

**ANNUAL FINANCIAL REPORT
CLAIBORNE COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2009



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ANNUAL FINANCIAL REPORT
CLAIBORNE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2009

DEPARTMENT OF AUDIT
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Comptroller of the Treasury

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State Auditors

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

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Audit Highlights

Annual Financial Report
Claiborne County, Tennessee
For the Year Ended June 30, 2009

Scope

We have audited the basic financial statements of Claiborne County, Tennessee, as of and for the year ended June 30, 2009.

Results

Our report on the aggregate discretely presented component units is qualified because the financial statements do not include three components units whose financial statements were not available from other auditors at the date of this report. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.

Our audit resulted in one finding and recommendation, which we have reviewed with Claiborne County management. The detailed finding and recommendation are included in the Single Audit section of this report.

Finding

The following is a summary of the audit finding:

OTHER FINDING

- ◆ Duties were not segregated adequately among the officials and employees in the Offices of County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff.

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INTRODUCTORY SECTION

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Claiborne County Officials

June 30, 2009

Officials

Joe Tyler Duncan, County Mayor
Mike Sharp, Road Superintendent
Eddie Shoffner, Director of Schools
Alice Alexander, Trustee
Kay Sandifer, Assessor of Property
Evelyn Hill, County Clerk
Billy Ray Cheek, Circuit, General Sessions, and Juvenile Courts Clerk
Frances Cardwell, Clerk and Master
Kimberly Harmon-Reece, Register
David Ray, Sheriff

Board of County Commissioners

David Mundy, Chairman
Mike Campbell
Jerry Arnwine
Rosemary Barnett
Glen Bowling
Bill Brooks
Jerry Brooks
Kenneth Clark
Mitchell Cosby
Joan Cosby
Dennis Estes

Dennis Graves
James Hatmaker
Juanita Honeycutt
Bill Keck
Danny Longworth
Steve Mason
James McAnally
Dean Neal
Shawn Peters
Barry Thomas

Board of Education

Sam Owens, Chairman
Cindy Debusk
Bobby Drummonds
Dr. Roy Ellis

Michelle Huddleston
Dot Patterson
Dave Chesney

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FINANCIAL SECTION

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
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JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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INDEPENDENT AUDITOR'S REPORT

December 11, 2009

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Claiborne County, Tennessee, as of and for the year ended June 30, 2009, which collectively comprise Claiborne County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Claiborne County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements of the Claiborne County Emergency Communications District, Claiborne County Hospital and Nursing Home, and Claiborne County Industrial Development Board, component units requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units financial statements referred to above do not include

amounts for the Claiborne County Emergency Communications District, Claiborne County Hospital and Nursing Home, and Claiborne County Industrial Development Board, which should be included to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Claiborne County Emergency Communications District, Claiborne County Hospital and Nursing Home, and Claiborne County Industrial Development Board, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Claiborne County, Tennessee, at June 30, 2009, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Claiborne County, Tennessee, as of June 30, 2009, and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 11, 2009, on our consideration of Claiborne County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

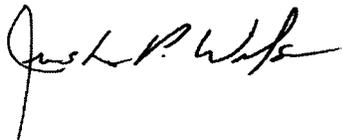
As described in Note V.B., Claiborne County has implemented the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. For the first time, the financial statements include the government-wide financial statements. Also, Claiborne County has adopted the provisions of Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 49, Accounting and Financial Reporting for Pollution and Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments.

The management of Claiborne County did not prepare a 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, pension, and other postemployment benefits information on pages 75 through 83 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 Claiborne 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 Claiborne 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 Claiborne County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied 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 in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical line extending downwards from the end of the name.

Justin P. Wilson
Comptroller of the Treasury

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BASIC FINANCIAL STATEMENTS

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Exhibit A

Claiborne County, Tennessee
Statement of Net Assets
June 30, 2009

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Claiborne County School Department</u>
<u>ASSETS</u>		
Cash	\$ 89,947	\$ 324,799
Equity in Pooled Cash and Investments	5,325,895	1,194,261
Accounts Receivable	517,339	1,100
Due from Other Governments	708,950	1,461,169
Property Taxes Receivable	7,141,213	6,914,507
Allowance for Uncollectible Property Taxes	(417,024)	(403,785)
Prepaid Items	11,440	0
Unamortized Debt Issuance Cost	460,662	0
Capital Assets:		
Assets Not Depreciated:		
Land	586,500	1,125,900
Construction in Progress	0	71,292
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	10,725,053	33,508,385
Other Capital Assets	779,793	1,197,572
Infrastructure - Roads, Streets, and Bridges	19,703,188	0
Total Assets	<u>\$ 45,632,956</u>	<u>\$ 45,395,200</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 541,062	\$ 506,245
Contracts Payable	13,220	0
Retainage Payable	4,381	0
Accrued Interest Payable	188,514	0
Payroll Deductions Payable	30,328	0
Due to State of Tennessee	5,364	0
Deferred Revenue - Property Taxes	6,292,261	6,092,506
Unamortized Premiums on Debt	140,890	0
Noncurrent Liabilities:		
Due Within One Year	3,792,368	162,548
Due in More Than One Year (net of deferred amount on refunding)	50,153,193	702,631
Total Liabilities	<u>\$ 61,161,581</u>	<u>\$ 7,463,930</u>

(Continued)

Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Claiborne County School Department</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 17,699,760	\$ 35,094,495
Restricted for:		
Solid Waste/Sanitation	489,548	0
Drug Control	134,573	0
Highways	304,458	0
Debt Service	611,599	0
Alcohol and Drug Treatment	93,468	0
Sex Offender Registration	11,805	0
Data Processing for Constitutional Offices	89,635	0
State and Federal Assistance Programs	0	140,563
Unrestricted	<u>(34,963,471)</u>	<u>2,696,212</u>
Total Net Assets	<u>\$ (15,528,625)</u>	<u>\$ 37,931,270</u>

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

Exhibit B

Claiborne County, Tennessee
Statement of Activities
For the Year Ended June 30, 2009

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						Component Unit
	Program Revenues			Primary Government		Claiborne County School Department	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities		
Primary Government:							
Governmental Activities:							
General Government	\$ 1,306,950	\$ 149,936	\$ 21,504	\$ 153,076	\$ (982,434)	\$ 0	
Finance	826,674	675,146	14,045	0	(137,483)	0	
Administration of Justice	665,108	676,617	2,250	0	13,759	0	
Public Safety	3,950,585	1,183,276	44,307	0	(2,723,002)	0	
Public Health and Welfare	5,986,611	254,818	250,181	0	(5,481,612)	0	
Social, Cultural, and Recreational Services	110,170	0	0	0	(110,170)	0	
Agriculture and Natural Resources	108,151	0	0	0	(108,151)	0	
Other Operations	907,826	0	0	2,500	(905,326)	0	
Highways	2,662,014	0	1,678,380	223,294	(760,340)	0	
Debt Service:							
Interest	2,362,122	0	0	0	(2,362,122)	0	
Other Debt Service	19,716	0	0	0	(19,716)	0	
Total Primary Government	\$ 18,905,927	\$ 2,939,793	\$ 2,010,667	\$ 378,870	\$ (13,576,597)	\$ 0	
Component Unit:							
Claiborne County School Department	\$ 40,810,890	\$ 287,622	\$ 5,559,922	\$ 150,000	\$ 0	\$ (34,813,346)	
Total Component Unit	\$ 40,810,890	\$ 287,622	\$ 5,559,922	\$ 150,000	\$ 0	\$ (34,813,346)	

Exhibit B

Claiborne County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets				Component Unit
	Program Revenues		Primary Government		
	Charges for Services	Operating Grants and Contributions	Total Governmental Activities	Claiborne County School Department	
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes			\$ 5,115,918	\$	6,295,837
Property Taxes Levied for Solid Waste			972,025		0
Property Taxes Levied for Highways			51,151		0
Property Taxes Levied for Debt Service			307,330		0
Wheel Tax			720,467		0
Hotel/Motel Tax			28,154		0
General Litigation Tax			126,985		0
Other Litigation Tax			26,742		0
Mineral Severance Tax			52,414		0
Wholesale Beer Tax			98,094		0
Coal Severance Tax			116,671		116,671
Local Option Sales Taxes			0		2,175,415
Other Taxes			55,771		3,483
Grants and Contributions Not Restricted to Specific Programs			3,618,500		25,741,856
Unrestricted Investment Income			206,214		8,536
Miscellaneous			48,486		197,719
Gain on Disposal of Capital Assets			0		105,736
Total General Revenues			\$ 11,544,922	\$	34,645,253
Change in Net Assets			\$ (2,031,675)	\$	(168,093)
Net Assets, July 1, 2008			(13,496,950)		38,099,363
Net Assets, June 30, 2009			(15,528,625)	\$	37,931,270

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

Exhibit C-1

Claiborne County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2009

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Highway Capital Projects	Other Governmental Funds	Governmental Funds	
\$	0	400	0	0	0	89,547	89,947	
Cash	3,964,589	412,519	31,861	779,545	2,808	134,573	5,325,895	
Equity in Pooled Cash and Investments	80,477	26,244	0	0	410,618	0	517,339	
Accounts Receivable	367,702	0	341,248	0	0	0	708,950	
Due from Other Governments	66,826	0	0	0	0	0	66,826	
Due from Other Funds	5,667,629	1,076,850	56,676	340,058	0	0	7,141,213	
Property Taxes Receivable	(330,971)	(62,885)	(3,310)	(19,858)	0	0	(417,024)	
Allowance for Uncollectible Property Taxes	11,440	0	0	0	0	0	11,440	
Prepaid Items								
Total Assets	\$ 9,827,692	\$ 1,453,128	\$ 426,475	\$ 1,099,745	\$ 413,426	\$ 224,120	\$ 13,444,586	

ASSETS

Cash
Equity in Pooled Cash and Investments
Accounts Receivable
Due from Other Governments
Due from Other Funds
Property Taxes Receivable
Allowance for Uncollectible Property Taxes
Prepaid Items

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable
Payroll Deductions Payable
Contracts Payable
Retainage Payable
Due to Other Funds
Due to State of Tennessee
Deferred Revenue - Current Property Taxes
Deferred Revenue - Delinquent Property Taxes
Other Deferred Revenues
Total Liabilities

Fund Balances

Reserved for Encumbrances
Reserved for Alcohol and Drug Treatment
Reserved for Sexual Offender Registration
Reserved for Computer System - Register
Reserved for Automation Purposes - Circuit Court

\$	124,333	0	5,894	0	410,835	0	541,062
Accounts Payable	27,106	1,272	1,950	0	0	0	30,328
Payroll Deductions Payable	13,220	0	0	0	0	0	13,220
Contracts Payable	4,381	0	0	0	0	0	4,381
Retainage Payable	0	0	66,826	0	0	0	66,826
Due to Other Funds	0	0	0	0	0	0	0
Due to State of Tennessee	4,388	976	0	0	0	0	5,364
Deferred Revenue - Current Property Taxes	4,993,858	948,833	49,938	299,632	0	0	6,292,261
Deferred Revenue - Delinquent Property Taxes	328,558	62,426	3,286	19,714	0	0	413,984
Other Deferred Revenues	33,213	0	149,810	0	0	0	183,023
Total Liabilities	\$ 5,529,057	\$ 1,013,507	\$ 277,704	\$ 319,346	\$ 410,835	\$ 0	\$ 7,550,449
\$	13,260	11,924	0	0	0	3,137	28,321
Reserved for Encumbrances	93,468	0	0	0	0	0	93,468
Reserved for Alcohol and Drug Treatment	11,805	0	0	0	0	0	11,805
Reserved for Sexual Offender Registration	17,405	0	0	0	0	0	17,405
Reserved for Computer System - Register	10,891	0	0	0	0	0	10,891
Reserved for Automation Purposes - Circuit Court							

(Continued)

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Highway Capital Projects	Other Governmental Funds	
\$	20,528	0	0	0	0	0	20,528
	11,732	0	0	0	0	0	11,732
	29,079	0	0	0	0	0	29,079
	4,090,467	0	0	0	0	0	4,090,467
	0	427,697	148,771	0	0	220,983	797,451
	0	0	0	780,399	0	0	780,399
	0	0	0	0	2,591	0	2,591
Total Fund Balances	4,298,635	439,621	148,771	780,399	2,591	224,120	5,894,137
Total Liabilities and Fund Balances	9,827,692	1,453,128	426,475	1,099,745	413,426	224,120	13,444,586

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)	
Reserved for Automation Purposes - General Sessions Court	
Reserved for Automation Purposes - Chancery Court	
Reserved for Automation Purposes - Sheriff	
Unreserved, Reported In:	
General Fund	
Special Revenue Funds	
Debt Service Funds	
Capital Projects Funds	
Total Fund Balances	

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

Exhibit C-2

Claiborne County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2009

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)		\$ 5,894,137
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 586,500	
Add: infrastructure net of accumulated depreciation	19,703,188	
Add: buildings and improvements net of accumulated depreciation	10,725,053	
Add: other capital assets net of accumulated depreciation	<u>779,793</u>	31,794,534
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Add: deferred amount on refunding	\$ 45,383	
Add: deferred charges - debt issuance costs	460,662	
Less: notes payable	(383,802)	
Less: other loans payable	(46,862,706)	
Less: bonds payable	(5,255,001)	
Less: compensated absences payable	(128,563)	
Less: landfill closure/postclosure care costs	(1,360,872)	
Less: accrued interest on bonds, notes, and other loans	(188,514)	
Less: other deferred revenue - premium on debt	<u>(140,890)</u>	(53,814,303)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>597,007</u>
Net assets (deficit) of governmental activities (Exhibit A)		<u>\$ (15,528,625)</u>

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

Exhibit C-3

Claiborne County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Highway Capital Projects	Other	Governmental Funds	
Revenues								
Local Taxes	\$ 5,509,099	\$ 963,410	\$ 272,190	\$ 1,024,416	\$ 0	\$ 28,154	\$ 7,797,269	
Licenses and Permits	13,790	0	0	0	0	0	13,790	
Fines, Forfeitures, and Penalties	145,328	0	0	0	0	72,528	217,856	
Charges for Current Services	58,412	247,792	0	0	0	503,608	809,812	
Other Local Revenues	192,744	29,055	12,963	2,872,916	0	17,601	3,125,269	
Fees Received from County Officials	765,070	0	0	0	0	0	765,070	
State of Tennessee	1,849,726	62,574	1,899,898	18,351	0	0	3,830,549	
Federal Government	188,350	0	0	0	0	0	188,350	
Other Governments and Citizens Groups	2,130	0	0	0	0	0	2,130	
Total Revenues	\$ 8,724,649	\$ 1,302,831	\$ 2,185,041	\$ 3,915,683	\$ 0	\$ 621,891	\$ 16,750,095	
Expenditures								
Current:								
General Government	\$ 1,170,299	\$ 0	\$ 0	\$ 0	\$ 0	\$ 111,182	\$ 1,281,481	
Finance	447,311	0	0	0	0	379,269	826,580	
Administration of Justice	638,364	0	0	0	0	24,191	662,555	
Public Safety	4,027,327	0	0	0	0	60,050	4,087,377	
Public Health and Welfare	641,536	1,249,784	0	3,983,669	0	0	5,874,989	
Social, Cultural, and Recreational Services	110,170	0	0	0	0	0	110,170	
Agriculture and Natural Resources	108,151	0	0	0	0	0	108,151	
Other Operations	873,460	0	0	6,212	0	28,154	907,826	
Highways	0	0	1,545,985	0	0	0	1,545,985	
Debt Service:								
Principal on Debt	0	25,000	0	2,819,712	0	0	2,844,712	
Interest on Debt	0	0	0	2,236,253	0	0	2,236,253	
Other Debt Service	0	0	0	256,896	0	0	256,896	
Capital Projects	0	0	0	0	493,137	0	493,137	
Total Expenditures	\$ 8,016,618	\$ 1,274,784	\$ 1,545,985	\$ 9,302,742	\$ 493,137	\$ 602,846	\$ 21,236,112	
Excess (Deficiency) of Revenues Over Expenditures	\$ 708,031	\$ 28,047	\$ 639,056	\$ (5,387,059)	\$ (493,137)	\$ 19,045	\$ (4,486,017)	

(Continued)

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Highway Capital Projects	Other Governmental Funds	Governmental Funds	
<u>Other Financing Sources (Uses)</u>								
Refunding Debt Issued	\$ 0	\$ 0	\$ 0	\$ 21,635,000	\$ 0	\$ 0	\$ 0	\$ 21,635,000
Premiums on Debt Issued	0	0	0	167,800	0	0	0	167,800
Other Loans Issued	0	0	0	4,010,000	492,919	0	0	4,502,919
Insurance Recovery	42,105	0	0	0	0	0	0	42,105
Transfers In	13,244	0	0	688,273	0	0	0	701,517
Transfers Out	0	(68,896)	(619,377)	0	0	0	(13,244)	(701,517)
Payments to Refunded Debt Escrow Agent	0	0	0	(21,574,999)	0	0	0	(21,574,999)
Total Other Financing Sources (Uses)	\$ 55,349	\$ (68,896)	\$ (619,377)	\$ 4,926,074	\$ 492,919	\$ (13,244)	\$ 0	\$ 4,772,825
Net Change in Fund Balances	\$ 763,380	\$ (40,849)	\$ 19,679	\$ (460,985)	\$ (218)	\$ 5,801	\$ 5,801	\$ 286,808
Fund Balance, July 1, 2008	3,535,255	480,470	129,092	1,241,384	2,809	218,319	218,319	5,607,329
Fund Balance, June 30, 2009	\$ 4,298,635	\$ 439,621	\$ 148,771	\$ 780,399	\$ 2,591	\$ 224,120	\$ 224,120	\$ 5,894,137

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

Exhibit C-4

Claiborne 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, 2009

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)		\$	286,808
(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	\$	582,541	
Less: current year depreciation expense		<u>(1,177,363)</u>	(594,822)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2009	\$	597,007	
Less: deferred delinquent property taxes and other deferred June 30, 2008		<u>(472,850)</u>	124,157
(3) The issuance of long-term debt (e.g., bonds, notes, other loans) 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:			
Add: change in deferred debt issuance costs	\$	195,217	
Add: principal payments on bonds		140,000	
Add: principal payments on notes		181,448	
Add: principal payments on other loans		2,463,264	
Add: payment to refunding agent		21,574,999	
Less: other loan proceeds		(4,502,919)	
Less: refunding debt proceeds		(21,635,000)	
Less: change in premium on debt issuances		<u>(125,836)</u>	(1,708,827)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in compensated absences payable	\$	18,774	
Change in accrued interest payable		(125,870)	
Change in landfill closure/postclosure care costs		<u>(31,895)</u>	(138,991)
Change in net assets of governmental activities (Exhibit B)			<u>\$ (2,031,675)</u>

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

Exhibit D

Claiborne County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2009

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,073,605
Equity in Pooled Cash and Investments	261,342
Due from Other Governments	276,288
Accounts Receivable	3,675
Notes Receivable - Current	1,000
Notes Receivable - Long-term	<u>4,000</u>
Total Assets	<u>\$ 1,619,910</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 276,288
Due to Litigants, Heirs, and Others	1,073,605
Other Current Liabilities	<u>270,017</u>
Total Liabilities	<u>\$ 1,619,910</u>

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

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CLAIBORNE COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Claiborne 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 Claiborne County:

A. Reporting Entity

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

Discretely Presented Component Units – The following entities meet the criteria for discretely presented component units of the county. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the county.

The Claiborne County School Department operates the public school system in the county, and the voters of Claiborne 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 Claiborne County Hospital and Nursing Home provides health care to the citizens of Claiborne County, and the Claiborne County Commission appoints its governing body. The county has issued long-term debt obligations on behalf of the hospital and nursing home. The financial statements of the Claiborne County Hospital and Nursing Home were not available from other auditors in time for inclusion in this report.

The Claiborne County Industrial Development Board is a non-profit corporation incorporated under the provisions of the State of Tennessee, and the Claiborne County Commission appoints its governing body. The board is funded primarily through the sale and lease of industrial park properties, hotel/motel taxes, grants, and contributions. Before the issuance of most debt instruments, the board obtains the approval of the County Commission. The function of the board is to attract and promote new industry in the county. The financial statements of the Claiborne County Industrial Development

Board were not available from other auditors in time for inclusion in this report.

The Claiborne County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Claiborne County, and the Claiborne County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval. The financial statements of the Claiborne County Emergency Communications District were not available from other auditors in time for inclusion in this report.

The Claiborne County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the Claiborne County School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the Claiborne County Hospital and Nursing Home, Claiborne County Industrial Development Board, and Claiborne County Emergency Communications District were not available from other auditors in time for inclusion, as previously mentioned. Complete financial statements of these organizations can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Claiborne County Industrial Development Board
3222 Highway 25 East
Suite 1
Tazewell, TN 37879

Claiborne County Hospital and Nursing Home
P.O. Box 219
Tazewell, TN 37879

Claiborne County Emergency Communications District
P.O. Box 911
Tazewell, TN 37879

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the statement of activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant

extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Claiborne County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Claiborne 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.

Claiborne County issues most debt for the discretely presented Claiborne County School Department and for the Claiborne County Hospital and Nursing Home. Net debt issues of \$3,893,669 were contributed by the county to the Claiborne County Hospital and Nursing Home during the year ended June 30, 2009.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The School Department's internal service fund is reported with the governmental activities in the government-wide financial statements. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund 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 Claiborne 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 category. Claiborne County has no proprietary funds. The discretely presented Claiborne County School Department reports one proprietary fund, an internal service fund.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column. The internal service fund and the fiduciary funds 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. Claiborne 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.

Claiborne 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.

Solid Waste/Sanitation Fund – This fund is used to account for transactions related to the county’s solid waste collection.

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.

Highway Capital Projects Fund – This fund is used to account for major paving projects.

Additionally, Claiborne County reports the following fund type:

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 Claiborne County, and assets held in a custodial capacity for the Claiborne County Industrial Development Board. 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 Claiborne 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 Claiborne County School Department reports the following fund types:

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

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

Internal Service Fund – The Employee Insurance – Health Fund accounts for transactions pertaining to the School Department’s

self-insured group medical and life insurance plans. Premiums charged to the operating funds and employee payroll deductions are placed in this fund for the payment of claims of covered 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.

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 School Department has one proprietary fund, an internal service fund used to account for the employees' health and life insurance. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges for services. Operating expenses for the internal service fund include administrative expenses, excess-risk insurance premium, and employee medical claims.

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 the purpose of the statement of cash flows for the discretely presented School Department's internal service fund, cash consists of demand deposits.

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loans associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

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

2. Receivables and Payables

Activity between funds for unremitted current collections at the end of the fiscal year is referred to as due to/from other funds.

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 3.22 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.

Contract and retainage payables in the General Fund represent amounts not paid to the contractor pending settlement of lawsuit and counter suit filed in regard to the judicial complex construction project. The funds are being held by the county trustee as Equity in Pooled Cash and Investments in the General Fund. For additional details on this retainage and contract, see the Contingent Liabilities Note V.D.

3. Prepaid Items

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items in the fund financial statements.

4. Capital Assets

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

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	40
Other Capital Assets	5-10
Infrastructure:	
Roads (based on surface type)	30, 40, or 50
Bridges	40

5. Compensated Absences

Primary Government

It is the county's policy to permit employees to accumulate earned but unused vacation, compensatory, and sick leave benefits. There is no liability for accumulated sick leave since Claiborne County does not have a policy to pay any amounts when employees separate from service with the government. A liability for vacation and/or compensatory benefits is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

Discretely Presented Claiborne County School Department

Vacation for employees of the School Department does not vest or accumulate and must be used within the year. The granting of sick leave has no guaranteed payment attached and therefore requires no accrual.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is

netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences, other postemployment benefits, and landfill closure/postclosure care costs, are recognized to the extent that the liabilities have matured (come due for payment) each period.

7. 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, 2009, Claiborne County had \$34,179,000 in outstanding debt for capital purposes for the discretely presented Claiborne County School Department and \$4,010,000 for the Claiborne County Hospital and Nursing Home. This debt is a liability of Claiborne County, but the capital assets acquired are reported in the financial statements of the School Department and the Hospital and Nursing

Home. Therefore, Claiborne County has incurred liabilities 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.

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 Claiborne County School Department

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

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances with 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 Claiborne County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

The budgetary level of control is at the major category level established by the 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, Beer Board, Budget and Finance Committee, etc.). Management may make revisions within major categories, but only the Claiborne County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. Cash Shortage Reported Prior Year

A cash shortage of \$28,232.76 was discovered in the Office of Circuit, General Sessions, and Juvenile Courts Clerk in October 2008. This cash shortage was reported as Finding 08.06 in the Schedule of Findings and Questioned Costs presented in the prior-year audit report. A former employee of the office entered a guilty plea to theft of over \$10,000, which was accepted by the court on April 13, 2009. This individual was sentenced to three years of supervised probation. The cash shortage has been recovered from the individual.

C. Expenditures Exceeded Appropriations

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

<u>Fund/Major Category</u>	<u>Amount Overspent</u>
General:	
County Commission	\$ 1,855
Budget and Finance Committee	1,484
Development	739
County Buildings	1,471
General Debt Service:	
General Government Interest on Debt	34,346
Education Interest on Debt	187

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

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Claiborne County and the Claiborne 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, depositing, 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 in the fund financial statements 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.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loans associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county’s own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer’s Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state 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. The county had no pooled and nonpooled investments as of June 30, 2009

B. Notes Receivable

Notes receivables (\$5,000) in the Other Agency Fund represent amounts due to the Claiborne County Industrial Development Board from the Town of Cumberland Gap. The amount of the notes that is not expected to be collected within one year is \$4,000.

C. Capital Assets

Capital assets activity for the year ended June 30, 2009, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Capital Assets Not Depreciated:				
Land	\$ 586,500	\$ 0	\$ 0	\$ 586,500
Total Capital Assets Not Depreciated	<u>\$ 586,500</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 586,500</u>

Governmental Activities (Cont.):

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 12,396,725	\$ 286,698	\$ 0	\$ 12,683,423
Roads and Bridges	25,004,830	0	0	25,004,830
Other Capital Assets	3,001,224	295,843	(234,219)	3,062,848
Total Capital Assets Depreciated	\$ 40,402,779	\$ 582,541	\$ (234,219)	\$ 40,751,101
Less Accumulated Depreciation For:				
Buildings and				
Improvements	\$ 1,654,840	\$ 303,530	\$ 0	\$ 1,958,370
Roads and Bridges	4,705,484	596,158	0	5,301,642
Other Capital Assets	2,239,599	277,675	(234,219)	2,283,055
Total Accumulated Depreciation	\$ 8,599,923	\$ 1,177,363	\$ (234,219)	\$ 9,543,067
Total Capital Assets Depreciated, Net	\$ 31,802,856	\$ (594,822)	\$ 0	\$ 31,208,034
Governmental Activities Capital Assets, Net	\$ 32,389,356	\$ (594,822)	\$ 0	\$ 31,794,534

This is the first year that the county reflected data for its capital assets and related depreciation thereon.

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

Governmental Activities:

General Government	\$ 306,292
Public Safety	105,590
Public Health and Welfare	142,589
Highways/Public Works	<u>622,892</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,177,363</u>

Discretely Presented Claiborne County School Department

Governmental Activities:

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Capital Assets Not Depreciated:				
Land	\$ 1,125,900	\$ 0	\$ 0	\$ 1,125,900
Construction in Progress	0	71,292	0	71,292
Total Capital Assets Not Depreciated	\$ 1,125,900	\$ 71,292	\$ 0	\$ 1,197,192
Capital Assets Depreciated:				
Buildings and Improvements	\$ 44,631,550	\$ 246,981	\$ (571,272)	\$ 44,307,259
Other Capital Assets	2,568,202	164,130	(124,592)	2,607,740
Total Capital Assets Depreciated	\$ 47,199,752	\$ 411,111	\$ (695,864)	\$ 46,914,999
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 10,295,661	\$ 1,074,485	\$ (571,272)	\$ 10,798,874
Other Capital Assets	1,339,611	194,149	(123,592)	1,410,168
Total Accumulated Depreciation	\$ 11,635,272	\$ 1,268,634	\$ (694,864)	\$ 12,209,042
Total Capital Assets Depreciated, Net	\$ 35,564,480	\$ (857,523)	\$ (1,000)	\$ 34,705,957
Governmental Activities Capital Assets, Net	\$ 36,690,380	\$ (786,231)	\$ (1,000)	\$ 35,903,149

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

Governmental Activities:

Instruction	\$ 1,048,025
Support Services	220,609
Total Depreciation Expense - Governmental Activities	\$ 1,268,634

D. Other Current Liabilities

The Other Current Liabilities account in the Other Agency Fund represents assets held by the county in a trustee capacity for the Claiborne County Industrial Development Board.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2009, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Highway/Public Works	\$ 66,826

The amount due to the General Fund from the Highway/Public Works Fund primarily represents property and liability insurance premiums applicable to the Highway Department.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2009, consisted of the following amounts:

<u>Transfers Out</u>	<u>Transfers In</u>	
	<u>General Fund</u>	<u>General Debt Service Fund</u>
Solid Waste/Sanitation Fund	\$ 0	\$ 68,896
Highway/Public Works Fund	0	619,377
Nonmajor governmental funds	13,244	0
Total	<u>\$ 13,244</u>	<u>\$ 688,273</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

F. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds and other loans have been issued to refund other general obligation bonds and loans. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 17 years for bonds, up to three years for notes, and up to 20 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, 2009, will be retired from the General Debt Service Fund. Notes payable will be retired from the General Debt Service and Solid Waste/Sanitation funds.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2009, are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-09</u>
County Hospital and Nursing			
Home Refunding Bonds	3.8 to 4.9 %	\$ 2,140,000	\$ 770,001
School Refunding Bonds	4	4,485,000	4,485,000
Capital Outlay Notes	0 to 4.38	590,250	383,802
Other Loans - Variable Rate	Variable	25,177,407	15,967,706
Other Loans - Fixed Rate	3.25 to 4.7	31,870,000	30,895,000

Included in amounts outstanding are various general obligation debts Claiborne County has issued for the benefit of the Claiborne County School Department and the Claiborne County Hospital and Nursing Home component units. The county is also contingently liable for certain revenue and tax bonds issued for the Claiborne County Hospital and Nursing Home as discussed in Note V.D. The School Department and the Hospital and Nursing Home contribute funds annually to the county to be applied toward the retirement of debt. During the year, the School Department contributed \$2,619,312, and the Hospital and Nursing Home contributed \$253,604 to the

county's General Debt Service Fund for retirement of those general obligation debt issues.

Claiborne County has entered into various loan agreements with Public Building Authorities (PBAs) to finance various capital projects for the county and the School Department. Under the loan agreements, the PBAs made amounts available for loan to Claiborne County on an as-needed basis. The following table summarizes loan agreements outstanding at June 30, 2009.

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-09	Interest Type	Interest Rates 6-30-09	Other Fees on Variable Rate Debt
<u>Montgomery County Public Building Authority</u>					
School Construction					
Loan Program - 2001	\$ 18,000,000	\$ 11,604,000	Variable	0.32 %	0.27
Various Construction and Renovations Loan - 2001	1,000,000	262,000	Variable	0.32	0.39
Various Construction and Renovations Loan - 2002	1,244,297	325,595	Variable	0.32	0.37
Highway Paving Projects Loan - 2005 (1)	5,000,000	3,776,110	Variable	0.32	0.32
<u>Sevier County Public Building Authority</u>					
Refunding of Judicial Complex - 2009					
	3,545,000	3,545,000	Fixed	4.2	N/A
Hospital Revenue and General Obligation (Nontaxable)					
	2,980,000	2,980,000	Fixed	4.2	N/A
Refunding of School Construction Loan					
	18,090,000	18,090,000	Fixed (2)	3.25 to 4	N/A
Hospital Revenue and General Obligation (Taxable)					
	1,030,000	1,030,000	Fixed	4.7	N/A
<u>Blount County Public Building Authority</u>					
Jail Construction Program - 2004					
	6,225,000	<u>5,250,000</u>	Fixed	3.25 to 4.625	N/A
		<u>\$ 46,862,705</u>			

- (1) \$66,890 remains available for future draws under this loan agreement.
- (2) In addition to the fixed interest rate on this refunding issue, the county is also responsible for payments under a swap agreement that was associated with the refunded debt. See the swap agreement section of this note.

The interest rates for the Montgomery County Public Building Authority (PBA) loans are tax-exempt variable rates determined by the remarketing agent daily or weekly depending on the particular program.

Although the Sevier County PBA Series IV-J-1, \$18,000,000 loan was refinanced during the year, it remains the basis for a previously executed swap agreement discussed later in this note.

During the year, the liquidity agreement pertaining to the Series IV-J-1 debt, previously issued by the Public Building Authority of Sevier County, expired, causing a mandatory tender of the IV-J-1 loan agreement and the purchase of the underlying bonds by JP Morgan. JP Morgan denied a request to renew the liquidity agreement and neither Claiborne County nor its advisors were able to obtain a replacement provider of liquidity because of the international credit and liquidity crisis and the credit ratings associated with the debt. Claiborne County was required to reamortize the principal payments in substantially equal quarterly payments over the next seven years commencing in March 2009 at a rate that is substantially greater than the variable rate previously borne by the IV-J-1 loan agreement and the variable rate received under the IV-J-1 swap. Due to the accelerated payment schedule and increased interest rates, the county issued another loan for \$18,090,000 to refund the above debt. The refunding loan carries a fixed interest rate and matures on December 1, 2011. Management expects to refinance the loan back to the original maturity of the IV-J-1 loan, pending market conditions.

The county also issued short-term fixed rate loan agreements totaling \$7,555,000 to refund other debt and to provide funds for the benefit of the Claiborne County Hospital and Nursing Home. This debt matures from 2010 to 2013. Management expects to refinance much of this debt over longer maturities, pending market conditions.

The County Commission has also authorized the issuance of \$13,465,000 of general obligation refunding bonds to refund the outstanding balance of the Montgomery County Public Building Authority 2001 school construction loan. That refunding had not occurred as of June 30, 2009. The refunding was approved to restructure principal maturities that were required under a disputed amortization schedule for the debt that is being refunded.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2009, including interest payments and other loan fees, are presented in the following tables. Amounts reflected for loans payable are based on the outstanding principal. Estimated interest payments and estimated other fees included for the loan agreements are computed based on the rates in effect at June 30, 2009. In years ending June 30, 2011, and 2012, balloon payments are required for short-term fixed rate debt issued during the 2008-09 year.

Year Ending June 30	Notes		
	Principal	Interest	Total
2010	\$ 188,505	\$ 14,466	\$ 202,971
2011	195,297	7,386	202,683
Total	\$ 383,802	\$ 21,852	\$ 405,654

Year Ending June 30	Bonds		
	Principal	Interest	Total
2010	\$ 145,000	\$ 215,535	\$ 360,535
2011	150,000	209,010	359,010
2012	155,000	202,110	357,110
2013	100,000	194,825	294,825
2014	105,000	190,075	295,075
2015-2019	1,350,001	902,635	2,252,636
2020-2021	3,250,000	196,000	3,446,000
Total	\$ 5,255,001	\$ 2,110,190	\$ 7,365,191

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2010	\$ 3,273,827	\$ 1,452,734	\$ 47,642	\$ 4,774,203
2011	12,815,768	1,253,440	44,556	14,113,764
2012	17,238,000	650,200	31,707	17,919,907
2013	2,761,000	260,567	25,068	3,046,635
2014	3,909,000	217,237	18,106	4,144,343
2015-2019	4,740,110	704,249	22,523	5,466,882
2020-2024	2,125,000	299,156	3,314	2,427,470
Total	\$ 46,862,705	\$ 4,837,583	\$ 192,916	\$ 51,893,204

There is \$780,399 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$176, based on the 2000 federal census. Debt per capita, including bonds, notes, and other loans totaled \$1,758, based on the 2000 federal census.

Swap Agreement

Under its loan agreement, the Public Building Authority of Sevier County Tennessee entered into an interest rate swap agreement for all the outstanding Local Government Improvement Bonds, Series IV-J-1.

Objective of the interest rate swap. To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county's previous financial advisor, Morgan Keegan, requested the authority, on the county's behalf, to enter into an interest rate swap in connection with its \$18 million Series IV-J-1 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. The series IV-J-1 loan agreement has since been refunded with the issuance of a fixed rate loan agreement.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.467 percent and receives a variable payment computed as 59 percent of the one-month London Interbank Offered Rate (LIBOR) plus .35 percent. The swap has a notional amount of \$18 million and the associated fixed-rate bond has an \$18.09 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the refunded Series IV-J-1 Bonds. The swap agreement matures on June 1, 2028. As of June 30, 2009, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	3.467 %
Variable payment from counterparty		<u>-0.532</u>
Net interest rate swap payments		2.935
Fixed-rate coupon payments		<u>3.394</u>
Total		<u><u>6.329</u></u>

Fair value. As of June 30, 2009, the swap had a negative fair value of \$1,666,527. The negative fair value of the swap may be countered by reductions in total interest payments required under the subsequent fixed rate bond issuance. 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, 2009, the county was not exposed to credit risk because the swap had a negative fair value. However, should 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, who was originally rated "AA" by Standard and Poor's and "Aa3" by Moody's Investor Service but was downgraded to "CC" by Standard and Poor's and "Caa2" by Moody's Investor Service as of June 30, 2009. The counterparty is required to post collateral with a third-party custodian should the market value of the swap become positive.

Basis risk. As noted above, the swap exposes the county to basis risk should the fixed rate exceed 59 percent of LIBOR plus .35 percent, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate being below 59 percent of LIBOR plus .35 percent, then the synthetic rate on the bonds may decrease.

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, 2009, debt service requirements of the fixed rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As LIBOR rates vary net swap payments will vary.

Year Ending June 30	Fixed Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2010	\$ 0	\$ 613,987	\$ 298,746	\$ 912,733
2011	3,475,000	544,487	298,746	4,318,233
2012	14,615,000	237,494	298,746	15,151,240
2013	0	0	298,746	298,746
2014-2018	0	0	1,481,531	1,481,531
2019-2023	0	0	1,389,750	1,389,750
2024-2028	0	0	668,112	668,112
Total	\$ 18,090,000	\$ 1,395,968	\$ 4,734,377	\$ 24,220,345

Market-access risk. Market access risk is the risk that a government will not be able to enter credit markets or that credit will become more costly. The county is exposed to market access risk since it anticipates refinancing the bond maturities back to their original amortization schedule, pending market conditions. The county plans to limit its long-term exposure to market access risk by refinancing the bond maturities back to their original amortization schedule, pending market conditions, and intends to terminate the bond derivative.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

	Bonds	Notes	Other Loans
Balance, July 1, 2008	\$ 5,395,001	\$ 565,250	\$ 44,763,050
Additions	0	0	26,137,920
Deductions	(140,000)	(181,448)	(2,463,264)
Refunded	0	0	(21,575,000)
	<hr/>		
Balance, June 30, 2009	\$ 5,255,001	\$ 383,802	\$ 46,862,706
	<hr/>		
Balance Due Within One Year	\$ 145,000	\$ 188,505	\$ 3,273,827
	<hr/>		

	Compensated Absences	Landfill Closure/ Postclosure Care Costs
Balance, July 1, 2008	\$ 147,337	\$ 1,328,977
Additions	137,016	31,895
Deductions	(155,790)	0
	<hr/>	
Balance, June 30, 2009	\$ 128,563	\$ 1,360,872
	<hr/>	
Balance Due Within One Year	\$ 116,992	\$ 68,044
	<hr/>	

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 53,990,944
Less: Balance Due Within One Year	(3,792,368)
Less: Deferred Amount on Refunding	(45,383)
	<hr/>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$ 50,153,193
	<hr/>

Compensated absences will be paid from the employing funds, primarily the General and the Solid Waste/Sanitation funds. Landfill closure/postclosure care costs will be paid from the Solid Waste/Sanitation Fund.

Current Refunding

During the year, Claiborne County issued fixed rate other loans Series V-J-1. This issue included amounts to refund the \$18,000,000 Series IV-J-1 variable rate loan and the \$3,575,000 balance of the Series VI-C-3 variable rate loan. During the year, based on the expiration of a standby bond purchase agreement on the underlying Series IV-J-1 Bonds issued by the Public Building Authority of Sevier County, Claiborne County received a mandatory tender notice for the outstanding portion of those bonds. The Series V-J-1 refunding loan agreement is short term with final maturity in 2012. The county expects to refinance the debt back to its original maturities prior to maturity of the Series V-J-1 loan.

The county's financial advisors were not able to determine the cumulative savings or economic gain/loss from the refunding transactions due to the variable rate debt instruments involved.

Discretely Presented Claiborne County School Department

Other Loans

Claiborne County issues other loans for the School Department to provide funds for the acquisition and construction of major capital facilities. Other loans outstanding of the School Department were issued for original terms up to 15 years and interest rates ranged from zero to 7.693 percent. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All other loans included in long-term debt as of June 30, 2009, will be retired from the General Purpose School Fund.

Other loans outstanding as of June 30, 2009, are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-09</u>
Other Loans	0 to 7.693 %	\$ 1,408,141	\$ 808,654

These loans were issued for ball field lighting and geothermal systems at schools through the Powell Valley Electric Cooperative.

The annual requirements to amortize all other loans outstanding as of June 30, 2009, are presented in the following table:

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2010	\$ 162,548	\$ 29,090	\$ 191,638
2011	158,708	22,880	181,588
2012	108,787	18,725	127,512
2013	100,421	17,343	117,764
2014	61,011	15,978	76,989
2015-2019	125,345	55,720	181,065
2020-2022	91,834	10,549	102,383
Total	\$ 808,654	\$ 170,285	\$ 978,939

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

Governmental Activities	Other	Other
	Loans	Postemployment Benefits
Balance, July 1, 2008	\$ 965,446	\$ 0
Additions	0	604,243
Deductions	(156,792)	(547,718)
Balance, June 30, 2009	\$ 808,654	\$ 56,525
Balance Due Within One Year	\$ 162,548	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 865,179
Less: Balance Due Within One Year	(162,548)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$ 702,631

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

In addition to the debt reflected above, the School Department provides funding to Claiborne County, the primary government, for the retirement of school debt issued by the primary government. During the year, the School Department contributed \$2,619,312 to the county's General Debt Service Fund to be applied toward school-related debt.

G. Pledges of Future Revenue

Wheel Tax Revenue Pledged

As part of the resolutions authorizing the issuance of certain debt for a judicial complex, Claiborne County has pledged the revenue generated by a previously imposed wheel tax. This debt is also guaranteed as general obligation debt of the county in the event the wheel tax revenue is insufficient to meet the debt service requirements. For the current year total principal and interest on the debt obligations was \$356,878 and wheel tax revenue was \$720,467. Principal and interest for the 2009-10 year is approximately \$601,000. One debt obligation schedule includes annual principal and interest payments over the next 15 years of approximately \$400,000 to \$500,000 per year. Management expects future wheel tax revenues to cover these requirements. However, the other obligation includes a balloon payment of \$3,545,000 in the 2010-11 year. Management expects to refinance this obligation prior to the maturity date.

H. On-Behalf Payments - Discretely Presented Claiborne County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Claiborne County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2009, were \$2,436 and \$7,713, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

It is the policy of the county to purchase commercial insurance for risks of losses to which it is exposed. These risks include general liability, property, casualty, workers' compensation, and employee health. Retirees are not allowed to participate in the county's health insurance program. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

Discretely Presented Claiborne County School Department

The School Department has chosen to establish the Employee Insurance - Health Fund for risks associated with the School Department's self-insured

group medical plan. The Employee Insurance - Health Fund is accounted for as an internal service fund where assets are set aside for claim settlements. The plan is administered by an independent company. The board is self-insured up to a limit of \$80,000 for a claimant in a single year. The School Department has obtained a stop/loss commercial insurance policy to cover claims beyond this liability up to an additional \$920,000 per claimant. Group life and accident insurance premiums paid to a private insurance company are also recorded in this fund.

All full-time certified employees and certain other employees of the School Department are eligible to participate. A premium charge is allocated for each covered employee. As of June 30, 2009, the reserve for catastrophic losses totaled \$115,826. 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 - Health Fund establishes claims liabilities based on estimates of claims that have been incurred but not reported. Claims liabilities include specific, incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. 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:

	Beginning of Fiscal-Year Liability	Current-Year Claims and Estimates	Payments	Balance at Fiscal Year-end
2007-2008	\$ 257,047	\$ 2,795,600	\$ (2,752,582)	\$ 300,065
2008-2009	300,065	2,846,925	(2,938,017)	208,973

The School Department is exposed to various risks related to general liability, property, casualty, and workers' compensation. The School Department purchased commercial insurance for these risks. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

B. Accounting Changes

At the beginning of the year, Claiborne County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. In the prior year, Claiborne County had only elected to implement the provisions of Statement No. 34 that related to the fund financial statements.

Provisions of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 49, Accounting and Financial Reporting for Pollution Remediation

Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments became effective for the year ended June 30, 2009.

GASB Statement No. 45 establishes reporting requirements for Other Postemployment Benefits (OPEB). OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (for example, life insurance) when provided separately from a pension plan. This statement establishes standards for the measurement, recognition, and display of OPEB expenses/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the county's financial statements. In previous years, the Claiborne County School Department had only recognized the current year cost (expense) of these benefits. GASB Statement No. 45 was implemented prospectively with a zero net OPEB obligation at transition. GASB Statement No. 45 had no effect on the financial statements of the primary government for the year ended June 30, 2009, since the primary government does not currently provide any postemployment benefits to its employees. However, it is reasonably expected that the primary government may provide OPEB benefits in subsequent years.

GASB Statement No. 49 requires county governments to measure and report their pollution remediation liabilities. A county has a pollution remediation problem if one of five obligating events occurs. The statement requires governments to restate beginning net assets in government-wide and proprietary fund financial statements for pollution remediation liabilities that existed as of July 1, 2008. Previous to Statement No. 49, counties were not required to measure and record pollution remediation liabilities. GASB Statement No. 49 had no effect on the financial statements of Claiborne County for the year ended June 30, 2009, since the county had none of the obligating events. However, it is reasonably expected that Claiborne County could have pollution remediation liabilities in subsequent years.

GASB Statement No. 52 requires endowments to report land and other real estate investments at fair value. Previous to Statement No. 52, land and other real estate held by endowments were reported at historical cost. Changes in fair value between years will be reported as investment income (loss). GASB Statement No. 52 had no effect on the financial statements of Fentress County for the year ended June 30, 2009, since the county had no endowment investments. However, it is reasonably expected that Claiborne County could have endowment investments in subsequent years.

H. Subsequent Events

On August 17, 2009, Claiborne County adopted the Financial Management System of 1981, which provides for a centralized system of accounting, budgeting, and purchasing administered by a director of finance under oversight by the County Financial Management Committee, which is

composed of the county mayor, road superintendent, director of schools, and four county commissioners.

On September 21, 2009, the Claiborne County Financial Management Committee appointed Michael Tuten as the director of finance.

Claiborne County previously authorized \$13,465,000 of new debt to refinance the requirements on the Montgomery County Public Building Authority Loan (2001) issued for school construction. On October 22, 2009, Claiborne County issued \$2,425,000 of the authorized debt to provide funds for the refunding of principal maturing on the loan during the 2009-10 year.

D. Contingent Liabilities

Claiborne County is contingently liable for the Hospital Revenue and Tax Bonds, Series 1997, which are reflected as liabilities of the discretely presented Claiborne County Hospital and Nursing Home. As of June 30, 2009, future principal requirements were \$725,000 on these bonds. Claiborne County would become liable for this debt issue and the interest thereon in the event of default by the Claiborne County Hospital and Nursing Home. During the year, the retirement of bond principal (\$60,000) and interest (\$41,140) was funded by the Claiborne County Hospital and Nursing Home and channeled through the General Debt Service Fund. In October 2006, the County Commission voted to guarantee two interest-free Rural Economic Development loans for the Claiborne County Hospital and Nursing Home totaling \$360,000 and \$750,000. These loans were issued during the prior year and were to be paid over a term of ten years. The loans reflected balances of \$348,000 and \$740,000, respectively, on July 1, 2008. During the current year, Claiborne County included amounts to refund these loans in a separate debt issuance in the county's name and contributed the funds to the Claiborne County Hospital and Nursing Home.

Claiborne County and several other Tennessee counties have been named as defendants in a lawsuit demanding compliance with the requirements of the Americans with Disabilities Act (ADA). This lawsuit applies to all Claiborne County facilities. In response to this lawsuit, Claiborne County constructed a new judicial complex, which was completed during the 2006-07 fiscal year. In addition, during the current year management obtained a construction contract totaling \$255,400 for other ADA improvements, including the renovation of the courthouse by the addition of an elevator. Management believes that the above projects bring the county into compliance with the ADA requirements.

During the 2006-07 year, Claiborne County filed suit against the construction company, the construction company's bonding company(ies), the architect, and the individual who provided oversight of the County Jail and Justice Center project. This lawsuit is seeking monetary damages up to \$2,000,000 in connection with the design, construction, and oversight of the project. The construction company has filed an answer, along with a counterclaim

and third-party complaints against two separate sub-contractors. The counterclaim requested the court to award \$17,601, which is being held by the county and reflected as Contracts Payable and Retainage Payable on the financial statements of the General Fund. All parties are continuing to negotiate at this time and a court date has not been set as of the date of this report.

The county is involved in several other pending lawsuits. Management has purchased commercial insurance to provide for potential claims and judgments that may arise. The county attorney estimates that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the financial statements of the county.

E. Landfill Closure/Postclosure Care Costs

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

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Claiborne County closed its sanitary landfill in 1998. The \$1,360,872 reported as postclosure care liability at June 30, 2009, represents amounts based on what it would cost to perform all postclosure care in 2009. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Venture

The Eighth Judicial District Drug Task Force (DTF) is a joint venture formed by an inter-local agreement between the district attorney general of the Eighth Judicial District; Campbell, Claiborne, Union, Scott, and Fentress counties; and various cities within these counties. The purpose of 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. Claiborne County made no contributions to the DTF for the year ended June 30, 2009, and does not have any equity interest

in the joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

Office of District Attorney General
Eighth Judicial District
P.O. Box 10
Huntsville, TN 37756

G. Jointly Governed Organizations

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 Agricultural Extension Service. The Executive Committee (chairman, vice chairman, secretary, and treasurer of the board of directors, along with the center manager as an ex officio member) is in charge of the daily operation of the center.

H. Retirement Commitments

Employees

Plan Description

Employees of Claiborne 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

Claiborne 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 www.tn.gov/treasury/tcrs.

Funding Policy

Claiborne County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2009, was 4.65 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Claiborne County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2009, Claiborne County's annual pension cost of \$1,043,556 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2007, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), and (c) projected 3.5 percent annual increase in the Social Security wage base. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Claiborne 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, 2007, was six years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-09	\$1,043,556	100%	\$0
6-30-08	1,062,225	100	0
6-30-07	941,374	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 89.93 percent funded. The actuarial accrued liability for benefits was \$34.32 million, and the actuarial value of assets was \$30.86 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.46 million. The covered payroll (annual payroll of active employees covered by the plan) was \$17 million, and the ratio of the UAAL to the covered payroll was 20.4 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

School Teachers

Plan Description

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

granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

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 Claiborne County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2009, was 6.42 percent of annual covered payroll. The employer contribution requirement for the Claiborne 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, 2009, 2008, and 2007, were \$1,208,863, \$1,191,441, and \$1,138,656, respectively, equal to the required contributions for each year.

I. Other Postemployment Benefits (OPEB)

Discretely Presented Claiborne County School Department

Plan Description

The Claiborne County School Department participates in a self-insured postemployment benefits plan. For accounting purposes, the plan is a single employer defined benefit OPEB plan. Benefits are established and amended by the Board of Education.

Funding Policy

The premium requirements of plan members are established and may be amended through contract provisions by the Board of Education. The plan is self-insured and financed on a pay-as-you-go basis. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The School Department develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums. The School Department pays 100 percent of single coverage for retirees with a minimum of 30 years of service and a reduced percentage, depending on years of service for those with a minimum of 20 years of service but less than 30.

<u>Annual OPEB Cost and Net OPEB Obligation</u>	<u>Education Plan</u>
ARC	\$ 604,243
Interest on the NPO	0
Adjustment to the ARC	0
Annual OPEB cost	\$ 604,243
Amount of contribution	(547,718)
Increase/decrease in NPO	\$ 56,525
Net OPEB obligation, 7-1-08	0
Net OPEB obligation, 6-30-09	<u>\$ 56,525</u>

Fiscal Year Ended*	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Education Plan	\$ 604,243	91 %	\$ 56,525

* Data only available for one year.

<u>Funded Status and Funding Progress</u>	<u>Education Plan</u>
Actuarial valuation date	7-1-08
Actuarial accrued liability (AAL)	\$ 6,784,208
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 6,784,208
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 16,854,475
UAAL as a % of covered payroll	40%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2008, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a three percent discount rate and an annual healthcare cost trend rate of ten percent initially, reduced by decrements to an ultimate rate of five percent after ten years. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis over a 16-year period beginning with June 30, 2009.

J. Purchasing Laws

Office of County Mayor

Purchasing procedures for the County Mayor's Office are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, Tennessee Code Annotated (TCA). These acts provide for purchases exceeding \$10,000, (excluding emergency purchases) to be made after public advertisement and solicitation of competitive bids.

Office of Road Superintendent

Chapter 436, Private Acts of 1943, and provisions of the Uniform Road Law, Section 54-7-113, TCA, govern purchasing procedures for this office. These statutes provide for the superintendent to make all purchases and require that competitive bids be solicited for all purchases estimated to exceed \$10,000.

Office of Director of Schools

Purchasing procedures for the 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 be solicited through newspaper advertisement on all purchases exceeding \$10,000.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

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Exhibit E-1

Clairborne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 5,509,099	\$ 0	\$ 0	\$ 5,509,099	\$ 5,235,050	\$ 5,235,050	\$ 274,049
Licenses and Permits	13,790	0	0	13,790	14,300	14,300	(510)
Fines, Forfeitures, and Penalties	145,328	0	0	145,328	114,400	114,400	30,928
Charges for Current Services	58,412	0	0	58,412	37,900	37,900	20,512
Other Local Revenues	192,744	0	0	192,744	220,500	224,159	(31,415)
Fees Received from County Officials	765,070	0	0	765,070	1,123,300	763,300	1,770
State of Tennessee	1,849,726	0	0	1,849,726	1,166,180	1,283,104	566,622
Federal Government	188,350	0	0	188,350	140,000	293,076	(104,726)
Other Governments and Citizens Groups	2,130	0	0	2,130	5,000	5,000	(2,870)
Total Revenues	\$ 8,724,649	\$ 0	\$ 0	\$ 8,724,649	\$ 8,056,630	\$ 7,970,289	\$ 754,360
Expenditures							
General Government							
County Commission	\$ 83,300	\$ 0	\$ 0	\$ 83,300	\$ 74,600	\$ 81,445	\$ (1,855)
Board of Equalization	4,262	0	0	4,262	4,325	4,325	63
Beer Board	1,050	0	0	1,050	700	1,400	350
Budget and Finance Committee	12,904	0	0	12,904	10,000	11,420	(1,484)
County Mayor/Executive	196,455	0	56	196,511	174,487	211,139	14,628
County Attorney	46,991	0	0	46,991	40,357	47,612	621
Election Commission	190,924	(1,000)	1,300	191,224	190,579	209,797	18,573
Register of Deeds	45,396	0	0	45,396	144,398	59,978	14,582
Development	13,639	0	0	13,639	12,900	12,900	(739)
County Buildings	572,878	(5,826)	5,082	572,134	457,953	570,663	(1,471)
Preservation of Records	2,500	0	0	2,500	5,000	7,500	5,000

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Budgeted Amounts		
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance</u>							
Accounting and Budgeting	\$ 54,184	\$ 0	0	\$ 54,184	\$ 46,000	\$ 54,262	\$ 78
Property Assessor's Office	187,726	(378)	7	187,355	164,150	196,439	9,084
Reappraisal Program	71,451	0	0	71,451	60,654	72,156	705
County Trustee's Office	63,999	0	0	63,999	194,422	68,910	4,911
County Clerk's Office	69,951	0	261	70,212	256,145	75,840	5,628
<u>Administration of Justice</u>							
Circuit Court	259,983	0	2,425	262,408	252,071	283,003	20,595
Circuit Court Clerk	4,817	0	0	4,817	0	8,018	3,201
General Sessions Court	135,235	0	0	135,235	122,572	139,312	4,077
General Sessions Court Clerk	1,980	0	0	1,980	0	3,295	1,315
Chancery Court	210,093	0	45	210,138	186,239	216,703	6,565
District Attorney General	26,256	0	0	26,256	36,316	39,229	12,973
<u>Public Safety</u>							
Sheriff's Department	1,698,547	(7,360)	1,728	1,692,915	1,670,445	1,951,953	259,038
Workhouse	1,993,854	(6,755)	0	1,987,099	1,965,676	2,238,610	251,511
Juvenile Services	44,379	0	0	44,379	48,700	56,148	11,769
Fire Prevention and Control	111,500	0	0	111,500	110,000	112,500	1,000
Civil Defense	124,470	(12,587)	1	111,884	178,900	182,656	70,772
Rescue Squad	15,000	0	0	15,000	15,000	15,000	0
Other Emergency Management	15,227	0	0	15,227	15,227	15,227	0
County Coroner/Medical Examiner	24,350	0	0	24,350	25,000	25,000	650
<u>Public Health and Welfare</u>							
Local Health Center	117,397	0	1,711	119,108	125,771	134,620	15,512
Rabies and Animal Control	10,000	0	0	10,000	10,000	10,000	0

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare (Cont.)</u>							
Ambulance/Emergency Medical Services	\$ 240,000	\$ 0	\$ 0	\$ 240,000	\$ 235,000	\$ 240,000	\$ 0
Other Local Health Services	210,485	0	0	210,485	204,500	277,449	66,964
Sanitation Education/Information	46,488	0	490	46,978	49,824	51,873	4,895
Convenience Centers	17,166	0	0	17,166	0	28,574	11,408
<u>Social, Cultural, and Recreational Services</u>							
Adult Activities	5,000	0	0	5,000	5,000	5,000	0
Senior Citizens Assistance	27,422	(100)	70	27,392	42,400	46,388	18,996
Libraries	77,748	0	0	77,748	76,500	77,900	152
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	77,689	0	81	77,770	90,002	90,002	12,232
Forest Service	2,000	0	0	2,000	2,000	2,000	0
Soil Conservation	28,462	0	0	28,462	31,971	31,971	3,509
<u>Other Operations</u>							
Industrial Development	12,800	0	0	12,800	12,800	12,800	0
Housing and Urban Development	155,137	0	0	155,137	0	187,500	32,363
Other Economic and Community Development	39,999	0	3	40,002	34,516	40,306	304
Veterans' Services	10,546	0	0	10,546	16,500	17,307	6,761
Other Charges	594,962	0	0	594,962	666,992	747,675	152,713
Employee Benefits	28,452	0	0	28,452	919,000	126,899	98,447
Miscellaneous	31,564	0	0	31,564	0	40,000	8,436
Total Expenditures	\$ 8,016,618	\$ (34,006)	\$ 13,260	\$ 7,995,872	\$ 8,985,592	\$ 9,140,704	\$ 1,144,832
Excess (Deficiency) of Revenues	\$ 708,031	\$ 34,006	\$ (13,260)	\$ 728,777	\$ (928,962)	\$ (1,170,415)	\$ 1,899,192
Over Expenditures							

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 42,105	\$ 0	\$ 0	\$ 42,105	\$ 0	\$ 25,378	\$ 16,727
Transfers In	13,244	0	0	13,244	913	913	12,331
Total Other Financing Sources (Uses)	\$ 55,349	\$ 0	\$ 0	\$ 55,349	\$ 913	\$ 26,291	\$ 29,058
Net Change in Fund Balance	\$ 763,380	\$ 34,006	\$ (13,260)	\$ 784,126	\$ (928,049)	\$ (1,144,124)	\$ 1,928,250
Fund Balance, July 1, 2008	3,535,255	(34,006)	0	3,501,249	1,569,836	1,569,836	1,931,413
Fund Balance, June 30, 2009	\$ 4,298,635	\$ 0	\$ (13,260)	\$ 4,285,375	\$ 641,787	\$ 425,712	\$ 3,859,663

Exhibit E-2

Claiborne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 963,410	\$ 0	\$ 0	\$ 963,410	\$ 928,850	\$ 928,850	\$ 34,560
Charges for Current Services	247,792	0	0	247,792	340,000	340,000	(92,208)
Other Local Revenues	29,055	0	0	29,055	39,000	39,826	(10,771)
State of Tennessee	62,574	0	0	62,574	28,000	28,000	34,574
Total Revenues	\$ 1,302,831	\$ 0	\$ 0	\$ 1,302,831	\$ 1,335,850	\$ 1,336,676	\$ (33,845)
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Waste Pickup	\$ 1,249,784	(11,858)	11,924	\$ 1,249,850	\$ 1,421,501	\$ 1,328,431	\$ 78,581
Principal on Debt	25,000	0	0	25,000	0	25,000	0
General Government	\$ 1,274,784	(11,858)	11,924	\$ 1,274,850	\$ 1,421,501	\$ 1,353,431	\$ 78,581
Total Expenditures	\$ 28,047	\$ 11,858	(11,924)	\$ 27,981	(85,651)	(16,755)	\$ 44,736
<u>Excess (Deficiency) of Revenues</u> Over Expenditures							
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (68,896)	\$ 0	\$ 0	(68,896)	\$ 0	(68,896)	\$ 0
Total Other Financing Sources (Uses)	\$ (68,896)	\$ 0	\$ 0	(68,896)	\$ 0	(68,896)	\$ 0
Net Change in Fund Balance	\$ (40,849)	\$ 11,858	(11,924)	(40,915)	(85,651)	(85,651)	\$ 44,736
Fund Balance, July 1, 2008	480,470	(11,858)	0	468,612	285,994	285,994	182,618
Fund Balance, June 30, 2009	\$ 439,621	\$ 0	(11,924)	\$ 427,697	\$ 200,343	\$ 200,343	\$ 227,354

Exhibit E-3

Claiborne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 272,190	\$ 342,710	\$ 342,710	\$ (70,520)
Other Local Revenues	12,953	2,200	2,200	10,753
State of Tennessee	1,899,898	1,955,500	1,955,500	(55,602)
Total Revenues	<u>\$ 2,185,041</u>	<u>\$ 2,300,410</u>	<u>\$ 2,300,410</u>	<u>\$ (115,369)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 126,717	\$ 132,580	\$ 132,580	\$ 5,863
Highway and Bridge Maintenance	712,108	620,000	733,800	21,692
Operation and Maintenance of Equipment	195,003	234,000	219,200	24,197
Other Charges	103,330	112,600	113,300	9,970
Employee Benefits	217,744	254,800	246,000	28,256
Capital Outlay	191,083	209,000	209,000	17,917
Total Expenditures	<u>\$ 1,545,985</u>	<u>\$ 1,562,980</u>	<u>\$ 1,653,880</u>	<u>\$ 107,895</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 639,056</u>	<u>\$ 737,430</u>	<u>\$ 646,530</u>	<u>\$ (7,474)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (619,377)	\$ (731,000)	\$ (640,100)	\$ 20,723
Total Other Financing Sources (Uses)	<u>\$ (619,377)</u>	<u>\$ (731,000)</u>	<u>\$ (640,100)</u>	<u>\$ 20,723</u>
Net Change in Fund Balance	\$ 19,679	\$ 6,430	\$ 6,430	\$ 13,249
Fund Balance, July 1, 2008	<u>129,092</u>	<u>188,671</u>	<u>188,671</u>	<u>(59,579)</u>
Fund Balance, June 30, 2009	<u>\$ 148,771</u>	<u>\$ 195,101</u>	<u>\$ 195,101</u>	<u>\$ (46,330)</u>

Exhibit E-4

Claiborne County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Claiborne County School Department
June 30, 2009

(Dollar amounts in thousands)

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-09	7-1-07	\$ 30,865	\$ 34,320	\$ 3,455	89.93 %	\$ 16,933	20.40 %
6-30-08	7-1-07	30,865	34,320	3,455	89.93	16,933	20.40

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the 2007-2008 year; therefore, data is only presented for two years.

Exhibit E-5

Claiborne County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Claiborne County School Department
June 30, 2009

(Dollar amounts in thousands)

Fiscal Year Ended*	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial		Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Liability (AAL) (b)				
6-30-09	7-1-08	\$ 0	\$ 6,784	\$ 6,784	\$ 6,784	0%	\$ 16,854	40%

*Two additional years will be reported as data becomes available.

CLAIBORNE COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2009

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 Claiborne 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, Beer Board, Budget and Finance Committee, etc.). Management may make revisions within major categories, but only the Claiborne 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 four major appropriation categories (the legal level of control) of the General Fund by amounts ranging from \$739 to \$1,855. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance and greater than anticipated revenues.

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

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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.

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

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

Capital Projects Funds

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

General Capital Projects Fund – The General Capital Projects Fund is used to account for construction of the county justice center.

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for county revenues that are used for industrial development purposes.

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Exhibit F-1

Claiborne County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

	<u>Special Revenue Funds</u>		
	Drug Control	Constitu - tional Officers - Fees	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 89,547	\$ 89,547
Equity in Pooled Cash and Investments	134,573	0	134,573
Total Assets	<u>\$ 134,573</u>	<u>\$ 89,547</u>	<u>\$ 224,120</u>
<u>FUND BALANCES</u>			
Reserved for Encumbrances	\$ 3,137	\$ 0	\$ 3,137
Unreserved	131,436	89,547	220,983
Total Fund Balances	<u>\$ 134,573</u>	<u>\$ 89,547</u>	<u>\$ 224,120</u>

Exhibit F-2

Claiborne County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

	Special Revenue Funds			Capital Projects Funds				Total Nonmajor Governmental Funds
	Drug Control	Constituti- onal Officers - Fees	Total	General Capital Projects	Community Development/ Industrial Park		Total	
<u>Revenues</u>								
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 28,154	\$ 28,154	\$ 28,154	\$ 28,154
Fines, Forfeitures, and Penalties	72,528	0	72,528	0	0	0	0	72,528
Charges for Current Services	0	503,608	503,608	0	0	0	0	503,608
Other Local Revenues	0	0	0	17,601	0	0	17,601	17,601
Total Revenues	\$ 72,528	\$ 503,608	\$ 576,136	\$ 17,601	\$ 28,154	\$ 45,755	\$ 621,891	
<u>Expenditures</u>								
Current:								
General Government	\$ 0	\$ 111,182	\$ 111,182	\$ 0	\$ 0	\$ 0	\$ 0	\$ 111,182
Finance	0	379,269	379,269	0	0	0	0	379,269
Administration of Justice	0	24,191	24,191	0	0	0	0	24,191
Public Safety	60,050	0	60,050	0	0	0	0	60,050
Other Operations	0	0	0	0	28,154	28,154	28,154	28,154
Total Expenditures	\$ 60,050	\$ 514,642	\$ 574,692	\$ 0	\$ 28,154	\$ 28,154	\$ 602,846	
Excess (Deficiency) of Revenues Over Expenditures	\$ 12,478	\$ (11,034)	\$ 1,444	\$ 17,601	\$ 0	\$ 17,601	\$ 19,045	
<u>Other Financing Sources (Uses)</u>								
Transfers Out	\$ 0	\$ 0	\$ 0	\$ (13,244)	\$ 0	\$ (13,244)	\$ (13,244)	
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ (13,244)	\$ 0	\$ (13,244)	\$ (13,244)	
Net Change in Fund Balances Fund Balance, July 1, 2008	\$ 12,478	\$ (11,034)	\$ 1,444	\$ 4,357	\$ 0	\$ 4,357	\$ 5,801	
	122,095	100,581	222,676	(4,357)	0	(4,357)	218,319	
Fund Balance, June 30, 2009	\$ 134,573	\$ 89,547	\$ 224,120	\$ 0	\$ 0	\$ 0	\$ 224,120	

Exhibit F-3

Claiborne 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, 2009

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 72,528 \$	0 \$	72,528 \$	42,000 \$	42,000 \$	30,528
Total Revenues	\$ 72,528 \$	0 \$	72,528 \$	42,000 \$	42,000 \$	30,528
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 60,050 \$	3,137 \$	63,187 \$	90,100 \$	100,745 \$	37,558
Total Expenditures	\$ 60,050 \$	3,137 \$	63,187 \$	90,100 \$	100,745 \$	37,558
Excess (Deficiency) of Revenues Over Expenditures	\$ 12,478 \$	(3,137) \$	9,341 \$	(48,100) \$	(58,745) \$	68,086
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ 12,478 \$	(3,137) \$	9,341 \$	(48,100) \$	(58,745) \$	68,086
	122,095	0	122,095	122,095	122,095	0
Fund Balance, June 30, 2009	\$ 134,573 \$	(3,137) \$	131,436 \$	73,995 \$	63,350 \$	68,086

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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.

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Exhibit G

Claiborne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,024,416	\$ 1,043,225	\$ 1,043,225	\$ (18,809)
Other Local Revenues	2,872,916	261,648	2,880,960	(8,044)
State of Tennessee	18,351	10,000	10,000	8,351
Total Revenues	\$ 3,915,683	\$ 1,314,873	\$ 3,934,185	\$ (18,502)
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Other Public Health and Welfare	\$ 3,983,669	\$ 0	\$ 3,983,669	\$ 0
<u>Other Operations</u>				
Other Charges	6,212	0	10,000	3,788
<u>Principal on Debt</u>				
General Government	1,133,030	1,133,035	1,133,035	5
Highways and Streets	550,898	550,898	550,898	0
Education	1,135,784	95,793	1,135,793	9
<u>Interest on Debt</u>				
General Government	568,513	534,167	534,167	(34,346)
Highways and Streets	75,786	166,102	166,102	90,316
Education	1,591,954	12,990	1,591,767	(187)
<u>Other Debt Service</u>				
General Government	256,361	25,000	269,131	12,770
Highways and Streets	0	14,000	14,000	14,000
Education	535	0	535	0
Total Expenditures	\$ 9,302,742	\$ 2,531,985	\$ 9,389,097	\$ 86,355
Excess (Deficiency) of Revenues Over Expenditures	\$ (5,387,059)	\$ (1,217,112)	\$ (5,454,912)	\$ 67,853
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 21,635,000	\$ 0	\$ 21,635,000	\$ 0
Premiums on Debt Issued	167,800	0	167,800	0
Other Loans Issued	4,010,000	0	4,010,000	0
Transfers In	688,273	799,896	799,896	(111,623)
Payments to Refunded Debt Escrow Agent	(21,574,999)	0	(21,574,999)	0
Total Other Financing Sources (Uses)	\$ 4,926,074	\$ 799,896	\$ 5,037,697	\$ (111,623)
Net Change in Fund Balance	\$ (460,985)	\$ (417,216)	\$ (417,215)	\$ (43,770)
Fund Balance, July 1, 2008	1,241,384	905,693	905,693	335,691
Fund Balance, June 30, 2009	\$ 780,399	\$ 488,477	\$ 488,478	\$ 291,921

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Fiduciary Funds

Agency Funds are used to account for assets held by the county 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 areas of the county. These revenues are received by the county from the State of Tennessee and forwarded to the various cities on a monthly basis.

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

Other Agency Fund – The Other Agency Fund is used to account for transactions of the discretely presented Claiborne County Industrial Development Board that are channeled through the county Trustee's Office.

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Exhibit H-1

Claiborne County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2009

	<u>Agency Funds</u>			<u>Total</u>
	<u>Cities - Sales Tax</u>	<u>Constitu- tional Officers - Agency</u>	<u>Other Agency</u>	
<u>ASSETS</u>				
Cash	\$ 0	\$ 1,073,605	\$ 0	\$ 1,073,605
Equity in Pooled Cash and Investments	0	0	261,342	261,342
Accounts Receivable	0	0	3,675	3,675
Due from Other Governments	276,288	0	0	276,288
Notes Receivable - Current	0	0	1,000	1,000
Notes Receivable - Long-term	0	0	4,000	4,000
Total Assets	<u>\$ 276,288</u>	<u>\$ 1,073,605</u>	<u>\$ 270,017</u>	<u>\$ 1,619,910</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 276,288	\$ 0	\$ 0	\$ 276,288
Due to Litigants, Heirs, and Others	0	1,073,605	0	1,073,605
Other Current Liabilities	0	0	270,017	270,017
Total Liabilities	<u>\$ 276,288</u>	<u>\$ 1,073,605</u>	<u>\$ 270,017</u>	<u>\$ 1,619,910</u>

Exhibit H-2

Claiborne County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2009

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,580,032	\$ 1,580,032	\$ 0
Due from Other Governments	280,015	276,288	280,015	276,288
Total Assets	\$ 280,015	\$ 1,856,320	\$ 1,860,047	\$ 276,288
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 280,015	\$ 1,856,320	\$ 1,860,047	\$ 276,288
Total Liabilities	\$ 280,015	\$ 1,856,320	\$ 1,860,047	\$ 276,288
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,167,538	\$ 6,979,511	\$ 7,073,444	\$ 1,073,605
Total Assets	\$ 1,167,538	\$ 6,979,511	\$ 7,073,444	\$ 1,073,605
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,167,538	\$ 6,979,511	\$ 7,073,444	\$ 1,073,605
Total Liabilities	\$ 1,167,538	\$ 6,979,511	\$ 7,073,444	\$ 1,073,605
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 411,233	\$ 323,623	\$ 473,514	\$ 261,342
Accounts Receivable	3,642	3,675	3,642	3,675
Notes Receivable - Current	1,000	1,000	1,000	1,000
Notes Receivable - Long-term	5,000	0	1,000	4,000
Total Assets	\$ 420,875	\$ 328,298	\$ 479,156	\$ 270,017
<u>Liabilities</u>				
Due to Other Funds	\$ 161,510	\$ 0	\$ 161,510	\$ 0
Other Current Liabilities	259,365	328,298	317,646	270,017
Total Liabilities	\$ 420,875	\$ 328,298	\$ 479,156	\$ 270,017

(Continued)

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,167,538	\$ 6,979,511	\$ 7,073,444	\$ 1,073,605
Equity in Pooled Cash and Investments	411,233	1,903,655	2,053,546	261,342
Accounts Receivable	3,642	3,675	3,642	3,675
Due from Other Governments	280,015	276,288	280,015	276,288
Notes Receivable - Current	1,000	1,000	1,000	1,000
Notes Receivable - Long-term	5,000	0	1,000	4,000
Total Assets	\$ 1,868,428	\$ 9,164,129	\$ 9,412,647	\$ 1,619,910
<u>Liabilities</u>				
Due to Other Funds	\$ 161,510	\$ 0	\$ 161,510	\$ 0
Due to Other Taxing Units	280,015	1,856,320	1,860,047	276,288
Due to Litigants, Heirs, and Others	1,167,538	6,979,511	7,073,444	1,073,605
Other Current Liabilities	259,365	328,298	317,646	270,017
Total Liabilities	\$ 1,868,428	\$ 9,164,129	\$ 9,412,647	\$ 1,619,910

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Claiborne County School Department

This section presents combining and individual fund financial statements for the Claiborne County School Department, a discretely presented component unit. The School Department uses a General Fund, one Special Revenue Fund, one Capital Projects Fund, and one Internal Service 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 building construction and renovations of the School Department.

Employee Insurance Fund – The Employee Insurance Fund is used to account for transactions pertaining to the School Department's self-insured group medical plan.

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Exhibit I-1

Claiborne County, Tennessee
Statement of Activities
Discretely Presented Claiborne County School Department
For the Year Ended June 30, 2009

Functions/Programs	Program Revenues			Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Total	Governmental Activities	
Governmental Activities:							
Instruction	\$ 22,605,007	\$ 0	\$ 2,619,870	\$ 0	\$ 0	\$ (19,985,137)	
Support Services	13,659,996	0	81,888	150,000		(13,428,108)	
Operation of Non-Instructional Services	4,545,887	287,622	2,858,164	0		(1,400,101)	
Total Governmental Activities	\$ 40,810,890	\$ 287,622	\$ 5,559,922	\$ 150,000	\$	(34,813,346)	
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$	6,295,837	
Local Option Sales Taxes						2,175,415	
Coal Severance Tax						116,671	
Interstate Telecommunications Tax						3,483	
Grants and Contributions Not Restricted for Specific Programs						25,741,856	
Unrestricted Investment Income						8,536	
Miscellaneous						197,719	
Gain on Sale of Capital Assets						105,736	
Total General Revenues					\$	34,645,253	
Change in Net Assets					\$	(168,093)	
Net Assets, July 1, 2008						38,099,363	
Net Assets, June 30, 2009					\$	37,931,270	

Exhibit I-2

Claiborne County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Claiborne County School Department
June 30, 2009

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	<u>Total</u>
	General	Other	Govern-
	Purpose	Govern-	mental
	School	mental	mental
	Funds	Funds	Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 1,157,932	\$ 36,329	\$ 1,194,261
Accounts Receivable	0	1,100	1,100
Due from Other Governments	1,233,456	227,713	1,461,169
Property Taxes Receivable	6,914,507	0	6,914,507
Allowance for Uncollectible Property Taxes	(403,785)	0	(403,785)
Total Assets	<u>\$ 8,902,110</u>	<u>\$ 265,142</u>	<u>\$ 9,167,252</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 170,372	\$ 126,900	\$ 297,272
Deferred Revenue - Current Property Taxes	6,092,506	0	6,092,506
Deferred Revenue - Delinquent Property Taxes	400,841	0	400,841
Other Deferred Revenues	195,642	0	195,642
Total Liabilities	<u>\$ 6,859,361</u>	<u>\$ 126,900</u>	<u>\$ 6,986,261</u>
<u>Fund Balances</u>			
Reserved for Career Ladder Program	\$ 3,065	\$ 0	\$ 3,065
Reserved for Basic Education Program	31,844	0	31,844
Reserved for Title I Grants to Local Education Agencies	0	25,361	25,361
Reserved for Special Education - Grants to States	0	62,822	62,822
Other Federal Reserves	0	17,471	17,471
Unreserved, Reported In:			
General Fund	2,007,840	0	2,007,840
Capital Projects Funds	0	32,588	32,588
Total Fund Balances	<u>\$ 2,042,749</u>	<u>\$ 138,242</u>	<u>\$ 2,180,991</u>
Total Liabilities and Fund Balances	<u>\$ 8,902,110</u>	<u>\$ 265,142</u>	<u>\$ 9,167,252</u>

Exhibit I-3

Claiborne County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
Discretely Presented Claiborne County School Department
June 30, 2009

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 2,180,991
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,125,900	
Add: construction in progress	71,292	
Add: buildings and improvements net of accumulated depreciation	33,508,385	
Add: other capital assets net of accumulated depreciation	<u>1,197,572</u>	35,903,149
(2) Internal service funds are used by management to charge the cost of employee health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		115,826
(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	\$ (808,654)	
Less: other postemployment benefits liability	<u>(56,525)</u>	(865,179)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>596,483</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 37,931,270</u>

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

Exhibit I-4

Claiborne County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Claiborne County School Department
For the Year Ended June 30, 2009

	<u>Major Fund</u> General Purpose School	<u>Nonmajor</u> Funds Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 8,473,786	\$ 0	\$ 8,473,786
Licenses and Permits	2,432	0	2,432
Charges for Current Services	93,777	0	93,777
Other Local Revenues	340,036	8,536	348,572
State of Tennessee	25,274,697	0	25,274,697
Federal Government	2,104,959	3,902,110	6,007,069
Other Governments and Citizens Groups	332,445	0	332,445
Total Revenues	<u>\$ 36,622,132</u>	<u>\$ 3,910,646</u>	<u>\$ 40,532,778</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 19,305,860	\$ 2,408,127	\$ 21,713,987
Support Services	10,252,249	545,507	10,797,756
Operation of Non-Instructional Services	3,589,479	954,980	4,544,459
Capital Outlay	247,869	0	247,869
Debt Service:			
Principal on Debt	156,792	0	156,792
Interest on Debt	34,847	0	34,847
Other Debt Service	2,619,312	0	2,619,312
Total Expenditures	<u>\$ 36,206,408</u>	<u>\$ 3,908,614</u>	<u>\$ 40,115,022</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 415,724</u>	<u>\$ 2,032</u>	<u>\$ 417,756</u>
Net Change in Fund Balances	\$ 415,724	\$ 2,032	\$ 417,756
Fund Balance, July 1, 2008	<u>1,627,025</u>	<u>136,210</u>	<u>1,763,235</u>
Fund Balance, June 30, 2009	<u>\$ 2,042,749</u>	<u>\$ 138,242</u>	<u>\$ 2,180,991</u>

Exhibit I-5

Claiborne County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Claiborne County School Department
For the Year Ended June 30, 2009

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ 417,756
(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	\$ 482,403	
Less: current year depreciation expense	<u>(1,268,634)</u>	(786,231)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: book value of assets disposed		(1,000)
(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, 2009	\$ 596,483	
Less: deferred delinquent property taxes and other deferred June 30, 2008	<u>(486,759)</u>	109,724
(4) The issuance of long-term debt (e.g., other loans) 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.		
Add: principal payments on other loans	\$ 156,792	
Less: change in other postemployment benefits liability	<u>(56,525)</u>	100,267
(5) Internal service funds are used by management to charge the cost of employee health 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.		<u>(8,609)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (168,093)</u>

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

Exhibit I-6

Claiborne County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Claiborne County School Department
June 30, 2009

	Special Revenue Fund School Federal Projects	Capital Projects Fund Education Capital Projects	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 3,741	\$ 32,588	\$ 36,329
Accounts Receivable	1,100	0	1,100
Due from Other Governments	227,713	0	227,713
	<hr/>		
Total Assets	\$ 232,554	\$ 32,588	\$ 265,142
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 126,900	\$ 0	\$ 126,900
Total Liabilities	\$ 126,900	\$ 0	\$ 126,900
<hr/>			
<u>Fund Balances</u>			
Reserved for Title I Grants to Local Education Agencies	\$ 25,361	\$ 0	\$ 25,361
Reserved for Special Education - Grants to States	62,822	0	62,822
Other Federal Reserves	17,471	0	17,471
Unreserved	0	32,588	32,588
Total Fund Balances	\$ 105,654	\$ 32,588	\$ 138,242
	<hr/>		
Total Liabilities and Fund Balances	\$ 232,554	\$ 32,588	\$ 265,142
	<hr/>		

Exhibit I-7

Claiborne County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Claiborne County School Department
For the Year Ended June 30, 2009

	Special Revenue Fund <u>School Federal Projects</u>	Capital Projects Fund <u>Education Capital Projects</u>	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Other Local Revenues	\$ 0	\$ 8,536	\$ 8,536
Federal Government	3,902,110	0	3,902,110
Total Revenues	<u>\$ 3,902,110</u>	<u>\$ 8,536</u>	<u>\$ 3,910,646</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 2,408,127	\$ 0	\$ 2,408,127
Support Services	545,507	0	545,507
Operation of Non-Instructional Services	954,980	0	954,980
Total Expenditures	<u>\$ 3,908,614</u>	<u>\$ 0</u>	<u>\$ 3,908,614</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (6,504)</u>	<u>\$ 8,536</u>	<u>\$ 2,032</u>
Net Change in Fund Balances	\$ (6,504)	\$ 8,536	\$ 2,032
Fund Balance, July 1, 2008	112,158	24,052	136,210
Fund Balance, June 30, 2009	<u>\$ 105,654</u>	<u>\$ 32,588</u>	<u>\$ 138,242</u>

Exhibit I-8

Claiborne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Claiborne County School Department
General Purpose School Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 8,473,786	\$ 8,493,800	\$ 8,493,800	\$ (20,014)
Licenses and Permits	2,432	2,550	2,550	(118)
Charges for Current Services	93,777	1,247,000	158,858	(65,081)
Other Local Revenues	340,036	334,600	339,695	341
State of Tennessee	25,274,697	24,749,158	25,121,755	152,942
Federal Government	2,104,959	2,297,787	2,382,761	(277,802)
Other Governments and Citizens Groups	332,445	0	413,925	(81,480)
Total Revenues	\$ 36,622,132	\$ 37,124,895	\$ 36,913,344	\$ (291,212)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 14,977,454	\$ 14,810,649	\$ 15,080,587	\$ 103,133
Special Education Program	3,099,400	3,211,564	3,099,421	21
Vocational Education Program	1,146,903	1,089,302	1,149,340	2,437
Adult Education Program	82,103	130,598	135,835	53,732
<u>Support Services</u>				
Attendance	72,766	75,671	75,671	2,905
Health Services	95,176	95,178	95,178	2
Other Student Support	221,154	198,368	228,368	7,214
Regular Instruction Program	972,935	930,370	998,584	25,649
Alternative Instruction Program	810,120	839,951	845,951	35,831
Special Education Program	343,896	333,683	343,916	20
Vocational Education Program	98,317	99,429	99,429	1,112
Adult Programs	92,477	99,149	99,149	6,672
Other Programs	10,149	0	10,149	0
Board of Education	1,105,836	1,033,179	1,119,179	13,343
Director of Schools	327,419	325,882	331,882	4,463
Office of the Principal	1,074,972	1,080,545	1,080,545	5,573
Fiscal Services	160,347	162,273	162,273	1,926
Operation of Plant	2,208,565	2,145,498	2,248,014	39,449
Maintenance of Plant	775,526	772,251	854,819	79,293
Transportation	1,773,124	1,933,214	1,844,159	71,035
Central and Other	109,470	102,000	110,743	1,273
<u>Operation of Non-Instructional Services</u>				
Food Service	1,684,468	2,796,805	1,819,121	134,653
Community Services	839,213	736,248	1,103,819	264,606
Early Childhood Education	1,065,798	1,068,064	1,072,362	6,564
<u>Capital Outlay</u>				
Regular Capital Outlay	247,869	173,000	276,585	28,716
<u>Principal on Debt</u>				
Education	156,792	1,231,644	156,797	5

(Continued)

Exhibit I-8

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Interest on Debt</u>				
Education	\$ 34,847	\$ 1,648,380	\$ 34,847	\$ 0
<u>Other Debt Service</u>				
Education	2,619,312	2,000	2,633,880	14,568
Total Expenditures	<u>\$ 36,206,408</u>	<u>\$ 37,124,895</u>	<u>\$ 37,110,603</u>	<u>\$ 904,195</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 415,724</u>	<u>\$ 0</u>	<u>\$ (197,259)</u>	<u>\$ 612,983</u>
Net Change in Fund Balance	\$ 415,724	\$ 0	\$ (197,259)	\$ 612,983
Fund Balance, July 1, 2008	1,627,025	0	1,600,077	26,948
Fund Balance, June 30, 2009	<u>\$ 2,042,749</u>	<u>\$ 0</u>	<u>\$ 1,402,818</u>	<u>\$ 639,931</u>

Exhibit I-9

Claiborne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Claiborne County School Department
School Federal Projects Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 3,902,110	\$ 4,240,366	\$ 4,562,780	\$ (660,670)
Total Revenues	\$ 3,902,110	\$ 4,240,366	\$ 4,562,780	\$ (660,670)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,473,318	\$ 1,395,790	\$ 1,546,760	\$ 73,442
Special Education Program	869,313	1,056,438	1,341,943	472,630
Vocational Education Program	65,496	65,497	65,497	1
<u>Support Services</u>				
Health Services	1,444	3,000	3,000	1,556
Other Student Support	244,169	307,874	337,874	93,705
Regular Instruction Program	287,334	461,752	397,656	110,322
Special Education Program	7,161	11,500	13,385	6,224
Vocational Education Program	5,399	5,400	5,400	1
<u>Operation of Non-Instructional Services</u>				
Community Services	954,980	933,115	963,423	8,443
Total Expenditures	\$ 3,908,614	\$ 4,240,366	\$ 4,674,938	\$ 766,324
Excess (Deficiency) of Revenues Over Expenditures	\$ (6,504)	\$ 0	\$ (112,158)	\$ 105,654
Net Change in Fund Balance	\$ (6,504)	\$ 0	\$ (112,158)	\$ 105,654
Fund Balance, July 1, 2008	112,158	112,158	112,158	0
Fund Balance, June 30, 2009	\$ 105,654	\$ 112,158	\$ 0	\$ 105,654

Exhibit I-10

Claiborne County, Tennessee
Statement of Net Assets
Discretely Presented Claiborne County School Department
Proprietary Fund
June 30, 2009

Governmental
Activities -
Internal
Service Fund

Employee
Insurance -
Health

ASSETS

Current Assets:

Cash in Bank	\$ 324,799
Total Assets	<u>\$ 324,799</u>

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 208,973
Total Liabilities	<u>\$ 208,973</u>

NET ASSETS

Unrestricted	<u>\$ 115,826</u>
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Exhibit I-11

Claiborne County, Tennessee
Statement of Revenues, Expenses, and Changes
in Net Assets
Discretely Presented Claiborne County School Department
Proprietary Fund
For the Year Ended June 30, 2009

	Governmental Activities - Internal Service Fund <hr/> Employee Insurance - Health <hr/>
<u>Operating Revenues</u>	
<u>Charges for Current Services</u>	
Self-Insurance Premiums/Contributions	\$ 3,340,927
Total Operating Revenues	<u>\$ 3,340,927</u>
<u>Operating Expenses</u>	
Handling Charges and Administrative Costs	\$ 162,878
Excess Risk Insurance	340,028
Medical Claims	2,846,925
Total Operating Expenses	<u>\$ 3,349,831</u>
Operating Income (Loss)	<u>\$ (8,904)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 295
Total Nonoperating Revenues (Expenses)	<u>\$ 295</u>
Changes in Net Assets	\$ (8,609)
Net Assets, July 1, 2008	<u>124,435</u>
Net Assets, June 30, 2009	<u><u>\$ 115,826</u></u>

Exhibit I-12

Claiborne County, Tennessee
Statement of Cash Flows
Discretely Presented Claiborne County School Department
Proprietary Fund
For the Year Ended June 30, 2009

	Governmental Activities - Internal Service Fund <hr/> Employee Insurance - Health <hr/>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 3,340,927
Payments for Excess Risk Insurance	(340,028)
Payments for Medical Claims	(2,938,017)
Payments for Administrative Costs	(162,878)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (99,996)</u>
<u>Cash Flows from Investment Activities</u>	
Interest on Investments	\$ 295
Net Cash Provided By (Used In) Investing Activities	<u>\$ 295</u>
Net Increase (Decrease) in Cash	\$ (99,701)
Cash, July 1, 2008	<u>424,500</u>
Cash, June 30, 2009	<u><u>\$ 324,799</u></u>
<u>Reconciliation of Operating Income to Net Cash Provided By (Used In)</u>	
<u>Operating Activities</u>	
Operating Income (Loss)	\$ (8,904)
Adjustments 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	<u>(91,092)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (99,996)</u></u>

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MISCELLANEOUS SCHEDULES

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Exhibit J-1

Claiborne County, Tennessee
 Schedule of Changes in Long-term Notes, Other Loans, and Bonds
 Primary Government and Discretely Presented Claiborne County School Department
 For the Year Ended June 30, 2009

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-09
PRIMARY GOVERNMENT									
NOTES PAYABLE									
Payable through General Debt Service Fund									
Capital Outlay - Sanitation Truck and Buses	\$ 490,250	4.38 %	12-12-07	12-26-10	\$ 490,250	\$ 0	\$ 156,448	\$ 0	\$ 333,802
Total Payable through General Debt Service Fund					\$ 490,250	\$ 0	\$ 156,448	\$ 0	\$ 333,802
Payable through Solid Waste/Sanitation Fund									
Capital Outlay - Land	100,000	0	8-20-07	9-1-10	\$ 75,000	\$ 0	\$ 25,000	\$ 0	\$ 50,000
Total Payable through Solid Waste/Sanitation Fund					\$ 75,000	\$ 0	\$ 25,000	\$ 0	\$ 50,000
Total Notes Payable					\$ 565,250	\$ 0	\$ 181,448	\$ 0	\$ 383,802
OTHER LOANS PAYABLE									
Payable through General Debt Service Fund									
Montgomery County Public Building Authority:									
Various Construction Projects	1,000,000	Variable	10-2-01	5-25-11	\$ 383,000	\$ 0	\$ 121,000	\$ 0	\$ 262,000
Schools	1,244,297	Variable	5-23-02	5-25-11	476,859	0	151,264	0	325,595
Highway Paving Projects	18,000,000	Variable	2-1-02	5-25-15	12,644,000	0	1,040,000	0	11,604,000
Sevier County Public Building Authority:					3,684,191	492,919	401,000	0	3,776,110
Schools	18,000,000	6.6 (1)	3-21-02	6-1-28	18,000,000	0	0	18,000,000	0
Judicial Complex	4,075,000	Variable	10-21-04	6-1-31	4,075,000	0	500,000	3,575,000	0
Refunding - Judicial Complex	3,545,000	4.2	3-5-09	12-1-10	0	3,545,000	0	0	3,545,000
Hospital Revenue and General Obligation	2,980,000	4.2	3-5-09	12-1-10	0	2,980,000	0	0	2,980,000
Refunding - Schools	18,090,000	3.25 to 4	3-5-09	12-1-11	0	18,090,000	0	0	18,090,000
Hospital Revenue and General Obligation	1,030,000	4.7	3-5-09	12-1-13	0	1,030,000	0	0	1,030,000
Blount County Public Building Authority:					5,500,000	0	250,000	0	5,250,000
Judicial Complex	6,225,000	3.25 to 4.65	9-2-04	6-1-24	5,500,000	0	250,000	0	5,250,000
Total Other Loans Payable					\$ 44,763,050	\$ 26,137,919	\$ 2,463,264	\$ 21,575,000	\$ 46,862,705

(Continued)

Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-09
PRIMARY GOVERNMENT (CONT.)									
BONDS PAYABLE									
Payable through General Debt Service Fund									
Refunding Series 1998 - County, Hospital and Nursing Home	\$ 2,140,000	3.8 to 4.9 %	3-1-1998	3-1-15	\$ 910,001	\$ 0	\$ 140,000	\$ 0	\$ 770,001
School Refunding Bonds, Series 2007	4,485,000	4	12-19-07	5-1-21	4,485,000	0	0	0	4,485,000
Total Bonds Payable					\$ 5,395,001	\$ 0	\$ 140,000	\$ 0	\$ 5,255,001
DISCRETELY PRESENTED CLAIBORNE COUNTY SCHOOL DEPARTMENT									
OTHER LOANS PAYABLE									
Payable Through General Purpose School Fund									
Powell Valley Electric Cooperative:									
Ball Field Lighting Project at Schools	70,000	7.69	8-31-03	1-31-11	\$ 28,434	\$ 0	\$ 10,498	\$ 0	\$ 17,936
Ball Field Lighting Project at Schools	70,000	7.69	9-1-03	2-28-11	29,276	0	10,431	0	18,845
HVAC System at Claiborne County High School	450,000	0	12-11-03	12-11-13	309,375	0	56,250	0	253,125
HVAC System at Cumberland Gap High School	202,409	0	12-11-03	12-11-13	139,156	0	25,301	0	113,855
Ball Field Lighting Project at Schools	70,000	7.69	3-1-04	8-31-11	34,211	0	10,039	0	24,172
Ball Field Lighting Project at Schools	210,000	7.69	4-1-04	9-30-11	105,048	0	29,925	0	75,123
Ball Field Lighting Project at Schools	147,722	7	5-1-07	4-30-22	140,776	0	6,313	0	134,463
Ball Field Lighting Project at Schools	188,010	7	5-1-07	4-30-22	179,170	0	8,035	0	171,135
Total Other Loans Payable					\$ 965,446	\$ 0	\$ 156,792	\$ 0	\$ 808,654

(1) This amount was swapped to a synthetic fixed rate by execution of a swap agreement.
 (2) The amount available under this loan agreement is \$5,000,000, of which \$66,890 had not been drawn as of June 30, 2009.
 (3) This loan carries a variable interest rate cap of 6.5 percent.

Exhibit J-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2010	\$ 188,505	\$ 14,466	\$ 202,971
2011	195,297	7,386	202,683
Total	\$ 383,802	\$ 21,852	\$ 405,654

Year Ending June 30	Other Loan Principal	Other Loan Interest	Other Loan Fees	Total Other Loan Requirements
2010	\$ 3,273,827	\$ 1,452,734	\$ 47,642	\$ 4,774,203
2011	12,815,768	1,253,440	44,556	14,113,764
2012	17,238,000	650,200	31,707	17,919,907
2013	2,761,000	260,567	25,068	3,046,635
2014	3,909,000	217,237	18,106	4,144,343
2015	2,330,000	173,529	10,820	2,514,349
2016	765,640	154,763	5,034	925,437
2017	751,000	140,354	3,445	894,799
2018	518,470	125,071	1,972	645,513
2019	375,000	110,532	1,252	486,784
2020	375,000	94,782	1,063	470,845
2021	400,000	78,844	875	479,719
2022	425,000	61,344	675	487,019
2023	450,000	42,218	463	492,681
2024	475,000	21,968	238	497,206
Total	\$ 46,862,705	\$ 4,837,583	\$ 192,916	\$ 51,893,204

(Continued)

Exhibit J-2

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

PRIMARY GOVERNMENT (Cont.)

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
2010	\$ 145,000	\$ 215,535	\$ 360,535
2011	150,000	209,010	359,010
2012	155,000	202,110	357,110
2013	100,000	194,825	294,825
2014	105,000	190,075	295,075
2015	115,001	185,035	300,036
2016	0	179,400	179,400
2017	0	179,400	179,400
2018	0	179,400	179,400
2019	1,235,000	179,400	1,414,400
2020	1,600,000	130,000	1,730,000
2021	1,650,000	66,000	1,716,000
Total	\$ 5,255,001	\$ 2,110,190	\$ 7,365,191

DISCRETELY PRESENTED CLAIBORNE
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Other Loan Principal	Other Loan Interest	Total Other Loan Requirements
2010	\$ 162,548	\$ 29,090	\$ 191,638
2011	158,708	22,880	181,588
2012	108,787	18,725	127,512
2013	100,421	17,343	117,764
2014	61,011	15,978	76,989
2015	21,697	14,516	36,213
2016	23,266	12,947	36,213
2017	24,947	11,266	36,213
2018	26,751	9,462	36,213
2019	28,684	7,529	36,213
2020	30,758	5,455	36,213
2021	32,981	3,232	36,213
2022	28,095	1,862	29,957
Total	\$ 808,654	\$ 170,285	\$ 978,939

Exhibit J-3

Claiborne County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2009

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Solid Waste/Sanitation	General Debt Service	Debt retirement	\$ 68,896
Highway/Public Works	General Debt Service	Debt retirement	619,377
General Capital Projects	General	To close fund	<u>13,244</u>
Total Transfers			<u>\$ 701,517</u>

Claiborne County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Claiborne County School Department
For the Year Ended June 30, 2009

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 83,321	\$ 50,000	Ohio Casualty Insurance Company
Road Superintendent	Section 8-24-102, <u>TCA</u>	67,927	100,000	"
Director of Schools	State Board of Education and Claiborne County Board of Education	99,493 (1)	25,000	Western Surety Company
Trustee	Section 8-24-102, <u>TCA</u>	61,751	1,056,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	61,751	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	61,751	50,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, <u>TCA</u>	61,751	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	61,751 (3)	50,000	"
Register	Section 8-24-102, <u>TCA</u>	61,751	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u> , and County Commission	78,527 (2)	25,000	Ohio Casualty Insurance Company
Employee Blanket Bonds:				
Public Employee Dishonesty - County Departments			150,000	Local Government Property and Casualty Fund
Public Employee Dishonesty - School Departments			150,000	Indiana Insurance Company

(1) Includes chief executive officer training supplement of \$2,750, secretary to the board supplement of \$1,500, and other pay of \$279.

(2) Includes supplement of \$10,000 for serving as workhouse superintendent and \$600 for a law enforcement training supplement.

(3) Does not include special commissioner fees of \$24,191.

Exhibit J-5

Clairborne County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2009

	Special Revenue Funds					Debt Service Fund			Capital Projects Funds			Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development / Industrial Park				
Local Taxes												
County Property Taxes												
Current Property Tax	\$ 4,617,726	\$ 877,368	\$ 0	\$ 0	\$ 46,035	\$ 277,064	\$ 0	\$ 0	\$ 0	\$ 5,818,198		
Trustee's Collections - Prior Year	218,143	41,447	0	0	2,324	13,089	0	0	0	275,003		
Circuit/Clerk & Master Collections - Prior Years	139,526	26,510	0	0	1,386	8,748	0	0	0	176,170		
Interest and Penalty	39,560	7,516	0	0	396	2,371	0	0	0	49,843		
Payments in-Lieu-of Taxes - T.V.A.	818	151	0	0	8	48	0	0	0	1,025		
Payments in-Lieu-of Taxes - Local Utilities	21,919	4,165	0	0	219	654	0	0	0	26,957		
Payments in-Lieu-of Taxes - Other	32,934	6,253	0	0	329	1,975	0	0	0	41,491		
County Local Option Taxes												
Hotel/Motel Tax	0	0	0	0	0	0	0	28,154	0	28,154		
Wheel Tax	0	0	0	0	0	720,467	0	0	0	720,467		
Litigation Tax - General	126,985	0	0	0	0	0	0	0	0	126,985		
Litigation Tax - Special Purpose	19	0	0	0	0	0	0	0	0	19		
Litigation Tax - Jail, Workhouse, or Courthouse	26,723	0	0	0	0	0	0	0	0	26,723		
Mineral Severance Tax	0	0	0	0	52,414	0	0	0	0	52,414		
Statutory Local Taxes												
Bank Excise Tax	183,191	0	0	0	0	0	0	0	0	183,191		
Wholesale Beer Tax	98,094	0	0	0	0	0	0	0	0	98,094		
Beer Privilege Tax	879	0	0	0	0	0	0	0	0	879		
Coal Severance Tax	0	0	0	0	116,671	0	0	0	0	116,671		
Interstate Telecommunications Tax	2,582	0	0	0	0	0	0	0	0	2,582		
Other Statutory Local Taxes	0	0	0	0	52,408	0	0	0	0	52,408		
Total Local Taxes	\$ 5,509,099	\$ 963,410	\$ 0	\$ 0	\$ 272,190	\$ 1,024,416	\$ 0	\$ 28,154	\$ 0	\$ 7,797,269		
Licenses and Permits												
Permits												
Beer Permits	\$ 950	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 950		
Building Permits	12,840	0	0	0	0	0	0	0	0	12,840		
Total Licenses and Permits	\$ 13,790	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,790		

(Continued)

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

	Special Revenue Funds							Debt Service Fund			Capital Projects Funds				Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development / Industrial Park	Debt Service Fund		Capital Projects Funds				
									General	Debt Service	General	Capital Projects			
Fines, Forfeitures, and Penalties															
<u>Circuit Court</u>															
Fines	\$ 35,096	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 35,096
Officers Costs	55,084	0	0	0	0	0	0	0	0	0	0	0	0	0	55,084
Drug Control Fines	0	0	20,510	0	0	0	0	0	0	0	0	0	0	0	20,510
Jail Fees	21,444	0	0	0	0	0	0	0	0	0	0	0	0	0	21,444
DUI Treatment Fines	8,787	0	0	0	0	0	0	0	0	0	0	0	0	0	8,787
Data Entry Fee - Circuit Court	5,346	0	0	0	0	0	0	0	0	0	0	0	0	0	5,346
Courtroom Security Fee	562	0	0	0	0	0	0	0	0	0	0	0	0	0	562
<u>General Sessions Court</u>															
Game and Fish Fines	547	0	0	0	0	0	0	0	0	0	0	0	0	0	547
Drug Control Fines	0	0	19,543	0	0	0	0	0	0	0	0	0	0	0	19,543
Data Entry Fee - General Sessions Court	139	0	0	0	0	0	0	0	0	0	0	0	0	0	139
Courtroom Security Fee	711	0	0	0	0	0	0	0	0	0	0	0	0	0	711
<u>Juvenile Court</u>															
Fines	3,120	0	0	0	0	0	0	0	0	0	0	0	0	0	3,120
Fines for Littering	118	0	0	0	0	0	0	0	0	0	0	0	0	0	118
Officers Costs	1,920	0	0	0	0	0	0	0	0	0	0	0	0	0	1,920
Data Entry Fee - Juvenile Court	298	0	0	0	0	0	0	0	0	0	0	0	0	0	298
<u>Chancery Court</u>															
Officers Costs	8,394	0	0	0	0	0	0	0	0	0	0	0	0	0	8,394
Data Entry Fee - Chancery Court	3,224	0	0	0	0	0	0	0	0	0	0	0	0	0	3,224
Courtroom Security Fee	538	0	0	0	0	0	0	0	0	0	0	0	0	0	538
<u>Other Fines, Forfeitures, and Penalties</u>															
Proceeds from Confiscated Property	0	0	30,575	0	0	0	0	0	0	0	0	0	0	0	30,575
Other Fines, Forfeitures, and Penalties	0	0	1,900	0	0	0	0	0	0	0	0	0	0	0	1,900
Total Fines, Forfeitures, and Penalties	\$ 145,328	\$ 0	\$ 72,528	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 217,856
<u>Charges for Current Services</u>															
General Service Charges	\$ 0	\$ 247,792	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 247,792
Tipping Fees															

(Continued)

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

	Special Revenue Funds				Highway / Public Works	Debt Service Fund		Capital Projects Funds			Total
	General	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers Fees		General Debt Service	General Capital Projects	Community Development/ Industrial Park			
Charges for Current Services (Cont.)											
Fees											
Telephone Commissions	\$ 36,739	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 36,739
Vending Machine Collections	1,292	0	0	0	0	0	0	0	0	0	1,292
Constitutional Officers' Fees and Commissions	0	0	0	479,417	0	0	0	0	0	0	479,417
Special Commissioner Fees/Special Master Fees	0	0	0	24,191	0	0	0	0	0	0	24,191
Data Processing Fee - Register	11,320	0	0	0	0	0	0	0	0	0	11,320
Data Processing Fee - Sheriff	5,011	0	0	0	0	0	0	0	0	0	5,011
Sexual Offender Registration Fees - Sheriff	4,050	0	0	0	0	0	0	0	0	0	4,050
Total Charges for Current Services	\$ 58,412	\$ 247,792	\$ 0	\$ 503,608	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 809,812
Other Local Revenues											
Recurring Items											
Investment Income	\$ 182,585	\$ 23,629	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 206,214
Lease/Rentals	1,400	0	0	0	1,200	0	0	0	0	0	2,600
Sale of Recycled Materials	0	4,426	0	0	0	0	0	0	0	0	4,426
Miscellaneous Refunds	727	174	0	0	11,753	0	0	17,601	0	0	30,255
Nonrecurring Items											
Sale of Equipment	4,739	826	0	0	0	0	0	0	0	0	5,565
Contributions and Gifts	3,132	0	0	0	0	2,619,312	0	0	0	0	2,622,444
Other Local Revenues											
Other Local Revenues	161	0	0	0	0	253,604	0	0	0	0	253,765
Total Other Local Revenues	\$ 192,744	\$ 29,055	\$ 0	\$ 0	\$ 12,953	\$ 2,872,916	\$ 17,601	\$ 0	\$ 0	\$ 0	\$ 3,125,269
Fees Received from County Officials											
Excess Fees											
County Clerk	\$ 57,616	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 57,616
Register	13,447	0	0	0	0	0	0	0	0	0	13,447
Trustee	248,200	0	0	0	0	0	0	0	0	0	248,200
Fees in-Lieu-of Salary											
Circuit Court Clerk	96,271	0	0	0	0	0	0	0	0	0	96,271
General Sessions Court Clerk	162,603	0	0	0	0	0	0	0	0	0	162,603

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Fund			Capital Projects Funds			Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park			
<u>Federal Government</u>											
<u>Federal Through State</u>											
Homeland Security Grants	\$ 22,608	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 22,608	
Other Federal through State	153,076	0	0	0	0	0	0	0	0	153,076	
<u>Direct Federal Revenue</u>	12,666	0	0	0	0	0	0	0	0	12,666	
Other Direct Federal Revenue	12,666	0	0	0	0	0	0	0	0	12,666	
Total Federal Government	\$ 188,350	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 188,350	
<u>Other Governments and Citizens Groups</u>											
<u>Other Governments</u>											
Contracted Services	\$ 2,130	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,130	
Total Other Governments and Citizens Groups	\$ 2,130	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,130	
<u>Total</u>	\$ 8,724,649	\$ 1,302,831	\$ 72,528	\$ 503,608	\$ 2,185,041	\$ 3,915,683	\$ 17,601	\$ 28,154	\$ 16,750,095		

Exhibit J-6

Claiborne County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Claiborne County School Department
For the Year Ended June 30, 2009

	General Purpose School	School Federal Projects	Education Capital Projects	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 5,621,142	\$ 0	\$ 0	\$ 5,621,142
Trustee's Collections - Prior Year	278,620	0	0	278,620
Circuit/Clerk & Master Collections - Prior Years	170,222	0	0	170,222
Interest and Penalty	48,263	0	0	48,263
Payments in-Lieu-of Taxes - T.V.A.	972	0	0	972
Payments in-Lieu-of Taxes - Local Utilities	13,291	0	0	13,291
Payments in-Lieu-of Taxes - Other	40,153	0	0	40,153
<u>County Local Option Taxes</u>				
Local Option Sales Tax	2,180,823	0	0	2,180,823
<u>Statutory Local Taxes</u>				
Coal Severance Tax	116,671	0	0	116,671
Interstate Telecommunications Tax	3,629	0	0	3,629
Total Local Taxes	\$ 8,473,786	\$ 0	\$ 0	\$ 8,473,786
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 2,432	\$ 0	\$ 0	\$ 2,432
Total Licenses and Permits	\$ 2,432	\$ 0	\$ 0	\$ 2,432
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Other	\$ 93,777	\$ 0	\$ 0	\$ 93,777
Total Charges for Current Services	\$ 93,777	\$ 0	\$ 0	\$ 93,777
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 8,536	\$ 8,536
Lease/Rentals	11,400	0	0	11,400
Retirees' Insurance Payments	161,894	0	0	161,894
Miscellaneous Refunds	35,825	0	0	35,825
<u>Nonrecurring Items</u>				
Sale of Equipment	5,441	0	0	5,441
Sale of Property	100,000	0	0	100,000
Contributions and Gifts	10,350	0	0	10,350
<u>Other Local Revenues</u>				
Other Local Revenues	15,126	0	0	15,126
Total Other Local Revenues	\$ 340,036	\$ 0	\$ 8,536	\$ 348,572
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 10,149	\$ 0	\$ 0	\$ 10,149
<u>State Education Funds</u>				
Basic Education Program	22,872,760	0	0	22,872,760
Early Childhood Education	1,067,950	0	0	1,067,950
School Food Service	26,616	0	0	26,616
Driver Education	13,799	0	0	13,799
Other State Education Funds	306,548	0	0	306,548
Career Ladder Program	283,064	0	0	283,064

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Education Capital Projects	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
Career Ladder - Extended Contract	\$ 118,000	\$ 0	\$ 0	\$ 118,000
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	373,140	0	0	373,140
Other State Grants	194,775	0	0	194,775
Other State Revenues	7,896	0	0	7,896
Total State of Tennessee	\$ 25,274,697	\$ 0	\$ 0	\$ 25,274,697
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 1,139,496	\$ 0	\$ 0	\$ 1,139,496
Breakfast	399,697	0	0	399,697
USDA - Other	20,174	0	0	20,174
Adult Education State Grant Program	131,429	0	0	131,429
Vocational Education - Basic Grants to States	0	173,403	0	173,403
Title I Grants to Local Education Agencies	0	1,422,667	0	1,422,667
Innovative Education Program Strategies	0	2,907	0	2,907
Special Education - Grants to States	80,233	869,789	0	950,022
Special Education Preschool Grants	0	38,579	0	38,579
Safe and Drug-Free Schools - State Grants	0	416,153	0	416,153
Rural Education	0	128,595	0	128,595
Eisenhower Professional Development State Grants	0	413,089	0	413,089
Other Federal through State	114,642	436,928	0	551,570
<u>Direct Federal Revenue</u>				
Other Direct Federal Revenue	219,288	0	0	219,288
Total Federal Government	\$ 2,104,959	\$ 3,902,110	\$ 0	\$ 6,007,069
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 150,000	\$ 0	\$ 0	\$ 150,000
Contracted Services	182,445	0	0	182,445
Total Other Governments and Citizens Groups	\$ 332,445	\$ 0	\$ 0	\$ 332,445
Total	\$ 36,622,132	\$ 3,902,110	\$ 8,536	\$ 40,532,778

Exhibit J-7

Claiborne County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2009

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	65,875	
Social Security		4,083	
State Retirement		1,705	
Medical Insurance		23	
Employer Medicare		955	
Audit Services		8,959	
Dues and Memberships		1,700	
Total County Commission			\$ 83,300

Board of Equalization

Board and Committee Members Fees	\$	4,100	
Travel		162	
Total Board of Equalization			4,262

Beer Board

Board and Committee Members Fees	\$	1,050	
Total Beer Board			1,050

Budget and Finance Committee

Board and Committee Members Fees	\$	11,625	
Social Security		719	
State Retirement		343	
Medical Insurance		49	
Employer Medicare		168	
Total Budget and Finance Committee			12,904

County Mayor/Executive

County Official/Administrative Officer	\$	83,321	
Assistant(s)		31,331	
Secretary(ies)		25,635	
Social Security		8,637	
State Retirement		2,684	
Medical Insurance		14,156	
Unemployment Compensation		223	
Employer Medicare		2,020	
Communication		8,024	
Dues and Memberships		1,500	
Operating Lease Payments		2,807	
Maintenance Agreements		9,158	
Travel		1,981	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Office Supplies	\$	4,864	
Premiums on Corporate Surety Bonds		114	
Total County Mayor/Executive			\$ 196,455

County Attorney

County Official/Administrative Officer	\$	34,857	
Clerical Personnel		5,000	
Social Security		2,116	
State Retirement		1,642	
Medical Insurance		2,512	
Unemployment Compensation		119	
Employer Medicare		495	
Dues and Memberships		250	
Total County Attorney			46,991

Election Commission

County Official/Administrative Officer	\$	55,576	
Clerical Personnel		25,635	
Other Salaries and Wages		920	
Election Commission		7,128	
Election Workers		40,912	
In-Service Training		9,967	
Social Security		6,748	
State Retirement		3,826	
Medical Insurance		2,512	
Unemployment Compensation		519	
Employer Medicare		1,578	
Communication		4,442	
Operating Lease Payments		2,070	
Rentals		225	
Other Contracted Services		19,122	
Office Supplies		7,620	
Office Equipment		1,467	
Other Equipment		657	
Total Election Commission			190,924

Register of Deeds

Social Security	\$	6,636	
State Retirement		5,238	
Medical Insurance		10,422	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Unemployment Compensation	\$	238	
Employer Medicare		1,552	
Communication		2,536	
Dues and Memberships		468	
Operating Lease Payments		3,891	
Maintenance and Repair Services - Office Equipment		11,748	
Office Supplies		2,517	
Premiums on Corporate Surety Bonds		75	
Office Equipment		75	
Total Register of Deeds			\$ 45,396

Development

Contracts with Other Public Agencies	\$	13,639	
Total Development			13,639

County Buildings

Custodial Personnel	\$	29,781	
Maintenance Personnel		19,545	
Social Security		2,883	
State Retirement		2,313	
Medical Insurance		6,059	
Unemployment Compensation		404	
Employer Medicare		674	
Communication		4,391	
Maintenance and Repair Services - Buildings		28,499	
Maintenance and Repair Services - Vehicles		1,367	
Postal Charges		33,724	
Rentals		685	
Custodial Supplies		5,420	
Electricity		51,816	
Gasoline		2,209	
Office Supplies		14,437	
Utilities		12,020	
Water and Sewer		7,446	
Other Supplies and Materials		2,737	
Other Charges		967	
Building Purchases		36,500	
Other Construction		309,001	
Total County Buildings			572,878

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Preservation of Records

Office Supplies	\$	5	
Other Charges		2,495	
Total Preservation of Records			\$ 2,500

Finance

Accounting and Budgeting

Supervisor/Director	\$	46,000	
Social Security		2,744	
State Retirement		2,167	
Medical Insurance		2,512	
Unemployment Compensation		119	
Employer Medicare		642	
Total Accounting and Budgeting			54,184

Property Assessor's Office

County Official/Administrative Officer	\$	61,751	
Secretary(ies)		28,483	
Clerical Personnel		22,518	
Other Salaries and Wages		20,312	
In-Service Training		757	
Social Security		7,873	
State Retirement		6,269	
Medical Insurance		12,420	
Unemployment Compensation		357	
Employer Medicare		1,841	
Audit Services		15,835	
Communication		3,644	
Dues and Memberships		1,500	
Operating Lease Payments		210	
Travel		2,136	
Office Supplies		820	
Office Equipment		1,000	
Total Property Assessor's Office			187,726

Reappraisal Program

Assistant(s)	\$	26,059	
Laborers		20,997	
In-Service Training		1,489	
Social Security		2,720	
State Retirement		2,217	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program (Cont.)

Medical Insurance	\$	5,025	
Unemployment Compensation		238	
Employer Medicare		636	
Communication		1,200	
Data Processing Services		4,375	
Operating Lease Payments		1,902	
Travel		2,598	
Office Supplies		995	
Office Equipment		1,000	
Total Reappraisal Program			\$ 71,451

County Trustee's Office

Social Security	\$	9,007	
State Retirement		7,051	
Medical Insurance		8,604	
Unemployment Compensation		565	
Employer Medicare		2,107	
Communication		3,901	
Data Processing Services		11,979	
Dues and Memberships		593	
Operating Lease Payments		1,305	
Legal Notices, Recording, and Court Costs		1,275	
Maintenance Agreements		8,544	
Office Supplies		2,233	
Premiums on Corporate Surety Bonds		2,306	
Office Equipment		4,529	
Total County Trustee's Office			63,999

County Clerk's Office

Social Security	\$	13,345	
State Retirement		10,153	
Medical Insurance		17,263	
Unemployment Compensation		946	
Employer Medicare		3,118	
Communication		6,460	
Dues and Memberships		468	
Operating Lease Payments		2,514	
Maintenance Agreements		13,611	
Office Supplies		1,959	
Premiums on Corporate Surety Bonds		114	
Total County Clerk's Office			69,951

(Continued)

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		19,259	
Secretary(ies)		28,482	
Clerical Personnel		54,883	
Part-time Personnel		18,740	
Jury and Witness Fees		15,645	
Social Security		11,087	
State Retirement		6,519	
Medical Insurance		8,424	
Unemployment Compensation		930	
Employer Medicare		2,593	
Communication		4,012	
Dues and Memberships		468	
Operating Lease Payments		7,465	
Maintenance Agreements		11,440	
Postal Charges		4,224	
Office Supplies		3,947	
Premiums on Corporate Surety Bonds		114	
Total Circuit Court			\$ 259,983

Circuit Court Clerk

Medical Insurance	\$	4,817	
Total Circuit Court Clerk			4,817

General Sessions Court

Judge(s)	\$	94,891	
Secretary(ies)		20,638	
Social Security		7,118	
State Retirement		5,086	
Medical Insurance		2,512	
Unemployment Compensation		125	
Employer Medicare		1,665	
Communication		1,755	
Office Supplies		419	
Periodicals		843	
Office Equipment		183	
Total General Sessions Court			135,235

General Sessions Court Clerk

Medical Insurance	\$	1,980	
Total General Sessions Court Clerk			1,980

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

County Official/Administrative Officer	\$	61,751	
Assistant(s)		25,893	
Secretary(ies)		28,994	
Clerical Personnel		43,546	
Social Security		9,683	
State Retirement		5,173	
Medical Insurance		10,497	
Unemployment Compensation		573	
Employer Medicare		2,265	
Communication		4,705	
Dues and Memberships		668	
Operating Lease Payments		376	
Maintenance Agreements		9,956	
Office Supplies		4,229	
Premiums on Corporate Surety Bonds		114	
Office Equipment		1,670	
Total Chancery Court			\$ 210,093

District Attorney General

Secretary(ies)	\$	23,317	
Social Security		1,446	
State Retirement		999	
Unemployment Compensation		156	
Employer Medicare		338	
Total District Attorney General			26,256

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,927	
Assistant(s)		25,116	
Deputy(ies)		714,264	
Investigator(s)		29,952	
Lieutenant(s)		19,282	
Salary Supplements		15,000	
Secretary(ies)		23,754	
School Resource Officer		68,974	
Overtime Pay		3,886	
Social Security		58,752	
State Retirement		38,530	
Medical Insurance		95,465	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Unemployment Compensation	\$	4,804	
Employer Medicare		13,740	
Communication		35,570	
Dues and Memberships		2,100	
Operating Lease Payments		3,576	
Maintenance and Repair Services - Buildings		7,199	
Maintenance and Repair Services - Equipment		2,620	
Maintenance and Repair Services - Vehicles		48,956	
Travel		7,101	
Tuition		9,550	
Other Contracted Services		1,425	
Gasoline		123,151	
Law Enforcement Supplies		3,788	
Office Supplies		22,073	
Tires and Tubes		9,947	
Uniforms		13,878	
Other Supplies and Materials		4,838	
Premiums on Corporate Surety Bonds		75	
Communication Equipment		15,426	
Law Enforcement Equipment		3,371	
Motor Vehicles		204,457	
Total Sheriff's Department			\$ 1,698,547

Workhouse

County Official/Administrative Officer	\$	10,000
Supervisor/Director		38,173
Medical Personnel		23,358
Guards		833,555
Maintenance Personnel		30,888
Other Salaries and Wages		59,947
Social Security		60,989
State Retirement		35,260
Medical Insurance		54,644
Unemployment Compensation		7,373
Employer Medicare		14,263
Communication		14,429
Operating Lease Payments		2,116
Maintenance and Repair Services - Buildings		19,305
Medical and Dental Services		141,255
Travel		1,583

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse (Cont.)

Tuition	\$	530	
Other Contracted Services		48,000	
Custodial Supplies		46,967	
Drugs and Medical Supplies		65,978	
Electricity		89,375	
Food Supplies		258,637	
Natural Gas		34,720	
Office Supplies		7,422	
Uniforms		8,467	
Water and Sewer		27,752	
Other Supplies and Materials		39,184	
Other Charges		19,684	
Total Workhouse			\$ 1,993,854

Juvenile Services

Social Workers	\$	31,385	
Attendants		4,850	
Social Security		1,894	
State Retirement		1,470	
Medical Insurance		2,512	
Unemployment Compensation		119	
Employer Medicare		443	
Communication		1,486	
Other Supplies and Materials		220	
Total Juvenile Services			44,379

Fire Prevention and Control

Contributions	\$	111,500	
Total Fire Prevention and Control			111,500

Civil Defense

Supervisor/Director	\$	28,000	
Social Security		1,736	
State Retirement		1,319	
Unemployment Compensation		119	
Employer Medicare		406	
Communication		2,485	
Dues and Memberships		235	
Maintenance and Repair Services - Vehicles		421	
Travel		1,030	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Other Contracted Services	\$	1,186	
Gasoline		1,339	
Office Supplies		466	
Other Equipment		85,728	
Total Civil Defense			\$ 124,470

Rescue Squad

Contributions	\$	15,000	
Total Rescue Squad			15,000

Other Emergency Management

Contributions	\$	15,227	
Total Other Emergency Management			15,227

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	24,350	
Total County Coroner/Medical Examiner			24,350

Public Health and Welfare

Local Health Center

Clerical Personnel	\$	20,612	
Custodial Personnel		9,411	
Social Security		1,844	
State Retirement		971	
Medical Insurance		3,129	
Unemployment Compensation		279	
Employer Medicare		431	
Communication		9,406	
Contracts with Government Agencies		36,055	
Contracts with Private Agencies		5,167	
Operating Lease Payments		2,850	
Maintenance and Repair Services - Buildings		3,419	
Postal Charges		4,467	
Travel		51	
Other Contracted Services		512	
Custodial Supplies		1,944	
Office Supplies		4,221	
Utilities		12,033	
Office Equipment		595	
Total Local Health Center			117,397

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control

Contributions	\$ 10,000	
Total Rabies and Animal Control		\$ 10,000

Ambulance/Emergency Medical Services

Contributions	\$ 165,000	
Motor Vehicles	75,000	
Total Ambulance/Emergency Medical Services		240,000

Other Local Health Services

Medical Personnel	\$ 152,076	
Social Security	9,235	
State Retirement	4,849	
Medical Insurance	35,852	
Unemployment Compensation	1,024	
Employer Medicare	2,160	
Travel	5,289	
Total Other Local Health Services		210,485

Sanitation Education/Information

Laborers	\$ 21,630	
Clerical Personnel	4,800	
Social Security	1,588	
State Retirement	1,245	
Medical Insurance	135	
Unemployment Compensation	134	
Employer Medicare	371	
Communication	550	
Maintenance and Repair Services - Vehicles	1,020	
Gasoline	5,403	
Instructional Supplies and Materials	6,429	
Uniforms	294	
Other Supplies and Materials	579	
Other Charges	2,310	
Total Sanitation Education/Information		46,488

Convenience Centers

Medical Insurance	\$ 17,166	
Total Convenience Centers		17,166

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services

Adult Activities

Contributions	\$ 5,000	
Total Adult Activities		\$ 5,000

Senior Citizens Assistance

Laborers	\$ 4,200	
Communication	3,536	
Contracts with Other Public Agencies	7,000	
Maintenance and Repair Services - Buildings	3,650	
Printing, Stationery, and Forms	217	
Electricity	6,858	
Water and Sewer	389	
Office Equipment	1,572	
Total Senior Citizens Assistance		27,422

Libraries

State Retirement	\$ 1,248	
Contributions	76,500	
Total Libraries		77,748

Agriculture and Natural Resources

Agriculture Extension Service

Communication	\$ 4,610	
Contracts with Other Public Agencies	69,943	
Dues and Memberships	575	
Travel	1,118	
Other Charges	107	
Office Equipment	1,336	
Total Agriculture Extension Service		77,689

Forest Service

Contributions	\$ 2,000	
Total Forest Service		2,000

Soil Conservation

Contributions	\$ 28,462	
Total Soil Conservation		28,462

Other Operations

Industrial Development

Contracts with Other Public Agencies	\$ 12,800	
Total Industrial Development		12,800

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Housing and Urban Development

Other Construction	\$ 155,137	
Total Housing and Urban Development		\$ 155,137

Other Economic and Community Development

Assistant(s)	\$ 26,016	
Social Security	1,568	
State Retirement	1,226	
Medical Insurance	2,512	
Unemployment Compensation	119	
Employer Medicare	367	
Communication	2,260	
Travel	5,101	
Other Charges	830	
Total Other Economic and Community Development		39,999

Veterans' Services

County Official/Administrative Officer	\$ 7,096	
Social Security	440	
Unemployment Compensation	116	
Employer Medicare	103	
Communication	1,321	
Travel	974	
Office Supplies	496	
Total Veterans' Services		10,546

Other Charges

Contributions	\$ 62,409	
Dues and Memberships	1,652	
Legal Services	56,131	
Legal Notices, Recording, and Court Costs	12,272	
Trustee's Commission	113,682	
Vehicle and Equipment Insurance	154,066	
Workers' Compensation Insurance	166,867	
Liability Claims	20,265	
Other Charges	7,618	
Total Other Charges		594,962

Employee Benefits

Medical Insurance	\$ 28,452	
Total Employee Benefits		28,452

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Tax Relief Program	\$	31,564	
Total Miscellaneous			\$ 31,564

Total General Fund \$ 8,016,618

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Foremen	\$	37,538
Equipment Operators		57,720
Truck Drivers		45,047
Secretary(ies)		25,895
Attendants		209,508
Board and Committee Members Fees		7,250
Social Security		23,181
State Retirement		15,487
Medical Insurance		27,637
Unemployment Compensation		2,828
Employer Medicare		5,422
Communication		9,645
Contracts with Private Agencies		428,909
Engineering Services		50,201
Evaluation and Testing		5,295
Operating Lease Payments		9,100
Maintenance and Repair Services - Vehicles		29,546
Postal Charges		126
Travel		369
Permits		4,075
Other Contracted Services		9,666
Crushed Stone		2,990
Diesel Fuel		35,707
Electricity		11,036
Gasoline		3,190
Lubricants		2,348
Office Supplies		1,599
Tires and Tubes		9,772
Water and Sewer		441
Other Supplies and Materials		3,009
Trustee's Commission		22,456
Vehicle and Equipment Insurance		18,764

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Waste Pickup (Cont.)

Workers' Compensation Insurance	\$	26,228	
Site Development		100,899	
Other Equipment		6,900	
Total Waste Pickup			\$ 1,249,784

Principal on Debt

General Government

Principal on Notes	\$	25,000	
Total General Government			25,000

Total Solid Waste/Sanitation Fund \$ 1,274,784

Drug Control Fund

Public Safety

Drug Enforcement

Communication	\$	1,250	
Confidential Drug Enforcement Payments		10,000	
Law Enforcement Supplies		7,355	
Other Supplies and Materials		13,078	
Trustee's Commission		743	
Law Enforcement Equipment		3,142	
Motor Vehicles		24,482	
Total Drug Enforcement			\$ 60,050

Total Drug Control Fund 60,050

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	111,182	
Total Register of Deeds			\$ 111,182

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	149,482	
Total County Trustee's Office			149,482

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	229,787	
Total County Clerk's Office			229,787

(Continued)

Exhibit J-7

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

Constitutional Officers - Fees Fund (Cont.)

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	24,191	
Total Chancery Court			\$ 24,191

Total Constitutional Officers - Fees Fund \$ 514,642

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	67,927	
Accountants/Bookkeepers		28,483	
Secretary(ies)		19,320	
Data Processing Services		5,160	
Dues and Memberships		2,788	
Legal Services		500	
Legal Notices, Recording, and Court Costs		39	
Postal Charges		213	
Travel		280	
Office Supplies		2,007	
Total Administration			\$ 126,717

Highway and Bridge Maintenance

Laborers	\$	401,383	
Permits		5,000	
Other Contracted Services		28,538	
Asphalt - Hot Mix		82,387	
Crushed Stone		172,597	
Pipe - Metal		17,295	
Road Signs		1,259	
Wood Products		649	
Other Supplies and Materials		3,000	
Total Highway and Bridge Maintenance			712,108

Operation and Maintenance of Equipment

Mechanic(s)	\$	34,000	
Rentals		6,900	
Diesel Fuel		55,019	
Equipment and Machinery Parts		59,118	
Garage Supplies		231	
Gasoline		23,411	
Lubricants		7,144	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Tires and Tubes	\$	8,190	
Other Supplies and Materials		990	
Total Operation and Maintenance of Equipment			\$ 195,003

Other Charges

Communication	\$	7,266	
Electricity		5,345	
Water and Sewer		1,101	
Building and Contents Insurance		831	
Liability Insurance		29,834	
Premiums on Corporate Surety Bonds		228	
Trustee's Commission		20,042	
Vehicle and Equipment Insurance		38,683	
Total Other Charges			103,330

Employee Benefits

Social Security	\$	41,073	
State Retirement		23,713	
Medical Insurance		74,519	
Disability Insurance		4,456	
Unemployment Compensation		6,852	
Workers' Compensation Insurance		67,131	
Total Employee Benefits			217,744

Capital Outlay

Bridge Construction	\$	1,299	
Highway Equipment		10,000	
State Aid Projects		179,784	
Total Capital Outlay			191,083

Total Highway/Public Works Fund \$ 1,545,985

General Debt Service Fund

Public Health and Welfare

Other Public Health and Welfare

Contributions	\$	3,983,669	
Total Other Public Health and Welfare			\$ 3,983,669

(Continued)

Exhibit J-7

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

General Debt Service Fund (Cont.)

Other Operations

Other Charges

Trustee's Commission	\$ 6,212	
Total Other Charges		\$ 6,212

Principal on Debt

General Government

Principal on Bonds	\$ 200,000	
Principal on Notes	60,664	
Principal on Other Loans	872,366	
Total General Government		1,133,030

Highways and Streets

Principal on Other Loans	\$ 550,898	
Total Highways and Streets		550,898

Education

Principal on Notes	\$ 95,784	
Principal on Other Loans	1,040,000	
Total Education		1,135,784

Interest on Debt

General Government

Interest on Bonds	\$ 42,365	
Interest on Notes	8,346	
Interest on Other Loans	517,802	
Total General Government		568,513

Highways and Streets

Interest on Other Loans	\$ 75,786	
Total Highways and Streets		75,786

Education

Interest on Bonds	\$ 179,400	
Interest on Notes	13,177	
Interest on Other Loans	1,399,377	
Total Education		1,591,954

Other Debt Service

General Government

Underwriter's Discount	\$ 96,453	
Other Debt Issuance Charges	157,678	

(Continued)

Exhibit J-7

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

<u>General Debt Service Fund (Cont.)</u>		
<u>Other Debt Service (Cont.)</u>		
<u>General Government (Cont.)</u>		
Other Debt Service	\$ 2,230	
Total General Government		\$ 256,361
<u>Education</u>		
Other Debt Service	\$ 535	
Total Education		<u>535</u>
Total General Debt Service Fund		\$ 9,302,742
<u>Community Development/Industrial Park Fund</u>		
<u>Other Operations</u>		
<u>Industrial Development</u>		
Contributions	\$ 28,154	
Total Industrial Development		<u>\$ 28,154</u>
Total Community Development/Industrial Park Fund		28,154
<u>Highway Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Highway and Street Capital Projects</u>		
Other Contracted Services	\$ 149,824	
Asphalt - Hot Mix	<u>343,313</u>	
Total Highway and Street Capital Projects		<u>\$ 493,137</u>
Total Highway Capital Projects Fund		<u>493,137</u>
Total Governmental Funds - Primary Government		<u>\$ 21,236,112</u>

Exhibit J-8

Claiborne County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Claiborne County School Department
For the Year Ended June 30, 2009

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 10,525,197	
Career Ladder Program	175,521	
Career Ladder Extended Contracts	105,378	
Educational Assistants	492,484	
Certified Substitute Teachers	187,653	
Social Security	675,973	
State Retirement	709,102	
Life Insurance	33,945	
Medical Insurance	1,326,834	
Dental Insurance	35,964	
Unemployment Compensation	6,305	
Employer Medicare	158,795	
Tuition	2,537	
Other Contracted Services	8,525	
Instructional Supplies and Materials	106,942	
Textbooks	291,324	
Other Supplies and Materials	19,450	
Other Charges	620	
Regular Instruction Equipment	114,905	
Total Regular Instruction Program		\$ 14,977,454

Special Education Program

Teachers	\$ 1,876,821
Career Ladder Program	21,979
Homebound Teachers	6,919
Educational Assistants	79,177
Speech Pathologist	95,476
Other Salaries and Wages	163,856
Certified Substitute Teachers	28,930
Social Security	135,641
State Retirement	142,265
Life Insurance	6,902
Medical Insurance	259,984
Dental Insurance	7,722
Unemployment Compensation	1,230
Employer Medicare	31,723
Contracts with Private Agencies	113,433
Maintenance and Repair Services - Equipment	6,830
Tuition	2,197

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Instructional Supplies and Materials	\$	15,244	
Textbooks		3,074	
Other Supplies and Materials		40,868	
Other Charges		16,195	
Special Education Equipment		42,934	
Total Special Education Program			\$ 3,099,400

Vocational Education Program

Teachers	\$	862,631	
Career Ladder Program		13,220	
Certified Substitute Teachers		24,595	
Social Security		52,797	
State Retirement		54,381	
Life Insurance		2,734	
Medical Insurance		95,185	
Dental Insurance		2,934	
Unemployment Compensation		449	
Employer Medicare		12,744	
Instructional Supplies and Materials		10,943	
Other Supplies and Materials		367	
Other Charges		10,750	
Vocational Instruction Equipment		3,173	
Total Vocational Education Program			1,146,903

Adult Education Program

Teachers	\$	51,332	
Other Salaries and Wages		13,581	
Social Security		3,339	
State Retirement		2,983	
Life Insurance		185	
Medical Insurance		9,450	
Dental Insurance		207	
Unemployment Compensation		68	
Employer Medicare		869	
Instructional Supplies and Materials		89	
Total Adult Education Program			82,103

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services

Attendance

Supervisor/Director	\$	55,554	
Career Ladder Program		1,000	
Social Security		3,241	
State Retirement		3,631	
Life Insurance		138	
Medical Insurance		5,673	
Dental Insurance		151	
Unemployment Compensation		18	
Employer Medicare		758	
Travel		2,226	
Other Supplies and Materials		376	
Total Attendance			\$ 72,766

Health Services

Medical Personnel	\$	34,767	
Social Security		2,156	
State Retirement		2,232	
Life Insurance		136	
Medical Insurance		4,969	
Unemployment Compensation		18	
Employer Medicare		504	
Travel		950	
Other Contracted Services		49,444	
Total Health Services			95,176

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		82,993	
Social Security		4,919	
State Retirement		5,392	
Life Insurance		267	
Medical Insurance		9,301	
Dental Insurance		301	
Unemployment Compensation		36	
Employer Medicare		1,150	
Evaluation and Testing		13,319	
Travel		3,437	
Other Contracted Services		98,072	
Other Supplies and Materials		967	
Total Other Student Support			221,154

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	236,724	
Career Ladder Program		14,249	
Librarians		377,382	
Other Salaries and Wages		25,463	
Social Security		36,575	
State Retirement		39,063	
Life Insurance		1,543	
Medical Insurance		152,181	
Dental Insurance		1,719	
Unemployment Compensation		263	
Employer Medicare		9,076	
Travel		3,890	
Other Contracted Services		575	
Library Books/Media		57,683	
Other Supplies and Materials		936	
In Service/Staff Development		15,613	
Total Regular Instruction Program			\$ 972,935

Alternative Instruction Program

Other Salaries and Wages	\$	634,285	
Social Security		37,359	
State Retirement		40,721	
Life Insurance		1,846	
Medical Insurance		79,660	
Dental Insurance		2,003	
Unemployment Compensation		258	
Employer Medicare		8,737	
Travel		390	
Other Supplies and Materials		4,861	
Total Alternative Instruction Program			810,120

Special Education Program

Supervisor/Director	\$	64,224
Career Ladder Program		2,000
Psychological Personnel		90,456
Secretary(ies)		20,469
Other Salaries and Wages		50,791
Social Security		13,320
State Retirement		12,016

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Life Insurance	\$	405	
Medical Insurance		12,950	
Dental Insurance		451	
Unemployment Compensation		162	
Employer Medicare		3,115	
Maintenance and Repair Services - Equipment		3,683	
Travel		26,937	
Other Supplies and Materials		9,396	
In Service/Staff Development		29,581	
Other Charges		3,940	
Total Special Education Program	\$		343,896

Vocational Education Program

Supervisor/Director	\$	64,224	
Career Ladder Program		1,000	
Clerical Personnel		17,028	
Social Security		4,825	
State Retirement		4,985	
Life Insurance		138	
Medical Insurance		3,658	
Dental Insurance		151	
Unemployment Compensation		55	
Employer Medicare		1,128	
Other Supplies and Materials		155	
Other Charges		195	
Other Equipment		775	
Total Vocational Education Program			98,317

Adult Programs

Supervisor/Director	\$	64,224	
Career Ladder Program		2,000	
Other Salaries and Wages		8,104	
Social Security		4,578	
State Retirement		4,252	
Life Insurance		136	
Medical Insurance		4,981	
Dental Insurance		151	
Unemployment Compensation		35	
Employer Medicare		1,071	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs (Cont.)

Travel	\$ 2,945	
Total Adult Programs		\$ 92,477

Other Programs

On-Behalf Payments to OPEB	\$ 10,149	
Total Other Programs		10,149

Board of Education

Secretary to Board	\$ 1,500	
Board and Committee Members Fees	11,050	
Social Security	707	
State Retirement	569	
Life Insurance	861	
Medical Insurance	34,766	
Dental Insurance	911	
Employer Medicare	179	
Audit Services	14,825	
Dues and Memberships	13,339	
Legal Services	85,584	
Travel	6,807	
Other Contracted Services	12,258	
Judgments	10,000	
Liability Insurance	145,412	
Premiums on Corporate Surety Bonds	100	
Trustee's Commission	207,693	
Workers' Compensation Insurance	136,130	
Other Charges	423,145	
Total Board of Education		1,105,836

Director of Schools

County Official/Administrative Officer	\$ 94,964
Career Ladder Program	3,000
Secretary(ies)	42,464
Other Salaries and Wages	52,638
Social Security	11,318
State Retirement	11,226
Life Insurance	274
Medical Insurance	9,902
Dental Insurance	299

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Unemployment Compensation	\$	87	
Employer Medicare		2,775	
Communication		70,889	
Dues and Memberships		2,368	
Postal Charges		20	
Travel		4,470	
Other Contracted Services		14,439	
Office Supplies		4,178	
Other Charges		1,697	
Administration Equipment		411	
Total Director of Schools			\$ 327,419

Office of the Principal

Principals	\$	711,308	
Career Ladder Program		19,916	
Assistant Principals		144,705	
Social Security		51,806	
State Retirement		56,234	
Life Insurance		1,920	
Medical Insurance		74,760	
Dental Insurance		1,958	
Unemployment Compensation		249	
Employer Medicare		12,116	
Total Office of the Principal			1,074,972

Fiscal Services

Supervisor/Director	\$	63,024	
Accountants/Bookkeepers		61,050	
Social Security		6,780	
State Retirement		6,885	
Life Insurance		138	
Medical Insurance		7,676	
Dental Insurance		151	
Unemployment Compensation		55	
Employer Medicare		1,586	
Data Processing Services		1,210	
Travel		479	
Other Contracted Services		8,198	
Data Processing Supplies		2,287	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

Office Supplies	\$	519	
Other Supplies and Materials		64	
Administration Equipment		245	
Total Fiscal Services			\$ 160,347

Operation of Plant

Custodial Personnel	\$	421,983	
Social Security		25,573	
State Retirement		18,207	
Unemployment Compensation		767	
Employer Medicare		6,087	
Disposal Fees		68,291	
Other Contracted Services		17,479	
Custodial Supplies		86,556	
Electricity		1,306,461	
Fuel Oil		14,078	
Natural Gas		113,612	
Water and Sewer		129,471	
Total Operation of Plant			2,208,565

Maintenance of Plant

Maintenance Personnel	\$	405,326	
Social Security		22,900	
State Retirement		18,426	
Life Insurance		132	
Medical Insurance		4,905	
Dental Insurance		144	
Unemployment Compensation		333	
Employer Medicare		5,810	
Maintenance and Repair Services - Buildings		140,831	
Maintenance and Repair Services - Equipment		174,913	
Other Charges		1,806	
Total Maintenance of Plant			775,526

Transportation

Supervisor/Director	\$	38,047	
Mechanic(s)		52,292	
Bus Drivers		392,007	
Other Salaries and Wages		19,465	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Social Security	\$	32,569	
State Retirement		23,910	
Life Insurance		32,178	
Medical Insurance		327,004	
Unemployment Compensation		550	
Employer Medicare		7,617	
Contracts with Vehicle Owners		504,774	
Other Contracted Services		7,230	
Garage Supplies		440	
Gasoline		121,315	
Tires and Tubes		12,193	
Vehicle Parts		35,652	
Other Charges		1,751	
Transportation Equipment		164,130	
Total Transportation			\$ 1,773,124

Central and Other

Other Contracted Services	\$	75,342	
Data Processing Equipment		34,128	
Total Central and Other			109,470

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	47,724	
Accountants/Bookkeepers		21,742	
Other Salaries and Wages		13,500	
Social Security		5,327	
State Retirement		5,706	
Life Insurance		136	
Medical Insurance		12,976	
Dental Insurance		170	
Unemployment Compensation		1,290	
Employer Medicare		9,813	
Payments to Schools - Breakfast		399,697	
Payments to Schools - Lunch		1,139,496	
Payments to Schools - Other		20,174	
Travel		858	
Other Contracted Services		255	
Other Supplies and Materials		5,604	
Total Food Service			1,684,468

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services

Other Salaries and Wages	\$	459,495	
Social Security		27,397	
State Retirement		21,640	
Life Insurance		644	
Medical Insurance		19,235	
Dental Insurance		684	
Unemployment Compensation		381	
Employer Medicare		6,514	
Travel		21,477	
Other Supplies and Materials		103,924	
Other Charges		76,622	
Other Equipment		101,200	
Total Community Services			\$ 839,213

Early Childhood Education

Other Salaries and Wages	\$	782,019	
Social Security		46,797	
State Retirement		46,841	
Life Insurance		2,218	
Medical Insurance		74,157	
Dental Insurance		2,590	
Unemployment Compensation		624	
Employer Medicare		10,944	
Travel		91	
Other Supplies and Materials		67,264	
Other Charges		6,174	
Other Equipment		26,079	
Total Early Childhood Education			1,065,798

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	229,150	
Other Capital Outlay		18,719	
Total Regular Capital Outlay			247,869

Principal on Debt

Education

Principal on Other Loans	\$	156,792	
Total Education			156,792

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Interest on Debt

Education

Interest on Other Loans	\$ 34,847	
Total Education		\$ 34,847

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 2,619,312	
Total Education		<u>2,619,312</u>

Total General Purpose School Fund		\$ 36,206,408
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School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 692,922	
Educational Assistants	327,563	
Other Salaries and Wages	11,995	
Certified Substitute Teachers	23,743	
Social Security	63,580	
State Retirement	59,848	
Life Insurance	2,012	
Medical Insurance	78,407	
Dental Insurance	2,283	
Unemployment Compensation	984	
Employer Medicare	14,869	
Instructional Supplies and Materials	164,601	
Other Supplies and Materials	9,281	
Other Charges	11,274	
Regular Instruction Equipment	<u>9,956</u>	
Total Regular Instruction Program		\$ 1,473,318

Special Education Program

Teachers	\$ 31,606
Educational Assistants	631,821
Social Security	39,808
State Retirement	29,513
Life Insurance	134
Medical Insurance	3,802
Unemployment Compensation	1,133
Employer Medicare	9,379

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Contracts with Private Agencies	\$	77,252	
Instructional Supplies and Materials		44,865	
Total Special Education Program			\$ 869,313

Vocational Education Program

Other Contracted Services	\$	8,227	
Instructional Supplies and Materials		27,000	
Other Charges		5,196	
Vocational Instruction Equipment		25,073	
Total Vocational Education Program			65,496

Support Services

Health Services

Other Supplies and Materials	\$	1,444	
Total Health Services			1,444

Other Student Support

Other Salaries and Wages	\$	85,750	
Social Security		5,009	
State Retirement		4,958	
Life Insurance		136	
Medical Insurance		5,700	
Dental Insurance		151	
Unemployment Compensation		38	
Employer Medicare		1,172	
Travel		26,710	
Other Supplies and Materials		99	
In Service/Staff Development		21,966	
Other Charges		350	
Other Equipment		92,130	
Total Other Student Support			244,169

Regular Instruction Program

Supervisor/Director	\$	128,448
Secretary(ies)		26,730
Clerical Personnel		18,428
Social Security		10,587
State Retirement		10,406
Life Insurance		270

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Medical Insurance	\$	9,396	
Dental Insurance		303	
Unemployment Compensation		71	
Employer Medicare		2,476	
Travel		3,463	
Other Supplies and Materials		22,153	
In Service/Staff Development		54,049	
Other Charges		554	
Total Regular Instruction Program			\$ 287,334

Special Education Program

Travel	\$	3,790	
Other Supplies and Materials		2,483	
Other Charges		888	
Total Special Education Program			7,161

Vocational Education Program

Travel	\$	1,900	
Other Supplies and Materials		300	
In Service/Staff Development		599	
Other Charges		2,600	
Total Vocational Education Program			5,399

Operation of Non-Instructional Services

Community Services

Other Salaries and Wages	\$	463,669	
Social Security		28,052	
State Retirement		27,042	
Life Insurance		403	
Medical Insurance		11,088	
Dental Insurance		454	
Unemployment Compensation		267	
Employer Medicare		6,641	
Travel		29,671	
Other Contracted Services		11,813	
Instructional Supplies and Materials		30,312	
Other Supplies and Materials		247,639	
Other Charges		48,181	
Other Equipment		49,748	
Total Community Services			954,980

Total School Federal Projects Fund \$ 3,908,614

Total Governmental Funds - Claiborne County School Department \$ 40,115,022

Exhibit J-9

Claiborne County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2009

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,580,032
Total Cash Receipts	<u>\$ 1,580,032</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,564,232
Trustee's Commission	<u>15,800</u>
Total Cash Disbursements	<u>\$ 1,580,032</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2008	<u>0</u>
 Cash Balance, June 30, 2009	 <u><u>\$ 0</u></u>

SINGLE AUDIT SECTION

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

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

December 11, 2009

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Claiborne County, Tennessee, as of and for the year ended June 30, 2009, which collectively comprise Claiborne County's basic financial statements and have issued our reports thereon dated December 11, 2009. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Claiborne County Emergency Communications District, Claiborne County Hospital and Nursing Home, and Claiborne County Industrial Development Board, which were not available from other auditors as of the date of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Claiborne 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 Claiborne County's internal control over financial

reporting. Accordingly, we do not express an opinion on the effectiveness of Claiborne 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 deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting: 09.01.

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 Claiborne 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 do not consider the significant deficiency described above to be a material weakness.

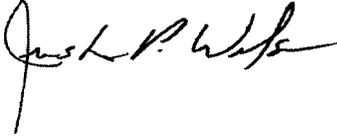
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Claiborne County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

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, others within Claiborne County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke on the left side.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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

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

December 11, 2009

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Claiborne 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, 2009. Claiborne 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 Claiborne County's management. Our responsibility is to express an opinion on Claiborne 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 Claiborne 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 on Claiborne County's compliance with those requirements.

In our opinion, Claiborne 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, 2009.

Internal Control Over Compliance

The management of Claiborne 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 Claiborne 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 Claiborne 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.

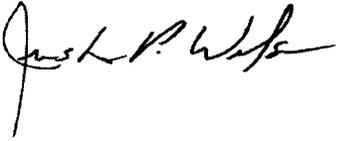
Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Claiborne County, Tennessee, as of and for the year ended June 30, 2009, and have issued our reports thereon dated December 11, 2009. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Claiborne County Emergency Communications District, Claiborne County Hospital and Nursing Home, and Claiborne County Industrial Development Board,

which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Claiborne 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.

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, others within Claiborne County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

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Claiborne County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Fiscal Year Ended June 30, 2009

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:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 176,541 (4)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	399,697
National School Lunch Program	10.555	N/A	1,139,496 (4)
Summer Food Service Program for Children	10.559	N/A	20,174
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	(2)	29,658
Total U.S. Department of Agriculture			<u>\$ 1,765,566</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Housing Development Agency:			
HOME Investment Partnerships Program	14.239	N/A	\$ 153,076
Total U.S. Department of Housing and Urban Development			<u>\$ 153,076</u>
U.S. Department of Education:			
Direct Program:			
Early Reading First			
Early Reading First	84.359	N/A	\$ 219,288
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies			
Title I Grants to Local Educational Agencies	84.010	N/A	1,410,574
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	972,509
Special Education - Preschool Grants	84.173	N/A	41,737
Career and Technical Education - Basic Grants to States	84.048	N/A	173,403
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	19,836
Even Start - State Educational Agencies	84.213	(2)	84,984
Twenty-first Century Community Learning Centers	84.287	(2)	395,999
State Grants for Innovative Programs	84.298	N/A	5,071
Education Technology State Grants	84.318	(2)	18,490
Reading First State Grants	84.357	GG-04-11036-00	436,928
Rural Education	84.358	N/A	129,906
Improving Teacher Quality State Grants	84.367	N/A	384,392
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	Z-07-033681-00	131,429
Total U.S. Department of Education			<u>\$ 4,424,546</u>
U.S. Department of Homeland Security:			
Passed-through State Department of the Military:			
Homeland Security Cluster:			
Homeland Security Grant Program	97.067	(3)	\$ 22,608
Total U.S. Department of Homeland Security			<u>\$ 22,608</u>
Total Expenditures of Federal Awards			<u>\$ 6,365,796</u>

(Continued)

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

<u>Federal/Pass-through Agency/State Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
<u>State Grants</u>			
Family Resource Centers - State Department of Education	N/A	(2)	\$ 33,290
Lottery for Education: Preschool - State Department of Education	N/A	(2)	1,067,950
Lottery for Education: After School Programs - State Department of Education	N/A	(2)	98,984
Safe Schools Act - State Department of Education	N/A	(2)	30,300
Coordinated School Health Program	N/A	(2)	100,000
Litter Grant - State Department of Transportation	N/A	(2)	29,907
Reappraisal Grant - State Comptroller of the Treasury	N/A	(2)	14,045
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	4,462
Driver's Education - State Department of Education	N/A	(2)	13,799
Juvenile Services Program - State Children's Services Commission	N/A	(2)	2,250
Health Department Grants - State Department of Health Services	N/A	(2)	<u>227,573</u>
Total State Grants			<u>\$ 1,622,560</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) GG-07-20782: \$12,608; GG-08-25962: \$10,000.
- (4) Total for CFDA No. 10.555 is \$1,316,037.

Claiborne County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2009

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below is the finding from the Annual Financial Report for Claiborne County, Tennessee, for the year ended June 30, 2008, which has not been corrected.

OTHER FINDING

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.07	214	Duties were not segregated adequately in the Offices of County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff

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CLAIBORNE COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2009

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Claiborne County disclosed one significant deficiency in internal control. This deficiency was not considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements.
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: the School Breakfast Program, the National School Lunch Program, and the Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559); the Special Education Cluster (CFDA Nos. 84.027 and 84.173); Twenty-first Century Community Learning Centers (CFDA No. 84.287); and Improving Teacher Quality State Grants (CFDA No. 84.367) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Claiborne County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

A finding and recommendation, as a result of our examination, is presented below. We reviewed this finding and recommendation with management to provide an opportunity for their response; however, management did not provide a response for inclusion in this report.

OTHER FINDING AND RECOMMENDATION

FINDING 09.01 DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER; AND SHERIFF
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among the officials and employees in the Offices of County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to provide reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The officials should segregate duties to the extent possible using available resources.

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

There were no findings and questioned costs for federal awards.

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**CLAIBORNE COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2009**

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