
Bonus Payments		500	
Other Salaries and Wages		4,114	
Social Security		5,547	
Pensions		11,375	
Medical Insurance		14,223	
Unemployment Compensation		145	
Employer Medicare		1,297	
Advertising		179	
Data Processing Services		7,534	
Dues and Memberships		468	
Operating Lease Payments		505	
Printing, Stationery, and Forms		630	
Other Contracted Services		2,884	
Office Supplies		1,591	
Office Equipment		390	
Total County Trustee's Office			142,615

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		26,203	
Bonus Payments		1,750	
Other Salaries and Wages		51,520	
Social Security		7,904	
Pensions		16,471	
Medical Insurance		24,095	
Unemployment Compensation		493	
Employer Medicare		1,849	
Data Processing Services		18,808	
Dues and Memberships		658	
Operating Lease Payments		1,014	
Printing, Stationery, and Forms		2,805	
Office Supplies		540	
Office Equipment		200	
Total County Clerk's Office			\$ 218,153

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	63,843	
Bonus Payments		1,825	
Other Salaries and Wages		85,295	
Jury and Witness Expense		9,344	
Social Security		9,011	
Pensions		18,769	
Medical Insurance		21,104	
Unemployment Compensation		402	
Employer Medicare		2,108	
Advertising		1,295	
Data Processing Services		7,922	
Dues and Memberships		458	
Operating Lease Payments		1,251	
Printing, Stationery, and Forms		3,147	
Office Supplies		4,541	
Other Supplies and Materials		5,396	
Office Equipment		152	
Total Circuit Court			235,863

General Sessions Court

Judge(s)	\$	90,973	
Social Security		5,539	
Pensions		11,281	
Medical Insurance		6,223	
Employer Medicare		1,295	
Contracts with Private Agencies		350	
Data Processing Services		3,480	
Dues and Memberships		125	

(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.)

Operating Lease Payments	\$	634	
Printing, Stationery, and Forms		5,898	
Office Supplies		478	
Total General Sessions Court			\$ 126,276

Chancery Court

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		26,790	
Bonus Payments		500	
Social Security		5,253	
Pensions		11,301	
Medical Insurance		14,223	
Unemployment Compensation		96	
Employer Medicare		1,229	
Data Processing Services		1,379	
Dues and Memberships		659	
Operating Lease Payments		1,080	
Printing, Stationery, and Forms		1,159	
Office Supplies		1,059	
Data Processing Equipment		3,711	
Office Equipment		958	
Total Chancery Court			133,240

Juvenile Court

Youth Service Officer(s)	\$	24,135	
Secretary(ies)		11,183	
Bonus Payments		675	
Social Security		2,212	
Pensions		3,583	
Medical Insurance		2,251	
Unemployment Compensation		191	
Employer Medicare		517	
Travel		400	
Other Contracted Services		47,352	
Office Supplies		557	
Other Supplies and Materials		5,942	
Total Juvenile Court			98,998

Courtroom Security

Other Supplies and Materials	\$	8,742	
Total Courtroom Security			8,742

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	70,228	
Deputy(ies)		365,096	
Investigator(s)		116,900	

(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.)

Guards	\$	136,657	
Secretary(ies)		61,976	
School Resource Officer		21,512	
Overtime Pay		56,713	
Bonus Payments		13,000	
Other Salaries and Wages		14,458	
Social Security		50,603	
Pensions		118,590	
Medical Insurance		122,544	
Unemployment Compensation		2,775	
Employer Medicare		11,943	
Communication		19,484	
Data Processing Services		324	
Dues and Memberships		1,550	
Operating Lease Payments		2,307	
Maintenance and Repair Services - Vehicles		105,380	
Postal Charges		2,725	
Printing, Stationery, and Forms		1,650	
Rentals		5,200	
Travel		533	
Remittance of Revenue Collected		2,241	
Other Contracted Services		18,153	
Law Enforcement Supplies		4,086	
Office Supplies		2,999	
Uniforms		5,542	
Other Supplies and Materials		2,661	
In Service/Staff Development		13,295	
Other Charges		2,725	
Data Processing Equipment		6,538	
Law Enforcement Equipment		17,392	
Office Equipment		2,361	
Total Sheriff's Department			\$ 1,380,141

Administration of the Sexual Offender Registry

Other Charges	\$	483	
Total Administration of the Sexual Offender Registry			483

Jail

Guards	\$	412,178	
Maintenance Personnel		27,496	
Overtime Pay		38,359	
Bonus Payments		10,000	
Social Security		28,408	
Pensions		42,341	
Medical Insurance		72,658	
Unemployment Compensation		2,966	
Employer Medicare		6,644	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Operating Lease Payments	\$	895	
Maintenance and Repair Services - Buildings		40,784	
Medical and Dental Services		209,502	
Printing, Stationery, and Forms		228	
Custodial Supplies		18,140	
Electricity		55,342	
Food Supplies		96,062	
Natural Gas		18,795	
Office Supplies		2,984	
Uniforms		1,411	
Water and Sewer		27,155	
Other Supplies and Materials		3,926	
In Service/Staff Development		895	
Food Service Equipment		200	
Office Equipment		1,937	
Other Equipment		11,667	
Other Construction		2,825	
Total Jail			\$ 1,133,798

Commissary

Food Supplies	\$	9,395	
Other Supplies and Materials		13,109	
Total Commissary			22,504

Fire Prevention and Control

Contracts with Other Public Agencies	\$	1,000	
Contributions		148,400	
Liability Insurance		9,600	
Total Fire Prevention and Control			159,000

Civil Defense

Supervisor/Director	\$	36,970	
Secretary(ies)		9,909	
Bonus Payments		750	
Social Security		2,828	
Pensions		5,937	
Medical Insurance		5,978	
Unemployment Compensation		144	
Employer Medicare		661	
Communication		5,609	
Operating Lease Payments		508	
Maintenance and Repair Services - Vehicles		1,183	
Instructional Supplies and Materials		592	
Uniforms		613	
Other Supplies and Materials		1,056	
Other Equipment		6,500	
Total Civil Defense			79,238

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management

Contracts with Other Public Agencies	\$ 66,600	
Total Other Emergency Management		\$ 66,600

Inspection and Regulation

Secretary(ies)	\$ 12,593	
Bonus Payments	250	
Social Security	774	
Pensions	1,624	
Medical Insurance	1,914	
Unemployment Compensation	48	
Employer Medicare	181	
Medical and Dental Services	3,170	
Office Supplies	300	
Total Inspection and Regulation		20,854

County Coroner/Medical Examiner

Medical Personnel	\$ 1,200	
Social Security	74	
Employer Medicare	17	
Other Contracted Services	600	
Other Charges	1,820	
Total County Coroner/Medical Examiner		3,711

Public Health and Welfare

Local Health Center

Custodial Personnel	\$ 15,237	
Bonus Payments	500	
Other Salaries and Wages	67,355	
Social Security	3,974	
Pensions	4,737	
Medical Insurance	11,528	
Unemployment Compensation	282	
Employer Medicare	930	
Other Fringe Benefits	7,417	
Communication	111	
Contracts with Other Public Agencies	36,981	
Dues and Memberships	200	
Maintenance and Repair Services - Buildings	30,158	
Travel	3,628	
Custodial Supplies	3,822	
Office Supplies	1,133	
Utilities	13,676	
Other Supplies and Materials	2,751	
Total Local Health Center		204,420

Rabies and Animal Control

Contracts with Other Public Agencies	\$ 1,548	
Total Rabies and Animal Control		1,548

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Regional Mental Health Center

Contracts with Private Agencies	\$ 5,300	
Total Regional Mental Health Center		\$ 5,300

Appropriation to State

Contracts with Other Public Agencies	\$ 31,294	
Total Appropriation to State		31,294

Other Public Health and Welfare

Travel	\$ 1,649	
Other Contracted Services	40,101	
Other Supplies and Materials	23,101	
Total Other Public Health and Welfare		64,851

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$ 20,946	
Bus Drivers	18,193	
Bonus Payments	1,000	
Social Security	2,213	
Pensions	4,868	
Medical Insurance	5,978	
Unemployment Compensation	203	
Employer Medicare	518	
Communication	1,613	
Drugs and Medical Supplies	1,400	
Utilities	5,088	
Other Supplies and Materials	18	
Transportation Equipment	33,582	
Total Senior Citizens Assistance		95,620

Other Social, Cultural, and Recreational

Contracts with Other Public Agencies	\$ 25,000	
Contributions	1,500	
Evaluation and Testing	3,362	
Total Other Social, Cultural, and Recreational		29,862

Agriculture and Natural Resources

Agricultural Extension Service

Other Salaries and Wages	\$ 150	
Social Security	9	
Pensions	19	
Unemployment Compensation	2	
Employer Medicare	2	
Communication	2,092	
Contracts with Other Public Agencies	54,951	
Dues and Memberships	360	
Operating Lease Payments	803	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agricultural Extension Service (Cont.)

Travel	\$	5,031	
Other Supplies and Materials		2,200	
Office Equipment		993	
Total Agricultural Extension Service			\$ 66,612

Soil Conservation

Secretary(ies)	\$	17,655	
Bonus Payments		500	
Social Security		1,074	
Pensions		2,251	
Unemployment Compensation		98	
Employer Medicare		251	
Total Soil Conservation			21,829

Other Operations

Tourism

Contributions	\$	15,000	
Dues and Memberships		550	
Total Tourism			15,550

Other Economic and Community Development

Remittance of Revenue Collected	\$	62,627	
Total Other Economic and Community Development			62,627

Airport

Communication	\$	1,652	
Maintenance and Repair Services - Buildings		14,356	
Travel		934	
Electricity		586	
Liability Insurance		1,200	
Airport Improvement		145,031	
Total Airport			163,759

Veterans' Services

Secretary(ies)	\$	12,593	
Bonus Payments		500	
Other Salaries and Wages		9,641	
Social Security		1,356	
Pensions		1,562	
Medical Insurance		1,914	
Unemployment Compensation		156	
Employer Medicare		317	
Data Processing Services		399	
Total Veterans' Services			28,438

Other Charges

On-behalf Payments to OPEB	\$	2,100	
----------------------------	----	-------	--

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges (Cont.)

Diesel Fuel	\$	123,531	
Gasoline		66,356	
Trustee's Commission		68,121	
Workers' Compensation Insurance		78,562	
Other Charges		644	
Total Other Charges			\$ 339,314

Contributions to Other Agencies

Contracts with Government Agencies	\$	6,844	
Contracts with Other Public Agencies		15,000	
Remittance of Revenue Collected		4,646	
Total Contributions to Other Agencies			26,490

Employee Benefits

Life Insurance	\$	2,050	
Medical Insurance		27,408	
Other Fringe Benefits		9,623	
Total Employee Benefits			39,081

Miscellaneous

Bank Charges	\$	450	
Communication		25,650	
Legal Notices, Recording, and Court Costs		839	
Maintenance and Repair Services - Buildings		21,383	
Postal Charges		29,233	
Duplicating Supplies		7,358	
Electricity		1,179	
Liability Insurance		98,133	
Premiums on Corporate Surety Bonds		8,903	
Other Charges		22,388	
Total Miscellaneous			215,516

Highways

Litter and Trash Collection

Part-time Personnel	\$	1,694	
Bonus Payments		500	
Other Salaries and Wages		18,987	
Social Security		1,163	
Pensions		2,416	
Medical Insurance		6,223	
Unemployment Compensation		116	
Employer Medicare		272	
Communication		1,701	
Maintenance and Repair Services - Vehicles		2,014	
Other Contracted Services		464	
Other Supplies and Materials		503	
Other Charges		2,143	
Office Equipment		629	
Total Litter and Trash Collection			38,825

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Capital Projects

Public Safety Projects

Architects	\$	34,560	
Consultants		9,750	
Engineering Services		2,950	
Other Charges		2,080	
Building Construction		512,522	
Furniture and Fixtures		16,680	
Total Public Safety Projects			\$ 578,542

Total General Fund \$ 6,929,843

Public Library Fund

Social, Cultural, and Recreational Services

Libraries

Bonus Payments	\$	1,000	
Other Salaries and Wages		35,472	
Social Security		2,214	
Pensions		944	
Unemployment Compensation		293	
Employer Medicare		518	
Other Fringe Benefits		180	
Communication		2,322	
Data Processing Services		4,062	
Dues and Memberships		150	
Operating Lease Payments		751	
Maintenance and Repair Services - Buildings		2,876	
Postal Charges		563	
Travel		924	
Electricity		4,563	
Library Books/Media		4,102	
Office Supplies		1,688	
Periodicals		523	
Water and Sewer		220	
Other Supplies and Materials		1,086	
Trustee's Commission		781	
Workers' Compensation Insurance		280	
Office Equipment		372	
Regular Instruction Equipment		1,389	
Total Libraries			\$ 67,273

Capital Projects

Social, Cultural, and Recreation Projects

Architects	\$	1,700	
Total Social, Cultural, and Recreation Projects			1,700

Total Public Library Fund 68,973

(Continued)

Exhibit J-7

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

<u>Solid Waste/Sanitation Fund</u>			
<u>Public Health and Welfare</u>			
<u>Sanitation Management</u>			
Equipment Operators	\$	64,253	
Bonus Payments		1,500	
Other Salaries and Wages		9,909	
Social Security		4,581	
Pensions		9,351	
Life Insurance		53	
Medical Insurance		6,223	
Unemployment Compensation		353	
Employer Medicare		1,072	
Other Fringe Benefits		180	
Communication		1,693	
Operating Lease Payments		1,058	
Maintenance and Repair Services - Equipment		3,363	
Other Contracted Services		331,170	
Custodial Supplies		1,322	
Diesel Fuel		2,924	
Electricity		4,719	
Gasoline		2,224	
Office Supplies		255	
Uniforms		1,531	
Water and Sewer		847	
Other Supplies and Materials		180	
Liability Insurance		9,089	
Trustee's Commission		6,416	
Workers' Compensation Insurance		6,226	
Other Charges		1,393	
Site Development		1,055	
Solid Waste Equipment		14,635	
Total Sanitation Management			\$ 487,575
Total Solid Waste/Sanitation Fund			\$ 487,575
<u>Drug Control Fund</u>			
<u>Public Safety</u>			
<u>Drug Enforcement</u>			
Deputy(ies)	\$	17,000	
Confidential Drug Enforcement Payments		10,000	
Other Contracted Services		4,456	
Trustee's Commission		2,214	
Total Drug Enforcement			\$ 33,670
Total Drug Control Fund			33,670
<u>Constitutional Officers - Fees Fund</u>			
<u>General Government</u>			
<u>Other General Administration</u>			
Other Charges	\$	202	
Total Other General Administration			\$ 202
Total Constitutional Officers - Fees Fund			202

(Continued)

Exhibit J-7

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

Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$	70,228	
Supervisor/Director		30,263	
Clerical Personnel		27,789	
Bonus Payments		1,500	
Other Salaries and Wages		25,058	
Social Security		9,044	
Pensions		19,033	
Medical Insurance		19,714	
Unemployment Compensation		731	
Employer Medicare		2,115	
Operating Lease Payments		804	
Travel		54	
Office Supplies		1,471	
Office Equipment		308	
Total Administration			\$ 208,112

Highway and Bridge Maintenance

Laborers	\$	447,749	
Bonus Payments		10,000	
Social Security		26,208	
Pensions		52,442	
Medical Insurance		104,208	
Unemployment Compensation		5,528	
Employer Medicare		6,256	
Asphalt - Liquid		151,003	
Crushed Stone		84,821	
Pipe		18,314	
Road Signs		1,856	
Salt		2,623	
Total Highway and Bridge Maintenance			911,008

Operation and Maintenance of Equipment

Laundry Service	\$	1,839	
Diesel Fuel		47,773	
Equipment and Machinery Parts		116,733	
Garage Supplies		20,886	
Gasoline		11,917	
Lubricants		7,641	
Tires and Tubes		12,178	
Total Operation and Maintenance of Equipment			218,967

Other Charges

Communication	\$	6,685	
Medical and Dental Services		2,816	
Other Contracted Services		385	
Electricity		6,422	
Water and Sewer		737	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Liability Insurance	\$	31,693	
Premiums on Corporate Surety Bonds		350	
Trustee's Commission		15,478	
Other Charges		<u>15,987</u>	
Total Other Charges			\$ 80,553

Employee Benefits

Life Insurance	\$	490	
Other Fringe Benefits		3,458	
Workers' Compensation Insurance		<u>79,093</u>	
Total Employee Benefits			83,041

Capital Outlay

Highway Construction	\$	255,254	
Highway Equipment		<u>251,911</u>	
Total Capital Outlay			507,165

Principal on Debt

Highways and Streets

Principal on Capital Leases	\$	<u>19,277</u>	
Total Highways and Streets			<u>19,277</u>

Total Highway/Public Works Fund \$ 2,028,123

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	<u>195,000</u>	
Total General Government			\$ 195,000

Education

Principal on Bonds	\$	545,000	
Principal on Capital Leases		63,399	
Principal on Other Loans		<u>48,024</u>	
Total Education			656,423

Interest on Debt

General Government

Interest on Bonds	\$	<u>206,018</u>	
Total General Government			206,018

Education

Interest on Bonds	\$	125,695	
Interest on Capital Leases		<u>2,212</u>	
Total Education			127,907

(Continued)

Exhibit J-7

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

<u>General Debt Service Fund (Cont.)</u>			
<u>Other Debt Service</u>			
<u>General Government</u>			
Trustee's Commission	\$ 26,596		
Total General Government		\$ 26,596	
 <u>Education</u>			
Other Debt Service	\$ 1,207		
Total Education			<u>1,207</u>
Total General Debt Service Fund			\$ 1,213,151
 <u>General Capital Projects Fund</u>			
<u>Principal on Debt</u>			
<u>Highways and Streets</u>			
Principal on Capital Leases	\$ 13,817		
Total Highways and Streets		\$ 13,817	
 <u>Capital Projects</u>			
<u>General Administration Projects</u>			
Trustee's Commission	\$ 5,785		
Law Enforcement Equipment	64,199		
Transportation Equipment	<u>161,448</u>		
Total General Administration Projects			231,432
 <u>Highway and Street Capital Projects</u>			
Bridge Construction	\$ 24,339		
Total Highway and Street Capital Projects			<u>24,339</u>
Total General Capital Projects Fund			269,588
 <u>Community Development/Industrial Park Fund</u>			
<u>Capital Projects</u>			
<u>General Administration Projects</u>			
Communication	\$ 1,200		
Maintenance and Repair Services - Buildings	1,285		
Other Contracted Services	12,000		
Electricity	4,931		
Water and Sewer	2,226		
Other Charges	<u>10,496</u>		
Total General Administration Projects		\$ 32,138	
Total Community Development/Industrial Park Fund			32,138
 <u>Other Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Social, Cultural, and Recreation Projects</u>			
Other Supplies and Materials	\$ 1,821		
Total Social, Cultural, and Recreation Projects		\$ 1,821	
Total Other Capital Projects Fund			<u>1,821</u>
Total Governmental Funds - Primary Government			<u>\$ 11,065,084</u>

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, 2016

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	4,752,022	
Career Ladder Program		41,500	
Career Ladder Extended Contracts		3,110	
Educational Assistants		95,263	
Other Salaries and Wages		22,066	
Certified Substitute Teachers		33,297	
Non-certified Substitute Teachers		77,536	
Social Security		291,140	
Pensions		437,333	
Medical Insurance		991,812	
Unemployment Compensation		7,557	
Employer Medicare		68,191	
Evaluation and Testing		646	
Operating Lease Payments		20,334	
Maintenance and Repair Services - Equipment		9,634	
Tuition		37,356	
Other Contracted Services		66,411	
Instructional Supplies and Materials		107,155	
Textbooks		34,202	
Other Supplies and Materials		8,523	
Other Charges		13,526	
Regular Instruction Equipment		91,769	
Total Regular Instruction Program			\$ 7,210,383

Alternative Instruction Program

Teachers	\$	53,191	
Career Ladder Program		935	
Educational Assistants		9,946	
Non-certified Substitute Teachers		1,901	
Social Security		3,964	
Pensions		5,900	
Medical Insurance		8,055	
Unemployment Compensation		78	
Employer Medicare		930	
Other Contracted Services		5,872	
Instructional Supplies and Materials		200	
Total Alternative Instruction Program			90,972

Special Education Program

Teachers	\$	491,176	
Career Ladder Program		3,000	
Homebound Teachers		42,338	
Educational Assistants		55,309	
Speech Pathologist		117,614	
Other Salaries and Wages		46,689	
Certified Substitute Teachers		5,832	

(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.)

Non-certified Substitute Teachers	\$	24,932	
Social Security		46,039	
Pensions		68,079	
Medical Insurance		100,268	
Unemployment Compensation		1,589	
Employer Medicare		10,832	
Contracts with Private Agencies		84,438	
Other Contracted Services		10,828	
Instructional Supplies and Materials		11,171	
Other Supplies and Materials		691	
Total Special Education Program			\$ 1,120,825

Vocational Education Program

Teachers	\$	502,225	
Career Ladder Program		2,000	
Clerical Personnel		16,481	
Educational Assistants		14,576	
Other Salaries and Wages		66,984	
Non-certified Substitute Teachers		28,671	
Social Security		37,494	
Pensions		57,754	
Medical Insurance		92,798	
Unemployment Compensation		1,219	
Employer Medicare		8,794	
Other Fringe Benefits		2,839	
Operating Lease Payments		2,821	
Maintenance and Repair Services - Equipment		4,608	
Other Contracted Services		2,885	
Instructional Supplies and Materials		15,981	
T&I Construction Materials		28,759	
Other Supplies and Materials		6,138	
Other Charges		6,657	
Vocational Instruction Equipment		10,931	
Total Vocational Education Program			910,615

Adult Education Program

Teachers	\$	72,730	
Social Security		4,542	
Pensions		4,724	
Medical Insurance		9,263	
Unemployment Compensation		194	
Employer Medicare		1,077	
Other Fringe Benefits		286	
Instructional Supplies and Materials		5,027	
Other Charges		12,214	
Total Adult Education Program			110,057

(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	\$	61,374	
Career Ladder Program		1,000	
Social Security		3,528	
Pensions		5,639	
Medical Insurance		7,189	
Unemployment Compensation		59	
Employer Medicare		825	
Travel		108	
Other Supplies and Materials		286	
In Service/Staff Development		3,160	
Total Attendance			\$ 83,168

Health Services

Medical Personnel	\$	107,020	
Other Salaries and Wages		64,000	
Social Security		10,304	
Pensions		17,991	
Medical Insurance		31,043	
Unemployment Compensation		426	
Employer Medicare		2,410	
Other Fringe Benefits		770	
Travel		3,241	
Other Contracted Services		606	
Drugs and Medical Supplies		1,540	
Instructional Supplies and Materials		145	
Other Supplies and Materials		12,323	
In Service/Staff Development		5,334	
Other Charges		12,941	
Total Health Services			270,094

Other Student Support

Career Ladder Program	\$	1,175	
Guidance Personnel		238,807	
Other Salaries and Wages		6,456	
Social Security		15,256	
Pensions		22,069	
Medical Insurance		29,454	
Unemployment Compensation		381	
Employer Medicare		3,568	
Evaluation and Testing		7,472	
Travel		2,487	
Other Contracted Services		32,919	
Other Supplies and Materials		1,000	
In Service/Staff Development		1,353	
Other Charges		35,562	
Total Other Student Support			397,959

(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

Supervisor/Director	\$	151,462	
Career Ladder Program		1,000	
Librarians		185,558	
Instructional Computer Personnel		57,461	
Other Salaries and Wages		16,759	
Social Security		24,799	
Pensions		39,763	
Medical Insurance		49,571	
Unemployment Compensation		502	
Employer Medicare		5,800	
Operating Lease Payments		4,563	
Travel		2,702	
Other Contracted Services		30,786	
Library Books/Media		24,000	
Periodicals		6,000	
Other Supplies and Materials		1,063	
In Service/Staff Development		27,690	
Other Charges		3,457	
Other Equipment		4,128	
Total Regular Instruction Program			\$ 637,064

Special Education Program

Supervisor/Director	\$	36,645	
Psychological Personnel		34,044	
Secretary(ies)		13,590	
In-service Training		60	
Social Security		5,084	
Pensions		8,081	
Medical Insurance		3,453	
Unemployment Compensation		114	
Employer Medicare		1,189	
Travel		11,056	
Other Contracted Services		18,660	
Other Supplies and Materials		1,104	
In Service/Staff Development		7,695	
Total Special Education Program			140,775

Vocational Education Program

Supervisor/Director	\$	64,351	
Social Security		3,956	
Pensions		5,817	
Medical Insurance		5,927	
Unemployment Compensation		59	
Employer Medicare		925	
In Service/Staff Development		5,353	
Total Vocational Education Program			86,388

(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	\$	59,536	
Career Ladder Program		1,000	
Clerical Personnel		23,457	
Social Security		4,973	
Pensions		5,799	
Medical Insurance		5,980	
Unemployment Compensation		96	
Employer Medicare		1,163	
Other Fringe Benefits		362	
Travel		1,074	
In Service/Staff Development		4,606	
Total Adult Programs			\$ 108,046

Other Programs

On-behalf Payments to OPEB	\$	147,398	
Total Other Programs			147,398

Board of Education

Secretary to Board	\$	1,120	
Other Salaries and Wages		120	
Board and Committee Members Fees		11,600	
Social Security		707	
Pensions		418	
Life Insurance		7,276	
Medical Insurance		250	
Unemployment Compensation		5	
Employer Medicare		186	
Other Fringe Benefits		54,617	
Audit Services		6,297	
Dues and Memberships		7,522	
Legal Services		10,408	
Other Contracted Services		6,843	
Liability Insurance		150,000	
Trustee's Commission		86,634	
Workers' Compensation Insurance		140,000	
In Service/Staff Development		14,686	
Other Charges		7,806	
Total Board of Education			506,495

Director of Schools

County Official/Administrative Officer	\$	93,243	
Clerical Personnel		21,204	
Social Security		6,986	
Pensions		11,059	
Medical Insurance		12,297	
Unemployment Compensation		118	

(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.)

Employer Medicare	\$	1,634	
Communication		40,296	
Operating Lease Payments		2,073	
Postal Charges		3,107	
Other Contracted Services		10,682	
Office Supplies		7,068	
In Service/Staff Development		6,317	
Other Charges		20,011	
Administration Equipment		688	
Total Director of Schools			\$ 236,783

Office of the Principal

Principals	\$	427,606	
Career Ladder Program		5,500	
Assistant Principals		241,150	
Secretary(ies)		163,769	
Non-certified Substitute Teachers		518	
Social Security		54,390	
Pensions		85,232	
Medical Insurance		106,297	
Unemployment Compensation		1,298	
Employer Medicare		12,924	
Communication		62,626	
Dues and Memberships		1,200	
Operating Lease Payments		4,576	
Postal Charges		980	
Travel		110	
Other Contracted Services		1,487	
Office Supplies		1,509	
Other Supplies and Materials		54	
In Service/Staff Development		10,737	
Other Charges		7,847	
Administration Equipment		11,144	
Total Office of the Principal			1,200,954

Fiscal Services

Supervisor/Director	\$	34,006	
Accountants/Bookkeepers		31,654	
Social Security		3,973	
Pensions		5,847	
Medical Insurance		10,553	
Unemployment Compensation		112	
Employer Medicare		929	
Travel		331	
Office Supplies		3,153	
In Service/Staff Development		1,509	
Administration Equipment		190	
Total Fiscal Services			92,257

(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	\$	11,336	
Clerical Personnel		31,519	
Social Security		2,580	
Pensions		5,314	
Medical Insurance		7,676	
Unemployment Compensation		68	
Employer Medicare		603	
Travel		52	
In Service/Staff Development		1,873	
Administration Equipment		76	
Total Human Services/Personnel			\$ 61,097

Operation of Plant

Guards	\$	57,514	
Custodial Personnel		338,704	
Other Salaries and Wages		20,126	
Social Security		23,621	
Pensions		38,332	
Medical Insurance		113,793	
Unemployment Compensation		1,715	
Employer Medicare		5,806	
Other Contracted Services		234,185	
Custodial Supplies		81,656	
Electricity		488,746	
Natural Gas		66,844	
Water and Sewer		49,343	
Other Supplies and Materials		4,716	
In Service/Staff Development		1,109	
Other Charges		16,382	
Plant Operation Equipment		54,625	
Total Operation of Plant			1,597,217

Maintenance of Plant

Maintenance Personnel	\$	110,095	
Social Security		6,544	
Pensions		13,612	
Medical Insurance		22,823	
Unemployment Compensation		228	
Employer Medicare		1,531	
Maintenance and Repair Services - Buildings		1,540	
Maintenance and Repair Services - Equipment		38,672	
Other Contracted Services		8,473	
Other Supplies and Materials		377,066	
In Service/Staff Development		348	
Other Charges		760	
Maintenance Equipment		20,044	
Total Maintenance of Plant			601,736

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation

Supervisor/Director	\$	45,341	
Mechanic(s)		58,021	
Bus Drivers		245,801	
Clerical Personnel		22,349	
Social Security		21,957	
Pensions		42,426	
Medical Insurance		144,455	
Unemployment Compensation		1,348	
Employer Medicare		5,135	
Other Fringe Benefits		13,946	
Communication		3,553	
Contracts with Parents		202	
Medical and Dental Services		2,985	
Rentals		2,641	
Other Contracted Services		11,383	
Diesel Fuel		74,342	
Equipment and Machinery Parts		2,256	
Garage Supplies		2,188	
Gasoline		14,714	
Lubricants		2,546	
Tires and Tubes		1,157	
Vehicle Parts		67,652	
Other Supplies and Materials		2,373	
In Service/Staff Development		3,947	
Other Charges		5,637	
Transportation Equipment		29,218	
Total Transportation			\$ 827,573

Central and Other

Data Processing Personnel	\$	872	
Clerical Personnel		9,806	
Social Security		635	
Pensions		1,324	
Medical Insurance		2,705	
Unemployment Compensation		21	
Employer Medicare		148	
Travel		1,321	
Other Contracted Services		4,356	
In Service/Staff Development		1,263	
Total Central and Other			22,451

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	48,151	
Accountants/Bookkeepers		21,674	
Social Security		4,269	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Pensions	\$	7,041	
Medical Insurance		12,297	
Unemployment Compensation		117	
Employer Medicare		998	
Travel		219	
Other Supplies and Materials		90	
In Service/Staff Development		41	
Total Food Service			\$ 94,897

Community Services

Other Salaries and Wages	\$	57,971	
Social Security		3,905	
Pensions		6,234	
Medical Insurance		4,831	
Unemployment Compensation		259	
Employer Medicare		930	
Food Supplies		3,000	
In Service/Staff Development		325	
Other Charges		3,573	
Total Community Services			81,028

Early Childhood Education

Supervisor/Director	\$	14,908	
Teachers		120,752	
Educational Assistants		35,629	
Other Salaries and Wages		4,013	
Non-certified Substitute Teachers		4,342	
Social Security		11,094	
Pensions		17,330	
Medical Insurance		32,787	
Unemployment Compensation		374	
Employer Medicare		2,612	
Other Fringe Benefits		808	
Travel		27	
Instructional Supplies and Materials		50,923	
In Service/Staff Development		5,443	
Other Charges		9,807	
Total Early Childhood Education			310,849

Capital Outlay

Regular Capital Outlay

Land	\$	18,000	
Site Development		58,000	
Total Regular Capital Outlay			76,000

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 377,789	
Total Education		\$ 377,789

Total General Purpose School Fund \$ 17,400,870

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 453,173	
Educational Assistants	121,182	
Other Salaries and Wages	107,490	
Non-certified Substitute Teachers	6,764	
Social Security	38,905	
Pensions	56,203	
Medical Insurance	110,951	
Unemployment Compensation	1,650	
Employer Medicare	9,653	
Other Fringe Benefits	2,788	
Instructional Supplies and Materials	95,209	
Other Charges	13,625	
Total Regular Instruction Program		\$ 1,017,593

Special Education Program

Teachers	\$ 81,505	
Educational Assistants	90,549	
Speech Pathologist	8,662	
Other Salaries and Wages	22,692	
Non-certified Substitute Teachers	6,154	
Social Security	12,207	
Pensions	20,648	
Medical Insurance	48,892	
Unemployment Compensation	665	
Employer Medicare	2,878	
Other Fringe Benefits	943	
Instructional Supplies and Materials	24,726	
Total Special Education Program		320,521

Vocational Education Program

Instructional Supplies and Materials	\$ 2,654	
Other Charges	428	
Vocational Instruction Equipment	41,950	
Total Vocational Education Program		45,032

Support Services

Other Student Support

Other Salaries and Wages	\$ 2,000	
--------------------------	----------	--

(Continued)

Exhibit J-8

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

<u>School Federal Projects Fund (Cont.)</u>		
<u>Support Services (Cont.)</u>		
<u>Other Student Support (Cont.)</u>		
Social Security	\$	124
Pensions		181
Employer Medicare		29
Travel		7,585
Other Supplies and Materials		8,507
In Service/Staff Development		4,246
Total Other Student Support		<u>22,672</u>
	\$	22,672
<u>Regular Instruction Program</u>		
Supervisor/Director	\$	62,409
Instructional Computer Personnel		15,819
Secretary(ies)		7,249
Other Salaries and Wages		104,886
In-service Training		67,131
Social Security		14,207
Pensions		21,902
Medical Insurance		17,697
Unemployment Compensation		434
Employer Medicare		3,795
Other Fringe Benefits		876
Travel		3,337
Other Supplies and Materials		2,898
In Service/Staff Development		35,156
Total Regular Instruction Program		<u>357,796</u>
		357,796
<u>Special Education Program</u>		
In-service Training	\$	120
Social Security		17
Pensions		29
Medical Insurance		22
Unemployment Compensation		1
Employer Medicare		4
Other Supplies and Materials		3,677
In Service/Staff Development		8,105
Total Special Education Program		<u>11,975</u>
		11,975
<u>Transportation</u>		
Bus Drivers	\$	22,175
Other Salaries and Wages		17,291
Social Security		2,384
Pensions		2,762
Medical Insurance		14,853
Unemployment Compensation		232
Employer Medicare		558
Other Fringe Benefits		1,772
Total Transportation		<u>62,027</u>
		62,027

(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.)

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	24,000	
Teachers		100,336	
Clerical Personnel		13,077	
Educational Assistants		3,388	
Other Salaries and Wages		18,000	
Social Security		9,833	
Pensions		14,569	
Medical Insurance		2,352	
Unemployment Compensation		100	
Employer Medicare		2,300	
Other Fringe Benefits		706	
Travel		1,418	
Other Contracted Services		3,900	
Food Supplies		2,560	
Instructional Supplies and Materials		56,850	
Other Supplies and Materials		5,986	
In Service/Staff Development		19,923	
Other Charges		9,680	
Other Equipment		6,125	
Total Community Services			\$ 295,103

Total School Federal Projects Fund \$ 2,132,719

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	362,731	
Social Security		20,998	
Pensions		41,547	
Medical Insurance		157,345	
Unemployment Compensation		1,674	
Employer Medicare		4,911	
Other Fringe Benefits		12,500	
Communication		1,171	
Maintenance and Repair Services - Equipment		29,400	
Transportation - Other than Students		3,100	
Travel		1,685	
Other Contracted Services		1,110	
Food Preparation Supplies		42,584	
Food Supplies		523,167	
Office Supplies		2,962	
Uniforms		4,301	
USDA - Commodities		82,173	
Other Supplies and Materials		1,697	
In Service/Staff Development		402	
Other Charges		57,731	
Food Service Equipment		8,129	
Total Food Service			\$ 1,361,318

Total Central Cafeteria Fund 1,361,318

(Continued)

Exhibit J-8

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

Other Education Special Revenue Fund

Instruction

Regular Instruction Program

Teachers	\$	161,515	
Educational Assistants		43,257	
Other Salaries and Wages		5,495	
Non-certified Substitute Teachers		6,625	
Social Security		12,142	
Pensions		19,771	
Medical Insurance		43,355	
Unemployment Compensation		505	
Employer Medicare		2,858	
Other Fringe Benefits		958	
Instructional Supplies and Materials		56,017	
Other Supplies and Materials		577	
Other Charges		31,465	
Total Regular Instruction Program			\$ 384,540

Support Services

Attendance

Social Workers	\$	44,039	
Social Security		2,261	
Pensions		4,753	
Medical Insurance		12,297	
Unemployment Compensation		154	
Employer Medicare		612	
Other Fringe Benefits		185	
Travel		3,424	
Other Supplies and Materials		2,052	
Total Attendance			69,777

Health Services

Medical Personnel	\$	9,930	
Social Security		616	
Pensions		1,231	
Unemployment Compensation		11	
Employer Medicare		144	
Other Fringe Benefits		304	
Other Contracted Services		855	
Drugs and Medical Supplies		1,725	
Total Health Services			14,816

Regular Instruction Program

Supervisor/Director	\$	44,063	
In-service Training		5,000	
Social Security		2,935	
Pensions		4,582	
Medical Insurance		6,789	
Unemployment Compensation		70	

(Continued)

Exhibit J-8

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

<u>Other Education Special Revenue Fund (Cont.)</u>		
<u>Support Services (Cont.)</u>		
<u>Regular Instruction Program (Cont.)</u>		
Employer Medicare	\$	687
Other Fringe Benefits		232
Travel		627
Other Supplies and Materials		2,671
In Service/Staff Development		11,455
Total Regular Instruction Program		<u>11,455</u>
	\$	<u>79,111</u>
Total Other Education Special Revenue Fund		<u>\$ 548,244</u>
Total Governmental Funds - Johnson County School Department		<u><u>\$ 21,443,151</u></u>

Exhibit J-9

Johnson County, Tennessee
Schedule of Detailed Receipts, Disbursements, and Changes
in Cash Balance - City Agency Fund
For the Year Ended June 30, 2016

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 499,073
Total Cash Receipts	<u>\$ 499,073</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 494,082
Trustee's Commissions	4,991
Total Cash Disbursements	<u>\$ 499,073</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2015	<u>0</u>
 Cash Balance, June 30, 2016	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



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

Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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, 2016, and the related notes to the financial statements, which collectively comprise Johnson County's basic financial statements, and have issued our report thereon dated October 17, 2016.

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. 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: 2016-002(B)(C), 2016-003, and 2016-004.

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: 2016-001 and 2016-002(A).

Johnson County's Responses to Findings

Johnson County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Johnson County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 results 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

October 17, 2016

JPW/kp



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 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 Uniform Guidance**

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 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, 2016. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 a 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, 2016.

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 the Uniform Guidance, 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.

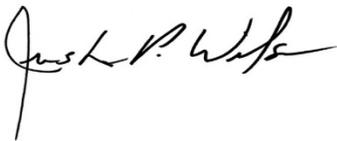
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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, 2016, and the related notes to the financial statements, which collectively comprise Johnson County's basic financial statements. We issued our report thereon dated October 17, 2016, 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 the Uniform Guidance and is not a required part of the basic 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 basic financial statements. The 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, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 17, 2016

JPW/kp

Johnson County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For the Year-Ended June 30, 2016

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Programs:			
Schools and Roads - Grants to States	10.665	N/A	\$ 90,301
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	337,278 (4)
National School Lunch Program	10.555	N/A	876,144
Summer Food Service Program for Children	10.559	N/A	24,499
Passed-through State Department of Agriculture:			
Child Nutrition Cluster:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	82,173 (4)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	(5)	4,097
Total U.S. Department of Agriculture			\$ 1,414,492
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Housing and Urban Development:			
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants	14.269	(3)	\$ 185,991
Total U.S. Department of Housing and Urban Development			\$ 185,991
U.S. Bureau of Land Mangement, Department of the Interior:			
Direct Programs:			
Payments-in-lieu of Taxes	15.226	N/A	\$ 35,802
Total U.S. Bureau of Land Management, Department of the Interior			\$ 35,802
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	(3)	\$ 100,106
Total U.S. Department of Transportation			\$ 100,106
U.S. Institute of Museums and Library Services:			
Passed-through Department of State, Division of Library Services:			
Grants to States	45.310	(3)	\$ 350
Total U.S. Institute of Museums and Library Services			\$ 350
U.S. Department of Education:			
Passed-through State Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	N/A	\$ 982,607
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	389,968
Special Education - Preschool Grants	84.173	N/A	15,223
Career and Technical Education-Basic Grants to States	84.048	N/A	59,462
Twenty-first Century Community Learning Centers	84.287	(3)	84,822
Rural Education	84.358	N/A	45,468
Improving Teacher Quality State Grants	84.367	N/A	139,783
Teacher Incentive Fund	84.374	N/A	155,283
Passed-through State Department of Labor and Workforce Development:			
Adult Education-Basic Grants to States	84.002	N/A	168,534
Passed-through State Higher Education Commission:			
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	(3)	77,155
Total U.S. Department of Education			\$ 2,118,305

(Continued)

Johnson County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (Cont.)

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Injury Prevention and Control Research and State and Community			
Based Programs	93.136	(5)	\$ 1,953
Family Planning Services	93.217	(5)	639
National State Based Tobacco Control Programs	93.305	(5)	9,719
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home			
Visiting Program	93.505	(5)	3,437
Medical Assistance Program	93.778	(5)	4,533
National Bioterrorism Hospital Preparedness Program	93.889	(5)	356
HIV Prevention Activities - Health Department Based	93.940	(5)	142
Maternal and Child Health Services Block Grant to the States	93.994	(5)	2,644
Total U.S. Department of Health and Human Services			<u>\$ 23,423</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(3)	\$ 27,000
Total U.S. Department of Homeland Security			<u>\$ 27,000</u>
Total Expenditures of Federal Grants			<u>\$ 3,905,469</u>
		<u>Contract Number</u>	
State Grants			
Juvenile Services Program - State Commission on Children and Youth	N/A	(3)	\$ 13,725
State Aid Program - State Department of Transportation	N/A	(3)	311,562
Airport Maintenance - State Department of Transportation	N/A	AERM-16-144-00	4,710
Airport Acquisition - State Department of Transportation	N/A	AERM-15-179-00	5,561
Aging Program - First Tennessee Development District	N/A	(3)	21,200
Health Department Program - State Department of Health	N/A	(5)	87,506
Litter Program - State Department of Transportation	N/A	Z-16LIT-046	33,554
Used Oil Grant - State Department of Environment and Conservation	N/A	(3)	10,757
Art Student Ticket Subsidy - Tennessee Arts Commission through			
State Department of Education	N/A	(3)	7,500
Adult Basic Education - State Department of Education	N/A	(3)	56,178
Family Resource Center Grant - State Department of Education	N/A	(3)	29,612
Safe Schools Act Grant - State Department of Education	N/A	(3)	14,691
Lottery for Education After School Program - State Department of Education	N/A	(3)	213,925
Connect TN - State Department of Education	N/A	(3)	5,653
Early Childhood Education Pilot Project - State Department of Education	N/A	(3)	495,097
Coordinated School Health Program - State Department of Education	N/A	(3)	108,213
Total State Grants			<u>\$ 1,419,444</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) Johnson county elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.

(3) Information not available.

(4) The total for CFDA No. 10.555 is \$958,317.

(5) Multi-service contract: GG-16-45340-00.

Johnson County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2016

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Typical County, Tennessee, for the year ended June 30, 2016.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
2015	183	2015-001	The School Department Failed to Request Reimbursement for Grant Expenditures on a Timely Basis Resulting in Deficits in Unassigned Fund Balances and Cash Overdrafts	N/A	Corrected
2015	185	2015-002	The School Department had Purchasing Deficiencies	N/A	Not Corrected - See Explanation on Corrective Action Plan
2015	186	2015-003	Duties were not Segregated Adequately in the Offices of Clerk and Master, Register of Deeds, and Sheriff	N/A	Not Corrected - See Explanation on Corrective Action Plan

Prior-year Federal Awards Findings

There were no prior-year federal award findings to report.

JOHNSON COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Johnson County is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **YES**
3. Noncompliance material to the financial statements noted? **NO**

Federal Awards:

4. Internal Control Over major federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs: **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * CFDA Numbers: 10.553, 10.555, and 10.559 Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children
 - * CFDA Number 84.010 Title I Grants to Local Education Agencies
8. Dollar threshold used to distinguish between Type A and Type B Programs: **\$750,000**
9. Auditee qualified as low-risk auditee? **NO**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our audit, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses for all findings are paraphrased and presented following each finding and recommendation. The county mayor, director of schools, circuit and general sessions courts clerk, clerk and master, register of deeds, and sheriff provided corrective action plans, which are paraphrased in the Management's Corrective Action Plan section of this report.

Findings relating specifically to the audit of federal awards, if any, are separately presented under Part III, Findings and Questioned Costs for Federal Awards.

OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

FINDING 2016-001 **AMOUNTS WITHHELD FROM CONTRACTOR PAYMENTS WERE NOT DEPOSITED INTO AN ESCROW ACCOUNT**
(Noncompliance Under *Government Auditing Standards*)

The county did not deposit amounts withheld from contractor payments into an escrow account related to a \$699,263 construction contract for an emergency operations center located in the Sheriff's Office building complex. Section 66-34-104, *Tennessee Code Annotated*, requires that funds withheld from contractor payments be deposited into an escrow account with a third party for contracts of \$500,000 or more. This deficiency was the result of a lack of management oversight that could result in the loss of interest earnings for the contractor.

RECOMMENDATION

Amounts withheld from contractor payments on contracts of \$500,000 or more should be deposited into an escrow account in compliance with state statute.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

I concur with finding 2016-001. All contracts will be monitored that exceed the \$500,000 threshold. Escrow amounts will be established for these contracts as provided by state statute.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2016-002

THE SCHOOL DEPARTMENT HAD DEFICIENCIES IN PURCHASING PROCEDURES

A. – Noncompliance Under *Government Auditing Standards*; B. and C. – Internal Control – Significant Deficiency Under *Government Auditing Standards*)

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 28 disbursements totaling \$100,736 from a population of approximately 6,583 vendor checks totaling \$11,836,234. Due to questions related to bid activity noted in the original sample, we selected an additional ten disbursements totaling \$234,064 of items exceeding the bid threshold of \$10,000. Our examination revealed the following deficiencies, which are a result of a lack of management oversight and management's failure to correct finding Part C. noted in the prior-year audit report.

- A. Our sample revealed that in six of ten applicable purchases, competitive bids were not solicited as required by state statute, and the purchases were not approved by the School Board in accordance with policy. An elevator, repairs to tennis courts, repairs to a greenhouse, and items related to the construction of a new fieldhouse totaling \$119,076 were purchased during the year; however competitive bids were not solicited for these purchases. Purchasing procedures for the School Department are governed by the purchasing laws applicable to schools as set forth in Section 49-2-203(a)(3)(A), *Tennessee Code Annotated*, which require competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$10,000. In addition, School Board policy provides that all special non-routine purchases are required to be presented to the School Board for approval prior to purchase.
- B. Five of the 38 disbursements totaling \$115,414 were coded to accounts that did not reflect the true nature of the transactions. These disbursements were made for capital related expenditures for either equipment or construction and building improvements; however, the disbursements were coded to Other Supplies and Materials and/or Other Charges. Misclassifying expenditures diminishes the usefulness of the financial records as a management tool and results in a loss of budgetary control.
- C. A purchase order was not issued for one of 21 applicable purchases. Purchase orders are necessary to control who has purchasing authority for the School Department and to document purchasing commitments. A purchase order was issued after the purchase was made for one of 21 applicable purchases. The practice of issuing a purchase order after a purchase is made defeats the purpose of the purchase order and makes it an approval of payment rather than an approval of the purchase.

RECOMMENDATION

Competitive bids should be solicited for all purchases exceeding \$10,000 as required by statute, and special non-routine purchases should be presented to the School Board for approval prior to purchase as required by policy. Expenditures should be coded to accounts

that most appropriately reflect the true nature of the transactions. To strengthen internal controls over purchasing procedures and to document purchasing commitments, purchase orders should be issued for all applicable purchases before purchases are made.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

Management agrees with this finding and has amended procedures to correct this finding. Competitive bids will be solicited for all purchases exceeding \$10,000, expenditures will be coded to the most appropriate account and purchase orders will be issued before purchases are made. Please see corrective action plan for additional information.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 2016-003

ABSTRACT BILLS OF COST WERE NOT FILED WITH THE STATE IN A TIMELY MANNER

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Abstract bills of cost related to criminal court cases were not filed with the State of Tennessee in a timely manner. As of August 30, 2016, bills of costs had not been filed since December 2014. This deficiency resulted in decreased revenues for the fiscal years ended June 30, 2015, and June 30, 2016. This deficiency is the result of management’s failure to ensure bills of cost were prepared and filed in a timely manner. Without the bills of cost being prepared and filed, we are unable to determine the potential amounts due from the State of Tennessee as of June 30, 2016. To date, no abstract bills of costs have been filed with the state.

RECOMMENDATION

Abstract bills of costs should be filed with the State of Tennessee in a timely manner to ensure the county receives all applicable revenues on a current basis.

MANAGEMENT’S RESPONSE – CIRCUIT AND GENERAL SESSIONS COURTS CLERK

We concur with this finding. In transition of updating software and change of officials, this process was overlooked. We have since contacted our new software vendor and corrected the issue. We have sent in the bill of cost for the maximum period on September 28, 2016, for \$3,655.

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

FINDING 2016-004

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. Sound business practices dictate that management is responsible for designing internal controls to give reasonable assurance of the reliability in financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – CLERK AND MASTER

I concur with your finding regarding lack of segregation in my office. I must point out that my office is a two person office that consists of myself and one deputy clerk. With only two people in my office this makes it very difficult at times to segregate duties.

MANAGEMENT'S RESPONSE – REGISTER OF DEEDS

I concur with the finding of segregation of duties, but only because I was without an employee for a small amount of time. Otherwise, my office does segregate duties adequately.

MANAGEMENT'S RESPONSE – SHERIFF

We concur with this finding of duties were not segregated adequately, but have requested the county commission hire additional staff to correct this issue. Our county has not had the resources available to accommodate this request and we have done the best we can with the resources available. We have since written and implemented internal controls to help alleviate this issue. The internal controls become effective June 30, 2016.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2016.

**Johnson County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2016**

We reviewed the financial statement and federal award findings and recommendations with management to provide an opportunity for their response as required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Management's corrective action plans for all financial statement findings and federal award findings are presented below:

Corrective Action - Financial Statement Findings

OFFICES OF COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

**FINDING 2016-001 AMOUNTS WITHHELD FROM CONTRACTOR
PAYMENTS WERE NOT DEPOSITED INTO AN
ESCROW ACCOUNT**

Response and Corrective Action Plan Prepared by:	Larry Potter, County Mayor, Johnson County, Tennessee
Person Responsible for Implementing the Corrective Action:	Russell Robinson, Director of Accounts and Budgets
Anticipated Completion Date of Corrective Action:	FY 2017
Repeat Finding:	No
Reason Why Corrective Action was Not Taken – PY	N/A

Planned Corrective Action:

The Director of Accounts and Budgets will be responsible for the implementation of this corrective action plan and will evaluate all contracts in the future that exceed the monetary threshold for determination of the establishment of any applicable escrow account. This corrective action plan has been implemented and is effective with the fiscal year 2017.

OFFICE OF DIRECTOR OF SCHOOLS

**FINDING 2016-002 THE SCHOOL DEPARTMENT HAD DEFICIENCIES IN
PURCHASING PROCEDURES**

Response and Corrective Action Plan Prepared by:	Dr. Mischelle Simcox, Director of Schools, Tina Lipford, Finance Director Johnson County, Tennessee
Person Responsible for Implementing the Corrective Action:	Dr. Mischelle Simcox, Director of Schools
Anticipated Completion Date of Corrective Action:	Immediately
Repeat Finding:	Yes

Reason Why Corrective Action was Not Taken – PY

Corrective measures began last year regarding purchasing procedures. The measures will continue to be an ongoing process.

Planned Corrective Action:

- A. Competitive bids will be solicited for all purchases exceeding \$10,000 and special non-routine purchases will be presented by the School Board for approval prior to purchase. All documentation will be inspected by management to insure that all necessary steps have been taken before signing the purchase order and additional training will be provided to instruct personnel of appropriate bid procedures.
- B. Expenditures will be coded to the most appropriate account that reflects the true nature of the purchase. Bookkeepers will receive additional training as to appropriate account numbers to be used for purchases and if necessary additional line items will be included in the budget to allow for a better representation of account selection needed for purchase.
- C. Purchase orders will be issued before purchases are made. We will continue to train personnel as to the appropriate steps that should be taken before a purchase. Should required steps be disregarded (requisition, purchase order, signed and dated packing slip and invoice) management may refuse purchase.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 2016-003

ABSTRACT BILLS OF COSTS WERE NOT FILED WITH THE STATE IN A TIMELY MANNER

Response and Corrective Action Plan Prepared by:

Melissa Hollaway, Circuit and General Sessions Courts Clerk, Johnson County, Tennessee

Person Responsible for Implementing the Corrective Action:

Melissa Hollaway, Circuit and General Sessions Courts Clerk

Anticipated Completion Date of Corrective Action:

September 28, 2016

Repeat Finding:

No

Reason Why Corrective Action was Not Taken – PY

N/A

Planned Corrective Action:

State cost bill will be completed the last day of the month when month end accounting is completed by the bookkeeper. The state cost bill will also be reviewed by the clerk prior to being sent to the state.

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

FINDING 2016-004

DUTIES WERE NOT SEGREGATED ADEQUATELY

Response and Corrective Action Plan Prepared by:

Sherrie Fenner, Clerk and Master; Freida May Gwinn, Register of Deeds; and Mike Reece, Sheriff, Johnson County, Tennessee

Person Responsible for Implementing the Corrective Action:

Same

Anticipated Completion Date of Corrective Action:

Various

Repeat Finding:

Yes

Reason Why Corrective Action was Not Taken – PY

Action began with compliance with new control law and will continue.

Planned Corrective Action:

Clerk and Master:

The Clerk & Master's Office has now implemented internal control guidelines that are being utilized. This plan will include checks and balances to adequately segregate duties. I will be responsible for implementing this corrective action plan in my office. The above actions as detailed in this plan are now currently in place for my office and have been followed by myself and by my Deputy Clerk since July 1, 2016. This finding is a repeat finding from prior years. With only two people working in my office it has been difficult to come up with a solution to solve the segregation of duties. Ideally, the perfect solution would be to have a third employee for my office, but due to funding issues the county commission of Johnson County has denied this request.

Register of Deeds:

The corrective actions were taken when I worked up my internal controls, which started with my previous deputy and remain in place with my current deputy. The steps were taken to alleviate this finding, but because I was without a deputy for a short time, the auditor found it necessary for the finding to remain.

Sheriff:

We have implemented a new internal controls policy effective June 30, 2016. The plan includes provisions for the following changes: receipt writing is to be done by the warrants clerks, deposits are to be randomly rotated between employees and logged, and check books

are to be balanced and checked by two individuals. All money is to be placed in a lock box by the warrants clerks and locked in the safe by the administrative assistants. The lock box and safe are only accessible by the administrative assistants.

Corrective Action - Federal Award Findings

There were no current year federal award findings to report.

BEST PRACTICE

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below is a best practice 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 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.

The Fiscal Control Acts of 1957 also include provisions for centralized purchasing for funds maintained by the county mayor and road superintendent. However, purchasing procedures for the School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, *Tennessee Code Annotated*, 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. 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.