ANNUAL FINANCIAL REPORT
JEFFERSON COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2007

TENNESSEE
COMPTROLLER
OF THE TREASURY

ANNUAL FINANCIAL REPORT

JEFFERSON COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2007

DEPARTMENT OF AUDIT
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JEFFERSON COUNTY, TENNESSEE
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Audit Highlights

Annual Financial Report
Jefferson County, Tennessee
For the Year Ended June 30, 2007

Scope

We have audited the basic financial statements of Jefferson County as of and for the year ended June 30, 2007.

Results

Our report on Jefferson County's financial statements is unqualified.

Our audit resulted in 13 findings and recommendations, which we have reviewed with Jefferson 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:

OFFICE OF COUNTY MAYOR

- Deficiencies were noted in obtaining bids and appropriations for the purchase of vehicles.
- In several instances, purchase orders were issued after purchases were made.
- Several general ledger receivable accounts had not been reconciled with supporting documentation.
- Expenditures exceeded appropriations approved by the County Commission for contributions to various organizations.

OFFICE OF DIRECTOR OF SCHOOLS

- The Education Capital Projects Fund had a deficit unreserved fund balance of $3,047,502 at June 30, 2007.

OFFICE OF SANITATION SUPERVISOR

- Solid Waste Disposal Fund accounts receivable subsidiary records were not properly maintained and reconciled with the general ledger, and a policy for the write-off of delinquent accounts had not been developed and approved.
- Purchase orders were not issued properly.

OFFICE OF COUNTY CLERK

- Deficiencies were noted in accounting for credit card transactions and trust accounts.
- The county clerk did not require one depository to adequately collateralize amounts in excess of Federal Depository Insurance Corporation coverage.

OFFICE OF CLERK AND MASTER

- The clerk and master did not reconcile the unpaid balance of each year's delinquent tax aggregates with amounts collected and adjusted.
- Bank statements for trust accounts were not reconciled with the general ledger control account.

OTHER FINDINGS

- Duties were not segregated adequately among the officials and employees in the Offices of Trustee, Clerk and Master, Sheriff, and the Sanitation Supervisor.
- The Solid Waste Disposal Fund had a net assets deficit of $313,413 at June 30, 2007.

INTRODUCTORY SECTION

Jefferson County Officials
June 30, 2007

Officials

Alan Palmieri, County Mayor
Charles Tipton, Road Superintendent
Douglas Moody, Director of Schools
Ginger Franklin, Trustee
Robert Cavanah, Assessor of Property
R.E. Farrar, III, County Clerk
Penny Murphy, Circuit and General Sessions Courts Clerk
Nancy Humbard, Clerk and Master
Sarah Webb, Register
David Davenport, Sheriff

Board of County Commissioners

James Jarnigan, Chairperson
Frank Clamon, Vice Chairperson
Kenneth Arnold
Condon Batson
Randall Baxley
Robert Beeler
Steven Chambers
Jane Groseclose Davis
Matthew Evon
Donald Finchum
W.D. Henry
Phillip Kindred
Larry Masters
Marty Mills
Tommy Musick
Herbert Norton
Barbara Sheets
Nina Snodgrass
Sammy Solomon
Harold Taylor
William Watkins, Jr.

Financial Management Committee

Steven Chambers, Chairperson
Frank Clamon
Robert Beeler
Larry Masters
Douglas Moody
Alan Palmieri
Charles Tipton

Board of Education

John Neal Scarlett, Chairperson
Emily Fox, Vice Chairperson
Bill Jarnigan
David Lockhart
Michael Phagan
Anne Marie Potts
Jim Vines

FINANCIAL SECTION

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

INDEPENDENT AUDITOR'S REPORT

February 7, 2008

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jefferson County, Tennessee, as of and for the year ended June 30, 2007, which collectively comprise Jefferson County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Jefferson County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Jefferson County Nursing Home (which represent 6.8 percent and 12.6 percent, respectively, of the assets and revenues of the aggregate discretely presented component units) and the Jefferson County Emergency Communications District (which represent .9 percent and 1.7 percent, respectively, of the assets and revenues of the aggregate discretely presented component units). Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Jefferson County Nursing Home and the Jefferson County Emergency Communications District is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the

amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jefferson County, Tennessee, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 7, 2008, on our consideration of Jefferson County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management of Jefferson County did not prepare the management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.

The budgetary comparison and pension information on pages 83 through 89 are not required parts of the basic financial statements but they do provide supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jefferson 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 Jefferson 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 Jefferson County

School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

John G. Morgan
Comptroller of the Treasury

JGM/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Jefferson County, Tennessee
Statement of Net Assets
June 30, 2007

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Jefferson County School Department	Jefferson County Nursing Home	Emergency Communications District
ASSETS						
Cash and Cash Equivalents	$ 208,205	$ 25	$ 208,230	$ 2,253	$ 524,547	$ 166,654
Equity in Pooled Cash and Investments	10,966,165	167,701	11,133,866	5,075,944	0	0
Inventories	0	0	0	0	24,267	0
Accounts Receivable	1,779,444	47,946	1,827,390	26,218	355,069	30,824
Allowance for Uncollectibles	(431,909)	(9,589)	(441,498)	0	0	0
Due from Other Governments	446,794	0	446,794	1,602,877	0	0
Internal Balances	70,085	(70,085)	0	0	0	0
Property Taxes Receivable	12,875,238	0	12,875,238	6,063,043	0	0
Allowance for Uncollectible Property Taxes	(275,143)	0	(275,143)	(137,725)	0	0
Prepaid Items	0	0	0	0	13,233	18,517
Accrued Interest Receivable	0	0	0	0	1,133	0
Unamortized Debt Issuance Cost	89,526	0	89,526	0	0	0
Restricted Assets:						
Other Restricted Assets	0	0	0	0	20,189	0
Capital Assets						
Assets Not Depreciated:						
Land	1,159,625	461,930	1,621,555	536,841	7,181	0
Construction in Progress	0	0	0	1,538,931	6,967	0
Assets Net of Accumulated Depreciation:						
Landfill Facilities and Development	0	149,664	149,664	0	0	0
Buildings and Improvements	18,031,635	80,579	18,112,214	17,719,537	0	0
Machinery and Equipment	0	959,940	959,940	304,449	0	0
Other Capital Assets	2,203,348	0	2,203,348	1,300,846	1,549,846	110,133
Infrastructure	87,019,558	0	87,019,558	0	0	0
Total Assets	$ 134,142,571	$ 1,788,111	$ 135,930,682	$ 34,033,214	$ 2,502,432	$ 326,128

(Continued)

Exhibit A

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

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Jefferson County School Department	Jefferson County Nursing Home	Emergency Communications District
LIABILITIES						
Accounts Payable	$ 235,932	$ 4,475	$ 240,407	$ 137,576	$ 305,797	$ 1,146
Accrued Payroll	35,602	7,764	43,366	84,182	60,820	12,723
Accrued Interest Payable	133,989	1,046	135,035	0	0	0
Payroll Deductions Payable	30,494	621	31,115	1,619,003	13,407	0
Contracts Payable	0	0	0	18,513	0	0
Due to the State of Tennessee	28,330	6,894	35,224	0	0	0
Other Current Liabilities	1,880	0	1,880	0	0	64,677
Deferred Revenue - Property Taxes	12,207,132	0	12,207,132	5,713,976	0	0
Noncurrent Liabilities:						
Due Within One Year	1,968,837	108,661	2,077,498	174,175	123,539	0
Due in More than One Year	36,880,667	1,972,063	38,852,730	503,424	0	0
Total Liabilities	$ 51,522,863	$ 2,101,524	$ 53,624,387	$ 8,250,849	$ 503,563	$ 78,546
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	$ 94,761,411	$ 1,355,537	$ 96,116,948	$ 0	$ 0	$ 0
Invested in Capital Assets	0	0	0	21,400,604	1,563,994	110,133
Restricted for:						
Solid Waste/Sanitation	110,111	0	110,111	0	0	0
Drug Control	53,111	0	53,111	0	0	0
Highways	920,204	0	920,204	0	0	0
Debt Service	5,801,456	0	5,801,456	0	0	0
Capital Projects	417,885	0	417,885	264,996	0	0
State and Federal Financial Assistance Programs	384,641	0	384,641	884,998	0	0
Other Purposes	0	0	0	0	15,489	0
Unrestricted	(19,829,111)	(1,668,950)	(21,498,061)	3,231,767	419,386	137,449
Total Net Assets (Deficit)	$ 82,619,708	$ (313,413)	$ 82,306,295	$ 25,782,365	$ 1,998,869	$ 247,582

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

Exhibit B

Jefferson County, Tennessee
Statement of Activities
For the Year Ended June 30, 2007

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets					
					Primary Government			Component Units		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Jefferson County School Department	Jefferson County Nursing Home	Emergency Communica-tions District
Primary Government:										
Governmental Activities:										
General Government	$ 1,981,078	$ 781,613	$ 42,206	$ 0	$ (1,157,259)	$ 0	$ (1,157,259)	$ 0	$ 0	$ 0
Finance	1,374,510	1,060,539	14,487	0	(299,484)	0	(299,484)	0	0	0
Administration of Justice	1,458,472	1,028,243	14,000	0	(416,229)	0	(416,229)	0	0	0
Public Safety	5,229,025	673,602	160,803	157,100	(4,237,520)	0	(4,237,520)	0	0	0
Public Health and Welfare	5,970,347	4,066,632	136,931	0	(1,766,784)	0	(1,766,784)	0	0	0
Social, Cultural, and Recreational Services	599,898	50,040	199,270	0	(350,588)	0	(350,588)	0	0	0
Agriculture and Natural Resources	114,004	0	0	0	(114,004)	0	(114,004)	0	0	0
Other Operations	683,306	0	0	0	(683,306)	0	(683,306)	0	0	0
Highways	4,834,050	35,568	1,703,673	3,750,295	655,486	0	655,486	0	0	0
Interest on Long-term Debt	1,617,469	0	0	0	(1,617,469)	0	(1,617,469)	0	0	0
Debt Service	76,100	0	0	0	(76,100)	0	(76,100)	0	0	0
Total Governmental Activities	$ 23,938,259	$ 7,696,237	$ 2,271,370	$ 3,907,395	$ (10,063,257)	$ 0	$ (10,063,257)	$ 0	$ 0	$ 0
Business-type Activities:										
Solid Waste/Disposal	$ 1,418,664	$ 1,366,879	$ 15,020	$ 200,000	$ 0	$ 163,235	$ 163,235	$ 0	$ 0	$ 0
Total Business-type Activities	$ 1,418,664	$ 1,366,879	$ 15,020	$ 200,000	$ 0	$ 163,235	$ 163,235	$ 0	$ 0	$ 0
Total Primary Government	$ 25,356,923	$ 9,063,116	$ 2,286,390	$ 4,107,395	$ (10,063,257)	$ 163,235	$ (9,900,022)	$ 0	$ 0	$ 0
Component Units:										
Jefferson County School Department	$ 48,700,919	$ 1,491,702	$ 5,838,615	$ 0	$ 0	$ 0	$ 0	$ (41,370,602)	$ 0	$ 0
Jefferson County Nursing Home	7,423,708	7,076,949	0	0	0	0	0	0	(346,759)	0
Emergency Communications District	969,778	644,763	0	0	0	0	0	0	0	(325,015)
Total Component Units	$ 57,094,405	$ 9,213,414	$ 5,838,615	$ 0	$ 0	$ 0	$ 0	$ (41,370,602)	$ (346,759)	$ (325,015)

(Continued)

Exhibit B

Jefferson County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: Jefferson County School Department	Component Units: Jefferson County Nursing Home	Component Units: Emergency Communications District
General Revenues:										
Taxes:										
Property Taxes Levied for General Purposes					$ 8,645,011	$ 0	$ 8,645,011	$ 5,941,049	$ 0	$ 0
Property Taxes Levied for Debt Service					2,403,405	0	2,403,405	0	0	0
Local Option Sales Taxes					0	0	0	4,789,899	0	0
Other Local Taxes					2,033,871	0	2,033,871	13,944	0	0
Grants and Contributions Not Restricted to Specific Programs					67,685	0	67,685	30,265,543	2,003	328,000
Unrestricted Investment Income					1,164,035	0	1,164,035	35,243	21,809	2,398
Miscellaneous					27,372	0	27,372	53,713	0	0
Gain from Reduction in Estimate of Landfill Postclosure Care Cost					0	63,536	63,536	0	0	0
Total General Revenues					$ 14,341,379	$ 63,536	$ 14,404,915	$ 41,099,391	$ 23,812	$ 330,398
Transfers					$ 100,000	$ (100,000)	$ 0	$ 0	$ 0	$ 0
Change in Net Assets					$ 4,378,122	$ 126,771	$ 4,504,893	$ (271,211)	$ (322,947)	$ 5,383
Net Assets (Deficit), July 1, 2006					78,241,586	(440,184)	77,801,402	26,053,576	2,321,816	242,199
Net Assets (Deficit), June 30, 2007					$ 82,619,708	$ (313,413)	$ 82,306,295	$ 25,782,365	$ 1,998,869	$ 247,582

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

Exhibit C-1

Jefferson County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2007

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern-mental Funds	Total Govern-mental Funds
ASSETS					
Cash	$ 26,110	$ 0	$ 0	$ 173,815	$ 199,925
Equity in Pooled Cash and Investments	2,108,129	754,860	5,709,742	2,393,434	10,966,165
Accounts Receivable	1,717,448	6,335	4,846	47,847	1,776,476
Allowance for Uncollectibles	(431,909)	0	0	0	(431,909)
Due from Other Governments	144,325	302,469	0	0	446,794
Due from Other Funds	50	1,966	135,000	0	137,016
Property Taxes Receivable	8,152,739	1,467,573	1,515,741	1,739,185	12,875,238
Allowance for Uncollectible Property Taxes	(159,519)	(32,833)	(44,677)	(38,114)	(275,143)
Total Assets	$ 11,557,373	$ 2,500,370	$ 7,320,652	$ 4,316,167	$ 25,694,562
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	$ 104,412	$ 85,388	$ 0	$ 39,097	$ 228,897
Accrued Payroll	0	27,881	0	7,721	35,602
Payroll Deductions Payable	30,253	0	0	241	30,494
Due to Other Funds	20,764	0	0	66,931	87,695
Due to State of Tennessee	28,330	0	0	0	28,330
Other Current Liabilities	1,880	0	0	0	1,880
Deferred Revenue - Current Property Taxes	7,791,785	1,385,207	1,385,207	1,644,933	12,207,132
Deferred Revenue - Delinquent Property Taxes	155,702	38,287	66,364	43,393	303,746
Other Deferred Revenues	1,056,244	157,440	0	0	1,213,684
Total Liabilities	$ 9,189,370	$ 1,694,203	$ 1,451,571	$ 1,802,316	$ 14,137,460

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern-mental Funds	Total Govern-mental Funds
LIABILITIES AND FUND BALANCES (Cont.)					
Fund Balances					
Reserved for Encumbrances	$ 88,791	$ 0	$ 0	$ 3,384	$ 92,175
Reserved for Alcohol and Drug Treatment	141,301	0	0	0	141,301
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	150,247	0	0	0	150,247
Reserved for Sexual Offender Registration	7,425	0	0	0	7,425
Reserved for Computer System - Register	4,945	0	0	0	4,945
Reserved for Other General Purposes	32,268	0	70,000	0	102,268
Unreserved, Reported In:					
General Fund	1,943,026	0	0	0	1,943,026
Special Revenue Funds	0	806,167	0	2,100,240	2,906,407
Debt Service Funds	0	0	5,799,081	0	5,799,081
Capital Projects Funds	0	0	0	410,227	410,227
Total Fund Balances	$ 2,368,003	$ 806,167	$ 5,869,081	$ 2,513,851	$ 11,557,102
Total Liabilities and Fund Balances	$ 11,557,373	$ 2,500,370	$ 7,320,652	$ 4,316,167	$ 25,694,562

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

Exhibit C-2

Jefferson County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2007

Amounts reported for governmental activities in the statement of net assets (Exhibit A) are different because:		
Total fund balances - balance sheet - governmental funds (Exhibit C-1)		$ 11,557,102
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	$ 1,159,625	
Add: buildings and improvements net of accumulated depreciation	18,031,635	
Add: other capital assets net of accumulated depreciation	2,203,348	
Add: infrastructure net of accumulated depreciation	87,019,558	108,414,166
(2) An internal service fund is used by management to charge the cost of employee dental and vision programs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		24,977
(3) 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	$ (37,745,000)	
Less: capital leases payable	(72,281)	
Less: bonds payable	(530,000)	
Add: deferred charges - debt issuance costs	89,526	
Less: compensated absences payable	(502,223)	
Less: accrued interest on bonds, capital leases, and other loans	(133,989)	(38,893,967)
(4) Other long term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.		1,517,430
Net assets of governmental activities (Exhibit A)		$ 82,619,708

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

Exhibit C-3

Jefferson County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2007

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern-mental Funds	Total Governmental Funds
Revenues					
Local Taxes	$ 6,660,421	$ 1,396,796	$ 3,434,568	$ 1,576,027	$ 13,067,812
Licenses and Permits	556,529	0	0	0	556,529
Fines, Forfeitures, and Penalties	316,727	0	0	58,071	374,798
Charges for Current Services	2,989,582	35,568	0	802,091	3,827,241
Other Local Revenues	64,493	1,143	1,037,712	128,448	1,231,796
Fees Received from County Officials	1,317,670	0	0	0	1,317,670
State of Tennessee	792,504	1,892,045	0	0	2,684,549
Federal Government	267,400	0	0	115,023	382,423
Other Governments and Citizens Groups	155,670	44,368	0	7,344	207,382
Total Revenues	$ 13,120,996	$ 3,369,920	$ 4,472,280	$ 2,687,004	$ 23,650,200
Expenditures					
Current:					
General Government	$ 1,244,357	$ 0	$ 0	$ 243,150	$ 1,487,507
Finance	682,513	0	0	628,934	1,311,447
Administration of Justice	944,686	0	0	122	944,808
Public Safety	5,001,328	0	0	49,979	5,051,307
Public Health and Welfare	4,376,678	0	0	1,581,235	5,957,913
Social, Cultural, and Recreational Services	588,465	0	0	0	588,465
Agriculture and Natural Resources	114,771	0	0	0	114,771
Other Operations	1,283,179	0	0	11,524	1,294,703
Highways	0	3,528,367	0	0	3,528,367
Debt Service:					
Principal on Debt	153,408	0	2,365,000	0	2,518,408
Interest on Debt	10,375	0	1,640,244	0	1,650,619
Other Debt Service	0	0	71,363	0	71,363
Capital Projects	0	0	0	2,677,264	2,677,264
Total Expenditures	$ 14,399,760	$ 3,528,367	$ 4,076,607	$ 5,192,208	$ 27,196,942
Excess (Deficiency) of Revenues Over Expenditures	$ (1,278,764)	$ (158,447)	$ 395,673	$ (2,505,204)	$ (3,546,742)
Other Financing Sources (Uses)					
Other Loans Issued	$ 0	$ 0	$ 0	$ 2,000,488	$ 2,000,488
Insurance Recovery	27,118	0	0	0	27,118
Transfers In	0	0	100,000	312,532	412,532
Transfers Out	(204,532)	0	0	(108,000)	(312,532)
Total Other Financing Sources (Uses)	$ (177,414)	$ 0	$ 100,000	$ 2,205,020	$ 2,127,606
Net Change in Fund Balances	$ (1,456,178)	$ (158,447)	$ 495,673	$ (300,184)	$ (1,419,136)
Fund Balance, July 1, 2006	3,824,181	964,614	5,373,408	2,814,035	12,976,238
Fund Balance, June 30, 2007	$ 2,368,003	$ 806,167	$ 5,869,081	$ 2,513,851	$ 11,557,102

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

Exhibit C-4

Jefferson 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, 2007

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)		$ (1,419,136)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those 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	$ 2,709,725	
Less: current year depreciation expense	(1,965,435)	744,290
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.		
Add: assets donated and capitalized		3,554,175
(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, 2007	$ 1,517,430	
Less: deferred delinquent property taxes and other deferred June 30, 2006	(505,424)	1,012,006
(4) The issuance of long-term debt (e.g., bonds, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:		
Less: other loan proceeds	$ (2,000,488)	
Less: change in deferred debt issuance costs	(4,737)	
Add: principal payments on other loans	965,000	
Add: principal payments on capital leases	153,408	
Add: principal payments on bonds	1,400,000	513,183
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	$ 33,150	
Change in compensated absences	(71,280)	(38,130)
(6) An internal service fund is used by management to charge the cost of employee dental and vision benefits to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities.		11,734
Change in net assets of governmental activities (Exhibit B)		$ 4,378,122

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

Exhibit D-1

Jefferson County, Tennessee
Statement of Net Assets
Proprietary Funds
June 30, 2007

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Employee Insurance - Dental and Vision Fund
ASSETS		
Current Assets:		
Cash	$ 25	$ 0
Equity in Pooled Cash and Investments	167,701	8,280
Accounts Receivable	47,946	2,968
Allowance for Uncollectibles	(9,589)	0
Due from Other Funds	66,881	20,764
Total Current Assets	$ 272,964	$ 32,012
Noncurrent Assets:		
Capital Assets:		
Assets Not Depreciated:		
Land	$ 461,930	$ 0
Assets Net of Accumulated Depreciation:		
Landfill Facilities and Development	149,664	0
Buildings and Improvements	80,579	0
Machinery and Equipment	959,940	0
Total Noncurrent Assets	$ 1,652,113	$ 0
Total Assets	$ 1,925,077	$ 32,012
LIABILITIES		
Current Liabilities:		
Accounts Payable	$ 4,475	$ 7,035
Accrued Payroll	7,764	0
Accrued Interest Payable	1,046	0
Payroll Deductions Payable	621	0
Due to Other Funds	136,966	0
Due to the State of Tennessee	6,894	0
Current Portion of Long-term Liabilities	108,661	0
Total Current Liabilities	$ 266,427	$ 7,035
Noncurrent Liabilities:		
Due in More Than One Year	$ 1,972,063	$ 0
Total Noncurrent Liabilities	$ 1,972,063	$ 0
Total Liabilities	$ 2,238,490	$ 7,035
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	$ 1,355,537	$ 0
Unrestricted	(1,668,950)	24,977
Net Assets	$ (313,413)	$ 24,977

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

Exhibit D-2

Jefferson County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2007

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Employee Insurance - Dental and Vision Fund
Operating Revenues		
Tipping Fees	$ 1,204,024	$ 0
Lease/Rentals	885	0
Sale of Recycled Materials	161,702	0
Miscellaneous Refunds	268	0
Solid Waste Grants	15,020	0
Self Insurance Premiums/Contributions	0	98,183
Total Operating Revenues	$ 1,381,899	$ 98,183
Operating Expenses		
Cost of Sales and Services		
Supervisor/Director	$ 27,684	$ 0
Accountants/Bookkeepers	36,275	0
Longevity Pay	8,400	0
Laborers	380,081	0
Board and Committee Members Fees	4,320	0
Social Security	34,564	0
State Retirement	61,573	0
Employee and Dependant Insurance	84,400	0
Life Insurance	1,016	0
Dental Insurance	1,675	0
Unemployment Compensation	403	0
Data Processing Services	5,579	0
Engineering Services	4,657	0
Evaluation and Testing	20,956	0
Maintenance and Repair Services - Equipment	183,753	0
Postal Charges	480	0
Rentals	1,958	0
Travel	877	0
Other Contracted Services	27,544	0
Crushed Stone	19,344	0
Diesel Fuel	59,279	0
Fertilizer, Lime, and Seed	149	0
Gasoline	8,839	0
Lubricants	8,239	0
Office Supplies	1,789	0

(Continued)

Exhibit D-2

Jefferson County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds (Cont.)

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Employee Insurance - Dental and Vision Fund
Operating Expenses (Cont.)		
Cost of Sales and Services (Cont.)		
Propane Gas	$ 870	$ 0
Tires and Tubes	371	0
Utilities	11,380	0
Chemicals	3,506	0
Other Supplies and Materials	15,211	0
Liability Insurance	6,357	0
Trustee's Commission	12,221	0
Vehicle and Equipment Insurance	13,386	0
Workers' Compensation Insurance	28,114	0
Depreciation	195,467	0
Surcharge	32,249	0
Landfill Closure/Postclosure Care Costs	46,311	0
Other Charges	47,781	0
Solid Waste Equipment	4,455	0
Handling Charges and Administrative Costs	0	11,625
Other Self-Insured Claims	0	74,824
Total Operating Expenses	$ 1,401,513	$ 86,449
Operating Income (Loss)	$ (19,614)	$ 11,734
Nonoperating Revenues (Expenses)		
Interest on Note	$ (8,460)	$ 0
Interest on Capital Lease	(8,691)	0
Gain from Reduction in Estimate of Landfill Postclosure Care Cost	63,536	0
Total Nonoperating Revenues (Expenses)	$ 46,385	$ 0
Income (Loss) Before Contributions and Transfers	$ 26,771	$ 11,734
Capital Contributions - State of Tennessee	200,000	
Transfers Out	(100,000)	0
Change in Net Assets	$ 126,771	$ 11,734
Net Assets, July 1, 2006	(440,184)	13,243
Net Assets, June 30, 2007	$ (313,413)	$ 24,977

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

Exhibit D-3

Jefferson County, Tennessee
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2007

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Employee Insurance - Dental and Vision Fund
Cash Flows from Operating Activities		
Receipts from Customers and Users	$ 1,219,197	$ 0
Receipts from Recycled Materials	161,702	0
Receipts from Other Operating Grants	15,020	0
Receipts for Self-Insurance Premiums	0	74,451
Payments to Employees and Board Members	(455,236)	0
Payments for Fringe Benefits	(182,154)	0
Payments to Suppliers	(358,226)	0
Payments to Others	(172,053)	0
Payments for Claims	0	(73,886)
Payments for Administrative Costs	0	(10,524)
Net Cash Provided By (Used In) Operating Activities	$ 228,250	$ (9,959)
Cash Flows from Capital and Related Financing Activities		
Proceeds from Internal Loan	$ 200,000	$ 0
Capital Contributions	200,000	0
Acquisition and Construction of Capital Assets (purchased prior year on account)	(444,325)	0
Principal Paid on Internal Loan	(65,000)	0
Interest Paid on Internal Loan	(8,460)	0
Principal Paid on Capital Lease	(29,685)	0
Interest Paid on Capital Lease	(8,691)	0
Net Cash Provided By (Used In) Capital and Related Financing Activities	$ (156,161)	$ 0
Cash Flows from Noncapital Financing Activities		
Transfers to Other Funds	$ (100,000)	$ 0
Net Cash Provided By (Used In) Noncapital Financing Activities	$ (100,000)	$ 0
Increase (Decrease) in Cash	$ (27,911)	$ (9,959)
Cash, July 1, 2006	195,637	18,239
Cash, June 30, 2007	$ 167,726	$ 8,280

(Continued)

Exhibit D-3

Jefferson County, Tennessee
Statement of Cash Flows
Proprietary Funds (Cont.)

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Employee Insurance - Dental and Vision Fund
Reconciliation of Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities		
Operating Income (Loss)	$ (19,614)	$ 11,734
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	195,467	0
Landfill Closure/Postclosure Care Cost	33,725	0
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	5,628	(23,732)
Increase (Decrease) in Allowance for Uncollectibles	9,589	0
(Increase) Decrease in Due from Other Funds	(1,197)	0
Increase (Decrease) in Operating Accounts Payable	541	2,039
Increase (Decrease) in Accrued Payroll	524	0
Increase (Decrease) in Payroll Deductions Payable	(46)	0
Increase (Decrease) in Accrued Interest Payable	1,046	0
Increase (Decrease) in Due to Other Funds	803	0
Increase (Decrease) in Due to State of Tennessee	307	0
Increase (Decrease) in Compensated Absences	1,477	0
Net Cash Provided By (Used In) Operating Activities	$ 228,250	$ (9,959)
Reconciliation of Cash with Statement of Net Assets		
Cash per Net Assets	$ 25	$ 0
Equity in Pooled Cash and Investments per Net Assets	167,701	8,280
Cash, June 30, 2007	$ 167,726	$ 8,280

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

Exhibit E-1

Jefferson County, Tennessee
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2007

	Other Employee Benefit Trust Fund Flexible Benefit Fund	Agency Funds
ASSETS		
Cash	$ 0	$ 4,245,039
Equity in Pooled Cash and Investments	2,799	5,509
Accounts Receivable	0	607
Due from Other Governments	0	605,940
Property Taxes Receivable	0	924,626
Allowance for Uncollectible Property Taxes	0	(18,490)
Total Assets	$ 2,799	$ 5,763,231
LIABILITIES		
Due to Other Taxing Units	$ 0	$ 1,517,585
Due to Litigants, Heirs, and Others	0	4,245,646
Total Liabilities	$ 0	$ 5,763,231
NET ASSETS		
Funds Held in Trust for Employees	$ 2,799	
Net Assets	$ 2,799	

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

Exhibit E-2

Jefferson County, Tennessee
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Year Ended June 30, 2007

	Other Employee Benefit Trust Fund
	Flexible Benefit Fund
ADDITIONS	
Plan Member Contributions	$ 4,956
Total Additions	$ 4,956
DEDUCTIONS	
Employee Benefits:	
Other Fringe Benefits	$ 4,099
Total Deductions	$ 4,099
Change in Net Assets	$ 857
Net Assets, July 1, 2006	1,942
Net Assets, June 30, 2007	$ 2,799

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

JEFFERSON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Jefferson 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 Jefferson County:

A. Reporting Entity

Jefferson County is a public municipal corporation governed by an elected 21-member board. As required by GAAP, these financial statements present Jefferson County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

Blended Component Units – There are no legally separate component units of Jefferson County that meet the criteria for being reported as part of the primary government by the blending method.

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

The Jefferson County Nursing Home provides nursing care to the citizens of Jefferson County, and the Jefferson County Commission appoints its governing body. Patient charges provide the majority of the revenues for the entity. Before the issuance of debt instruments, the entity must obtain the County Commission's approval.

The Jefferson County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Jefferson County, and the Jefferson

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 Jefferson County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the Jefferson County School Department are included in this report as listed in the table of contents. Complete financial statements of the Jefferson County Nursing Home and the Jefferson County Emergency Communications District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Jefferson County Nursing Home
914 Industrial Park Road
Dandridge, TN 37725

Jefferson County Emergency Communications District
P.O. Box 705
Jefferson City, TN 37760

Related Organization – The Jefferson County Industrial Development Board is a related organization of Jefferson County. The county mayor nominates and the Jefferson County Commission confirms the board members, but the county's accountability for the organization does not extend beyond making these appointments.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the statement of activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Jefferson 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.

Jefferson County issues all debt for the discretely presented Jefferson County School Department.

Separate financial statements are provided for governmental funds, proprietary funds (internal service and enterprise), and fiduciary funds. The internal service fund is reported with the governmental activities in the government-wide financial statements, and the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and the major enterprise fund 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 proprietary funds and 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 Jefferson County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Jefferson County reports two proprietary funds, an enterprise fund and an internal service fund.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and the major enterprise fund 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. The internal service fund and fiduciary funds in total are reported in single columns by fund type.

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. Jefferson 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.

Proprietary funds and fiduciary funds 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Jefferson County reports the following major governmental funds:

General Fund – This is the county's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Highway/Public Works Fund – This fund accounts for transactions of the county's Highway Department.

General Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Jefferson County reports the following major proprietary fund:

Solid Waste Disposal Fund – This fund accounts for solid waste disposal operations of the Jefferson County landfill.

Additionally, Jefferson County reports the following fund types:

Internal Service Fund – The Employee Insurance - Dental and Vision Fund is used to account for the county's self-insured dental and vision programs. Premiums charged to the various county funds and employee payroll deductions are placed in this fund for the payment of claims of county employees.

Other Employee Benefit Trust Fund – The Flexible Benefits Fund is used to account for operations of the flexible benefits program for Jefferson County and the Jefferson County Nursing Home employees.

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 Jefferson County, the cities property taxes collected by the county trustee and forwarded to the Town of Dandridge and the City of Baneberry. 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 Jefferson County School Department reports the following major governmental fund:

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.

Additionally, the Jefferson County School Department reports the following fund types:

Special Revenue Fund – The School Federal Projects Fund accounts for restricted federal revenues which must be expended on specific education programs.

Capital Projects Fund – The Education Capital Projects Fund is used to account for the receipt of contributions from Jefferson County for building construction and renovations.

Internal Service Fund – The Employee Insurance - Dental and Vision Fund is used to account for the School Department's self-insured dental and vision programs. Premiums charged to the

various School Department funds and employee payroll deductions are placed in this fund for the payment of claims of School Department employees.

Other Employee Benefit Trust Fund – The Flexible Benefits Fund is used to account for operations of the flexible benefits program for School Department employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to the same limitations. Jefferson County has elected not to follow subsequent private-sector guidance.

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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has two proprietary funds, an enterprise fund, and an internal service fund. Operating revenues and expenses generally result from providing services in connection with the funds' principal ongoing operations. The principal operating revenue of the enterprise fund is tipping fees. Operating expenses of the enterprise fund include various expenses associated with the operation of the county's landfill. The principal operating revenues of the county's and the School Department's internal service funds are charges for services. Operating expenses for the internal service funds include administrative expenses and employee benefits.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted revenues first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

For purposes of the statement of cash flows, cash includes cash on hand and cash on deposit with the county trustee.

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;

bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Jefferson County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund and the Other Special Revenue Fund. Jefferson County and the Jefferson County School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. <u>Receivables and Payables</u>

All outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.26 percent of total taxes levied.

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

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

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

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

Most payables are disaggregated on the face of the financial statements. The other current liabilities reflected in the primary government funds represent deposits placed with Jefferson County for building, zoning, and environmental permits.

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 and the business-type 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 two 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. Interest incurred during the construction phase of capital assets of the enterprise fund is included as part of the capitalized value of the assets 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:

Assets	Years
Landfill Facilities and Development	5-40
Buildings and Improvements	5-40
Machinery and Equipment	3-15
Other Capital Assets	5-25
Infrastructure	99

4. Compensated Absences

It is the county's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since Jefferson County does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements for the county. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

It is the School Department's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide statements. A liability for vacation and sick pay is reported in the governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

Sick Leave Exit Option

The School Department also offers teachers a financial incentive for accumulated sick leave. This incentive is available to all teachers who leave the School Department in good standing with at least ten consecutive years of service. The incentive amount is $25 for each accumulated day of sick leave. Eleven employees received this incentive during the 2006-07 year. The financial statements of this

report reflect expenditures of $44,126 in the General Purpose School Fund for the accumulated sick leave incentive payments. The liability for compensated absences includes $527,498 for accumulated sick leave commitments at June 30, 2007.

5. Long-term Obligations

In the government-wide financial statements and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets. Debt issuance costs are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt.

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, are recognized to the extent that the liabilities have matured (come due for payment) each period.

6. Net Assets and Fund Equity

In the government-wide financial statements and the proprietary fund in the fund financial statements, equity is classified as net assets and displayed in three components:

a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

As of June 30, 2007, Jefferson County had $24,605,000 in outstanding debt for capital purposes for the discretely presented Jefferson County School Department. This debt is a liability of Jefferson County, but the capital assets acquired are reported in the financial statements of

the School Department. Therefore, Jefferson County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

On the balance sheet – governmental funds (Exhibit C-1), the account Reserved for Other General Purposes consists of a reserve in the General Fund for the county libraries and in the General Debt Service Fund for the long-term portion of an interfund receivable due from the Solid Waste Disposal Fund. On the balance sheet – governmental funds (Exhibit J-2), the account Other Local Education Reserve consists of a reserve in the General Purpose School Fund of the discretely presented Jefferson County School Department for the school age child care program.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

Discretely Presented Jefferson County School Department

Exhibit J-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide statement of activities.

Discretely Presented Jefferson County School Department

Exhibit J-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide statement of activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Other Special Revenue Fund (special revenue fund) and the Constitutional Officers - Fees Fund (special revenue fund) which are not budgeted, and the Other Capital Projects Fund, which adopted a project length budget. 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 State 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, 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 differences between the budgetary basis and GAAP basis is presented on the face of each budgetary schedule.

B. Net Assets Deficit/Fund Deficit

The Solid Waste Disposal Fund had a net assets deficit of $313,413 and an unrestricted net assets deficit of $1,668,950 at June 30, 2007. Further details relating to liabilities recorded in this fund are disclosed in Note V.E. Landfill Closure/Postclosure Care Cost.

The School Department's Education Capital Projects Fund had a deficit in unreserved fund balance of $3,047,502 at June 30, 2007. This deficit resulted from the recognition of the unperformed portions of construction contracts of $3,312,498 being reserved as encumbrances. Although a building program has been approved, funding for these future expenditures has not been approved.

The School Federal Projects Fund of the Jefferson County School Department had an unreserved fund deficit of $1,464 at June 30, 2007. This deficit resulted from the corresponding grant revenues not being requested and recognized as revenue during the current period. Funding to liquidate this deficit was received subsequent to June 30, 2007.

C. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control) of the following funds:

Fund	Major Appropriation Category	Amount Overspent
General	Board of Equalization	$ 23
"	Other Social, Cultural, and Recreational	2,636
"	Contributions to Other Agencies	36,789
General Debt Service	Other Debt Service - General Government	3,363

Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance and by greater than anticipated revenues.

D. The County Had Deposits That Were Exposed to Custodial Credit Risk

The county clerk did not require one depository holding county funds to pledge adequate securities to protect funds that exceeded Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2007, deposits at this depository exceeded FDIC coverage by $128,279. Section 5-8-201, Tennessee Code Annotated, provides for county officials to require any bank that is a depository of county funds to deposit in an escrow account in a second bank collateral security equal to 105 percent of such county funds.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Jefferson County and the Jefferson County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is

responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net assets represents nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment 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.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of bank failure, Jefferson County's deposits may not be returned to it. Jefferson County does not have a formal policy that limits custodial credit risk for deposits. As of June 30, 2007, nonpooled bank balances of $128,279 were exposed to custodial credit risk as uninsured and uncollateralized. This amount consists of certificates of deposits reported in the fiduciary funds. Uninsured and uncollateralized deposits are a violation of state statutes.

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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; 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 director of Local

Finance 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 market value of the securities on the day of purchase.

Investment Balances. As of June 30, 2007, Jefferson County had the following investments carried at cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Jefferson County and the discretely presented Jefferson County School Department since both pool their deposits and investments through the county trustee.

Investment	Maturities	Cost
State Treasurer's Investment Pool	Daily	$ 762,066
Total		$ 762,066

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Jefferson County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Jefferson County has no investment policy that would further limit its investment choices. As of June 30, 2007, Jefferson County's investment in the State Treasurer's Investment Pool was unrated.

B. Capital Assets

Capital assets activity for the year ended June 30, 2007, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Not Depreciated:				
Land	$ 1,159,625	$ 0	$ 0	$ 1,159,625
Construction in Progress	14,814,283	2,253,814	(17,068,097)	0
Total Capital Assets Not Depreciated	$ 15,973,908	$ 2,253,814	$ (17,068,097)	$ 1,159,625
Capital Assets Depreciated:				
Buildings and Improvements	$ 2,355,718	$ 17,068,097	$ 0	$ 19,423,815
Other Capital Assets	5,198,694	455,911	0	5,654,605
Infrastructure	111,433,154	3,554,175	0	114,987,329
Total Capital Assets Depreciated	$ 118,987,566	$ 21,078,183	$ 0	$ 140,065,749
Less Accumulated Depreciated For:				
Buildings and Improvements	$ 1,091,513	$ 300,667	$ 0	$ 1,392,180
Other Capital Assets	3,009,339	441,918	0	3,451,257
Infrastructure	26,744,921	1,222,850	0	27,967,771
Total Accumulated Depreciation	$ 30,845,773	$ 1,965,435	$ 0	$ 32,811,208
Total Capital Assets Depreciated, Net	$ 88,141,793	$ 19,112,748	$ 0	$ 107,254,541
Governmental Activities Capital Assets, Net	$ 104,115,701	$ 21,366,562	$ (17,068,097)	$ 108,414,166

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

Governmental Activities:

General Government	$ 16,667
Administration of Justice	241,598
Public Safety	164,842
Public Health and Welfare	223,277
Social, Cultural, and Recreational Services	6,450
Highways/Public Works	1,312,601
Total Depreciation Expense - Governmental Activities	$ 1,965,435

Business-type Activities:

	Balance 7-1-06	Increases	Balance 6-30-07
Capital Assets Not Depreciated:			
Land	$ 461,930	$ 0	$ 461,930
Total Capital Assets Not Depreciated	$ 461,930	$ 0	$ 461,930
Capital Assets Depreciated:			
Landfill Facilities and Development	$ 458,228	$ 0	$ 458,228
Buildings and Improvements	289,940	0	289,940
Machinery and Equipment	2,450,388	0	2,450,388
Total Capital Assets Depreciated	$ 3,198,556	$ 0	$ 3,198,556
Less Accumulated Depreciated For:			
Landfill Facilities and Development	$ 290,319	$ 18,245	$ 308,564
Buildings and Improvements	194,699	14,662	209,361
Machinery and Equipment	1,327,888	162,560	1,490,448
Total Accumulated Depreciation	$ 1,812,906	$ 195,467	$ 2,008,373
Total Capital Assets Depreciated, Net	$ 1,385,650	$ (195,467)	$ 1,190,183
Business-type Activities Capital Assets, Net	$ 1,847,580	$ (195,467)	$ 1,652,113

Depreciation expense totaling $195,467 was charged to the Solid Waste Disposal Fund.

Discretely Presented Jefferson County School Department

Governmental Activities:

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Not Depreciated:				
Land	$ 536,841	$ 0	$ 0	$ 536,841
Construction in Progress	1,679,962	782,714	(923,745)	1,538,931
Total Capital Assets Not Depreciated	$ 2,216,803	$ 782,714	$ (923,745)	$ 2,075,772
Capital Assets Depreciated:				
Buildings and Improvements	$ 35,023,521	$ 938,395	$ 0	$ 35,961,916
Machinery and Equipment	1,189,686	27,981	(6,537)	1,211,130
Other Capital Assets	4,172,901	552,792	(305,434)	4,420,259
Total Capital Assets Depreciated	$ 40,386,108	$ 1,519,168	$ (311,971)	$ 41,593,305
Less Accumulated Depreciated For:				
Buildings and Improvements	$ 17,365,438	$ 876,941	$ 0	$ 18,242,379
Machinery and Equipment	832,767	80,451	(6,537)	906,681
Other Capital Assets	3,114,368	283,479	(278,434)	3,119,413
Total Accumulated Depreciation	$ 21,312,573	$ 1,240,871	$ (284,971)	$ 22,268,473
Total Capital Assets Depreciated, Net	$ 19,073,535	$ 278,297	$ (27,000)	$ 19,324,832
Governmental Activities Capital Assets, Net	$ 21,290,338	$ 1,061,011	$ (950,745)	$ 21,400,604

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

Governmental Activities:

Instruction	$ 785,494
Support Services	28,170
Operation of Non-Instructional Services	427,207
Total Depreciation Expense - Governmental Activities	$ 1,240,871

C. Construction Commitments

At June 30, 2007, the discretely presented Jefferson County School Department had uncompleted construction contracts of $3,312,498 for school renovations and construction in the Education Capital Projects Fund. Although the County Commission has approved a building program, funding for these future expenditures has not been approved.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2007, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	$ 50
Highway/Public Works	Solid Waste Disposal	1,966
General Debt Service	Solid Waste Disposal	135,000
Solid Waste Disposal	Nonmajor governmental	66,881
Internal Service Fund	General	20,764

The amount due to the General Debt Service Fund from the Solid Waste Disposal Fund represents an interfund loan that is to be repaid over three years. The amount of this interfund loan not expected to be liquidated within one year is $70,000.

The remaining balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2007, consisted of the following amounts:

Primary Government

	Transfers In	
Transfers Out	General Debt Service Fund	Nonmajor Governmental Fund
General Fund	$ 0	$ 204,532
Nonmajor governmental funds	0	108,000
Solid Waste Disposal Fund	100,000	0
Total	$ 100,000	$ 312,532

Discretely Presented Jefferson County School Department

Transfers Out	Transfers In General Purpose School Fund
Nonmajor governmental funds	$ 72,205
Total	$ 72,205

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

E. Capital Leases

On February 17, 2006, Jefferson County entered into a two-year lease-purchase agreement for Sheriff's Department vehicles. The terms of the agreement require total lease payments of $217,050 plus interest of 5.5 percent. Title to the vehicles transfers to Jefferson County at the end of the lease period. The lease payments are made from the General Fund.

On February 23, 2006, Jefferson County entered into a four-year lease-purchase agreement for landfill equipment. The terms of the agreement require total lease payments of $223,905 plus interest of five percent. Title to the equipment transfers to Jefferson County at the end of the lease period. The lease payments are made from the Solid Waste Disposal Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2007, were as follows:

Year Ending June 30	Governmental Funds	Enterprise Fund
2008	$ 76,256	$ 38,376
2009	0	38,376
2010	0	102,344
Total Minimum Lease Payments	$ 76,256	$ 179,096
Amount Representing Interest	(3,975)	(17,526)
Present Value of Minimum Lease Payments	$ 72,281	$ 161,570

F. Long-term Debt

Primary Government

General Obligation Bonds and Other Loans

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund other general obligation bonds.

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 13 years for bonds and up to 25 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, 2007, will be retired from the General Debt Service Fund.

General obligation bonds, other loans, and capital leases outstanding as of June 30, 2007, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
General Obligation Bonds - Refunding	3.8 to 4.9 %	$ 4,930,000	$ 530,000
Other Loans - Swapped	4.96	10,000,000	10,000,000
Other Loans	Variable	30,000,000	27,745,000
Capital Leases	5.5	217,050	72,281

In prior years, Jefferson County entered into loan agreements with the Sevier County Public Building Authority and the Blount County Public Building Authority. Under its loan agreements with the Sevier County Public Building Authority, the authority loaned the county $25,000,000 for various school renovation and construction projects. Under its agreement with the Blount County Public Building Authority, the authority loaned the county $15,000,000 for construction of the new justice center. The variable rate for the Sevier County Public Building Authority Series III-C-5 is repayable at a tax-exempt synthetic fixed rate obtained through the execution of a swap agreement. The remaining loans are repayable at interest rates that are tax-exempt variable rates determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, debt remarketing, administrative, etc.) in connection with these loans. The following table summarizes loan agreements outstanding as of June 30, 2007:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-07	Interest Type	Interest Rates as of 6-30-07	Other Fees on Variable Rate Debt
Sevier County Public Building Authority					
Local Government Improvement Bond (III-C-5)	$ 10,000,000	$ 10,000,000	Synthetic Fixed by Swap	4.96 %	.47 %
Local Government Improvement Bond (III-D-3)	10,000,000	10,000,000	Variable	3.76	.47
Local Government Improvement Bond (IV-B-10)	5,000,000	4,075,000	Variable	3.81	.58
Total		$ 24,075,000			
Blount County Public Building Authority					
Local Government Public Improvement (D-2-A)	15,000,000	$ 13,670,000	Variable	3.81	.41
Total		$ 13,670,000			
Total		$ 37,745,000			

The annual requirements to amortize all general obligation bonds and other loans outstanding as of June 30, 2007, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds Principal	Bonds Interest
2008	$ 530,000	$ 24,910
Total	$ 530,000	$ 24,910

Year Ending June 30	Other Loan ($10,000,000) Series III-C-5 Principal	Interest	Other Fees	Total
2008	$ 0	$ 496,000	$ 47,000	$ 543,000
2009	0	496,000	47,000	543,000
2010	0	496,000	47,000	543,000
2011	0	496,000	47,000	543,000
2012	0	496,000	47,000	543,000
2013-2017	0	2,480,000	235,000	2,715,000
2018-2022	7,705,000	1,960,936	185,815	9,851,751
2023	2,295,000	113,832	10,787	2,419,619
Total	$ 10,000,000	$ 7,034,768	$ 666,602	$ 17,701,370

Year Ending June 30	Other Loan ($10,000,000) Series III-D-3 Principal	Interest	Other Fees	Total
2008	$ 0	$ 376,000	$ 47,000	$ 423,000
2009	0	376,000	47,000	423,000
2010	0	376,000	47,000	423,000
2011	0	376,000	47,000	423,000
2012	195,000	376,000	47,000	618,000
2013-2017	7,645,000	1,297,952	162,244	9,105,196
2018-2019	2,160,000	95,692	11,962	2,267,654
Total	$ 10,000,000	$ 3,273,644	$ 409,206	$ 13,682,850

Year Ending June 30	Other Loan ($5,000,000) Series IV-B-10 Principal	Interest	Other Fees	Total
2008	$ 540,000	$ 155,258	$ 23,786	$ 719,044
2009	575,000	134,684	20,634	730,318
2010	605,000	112,776	17,278	735,054
2011	1,240,000	89,726	13,746	1,343,472
2012	1,115,000	42,482	6,508	1,163,990
Total	$ 4,075,000	$ 534,926	$ 81,952	$ 4,691,878

Year Ending June 30	Other Loan ($15,000,000) Series D-2-A Principal	Interest	Other Fees	Total
2008	$ 475,000	$ 520,827	$ 56,339	$ 1,052,166
2009	500,000	502,730	54,381	1,057,111
2010	525,000	483,680	52,320	1,061,000
2011	550,000	463,677	50,157	1,063,834
2012	575,000	442,722	47,890	1,065,612
2013-2017	3,325,000	1,863,090	201,534	5,389,624
2018-2022	4,300,000	1,159,193	125,392	5,584,585
2023-2026	3,420,000	284,988	30,828	3,735,816
Total	$ 13,670,000	$ 5,720,907	$ 618,841	$ 20,009,748

There is $5,799,081 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled $12, based on the 2000 federal census. Debt per capita, including bonds, capital leases, and other loans totaled $866, based on the 2000 federal census.

Swap Agreements

Under its loan agreement, the Public Building Authority of Sevier County, Tennessee, at the request of the county, entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series III-C-5.

Objective of the interest rate swap. To protect against the potential of rising interest rates and balance its mixture of variable and fixed rate debt, the authority, on behalf of the county, entered into an interest rate swap in connection with its $10 million Series III-C-5 variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.96 percent and receives a variable payment computed as 100 percent of the rate paid on the outstanding variable rate bond associated to the swap. The swap has a notional amount of $10 million, and the associated variable-rate bond has a $10 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series III-C-5 Bonds. The bonds' variable-rates have historically approximated the Bond Market Association Municipal lndex™ (BMA). The bonds and the related swap agreement mature on June 1, 2023. As of June 30, 2007, rates were as follows:

	Terms	Rates
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	4.96 %
Variable payment from counterparty		-3.81
Net interest rate swap payments		1.15
Variable-rate bond interest payments		3.81
Synthetic interest rate on bonds		4.96

Fair value. As of June 30, 2007, the swap had a negative fair value of $451,051. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the coupons on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2007, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. To mitigate the potential

for credit risk, the authority, on behalf of the county, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation that was rated AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service as of June 30, 2007. If Ambac's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian.

Basis risk. The variable interest payment the county receives from the counterparty is the same as the variable rate interest paid on the outstanding bonds associated with the swap. Therefore, there is no basis risk.

Termination risk. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an additional termination provision. The authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap's fair value.

Swap payments and associated debt. As of June 30, 2007, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds Principal	Variable Rate Bonds Interest	Net Interest Rate Swap Payment	Total
2008	$ 0	$ 381,000	$ 115,000	$ 496,000
2009	0	381,000	115,000	496,000
2010	0	381,000	115,000	496,000
2011	0	381,000	115,000	496,000
2012	0	381,000	115,000	496,000
2013-2017	0	1,905,000	575,000	2,480,000
2018-2022	7,705,000	1,506,284	454,653	9,665,937
2023	2,295,000	87,440	26,393	2,408,833
Total	$ 10,000,000	$ 5,403,724	$ 1,631,046	$ 17,034,770

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2007, was as follows:

Governmental Activities:	Bonds	Capital Leases
Balance, July 1, 2006	$ 1,930,000	$ 225,689
Deductions	(1,400,000)	(153,408)
Balance, June 30, 2007	$ 530,000	$ 72,281
Balance Due Within One Year	$ 530,000	$ 72,281

	Other Loans	Compensated Absences
Balance, July 1, 2006	$ 36,709,512	$ 430,943
Additions	2,000,488	522,662
Deductions	(965,000)	(451,382)
Balance, June 30, 2007	$ 37,745,000	$ 502,223
Balance Due Within One Year	$ 1,015,000	$ 351,556

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2007	$ 38,849,504
Less: Balance Due Within One Year	(1,968,837)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 36,880,667

Compensated absences will be paid from the employing funds, primarily the General Fund, Solid Waste/Sanitation Fund, and the Highway/Public Works Fund.

Solid Waste Disposal Fund (enterprise fund)

Changes in Long-term Liabilities

Long-term liability activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2007, was as follows:

Business-type Activities:

	Compensated Absences	Closure/ Postclosure Care Costs
Balance, July 1, 2006	$ 5,040	$ 1,942,448
Additions	2,485	46,311
Deductions	(1,008)	(76,122)
Balance, June 30, 2007	$ 6,517	$ 1,912,637
Balance Due Within One Year	$ 1,303	$ 76,122

	Capital Leases
Balance, July 1, 2006	$ 191,255
Deductions	(29,685)
Balance, June 30, 2007	$ 161,570
Balance Due Within One Year	$ 31,236

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2007	$ 2,080,724
Less: Balance Due Within One Year	(108,661)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 1,972,063

Discretely Presented Jefferson County School Department

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Jefferson County School Department for the year ended June 30, 2007, was as follows:

Governmental Activities:

	Compensated Absences	Termination Benefits
Balance, July 1, 2006	$ 666,706	$ 94,194
Additions	87,433	33,910
Deductions	(129,289)	(75,355)
Balance, June 30, 2007	$ 624,850	$ 52,749
Balance Due Within One Year	$ 132,729	$ 41,446

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2007	$ 677,599
Less: Balance Due Within One Year	(174,175)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 503,424

Compensated absences will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

G. Internal Financing

In-lieu-of issuing debt with financial institutions, Jefferson County chose to internally finance two projects with idle county funds. During the year, the county loaned $200,000 of idle funds from the General Debt Service Fund to the Solid Waste Disposal Fund to fund the matching portion of a state grant to be used for the purchase of equipment. The balance of $135,000 is reflected as a Due from Other Funds in the General Debt Service Fund and as a Due to Other Funds in the Solid Waste Disposal Fund. The amount of this interfund loan not expected to be liquidated within one year ($70,000) is reflected as a reserve in the General Debt Service Fund as of June 30, 2007. Likewise, in the prior year the county chose to internally finance the start of the school building and construction project with idle county funds. The debt issue is expected to ultimately be repaid from the same fund (General Debt Service) in which the loan was obtained, through proceeds of externally financed debt to be issued by the county.

Internally reported notes receivable from idle funds loaned from the General Debt Service Fund that will subsequently be paid by the General Debt Service Fund and the Solid Waste Disposal Fund are reflected as follows:

Internally Reported Interfund Notes Receivable/Payable
Through the General Debt Service Fund

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date
Capital Outlay Note Series 2006 (Schools)	$ 2,000,000	4.65 %	5-15-06	5-15-09
Capital Outlay Note Series 2006 (Solid Waste)	200,000	4.65	7-14-06	5-1-09

	Outstanding 7-1-06	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-07
Capital Outlay Note Series 2006 (Schools)	$ 2,000,000	$ 0	$ 0	$ 2,000,000
Capital Outlay Note Series 2006 (Solid Waste)	0	200,000	(65,000)	135,000
Total	$ 0	$ 200,000	$ (65,000)	$ 2,135,000

H. Short-term Debt

The School Department issued revenue anticipation notes to provide temporary operating funds and deposited the proceeds in the School Federal Projects Fund. These notes were necessary because funds were not available to meet current operating expenses. Short-term debt activity for the year ended June 30, 2007, was as follows:

	Balance 7-1-06	Issued	Redeemed	Balance 6-30-07
Revenue Anticipation Notes	$ 0	$ 150,000	$ (150,000)	$ 0

V. OTHER INFORMATION

A. Risk Management

Jefferson County and the discretely presented Jefferson County School Department are exposed to risks related to general liability, property, casualty, and workers' compensation. The county and the School Department have decided it was more economically feasible to join public entity risk pools as opposed to purchasing commercial insurance for general liability, property, casualty, and workers' compensation coverage. The county and the School Department joined 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 county and the School Department pay annual premiums to the TN-RMT for their general liability, property, casualty, and workers' compensation coverage. The creation of the TN-RMT provide for it to be self-sustaining through member premiums.

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

Jefferson County and the discretely presented Jefferson County School Department have chosen to establish an Employee Insurance - Dental and Vision Fund for risks associated with the employees' dental and vision plans. The Employee Insurance - Dental and Vision Funds are accounted for as Internal Service Funds where assets are set aside for claim settlements. The maximum liability is $1,000 per employee per year. All full-time employees of Jefferson County and the discretely presented Jefferson County School Department are eligible to participate. A premium charge is allocated to each fund that accounts for full-time employees. This charge is based on estimates of the amounts needed to pay claims. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Employee Insurance - Dental and Vision Funds established claims liabilities based on estimates of claims that have been incurred but not reported. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

Employee Insurance - Dental and Vision Fund

	Beginning of Fiscal Year Liability	Current-Year Claims and Estimates	Payments	Balance at Fiscal Year-end
Primary Government				
2005-2006	$ 3,433	$ 72,720	$ 71,157	$ 4,996
2006-2007	4,996	74,824	73,886	5,934
Discretely Presented Jefferson County School Department				
2005-2006	$ 39,241	$ 238,827	$ 242,088	$ 35,980
2006-2007	35,980	249,471	244,623	40,828

B. Subsequent Events

On November 6, 2007, Douglas Moody left the Office of Director of Schools. The Jefferson County Board of Education appointed Bill Nolen as interim director of schools on November 9, 2007.

Subsequent to June 30, 2007, Mike Long was appointed as the county finance director.

The County Commission approved a resolution on March 19, 2007, for the issuance of general obligation bonds totaling $8 million to fund the expansion of the Jefferson County Nursing Home. The nursing home received approval from the State of Tennessee for its certificate of need on October 24, 2007, and the bonds were issued on December 21, 2007.

Subsequent to June 30, 2007, the County Commission approved a school building plan estimated to cost $62,673,800. However, as of the date of this report, the County Commission has not approved specific funding sources for the projects.

Revenue anticipation notes of $150,000 were issued subsequent to June 30, 2007, to provide temporary operating funds for the School Federal Projects Fund.

C. Contingent Liabilities

Jefferson County and several other counties have been named defendants in a lawsuit demanding compliance with the requirements of the Americans with Disabilities Act (ADA). The lawsuit applies to all Jefferson County facilities. As of the date of this report, Jefferson County has not completed

any studies of the estimated costs to renovate the existing facilities to bring them into compliance with the ADA. Therefore, a reasonable estimate, or range of potential loss to the county, resulting from this lawsuit cannot be made.

There are several other pending lawsuits in which Jefferson County and the discretely presented Jefferson County School Department are involved. Management, based on estimates from their attorneys, believes that the potential claims against the county and the School Department not covered by insurance resulting from such litigation would not materially affect the financial statements of the primary government or the School Department.

D. Changes in Administration

On August 31, 2006, Gary Holiway left the Office of County Mayor and was succeeded by Alan Palmieri, and Kathy Carpenter left the Office of Circuit and General Sessions Courts Clerk and was succeeded by Penny Murphy.

E. Landfill Closure/Postclosure Care Costs

State and federal laws and regulations require the county to place a final cover on its Patterson Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The county is also required to perform maintenance and monitoring functions at the closed Highway 92 Landfill site for 30 years after its closure in 1993. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Solid Waste Disposal Fund 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. The $1,912,637 reported as landfill closure and postclosure care liability at June 30, 2007, represents the cumulative amount reported to date based on the use of 37.5 percent of the estimated capacity of the Patterson Landfill site and the estimated postclosure care cost for the Highway 92 Landfill site. The Patterson Landfill site will recognize the remaining estimated cost of closure and postclosure care of $1,157,811 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure in the 2007 year. The county expects to close the Patterson Landfill site in the year 2032. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Ventures

The county, along with Jefferson City, has participated in the operation of Jefferson Memorial Hospital, a health facility. Effective April 1, 1997, the county and city entered into an agreement to lease the hospital, including all assets and all outstanding liabilities, to a nonprofit corporation, Jefferson Memorial Hospital, Inc. (JMH, Inc.), of which obligations are guaranteed by St. Mary's Health Systems, Inc. The county and city created a seven-member

oversight board comprising the hospital's chief of staff, three appointees from the county, and three from the city. The board is responsible for administration of the lease and the hospital in the event of lease termination. The rentals received under the lease were previously held in escrow for contingencies pursuant to an agreement between the county and the city. These amounts were held in the Joint Venture - Agency Fund of the county. During the current fiscal year, the county trustee liquidated the balance and paid equal shares to the county and city as directed by those governments. The county reflected its share of these funds in the Other Special Revenue Fund.

The Fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Fourth Judicial District; Sevier, Jefferson, Grainger and Cocke counties and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a Board of Directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Jefferson County made no contributions to the DTF for the year ended June 30, 2007, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

District Attorney General
Fourth Judicial District
125 Court Avenue, Suite 301
Sevierville, TN 37862

G. Jointly Governed Organization

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, Washington, and Unicoi. 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 of each county or the county mayor'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 manager, as an ex officio member, are in charge of the daily operations of the center. The county does not have any ongoing financial interest or responsibility beyond its initial investment.

H. Retirement Commitments

Employees

Plan Description

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

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

Funding Policy

Jefferson County has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2007, was 14.38 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Jefferson County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2007, Jefferson County's annual pension cost of $2,432,237 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2005, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Jefferson County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was ten years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-07	$2,432,237	100%	$0
6-30-06	1,997,438	100	0
6-30-05	1,906,296	100	0

<u>School Teachers</u>

Plan Description

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

the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Jefferson County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2007, was 6.13 percent of annual covered payroll. The employer contribution requirement for the Jefferson County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2007, 2006, and 2005, were $1,370,951, $1,165,176, and $1,132,028, respectively, equal to the required contributions for each year.

I. Other Post-employment Benefits

Health Care

In addition to the retirement commitments described above, the Jefferson County School Department provides post-retirement health care benefits to employees who retire with a minimum of 30 years of service, or at age 60 and have been employed by the school system a minimum of ten years with the last five in continuous service. Approximately 48 retirees meet these eligibility requirements. The School Department pays the premiums for single coverage. During the year, expenditures of $175,528 were recognized for post-employment health care.

J. Termination Benefits

The School Department offers an early retirement incentive program in accordance with contract provisions. This plan is available to employees who retire from the school system in the year they reach age 60 or have 30 years of creditable service which are recognized by the Tennessee Consolidated Retirement System and have a minimum of ten years of employment with the

School Department. The plan gives teachers who have met the above requirements an option of receiving $9,500 divided into two equal annual payments or $10,500 divided into three equal annual payments. Twenty employees participated in the program during the 2006-07 year. The financial statements of this report reflect expenditures of $75,355 in the General Purpose School Fund for the retirement incentive payments. A non-discounted long-term liability of $52,749 is reflected on the government-wide statement of net assets for retirement incentives. Of that amount, $41,446 is due within one year.

K. Office of Central Accounting and Budgeting

On July 17, 2006, the Jefferson County Commission adopted provisions of the County Financial Management System of 1981. This act provides for a central system of accounting, budgeting, and purchasing for all county departments. The act also provides for the creation of a Finance Department operated under the direction of a finance director. The county has appointed a committee to oversee the implementation of the act and has hired a finance director. However, as of the date of this report the county has not fully implemented the system.

L. Purchasing Laws

Office of County Mayor

The County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, Tennessee Code Annotated (TCA), governs purchasing procedures for the general county government. These statutes provide for all purchases exceeding $10,000 (excluding emergency purchases) to be made based on competitive bids solicited through newspaper advertisement.

Office of Road Superintendent

Chapter 477, Private Acts of 1929 and Section 54-7-113, TCA (the Uniform Road Law), govern purchasing procedures of the Highway Department. The private act provides for the Highway Commission to purchase all necessary supplies and equipment for the Highway Department. The Uniform Road Law requires all purchases exceeding $10,000 to be made on the basis of publicly advertised competitive bids.

Office of Director of Schools

Purchasing procedures for the discretely presented Jefferson 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 competitive bids to be solicited through newspaper advertisement on all purchases exceeding $10,000.

As noted above, on July 17, 2006, the Jefferson County Commission adopted provisions of the County Financial Management System of 1981. This act provides for a central system of purchasing for all county departments. However, as of the date of this report the county has not fully implemented the system.

VI. OTHER NOTES – DISCRETELY PRESENTED JEFFERSON COUNTY NURSING HOME

A. Summary of Significant Accounting Policies

The Jefferson County Nursing Home provides long-term health care primarily for the citizens of Jefferson County, Tennessee. The accounting policies of the nursing home conform to generally accepted accounting principles applicable to government units. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units, and by the Financial Accounting Standards Board (FASB) (when applicable). As allowed in GASB's Codification of Governmental Accounting and Financial Reporting Standards, the nursing home has elected not to apply FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedures issued after November 30, 1989.

1. Basis of Presentation

The nursing home is governed, operated, and controlled by a seven-member board of commissioners who are appointed by the Board of County Commissioners of Jefferson County. Jefferson County is legally obligated to assume the nursing home's debt in the event of default and is legally obligated to provide financial support, making Jefferson County financially accountable for the nursing home. Therefore, the nursing home is a discrete component unit of Jefferson County, Tennessee. Jefferson County's accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The transactions of each fund are accounted for with a separate set of self-balancing accounts that include its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate.

The nursing home is an enterprise fund, used for activities which are financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis can be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net

income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

2. Definition of Operating Activities

The nursing home considers operating revenues and expenses to be those that result from providing long-term health care to citizens of Jefferson County.

3. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting is related to the timing of the measurement made, regardless of the measurement focus applied.

The nursing home's records are accounted for on an economic resources measurement focus using the accrual basis of accounting. Revenues are recorded when they are earned, and expenses are recorded at the time liabilities are incurred.

4. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include bank demand deposits and all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

5. Inventory

Inventory consists of expendable supplies held for consumption and used in the medical, dietary, housekeeping, maintenance, and laundry departments and are carried at cost on the first-in, first-out basis. The cost of supplies is expensed at the time the items are used and not at the time of purchase.

6. Capital Assets

Capital assets owned by the nursing home are recorded at cost. Repairs and maintenance are recorded as expenses. Betterments and renewals are capitalized. Depreciation of capital assets is charged as an expense against its operations. Accumulated depreciation is reported on the balance sheet.

The nursing home has provided for depreciation over the estimated useful lives of assets according to Medicare and Medicaid guidelines, using the straight-line and double-declining balance methods. The estimated useful lives are as follows:

Assets	Years
Buildings	10-40
Equipment	4-20
Land Improvements	10-12

7. Compensated Absences

The policy of the nursing home is to permit full-time employees to accumulate unused vacation leave according to the following schedule:

Years of Employment	Vacation Leave
1-10	10 days
11-20	15 days
over 20	20 days

The accumulated vacation leave is paid to employees upon separation from service.

Sick leave accumulates at the rate of one day for each month of full-time service; however, sick leave does not vest for payment upon separation from service.

Vacation leave is recorded as an expense as it is earned without regard to when it is paid, and sick leave is recorded as an expense when paid.

B. Cash and Investments

The nursing home maintained checking and savings accounts and certificates of deposit at First Tennessee Bank, FSG Bank, Branch Banking and Trust, and Citizen's National Bank during the year ended June 30, 2007. State law requires deposits of the nursing home's funds to be insured or collateralized. At June 30, 2007, the nursing home had deposits with the following banks:

Bank	Amount
First Tennessee Bank	$ 305,697
FSG Bank	110,416
BB&T	72,600
Citizen's National Bank	51,323

Funds in excess of the Federal Deposit Insurance Corporation insured amounts of $100,000 at each bank were secured by the banks' pledge of collateral through their participation in the State of Tennessee collateral pool.

C. Restricted Assets

Cash in the employee scholarship fund, a restricted asset, is available to provide scholarships to qualifying employees. Certain donations received are designated to be used for higher education of employees. At least one qualifying employee per year is awarded a scholarship to offset the cost of higher education. Deposits to the fund come from private donations and monthly interest earned. The only withdrawals made are to award $2,000 scholarships to qualifying employees. Scholarships awarded are subject to Board approval. A minimum account balance of $10,000 is maintained. During the fiscal year ended June 30, 2007, two employees received $2,000 scholarships to further their education.

D. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2007, is as follows:

	7-1-06	Additions	6-30-07
Non-depreciable Assets:			
Land	$ 7,181	$ 0	$ 7,181
Construction in Progress	0	6,967	6,967
Total Non-depreciable Assets	$ 7,181	$ 6,967	$ 14,148
Depreciable Assets:			
Buildings	$ 3,141,956	$ 0	$ 3,141,956
Paving	46,651	0	46,651
Equipment	1,192,261	52,819	1,245,080
Accumulated Depreciation	(2,762,411)	(121,430)	(2,883,841)
Total Depreciable Assets	$ 1,618,457	$ (68,611)	$ 1,549,846
Total Net Capital Assets	$ 1,625,638	$ (61,644)	$ 1,563,994

E. Pension Plan

Certain employees of the nursing home are covered under the pension plan of Jefferson County, Tennessee. Jefferson County participates in the Tennessee Consolidated Retirement System (TCRS), which is a defined benefit retirement plan covering employees of the State of Tennessee and electing political subdivisions.

The nursing home's participating employees are noncontributory; therefore, the nursing home pays the total pension compensation. For the fiscal year ended June 30, 2007, the nursing home contributed $433,379 to the plan.

Reference is made to Footnote V.H. for details related to the plan description, funding status and progress, actuarially determined contribution requirements, and trend information. This additional information is not separately determined for the nursing home.

F. Uncompensated Services

The nursing home was constructed in part with a grant, which was provided through the provisions of a congressional act known as the Hill-Burton Act, Public Law 79-725. Regulations of this act required the nursing home to provide an amount of free care, or uncompensated services, on a periodic basis for a certain amount of time which was determined under a formula built into the law.

The Department of Health and Human Services performed a substantial compliance review and determined that the nursing home was in substantial compliance with the regulations. Therefore, the nursing home has fulfilled their total Hill-Burton uncompensated services obligation and is no longer required to provide free care.

G. Long-term Debt

Jefferson County, Tennessee, issued $10,000,000 General Obligation Bonds, Series 1993, dated July 1, 1993, of which $1,665,000 was for the nursing home. The bonds are direct general obligations of Jefferson County, Tennessee, and are payable from ad valorem taxes levied upon all taxable property within Jefferson County without limitation as to rate or amount. The full faith and credit of Jefferson County, Tennessee, was irrevocably pledged to pay principal, redemption premiums, if any, and interest on the bonds. The nursing home repaid the portions of the bonds applicable to the nursing home totaling $1,665,000 plus any related amounts incurred as the result of the refunding and issue costs.

The nursing home financed additions and improvements to the nursing home using $1,200,000 of the proceeds from the bond issue and refinanced its outstanding General Obligation Bonds, Series 1987 with the remainder of the proceeds totaling $465,000.

Total interest expense for the year ended June 30, 2007, was $0. No interest was capitalized during the year ended June 30, 2007.

H. Medicaid Reimbursements

The nursing home participates in the Tennessee Medicaid nursing home program and has a significant number of residents who qualify for Medicaid assistance. The Medicaid program reimburses the nursing home based on their operating costs as reported on their annual cost report, which is submitted to the State of Tennessee Comptroller's Office. The amount of room rent paid by Medicaid to the nursing home for the year ended June 30, 2007, was $3,335,105.

I. Medicare Reimbursements

In May 2004, the nursing home began participation in the Medicare program by admitting residents into skilled nursing care. The Medicare Part B program reimburses the nursing home based on costs it has incurred in administering skilled care, such as physical therapy, to its residents. Reimbursements by Medicare to the nursing home for the year ended June 30, 2007, totaled $122,343.

Medicare also pays room and board for patients covered under the Part A program. The nursing home had total revenue for room and board from these Part A patients for the year ended June 30, 2007, totaling $1,488,602.

J. Risk Financing Activities

The nursing home is a member of 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 entitles that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, Tennessee Code Annotated, all governments and quasi-governmental entities described above are eligible to participate. The LGGIF 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. The state statute provides for the LGGIF to be self-sustaining through member premiums.

The nursing home is exposed to various risks related to general liability, property, and casualty losses. The nursing home carries commercial insurance to cover their risks related to general liability, property, casualty, officers and directors, and workers' compensation.

Settled claims have not exceeded their commercial coverage in any of the past three years.

K. Subsequent Events

The nursing home's board of directors has approved the "green house" expansion of the nursing home facility which will add 25 beds to the facility. Jefferson County's Board of County Commissioners approved the expansion, and on March 19, 2007, approved the resolution for issuance of bonds totaling $8,000,000 to fund the expansion. The nursing home received approval by the State of Tennessee for its certificate of need on October 24, 2007. Construction is expected to begin in the spring of 2008.

The bonds will be direct general obligations of Jefferson County, Tennessee, payable from ad valorem taxes levied upon all taxable property within Jefferson County without limitation as to rate or amount. The full faith and credit of Jefferson County, Tennessee, will be irrevocably pledged to pay principal, redemption premiums, if any, and interest on the bonds. However, the intention of Jefferson County is for the Jefferson County Nursing Home to repay the bond principal and interest.

VII. OTHER NOTES – DISCRETELY PRESENTED JEFFERSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Summary of Significant Accounting Policies

The Jefferson County Emergency Communications District is a 911 service which receives telephone requests for emergency services and provides for the dispatch of appropriate emergency service units. The district is a component unit of Jefferson County, Tennessee. The district receives a significant portion of its income from the tax revenues of Jefferson County. Also, Jefferson County's legislative body approves board members, debt issues, telephone surcharge rate changes, and annual budgets of the district.

1. Basis of Presentation

The financial statements of the district have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the district has elected not to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the district are described below.

The entity is a proprietary fund type known as an enterprise fund. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs are financed through user charges.

Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the Statement of Net Assets. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net assets.

2. Method of Accounting

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

3. Net Assets

The district follows the provisions of GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. It requires the classification of net assets into three components – 1) invested in capital assets, net of related debt service, 2) restricted for debt service, and 3) unrestricted plus the presentation of the Statement of Cash Flows using the direct method.

4. Cash and Cash Equivalents

For purposes of these financial statements, the district considers all highly liquid investments having original maturity dates of three months or less to be cash equivalents.

5. Budgetary Principles

Prior to the beginning of the fiscal year, the Board of Directors adopts an annual budget. All revisions must be approved by the board. All annual appropriations lapse at fiscal year end.

The district prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP) in the United States of America. The major difference between the budgetary basis of accounting and GAAP is that encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP). At June 30, 2007, the district had no encumbrances.

6. Capital Assets

Capital assets owned by the district are recorded at cost, or if contributed property, at their fair market value at the time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Asset	Years
Leasehold improvements	5-20
Machinery and equipment	3-7

7. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

8. Operating and Non-Operating Revenues

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as nonoperating in the financial statements.

9. Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

B. Cash, Cash Equivalents, and Deposits

Cash consisted of the following at June 30, 2007:

Cash in bank	$ 98,944
Certificate of deposit	67,710
Total	$ 166,654

At June 30, 2007, all of the district's deposits were either insured by federal depository insurance or guaranteed by bank participation in the Tennessee Bank Collateral Pool. Investment policies of the district follow state law and bond requirements prohibiting investments that are not secured or issued by the U.S. Government.

C. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2007, was as follows:

	7-1-06	Additions	6-30-07	Annual Rates
Capital assets being depreciated:				
Leasehold improvements	$ 23,765	$ 0	$ 23,765	5 - 20%
Office equipment and furniture	47,063	1,262	48,325	14.3 - 33.3
Operating equipment	369,975	21,771	391,746	14.3 - 20
Communication equipment	214,925	4,257	219,182	14.3 - 20
Vehicle	22,778	0	22,778	
Total capital assets being depreciated	$ 678,506	$ 27,290	$ 705,796	
Less accumulated depreciation for:				
Leasehold improvements	$ 18,639	$ 1,437	$ 20,076	
Office equipment and furniture	31,905	5,383	37,288	
Operating equipment	295,233	39,807	335,040	
Communication equipment	165,251	15,230	180,481	
Vehicle	22,778	0	22,778	
Total accumulated depreciated	$ 533,806	$ 61,857	$ 595,663	
Total capital assets being depreciated, net	$ 144,700	$ (34,567)	$ 110,133	

Depreciation charged to expense totaled $61,857 for the year ended June 30, 2007.

D. Compensated Absences

The vacation year is a calendar year beginning January 1 and ending December 31. Regular full-time employees accrue one day of vacation per month. After five years of service, employees accrue one and one-half days of vacation per month. Employees on vacation are paid at the regular rate of pay during such leave. Employees may accrue annual vacation leave up to a maximum of 30 days. Unpaid vacation leave totaled $12,723 for the year ended June 30, 2007.

Sick leave is earned by regular full-time employees at the rate of one day per month. Employees may accumulate sick leave up to a maximum of 120 days. It is management's belief that sick leave does not vest, and therefore, no accrual of such leave has been made.

E. Retirement Commitments

Plan Description

Effective July 1, 2004, employees of the district became members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). The prior Section 457(k) defined contribution retirement plan was terminated at that time. The TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service, or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the district participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

The district requires employees to contribute five percent of earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2007, was 7.15 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the district is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2007, the district's annual pension cost of $30,148 to the TCRS was equal to the district's required and actual contributions. The required contribution was determined as part of the initial actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The district's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-07	$ 30,148	100%	$ 0
6-30-06	26,239	100	0
6-30-05	24,495	100	0

F. Risk Management

The district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The district purchases commercial insurance for all of these risks of loss.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit F-1

Jefferson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 6,660,421	$ 0	$ 0	$ 6,660,421	$ 6,184,000	$ 6,184,000	$ 476,421
Licenses and Permits	556,529	0	0	556,529	525,000	525,000	31,529
Fines, Forfeitures, and Penalties	316,727	0	0	316,727	243,000	243,000	73,727
Charges for Current Services	2,989,582	0	0	2,989,582	3,202,000	3,203,750	(214,168)
Other Local Revenues	64,493	0	0	64,493	18,000	41,450	23,043
Fees Received from County Officials	1,317,670	0	0	1,317,670	978,000	978,000	339,670
State of Tennessee	792,504	0	0	792,504	1,201,264	1,207,272	(414,768)
Federal Government	267,400	0	0	267,400	359,131	372,330	(104,930)
Other Governments and Citizens Groups	155,670	0	0	155,670	138,152	138,152	17,518
Total Revenues	$ 13,120,996	$ 0	$ 0	$ 13,120,996	$ 12,848,547	$ 12,892,954	$ 228,042
Expenditures							
General Government							
County Commission	$ 209,017	$ 0	$ 0	$ 209,017	$ 254,151	$ 222,851	$ 13,834
Board of Equalization	523	0	0	523	2,500	500	(23)
Other Boards and Committees	18	0	0	18	3,500	2,622	2,604
County Mayor/Executive	225,045	0	0	225,045	249,642	249,642	24,597
Election Commission	222,855	(238)	4,861	227,478	235,468	238,667	11,189
Register of Deeds	40,315	0	3,317	43,632	52,600	54,350	10,718
Codes Compliance	74,827	(300)	600	75,127	84,522	81,419	6,292
County Buildings	459,597	(4,915)	12,413	467,095	484,881	501,759	34,664
Other General Administration	5,449	0	0	5,449	7,250	7,250	1,801
Preservation of Records	6,711	0	0	6,711	12,000	12,000	5,289
Finance							
Accounting and Budgeting	3,908	(129)	0	3,779	5,000	5,000	1,221
Property Assessor's Office	222,859	0	0	222,859	252,844	252,844	29,985
Reappraisal Program	124,344	(400)	400	124,344	125,985	125,985	1,641

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Finance (Cont.)							
County Trustee's Office	$ 22,847	$ (350)	$ 600	$ 23,097	$ 26,000	$ 26,000	$ 2,903
County Clerk's Office	40,150	(343)	2,725	42,532	51,000	51,000	8,468
Other Finance	268,405	0	0	268,405	327,000	284,500	16,095
Administration of Justice							
Circuit Court	399,458	(4,504)	0	394,954	402,945	445,235	50,281
General Sessions Court	219,245	(500)	734	219,479	215,562	238,177	18,698
Chancery Court	131,520	(53)	0	131,467	142,117	142,117	10,650
Juvenile Court	194,463	(449)	1,645	195,659	240,296	228,571	32,912
Public Safety							
Sheriff's Department	2,808,281	(15,057)	15,592	2,808,816	2,818,871	2,845,484	36,668
Wheel Tax Officer	9,064	0	0	9,064	9,211	9,211	147
Jail	1,757,269	(16,335)	7,298	1,748,232	1,650,110	1,783,408	35,176
Inspection and Regulation	531	0	0	531	148,407	1,407	876
Public Safety Grant Programs	98,183	(35)	1,204	99,352	311,000	311,000	211,648
Other Public Safety	328,000	0	0	328,000	328,000	328,000	0
Public Health and Welfare							
Local Health Center	153,777	0	18,056	171,833	177,979	177,979	6,146
Rabies and Animal Control	81,873	(800)	800	81,873	97,042	97,042	15,169
Ambulance/Emergency Medical Services	3,876,858	(23,934)	11,304	3,864,228	3,887,560	3,910,663	46,435
General Welfare Assistance	1,743	0	87	1,830	6,700	6,700	4,870
Aid to Dependent Children	557	0	0	557	3,000	3,000	2,443
Sanitation Education/Information	61,337	(2,862)	0	58,475	61,279	61,279	2,804
Other Public Health and Welfare	200,533	(2,654)	1,544	199,423	219,888	212,888	13,465
Social, Cultural, and Recreational Services							
Senior Citizens Assistance	178,602	(1,507)	0	177,095	180,609	180,609	3,514
Libraries	319,563	(1,031)	5,611	324,143	302,249	350,703	26,560

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Social, Cultural, and Recreational Services (Cont.)							
Other Social, Cultural, and Recreational	$ 90,300	$ (739)	$ 0	$ 89,561	$ 61,600	$ 86,925	$ (2,636)
Agriculture and Natural Resources							
Agriculture Extension Service	82,164	0	0	82,164	90,469	90,469	8,305
Soil Conservation	32,607	0	0	32,607	34,049	34,049	1,442
Other Operations							
Veterans' Services	26,522	0	0	26,522	28,563	28,563	2,041
Contributions to Other Agencies	657,664	0	0	657,664	620,875	620,875	(36,789)
Employee Benefits	598,993	0	0	598,993	664,400	629,400	30,407
Miscellaneous	0	0	0	0	74,923	0	0
Principal on Debt							
General Government	153,408	0	0	153,408	0	153,785	377
Interest on Debt							
General Government	10,375	0	0	10,375	0	10,430	55
Total Expenditures	$ 14,399,760	$ (77,135)	$ 88,791	$ 14,411,416	$ 14,952,047	$ 15,104,358	$ 692,942
Excess (Deficiency) of Revenues Over Expenditures	$ (1,278,764)	$ 77,135	$ (88,791)	$ (1,290,420)	$ (2,103,500)	$ (2,211,404)	$ 920,984
Other Financing Sources (Uses)							
Insurance Recovery	$ 27,118	$ 0	$ 0	$ 27,118	$ 0	$ 0	$ 27,118
Transfers In	0	0	0	0	3,500	3,500	(3,500)
Transfers Out	(204,532)	0	0	(204,532)	0	(204,532)	0
Total Other Financing Sources (Uses)	$ (177,414)	$ 0	$ 0	$ (177,414)	$ 3,500	$ (201,032)	$ 23,618
Net Change in Fund Balance	$ (1,456,178)	$ 77,135	$ (88,791)	$ (1,467,834)	$ (2,100,000)	$ (2,412,436)	$ 944,602
Fund Balance, July 1, 2006	3,824,181	(77,135)	0	3,747,046	4,100,000	4,100,000	(352,954)
Fund Balance, June 30, 2007	$ 2,368,003	$ 0	$ (88,791)	$ 2,279,212	$ 2,000,000	$ 1,687,564	$ 591,648

Exhibit F-2

Jefferson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 1,396,796	$ 1,332,000	$ 1,332,000	$ 64,796
Charges for Current Services	35,568	50,000	50,000	(14,432)
Other Local Revenues	1,143	300	300	843
State of Tennessee	1,892,045	1,950,050	1,950,050	(58,005)
Other Governments and Citizens Groups	44,368	0	0	44,368
Total Revenues	$ 3,369,920	$ 3,332,350	$ 3,332,350	$ 37,570
Expenditures				
Highways				
Administration	$ 192,472	$ 192,380	$ 200,063	$ 7,591
Highway and Bridge Maintenance	1,392,800	1,482,800	1,474,913	82,113
Operation and Maintenance of Equipment	662,077	767,420	767,420	105,343
Quarry Operations	447,446	565,330	540,790	93,344
Asphalt Plant Operations	23,320	30,000	30,000	6,680
Other Charges	90,474	95,000	96,221	5,747
Employee Benefits	719,278	743,850	766,873	47,595
Capital Outlay	500	161,600	162,100	161,600
Total Expenditures	$ 3,528,367	$ 4,038,380	$ 4,038,380	$ 510,013
Excess (Deficiency) of Revenues Over Expenditures	$ (158,447)	$ (706,030)	$ (706,030)	$ 547,583
Net Change in Fund Balance	$ (158,447)	$ (706,030)	$ (706,030)	$ 547,583
Fund Balance, July 1, 2006	964,614	964,614	964,614	0
Fund Balance, June 30, 2007	$ 806,167	$ 258,584	$ 258,584	$ 547,583

Exhibit F-3

Jefferson County, Tennessee
Schedule of Funding Progress – Pension Plan
June 30, 2007

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-05	$ 29,711	$ 32,142	$ 2,431	92.44 %	$ 14,370	16.92 %
6-30-03	25,284	28,024	2,740	90.22	12,544	21.84
6-30-01	21,806	24,882	3,076	87.64	11,124	27.65

Exhibit F-4

Jefferson County, Tennessee
Schedule of Funding Progress – Pension Plan
Discretely Presented Jefferson County Emergency Communications District
June 30, 2007

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-05	$ 66	$ 66	$ 0	100 %	$ 331	0 %

JEFFERSON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2007

A. BUDGETARY INFORMATION

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the Jefferson 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 State 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, etc.). Management may make revisions within major categories, but only the Jefferson County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The county's budgetary basis of accounting is consistent with generally accepted accounting principles (GAAP), except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and the GAAP basis is presented on the face of each budgetary schedule.

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in the Board of Equalization ($23); Other Social, Cultural, and Recreational ($2,636); and Contributions to Other Agencies ($36,789) major appropriation categories (the legal level of control) of the General Fund. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for the transactions related to the county's garbage pickup service.

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

Other Special Revenue Fund – The Other Special Revenue Fund is used to account for the county's share of revenues generated under the Joint Venture Hospital lease. These funds had previously been held in escrow for contingencies in the Joint Venture - Agency Fund, based on the joint venture agreement.

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

Capital Projects Funds

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

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

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for transactions related to the construction of the county's justice center. This project was completed during the year and the fund was closed.

Exhibit G-1

Jefferson County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2007

	Special Revenue Funds					Capital Projects Fund	
	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitu-tional Officers - Fees	Total	General Capital Projects	Total Nonmajor Governmental Funds
ASSETS							
Cash	$ 0	$ 0	$ 0	$ 173,815	$ 173,815	$ 0	$ 173,815
Equity in Pooled Cash and Investments	137,982	53,710	1,756,843	0	1,948,535	444,899	2,393,434
Accounts Receivable	1,909	0	28,595	16,934	47,438	409	47,847
Property Taxes Receivable	1,287,958	0	0	0	1,287,958	451,227	1,739,185
Allowance for Uncollectible Property Taxes	(29,671)	0	0	0	(29,671)	(8,443)	(38,114)
Total Assets	$ 1,398,178	$ 53,710	$ 1,785,438	$ 190,749	$ 3,428,075	$ 888,092	$ 4,316,167
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts Payable	$ 1,168	$ 599	$ 0	$ 0	$ 1,767	$ 37,330	$ 39,097
Accrued Payroll	7,721	0	0	0	7,721	0	7,721
Payroll Deductions Payable	241	0	0	0	241	0	241
Due to Other Funds	66,881	0	0	50	66,931	0	66,931
Deferred Revenue - Current Property Taxes	1,212,056	0	0	0	1,212,056	432,877	1,644,933
Deferred Revenue - Delinquent Property Taxes	35,735	0	0	0	35,735	7,658	43,393
Total Liabilities	$ 1,323,802	$ 599	$ 0	$ 50	$ 1,324,451	$ 477,865	$ 1,802,316
Fund Balances							
Reserved for Encumbrances	$ 0	$ 3,384	$ 0	$ 0	$ 3,384	$ 0	$ 3,384
Unreserved	74,376	49,727	1,785,438	190,699	2,100,240	410,227	2,510,467
Total Fund Balances	$ 74,376	$ 53,111	$ 1,785,438	$ 190,699	$ 2,103,624	$ 410,227	$ 2,513,851
Total Liabilities and Fund Balances	$ 1,398,178	$ 53,710	$ 1,785,438	$ 190,749	$ 3,428,075	$ 888,092	$ 4,316,167

Exhibit G-2

Jefferson County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2007

	Special Revenue Funds					Capital Projects Funds			
	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitu-tional Officers - Fees	Total	General Capital Projects	Other Capital Projects	Total	Total Nonmajor Governmental Funds
Revenues									
Local Taxes	$ 1,297,906	$ 0	$ 0	$ 0	$ 1,297,906	$ 278,121	$ 0	$ 278,121	$ 1,576,027
Fines, Forfeitures, and Penalties	0	58,071	0	0	58,071	0	0	0	58,071
Charges for Current Services	0	0	0	802,091	802,091	0	0	0	802,091
Other Local Revenues	725	1,400	50,549	75,774	128,448	0	0	0	128,448
Federal Government	0	23	0	0	23	115,000	0	115,000	115,023
Other Governments and Citizens Groups	0	0	7,344	0	7,344	0	0	0	7,344
Total Revenues	$ 1,298,631	$ 59,494	$ 57,893	$ 877,865	$ 2,293,883	$ 393,121	$ 0	$ 393,121	$ 2,687,004
Expenditures									
Current:									
General Government	$ 0	$ 0	$ 0	$ 243,150	$ 243,150	$ 0	$ 0	$ 0	$ 243,150
Finance	0	551	0	628,383	628,934	0	0	0	628,934
Administration of Justice	0	0	0	122	122	0	0	0	122
Public Safety	0	49,979	0	0	49,979	0	0	0	49,979
Public Health and Welfare	1,581,235	0	0	0	1,581,235	0	0	0	1,581,235
Other Operations	11,524	0	0	0	11,524	0	0	0	11,524
Capital Projects	0	0	0	0	0	761,653	1,915,611	2,677,264	2,677,264
Total Expenditures	$ 1,592,759	$ 50,530	$ 0	$ 871,655	$ 2,514,944	$ 761,653	$ 1,915,611	$ 2,677,264	$ 5,192,208
Excess (Deficiency) of Revenues Over Expenditures	$ (294,128)	$ 8,964	$ 57,893	$ 6,210	$ (221,061)	$ (368,532)	$ (1,915,611)	$ (2,284,143)	$ (2,505,204)
Other Financing Sources (Uses)									
Other Loans Issued	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 2,000,488	$ 2,000,488	$ 2,000,488
Transfers In	0	0	0	0	0	0	312,532	312,532	312,532
Transfers Out	0	0	0	0	0	(108,000)	0	(108,000)	(108,000)
Total Other Financing Sources (Uses)	$ 0	$ 0	$ 0	$ 0	$ 0	$ (108,000)	$ 2,313,020	$ 2,205,020	$ 2,205,020
Net Change in Fund Balances	$ (294,128)	$ 8,964	$ 57,893	$ 6,210	$ (221,061)	$ (476,532)	$ 397,409	$ (79,123)	$ (300,184)
Fund Balance, July 1, 2006	368,504	44,147	1,727,545	184,489	2,324,685	886,759	(397,409)	489,350	2,814,035
Fund Balance, June 30, 2007	$ 74,376	$ 53,111	$ 1,785,438	$ 190,699	$ 2,103,624	$ 410,227	$ 0	$ 410,227	$ 2,513,851

Exhibit G-3

Jefferson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 1,297,906	$ 1,263,000	$ 1,263,000	$ 34,906
Other Local Revenues	725	0	0	725
Total Revenues	$ 1,298,631	$ 1,263,000	$ 1,263,000	$ 35,631
Expenditures				
Public Health and Welfare				
Waste Pickup	$ 1,581,235	$ 1,557,792	$ 1,617,792	$ 36,557
Other Operations				
Other Charges	11,524	78,709	18,709	7,185
Total Expenditures	$ 1,592,759	$ 1,636,501	$ 1,636,501	$ 43,742
Excess (Deficiency) of Revenues Over Expenditures	$ (294,128)	$ (373,501)	$ (373,501)	$ 79,373
Net Change in Fund Balance	$ (294,128)	$ (373,501)	$ (373,501)	$ 79,373
Fund Balance, July 1, 2006	368,504	373,501	373,501	(4,997)
Fund Balance, June 30, 2007	$ 74,376	$ 0	$ 0	$ 74,376

Exhibit G-4

Jefferson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Fines, Forfeitures, and Penalties	$ 58,071	$ 0	$ 0	$ 58,071	$ 25,000	$ 25,000	$ 33,071
Other Local Revenues	1,400	0	0	1,400	0	0	1,400
Federal Government	23	0	0	23	0	0	23
Total Revenues	$ 59,494	$ 0	$ 0	$ 59,494	$ 25,000	$ 25,000	$ 34,494
Expenditures							
Finance							
Other Finance	$ 551	$ 0	$ 0	$ 551	$ 900	$ 900	$ 349
Public Safety							
Drug Enforcement	49,979	(3,213)	3,384	50,150	79,100	79,100	28,950
Total Expenditures	$ 50,530	$ (3,213)	$ 3,384	$ 50,701	$ 80,000	$ 80,000	$ 29,299
Excess (Deficiency) of Revenues Over Expenditures	$ 8,964	$ 3,213	$ (3,384)	$ 8,793	$ (55,000)	$ (55,000)	$ 63,793
Net Change in Fund Balance	$ 8,964	$ 3,213	$ (3,384)	$ 8,793	$ (55,000)	$ (55,000)	$ 63,793
Fund Balance, July 1, 2006	44,147	(3,213)	0	40,934	55,000	55,000	(14,066)
Fund Balance, June 30, 2007	$ 53,111	$ 0	$ (3,384)	$ 49,727	$ 0	$ 0	$ 49,727

Exhibit G-5

Jefferson 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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Local Taxes	$ 278,121	$ 0	$ 278,121	$ 269,000	$ 269,000	$ 9,121
Federal Government	115,000	0	115,000	0	0	115,000
Total Revenues	$ 393,121	$ 0	$ 393,121	$ 269,000	$ 269,000	$ 124,121
Expenditures						
Other Operations						
Miscellaneous	$ 0	$ 0	$ 0	$ 46,500	$ 0	$ 0
Capital Projects						
Other General Government Projects	560,383	(531,666)	28,717	325,000	516,600	487,883
Highway & Street Capital Projects	201,270	(38,958)	162,312	197,500	197,500	35,188
Total Expenditures	$ 761,653	$ (570,624)	$ 191,029	$ 569,000	$ 714,100	$ 523,071
Excess (Deficiency) of Revenues Over Expenditures	$ (368,532)	$ 570,624	$ 202,092	$ (300,000)	$ (445,100)	$ 647,192
Other Financing Sources (Uses)						
Transfers Out	$ (108,000)	$ 0	$ (108,000)	$ 0	$ (108,000)	$ 0
Total Other Financing Sources (Uses)	$ (108,000)	$ 0	$ (108,000)	$ 0	$ (108,000)	$ 0
Net Change in Fund Balance	$ (476,532)	$ 570,624	$ 94,092	$ (300,000)	$ (553,100)	$ 647,192
Fund Balance, July 1, 2006	886,759	(570,624)	316,135	300,000	599,600	(283,465)
Fund Balance, June 30, 2007	$ 410,227	$ 0	$ 410,227	$ 0	$ 46,500	$ 363,727

Major Governmental Fund

General Debt Service Fund

The General Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

Exhibit H

Jefferson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 3,434,568	$ 3,330,000	$ 3,330,000	$ 104,568
Other Local Revenues	1,037,712	700,000	700,000	337,712
Total Revenues	$ 4,472,280	$ 4,030,000	$ 4,030,000	$ 442,280
Expenditures				
Principal on Debt				
General Government	$ 450,000	$ 450,000	$ 450,000	$ 0
Education	1,915,000	1,910,000	1,915,000	0
Interest on Debt				
General Government	723,386	706,000	750,000	26,614
Education	916,858	1,317,198	1,268,198	351,340
Other Debt Service				
General Government	71,363	68,000	68,000	(3,363)
Total Expenditures	$ 4,076,607	$ 4,451,198	$ 4,451,198	$ 374,591
Excess (Deficiency) of Revenues Over Expenditures	$ 395,673	$ (421,198)	$ (421,198)	$ 816,871
Other Financing Sources (Uses)				
Transfers In	$ 100,000	$ 100,000	$ 100,000	$ 0
Total Other Financing Sources (Uses)	$ 100,000	$ 100,000	$ 100,000	$ 0
Net Change in Fund Balance	$ 495,673	$ (321,198)	$ (321,198)	$ 816,871
Fund Balance, July 1, 2006	5,373,408	5,800,000	5,800,000	(426,592)
Fund Balance, June 30, 2007	$ 5,869,081	$ 5,478,802	$ 5,478,802	$ 390,279

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.

Cities - Property Tax Fund – The Cities - Property Tax Fund is used to account for city property taxes levied by the Town of Dandridge and the City of Baneberry, and collected by the county trustee for the benefit of the cities. The county trustee forwards these revenues to the Town of Dandridge and the City of Baneberry monthly.

Joint Venture Fund – The Joint Venture Fund was used to account for revenues received by the county trustee from Jefferson Memorial Hospital, Inc. These funds were held by the county trustee for the board established by the county and Jefferson City. During the year, the trustee liquidated the fund and paid the balance to the city and county in equal shares as directed.

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

Exhibit I-1

Jefferson County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2007

	Agency Funds			
	Cities - Sales Tax	Cities - Property Tax	Constitu-tional Officers - Agency	Total
ASSETS				
Cash	$ 0	$ 0	$ 4,245,039	$ 4,245,039
Equity in Pooled Cash and Investments	0	5,509	0	5,509
Accounts Receivable	0	0	607	607
Due from Other Governments	605,940	0	0	605,940
Property Taxes Receivable	0	924,626	0	924,626
Allowance for Uncollectible Property Taxes	0	(18,490)	0	(18,490)
Total Assets	$ 605,940	$ 911,645	$ 4,245,646	$ 5,763,231
LIABILITIES				
Due to Other Taxing Units	$ 605,940	$ 911,645	$ 0	$ 1,517,585
Due to Litigants, Heirs, and Others	0	0	4,245,646	4,245,646
Total Liabilities	$ 605,940	$ 911,645	$ 4,245,646	$ 5,763,231

Exhibit I-2

Jefferson County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2007

	Beginning Balance	Additions	Deductions	Ending Balance
Cities - Sales Tax Fund				
Assets				
Equity in Pooled Cash and Investments	$ 0	$ 3,381,156	$ 3,381,156	$ 0
Due from Other Governments	567,925	605,940	567,925	605,940
Total Assets	$ 567,925	$ 3,987,096	$ 3,949,081	$ 605,940
Liabilities				
Due to Other Taxing Units	$ 567,925	$ 3,987,096	$ 3,949,081	$ 605,940
Total Liabilities	$ 567,925	$ 3,987,096	$ 3,949,081	$ 605,940
Cities - Property Tax Fund				
Assets				
Equity in Pooled Cash and Investments	$ 5,801	$ 825,609	$ 825,901	$ 5,509
Property Taxes Receivable	882,143	924,626	882,143	924,626
Allowance for Uncollectible Property Taxes	(23,812)	(18,490)	(23,812)	(18,490)
Total Assets	$ 864,132	$ 1,731,745	$ 1,684,232	$ 911,645
Liabilities				
Due to Other Taxing Units	$ 864,132	1,731,745	$ 1,684,232	$ 911,645
Total Liabilities	$ 864,132	$ 1,731,745	$ 1,684,232	$ 911,645
Joint Venture Fund				
Assets				
Equity in Pooled Cash and Investments	$ 1,932,524	$ 14,687	$ 1,947,211	$ 0
Total Assets	$ 1,932,524	$ 14,687	$ 1,947,211	$ 0
Liabilities				
Due to Other Funds	$ 966,262	$ 7,343	$ 973,605	$ 0
Due to Other Taxing Units	966,262	7,344	973,606	0
Total Liabilities	$ 1,932,524	$ 14,687	$ 1,947,211	$ 0

(Continued)

Exhibit I-2

Jefferson County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds (Cont.)

	Beginning Balance	Additions	Deductions	Ending Balance
Constitutional Officers - Agency Fund				
Assets				
Cash	$ 1,632,062	$ 16,951,278	$ 14,338,301	$ 4,245,039
Accounts Receivable	641	607	641	607
Total Assets	$ 1,632,703	$ 16,951,885	$ 14,338,942	$ 4,245,646
Liabilities				
Due to Other Funds	$ 3,952	$ 0	$ 3,952	$ 0
Due to Litigants, Heirs, and Others	1,628,751	16,951,885	14,334,990	4,245,646
Total Liabilities	$ 1,632,703	$ 16,951,885	$ 14,338,942	$ 4,245,646
Totals - All Agency Funds				
Assets				
Cash	$ 1,632,062	$ 16,951,278	$ 14,338,301	$ 4,245,039
Equity in Pooled Cash and Investments	1,938,325	4,221,452	6,154,268	5,509
Accounts Receivable	641	607	641	607
Due from Other Governments	567,925	605,940	567,925	605,940
Property Taxes Receivable	882,143	924,626	882,143	924,626
Allowance for Uncollectible Property Taxes	(23,812)	(18,490)	(23,812)	(18,490)
Total Assets	$ 4,997,284	$ 22,685,413	$ 21,919,466	$ 5,763,231
Liabilities				
Due to Other Funds	$ 970,214	$ 7,343	$ 977,557	$ 0
Due to Other Taxing Units	1,432,057	5,718,841	5,633,313	1,517,585
Due to Litigants, Heirs, and Others	1,628,751	16,951,885	14,334,990	4,245,646
Due to Joint Venture	966,262	7,344	973,606	0
Total Liabilities	$ 4,997,284	$ 22,685,413	$ 21,919,466	$ 5,763,231

Jefferson County School Department

This section presents the combining and individual fund financial statements for the Jefferson County School Department, a discretely presented component unit. The School Department uses a General Fund, a Special Revenue Fund, a Capital Projects Fund, an Internal Service Fund, and an Employee Benefit Trust Fund.

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

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

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

Employee Insurance - Dental and Vision Fund – The Employee Insurance - Dental and Vision Fund is an internal service fund which is used to account for transactions pertaining to the Jefferson County School Department's self-insured group dental and vision plans.

Employee Benefit Trust - Flexible Benefits Fund – The Employee Benefit Trust - Flexible Benefits Fund is a trust fund which is used to account for assets held by the School Department in a trustee capacity for the School Department employees' flexible benefits program.

Exhibit J-1

Jefferson County, Tennessee
Statement of Activities
Discretely Presented Jefferson County School Department
For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Total Governmental Activities
Governmental Activities:				
Instruction	$ 29,988,626	$ 0	$ 3,996,038	$ (25,992,588)
Support Services	15,294,808	0	0	(15,294,808)
Operation of Non-Instructional Services	3,392,417	1,491,702	1,842,577	(58,138)
Capital Outlay	25,068	0	0	(25,068)
Total Governmental Activities	$ 48,700,919	$ 1,491,702	$ 5,838,615	$ (41,370,602)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				$ 5,941,049
Local Option Sales Taxes				4,789,899
Other Local Taxes				13,944
Grants and Contributions Not Restricted for Specific Programs				30,265,543
Unrestricted Investment Income				35,243
Miscellaneous				53,713
Total General Revenues				$ 41,099,391
Change in Net Assets				$ (271,211)
Net Assets, July 1, 2006				26,053,576
Net Assets, June 30, 2007				$ 25,782,365

Exhibit J-2

Jefferson County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Jefferson County School Department
June 30, 2007

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern-mental Funds	Total Govern-mental Funds
ASSETS			
Equity in Pooled Cash and Investments	$ 4,518,251	$ 341,350	$ 4,859,601
Accounts Receivable	12,299	13,919	26,218
Due from Other Governments	1,382,587	220,290	1,602,877
Property Taxes Receivable	6,063,043	0	6,063,043
Allowance for Uncollectible Property Taxes	(137,725)	0	(137,725)
Total Assets	$ 11,838,455	$ 575,559	$ 12,414,014
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	$ 94,644	$ 2,104	$ 96,748
Accrued Payroll	0	84,182	84,182
Payroll Deductions Payable	1,424,034	194,969	1,619,003
Contracts Payable	0	18,513	18,513
Deferred Revenue - Current Property Taxes	5,713,976	0	5,713,976
Deferred Revenue - Delinquent Property Taxes	163,359	0	163,359
Other Deferred Revenues	579,082	0	579,082
Total Liabilities	$ 7,975,095	$ 299,768	$ 8,274,863
Fund Balances			
Reserved for Encumbrances	$ 25,774	$ 3,314,298	$ 3,340,072
Reserved for Food Service	761,545	0	761,545
Other Local Education Reserves	94,127	0	94,127
Reserved for Career Ladder - Extended Contract	7,068	0	7,068
Reserved for Career Ladder Program	11,799	0	11,799
Reserved for Special Education - Grants to States	0	81	81
Other Federal Reserves	0	10,378	10,378
Unreserved, Reported In:			
General Fund	2,963,047	0	2,963,047
Special Revenue Funds (Deficit)	0	(1,464)	(1,464)
Capital Projects Funds (Deficit)	0	(3,047,502)	(3,047,502)
Total Fund Balances	$ 3,863,360	$ 275,791	$ 4,139,151
Total Liabilities and Fund Balances	$ 11,838,455	$ 575,559	$ 12,414,014

Exhibit J-3

Jefferson County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
Discretely Presented Jefferson County School Department
June 30, 2007

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)			$ 4,139,151
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	$	536,841	
Add: construction in progress		1,538,931	
Add: buildings and improvements net of accumulated depreciation		17,719,537	
Add: machinery and equipment net of accumulated depreciation		304,449	
Add: other capital assets net of accumulated depreciation		1,300,846	21,400,604
(2) An internal service fund is used by management to charge the cost of employee dental and vision benefits to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.			177,768
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: compensated absences	$	(624,850)	
Less: termination benefits		(52,749)	(677,599)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			742,441
Net assets of governmental activities (Exhibit A)			$ 25,782,365

Exhibit J-4

Jefferson County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Jefferson County School Department
For the Year Ended June 30, 2007

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern-mental Funds	Total Governmental Funds
Revenues			
Local Taxes	$ 10,730,421	$ 0	$ 10,730,421
Licenses and Permits	2,346	0	2,346
Charges for Current Services	1,491,702	0	1,491,702
Other Local Revenues	77,030	0	77,030
State of Tennessee	30,078,436	0	30,078,436
Federal Government	1,871,918	3,890,130	5,762,048
Total Revenues	$ 44,251,853	$ 3,890,130	$ 48,141,983
Expenditures			
Current:			
Instruction	$ 26,548,317	$ 2,771,323	$ 29,319,640
Support Services	14,217,406	1,049,232	15,266,638
Operation of Non-Instructional Services	3,401,531	0	3,401,531
Capital Outlay	25,068	0	25,068
Capital Projects	0	782,714	782,714
Total Expenditures	$ 44,192,322	$ 4,603,269	$ 48,795,591
Excess (Deficiency) of Revenues Over Expenditures	$ 59,531	$ (713,139)	$ (653,608)
Other Financing Sources (Uses)			
Insurance Recovery	$ 15,500	$ 0	$ 15,500
Transfers In	72,205	0	72,205
Transfers Out	0	(72,205)	(72,205)
Total Other Financing Sources (Uses)	$ 87,705	$ (72,205)	$ 15,500
Net Change in Fund Balances	$ 147,236	$ (785,344)	$ (638,108)
Fund Balance, July 1, 2006	3,716,124	1,061,135	4,777,259
Fund Balance, June 30, 2007	$ 3,863,360	$ 275,791	$ 4,139,151

Exhibit J-5

Jefferson County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Jefferson County School Department
For the Year Ended June 30, 2007

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

Net change in fund balances - total governmental funds (Exhibit J-4)		$ (638,108)
(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	$ 1,378,137	
Less: current year depreciation expense	(1,240,871)	
Less: net book value of assets disposed	(27,000)	110,266
(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/other deferred June 30, 2007	$ 742,441	
Less: deferred delinquent property taxes/other deferred June 30, 2006	(602,318)	140,123
(3) 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	$ 41,856	
Change in termination benefits	41,445	83,301
(4) Internal service funds are used by management to charge the cost of employee dental and vision benefits to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities.		33,207
Change in net assets of governmental activities (Exhibit B)		$ (271,211)

Exhibit J-6

Jefferson County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Jefferson County School Department
June 30, 2007

	Special Revenue Fund School Federal Projects	Education Capital Projects Fund Education Capital Projects	Total Nonmajor Governmental Funds
ASSETS			
Equity in Pooled Cash and Investments	$ 57,841	$ 283,509	$ 341,350
Accounts Receivable	13,919	0	13,919
Due from Other Governments	220,290	0	220,290
Total Assets	$ 292,050	$ 283,509	$ 575,559
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	$ 2,104	$ 0	$ 2,104
Accrued Payroll	84,182	0	84,182
Payroll Deductions Payable	194,969	0	194,969
Contracts Payable	0	18,513	18,513
Total Liabilities	$ 281,255	$ 18,513	$ 299,768
Fund Balances			
Reserved for Encumbrances	$ 1,800	$ 3,312,498	$ 3,314,298
Reserved for Special Education - Grants to States	81	0	81
Other Federal Reserves	10,378	0	10,378
Unreserved (Deficit)	(1,464)	(3,047,502)	(3,048,966)
Total Fund Balances	$ 10,795	$ 264,996	$ 275,791
Total Liabilities and Fund Balances	$ 292,050	$ 283,509	$ 575,559

Exhibit J-7

Jefferson County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Jefferson County School Department
For the Year Ended June 30, 2007

	Special Revenue Fund	Education Capital Projects Fund	Total
	School Federal Projects	Education Capital Projects	Nonmajor Governmental Funds
Revenues			
Federal Government	$ 3,890,130	$ 0	$ 3,890,130
Total Revenues	$ 3,890,130	$ 0	$ 3,890,130
Expenditures			
Current:			
Instruction	$ 2,771,323	$ 0	$ 2,771,323
Support Services	1,049,232	0	1,049,232
Capital Projects	0	782,714	782,714
Total Expenditures	$ 3,820,555	$ 782,714	$ 4,603,269
Excess (Deficiency) of Revenues Over Expenditures	$ 69,575	$ (782,714)	$ (713,139)
Other Financing Sources (Uses)			
Transfers Out	$ (72,205)	$ 0	$ (72,205)
Total Other Financing Sources (Uses)	$ (72,205)	$ 0	$ (72,205)
Net Change in Fund Balances	$ (2,630)	$ (782,714)	$ (785,344)
Fund Balance, July 1, 2006	13,425	1,047,710	1,061,135
Fund Balance, June 30, 2007	$ 10,795	$ 264,996	$ 275,791

Exhibit J-8

Jefferson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Jefferson County School Department
General Purpose School Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 10,730,421	$ 0	$ 0	$ 10,730,421	$ 10,612,797	$ 10,612,797	$ 117,624
Licenses and Permits	2,346	0	0	2,346	2,200	2,200	146
Charges for Current Services	1,491,702	0	0	1,491,702	1,619,393	1,599,393	(107,691)
Other Local Revenues	77,030	0	0	77,030	141,276	142,451	(65,421)
State of Tennessee	30,078,436	0	0	30,078,436	29,816,536	30,064,799	13,637
Federal Government	1,871,918	0	0	1,871,918	1,758,778	1,785,081	86,837
Total Revenues	$ 44,251,853	$ 0	$ 0	$ 44,251,853	$ 43,950,980	$ 44,206,721	$ 45,132
Expenditures							
Instruction							
Regular Instruction Program	$ 22,576,844	$ 0	$ 0	$ 22,576,844	$ 22,820,358	$ 23,015,375	$ 438,531
Alternative Instruction Program	266,143	0	0	266,143	273,750	270,000	3,857
Special Education Program	2,420,190	0	0	2,420,190	2,304,524	2,463,172	42,982
Vocational Education Program	1,147,260	0	0	1,147,260	1,147,954	1,155,887	8,627
Adult Education Program	137,880	0	0	137,880	112,771	138,341	461
Support Services							
Attendance	7,071	0	0	7,071	7,884	7,884	813
Health Services	153,468	0	0	153,468	188,613	170,375	16,907
Other Student Support	1,017,130	0	0	1,017,130	1,173,580	1,032,146	15,016
Regular Instruction Program	1,685,161	0	0	1,685,161	1,644,711	1,705,602	20,441
Special Education Program	530,083	0	0	530,083	532,033	553,694	23,611
Vocational Education Program	158,141	0	0	158,141	160,374	160,374	2,233
Adult Programs	104,438	0	0	104,438	114,960	107,560	3,122
Board of Education	751,642	0	0	751,642	731,187	797,050	45,408
Director of Schools	267,742	0	0	267,742	281,027	276,183	8,441
Office of the Principal	2,597,938	0	0	2,597,938	2,591,423	2,617,255	19,317

(Continued)

Exhibit J-8

Jefferson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Jefferson County School Department
General Purpose School Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Support Services (Cont.)							
Fiscal Services	$ 261,215	$ 0	$ 0	$ 261,215	$ 259,548	$ 267,318	$ 6,103
Operation of Plant	3,083,157	0	0	3,083,157	3,180,300	3,180,980	97,823
Maintenance of Plant	801,821	0	0	801,821	805,789	812,031	10,210
Transportation	2,798,399	(18,500)	0	2,779,899	2,924,175	2,980,194	200,295
Operation of Non-Instructional Services							
Food Service	2,690,264	0	25,774	2,716,038	2,811,600	2,811,600	95,562
Community Services	295,622	0	0	295,622	372,393	367,322	71,700
Early Childhood Education	415,645	(10,925)	0	404,720	430,237	445,067	40,347
Capital Outlay							
Regular Capital Outlay	25,068	0	0	25,068	0	25,000	(68)
Total Expenditures	$ 44,192,322	$ (29,425)	$ 25,774	$ 44,188,671	$ 44,869,191	$ 45,360,410	$ 1,171,739
Excess (Deficiency) of Revenues Over Expenditures	$ 59,531	$ 29,425	$ (25,774)	$ 63,182	$ (918,211)	$ (1,153,689)	$ 1,216,871
Other Financing Sources (Uses)							
Insurance Recovery	$ 15,500	$ 0	$ 0	$ 15,500	$ 0	$ 15,000	$ 500
Transfers In	72,205	0	0	72,205	79,763	76,319	(4,114)
Total Other Financing Sources (Uses)	$ 87,705	$ 0	$ 0	$ 87,705	$ 79,763	$ 91,319	$ (3,614)
Net Change in Fund Balance	$ 147,236	$ 29,425	$ (25,774)	$ 150,887	$ (838,448)	$ (1,062,370)	$ 1,213,257
Fund Balance, July 1, 2006	3,716,124	(29,425)	0	3,686,699	838,448	1,123,070	2,563,629
Fund Balance, June 30, 2007	$ 3,863,360	$ 0	$ (25,774)	$ 3,837,586	$ 0	$ 60,700	$ 3,776,886

Exhibit J-9

Jefferson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Jefferson County School Department
School Federal Projects Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Federal Government	$ 3,890,130	$ 0	$ 3,890,130	$ 3,932,204	$ 3,999,535	$ (109,405)
Total Revenues	$ 3,890,130	$ 0	$ 3,890,130	$ 3,932,204	$ 3,999,535	$ (109,405)
Expenditures						
Instruction						
Regular Instruction Program	$ 1,617,285	$ 0	$ 1,617,285	$ 1,551,386	$ 1,634,861	$ 17,576
Special Education Program	1,027,932	0	1,027,932	989,271	1,079,904	51,972
Vocational Education Program	126,106	0	126,106	126,902	126,902	796
Support Services						
Health Services	164,665	0	164,665	175,046	169,888	5,223
Other Student Support	228,122	0	228,122	247,118	244,378	16,256
Regular Instruction Program	242,834	1,800	244,634	339,816	260,054	15,420
Special Education Program	214,225	0	214,225	263,519	227,807	13,582
Vocational Education Program	151,619	0	151,619	157,395	151,302	(317)
Office of the Principal	3,983	0	3,983	6,828	4,552	569
Transportation	43,784	0	43,784	47,559	44,235	451
Total Expenditures	$ 3,820,555	$ 1,800	$ 3,822,355	$ 3,904,840	$ 3,943,883	$ 121,528
Excess (Deficiency) of Revenues Over Expenditures	$ 69,575	$ (1,800)	$ 67,775	$ 27,364	$ 55,652	$ 12,123
Other Financing Sources (Uses)						
Transfers Out	$ (72,205)	$ 0	$ (72,205)	$ (79,763)	$ (76,319)	$ 4,114
Total Other Financing Sources (Uses)	$ (72,205)	$ 0	$ (72,205)	$ (79,763)	$ (76,319)	$ 4,114
Net Change in Fund Balance	$ (2,630)	$ (1,800)	$ (4,430)	$ (52,399)	$ (20,667)	$ 16,237
Fund Balance, July 1, 2006	13,425	0	13,425	52,399	20,667	(7,242)
Fund Balance, June 30, 2007	$ 10,795	$ (1,800)	$ 8,995	$ 0	$ 0	$ 8,995

Exhibit J-10

Jefferson County, Tennessee
Statement of Net Assets
Proprietary Fund
Discretely Presented Jefferson County School Department
June 30, 2007

	Governmental Activities - Internal Service Fund
	Employee Insurance - Dental and Vision Fund
ASSETS	
Current Assets:	
Cash	$ 2,253
Equity in Pooled Cash and Investments	216,343
Total Assets	$ 218,596
LIABILITIES	
Current Liabilities:	
Accounts Payable	$ 40,828
Total Liabilities	$ 40,828
NET ASSETS	
Unrestricted	$ 177,768
Net Assets	$ 177,768

Exhibit J-11

Jefferson County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund
Discretely Presented Jefferson County School Department
For the Year Ended June 30, 2007

	Governmental Activities - Internal Service Fund
	Employee Insurance - Dental and Vision Fund
Operating Revenues	
Self Insurance Premiums/Contributions	$ 306,335
Total Operating Revenues	$ 306,335
Operating Expenses	
Handling Charges and Administrative Costs	$ 23,657
Other Self-Insured Claims	249,471
Total Operating Expenses	$ 273,128
Operating Income (Loss)	$ 33,207
Changes in Net Assets	$ 33,207
Net Assets, July 1, 2006	144,561
Net Assets, June 30, 2007	$ 177,768

Exhibit J-12

Jefferson County, Tennessee
Statement of Cash Flows
Proprietary Fund
Discretely Presented Jefferson County School Department
For the Year Ended June 30, 2007

	Governmental Activities - Internal Service Fund Employee Insurance - Dental and Vision Fund
Cash Flows from Operating Activities	
Receipts for Self Insurance Premiums	$ 306,335
Payments for Claims	(244,623)
Payments for Administrative Costs	(23,657)
Net Cash Provided By (Used In) Operating Activities	$ 38,055
Increase (Decrease) in Cash	$ 38,055
Cash, July 1, 2006	180,541
Cash, June 30, 2007	$ 218,596
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities	
Operating Income (Loss)	$ 33,207
Adjustment to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
Increase (Decrease) in Accounts Payable	4,848
Net Cash Provided By (Used In) Operating Activities	$ 38,055
Reconciliation of Cash with Statement of Net Assets	
Cash per Net Assets	$ 2,253
Equity in Pooled Cash and Investments per Net Assets	216,343
Cash, June 30, 2007	$ 218,596

Exhibit J-13

Jefferson County, Tennessee
Statement of Fiduciary Net Assets
Fiduciary Fund
Discretely Presented Jefferson County School Department
June 30, 2007

	Other Employee Benefit Trust Fund
	Flexible Benefit Fund
ASSETS	
Equity in Pooled Cash and Investments	$ 38,619
Total Assets	$ 38,619
NET ASSETS	
Funds Held in Trust for Employees	$ 38,619
Total Net Assets	$ 38,619

Exhibit J-14

Jefferson County, Tennessee
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
Discretely Presented Jefferson County School Department
For the Year Ended June 30, 2007

	Other Employee Benefit Trust Fund
	Flexible Benefit Fund
ADDITIONS	
Plan Member Contributions	$ 82,431
Total Additions	$ 82,431
DEDUCTIONS	
Employee Benefits	
Other Fringe Benefits	$ 72,040
Total Deductions	$ 72,040
Change in Net Assets	$ 10,391
Net Assets, July 1, 2006	28,228
Net Assets, June 30, 2007	$ 38,619

MISCELLANEOUS SCHEDULES

Exhibit K-1

Jefferson County, Tennessee
Schedule of Changes in Other Loans, Capital Leases, and Bonds
For the Year Ended June 30, 2007

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-06	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-07
OTHER LOANS PAYABLE								
Payable through General Debt Service Fund								
Local Government Public Improvement (III-C-5)	$ 10,000,000	4.96 % (1)	10-1-1998	5-25-23	$ 10,000,000	$ 0	$ 0	$ 10,000,000
Local Government Public Improvement (III-D-3)	10,000,000	Variable	10-21-1999	6-1-19	10,000,000	0	0	10,000,000
Local Government Public Improvement (IV-B-10)	5,000,000	Variable	1-27-00	6-1-12	4,590,000	0	515,000	4,075,000
Local Government Public Improvement (D-2-A)	15,000,000	Variable	6-30-05	6-1-26	12,119,512	2,000,488	450,000	13,670,000
Total Payable through General Debt Service Fund					$ 36,709,512	$ 2,000,488	$ 965,000	$ 37,745,000
Total Other Loans Payable					$ 36,709,512	$ 2,000,488	$ 965,000	$ 37,745,000
CAPITAL LEASES PAYABLE								
Payable through General Fund								
Patrol Cars	254,766	3.1	8-16-04	8-16-06	$ 84,895	$ 0	$ 84,895	$ 0
Patrol Cars	217,050	5.5	2-17-06	2-17-08	140,794	0	68,513	72,281
Total Payable through General Fund					$ 225,689	$ 0	$ 153,408	$ 72,281
Payable through Solid Waste Disposal Fund								
Landfill Equipment - Dozer	223,905	5	2-23-06	6-8-10	$ 191,255	$ 0	$ 29,685	$ 161,570
Total Payable through Solid Waste Disposal Fund					$ 191,255	$ 0	$ 29,685	$ 161,570
Total Capital Leases Payable					$ 416,944	$ 0	$ 183,093	$ 233,851
BONDS PAYABLE								
Payable through General Debt Service Fund								
Refunding - Schools	4,930,000	3.8 to 4.9	12-1-1997	4-1-08	$ 1,930,000	$ 0	$ 1,400,000	$ 530,000
Total Payable through General Debt Service Fund					$ 1,930,000	$ 0	$ 1,400,000	$ 530,000
Total Bonds Payable					$ 1,930,000	$ 0	$ 1,400,000	$ 530,000

(1) This issue was swapped to a synthetic fixed rate by execution of swap agreement.

Exhibit K-2

Jefferson County, Tennessee
Schedule of Bond and Interest Requirements by Year

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2008	$ 530,000	$ 24,910	$ 554,910
Total	$ 530,000	$ 24,910	$ 554,910

Exhibit K-3

Jefferson County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Jefferson County School Department
For the Year Ended June 30, 2007

From Fund	To Fund	Purpose	Amount
Primary Government			
General	Other Capital Projects	Litigation tax for the justice center construction	$ 204,532
General Capital Projects	Other Capital Projects	Funds for the justice center construction	108,000
Solid Waste Disposal	General Debt Service	Funds for the retirement of debt	100,000
Total Transfers Primary Government			$ 412,532
Discretely Presented Jefferson County School Department			
School Federal Projects	General Purpose School	Indirect costs	$ 72,205
Total Transfers Discretely Presented Jefferson County School Department			$ 72,205

Exhibit K-4

Jefferson County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Jefferson County School Department
For the Year Ended June 30, 2007

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
Gary Holiway (7-1-06 through 8-31-06)	Section 8-24-102, TCA	$ 11,178	$ 50,000	Ohio Casualty Company
Alan Palmieri (9-1-06 through 6-30-07)	Section 8-24-102, TCA	55,891	50,000	Hartford Fire Insurance Company
Road Superintendent	Section 8-24-102, TCA	63,876	100,000	"
Director of Schools	State Board of Education and County Board of Education	100,438 (1)	150,000	Tennessee Risk Management Trust
Trustee	Section 8-24-102, TCA	58,069	1,437,581	Hartford Fire Insurance Company
Assessor of Property	Section 8-24-102, TCA	58,069	10,000	State Automobile Mutual Insurance Company
County Clerk	Section 8-24-102, TCA	58,069	50,000	Hartford Fire Insurance Company
Circuit and General Sessions Courts Clerk:				
Kathy Carpenter (7-1-06 through 8-31-06)	Section 8-24-102, TCA	9,678	50,000	Ohio Casualty Company
Penny Murphy (9-1-06 through 6-30-07)	Section 8-24-102, TCA	48,391	50,000	Hartford Fire Insurance Company
Clerk and Master	Section 8-24-102, TCA	58,069	50,000	State Automobile Mutual Insurance Company
Register	Section 8-24-102, TCA	58,069	25,000	Hartford Fire Insurance Company
Sheriff	Section 8-24-102, TCA	64,476 (2)	25,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments			150,000	Tennessee Risk Management Trust
Public Employee Dishonesty - School Department			150,000	"

(1) Includes chief executive officer training supplement of $1,000.
(2) Includes law enforcement training supplement of $600.

Exhibit K-5

Jefferson County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2007

		Special Revenue Funds					Debt Service Fund	Capital Projects Fund	
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitu-tional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Total
Local Taxes									
County Property Taxes									
Current Property Tax	$ 5,297,956	$ 1,215,924	$ 0	$ 0	$ 0	$ 1,302,776	$ 2,258,145	$ 260,555	$ 10,335,356
Trustee's Collections - Prior Year	173,051	37,877	0	0	0	43,288	59,521	8,116	321,853
Circuit/Clerk & Master Collections - Prior Years	83,405	18,245	0	0	0	22,632	28,671	3,909	156,862
Interest and Penalty	30,022	6,637	0	0	0	7,479	10,852	1,422	56,412
Pick-up Taxes	49,161	11,267	0	0	0	12,095	20,836	2,414	95,773
Payments in-Lieu-of Taxes - Local Utilities	10,589	2,430	0	0	0	2,604	4,513	521	20,657
Payments in-Lieu-of Taxes - Other	52	0	0	0	0	0	0	0	52
County Local Option Taxes									
Hotel/Motel Tax	244,615	0	0	0	0	0	0	0	244,615
Wheel Tax	0	0	0	0	0	0	1,041,766	0	1,041,766
Litigation Tax - General	174,378	0	0	0	0	0	0	0	174,378
Litigation Tax - Jail, Workhouse, or Courthouse	136,555	0	0	0	0	0	0	0	136,555
Business Tax	319,954	0	0	0	0	0	0	0	319,954
Statutory Local Taxes									
Bank Excise Tax	24,080	5,526	0	0	0	5,922	10,264	1,184	46,976
Wholesale Beer Tax	116,603	0	0	0	0	0	0	0	116,603
Total Local Taxes	$ 6,660,421	$ 1,297,906	$ 0	$ 0	$ 0	$ 1,396,796	$ 3,434,568	$ 278,121	$ 13,067,812
Licenses and Permits									
Licenses									
Marriage Licenses	$ 1,320	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,320
Cable TV Franchise	72,667	0	0	0	0	0	0	0	72,667
Permits									
Beer Permits	2,138	0	0	0	0	0	0	0	2,138
Building Permits	298,949	0	0	0	0	0	0	0	298,949
Other Permits	181,455	0	0	0	0	0	0	0	181,455
Total Licenses and Permits	$ 556,529	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 556,529
Fines, Forfeitures, and Penalties									
Circuit Court									
Fines	$ 9,893	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 9,893
Officers Costs	8,616	0	0	0	0	0	0	0	8,616

(Continued)

Exhibit K-5

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

		Special Revenue Funds					Debt Service Fund	Capital Projects Fund	
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitu-tional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Total
Fines, Forfeitures, and Penalties (Cont.)									
Circuit Court (Cont.)									
Drug Control Fines	$ 0	$ 0	$ 21,122	$ 0	$ 0	$ 0	$ 0	$ 0	$ 21,122
Jail Fees	57	0	0	0	0	0	0	0	57
DUI Treatment Fines	1,021	0	0	0	0	0	0	0	1,021
Data Entry Fee - Circuit Court	686	0	0	0	0	0	0	0	686
Courtroom Security Fee	4	0	0	0	0	0	0	0	4
General Sessions Court									
Fines	94,464	0	0	0	0	0	0	0	94,464
Officers Costs	90,471	0	0	0	0	0	0	0	90,471
Game and Fish Fines	2,601	0	0	0	0	0	0	0	2,601
Drug Control Fines	0	0	27,599	0	0	0	0	0	27,599
Jail Fees	52,294	0	0	0	0	0	0	0	52,294
DUI Treatment Fines	15,846	0	0	0	0	0	0	0	15,846
Data Entry Fee - General Sessions Court	9,882	0	0	0	0	0	0	0	9,882
Courtroom Security Fee	204	0	0	0	0	0	0	0	204
Juvenile Court									
Fines	15,468	0	0	0	0	0	0	0	15,468
Officers Costs	9,139	0	0	0	0	0	0	0	9,139
Data Entry Fee - Juvenile Court	122	0	0	0	0	0	0	0	122
Chancery Court									
Officers Costs	4,239	0	0	0	0	0	0	0	4,239
Data Entry Fee - Chancery Court	1,716	0	0	0	0	0	0	0	1,716
Courtroom Security Fee	4	0	0	0	0	0	0	0	4
Judicial District Drug Program									
Drug Task Force Forfeitures and Seizures	0	0	7,000	0	0	0	0	0	7,000
Other Fines, Forfeitures, and Penalties									
Proceeds from Confiscated Property	0	0	2,350	0	0	0	0	0	2,350
Total Fines, Forfeitures, and Penalties	$ 316,727	$ 0	$ 58,071	$ 0	$ 0	$ 0	$ 0	$ 0	$ 374,798
Charges for Current Services									
General Service Charges									
Patient Charges	$ 2,876,663	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 2,876,663
Other General Service Charges	0	0	0	0	0	35,568	0	0	35,568

(Continued)

Exhibit K-5

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

		Special Revenue Funds					Debt Service Fund	Capital Projects Fund	
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitu-tional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Total
Charges for Current Services (Cont.)									
Fees									
Recreation Fees	$ 46,572	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 46,572
Copy Fees	2,431	0	0	0	0	0	0	0	2,431
Library Fees	3,468	0	0	0	0	0	0	0	3,468
Telephone Commissions	19,517	0	0	0	0	0	0	0	19,517
Vending Machine Collections	1,565	0	0	0	0	0	0	0	1,565
Constitutional Officers' Fees and Commissions	0	0	0	0	802,091	0	0	0	802,091
Data Processing Fee - Register	25,420	0	0	0	0	0	0	0	25,420
Data Processing Fee - Sheriff	10,546	0	0	0	0	0	0	0	10,546
Sexual Offender Registration Fees - Sheriff	3,400	0	0	0	0	0	0	0	3,400
Total Charges for Current Services	$ 2,989,582	$ 0	$ 0	$ 0	$ 802,091	$ 35,568	$ 0	$ 0	$ 3,827,241
Other Local Revenues									
Recurring Items									
Investment Income	$ 0	$ 0	$ 0	$ 50,549	$ 75,774	$ 0	$ 1,037,712	$ 0	$ 1,164,035
Sale of Materials and Supplies	0	725	0	0	0	0	0	0	725
Commissary Sales	27,087	0	0	0	0	0	0	0	27,087
Sale of Maps	244	0	0	0	0	0	0	0	244
Miscellaneous Refunds	24,629	0	1,400	0	0	1,143	0	0	27,172
Nonrecurring Items									
Sale of Equipment	200	0	0	0	0	0	0	0	200
Contributions and Gifts	11,000	0	0	0	0	0	0	0	11,000
Other Local Revenues									
Other Local Revenues	1,333	0	0	0	0	0	0	0	1,333
Total Other Local Revenues	$ 64,493	$ 725	$ 1,400	$ 50,549	$ 75,774	$ 1,143	$ 1,037,712	$ 0	$ 1,231,796
Fees Received from County Officials									
Excess Fees									
County Clerk	$ 65,000	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 65,000
Register	150,000	0	0	0	0	0	0	0	150,000
Trustee	435,400	0	0	0	0	0	0	0	435,400
Fees-In-Lieu of Salary									
Circuit Court Clerk	128,412	0	0	0	0	0	0	0	128,412

(Continued)

Exhibit K-5

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

		Special Revenue Funds					Debt Service Fund	Capital Projects Fund	
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitu-tional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Total
Fees Received from County Officials (Cont.)									
Fees-In-Lieu of Salary (Cont.)									
General Sessions Court Clerk	$ 337,913	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 337,913
Clerk and Master	151,201	0	0	0	0	0	0	0	151,201
Juvenile Court Clerk	35,797	0	0	0	0	0	0	0	35,797
Sheriff	13,947	0	0	0	0	0	0	0	13,947
Total Fees Received from County Officials	$ 1,317,670	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,317,670
State of Tennessee									
General Government Grants									
Juvenile Services Program	$ 14,000	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 14,000
Aging Programs	12,628	0	0	0	0	0	0	0	12,628
State Reappraisal Grant	14,487	0	0	0	0	0	0	0	14,487
Other General Government Grants	5,990	0	0	0	0	0	0	0	5,990
Public Safety Grants									
Law Enforcement Training Programs	22,200	0	0	0	0	0	0	0	22,200
Health and Welfare Grants									
Health Department Programs	100,985	0	0	0	0	0	0	0	100,985
Public Works Grants									
State Aid Program	0	0	0	0	0	196,120	0	0	196,120
Litter Program	38,808	0	0	0	0	0	0	0	38,808
Other State Revenues									
Contracted Prisoner Boarding	554,737	0	0	0	0	0	0	0	554,737
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,660,294	0	0	1,660,294
Petroleum Special Tax	0	0	0	0	0	35,631	0	0	35,631
Registrar's Salary Supplement	21,209	0	0	0	0	0	0	0	21,209
Other State Revenues	7,460	0	0	0	0	0	0	0	7,460
Total State of Tennessee	$ 792,504	$ 0	$ 0	$ 0	$ 0	$ 1,892,045	$ 0	$ 0	$ 2,684,549
Federal Government									
Federal Through State									
Civil Defense Reimbursement	$ 25,922	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 25,922
Homeland Security Grants	152,100	0	0	0	0	0	0	0	152,100
Other Federal through State	84,978	0	0	0	0	0	0	115,000	199,978

(Continued)

Exhibit K-5

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

		Special Revenue Funds					Debt Service Fund	Capital Projects Fund	
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitu-tional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Total
Federal Government (Cont.)									
Direct Federal Revenue									
Asset Forfeiture Funds	$ 0	$ 0	$ 23	$ 0	$ 0	$ 0	$ 0	$ 0	$ 23
Other Direct Federal Revenue	4,400	0	0	0	0	0	0	0	4,400
Total Federal Government	$ 267,400	$ 0	$ 23	$ 0	$ 0	$ 0	$ 0	$ 115,000	$ 382,423
Other Governments and Citizens Groups									
Other Governments									
Paving and Maintenance	$ 0	$ 0	$ 0	$ 0	$ 0	$ 44,368	$ 0	$ 0	$ 44,368
Contributions	152,533	0	0	0	0	0	0	0	152,533
Other									
Other	3,137	0	0	7,344	0	0	0	0	10,481
Total Other Governments and Citizens Groups	$ 155,670	$ 0	$ 0	$ 7,344	$ 0	$ 44,368	$ 0	$ 0	$ 207,382
Total	$ 13,120,996	$ 1,298,631	$ 59,494	$ 57,893	$ 877,865	$ 3,369,920	$ 4,472,280	$ 393,121	$ 23,650,200

Exhibit K-6

Jefferson County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Jefferson County School Department
For the Year Ended June 30, 2007

	General Purpose School	School Federal Projects	Total
Local Taxes			
County Property Taxes			
Current Property Tax	$ 5,523,512	$ 0	$ 5,523,512
Trustee's Collections - Prior Year	208,151	0	208,151
Circuit/Clerk & Master Collections - Prior Years	83,405	0	83,405
Interest and Penalty	30,339	0	30,339
Pick-up Taxes	51,509	0	51,509
Payments in-Lieu-of Taxes - T.V.A.	13,297	0	13,297
Payments in-Lieu-of Taxes - Local Utilities	11,110	0	11,110
County Local Option Taxes			
Local Option Sales Tax	4,769,588	0	4,769,588
Statutory Local Taxes			
Bank Excise Tax	25,265	0	25,265
Wholesale Beer Tax	1,739	0	1,739
Interstate Telecommunications Tax	12,506	0	12,506
Total Local Taxes	$ 10,730,421	$ 0	$ 10,730,421
Licenses and Permits			
Licenses			
Marriage Licenses	$ 2,346	$ 0	$ 2,346
Total Licenses and Permits	$ 2,346	$ 0	$ 2,346
Charges for Current Services			
Education Charges			
Lunch Payments - Children	$ 720,989	$ 0	$ 720,989
Lunch Payments - Adults	67,742	0	67,742
Income from Breakfast	81,886	0	81,886
A la carte Sales	259,049	0	259,049
Receipts from Individual Schools	51,344	0	51,344
Community Service Fees - Children	293,119	0	293,119
TBI Criminal Background Fees	960	0	960
Other Charges for Services			
Other Charges for Services	16,613	0	16,613
Total Charges for Current Services	$ 1,491,702	$ 0	$ 1,491,702
Other Local Revenues			
Recurring Items			
Investment Income	$ 31,672	$ 0	$ 31,672
Miscellaneous Refunds	29,648	0	29,648
Nonrecurring Items			
Sale of Equipment	15,152	0	15,152
Other Local Revenues			
Other Local Revenues	558	0	558
Total Other Local Revenues	$ 77,030	$ 0	$ 77,030

(Continued)

Exhibit K-6

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

	General Purpose School	School Federal Projects	Total
State of Tennessee			
State Education Funds			
Basic Education Program	$ 27,747,973	$ 0	$ 27,747,973
Early Childhood Education	411,983	0	411,983
School Food Service	36,681	0	36,681
Driver Education	15,190	0	15,190
Other State Education Funds	335,929	0	335,929
Career Ladder Program	356,911	0	356,911
Career Ladder - Extended Contract	192,814	0	192,814
Other State Revenues			
Income Tax	193,897	0	193,897
Beer Tax	53,915	0	53,915
State Revenue Sharing - T.V.A.	733,143	0	733,143
Total State of Tennessee	$ 30,078,436	$ 0	$ 30,078,436
Federal Government			
Federal Through State			
USDA School Lunch Program	$ 1,271,975	$ 0	$ 1,271,975
Breakfast	394,674	0	394,674
Adult Education State Grant Program	106,206	0	106,206
Vocational Education - Basic Grants to States	0	143,170	143,170
Title I Grants to Local Education Agencies	0	1,430,868	1,430,868
Innovative Education Program Strategies	0	12,344	12,344
Special Education - Grants to States	8,963	1,422,175	1,431,138
Special Education Preschool Grants	0	52,892	52,892
Eisenhower Professional Development State Grants	0	360,686	360,686
Job Training Partnership Act	0	146,607	146,607
Other Federal through State	30,392	321,388	351,780
Direct Federal Revenue			
ROTC Reimbursement	54,743	0	54,743
Other Direct Federal Revenue	4,965	0	4,965
Total Federal Government	$ 1,871,918	$ 3,890,130	$ 5,762,048
Total	$ 44,251,853	$ 3,890,130	$ 48,141,983

Exhibit K-7

Jefferson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2007

General Fund		
General Government		
County Commission		
Medical Personnel	$ 8,500	
Board and Committee Members Fees	86,675	
Audit Services	9,966	
Dues and Memberships	11,034	
Legal Services	36,418	
Travel	6,165	
Other Contracted Services	49,781	
Other Charges	478	
Total County Commission		$ 209,017
Board of Equalization		
Board and Committee Members Fees	$ 523	
Total Board of Equalization		523
Other Boards and Committees		
Postal Charges	$ 18	
Total Other Boards and Committees		18
County Mayor/Executive		
County Official/Administrative Officer	$ 67,069	
Other Salaries & Wages	144,300	
Advertising	3,455	
Communication	3,072	
Travel	2,089	
Office Supplies	3,072	
Other Charges	326	
Office Equipment	1,662	
Total County Mayor/Executive		225,045
Election Commission		
Supervisor/Director	$ 52,381	
Clerical Personnel	63,496	
Part-time Personnel	20,007	
Election Commission	7,650	
Election Workers	31,032	
Advertising	2,578	
Communication	2,145	
Maintenance Agreements	5,265	
Postal Charges	2,981	
Printing, Stationery, and Forms	8,565	

(Continued)

Exhibit K-7

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

General Fund (Cont.)		
General Government (Cont.)		
Election Commission (Cont.)		
Travel	$ 9,270	
Other Contracted Services	6,213	
Data Processing Supplies	213	
Instructional Supplies and Materials	6,075	
Office Supplies	2,095	
Other Charges	1,811	
Data Processing Equipment	1,078	
Total Election Commission		$ 222,855
Register of Deeds		
Communication	$ 1,240	
Data Processing Services	20,475	
Maintenance Agreements	1,338	
Data Processing Supplies	1,223	
Office Supplies	15,071	
Other Charges	128	
Office Equipment	840	
Total Register of Deeds		40,315
Codes Compliance		
Clerical Personnel	$ 27,924	
Other Salaries & Wages	42,328	
Communication	499	
Maintenance & Repair Services - Vehicles	19	
Gasoline	704	
Office Supplies	1,298	
Refunds	1,788	
Other Charges	267	
Total Codes Compliance		74,827
County Buildings		
Custodial Personnel	$ 48,855	
Maintenance Personnel	65,297	
Part-time Personnel	7,170	
Communication	20,352	
Janitorial Services	12,377	
Maintenance Agreements	27,282	
Maintenance & Repair Services - Buildings	53,384	
Maintenance & Repair Services - Office Equipment	2,569	
Maintenance & Repair Services - Vehicles	2,139	

(Continued)

Exhibit K-7

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

General Fund (Cont.)		
General Government (Cont.)		
County Buildings (Cont.)		
Postal Charges	$ 47,376	
Custodial Supplies	10,261	
Electricity	50,167	
Gasoline	6,523	
Natural Gas	26,816	
Office Supplies	8,735	
Uniforms	131	
Water and Sewer	1,107	
Building and Contents Insurance	33,592	
Vehicle and Equipment Insurance	5,583	
Other Charges	7,004	
Motor Vehicles	12,384	
Office Equipment	10,493	
Total County Buildings		$ 459,597
Other General Administration		
Contributions	$ 5,325	
Other Charges	124	
Total Other General Administration		5,449
Preservation of Records		
Maintenance Agreements	$ 1,045	
Maintenance & Repair Services - Office Equipment	1,485	
Office Supplies	1,778	
Other Charges	1,000	
Data Processing Equipment	1,403	
Total Preservation of Records		6,711
Finance		
Accounting and Budgeting		
Data Processing Services	$ 508	
Data Processing Supplies	1,865	
Data Processing Equipment	1,535	
Total Accounting and Budgeting		3,908
Property Assessor's Office		
County Official/Administrative Officer	$ 58,069	
Assessment Personnel	87,797	
Secretary(ies)	31,354	
Audit Services	18,250	

(Continued)

Exhibit K-7

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

General Fund (Cont.)		
Finance (Cont.)		
Property Assessor's Office (Cont.)		
Communication	$ 626	
Data Processing Services	17,932	
Maintenance Agreements	5,992	
Travel	784	
Office Supplies	1,029	
Other Supplies and Materials	639	
Office Equipment	387	
Total Property Assessor's Office		$ 222,859
Reappraisal Program		
Assessment Personnel	$ 33,590	
Clerical Personnel	31,354	
Longevity Pay	1,100	
Social Security	4,075	
State Retirement	9,564	
Life Insurance	137	
Medical Insurance	12,454	
Unemployment Compensation	171	
Employer Medicare	1,511	
Data Processing Services	6,031	
Maintenance & Repair Services - Vehicles	487	
Postal Charges	48	
Gasoline	2,378	
Vehicle and Equipment Insurance	1,400	
Motor Vehicles	20,044	
Total Reappraisal Program		124,344
County Trustee's Office		
Communication	$ 613	
Data Processing Services	8,590	
Legal Notices, Recording, and Court Costs	546	
Maintenance Agreements	7,121	
Office Supplies	2,843	
Other Charges	274	
Data Processing Equipment	2,860	
Total County Trustee's Office		22,847
County Clerk's Office		
Communication	$ 1,861	
Maintenance Agreements	13,197	

(Continued)

Exhibit K-7

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

General Fund (Cont.)		
Finance (Cont.)		
County Clerk's Office (Cont.)		
Office Supplies	$ 12,974	
Other Charges	1,088	
Data Processing Equipment	11,030	
Total County Clerk's Office		$ 40,150
Other Finance		
Liability Insurance	$ 65,237	
Premiums on Corporate Surety Bonds	11,598	
Refunds	250	
Trustee's Commission	162,851	
Workers' Compensation Insurance	22,000	
Liability Claims	6,469	
Total Other Finance		268,405
Administration of Justice		
Circuit Court		
County Official/Administrative Officer	$ 58,069	
Deputy(ies)	36,709	
Clerical Personnel	197,843	
Jury and Witness Fees	9,889	
Communication	1,862	
Data Processing Services	5,337	
Legal Notices, Recording, and Court Costs	5	
Maintenance Agreements	7,696	
Travel	497	
Maintenance and Repair Services - Records	2,300	
Other Contracted Services	35,100	
Office Supplies	26,598	
Other Charges	938	
Data Processing Equipment	6,316	
Office Equipment	10,299	
Total Circuit Court		399,458
General Sessions Court		
Judge(s)	$ 121,639	
Secretary(ies)	31,746	
Attendants	32,771	
In-Service Training	769	
Other Per Diem & Fees	15,876	
Communication	161	

(Continued)

Exhibit K-7

Jefferson 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	$ 435	
Legal Notices, Recording, and Court Costs	2,093	
Maintenance & Repair Services - Vehicles	1,536	
Travel	1,404	
Gasoline	2,754	
Library Books/Media	2,418	
Office Supplies	454	
Uniforms	190	
Other Charges	670	
Furniture and Fixtures	1,119	
Office Equipment	3,210	
Total General Sessions Court		$ 219,245
Chancery Court		
County Official/Administrative Officer	$ 58,069	
Assistant(s)	32,844	
Deputy(ies)	31,353	
Communication	675	
Maintenance Agreements	6,557	
Travel	245	
Other Contracted Services	108	
Office Supplies	1,281	
Other Charges	388	
Total Chancery Court		131,520
Juvenile Court		
Youth Service Officer(s)	$ 83,486	
Longevity Pay	1,300	
Social Security	4,694	
State Retirement	12,192	
Life Insurance	177	
Medical Insurance	7,947	
Unemployment Compensation	110	
Employer Medicare	1,228	
Communication	2,593	
Contracts with Government Agencies	18,934	
Data Processing Services	1,600	
Legal Services	890	
Travel	1,235	
Drug Treatment	856	

(Continued)

Exhibit K-7

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

General Fund (Cont.)		
Administration of Justice (Cont.)		
Juvenile Court (Cont.)		
Data Processing Supplies	$ 21,188	
Office Supplies	1,986	
Other Charges	1,721	
Data Processing Equipment	23,925	
Office Equipment	8,401	
Total Juvenile Court		$ 194,463
Public Safety		
Sheriff's Department		
County Official/Administrative Officer	$ 63,876	
Assistant(s)	83,597	
Deputy(ies)	930,286	
Detective(s)	130,496	
Secretary(ies)	64,662	
Part-time Personnel	185,544	
Longevity Pay	16,619	
In-Service Training	49,569	
Social Security	94,251	
State Retirement	162,775	
Life Insurance	2,742	
Medical Insurance	212,916	
Unemployment Compensation	2,594	
Employer Medicare	22,084	
Other Fringe Benefits	34,042	
Communication	43,519	
Legal Services	400	
Maintenance Agreements	10,012	
Maintenance & Repair Services - Equipment	6,541	
Maintenance & Repair Services - Vehicles	132,734	
Postal Charges	770	
Rentals	426	
Travel	7,711	
Other Contracted Services	4,090	
Gasoline	159,670	
Instructional Supplies and Materials	2,095	
Library Books/Media	84	
Office Supplies	13,375	
Tires and Tubes	16,005	
Uniforms	28,095	
Liability Insurance	37,057	

(Continued)

Exhibit K-7

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

General Fund (Cont.)		
Public Safety (Cont.)		
Sheriff's Department (Cont.)		
Vehicle and Equipment Insurance	$ 36,886	
Workers' Compensation Insurance	45,000	
Other Charges	4,396	
Data Processing Equipment	98,685	
Motor Vehicles	22,046	
Other Equipment	82,631	
Total Sheriff's Department		$ 2,808,281
Wheel Tax Officer		
Part-time Personnel	$ 8,420	
Social Security	522	
Employer Medicare	122	
Total Wheel Tax Officer		9,064
Jail		
Medical Personnel	$ 36,844	
Guards	717,485	
Cafeteria Personnel	55,621	
Part-time Personnel	29,167	
Longevity Pay	10,500	
In-Service Training	4,335	
Social Security	52,916	
State Retirement	99,626	
Life Insurance	2,001	
Medical Insurance	158,175	
Unemployment Compensation	1,951	
Employer Medicare	12,367	
Other Fringe Benefits	22,698	
Maintenance & Repair Services - Buildings	13,149	
Maintenance & Repair Services - Equipment	982	
Medical and Dental Services	51,071	
Custodial Supplies	47,113	
Electricity	89,831	
Food Supplies	189,905	
Natural Gas	34,944	
Uniforms	10,865	
Water and Sewer	17,167	
Building and Contents Insurance	16,140	
Workers' Compensation Insurance	17,298	
Other Charges	1,929	

(Continued)

Exhibit K-7

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

General Fund (Cont.)		
Public Safety (Cont.)		
Jail (Cont.)		
Other Equipment	$ 63,189	
Total Jail		$ 1,757,269
Inspection and Regulation		
Data Processing Equipment	$ 531	
Total Inspection and Regulation		531
Public Safety Grant Programs		
Instructional Supplies and Materials	$ 98,183	
Total Public Safety Grant Programs		98,183
Other Public Safety		
Contributions	$ 328,000	
Total Other Public Safety		328,000
Public Health and Welfare		
Local Health Center		
Clerical Personnel	$ 67,466	
Longevity Pay	800	
Social Security	4,196	
State Retirement	7,438	
Life Insurance	188	
Medical Insurance	14,645	
Unemployment Compensation	191	
Employer Medicare	981	
Contracts with Government Agencies	22,111	
Travel	1,824	
Drugs and Medical Supplies	32,937	
Workers' Compensation Insurance	1,000	
Total Local Health Center		153,777
Rabies and Animal Control		
Part-time Personnel	$ 5,900	
Longevity Pay	1,500	
Other Salaries & Wages	44,784	
Social Security	3,179	
State Retirement	5,693	
Life Insurance	91	
Medical Insurance	7,204	
Unemployment Compensation	111	

(Continued)

Exhibit K-7

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

General Fund (Cont.)		
Public Health and Welfare (Cont.)		
Rabies and Animal Control (Cont.)		
Employer Medicare	$ 743	
Communication	1,059	
Maintenance & Repair Services - Vehicles	211	
Gasoline	5,024	
Vehicle and Equipment Insurance	1,054	
Workers' Compensation Insurance	3,400	
Other Equipment	1,920	
Total Rabies and Animal Control		$ 81,873
Ambulance/Emergency Medical Services		
Assistant(s)	$ 129,739	
Supervisor/Director	54,162	
Mechanic(s)	36,358	
Clerical Personnel	96,429	
Attendants	1,449,857	
Part-time Personnel	193,261	
Longevity Pay	27,600	
Other Salaries & Wages	33,929	
In-Service Training	17,587	
Social Security	126,194	
State Retirement	268,050	
Life Insurance	3,340	
Medical Insurance	243,944	
Unemployment Compensation	2,562	
Employer Medicare	29,513	
Other Fringe Benefits	65,527	
Communication	14,302	
Maintenance Agreements	6,686	
Maintenance & Repair Services - Equipment	16,214	
Maintenance & Repair Services - Vehicles	127,672	
Postal Charges	8,314	
Travel	290	
Tuition	8,628	
Diesel Fuel	111,561	
Drugs and Medical Supplies	153,424	
Electricity	12,387	
Natural Gas	4,593	
Office Supplies	9,301	
Tires and Tubes	19,916	
Uniforms	21,249	

(Continued)

Exhibit K-7

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

General Fund (Cont.)		
Public Health and Welfare (Cont.)		
Ambulance/Emergency Medical Services (Cont.)		
Water and Sewer	$ 1,132	
Other Supplies and Materials	5,272	
Building and Contents Insurance	5,817	
Liability Insurance	25,173	
Refunds	30,412	
Vehicle and Equipment Insurance	18,044	
Workers' Compensation Insurance	132,572	
Other Charges	5,496	
Data Processing Equipment	73,866	
Motor Vehicles	247,909	
Other Equipment	38,576	
Total Ambulance/Emergency Medical Services		$ 3,876,858
General Welfare Assistance		
Medical and Dental Services	$ 543	
Pauper Burials	1,200	
Total General Welfare Assistance		1,743
Aid to Dependent Children		
Other Charges	$ 557	
Total Aid to Dependent Children		557
Sanitation Education/Information		
Guards	$ 30,238	
Longevity Pay	400	
Social Security	1,873	
State Retirement	4,406	
Life Insurance	57	
Medical Insurance	4,361	
Unemployment Compensation	42	
Employer Medicare	438	
Communication	191	
Maintenance & Repair Services - Vehicles	4,068	
Gasoline	2,757	
Instructional Supplies and Materials	9,889	
Other Supplies and Materials	484	
Vehicle and Equipment Insurance	733	
Workers' Compensation Insurance	1,400	
Total Sanitation Education/Information		61,337

(Continued)

Exhibit K-7

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

General Fund (Cont.)		
Public Health and Welfare (Cont.)		
Other Public Health and Welfare		
Supervisor/Director	$ 44,558	
Longevity Pay	600	
Other Salaries & Wages	82,920	
Social Security	7,905	
State Retirement	18,418	
Life Insurance	314	
Medical Insurance	20,795	
Unemployment Compensation	167	
Employer Medicare	1,849	
Communication	3,023	
Maintenance & Repair Services - Vehicles	387	
Postal Charges	338	
Travel	1,637	
Gasoline	8,165	
Office Supplies	1,705	
Refunds	950	
Workers' Compensation Insurance	6,714	
Other Charges	28	
Other Equipment	60	
Total Other Public Health and Welfare		$ 200,533
Social, Cultural, and Recreational Services		
Senior Citizens Assistance		
Assistant(s)	$ 80,804	
Supervisor/Director	29,791	
Salary Supplements	5,148	
Social Security	7,082	
State Retirement	15,260	
Life Insurance	410	
Medical Insurance	29,343	
Employer Medicare	1,656	
Communication	1,706	
Maintenance Agreements	480	
Printing, Stationery, and Forms	2,500	
Travel	1,822	
Office Supplies	2,054	
Workers' Compensation Insurance	500	
Other Charges	46	
Total Senior Citizens Assistance		178,602

(Continued)

Exhibit K-7

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

General Fund (Cont.)		
Social, Cultural, and Recreational Services (Cont.)		
Libraries		
Librarians	$ 188,846	
In-Service Training	735	
Social Security	11,625	
State Retirement	18,227	
Life Insurance	393	
Medical Insurance	30,600	
Unemployment Compensation	487	
Employer Medicare	2,719	
Communication	1,359	
Maintenance & Repair Services - Equipment	774	
Library Books/Media	30,693	
Periodicals	3,432	
Utilities	1,361	
Other Supplies and Materials	3,752	
Building and Contents Insurance	2,356	
Workers' Compensation Insurance	660	
Other Charges	13,460	
Data Processing Equipment	83	
Other Equipment	8,001	
Total Libraries		$ 319,563
Other Social, Cultural, and Recreational		
Supervisor/Director	$ 7,580	
Other Salaries & Wages	33,705	
Social Security	2,494	
Employer Medicare	583	
Communication	567	
Maintenance & Repair Services - Buildings	25	
Maintenance & Repair Services - Equipment	7,523	
Electricity	3,919	
Water and Sewer	6,278	
Chemicals	18,846	
Other Charges	8,780	
Total Other Social, Cultural, and Recreational		90,300
Agriculture & Natural Resources		
Agriculture Extension Service		
Salary Supplements	$ 51,443	
Part-time Personnel	8,951	
Social Security	3,935	

(Continued)

Exhibit K-7

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

General Fund (Cont.)		
Agriculture & Natural Resources (Cont.)		
Agriculture Extension Service (Cont.)		
State Retirement	$ 2,938	
Other Fringe Benefits	4,519	
Communication	4,239	
Dues and Memberships	335	
Travel	3,421	
Electricity	1,139	
Natural Gas	505	
Water and Sewer	181	
Other Charges	558	
Total Agriculture Extension Service		$ 82,164
Soil Conservation		
Secretary(ies)	$ 22,081	
Longevity Pay	467	
Social Security	1,385	
State Retirement	2,353	
Life Insurance	63	
Medical Insurance	4,863	
Unemployment Compensation	41	
Employer Medicare	324	
Dues and Memberships	845	
Workers' Compensation Insurance	100	
Other Charges	85	
Total Soil Conservation		32,607
Other Operations		
Veterans' Services		
Other Salaries & Wages	$ 24,527	
Communication	1,374	
Travel	176	
Office Supplies	445	
Total Veterans' Services		26,522
Contributions to Other Agencies		
Contributions	$ 657,664	
Total Contributions to Other Agencies		657,664
Employee Benefits		
Longevity Pay	$ 19,800	
Social Security	101,382	

(Continued)

Exhibit K-7

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

General Fund (Cont.)			
Other Operations (Cont.)			
Employee Benefits (Cont.)			
State Retirement	$ 175,539		
Life Insurance	3,544		
Medical Insurance	254,003		
Dental Insurance	21,300		
Unemployment Compensation	2,829		
Employer Medicare	20,596		
Total Employee Benefits		$ 598,993	
Principal on Debt			
General Government			
Principal on Capital Leases	$ 153,408		
Total General Government		153,408	
Interest on Debt			
General Government			
Interest on Capital Leases	$ 10,375		
Total General Government		10,375	
Total General Fund			$ 14,399,760
Solid Waste/Sanitation Fund			
Public Health and Welfare			
Waste Pickup			
Supervisor/Director	$ 27,684		
Longevity Pay	5,600		
Other Salaries & Wages	332,185		
Social Security	27,742		
State Retirement	40,679		
Employee and Dependent Insurance	66,260		
Life Insurance	883		
Dental Insurance	650		
Unemployment Compensation	421		
Contracts with Private Agencies	12,000		
Data Processing Services	3,861		
Maintenance & Repair Services - Vehicles	72,554		
Postal Charges	474		
Rentals	6,778		
Travel	123		
Disposal Fees	812,531		
Crushed Stone	584		

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)			
Public Health and Welfare (Cont.)			
Waste Pickup (Cont.)			
Diesel Fuel	$ 33,283		
Gasoline	9,073		
Lubricants	1,849		
Office Supplies	1,698		
Tires and Tubes	14,736		
Utilities	14,438		
Other Supplies and Materials	8,162		
Trustee's Commission	25,591		
Vehicle and Equipment Insurance	9,700		
Workers' Compensation Insurance	28,114		
Solid Waste Equipment	23,582		
Total Waste Pickup		$ 1,581,235	
Other Operations			
Other Charges			
Other Charges	$ 11,524		
Total Other Charges		11,524	
Total Solid Waste/Sanitation Fund			$ 1,592,759
Drug Control Fund			
Finance			
Other Finance			
Trustee's Commission	$ 551		
Total Other Finance		$ 551	
Public Safety			
Drug Enforcement			
Other Charges	$ 17,287		
Other Equipment	32,692		
Total Drug Enforcement		49,979	
Total Drug Control Fund			50,530
Constitutional Officers - Fees Fund			
General Government			
Register of Deeds			
Constitutional Officers' Operating Expenses	$ 243,150		
Total Register of Deeds		$ 243,150	

(Continued)

Exhibit K-7

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

Constitutional Officers - Fees Fund (Cont.)			
Finance			
County Trustee's Office			
Constitutional Officers' Operating Expenses	$ 165,804		
Total County Trustee's Office		$ 165,804	
County Clerk's Office			
Constitutional Officers' Operating Expenses	$ 462,579		
Total County Clerk's Office		462,579	
Administration of Justice			
Juvenile Court			
Constitutional Officers' Operating Expenses	$ 122		
Total Juvenile Court		122	
Total Constitutional Officers - Fees Fund			$ 871,655
Highway/Public Works Fund			
Highways			
Administration			
County Official/Administrative Officer	$ 63,876		
Accountants/Bookkeepers	40,569		
Clerical Personnel	36,822		
Longevity Pay	1,900		
Board and Committee Members Fees	17,520		
Communication	6,055		
Data Processing Services	6,047		
Dues and Memberships	2,851		
Legal Notices, Recording, and Court Costs	505		
Postal Charges	499		
Travel	306		
Other Contracted Services	1,830		
Office Supplies	3,299		
Other Charges	4,302		
Office Equipment	6,091		
Total Administration		$ 192,472	
Highway and Bridge Maintenance			
Laborers	$ 924,807		
Longevity Pay	30,700		
Rentals	9,153		
Asphalt - Liquid	350,037		
Other Road Supplies	42,841		

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)		
Highways (Cont.)		
Highway and Bridge Maintenance (Cont.)		
Pipe - Metal	$ 21,505	
Road Signs	11,246	
Other Supplies and Materials	2,511	
Total Highway and Bridge Maintenance		$ 1,392,800
Operation and Maintenance of Equipment		
Mechanic(s)	$ 191,562	
Longevity Pay	6,900	
Maintenance & Repair Services - Equipment	179,229	
Diesel Fuel	47,380	
Gasoline	98,382	
Lubricants	11,085	
Natural Gas	87,332	
Tires and Tubes	32,115	
Water and Sewer	340	
Other Supplies and Materials	7,752	
Total Operation and Maintenance of Equipment		662,077
Quarry Operations		
Laborers	$ 254,716	
Longevity Pay	6,900	
Maintenance & Repair Services - Equipment	73,634	
Electricity	97,814	
Other Charges	14,382	
Total Quarry Operations		447,446
Asphalt Plant Operations		
Maintenance & Repair Services - Equipment	$ 23,320	
Total Asphalt Plant Operations		23,320
Other Charges		
Building and Contents Insurance	$ 2,991	
Liability Insurance	7,001	
Trustee's Commission	44,734	
Vehicle and Equipment Insurance	35,748	
Total Other Charges		90,474
Employee Benefits		
Social Security	$ 117,351	
State Retirement	214,573	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)			
Highways (Cont.)			
Employee Benefits (Cont.)			
Employee and Dependent Insurance	$ 262,355		
Unemployment Compensation	1,144		
Workers' Compensation Insurance	123,855		
Total Employee Benefits		$ 719,278	
Capital Outlay			
Highway Equipment	$ 500		
Total Capital Outlay		500	
Total Highway/Public Works Fund			$ 3,528,367
General Debt Service Fund			
Principal on Debt			
General Government			
Principal on Other Loans	$ 450,000		
Total General Government		$ 450,000	
Education			
Principal on Bonds	$ 1,400,000		
Principal on Other Loans	515,000		
Total Education		1,915,000	
Interest on Debt			
General Government			
Interest on Other Loans	$ 723,386		
Total General Government		723,386	
Education			
Interest on Bonds	$ 91,697		
Interest on Other Loans	825,161		
Total Education		916,858	
Other Debt Service			
General Government			
Trustee's Commission	$ 68,266		
Other Debt Service	3,097		
Total General Government		71,363	
Total General Debt Service Fund			4,076,607

(Continued)

Exhibit K-7

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

General Capital Projects Fund			
Capital Projects			
Other General Government Projects			
Other Contracted Services	$ 6,165		
Trustee's Commission	5,484		
Building Construction	322,436		
Building Improvements	34,698		
Voting Machines	191,600		
Total Other General Government Projects		$ 560,383	
Highway and Street Capital Projects			
Highway Equipment	$ 201,270		
Total Highway and Street Capital Projects		201,270	
Total General Capital Projects Fund			$ 761,653
Other Capital Projects Fund			
Capital Projects			
Administration of Justice Projects			
Consultants	$ 6,000		
Engineering Services	26,540		
Building Construction	1,421,436		
Communication Equipment	89,911		
Data Processing Equipment	70,939		
Furniture and Fixtures	238,842		
Office Equipment	54,340		
Other Capital Outlay	7,603		
Total Administration of Justice Projects		$ 1,915,611	
Total Other Capital Projects Fund			1,915,611
Total Governmental Funds - Primary Government			$ 27,196,942

Exhibit K-8

Jefferson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Jefferson County School Department
For the Year Ended June 30, 2007

General Purpose School Fund		
Instruction		
Regular Instruction Program		
Teachers	$ 15,619,679	
Career Ladder Program	245,791	
Career Ladder Extended Contracts	163,250	
Educational Assistants	162,998	
Certified Substitute Teachers	95,008	
Non-certified Substitute Teachers	225,364	
Social Security	976,934	
State Retirement	995,727	
Life Insurance	28,482	
Medical Insurance	2,655,220	
Dental Insurance	62,692	
Employer Medicare	228,467	
Maintenance & Repair Services - Equipment	27,407	
Other Contracted Services	35,109	
Instructional Supplies and Materials	144,620	
Textbooks	568,807	
Fee Waivers	89,222	
Regular Instruction Equipment	252,067	
Total Regular Instruction Program		$ 22,576,844
Alternative Instruction Program		
Other Contracted Services	$ 266,143	
Total Alternative Instruction Program		266,143
Special Education Program		
Teachers	$ 1,656,813	
Career Ladder Program	14,000	
Homebound Teachers	6,990	
Educational Assistants	97,359	
Certified Substitute Teachers	250	
Non-certified Substitute Teachers	706	
Social Security	103,808	
State Retirement	114,372	
Life Insurance	3,842	
Medical Insurance	344,451	
Dental Insurance	9,346	
Employer Medicare	24,278	
Instructional Supplies and Materials	30,629	
Other Charges	173	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)		
Instruction (Cont.)		
Special Education Program (Cont.)		
Special Education Equipment	$ 13,173	
Total Special Education Program		$ 2,420,190
Vocational Education Program		
Teachers	$ 820,450	
Career Ladder Program	7,333	
Certified Substitute Teachers	1,008	
Non-certified Substitute Teachers	4,253	
Social Security	49,533	
State Retirement	50,723	
Life Insurance	1,300	
Medical Insurance	110,590	
Dental Insurance	1,599	
Employer Medicare	11,584	
Maintenance & Repair Services - Equipment	264	
Instructional Supplies and Materials	43,000	
Other Charges	30,623	
Vocational Instruction Equipment	15,000	
Total Vocational Education Program		1,147,260
Adult Education Program		
Teachers	$ 60,347	
Other Salaries & Wages	34,354	
Social Security	5,627	
State Retirement	8,230	
Life Insurance	34	
Medical Insurance	13,482	
Dental Insurance	100	
Employer Medicare	1,316	
Instructional Supplies and Materials	14,047	
Other Charges	343	
Total Adult Education Program		137,880
Support Services		
Attendance		
Other Salaries & Wages	$ 5,639	
Social Security	350	
Employer Medicare	82	
Travel	1,000	
Total Attendance		7,071

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Health Services		
Medical Personnel	$ 97,506	
Other Salaries & Wages	4,346	
Social Security	6,367	
State Retirement	12,150	
Life Insurance	336	
Medical Insurance	28,424	
Dental Insurance	783	
Employer Medicare	1,489	
Travel	127	
Drugs and Medical Supplies	959	
Other Supplies and Materials	981	
Total Health Services		$ 153,468
Other Student Support		
Career Ladder Program	$ 7,000	
Guidance Personnel	622,830	
Assessment Personnel	43,626	
Clerical Personnel	17,938	
School Resource Officer	28,400	
Other Salaries & Wages	24,816	
Social Security	43,250	
State Retirement	51,514	
Life Insurance	1,573	
Medical Insurance	130,001	
Dental Insurance	3,798	
Employer Medicare	10,115	
Evaluation and Testing	12,701	
Travel	1,296	
Other Supplies and Materials	4,655	
In Service/Staff Development	3,067	
Other Charges	10,550	
Total Other Student Support		1,017,130
Regular Instruction Program		
Supervisor/Director	$ 210,189	
Career Ladder Program	15,500	
Librarians	443,178	
Materials Supervisor	42,848	
Instructional Computer Personnel	71,413	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Regular Instruction Program (Cont.)		
Secretary(ies)	$ 133,806	
Clerical Personnel	52,944	
Other Salaries & Wages	239,986	
Social Security	72,520	
State Retirement	103,956	
Life Insurance	1,892	
Medical Insurance	173,019	
Dental Insurance	5,081	
Employer Medicare	16,339	
Travel	16,699	
Other Supplies and Materials	19,534	
In Service/Staff Development	50,860	
Other Charges	4,100	
Other Equipment	11,297	
Total Regular Instruction Program		$ 1,685,161
Special Education Program		
Supervisor/Director	$ 71,413	
Career Ladder Program	6,000	
Assessment Personnel	102,007	
Secretary(ies)	29,153	
Other Salaries & Wages	146,749	
Social Security	20,855	
State Retirement	36,256	
Life Insurance	616	
Medical Insurance	53,504	
Dental Insurance	1,799	
Employer Medicare	4,877	
Maintenance & Repair Services - Equipment	842	
Travel	13,461	
Other Contracted Services	42,551	
Total Special Education Program		530,083
Vocational Education Program		
Supervisor/Director	$ 65,703	
Career Ladder Program	1,000	
Secretary(ies)	24,043	
Social Security	5,057	
State Retirement	7,546	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)				
Support Services (Cont.)				
Vocational Education Program (Cont.)				
Life Insurance	$	137		
Medical Insurance		16,738		
Dental Insurance		400		
Employer Medicare		1,183		
Travel		18,241		
Other Contracted Services		10,569		
Other Supplies and Materials		3,915		
Other Equipment		3,609		
Total Vocational Education Program			$	158,141
Adult Programs				
Supervisor/Director	$	55,161		
Clerical Personnel		1,138		
Other Salaries & Wages		23,353		
Social Security		4,839		
State Retirement		6,740		
Medical Insurance		5,679		
Employer Medicare		1,132		
Travel		565		
In Service/Staff Development		1,178		
Other Charges		2,114		
Other Equipment		2,539		
Total Adult Programs				104,438
Board of Education				
Board and Committee Members Fees	$	8,300		
Social Security		515		
Unemployment Compensation		16,861		
Employer Medicare		120		
Audit Services		7,500		
Dues and Memberships		17,618		
Legal Services		79,878		
Travel		5,023		
Other Contracted Services		3,000		
Liability Insurance		56,597		
Trustee's Commission		237,607		
Workers' Compensation Insurance		300,442		
Criminal Investigation of Applicants - TBI		960		
Other Charges		17,221		
Total Board of Education				751,642

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Director of Schools		
County Official/Administrative Officer	$ 100,438	
Secretary(ies)	70,043	
Social Security	10,248	
State Retirement	21,561	
Life Insurance	205	
Medical Insurance	10,770	
Dental Insurance	800	
Employer Medicare	2,571	
Other Fringe Benefits	4,056	
Communication	8,862	
Postal Charges	6,234	
Travel	4,282	
Other Contracted Services	15,263	
Office Supplies	8,226	
Other Charges	3,483	
Administration Equipment	700	
Total Director of Schools		$ 267,742
Office of the Principal		
Principals	$ 642,679	
Career Ladder Program	22,155	
Assistant Principals	467,715	
Secretary(ies)	584,158	
Clerical Personnel	73,672	
Social Security	104,100	
State Retirement	160,835	
Life Insurance	3,413	
Medical Insurance	331,877	
Dental Insurance	8,380	
Employer Medicare	24,968	
Communication	36,349	
Travel	1,502	
Other Contracted Services	106,427	
Other Supplies and Materials	8,397	
In Service/Staff Development	2,127	
Administration Equipment	19,184	
Total Office of the Principal		2,597,938

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)				
Support Services (Cont.)				
Fiscal Services				
Supervisor/Director	$	70,713		
Accountants/Bookkeepers		34,202		
Secretary(ies)		30,431		
Clerical Personnel		35,957		
Social Security		10,151		
State Retirement		24,633		
Life Insurance		274		
Medical Insurance		28,941		
Dental Insurance		1,000		
Employer Medicare		2,374		
Maintenance & Repair Services - Equipment		5,811		
Travel		1,457		
Other Contracted Services		10,408		
Data Processing Supplies		4,357		
Administration Equipment		506		
Total Fiscal Services			$	261,215
Operation of Plant				
Guards	$	114,697		
Custodial Personnel		729,041		
Social Security		50,551		
State Retirement		110,716		
Life Insurance		2,848		
Medical Insurance		226,165		
Dental Insurance		5,115		
Employer Medicare		11,822		
Other Contracted Services		233,755		
Custodial Supplies		120,286		
Electricity		997,681		
Natural Gas		211,653		
Water and Sewer		98,743		
Boiler Insurance		8,835		
Building and Contents Insurance		160,957		
Other Charges		292		
Total Operation of Plant				3,083,157
Maintenance of Plant				
Supervisor/Director	$	49,382		
Maintenance Personnel		258,783		

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)			
Support Services (Cont.)			
Maintenance of Plant (Cont.)			
Social Security	$ 18,333		
State Retirement	43,876		
Life Insurance	681		
Medical Insurance	72,245		
Dental Insurance	1,216		
Employer Medicare	4,287		
Communication	4,029		
Maintenance & Repair Services - Buildings	28,512		
Maintenance & Repair Services - Equipment	88,178		
Other Contracted Services	70,034		
Other Supplies and Materials	101,689		
Other Charges	23,373		
Maintenance Equipment	37,203		
Total Maintenance of Plant		$	801,821
Transportation			
Supervisor/Director	$ 52,027		
Mechanic(s)	153,188		
Bus Drivers	1,019,820		
Clerical Personnel	28,267		
Social Security	76,599		
State Retirement	60,978		
Life Insurance	465		
Medical Insurance	53,941		
Dental Insurance	1,133		
Employer Medicare	17,914		
Contracts with Other School Systems	13,764		
Contracts with Private Agencies	236,880		
Contracts with Parents	4,955		
Maintenance & Repair Services - Vehicles	48,037		
Medical and Dental Services	4,389		
Other Contracted Services	12,393		
Diesel Fuel	208,627		
Equipment and Machinery Parts	1,309		
Garage Supplies	3,972		
Gasoline	61,733		
Lubricants	7,068		
Tires and Tubes	26,248		
Vehicle Parts	71,680		

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Transportation (Cont.)		
Vehicle and Equipment Insurance	$ 49,695	
Other Charges	3,025	
Transportation Equipment	580,292	
Total Transportation		$ 2,798,399
Operation of Non-Instructional Services		
Food Service		
Supervisor/Director	$ 50,147	
Accountants/Bookkeepers	27,735	
Cafeteria Personnel	824,521	
Other Salaries & Wages	9,178	
In-Service Training	1,321	
Social Security	55,059	
State Retirement	90,668	
Life Insurance	2,419	
Medical Insurance	185,210	
Dental Insurance	4,498	
Unemployment Compensation	205	
Employer Medicare	12,878	
Communication	5,807	
Maintenance & Repair Services - Equipment	22,104	
Transportation - Other than Students	23,099	
Travel	1,948	
Other Contracted Services	67,239	
Food Supplies	1,126,912	
Office Supplies	10,962	
Other Supplies and Materials	131,396	
In Service/Staff Development	9,873	
Food Service Equipment	27,085	
Total Food Service		2,690,264
Community Services		
Supervisor/Director	$ 99,731	
Other Salaries & Wages	122,324	
Social Security	13,424	
State Retirement	14,575	
Life Insurance	182	
Medical Insurance	15,696	
Dental Insurance	533	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)			
Operation of Non-Instructional Services (Cont.)			
Community Services (Cont.)			
Unemployment Compensation	$ 913		
Employer Medicare	3,139		
Travel	675		
Food Supplies	10,495		
Other Supplies and Materials	3,669		
Refunds	165		
Other Charges	9,536		
Other Equipment	565		
Total Community Services		$ 295,622	
Early Childhood Education			
Teachers	$ 153,260		
Educational Assistants	71,193		
Other Salaries & Wages	135		
Non-certified Substitute Teachers	1,782		
Social Security	13,239		
State Retirement	15,605		
Life Insurance	684		
Medical Insurance	56,941		
Dental Insurance	1,399		
Employer Medicare	3,359		
Travel	3,979		
Other Contracted Services	11,550		
Instructional Supplies and Materials	50,142		
Other Charges	6,488		
Other Equipment	25,889		
Total Early Childhood Education		415,645	
Capital Outlay			
Regular Capital Outlay			
Other Contracted Services	$ 25,068		
Total Regular Capital Outlay		25,068	
Total General Purpose School Fund			$ 44,192,322
School Federal Projects Fund			
Instruction			
Regular Instruction Program			
Teachers	$ 306,772		

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)		
Instruction (Cont.)		
Regular Instruction Program (Cont.)		
Educational Assistants	$ 566,802	
Other Salaries & Wages	121,628	
Social Security	57,323	
State Retirement	103,734	
Life Insurance	4,023	
Medical Insurance	327,843	
Dental Insurance	6,114	
Employer Medicare	13,416	
Contracts with Other School Systems	15,608	
Other Contracted Services	46,121	
Instructional Supplies and Materials	34,811	
Regular Instruction Equipment	13,090	
Total Regular Instruction Program		$ 1,617,285
Special Education Program		
Teachers	$ 47,512	
Educational Assistants	491,601	
Non-certified Substitute Teachers	2,974	
Social Security	31,927	
State Retirement	71,936	
Life Insurance	2,859	
Medical Insurance	213,771	
Dental Insurance	4,648	
Employer Medicare	7,467	
Other Contracted Services	80,387	
Instructional Supplies and Materials	72,850	
Total Special Education Program		1,027,932
Vocational Education Program		
Teachers	$ 16,615	
Other Salaries & Wages	5,820	
Social Security	1,391	
State Retirement	1,753	
Life Insurance	137	
Medical Insurance	4,779	
Dental Insurance	200	
Employer Medicare	326	
Other Supplies and Materials	4,138	
Vocational Instruction Equipment	90,947	
Total Vocational Education Program		126,106

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)				
Support Services				
Health Services				
Medical Personnel	$	101,002		
Social Security		5,234		
State Retirement		14,143		
Life Insurance		410		
Medical Insurance		42,353		
Dental Insurance		200		
Employer Medicare		1,224		
Drugs and Medical Supplies		99		
Total Health Services			$	164,665
Other Student Support				
Guidance Personnel	$	33,779		
School Resource Officer		28,405		
Other Salaries & Wages		49,676		
Social Security		6,837		
State Retirement		13,299		
Life Insurance		165		
Medical Insurance		11,484		
Dental Insurance		283		
Employer Medicare		1,626		
Travel		16,097		
Other Contracted Services		32,981		
Other Supplies and Materials		9,982		
In Service/Staff Development		4,764		
Other Charges		13,747		
Other Equipment		4,997		
Total Other Student Support				228,122
Regular Instruction Program				
Supervisor/Director	$	99,978		
Clerical Personnel		36,008		
Social Security		8,078		
State Retirement		11,307		
Life Insurance		137		
Medical Insurance		13,740		
Dental Insurance		400		
Employer Medicare		1,889		
Travel		554		
Other Contracted Services		665		

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)				
Support Services (Cont.)				
Regular Instruction Program (Cont.)				
Other Supplies and Materials	$	14,900		
In Service/Staff Development		43,542		
Other Charges		4,078		
Other Equipment		7,558		
Total Regular Instruction Program			$	242,834
Special Education Program				
Psychological Personnel	$	56,614		
Assessment Personnel		42,798		
Other Salaries & Wages		44,263		
Social Security		8,210		
State Retirement		12,459		
Life Insurance		211		
Medical Insurance		21,103		
Dental Insurance		616		
Employer Medicare		1,920		
Maintenance & Repair Services - Equipment		817		
Travel		4,253		
In Service/Staff Development		20,961		
Total Special Education Program				214,225
Vocational Education Program				
Supervisor/Director	$	58,787		
Secretary(ies)		11,824		
Clerical Personnel		900		
Other Salaries & Wages		30,719		
Social Security		6,032		
State Retirement		3,604		
Employer Medicare		1,411		
Other Fringe Benefits		4,432		
Travel		3,707		
Other Contracted Services		17,431		
Other Supplies and Materials		3,233		
In Service/Staff Development		1,746		
Other Charges		7,395		
Other Equipment		398		
Total Vocational Education Program				151,619

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)			
Support Services (Cont.)			
Office of the Principal			
Principals	$ 3,500		
Social Security	217		
State Retirement	214		
Employer Medicare	52		
Total Office of the Principal		$ 3,983	
Transportation			
Bus Drivers	$ 40,672		
Social Security	2,522		
Employer Medicare	590		
Total Transportation		43,784	
Total School Federal Projects Fund			$ 3,820,555
Education Capital Projects Fund			
Capital Projects			
Education Capital Projects			
Architects	$ 12,702		
Other Contracted Services	42,232		
Building Construction	634,595		
Food Service Equipment	3,802		
Other Capital Outlay	89,383		
Total Education Capital Projects		$ 782,714	
Total Education Capital Projects Fund			782,714
Total Governmental Funds - Jefferson County School Department			$ 48,795,591

Exhibit K-9

Jefferson County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2007

	Cities - Sales Tax	Cities - Property Tax	Total
Cash Receipts			
Current Property Taxes	$ 0	$ 759,554	$ 759,554
Trustee's Collections - Prior Years	0	43,367	43,367
Circuit/Clerk and Master Collections - Prior Years	0	4,780	4,780
Interest and Penalty	0	17,908	17,908
Local Option Sales Tax	3,381,156	0	3,381,156
Total Cash Receipts	$ 3,381,156	$ 825,609	$ 4,206,765
Cash Disbursements			
Remittance of Revenues Collected	$ 3,347,344	$ 809,437	$ 4,156,781
Trustee's Commission	33,812	16,464	50,276
Total Cash Disbursements	$ 3,381,156	$ 825,901	$ 4,207,057
Excess of Cash Receipts Over (Under) Cash Disbursements	$ 0	$ (292)	$ (292)
Cash Balance, July 1, 2006	0	5,801	5,801
Cash Balance, June 30, 2007	$ 0	$ 5,509	$ 5,509

SINGLE AUDIT SECTION

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

February 7, 2008

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jefferson County, Tennessee, as of and for the year ended June 30, 2007, which collectively comprise Jefferson County's basic financial statements and have issued our report thereon dated February 7, 2008. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the discretely presented Jefferson County Nursing Home and the discretely presented Jefferson County Emergency Communications District as described in our report on Jefferson County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Jefferson County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jefferson County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Jefferson County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 07.02, 07.03, 07.05, 07.06, 07.07, 07.08, 07.10, 07.11, 07.12, and 07.13

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Jefferson County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jefferson County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as items: 07.01, 07.04, and 07.09.

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

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

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

Very truly yours,

John G. Morgan
Comptroller of the Treasury

JGM/sb

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

February 7, 2008

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Jefferson County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. Jefferson County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Jefferson County's management. Our responsibility is to express an opinion on Jefferson County's compliance based on our audit.

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

basis, evidence about Jefferson County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Jefferson County's compliance with those requirements.

In our opinion, Jefferson County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

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

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jefferson County as of and for the year ended June 30, 2007, and have issued our report thereon dated February 7, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that

collectively comprise Jefferson County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

Very truly yours,

John G. Morgan

John G. Morgan
Comptroller of the Treasury

JGM/sb

Jefferson County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2007

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	N/A	$ 139,247
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	394,674
National School Lunch Program	10.555	N/A	1,271,975
Total U.S. Department of Agriculture			$ 1,805,896
U.S. Department of Labor:			
Passed-through Walters State Community College:			
WIA Youth Activities	17.259	(2)	$ 148,072
Total U.S. Department of Labor			$ 148,072
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	Z-07-035845-00	$ 59,208
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	Z-07-035846-00	4,995
Total U.S. Department of Transportation			$ 64,203
U.S. Department of Education:			
Passed-through State Department of Education:			
Adult Education - State Grant Program	84.002	Z-07-033706-00	$ 55,170
Title I Grants to Local Educational Agencies	84.010	N/A	1,447,489
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,453,201
Special Education - Preschool Grants	84.173	N/A	52,869
Vocational Education - Basic Grants to States	84.048	N/A	143,170
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	18,156
Twenty-First Century Community Learning Centers	84.287	(2)	232,661
State Grants for Innovative Programs	84.298	N/A	148,870
Education Technology State Grants	84.318	(2)	14,802
English Language Acquisition Grants	84.365	N/A	51,666
Improving Teacher Quality State Grants	84.367	N/A	205,906
Hurricane Education Recovery	84.938	(2)	12,375
Total U.S. Department of Education			$ 3,836,335
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	$ 122,460
Total U.S. Election Assistance Commission			$ 122,460
U.S. Department of Health and Human Services:			
Passed-through East Tennessee Human Resource Agency:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	$ 20,775
Passed-through State Department of Labor and Workforce Development:			
Temporary Assistance for Needy Families	93.558	Z-07-04232-00	51,036
Total U.S. Department of Health and Human Services			$ 71,811

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of National and Community Service:			
Passed-through State Department of Education:			
Learn and Serve America School and Community Based Programs	94.004	(2)	$ 2,880
Total U.S. Department of National and Community Service			$ 2,880
U.S. Department of Homeland Security:			
Passed-through State Department of the Military:			
Homeland Security Cluster:			
State Domestic Preparedness Equipment Support Program	97.004	Z-04-022459-02	$ 121,665
Homeland Security Grant Program	97.067	GG-05-20657-00	30,435
Emergency Management Performance Grants	97.042	Z-07-020642-00	25,922
Total U.S. Department of Homeland Security			$ 178,022
Total Expenditures of Federal Awards			$ 6,229,679
State Grants		Contract Number	
Juvenile Services Program - State Commission on Children and Youth	N/A	(2)	$ 14,000
Aging Programs - East Tennessee Human Resource Agency	N/A	(2)	12,628
State Reappraisal Grant - Comptroller of the Treasury	N/A	(2)	14,487
Health Department Programs - State Department of Health	N/A	(2)	100,985
Litter Program - State Department of Transportation	N/A	(2)	38,808
Waste Reduction Grant - State Department of Environment and Conservation	N/A	Z-04-018173-00	200,000
Waste Tire Grant - State Department of Environment and Conservation	N/A	Z-03-011298-00	15,020
Early Childhood Education Pilot Project - State Department of Education	N/A	(2)	411,893
Driver's Education - State Department of Education	N/A	(2)	15,190
Families First Grant - State Department of Labor and Workforce Development	N/A	Z-07-04232-00	17,043
Family Resource Center Grant - State Department of Education	N/A	(2)	99,899
Adult Basic Education - State Department of Education	N/A	Z-06-027786-00	17,375
Safe Schools Act Grant - State Department of Education	N/A	(2)	41,046
Total State Grants			$ 998,374

CFDA = Catalog of Federal Domestic Assistance
N/A = Not Applicable
(1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
(2) Information not available.

Jefferson County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2007

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Jefferson County, Tennessee, for the year ended June 30, 2006, which have not been corrected.

OFFICE OF COUNTY MAYOR

Finding Number	Page Number	Subject
06.02	194	Some purchase orders were issued after purchases were made
06.03	195	The office did not solicit competitive bids for some applicable purchases

OFFICE OF SANITATION SUPERVISOR

Finding Number	Page Number	Subject
06.05	196	The office had deficiencies in maintaining accounts receivable subsidiary records for the Solid Waste Disposal Fund

OTHER FINDINGS

Finding Number	Page Number	Subject
06.06	196	Duties were not adequately segregated in the Offices of Trustee, Clerk and Master, Sheriff, and Sanitation Supervisor
06.07	197	The Solid Waste Disposal Fund had a deficit in net assets

JEFFERSON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2007

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Jefferson County is unqualified.

2. The audit of the financial statements of Jefferson County and the Jefferson County School Department disclosed significant deficiencies in internal control. None of these conditions was considered to be a material weakness.

3. The audit disclosed no instances of noncompliance that are material to the financial statements of Jefferson County.

4. The audit disclosed no significant deficiencies in internal control over major programs.

5. An unqualified opinion was issued on compliance for major programs.

6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.

7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Title I Grants to Local Educational Agencies (CFDA No. 84.010), and the Special Education Cluster: Special Education – Grants to States and Special Education Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.

8. A $300,000 threshold was used to distinguish between Type A and Type B federal programs.

9. Jefferson County did not qualify as a low-risk auditee.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs for federal programs.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the trustee, county clerk, and clerk and master are paraphrased in the report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

OFFICE OF COUNTY MAYOR

FINDING 07.01 **DEFICIENCIES WERE NOTED IN OBTAINING BIDS AND APPROPRIATIONS FOR THE PURCHASE OF VEHICLES**
(Noncompliance Under Government Auditing Standards)

We noted the following deficiencies in the purchase of two vehicles:

A. The office received faxed price quotes for the purchase of a pick-up truck for the Maintenance Department and a sport utility vehicle for the Assessor's Office from multiple vendors prior to the publication of the newspaper advertisement soliciting competitive bids. Officials considered these quotes to be equivalent to the sealed bids that were received after the newspaper advertisement. The purchases were awarded to a vendor who had faxed a quote prior to the advertisement. The process of obtaining quotes to use as bids prior to the public advertisement violates the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-207, Tennessee Code Annotated (TCA). These statutes provide for purchases exceeding $10,000 to be made after public advertisement and solicitation of competitive bids.

B. The pick-up truck was purchased on May 11, 2007. However, a budget amendment appropriating funds for this purchase was not approved by the County Commission until June 25, 2007. Section 5-9-401, TCA, states that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies."

RECOMMENDATION

Price quotes obtained prior to the public advertisement for bids should not be used as sealed bids. Funds should be appropriated by the County Commission prior to the purchase being made.

FINDING 07.02 **SOME PURCHASE ORDERS WERE ISSUED AFTER PURCHASES WERE MADE**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

In several instances, purchase orders were issued after the purchases were made. This practice defeats the purpose of issuing a purchase order and makes the purchase order an approval for payment, rather than an approval for the purchase.

RECOMMENDATION

The office should improve internal controls over the purchasing process by issuing purchase orders before purchases are made.

FINDING 07.03 **RECEIVABLE ACCOUNTS WERE NOT RECONCILED WITH SUPPORTING DOCUMENTATION**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

During the period, several general ledger receivable accounts had not been reconciled with supporting detail. Accounts receivable reflected in the General Fund had a balance of $66,072 that was incorrectly carried forward from the prior year. Two other receivable accounts incorrectly reflected credit (negative) balances of $48,292 and $1,541. Audit adjustments were prepared and accepted by management to reflect the correct year-end balances.

RECOMMENDATION

All general ledger receivable accounts should be reconciled with supporting detail monthly, and any errors should be corrected promptly.

FINDING 07.04 **EXPENDITURES EXCEEDED APPROPRIATIONS**
(Noncompliance Under Government Auditing Standards)

Our examination disclosed the following deficiencies in appropriations:

A. Contributions to the Jefferson County Humane Society exceeded appropriations approved by the County Commission by $16,375. Contributions to charitable organizations are governed by Section 5-9-109, Tennessee Code Annotated (TCA). Contributions to charitable organizations in excess of amounts appropriated by the County Commission are a violation of that statute.

B. Contributions to various volunteer fire departments in the county exceeded appropriations approved by the County Commission by $20,414. This is a violation of Section 5-9-401, TCA, which provides that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies."

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 07.05 **A FUND DEFICIT EXISTED IN THE EDUCATION CAPITAL PROJECTS FUND**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The Education Capital Projects Fund had a deficit unreserved fund balance of $3,047,502 at June 30, 2007. The deficit resulted from the unperformed portions of construction contracts of $3,312,498 being reserved as encumbrances. Of that amount, $3,298,908 relates to contracts entered into by the School Department for architects and construction management services for school building and renovation projects. These contracts were entered into based on various approvals for a school building program by the County Commission and Board of Education during the current and prior fiscal years. However, as of the date of this report, the County Commission had not approved a resolution to provide specific funding for these encumbrances.

RECOMMENDATION

Management should ensure that adequate funding is approved to liquidate the fund deficit in the Education Capital Projects Fund.

OFFICE OF SANITATION SUPERVISOR

FINDING 07.06 **THE OFFICE HAD DEFICIENCIES IN MAINTAINING ACCOUNTS RECEIVABLE SUBSIDIARY RECORDS FOR THE SOLID WASTE DISPOSAL FUND, AND A POLICY FOR THE WRITE-OFF OF DELINQUENT ACCOUNTS HAD NOT BEEN DEVELOPED AND APPROVED**

(Internal Control – Significant Deficiency Under Government Auditing Standards)

The office had deficiencies in maintaining accounts receivable subsidiary records for the Solid Waste Disposal Fund. A computerized weight scale system at the county's landfill produced a monthly listing of waste received and calculated amounts owed by each customer. These amounts, along with amounts paid by customers, were then entered into a separate software package. This separate software package did not have sufficient capacity to maintain complete histories of all billings and payments received. To enter new transactions, the bookkeeper had to delete history information periodically, often affecting ending balances. Therefore, the accounts receivable balances were not always accurate and had not been reconciled with the general ledger. Also, it should be noted that a policy for the write-off of delinquent accounts had not been developed and approved by the Landfill Committee.

RECOMMENDATION

Accounts receivable balances should be accurately maintained and reconciled with the general ledger. Also, the Landfill Committee should develop a written policy for the write-off of delinquent accounts.

FINDING 07.07 **PURCHASE ORDERS WERE NOT ISSUED PROPERLY**

(Internal Control – Significant Deficiency Under Government Auditing Standards)

In several instances, purchase orders were not issued. Purchase orders are necessary to control who has authority to make purchases and to document purchasing commitments. Also, in some instances, purchase orders were issued after purchases were made. This practice defeats the purpose of the purchase order and makes it an approval of payment rather than an approval of the purchase.

RECOMMENDATION

To strengthen internal controls over the purchasing process and to document purchasing commitments, the office should issue purchase orders for all applicable purchases before purchases are made.

OFFICE OF COUNTY CLERK

FINDING 07.08 **DEFICIENCIES EXISTED IN THE ACCOUNTING RECORDS** (Internal Control – Significant Deficiency Under Government Auditing Standards)

We noted the following deficiencies in the maintenance of accounting records:

A. During the period under audit, the county clerk began accepting credit card payments. However, the accounting records did not accurately reflect these credit card transactions due to several posting errors. We provided and management accepted audit adjustments to reflect account balances properly which had been misstated due to the erroneous postings.

B. Bank statements for trust accounts were not reconciled with the general ledger control accounts. Interest earned and withdrawals on trust accounts were not posted to the general ledger currently.

RECOMMENDATION

Credit card activity should be accurately posted to the accounting records. Bank statements for trust accounts should be reconciled with the general ledger control account, and interest earned and withdrawals should be posted to the general ledger currently.

MANAGEMENT'S RESPONSE – COUNTY CLERK

The credit card postings were due to a misunderstanding with our vendor. My bookkeeper was given two different versions of how to post accounts; however, I understand that we now have this matter corrected.

An estate account was receiving a low interest rate, and the bank suggested we close that account and re-open it on the same day to create a better interest rate. My bookkeeper received a statement closing the account, but due to an error with the bank, the wrong address was placed on the new account's statement; thus we never received the new account's statement. This was a failure of mine to communicate with the bookkeeper as to what had transpired. However, no statements were received from June until now when the error was discovered. Therefore, the bookkeeper had not posted the re-opening and accrued interest.

FINDING 07.09 **A DEPOSITORY WAS NOT REQUIRED TO COLLATERALIZE FUNDS THAT EXCEEDED FDIC COVERAGE**
(Noncompliance Under Government Auditing Standards)

The county clerk did not require one depository to pledge securities to protect funds exceeding Federal Deposit Insurance Corporation (FDIC) coverage. At June 30, 2007, deposits held at this depository exceeded FDIC coverage by $128,279. Section 5-8-201, Tennessee Code Annotated, provides for county officials to require any bank that is a depository of county funds to deposit in an escrow account in a second bank collateral security equal to 105 percent of funds exceeding FDIC coverage.

RECOMMENDATION

The county clerk should require all depositories to pledge adequate securities to protect funds exceeding FDIC coverage as required by state statute.

MANAGEMENT'S RESPONSE – COUNTY CLERK

The finding requiring pledged securities to protect funds exceeding FDIC coverage was the result of several large estates that were scheduled to be closed; however, getting the orders signed by the judge took longer than anticipated. Several smaller accounts were opened during this period resulting in deposits exceeding the pledged security.

OFFICE OF CLERK AND MASTER

FINDING 07.10 **DELINQUENT TAX AGGREGATES WERE NOT RECONCILED**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The clerk and master did not reconcile the unpaid balance of each year's delinquent tax aggregates with amounts collected and adjusted. As a result, internal controls over delinquent property tax collections were weakened.

RECOMMENDATION

To strengthen internal controls over delinquent property tax collections, the clerk and master should reconcile each year's delinquent tax aggregates with collections and adjustments.

MANAGEMENT'S RESPONSE – CLERK AND MASTER

I will immediately begin a process where each year's delinquent tax aggregate is reconciled with the amounts collected and adjustments.

FINDING 07.11 **DEFICIENCIES WERE NOTED IN SHORT-TERM INVESTMENT ACCOUNTS**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Bank statements for trust accounts were not reconciled with the general ledger control account. Three investments totaling $95,338 were opened and recorded in August 2006 in the subsidiary records but were not posted to the general ledger control account until January 2007.

RECOMMENDATION

The clerk and master should reconcile the subsidiary short-term investment records with the general ledger control account currently.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 07.12 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF TRUSTEE, CLERK AND MASTER, SHERIFF, AND SANITATION SUPERVISOR**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately in the Offices of Trustee, Clerk and Master, Sheriff and Sanitation Supervisor. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. We realize that due to limited resources and personnel, management may not be able to segregate duties among employees properly. However, our professional standards require that we bring this matter to the reader's attention in this report.

MANAGEMENT'S RESPONSE – TRUSTEE

Due to limited personnel, it is not possible to segregate duties properly. As trustee, I do the bookkeeping, which includes reconciling all bank accounts and bank deposits. I have implemented internal controls and do segregate duties to the extent possible with the current staff.

MANAGEMENT'S RESPONSE – CLERK AND MASTER

Segregation of duties is not feasible at this time due to limited resources and personnel. It is impossible to completely segregate the duties with such limited staff; however, there are some duties with regard to month-end close, general ledger adjustments, voiding checks, etc. that are performed only by the clerk and not employees.

FINDING 07.13 **THE SOLID WASTE DISPOSAL FUND HAD A DEFICIT IN NET ASSETS**

(Internal Control – Significant Deficiency Under Government Auditing Standards)

The Solid Waste Disposal Fund had a net assets deficit of $313,413 at June 30, 2007, a decrease of $126,771 from the previous year. This deficit primarily resulted from the recognition of liabilities for closure and post-closure care costs associated with closing the county's landfill and monitoring the landfill for 30 years after its closure. The $1,912,637 reported as landfill closure and post-closure care liability at June 30, 2007, represents the cumulative amount reported to date based on 37.5 percent of the estimated capacity of the Patterson Landfill Site ($694,685) and post-closure care costs of the Highway 92 Landfill Site ($1,217,952). Generally accepted accounting principles and state statutes require that such costs be reflected in the financial statements.

RECOMMENDATION

County officials should take steps to liquidate the net assets deficit.

JEFFERSON COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2007

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