
ANNUAL FINANCIAL REPORT JEFFERSON COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2009



This page is left blank intentionally.

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

DEPARTMENT OF AUDIT
JUSTIN P. WILSON
Comptroller of the Treasury

DIVISION OF COUNTY AUDIT
RICHARD V. NORMENT
Assistant to the Comptroller

JAMES R. ARNETTE
Director

BRYAN W. BURKLIN, CPA, CGFM
Audit Manager

MARK TREECE, CPA, CGFM
Auditor 4

PHILIP TOBY, CGFM
JOEY BARNARD, CFE, CGFM
GREG BRUSH
State Auditors

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

This page is left blank intentionally.

JEFFERSON COUNTY, TENNESSEE TABLE OF CONTENTS

	Exhibit	Page(s)
Audit Highlights		9-10
<u>INTRODUCTORY SECTION</u>		11
Jefferson County Officials		13-14
<u>FINANCIAL SECTION</u>		15
Independent Auditor's Report		17-19
BASIC FINANCIAL STATEMENTS:		21
Government-wide Financial Statements:		
Statement of Net Assets	A	23
Statement of Activities	B	24-25
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	26
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	27
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	28
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	29-30
Proprietary Funds:		
Statement of Net Assets	D-1	31
Statement of Revenues, Expenses, and Changes in Net Assets	D-2	32-33
Statement of Cash Flows	D-3	34-35
Fiduciary Funds:		
Statement of Fiduciary Net Assets	E-1	36
Statement of Changes in Fiduciary Net Assets	E-2	37
Notes to the Financial Statements		39-81
REQUIRED SUPPLEMENTARY INFORMATION:		83
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	F-1	85-88
Highway/Public Works Fund	F-2	89
Schedule of Funding Progress – Pension Plan – Jefferson County and Discretely Presented Jefferson County School Department	F-3	90

	Exhibit	Page(s)
Schedule of Funding Progress – Other Post Employment Benefits Plans – Jefferson County and Discretely Presented Jefferson County School Department	F-4	91
Notes to the Required Supplementary Information		93
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		95
Nonmajor Governmental Funds:		97-98
Combining Balance Sheet	G-1	99
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	100
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
Solid Waste/Sanitation Fund	G-3	101
Drug Control Fund	G-4	102
General Capital Projects Fund	G-5	103
Major Governmental Fund:		105
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	H	107
Fiduciary Funds:		109
Combining Statement of Fiduciary Assets and Liabilities	I-1	111
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	I-2	112-113
Component Unit:		
Discretely Presented Jefferson County School Department:		115
Statement of Activities	J-1	117
Balance Sheet – Governmental Funds	J-2	118
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	J-3	119
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	J-4	120
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	J-5	121
Combining Balance Sheet – Nonmajor Governmental Funds	J-6	122
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	J-7	123
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	J-8	124-125
School Federal Projects Fund	J-9	126
Proprietary Fund:		
Statement of Net Assets	J-10	127
Statement of Revenues, Expenses, and Changes in Net Assets	J-11	128
Statement of Cash Flows	J-12	129

	Exhibit	Page(s)
Fiduciary Fund:		
Statement of Fiduciary Net Assets	J-13	130
Statement of Changes in Fiduciary Net Assets	J-14	131
Miscellaneous Schedules:		
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds	K-1	135-136
Schedule of Long-term Debt Requirements by Year	K-2	137-138
Schedule of Transfers – Primary Government and Discretely Presented Jefferson County School Department	K-3	139
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Jefferson County School Department	K-4	140
Schedule of Detailed Revenues – All Governmental Fund Types	K-5	141-150
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Jefferson County School Department	K-6	151-152
Schedule of Detailed Expenditures – All Governmental Fund Types	K-7	153-177
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Jefferson County School Department	K-8	178-191
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balances – City Agency Funds	K-9	192
 <u>SINGLE AUDIT SECTION</u>		 193
 Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		 195-197
Auditor’s Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With <u>OMB Circular A-133</u>		 199-201
Schedule of Expenditures of Federal Awards and State Grants		203-204
Schedule of Audit Findings Not Corrected		205
Schedule of Findings and Questioned Costs		207-212
Auditee Reporting Responsibilities		213

This page is left blank intentionally.

Audit Highlights
Annual Financial Report
Jefferson County, Tennessee
For the Year Ended June 30, 2009

Scope

We have audited the basic financial statements of Jefferson County 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 two component units whose financial statements were not available from other auditors at the date of this report. Our report on the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information is unqualified.

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

Findings

The following are summaries of the audit findings:

OFFICE OF FINANCE DIRECTOR

- ◆ Material audit adjustments were required for proper financial statement presentation in certain funds.
- ◆ The Solid Waste/Sanitation Fund had a deficit of \$42,436 in unreserved fund balance at June 30, 2009.

OFFICE OF COUNTY MAYOR

- ◆ Deficiencies were noted in computer system backup procedures for the Offices of Emergency Management Service and Solid Waste.
 - ◆ The Emergency Management Service did not review its software audit logs.
 - ◆ A cash shortage of \$22,790.23 existed in the Office of Emergency Management Services on June 30, 2009.
-

OFFICE OF CLERK AND MASTER

- ◆ The office did not review its software audit logs.
-

OTHER FINDINGS

- ◆ Duties were not segregated adequately among the officials and employees in the Offices of Clerk and Master and Sheriff.
- ◆ The Solid Waste Disposal Fund had a deficit of \$4,721,502 in unrestricted net assets at June 30, 2009.

INTRODUCTORY SECTION

This page is left blank intentionally.

Jefferson County Officials

June 30, 2009

Officials

Alan Palmieri, County Mayor
Charles Tipton, Road Superintendent
Dr. Archie Bone, Director of Schools
Ginger Franklin, Trustee
Susan Gass, Assessor of Property
R.E. Farrar, III, County Clerk
Penny Murphy, Circuit and General Sessions Courts Clerk
Nancy Humbard, Clerk and Master
Sarah Webb, Register
David Davenport, Sheriff
Mike Long, Finance Director

Board of County Commissioners

Phillip Kindred, Chairman
Frank Clamon
Kenneth Arnold
Condon Batson
Randall Baxley
Robert Beeler
Steven Chambers
Jane Groseclose Davis
Matthew Evon
Donald Finchum
W.D. Henry

James Jarnigan
Larry Masters
Marty Mills
Tommy Musick
Herbert Norton
Barbara Sheets
Nina Snodgrass
Sammy Solomon
Harold Taylor
William Watkins, Jr.

Financial Management Committee

Larry Masters, Chairman
Robert Beeler
Frank Clamon
Mike Norton

Alan Palmieri, County Mayor
Dr. Archie Bone, Director of Schools
Charles Tipton, Road Superintendent

Board of Education

Anne Marie Potts, Chairman
Emily Fox
Bill Jarnigan
Annette Loy

Michael Phagan
Maurice Solomon
Jim Vines

Jefferson County Officials (Cont.)

Highway Commission

Doug Quarles, Chairman
Mike Wolfenbarger
Lynn Henry
G.W. Loy, Jr.

Wayne Elmore
John Turner
Paul Condry

FINANCIAL SECTION

This page is left blank intentionally.



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

INDEPENDENT AUDITOR'S REPORT

December 21, 2009

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

To the County Mayor and Board of County Commissioners:

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

We 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 Jefferson County Nursing Home and the Jefferson County Emergency Communications District, 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 Jefferson County Nursing Home and the Jefferson County

Emergency Communications District, which should be included to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Jefferson County Nursing Home and the Jefferson County Emergency Communications District as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate discretely presented component units of Jefferson County, Tennessee, as of 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, the business-type activities, each major fund, and the aggregate remaining fund information of Jefferson County, Tennessee, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 21, 2009, on our consideration of Jefferson County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

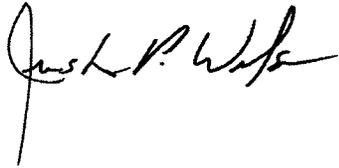
As described in Note V.B., Jefferson County has adopted the provisions of Governmental Accounting Standards Board Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments.

The management of Jefferson 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 85 through 93 are not required parts of the basic financial statements but they do provide supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jefferson County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Jefferson County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Jefferson County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

This page is left blank intentionally.

BASIC FINANCIAL STATEMENTS

This page is left blank intentionally.

Exhibit A

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

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		Jefferson County School Department
ASSETS				
Cash and Cash Equivalents	\$ 143,768	\$ 25	\$ 143,793	\$ 57,151
Equity in Pooled Cash and Investments	15,902,782	28,934	15,931,716	5,160,234
Accounts Receivable	1,751,242	57,015	1,808,257	73,567
Allowance for Uncollectibles	(490,546)	(5,702)	(496,248)	0
Due from Other Governments	1,372,703	0	1,372,703	1,904,153
Cash Shortage	22,790	0	22,790	0
Internal Balances	379,129	(379,129)	0	0
Property Taxes Receivable	16,382,781	0	16,382,781	7,212,545
Allowance for Uncollectible Property Taxes	(584,680)	0	(584,680)	(257,406)
Unamortized Discount on Debt	136,590	0	136,590	0
Unamortized Debt Issuance Cost	340,557	0	340,557	0
Assets Not Depreciated:				
Land	1,433,861	461,930	1,895,791	581,841
Construction in Progress	0	0	0	1,780,279
Assets Net of Accumulated Depreciation:				
Landfill Facilities and Development	0	120,003	120,003	0
Buildings and Improvements	17,241,420	52,474	17,293,894	17,159,580
Machinery and Equipment	0	1,247,364	1,247,364	204,370
Other Capital Assets	2,339,206	0	2,339,206	1,737,760
Infrastructure	84,726,209	0	84,726,209	0
Total Assets	\$ 141,097,812	\$ 1,582,914	\$ 142,680,726	\$ 35,614,074
LIABILITIES				
Accounts Payable	\$ 178,171	\$ 2,819	\$ 180,990	\$ 191,214
Accrued Payroll	30,966	10,145	41,111	174,072
Accrued Interest Payable	142,560	2,400	144,960	0
Payroll Deductions Payable	175,207	714	175,921	1,689,118
Contracts Payable	0	0	0	34,561
Due to the State of Tennessee	25,973	7,821	33,794	0
Other Current Liabilities	647,476	0	647,476	3,840
Deferred Revenue - Property Taxes	15,182,144	0	15,182,144	6,683,963
Noncurrent Liabilities:				
Due Within One Year	2,246,423	201,825	2,448,248	191,915
Due in More Than One Year	45,483,641	4,705,906	50,189,547	3,089,146
Total Liabilities	\$ 64,112,561	\$ 4,931,630	\$ 69,044,191	\$ 12,057,829
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	\$ 93,564,631	\$ 1,372,786	\$ 94,937,417	\$ 0
Invested in Capital Assets	0	0	0	21,463,830
Restricted for:				
Drug Control	79,524	0	79,524	0
Highways	1,039,214	0	1,039,214	0
Debt Service	9,068,315	0	9,068,315	0
Courthouse and Jail	377,997	0	377,997	0
Alcohol and Drug Treatment	173,233	0	173,233	0
Capital Projects	586,169	0	586,169	4,418
State and Federal Financial Assistance Programs	0	0	0	1,444,784
Other	72,843	0	72,843	0
Unrestricted	(27,976,675)	(4,721,502)	(32,698,177)	643,213
Total Net Assets (Deficit)	\$ 76,985,251	\$ (3,348,716)	\$ 73,636,535	\$ 23,556,245

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

Exhibit B

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

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets										
	Program Revenues					Primary Government					Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business-type Activities	Total	Jefferson County School Department		
Primary Government:											
Governmental Activities:											
General Government	\$ 2,134,831	\$ 240,322	\$ 10,843	\$ 641,527	\$ (1,242,139)	\$ 0	\$ (1,242,139)	\$ 0			
Finance	2,662,098	1,472,274	21,561	0	(1,168,263)	0	(1,168,263)	0			
Administration of Justice	1,757,063	1,339,615	10,890	0	(406,558)	0	(406,558)	0			
Public Safety	6,469,456	1,655,502	80,669	157,054	(4,576,231)	0	(4,576,231)	0			
Public Health and Welfare	5,864,511	3,582,138	186,732	488,581	(1,607,060)	0	(1,607,060)	0			
Social, Cultural, and Recreational Services	568,883	15,430	205,053	0	(348,400)	0	(348,400)	0			
Agriculture and Natural Resources	125,876	0	0	0	(125,876)	0	(125,876)	0			
Other Operations	1,627,536	0	0	0	(1,627,536)	0	(1,627,536)	0			
Highways	5,008,233	26,855	1,629,289	113,776	(3,238,313)	0	(3,238,313)	0			
Education	0	0	0	0	0	0	0	0			
Support Services	26	0	0	0	(26)	0	(26)	0			
Interest on Long-term Debt	1,733,147	0	0	0	(1,733,147)	0	(1,733,147)	0			
Debt Service	302,039	0	0	0	(302,039)	0	(302,039)	0			
Total Governmental Activities	\$ 28,253,699	\$ 8,332,136	\$ 2,145,037	\$ 1,400,938	\$ (16,375,588)	\$ 0	\$ (16,375,588)	\$ 0			
Business-type Activities:											
Solid Waste Disposal	\$ 1,731,129	\$ 1,259,366	\$ 7,747	\$ 0	\$ (464,016)	\$ (464,016)	\$ (464,016)	\$ 0			
Total Business-type Activities	\$ 1,731,129	\$ 1,259,366	\$ 7,747	\$ 0	\$ (464,016)	\$ (464,016)	\$ (464,016)	\$ 0			
Total Primary Government	\$ 29,984,828	\$ 9,591,502	\$ 2,152,784	\$ 1,400,938	\$ (16,375,588)	\$ (464,016)	\$ (16,839,604)	\$ 0			
Component Unit:											
Jefferson County School Department	\$ 54,295,777	\$ 1,324,526	\$ 6,794,196	\$ 31,000	\$ 0	\$ 0	\$ (46,146,055)	\$ 0			
Total Component Unit	\$ 54,295,777	\$ 1,324,526	\$ 6,794,196	\$ 31,000	\$ 0	\$ 0	\$ (46,146,055)	\$ 0			

(Continued)

Exhibit B

Jefferson County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit Jefferson County School Department
	Expenses	Operating		Capital Grants and Contributions	Primary Government		Total	
		Charges for Services	Grants and Contributions		Governmental Activities	Business-type Activities		
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes				\$ 13,884,315	\$ 0	\$ 13,884,315	\$	6,834,916
Property Taxes Levied for Debt Service				1,557,453	0	1,557,453		0
Local Option Sales Taxes				748,138	0	748,138		4,612,135
Hotel/Motel Tax				181,328	0	181,328		0
Wheel Tax				1,049,837	0	1,049,837		0
Litigation Tax - General				114,686	0	114,686		0
Litigation Tax - Special Purpose				3,746	0	3,746		0
Litigation Tax - Jail, Workhouse, or Courthouse				208,830	0	208,830		0
Business Tax				343,251	0	343,251		0
Adequate Facilities Tax				158,668	0	158,668		0
Wholesale Beer Tax				120,404	0	120,404		2,781
Interstate Telecommunications Tax				0	0	0		9,298
Grants and Contributions Not Restricted to Specific Programs				320,924	0	320,924		32,607,211
Unrestricted Investment Income				575,698	0	575,698		10,118
Miscellaneous				64,669	0	64,669		15,791
Gain on Disposal of Capital Assets				0	0	0		11,357
Total General Revenues				\$ 19,331,947	\$ 0	\$ 19,331,947	\$	44,103,607
Transfers				\$ 28,129	\$ (28,129)	\$ 0	\$	0
Change in Net Assets				\$ 2,984,488	\$ (492,145)	\$ 2,492,343	\$	(2,042,448)
Net Assets (Deficit), July 1, 2008				74,022,716	(391,133)	73,631,583		25,598,693
Prior-period Adjustment				(21,953)	(2,465,438)	(2,487,391)		0
Net Assets (Deficit), June 30, 2009				\$ 76,985,251	\$ (3,348,716)	\$ 73,636,535	\$	23,556,245

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

Exhibit C-1

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

	Major Funds			Nonmajor Funds	Total Govern- mental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
ASSETS					
Cash	\$ 40,934	\$ 0	\$ 0	\$ 102,834	\$ 143,768
Equity in Pooled Cash and Investments	3,813,573	773,120	8,561,408	2,699,399	15,847,500
Accounts Receivable	1,713,084	4,735	0	30,197	1,748,016
Allowance for Uncollectibles	(490,546)	0	0	0	(490,546)
Due from Other Governments	901,383	295,263	176,057	0	1,372,703
Due from Other Funds	56,308	0	411,427	0	467,735
Property Taxes Receivable	10,303,636	2,369,836	1,648,582	2,060,727	16,382,781
Allowance for Uncollectible Property Taxes	(367,724)	(84,576)	(58,836)	(73,544)	(584,680)
Cash Shortage	22,790	0	0	0	22,790
Total Assets	\$ 15,993,438	\$ 3,358,378	\$ 10,738,638	\$ 4,819,613	\$ 34,910,067
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 125,836	\$ 45,817	\$ 0	\$ 3,044	\$ 174,697
Accrued Payroll	0	22,613	0	8,353	30,966
Payroll Deductions Payable	175,207	0	0	0	175,207
Due to Other Funds	0	0	0	88,606	88,606
Due to State of Tennessee	25,973	0	0	0	25,973
Other Current Liabilities	647,476	0	0	0	647,476
Deferred Revenue - Current Property Taxes	9,548,518	2,196,159	1,527,763	1,909,704	15,182,144
Deferred Revenue - Delinquent Property Taxes	311,833	71,722	49,893	62,367	495,815
Other Deferred Revenues	1,008,135	145,354	91,441	0	1,244,930
Total Liabilities	\$ 11,842,978	\$ 2,481,665	\$ 1,669,097	\$ 2,072,074	\$ 18,065,814
Fund Balances					
Reserved for Encumbrances	\$ 71,450	\$ 25,398	\$ 0	\$ 99,746	\$ 196,594
Reserved for Alcohol and Drug Treatment	173,233	0	0	0	173,233
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	314,495	0	0	0	314,495
Reserved for Sexual Offender Registration	20,959	0	0	0	20,959
Reserved for Computer System - Register	16,922	0	0	0	16,922
Reserved for Automation Purposes - County Clerk	3,644	0	0	0	3,644
Reserved for Other General Purposes	27,606	0	336,427	0	364,033
Unreserved, Reported In:					
General Fund	3,522,151	0	0	0	3,522,151
Special Revenue Funds	0	851,315	0	2,169,984	3,021,299
Debt Service Funds	0	0	8,733,114	0	8,733,114
Capital Projects Funds	0	0	0	477,809	477,809
Total Fund Balances	\$ 4,150,460	\$ 876,713	\$ 9,069,541	\$ 2,747,539	\$ 16,844,253
Total Liabilities and Fund Balances	\$ 15,993,438	\$ 3,358,378	\$ 10,738,638	\$ 4,819,613	\$ 34,910,067

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

Exhibit C-2

Jefferson County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 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)		\$ 16,844,253
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,433,861	
Add: buildings and improvements net of accumulated depreciation	17,241,420	
Add: other capital assets net of accumulated depreciation	2,339,206	
Add: infrastructure net of accumulated depreciation	<u>84,726,209</u>	105,740,696
(2) An internal service fund is used by management to charge the cost of employee dental and vision programs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		55,034
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (3,030,000)	
Less: other loans payable	(35,920,000)	
Less: capital leases payable	(307,936)	
Less: bonds payable	(7,860,000)	
Add: deferred amount on refunding	77,813	
Add: deferred charges - debt issuance costs	340,557	
Less: other deferred revenue - premium on debt	(87,905)	
Add: deferred discount on debt	136,590	
Less: accrued interest on bonds, capital leases, and other loans	(142,560)	
Less: compensated absences payable	(557,621)	
Less: other postemployment benefits liability	<u>(44,415)</u>	(47,395,477)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,740,745</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 76,985,251</u>

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

Exhibit C-3

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds	
Revenues					
Local Taxes	\$ 10,634,676	\$ 2,216,394	\$ 3,429,858	\$ 2,018,327	\$ 18,299,255
Licenses and Permits	299,922	0	0	0	299,922
Fines, Forfeitures, and Penalties	308,036	0	0	51,353	359,389
Charges for Current Services	3,617,041	26,855	0	949,673	4,593,569
Other Local Revenues	1,127,941	3,823	1,004,328	61,987	2,198,079
Fees Received from County Officials	1,150,663	0	0	0	1,150,663
State of Tennessee	1,771,753	1,738,407	0	0	3,510,160
Federal Government	244,458	0	0	0	244,458
Other Governments and Citizens Groups	167,497	0	219,350	0	386,847
Total Revenues	\$ 19,321,987	\$ 3,985,479	\$ 4,653,536	\$ 3,081,340	\$ 31,042,342
Expenditures					
Current:					
General Government	\$ 1,822,277	\$ 0	\$ 0	\$ 257,601	\$ 2,079,878
Finance	1,936,243	0	0	689,834	2,626,077
Administration of Justice	1,363,376	0	0	270	1,363,646
Public Safety	6,355,423	0	0	24,374	6,379,797
Public Health and Welfare	4,359,675	0	0	1,523,037	5,882,712
Social, Cultural, and Recreational Services	564,683	0	0	0	564,683
Agriculture and Natural Resources	124,982	0	0	0	124,982
Other Operations	1,626,035	0	0	1,501	1,627,536
Highways	0	3,732,505	0	0	3,732,505
Support Services	26	0	0	0	26
Debt Service:					
Principal on Debt	153,565	0	1,603,000	0	1,756,565
Interest on Debt	8,514	0	1,703,276	0	1,711,790
Other Debt Service	0	0	437,578	0	437,578
Capital Projects	0	0	0	370,382	370,382
Total Expenditures	\$ 18,314,799	\$ 3,732,505	\$ 3,743,854	\$ 2,866,999	\$ 28,658,157
Excess (Deficiency) of Revenues Over Expenditures					
	\$ 1,007,188	\$ 252,974	\$ 909,682	\$ 214,341	\$ 2,384,185
Other Financing Sources (Uses)					
Capital Leases Issued	\$ 227,900	\$ 0	\$ 0	\$ 0	\$ 227,900
Refunding Debt Issued	0	0	27,045,000	0	27,045,000
Insurance Recovery	31,243	0	0	0	31,243
Transfers In	112,516	0	0	122,556	235,072
Transfers Out	(122,556)	(56,258)	0	(28,129)	(206,943)
Discounts on Debt Issued	0	0	(144,868)	0	(144,868)
Payments to Refunded Debt Escrow Agent	0	0	(26,733,560)	0	(26,733,560)
Total Other Financing Sources (Uses)	\$ 249,103	\$ (56,258)	\$ 166,572	\$ 94,427	\$ 453,844
Net Change in Fund Balances					
	\$ 1,256,291	\$ 196,716	\$ 1,076,254	\$ 308,768	\$ 2,838,029
Fund Balance, July 1, 2008	2,894,169	679,997	7,993,287	2,438,771	14,006,224
Fund Balance, June 30, 2009	\$ 4,150,460	\$ 876,713	\$ 9,069,541	\$ 2,747,539	\$ 16,844,253

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

Exhibit C-4

Jefferson County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 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)		\$ 2,838,029
(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	\$ 762,498	
Less: current year depreciation expense	<u>(2,219,067)</u>	(1,456,569)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: loss on disposal of capital assets		(1,740)
(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	\$ 1,740,745	
Less: deferred delinquent property taxes and other deferred June 30, 2008	<u>(1,571,289)</u>	169,456
(4) The issuance of long-term debt (e.g., bonds, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:		
Less: capital lease proceeds	\$ (227,900)	
Less: refunding other loan proceeds	(27,045,000)	
Add: change in discount on debt issues	136,590	
Add: change in premium on debt issues	3,151	
Add: change in deferred debt issuance costs	66,413	
Add: principal payments on bonds	140,000	
Add: principal payments on notes	338,000	
Add: principal payments on other loans	1,125,000	
Add: principal payments on capital leases	153,565	
Add: loans refunded	26,730,000	
Add: change in deferred amount on refunding debt	<u>77,813</u>	1,497,632
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ (21,357)	
Change in compensated absences payable	(40,312)	
Change in other postemployment benefits liability	<u>(22,462)</u>	(84,131)

(Continued)

Exhibit C-4

Jefferson County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities (Cont.)

(6) An internal service fund is used by management to charge the cost of employee dental and vision benefits to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities.	<u>\$ 21,811</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$ 2,984,488</u>

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

Exhibit D-1

Jefferson County, Tennessee
Statement of Net Assets
Proprietary Funds
June 30, 2009

	<u>Business-type Activities - Major Enterprise Fund</u>	<u>Governmental Activities - Internal Service Fund</u>
	<u>Solid Waste Disposal Fund</u>	<u>Employee Insurance - Dental and Vision Fund</u>
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 25	\$ 0
Equity in Pooled Cash and Investments	28,934	55,282
Accounts Receivable	57,015	3,226
Allowance for Uncollectibles	(5,702)	0
Due from Other Funds	60,427	0
Total Current Assets	<u>\$ 140,699</u>	<u>\$ 58,508</u>
Noncurrent Assets:		
Capital Assets:		
Assets Not Depreciated:		
Land	\$ 461,930	\$ 0
Assets Net of Accumulated Depreciation:		
Landfill Facilities and Development	120,003	0
Buildings and Improvements	52,474	0
Machinery and Equipment	1,247,364	0
Total Noncurrent Assets	<u>\$ 1,881,771</u>	<u>\$ 0</u>
Total Assets	<u>\$ 2,022,470</u>	<u>\$ 58,508</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	\$ 2,819	\$ 3,474
Accrued Payroll	10,145	0
Accrued Interest Payable	2,400	0
Payroll Deductions Payable	714	0
Due to Other Funds	439,556	0
Due to the State of Tennessee	7,821	0
Current Portion of Long-term Liabilities	201,825	0
Total Current Liabilities	<u>\$ 665,280</u>	<u>\$ 3,474</u>
Noncurrent Liabilities:		
Due in More Than One Year	\$ 4,705,906	\$ 0
Total Noncurrent Liabilities	<u>\$ 4,705,906</u>	<u>\$ 0</u>
Total Liabilities	<u>\$ 5,371,186</u>	<u>\$ 3,474</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 1,372,786	\$ 0
Unrestricted	<u>(4,721,502)</u>	<u>55,034</u>
Net Assets	<u>\$ (3,348,716)</u>	<u>\$ 55,034</u>

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

Exhibit D-2

Jefferson County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Employee Insurance - Dental and Vision Fund
<u>Operating Revenues</u>		
Tipping Fees	\$ 1,139,471	\$ 0
Lease/Rentals	897	0
Sale of Recycled Materials	118,998	0
Solid Waste Grants	7,747	0
Self-Insurance Premiums/Contributions	0	123,078
Total Operating Revenues	<u>\$ 1,267,113</u>	<u>\$ 123,078</u>
<u>Operating Expenses</u>		
<u>Cost of Sales and Services</u>		
Supervisor/Director	\$ 28,857	\$ 0
Accountants/Bookkeepers	37,790	0
Longevity Pay	10,900	0
Laborers	400,343	0
Board and Committee Members Fees	4,320	0
Social Security	34,282	0
State Retirement	66,368	0
Employee and Dependant Insurance	107,105	0
Life Insurance	1,151	0
Dental Insurance	1,500	0
Unemployment Compensation	372	0
Employer Medicare	2,292	0
Engineering Services	4,909	0
Evaluation and Testing	18,834	0
Janitorial Services	1,344	0
Maintenance Agreements	3,843	0
Maintenance and Repair Services - Equipment	119,174	0
Postal Charges	147	0
Rentals	107	0
Travel	933	0
Other Contracted Services	33,494	0
Crushed Stone	19,149	0
Diesel Fuel	100,057	0
Fertilizer, Lime, and Seed	1,342	0
Gasoline	4,494	0
Lubricants	14,430	0
Office Supplies	1,899	0

(Continued)

Exhibit D-2

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

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Employee Insurance - Dental and Vision Fund
<u>Operating Expenses (Cont.)</u>		
<u>Cost of Sales and Services (Cont.)</u>		
Pipe	\$ 8,876	\$ 0
Propane Gas	1,621	0
Tires and Tubes	1,444	0
Utilities	12,301	0
Chemicals	6,135	0
Other Supplies and Materials	18,205	0
Building and Contents Insurance	9,329	0
Liability Insurance	5,172	0
Trustee's Commission	12,118	0
Workers' Compensation Insurance	32,507	0
Depreciation	124,646	0
Surcharge	29,890	0
Landfill Closure/Postclosure Care Costs	398,548	0
Other Charges	15,622	0
Solid Waste Equipment	18,650	0
Handling Charges and Administrative Costs	0	14,362
Other Self-Insured Claims	0	86,905
Total Operating Expenses	<u>\$ 1,714,500</u>	<u>\$ 101,267</u>
Operating Income (Loss)	<u>\$ (447,387)</u>	<u>\$ 21,811</u>
<u>Nonoperating Revenues (Expenses)</u>		
Interest on Note	\$ (11,054)	\$ 0
Interest on Capital Lease	(5,575)	0
Total Nonoperating Revenues (Expenses)	<u>\$ (16,629)</u>	<u>\$ 0</u>
Income (Loss) Before Contributions and Transfers	\$ (464,016)	\$ 21,811
Transfers Out	(28,129)	0
Change in Net Assets	\$ (492,145)	\$ 21,811
Net Assets, July 1, 2008	(391,133)	33,223
Prior-period Adjustment	<u>(2,465,438)</u>	<u>0</u>
Net Assets, June 30, 2009	<u>\$ (3,348,716)</u>	<u>\$ 55,034</u>

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

Exhibit D-3

Jefferson County, Tennessee
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Employee Insurance - Dental and Vision Fund
	<u> </u>	<u> </u>
<u>Cash Flows from Operating Activities</u>		
Receipts from Customers and Users	\$ 1,213,395	\$ 0
Receipts from Recycled Materials	138,317	0
Receipts from Other Operating Grants	7,747	0
Receipts for Self-Insurance Premiums	0	143,135
Payments to Employees and Board Members	(480,682)	0
Payments for Fringe Benefits	(211,473)	0
Payments to Suppliers	(350,328)	0
Payments to Others	(167,154)	0
Payments for Claims	0	(91,272)
Payments for Administrative Costs	0	(14,021)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 149,822</u>	<u>\$ 37,842</u>
<u>Cash Flows from Capital and Related Financing Activities</u>		
Proceeds from Internal Loan	\$ 501,427	\$ 0
Acquisition and Construction of Capital Assets	(501,427)	0
Principal Paid on Internal Loan	(160,000)	0
Interest Paid on Internal Loan	(9,196)	0
Principal Paid on Capital Lease	(32,807)	0
Interest Paid on Capital Lease	(5,575)	0
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (207,578)</u>	<u>\$ 0</u>
Increase (Decrease) in Cash	\$ (57,756)	\$ 37,842
Cash, July 1, 2008	<u>86,715</u>	<u>17,440</u>
Cash, June 30, 2009	<u>\$ 28,959</u>	<u>\$ 55,282</u>

(Continued)

Exhibit D-3

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

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Employee Insurance - Dental and Vision Fund
	<hr/>	<hr/>
<u>Reconciliation of Net Operating Income (Loss)</u>		
<u>to Net Cash Provided By (Used In) Operating Activities</u>		
Operating Income (Loss)	\$ (447,387)	\$ 21,811
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	124,646	0
Landfill Closure/Postclosure Care Cost	383,804	0
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	14,399	20,057
Increase (Decrease) in Allowance for Uncollectibles	492	0
(Increase) Decrease in Due from Other Funds	77,455	0
Increase (Decrease) in Operating Accounts Payable	(6,929)	(4,026)
Increase (Decrease) in Accrued Payroll	887	0
Increase (Decrease) in Payroll Deductions Payable	641	0
Increase (Decrease) in Due to State of Tennessee	217	0
Increase (Decrease) in Compensated Absences	1,597	0
	<hr/>	<hr/>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 149,822</u>	<u>\$ 37,842</u>
<u>Reconciliation of Cash with Statement</u>		
<u>of Net Assets</u>		
Cash per Net Assets	\$ 25	\$ 0
Equity in Pooled Cash and Investments per Net Assets	<u>28,934</u>	<u>55,282</u>
Cash, June 30, 2009	<u>\$ 28,959</u>	<u>\$ 55,282</u>

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

Exhibit E-1

Jefferson County, Tennessee
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	<u>Other Employee Benefit Trust Fund</u>	
	<u>Flexible Benefits Fund</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash	\$ 0	\$ 2,030,900
Equity in Pooled Cash and Investments	6,150	7,503,704
Accounts Receivable	0	5,340
Due from Other Governments	0	725,678
Property Taxes Receivable	0	1,008,799
Allowance for Uncollectible Property Taxes	0	<u>(23,266)</u>
Total Assets	<u>\$ 6,150</u>	<u>\$ 11,251,155</u>
<u>LIABILITIES</u>		
Due to Component Units	\$ 0	\$ 7,490,415
Due to Other Taxing Units	0	1,724,500
Due to Litigants, Heirs, and Others	0	<u>2,036,240</u>
Total Liabilities	<u>\$ 0</u>	<u>\$ 11,251,155</u>
<u>NET ASSETS</u>		
Funds Held in Trust for Employees	<u>\$ 6,150</u>	
Net Assets	<u>\$ 6,150</u>	

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

Exhibit E-2

Jefferson County, Tennessee
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Year Ended June 30, 2009

	<u>Other Employee Benefit Trust Fund</u> <u>Flexible Benefits Fund</u>
<u>ADDITIONS</u>	
Plan Member Contributions	\$ 13,213
Total Additions	<u>\$ 13,213</u>
<u>DEDUCTIONS</u>	
Employee Benefits:	
Other Fringe Benefits	\$ 11,029
Total Deductions	<u>\$ 11,029</u>
Change in Net Assets	\$ 2,184
Net Assets, July 1, 2008	<u>3,966</u>
Net Assets, June 30, 2009	<u><u>\$ 6,150</u></u>

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

This page is left blank intentionally.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Jefferson County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Jefferson County:

A. Reporting Entity

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

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

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

The Jefferson County Nursing Home provides nursing care to the citizens of Jefferson County, and the Jefferson County Commission appoints its governing body. Patient charges provide the majority of the revenues for the entity. Before the issuance of debt instruments, the entity must obtain the County Commission's approval. The financial statements of the Jefferson County Nursing Home were not available from other auditors in time for inclusion in this report.

The Jefferson County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Jefferson County, and the Jefferson County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County

Commission's approval. The financial statements of the Jefferson County Emergency Communications District were not available from other auditors in time for inclusion in this report.

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

Administrative Offices:

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

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

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

B. Government-wide and Fund Financial Statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or

directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Jefferson County issues all debt for the discretely presented Jefferson County School Department; however, there were no debt issues contributed by the county to the School Department during the year ended June 30, 2009.

Separate financial statements are provided for governmental funds, proprietary funds (internal service and enterprise), and fiduciary funds. The internal service fund is reported with the governmental activities in the government-wide financial statements, and the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Jefferson County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Jefferson County reports two proprietary funds, an enterprise fund and an internal service fund.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of

accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Jefferson County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Proprietary and fiduciary funds financial statements are reported using the economic resources measurement focus (except for agency funds, which have no measurement focus) and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Jefferson County reports the following major governmental funds:

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

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

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

Jefferson County reports the following major proprietary fund:

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

Additionally, Jefferson County reports the following fund types:

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

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

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Jefferson County, the cities property taxes collected by the county trustee and forwarded to the Town of Dandridge and the City of Baneberry, and funds maintained by the county trustee for the Jefferson County Nursing Home. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Jefferson County School Department reports the following major governmental fund:

General Purpose School Fund – This fund is the primary operating fund for the School Department. It is used to account for general operations of the School Department.

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

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

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

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

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

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

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

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

debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Jefferson County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service and Other Special Revenue funds. Jefferson 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.

2. Receivables and Payables

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

All ambulance, property taxes, and solid waste receivables are shown with an allowance for uncollectibles. The ambulance and solid waste receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.89 percent of total taxes levied.

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

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is

the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as deferred revenue as of June 30.

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

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

Most payables are disaggregated on the face of the financial statements. The other current liabilities (\$647,476) reflected in the primary government funds represent amounts due to a local industry from pending grant proceeds (\$626,231), employee payroll taxes and insurance (\$19,365), and deposits placed with Jefferson County for building, zoning, and environmental permits (\$1,880).

3. Capital Assets

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the enterprise fund is included as part of the capitalized value of the assets constructed.

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

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

4. Compensated Absences

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

It is the School Department's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide statements. A liability for vacation and sick pay is reported in the governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements. The School Department offers teachers a financial incentive for accumulated sick leave. This incentive is available to all teachers who leave the School Department in good standing with at least ten consecutive years of service. The incentive amount is \$25 for each accumulated day of sick leave. During the 2008-09 year, 17 employees received this incentive. The financial statements of this report reflect expenditures of \$54,013 in the General Purpose School Fund for the accumulated sick leave incentive payments. The liability for compensated absences includes \$527,135 for accumulated sick leave commitments at June 30, 2009.

5. Long-term Obligations

In the government-wide financial statements and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets. Debt issuance costs are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. 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, termination benefits, other postemployment benefits, and landfill closure/postclosure care costs, are recognized to the extent that the liabilities have matured (come due for payment) each period.

6. Net Assets and Fund Equity

In the government-wide financial statements 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, Jefferson County had \$34,763,000 in outstanding debt for capital purposes for the discretely presented Jefferson County School Department and the discretely presented Jefferson County Nursing Home. This debt is a liability of Jefferson County, but the capital assets acquired are reported in the financial statements of the component units. Therefore, Jefferson County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

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

On the balance sheet – governmental funds (Exhibit C-1), the account Reserved for Other General Purposes consists of a reserve in the General Fund for the county libraries and in the General Debt Service Fund for the long-term portion of an interfund receivable due from the Solid Waste Disposal Fund. On the balance sheet – governmental funds (Exhibit J-2), the account Other Local Education Reserves consists of reserves in the discretely presented Jefferson County School Department's General Purpose School Fund for the school age childcare program (\$135,777) and adult education (\$6,075).

7. Prior-period Adjustments

Beginning net assets of the primary government on the Statement of Activities in the governmental activities column have been restated (reduced) by \$21,953 due to recognizing a prior-period liability for other postemployment benefits. See Note V.K. for a discussion of the postemployment benefits liability.

Beginning net assets of the primary government on the Statement of Activities in the business-type activities column have been restated (reduced) by \$2,465,438 due to recognizing an additional prior-period liability for closure/postclosure care costs related to the county's landfill. See Note V.F. for a discussion of the closure/postclosure care costs liability.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Jefferson County School Department

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

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

Primary Government

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

Discretely Presented Jefferson County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Courthouse and Jail Maintenance, Law Library, and Other Special Revenue funds (special revenue funds that expended no funds during the year other than trustee's commission); the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted; and the Other Capital Projects Fund, which adopts project length budgets. All annual appropriations lapse at fiscal year end.

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor/Executive, Election Commission, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. Net Assets Deficits and Fund Deficits

The Solid Waste/Sanitation Fund (special revenue fund) had a deficit of \$42,436 in unreserved fund balance as of June 30, 2009. The County Commission approved a property tax increase that reduced the prior-year deficit, and it is expected to liquidate this deficit in the subsequent period.

The Solid Waste Disposal Fund had a deficit of \$3,348,716 in net assets and a deficit of \$4,721,502 in unrestricted net assets at June 30, 2009. Further details relating to liabilities recorded in this fund are disclosed in Note V.F. Landfill Closure/Postclosure Care Costs.

C. Cash Shortage

The General Fund had a cash shortage of \$22,790 at June 30, 2009. This theft resulted from the improper use of an Emergency Management Services (EMS) fuel card by an employee and his wife during the period September 2007 through March 2009. See finding 09.05 in the Findings and Recommendations section of this report.

D. Expenditures Exceeded Appropriations

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

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
Workhouse	\$ 803
Libraries	18,527
Employee Benefits	69

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

E. The Estimated Beginning Fund Balance Exceeded the Actual Fund Balance by a Material Amount

The Solid Waste/Sanitation Fund's actual fund balance at July 1, 2008, had a deficit of \$137,952; however, the estimated fund balance reflected in the county's budget was \$86,770. Therefore, the estimated fund balance presented to the County Commission during the budget approval process exceeded the actual fund balance by \$224,722. This was a contributing factor to the fund's deficit discussed in Note III.B. above.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Jefferson County and the Jefferson County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net assets represents nonpooled amounts held separately by individual funds.

Deposits

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

deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase.

Investment Balances. As of June 30, 2009, Jefferson County had the following investments carried at fair value or cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Jefferson County and the discretely presented Jefferson County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value or Cost</u>
State Treasurer's Investment Pool	Daily	\$ 806,715
State of Mississippi Capital Improvement General Obligation Bonds - Series E	11-1-23 (1)	3,900,000
Federal Home Loan Bank Discount Note	7-2-09	<u>3,499,969</u>
 Total		 <u><u>\$ 8,206,684</u></u>

(1) Callable on January 21, 2009, at 100 continuously. Puttable on December 23, 2008, at 100.

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Jefferson County has no investment policy that would further limit its investment choices. As of June 30, 2009, Jefferson County's investment in the State Treasurer's Investment Pool was unrated. Jefferson County's Investment in the Federal Home Loan Bank Discount Note was rated AAA by both Moody's Investor Services and Standard and Poor's. Jefferson County's investment in the State of Mississippi General Obligation Bonds was rated Aa3 by Moody's Investor Services and AA by Standard and Poor's.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Jefferson County places no limit on the amount the county may invest in one issuer. As of June 30, 2009, Jefferson County's investments consisted of three types of securities. Each type of security accounts for more than five percent of the county's investments as follows: State of Mississippi Public Improvement General Obligation Bonds, 47.5 percent; Federal Home Loan Bank, 42.7 percent; and the State Treasurer's Investment Pool, 9.8 percent.

B. 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	\$ 1,245,861	\$ 188,000	\$ 0	\$ 1,433,861
Total Capital Assets Not Depreciated	\$ 1,245,861	\$ 188,000	\$ 0	\$ 1,433,861
Capital Assets Depreciated:				
Buildings and Improvements	\$ 19,582,948	\$ 22,712	\$ 0	\$ 19,605,660
Other Capital Assets	6,327,661	551,786	(1,740)	6,877,707
Infrastructure	115,115,692	0	0	115,115,692
Total Capital Assets Depreciated	\$ 141,026,301	\$ 574,498	\$ (1,740)	\$ 141,599,059
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 1,877,056	\$ 487,184	\$ 0	\$ 2,364,240
Other Capital Assets	3,969,403	569,098	0	4,538,501
Infrastructure	29,226,698	1,162,785	0	30,389,483
Total Accumulated Depreciation	\$ 35,073,157	\$ 2,219,067	\$ 0	\$ 37,292,224
Total Capital Assets Depreciated, Net	\$ 105,953,144	\$ (1,644,569)	\$ (1,740)	\$ 104,306,835
Governmental Activities Capital Assets, Net	\$ 107,199,005	\$ (1,456,569)	\$ (1,740)	\$ 105,740,696

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

Governmental Activities:

General Government	\$ 18,971
Finance	5,440
Administration of Justice	428,413
Public Safety	181,485
Public Health and Welfare	302,163
Social, Cultural, and Recreational Services	6,450
Highways/Public Works	<u>1,276,145</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 2,219,067</u>

Business-type Activities:

	Balance 7-1-08	Increases	Balance 6-30-09
Capital Assets Not Depreciated:			
Land	\$ 461,930	\$ 0	\$ 461,930
Total Capital Assets Not Depreciated	<u>\$ 461,930</u>	<u>\$ 0</u>	<u>\$ 461,930</u>
Capital Assets Depreciated:			
Landfill Facilities and Development	\$ 458,228	\$ 0	\$ 458,228
Buildings and Improvements	289,940	0	289,940
Machinery and Equipment	2,471,786	501,427	2,973,213
Total Capital Assets Depreciated	<u>\$ 3,219,954</u>	<u>\$ 501,427</u>	<u>\$ 3,721,381</u>
Less Accumulated Depreciated For:			
Landfill Facilities and Development	\$ 324,871	\$ 13,354	\$ 338,225
Buildings and Improvements	224,023	13,443	237,466
Machinery and Equipment	1,628,000	97,849	1,725,849
Total Accumulated Depreciation	<u>\$ 2,176,894</u>	<u>\$ 124,646</u>	<u>\$ 2,301,540</u>
Total Capital Assets Depreciated, Net	<u>\$ 1,043,060</u>	<u>\$ 376,781</u>	<u>\$ 1,419,841</u>
Business-type Activities Capital Assets, Net	<u>\$ 1,504,990</u>	<u>\$ 376,781</u>	<u>\$ 1,881,771</u>

Depreciation expense totaling \$124,646 was charged to the Solid Waste Disposal Fund.

Discretely Presented Jefferson County School Department

Governmental Activities:

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Capital Assets Not Depreciated:				
Land	\$ 581,841	\$ 0	\$ 0	\$ 581,841
Construction in Progress	2,528,887	419,272	(1,167,880)	1,780,279
Total Capital Assets Not Depreciated	\$ 3,110,728	\$ 419,272	\$ (1,167,880)	\$ 2,362,120
Capital Assets Depreciated:				
Buildings and Improvements	\$ 35,990,826	\$ 1,213,571	\$ 0	\$ 37,204,397
Machinery and Equipment	1,225,030	40,753	(68,584)	1,197,199
Other Capital Assets	4,632,107	372,960	(165,734)	4,839,333
Total Capital Assets Depreciated	\$ 41,847,963	\$ 1,627,284	\$ (234,318)	\$ 43,240,929
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 19,120,680	\$ 924,137	\$ 0	\$ 20,044,817
Machinery and Equipment	981,130	77,278	(65,579)	992,829
Other Capital Assets	2,995,990	262,679	(157,096)	3,101,573
Total Accumulated Depreciation	\$ 23,097,800	\$ 1,264,094	\$ (222,675)	\$ 24,139,219
Total Capital Assets Depreciated, Net	\$ 18,750,163	\$ 363,190	\$ (11,643)	\$ 19,101,710
Governmental Activities Capital Assets, Net	\$ 21,860,891	\$ 782,462	\$ (1,179,523)	\$ 21,463,830

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

Governmental Activities:

Instruction	\$ 902,511
Support Services	306,940
Operation of Non-Instructional Services	<u>54,643</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,264,094</u>

C. Construction Commitments

At June 30, 2009, the discretely presented Jefferson County School Department had uncompleted construction contracts of \$19,570 for school renovations and construction in the General Purpose School Fund. Funding has been provided for these future expenditures.

D. 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>
Primary Government:		
General	Nonmajor governmental	\$ 28,129
General	Nonmajor governmental	50
General	Solid Waste Disposal	28,129
General Debt Service	Solid Waste Disposal	411,427
Solid Waste Disposal	Nonmajor governmental	60,427

The amount due to the General Debt Service Fund from the Solid Waste Disposal Fund represents an interfund loan that is to be repaid over three years.

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

Interfund Transfers:

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

Primary Government

<u>Transfers Out</u>	<u>Transfers In</u>	
	<u>General Fund</u>	<u>Nonmajor Governmental Fund</u>
General Fund	\$ 0	\$ 122,556
Highway/Public Works Fund	56,258	0
Nonmajor governmental funds	28,129	0
Solid Waste Disposal Fund	28,129	0
Total	<u>\$ 112,516</u>	<u>\$ 122,556</u>

Discretely Presented Jefferson County School Department

<u>Transfer Out</u>	<u>Transfer In</u>
	General Purpose School Fund
Nonmajor governmental funds	\$ 20,196

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

E. Capital Leases

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

On June 27, 2008, Jefferson County entered into a three-year lease-purchase agreement for Sheriff's Department vehicles. The terms of the agreement require total lease payments of \$233,601 plus interest of 5.2 percent. Title to the vehicles transfers to Jefferson County at the end of the lease period. The lease payments are made from the General Fund.

On May 1, 2009, Jefferson County entered into a two-year lease-purchase agreement for Sheriff's Department vehicles. The terms of the agreement require total lease payments of \$227,900 plus interest of four percent. Title to the vehicles transfers to Jefferson County at the end of the lease period. The lease payments are made from the General Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2009, were as follows:

Year Ending June 30	Governmental Funds	Enterprise Fund
2010	\$ 162,079	\$ 102,344
2011	162,078	0
Total Minimum Lease Payments	\$ 324,157	\$ 102,344
Less: Amount Representing Interest	(16,221)	(4,787)
Present Value of Minimum Lease Payments	\$ 307,936	\$ 97,557

F. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

The county issues general obligation bonds, capital outlay notes, and other loans to provide funds for the acquisition and construction of major capital facilities.

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 30 years for bonds, up to three years for notes, and up to 25 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2009, will be retired from the General Debt Service Fund.

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

Type	Interest Rate	Original Amount of Issue	Balance 6-30-09
General Obligation Bonds	4 to 4.5 %	\$ 8,000,000	\$ 7,860,000
Capital Outlay Notes	3.1	3,368,000	3,030,000
Other Loans - Swapped	4.96	10,000,000	10,000,000
Other Loans - Refunding	Variable	13,305,000	12,795,000
Other Loans - Refunding	4 to 5	13,740,000	13,125,000
Capital Leases	4 to 5.2	461,501	307,936

In prior years, Jefferson County entered into loan agreements with the Sevier County Public Building Authority and the Blount County Public Building

Authority. Under its loan agreements with the Sevier County Public Building Authority, the authority loaned the county \$25,000,000 in three separate issues, (Series III-C-5, III-D-3, and IV-B-10), for various school renovation and construction projects. Two of these three issues, (III-D-3 and IV-B-10), were refunded during the year. Under its agreement with the Blount County Public Building Authority, the authority loaned the county \$15,000,000 for construction of the new justice center. This issue was also refunded during the year. The variable rate for the Sevier County Public Building Authority Series III-C-5 is repayable at a tax-exempt synthetic fixed rate obtained through the execution of a swap agreement. The variable rate Blount County Public Building Authority loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, debt remarketing, administrative, etc.) in connection with variable rate loans. The following table summarizes loan agreements outstanding as of June 30, 2009:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-09	Interest Type	Interest Rates as of 6-30-09	Other Fees on Variable Rate Debt
<u>Sevier County Public Building Authority</u>					
Local Government Improvement Bond (III-C-5)	\$ 10,000,000	\$ 10,000,000	Synthetic Fixed by Swap	4.96 %	1.35 %
Local Government Improvement Bond - Refunding (V-G-1)	13,740,000	<u>13,125,000</u>	Fixed	4 to 5	N/A
Total		<u>\$ 23,125,000</u>			
<u>Blount County Public Building Authority</u>					
Local Government Public Improvement Bond - Refunding (E-3-D)	13,305,000	<u>\$ 12,795,000</u>	Variable	1.72	.87
Total		<u>\$ 12,795,000</u>			
Total		<u>\$ 35,920,000</u>			

The annual requirements to amortize all general obligation bonds and other loans outstanding as of June 30, 2009, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2010	\$ 145,000	\$ 342,981	\$ 487,981
2011	150,000	337,181	487,181
2012	160,000	331,181	491,181
2013	165,000	324,781	489,781
2014	175,000	318,181	493,181
2015-2019	990,000	1,478,080	2,468,080
2020-2024	1,235,000	1,238,930	2,473,930
2025-2029	1,540,000	934,905	2,474,905
2030-2034	1,920,000	564,182	2,484,182
2035-2037	1,380,000	123,200	1,503,200
Total	\$ 7,860,000	\$ 5,993,602	\$ 13,853,602

Year Ending June 30	Notes		
	Principal	Interest	Total
2010	\$ 350,000	\$ 93,930	\$ 443,930
2011	2,680,000	83,080	2,763,080
Total	\$ 3,030,000	\$ 177,010	\$ 3,207,010

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2010	\$ 1,210,000	\$ 1,267,824	\$ 247,636	\$ 2,725,460
2011	1,860,000	1,231,622	242,899	3,334,521
2012	1,945,000	1,169,990	237,850	3,352,840
2013	2,020,000	1,105,528	232,576	3,358,104
2014	2,110,000	1,038,522	227,120	3,375,642
2015-2019	12,105,000	4,041,328	1,043,467	17,189,795
2020-2024	13,290,000	1,456,438	482,466	15,228,904
2025-2026	1,380,000	28,466	14,335	1,422,801
Total	\$ 35,920,000	\$ 11,339,718	\$ 2,728,349	\$ 49,988,067

There is \$9,069,541 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$171, based on the 2000 federal census. Debt per capita, including bonds, notes, capital leases, and other loans totaled \$1,064, based on the 2000 federal census.

Swap Agreements

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

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

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.96 percent and receives a variable payment computed as 100 percent of the rate paid on the outstanding variable rate bond associated to the swap. The swap has a notional amount of \$10 million, and the associated variable-rate bond has a \$10 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series III-C-5 bonds. The bonds' variable-rates have historically approximated the Bond Market Association Municipal Index™ (BMA). The bonds and the related swap agreement mature on June 1, 2023. As of June 30, 2009, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	4.96 %
Variable payment from counterparty		<u>-8.50</u>
Net interest rate swap payments		-3.54 %
Variable-rate bond interest payments		<u>8.50</u>
Synthetic interest rate on bonds		<u><u>4.96 %</u></u>

Fair value. As of June 30, 2009, the swap had a negative fair value of \$541,787. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the coupons on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2009, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. To mitigate the potential

for credit risk, the authority, on behalf of the county, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation that was rated AAA by Standard and Poor's and Aaa by Moody's Investor Service at the time the interest rate swap agreement was entered into. As of June 30, 2009, Ambac's credit rating had been severely downgraded and was rated "BBB" by Standard and Poor's and "Ba3" by Moody's Investor Service. The counterparty has posted all collateral requirements with a third-party custodian.

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

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

Swap payments and associated debt. As of June 30, 2009, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2010	\$ 0	\$ 850,000	\$(354,000)	496,000
2011	0	850,000	(354,000)	496,000
2012	0	850,000	(354,000)	496,000
2013	0	850,000	(354,000)	496,000
2014	0	850,000	(354,000)	496,000
2015-2019	1,485,000	4,250,000	(1,770,000)	3,965,000
2020-2023	8,515,000	1,855,550	(772,872)	9,597,678
Total	\$ 10,000,000	\$ 10,355,550	\$(4,312,872)	16,042,678

Changes in Long-term Liabilities

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

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2008	\$ 8,000,000	\$ 3,368,000	\$ 36,730,000
Additions	0	0	27,045,000
Deductions	(140,000)	(338,000)	(27,855,000)
Balance, June 30, 2009	\$ 7,860,000	\$ 3,030,000	\$ 35,920,000
Balance Due Within One Year	\$ 145,000	\$ 350,000	\$ 1,210,000

	Other Postemployment Benefits	Capital Leases	Compensated Absences
Balance, July 1, 2008	\$ 21,953	\$ 233,601	\$ 517,309
Additions	79,687	227,900	684,697
Deductions	(57,225)	(153,565)	(644,385)
Balance, June 30, 2009	\$ 44,415	\$ 307,936	\$ 557,621
Balance Due Within One Year	\$ 0	\$ 151,089	\$ 390,334

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 47,719,972
Add: Unamortized Premium on Debt	87,905
Less: Deferred Amount on Refunding	(77,813)
Less: Balance Due Within One Year	(2,246,423)
	\$ 45,483,641

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$ 45,483,641
---	---------------

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

Current Refunding

During the year, Jefferson County issued \$13,740,000 of fixed rate and \$13,305,000 of variable rate other loan agreements to provide resources for

the current refunding of three variable rate loan agreements. As a result, the refunded loans were redeemed and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$84,789. This amount is netted against the new debt and amortized over the remaining life of the new debt, which is the same as the life of the refunded debt. The county's financial advisors were not able to determine the cumulative savings or economic gain due to the variable rate debt instruments involved.

Solid Waste Disposal Fund (enterprise fund)

Changes in Long-term Liabilities

Long-term liability activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2009, was as follows:

Business-type Activities:

	<u>Compensated Absences</u>	<u>Closure/ Postclosure Care Costs</u>
Balance, July 1, 2008	\$ 9,685	\$ 1,949,650
Additions	4,018	2,863,986
Deductions	<u>(2,421)</u>	<u>(14,744)</u>
Balance, June 30, 2009	<u>\$ 11,282</u>	<u>\$ 4,798,892</u>
Balance Due Within One Year	<u>\$ 2,821</u>	<u>\$ 101,447</u>

	<u>Capital Leases</u>
Balance, July 1, 2008	\$ 130,364
Deductions	<u>(32,807)</u>
Balance, June 30, 2009	<u>\$ 97,557</u>
Balance Due Within One Year	<u>\$ 97,557</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 4,907,731
Less: Balance Due Within One Year	<u>(201,825)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 4,705,906</u>

Discretely Presented Jefferson County School Department

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Jefferson County School Department for the year ended June 30, 2009, was as follows:

Governmental Activities:

	<u>Compensated Absences</u>	<u>Termination Benefits</u>
Balance, July 1, 2008	\$ 676,599	\$ 65,128
Additions	97,602	56,517
Deductions	<u>(149,695)</u>	<u>(57,593)</u>
Balance, June 30, 2009	<u>\$ 624,506</u>	<u>\$ 64,052</u>
Balance Due Within One Year	<u>\$ 150,470</u>	<u>\$ 41,445</u>

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2008	\$ 1,253,415
Additions	1,844,506
Deductions	<u>(505,418)</u>
Balance, June 30, 2009	<u>\$ 2,592,503</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 3,281,061
Less: Balance Due Within One Year	<u>(191,915)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 3,089,146</u>

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

G. On-Behalf Payments – Discretely Presented Jefferson County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Jefferson 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 and the Medicare Supplement Plan for the year ended June 30, 2009, were \$216,148 and \$35,816, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

H. Internal Financing

In-lieu-of issuing debt with financial institutions, Jefferson County chose to internally finance two projects with idle county funds. During the year, the county loaned \$501,427 of idle funds from the General Debt Service Fund to the Solid Waste Disposal Fund to purchase equipment. The balance of \$411,427 is reflected as Due from Other Funds in the General Debt Service Fund and as Due to Other Funds in the Solid Waste Disposal Fund. In a prior year, the county loaned \$200,000 of idle funds from the General Debt Service Fund to the Solid Waste Disposal Fund for the matching portion of a state grant to purchase equipment. This debt issue was liquidated during the year.

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

	Original Amount of Issue	Interest Rate		Date of Issue	Last Maturity Date
Capital Outlay Note Series 2006 (Solid Waste)	\$ 200,000	4.65 %		7-14-06	5-1-09
Capital Outlay Note Series 2009 (Solid Waste)	501,427	3.5		5-1-09	5-1-12

	Outstanding 7-1-08	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-09
Capital Outlay Note Series 2006 (Solid Waste)	\$ 70,000	\$ 0	\$ (70,000)	\$ 0
Capital Outlay Note Series 2009 (Solid Waste)	0	501,427	(90,000)	411,427
Total	\$ 70,000	\$ 501,427	\$ (160,000)	\$ 411,427

I. Short-term Debt

Primary Government

Jefferson County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the Solid Waste/Sanitation and Highway/Public Works funds. These notes were necessary because funds were not available to meet current operating expenses. These notes, along with a prior year outstanding tax anticipation note, were retired prior to June 30, 2009, as required by state statutes. Short-term debt activity for the year ended June 30, 2009, was as follows:

	Balance 7-1-08	Issued	Redeemed	Balance 6-30-09
Tax Anticipation Notes	\$ 100,000	\$ 800,000	\$ (900,000)	\$ 0

Discretely Presented Jefferson County School Department

The School Department issued revenue anticipation notes to provide temporary operating funds and deposited the proceeds in the School Federal Projects Fund. These notes were necessary because funds were not available to meet current operating expenses. Short-term debt activity for the year ended June 30, 2009, was as follows:

	Balance 7-1-08	Issued	Redeemed	Balance 6-30-09
Revenue Anticipation Notes	\$ 0	\$ 350,000	\$ (350,000)	\$ 0

V. OTHER INFORMATION

A. Risk Management

Jefferson County and the discretely presented Jefferson County School Department are exposed to risks related to general liability, property, casualty, and workers' compensation. The county and the School Department have decided it was more economically feasible to join public entity risk pools as opposed to purchasing commercial insurance for general liability, property, casualty, and workers' compensation coverage. The county and the School Department joined the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The county and the School Department pay annual premiums to the TN-RMT for their general liability, property, casualty, and workers' compensation coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

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

The discretely presented Jefferson County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, TCA,

all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, TCA, provides for the LEGIF to be self-sustaining through member premiums.

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

Employee Insurance - Dental and Vision Funds

	Beginning of Fiscal Year Liability	Current-Year Claims and Estimates	Payments	Balance at Fiscal Year-end
--	--	---	----------	----------------------------------

Primary Government

2007-2008	\$ 5,934	\$ 78,681	\$ 77,976	6,639
2008-2009	6,639	86,905	91,272	2,272

Discretely Presented

School Department

2007-2008	40,828	276,382	270,447	46,763
2008-2009	46,763	271,161	276,565	41,359

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) 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. 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 Jefferson County for the year ended June 30, 2009, since the county had none of the obligating events. However, it is reasonably expected that Jefferson 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 Jefferson County for the year ended June 30, 2009, since the county had no endowment investments. However, it is reasonably expected that Jefferson County could have endowment investments in subsequent years.

C. Subsequent Events

Tax anticipation notes of \$450,000 were issued subsequent to June 30, 2009, to provide temporary funds for the Solid Waste/Sanitation Fund.

Subsequent to June 30, 2009, Jefferson County refinanced the Series III-C-5 variable rate other loan with a \$10,450,000 fixed rate issue.

Also, subsequent to June 30, 2009, the county issued a \$1,300,000 capital outlay note for the Emergency Communications District and a \$1,250,000 capital outlay note for the School Department.

D. Contingent Liabilities

Jefferson County and several other counties have been named defendants in a lawsuit demanding compliance with the requirements of the Americans with Disabilities Act (ADA). The lawsuit applies to all Jefferson County facilities. As of the date of this report, Jefferson County has not completed any studies of the estimated costs to renovate the existing facilities to bring them into compliance with the ADA. Therefore, a reasonable estimate, or range of potential loss to the county, resulting from this lawsuit cannot be made.

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

E. Change in Administration

Assessor of Property Robert Cavanah left office on August 31, 2008, and was succeeded by Susan Gaddis Gass.

F. Landfill Closure/Postclosure Care Costs

Jefferson County has active permits on file with the State Department of Environment and Conservation for two sanitary landfills and a demolition landfill. The county has provided financial assurances for estimated closure and 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 Jefferson County to place a final cover on its sanitary landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites 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 Solid Waste Disposal Fund reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$4,798,892 reported as landfill closure and postclosure care liability at June 30, 2009, represents the cumulative amount reported to date based on the use of 43 percent of the estimated capacity of the operating Patterson landfill site (\$2,850,027) and for the Highway 92 landfill site, which closed in 1993 (\$1,948,865). The \$4,798,892 reported as closure/postclosure liability at June 30, 2009, represents amounts based on what it would cost to perform all closure and postclosure care costs in 2009. The county will recognize the remaining estimated costs of closure and postclosure as the remaining estimated capacity is filled. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The county expects to close the Patterson landfill site in the year 2032.

G. Joint Ventures

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

the county, and three from the city. The board is responsible for administration of the lease and the hospital in the event of lease termination. The county reflects its share of the rental proceeds in the Other Special Revenue Fund.

The Fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Fourth Judicial District; Sevier, Jefferson, Grainger and Cocke counties and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a Board of Directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Jefferson County made no contributions to the DTF for the year ended June 30, 2009, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

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

H. Jointly Governed Organization

The East Tennessee Regional Agribusiness Marketing Authority was established through Title 64 of Tennessee Code Annotated, and includes the counties of Claiborne, Cocke, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Sullivan, Washington, and Unicoi. The purpose of the authority is to establish and operate a market for agricultural products of the region through a food distribution center. The authority is governed by a Board of Directors consisting of the county mayors of each county or the county mayor's designee and one nonvoting member representing the Tennessee Department of Agriculture and the University of Tennessee's Agriculture Extension Service. An executive committee, consisting of the chairman, vice-chairman, secretary, and treasurer of the Board of Directors, along with the center manager, as an ex officio member, are in charge of the daily operations of the center. The county does not have any ongoing financial interest or responsibility beyond its initial investment.

I. Retirement Commitments

Employees

Plan Description

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

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

Funding Policy

Jefferson County has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2009, was 14.27 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Jefferson County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2009, Jefferson County's annual pension cost of \$2,746,747 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), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Jefferson County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007, was eight 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	\$2,746,747	100%	\$0
6-30-08	2,668,164	100	0
6-30-07	2,432,237	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 84.19 percent funded. The actuarial accrued liability for benefits was \$43.1 million, and the actuarial value of assets was \$36.29 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$6.81 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 39.88 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 Jefferson County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at 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 Jefferson 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 Jefferson County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2009, 2008, and 2007, were \$1,544,925, \$1,470,027, and \$1,370,951, respectively, equal to the required contributions for each year.

J. Pledges of Future Revenues

In August 2008, the citizens of Jefferson County voted to increase the local option sales tax from 2.25 percent to 2.75 percent. The county pledged all additional sales tax collections generated from the half-cent increase in the unincorporated areas of the county and half of the additional sales tax collections in the cities within the county to be used for the reduction and retirement of school indebtedness. Jefferson County had outstanding debt for school purposes of \$26,903,000 at June 30, 2009. That debt carries the general obligation pledge of the government in addition to the specific pledge of the one-half cent sales tax revenue.

K. Other Postemployment Benefits (OPEB)

Plan Description

Jefferson County and the School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated (TCA), for teachers and Section 8-27-207, TCA, for local governments. Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2009, Jefferson County contributed \$57,225 for postemployment health care premiums, and the Jefferson County School Department recognized contributions totaling \$505,418 for postemployment health care.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	\$ 1,843,000	\$ 79,661
Interest on the NPO	56,403	988
Adjustment to the ARC	(54,897)	(962)
Annual OPEB cost	\$ 1,844,506	\$ 79,687
Amount of contribution	(505,418)	(57,225)
Increase/decrease in NPO	\$ 1,339,088	\$ 22,462
Net OPEB obligation, 7-1-08	1,253,415	21,953
 Net OPEB obligation, 6-30-09	 \$ 2,592,503	 \$ 44,415

Fiscal Year Ended*	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Education Group	\$ 1,826,000	31 %	\$ 1,253,415
6-30-09	"	1,844,506	27	2,592,503
6-30-08	Local Government Group	78,881	72	21,953
6-30-09	"	79,687	72	44,415

* Data only available for two years.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, was as follows:

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-07	7-1-07
Actuarial accrued liability (AAL)	\$ 13,251,000	\$ 609,978
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 13,251,000	\$ 609,978
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 27,468,082	\$ 10,626,699
UAAL as a % of covered payroll	48.24%	5.74%

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, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of six percent after ten years. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

L. Termination Benefits

The School Department offers an early retirement incentive program in accordance with contract provisions. This plan is available to employees who retire from the school system in the year they reach age 60 or have 30 years of creditable service, which the Tennessee Consolidated Retirement System recognizes and have a minimum of ten years of employment with the School Department. The plan gives teachers who have met the above requirements an option of receiving \$9,500 divided into two equal annual payments or \$10,500 divided into three equal annual payments. During the 2008-09 year, 15 employees participated in the program. The financial statements of this report reflect expenditures of \$57,593 in the General Purpose School Fund for the retirement incentive payments. A non-discounted long-term liability of \$64,052 is reflected on the government-wide statement of net assets for retirement incentives. Of that amount, \$41,445 is due within one year.

M. Office of Central Accounting, Budgeting, and Purchasing

Jefferson County operates under provisions of the County Financial Management System of 1981. This act provides for a central system of accounting, budgeting, and purchasing covering all county departments. This act provides for the creation of a Finance Department operated under the direction of the finance director.

N. Purchasing Law

The County Financial Management System of 1981 provides for the finance director or a deputy appointed by him to serve as the county purchasing agent. The finance director serves as the purchasing agent for Jefferson County. All purchase orders are issued by the Finance Department. Purchases exceeding \$10,000 for the Office of County Mayor, the discretely presented School Department, and the Office of Road Superintendent are required to be competitively bid.

This page is left blank intentionally.

**REQUIRED SUPPLEMENTARY
INFORMATION**

This page is left blank intentionally.

Exhibit F-1

Jefferson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 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	\$ 10,634,676	\$ 0	\$ 0	\$ 10,634,676	\$ 10,582,000	\$ 10,582,000	\$ 52,676
Licenses and Permits	299,922	0	0	299,922	402,500	402,500	(102,578)
Fines, Forfeitures, and Penalties	308,036	0	0	308,036	311,000	311,000	(2,964)
Charges for Current Services	3,617,041	0	0	3,617,041	3,214,500	3,214,500	402,541
Other Local Revenues	1,127,941	0	0	1,127,941	46,000	1,122,523	5,418
Fees Received from County Officials	1,150,663	0	0	1,150,663	1,333,000	1,333,000	(182,337)
State of Tennessee	1,771,753	0	0	1,771,753	1,124,789	1,194,490	577,263
Federal Government	244,458	0	0	244,458	224,209	260,247	(15,789)
Other Governments and Citizens Groups	167,497	0	0	167,497	142,621	142,621	24,876
Total Revenues	\$ 19,321,987	\$ 0	\$ 0	\$ 19,321,987	\$ 17,380,619	\$ 18,562,881	\$ 759,106
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 221,219	(100)	1,000	222,119	263,373	263,373	41,254
Board of Equalization	0	0	0	0	2,500	2,500	2,500
County Mayor/Executive	198,089	(358)	85	197,816	234,600	234,600	36,784
Election Commission	324,399	(548)	0	323,851	343,165	358,565	34,714
Register of Deeds	53,661	(845)	0	52,816	70,698	70,698	17,882
Codes Compliance	103,056	(200)	24	102,880	107,272	107,272	4,392
County Buildings	596,423	(9,188)	3,305	590,540	636,130	624,357	33,817
Other Facilities	308,904	(4,520)	1,020	305,404	435,561	434,561	129,157
Other General Administration	9,630	0	0	9,630	6,250	11,250	1,620
Preservation of Records	6,896	(270)	0	6,626	10,600	10,600	3,974
<u>Finance</u>							
Accounting and Budgeting	759,154	(7,275)	1,514	753,393	774,710	781,737	28,344

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
\$	319,527	0	0	319,527	\$ 334,375	\$ 334,375	14,848
Property Assessor's Office	148,277	0	2,190	150,467	183,867	183,909	33,442
Reappraisal Program	51,512	(100)	0	51,412	52,582	52,582	1,170
County Trustee's Office	103,422	(2,229)	2,000	103,193	106,840	106,839	3,646
County Clerk's Office	132,872	0	7,830	140,702	147,501	147,501	6,799
Data Processing	421,479	0	0	421,479	421,705	466,689	45,210
Other Finance							
<u>Administration of Justice</u>							
Circuit Court	662,163	(6,824)	0	655,339	696,400	696,400	41,061
General Sessions Court	258,580	0	0	258,580	265,358	265,358	6,778
Chancery Court	195,400	(1,908)	34	193,526	207,040	207,040	13,514
Juvenile Court	247,233	(8)	165	247,390	255,406	255,406	8,016
Public Safety							
Sheriff's Department	2,998,188	(9,228)	25,501	3,014,461	2,775,949	3,128,610	114,149
Wheel Tax Officer	12,871	0	0	12,871	14,898	14,898	2,027
Jail	2,481,720	(5,621)	1,328	2,477,427	2,295,951	2,524,920	47,493
Workhouse	209,117	0	0	209,117	199,344	208,314	(803)
Inspection and Regulation	96,395	(500)	189	96,084	97,579	97,579	1,495
Public Safety Grant Programs	157,132	0	0	157,132	163,000	197,038	39,906
Other Public Safety	400,000	0	0	400,000	400,000	400,000	0
<u>Public Health and Welfare</u>							
Local Health Center	220,368	(5,395)	65	215,038	223,096	222,096	7,058
Rabies and Animal Control	89,331	(50)	300	89,581	108,007	108,014	18,433
Ambulance/Emergency Medical Services	3,833,982	(21,812)	18,552	3,830,722	3,971,769	3,977,540	146,818
Aid to Dependent Children	2,463	0	500	2,963	3,000	3,000	37

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	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>							
Sanitation Education/Information	\$ 58,719	\$ 0	\$ 500	\$ 59,219	\$ 78,228	\$ 78,235	\$ 19,016
Other Public Health and Welfare	154,812	(314)	262	154,760	168,512	168,512	13,752
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	193,050	(2,819)	0	190,231	191,604	193,619	3,388
Libraries	341,947	(1,004)	5,086	346,029	327,502	327,502	(18,527)
Other Social, Cultural, and Recreational Agriculture and Natural Resources	29,686	(3,203)	0	26,483	80,078	80,078	53,595
Agriculture Extension Service	89,531	0	0	89,531	92,786	92,786	3,255
Soil Conservation	35,451	0	0	35,451	35,583	35,483	32
<u>Other Operations</u>							
Industrial Development	626,231	0	0	626,231	0	626,231	0
Veterans' Services	31,444	0	0	31,444	43,454	43,454	12,010
Contributions to Other Agencies	965,291	0	0	965,291	1,019,394	1,019,394	54,103
Employee Benefits	3,069	0	0	3,069	3,000	3,000	(69)
<u>Support Services</u>							
Other Programs	26	0	0	26	0	26	0
<u>Principal on Debt</u>							
General Government	153,565	0	0	153,565	155,000	155,000	1,435
<u>Interest on Debt</u>							
General Government	8,514	0	0	8,514	10,500	10,500	1,986
Total Expenditures	\$ 18,314,799	\$ (84,319)	\$ 71,450	\$ 18,301,930	\$ 18,014,167	\$ 19,331,441	\$ 1,029,511
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,007,188	\$ 84,319	\$ (71,450)	\$ 1,020,057	\$ (633,548)	\$ (768,560)	\$ 1,788,617

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	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>							
Capital Leases Issued	\$ 227,900	\$ 0	\$ 0	\$ 227,900	\$ 0	\$ 227,900	\$ 0
Insurance Recovery	31,243	0	0	31,243	0	23,404	7,839
Transfers In	112,516	0	0	112,516	533,801	153,441	(40,925)
Transfers Out	(122,556)	0	0	(122,556)	0	(122,556)	0
Total Other Financing Sources (Uses)	\$ 249,103	\$ 0	\$ 0	\$ 249,103	\$ 533,801	\$ 282,189	\$ (33,086)
Net Change in Fund Balance	\$ 1,256,291	\$ 84,319	\$ (71,450)	\$ 1,269,160	\$ (99,747)	\$ (486,371)	\$ 1,755,531
Fund Balance, July 1, 2008	2,894,169	(84,319)	0	2,809,850	1,482,896	1,605,452	1,204,398
Fund Balance, June 30, 2009	\$ 4,150,460	\$ 0	\$ (71,450)	\$ 4,079,010	\$ 1,383,149	\$ 1,119,081	\$ 2,959,929

Exhibit F-2

Jefferson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 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	\$ 2,216,394	\$ 0	\$ 0	\$ 2,216,394	\$ 2,226,700	\$ 2,226,700	\$ (10,306)
Charges for Current Services	26,855	0	0	26,855	50,000	50,000	(23,145)
Other Local Revenues	3,823	0	0	3,823	300	300	3,523
State of Tennessee	1,738,407	0	0	1,738,407	1,885,050	1,863,826	(125,419)
Total Revenues	\$ 3,985,479	\$ 0	\$ 0	\$ 3,985,479	\$ 4,162,050	\$ 4,140,826	\$ (155,347)
Expenditures							
Highways							
Administration	\$ 247,988	(458)	211	247,741	256,057	255,782	8,041
Highway and Bridge Maintenance	2,006,261	(4,414)	24,760	2,026,607	2,040,135	2,215,764	189,157
Operation and Maintenance of Equipment	689,659	(56,449)	427	633,637	899,050	885,358	251,721
Quarry Operations	562,857	(8,005)	0	554,852	664,175	655,587	100,735
Asphalt Plant Operations	24,692	(3,789)	0	20,903	30,000	30,000	9,097
Other Charges	98,465	0	0	98,465	89,260	98,502	37
Employee Benefits	102,583	0	0	102,583	102,740	103,200	617
Capital Outlay	0	0	0	0	161,600	0	0
Total Expenditures	\$ 3,732,505	(73,115)	25,398	\$ 3,684,788	\$ 4,243,017	\$ 4,244,193	\$ 559,405
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 252,974	\$ 73,115	(25,398)	\$ 300,691	\$ (80,967)	\$ (103,367)	\$ 404,058
Other Financing Sources (Uses)							
Transfers Out	\$ (56,258)	0	0	(56,258)	(57,845)	(57,845)	1,587
Total Other Financing Sources (Uses)	\$ (56,258)	0	0	(56,258)	(57,845)	(57,845)	1,587
Net Change in Fund Balance	\$ 196,716	\$ 73,115	(25,398)	\$ 244,433	(138,812)	(161,212)	\$ 405,645
Fund Balance, July 1, 2008	679,997	(73,115)	0	606,882	522,493	522,493	84,399
Fund Balance, June 30, 2009	\$ 876,713	0	(25,398)	\$ 851,315	\$ 383,681	\$ 361,281	\$ 490,034

Exhibit F-3

Jefferson County, Tennessee

Schedule of Funding Progress – Pension Plan

Primary Government and Discretely Presented Jefferson County School Department

June 30, 2009

(Dollar amounts in thousands)

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued 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	\$ 36,292	\$ 43,105	\$ 6,813	84.19 %	\$ 17,085	39.88 %
6-30-08	7-1-07	36,292	43,105	6,813	84.19	17,085	39.88

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 2007-08 year; therefore, data is only presented for two years.

Exhibit F-4

Jefferson County, Tennessee
 Schedule of Funding Progress – Other Postemployment Benefits Plans
 Primary Government and Discretely Presented Jefferson County School Department
 June 30, 2009

(Dollar amounts in thousands)

Fiscal Year Ended*	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial		Unfunded AAL (UAAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Liability (AAL)				
<u>PRIMARY GOVERNMENT</u>								
Local Government Group Plan	6-30-08	\$ 0	\$ 610	\$ 610	610	0 %	\$ 9,892	6.2 %
"	6-30-09	0	610	610	610	0	10,627	5.7
<u>DISCRETELY PRESENTED JEFFERSON COUNTY SCHOOL DEPARTMENT</u>								
Local Education Group Plan	6-30-08	0	13,251	13,251	13,251	0	27,285	48.6
"	6-30-09	0	13,251	13,251	13,251	0	27,468	48.2

*Data available for only two years.

This page is left blank intentionally.

JEFFERSON 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 Jefferson County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the State Uniform Chart of Accounts as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor/Executive, Election Commission, etc.). Management may make revisions within major categories, but only the Jefferson County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. CASH SHORTAGE

The General Fund had a cash shortage of \$22,790.23 at June 30, 2009. This cash shortage resulted from the improper use of a fuel card by an employee and his wife during the period September 2007 through March 2009. See Finding 09.05 in the Single Audit section of this report for details of this cash shortage.

C. EXPENDITURES EXCEEDED APPROPRIATIONS

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

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
Workhouse	\$ 803
Libraries	18,527
Employee Benefits	69

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

This page is left blank intentionally.

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

This page is left blank intentionally.

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.

Courthouse and Jail Maintenance Fund – The Courthouse and Jail Maintenance Fund is used to account for a special tax levied by private act on litigation. The proceeds of the tax must be used to pay for improvements or maintenance on the courthouse and jail.

Law Library Fund – The Law Library Fund is used to account for a special tax levied by private act on litigation. Proceeds of the tax must be expended for the benefit of the county's law library.

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

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

Other Special Revenue Fund – The Other Special Revenue Fund is used to account for the county's share of revenues generated under the Joint Venture Hospital lease.

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 Fund

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

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

Exhibit G-1

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

	Special Revenue Funds							Capital Projects Fund	Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitu- tional Officers - Fees	Total		
\$	0 \$	0 \$	0 \$	0 \$	0 \$	102,834 \$	102,834 \$	0 \$	102,834
Equity in Pooled Cash and Investments	63,502	3,712	44,672	79,524	1,933,442	0	2,124,852	574,547	2,699,399
Accounts Receivable	0	0	0	0	0	30,197	30,197	0	30,197
Property Taxes Receivable	0	0	1,751,618	0	0	0	1,751,618	309,109	2,060,727
Allowance for Uncollectible Property Taxes	0	0	(62,513)	0	0	0	(62,513)	(11,031)	(73,544)
Total Assets	63,502 \$	3,712 \$	1,733,777 \$	79,524 \$	1,933,442 \$	133,031 \$	3,946,988 \$	872,625 \$	4,819,613

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

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

Fund Balances

Reserved for Encumbrances
 Unreserved (Deficit)
 Total Fund Balances

Total Liabilities and Fund Balances

\$	0 \$	0 \$	3,044 \$	0 \$	0 \$	0 \$	0 \$	0 \$	3,044
	0	0	8,353	0	0	0	8,353	0	8,353
	0	0	88,556	0	0	50	88,606	0	88,606
	0	0	1,623,248	0	0	0	1,623,248	286,456	1,909,704
	0	0	53,012	0	0	0	53,012	9,355	62,367
\$	0 \$	0 \$	1,776,213 \$	0 \$	0 \$	50 \$	1,776,263 \$	295,811 \$	2,072,074
\$	0 \$	0 \$	0 \$	741 \$	0 \$	0 \$	741 \$	99,005 \$	99,746
	63,502	3,712	(42,436)	78,783	1,933,442	132,981	2,169,984	477,809	2,647,793
\$	63,502 \$	3,712 \$	(42,436) \$	79,524 \$	1,933,442 \$	132,981 \$	2,170,725 \$	576,814 \$	2,747,539
\$	63,502 \$	3,712 \$	1,733,777 \$	79,524 \$	1,933,442 \$	133,031 \$	3,946,988 \$	872,625 \$	4,819,613

Exhibit G-2

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

	Special Revenue Funds										Capital Projects Fund	Total Nonmajor Governmental Funds					
	Courtthouse and Jail Maintenance					Law Library		Solid Waste / Sanitation		Drug Control			Other Special Revenue		Constitu- tional Officers - Fees	Total	
Revenues																	
Local Taxes	\$ 64,079	\$ 3,746	\$ 1,648,183	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,716,008	\$ 302,319	\$ 2,018,327	
Fines, Forfeitures, and Penalties	0	0	0	51,353	0	0	0	0	0	0	0	0	0	51,353	0	51,353	
Charges for Current Services	0	0	0	0	0	0	0	0	0	0	0	0	0	949,673	0	949,673	
Other Local Revenues	0	0	0	0	0	0	0	0	0	0	0	0	0	61,987	0	61,987	
Total Revenues	\$ 64,079	\$ 3,746	\$ 1,648,183	\$ 51,389	\$ 51,389	\$ 57,502	\$ 57,502	\$ 954,122	\$ 2,779,021	\$ 302,319	\$ 302,319	\$ 3,081,340					
Expenditures																	
Current:																	
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 257,601	\$ 0	\$ 257,601	
Finance	577	34	0	427	0	688,796	0	688,796	0	689,834	0	689,834					
Administration of Justice	0	0	0	0	0	270	0	270	0	270	0	270					
Public Safety	0	0	0	0	0	24,374	0	24,374	0	24,374	0	24,374					
Public Health and Welfare	0	0	0	0	0	1,523,037	0	1,523,037	0	1,523,037	0	1,523,037					
Other Operations	0	0	0	0	0	1,501	0	1,501	0	1,501	0	1,501					
Capital Projects	0	0	0	0	0	0	0	0	0	0	0	0	0	370,382	0	370,382	
Total Expenditures	\$ 577	\$ 34	\$ 1,524,538	\$ 24,801	\$ 24,801	\$ 946,667	\$ 2,496,617	\$ 370,382	\$ 2,866,999								
Excess (Deficiency) of Revenues Over Expenditures	\$ 63,502	\$ 3,712	\$ 123,645	\$ 26,588	\$ 26,588	\$ 57,502	\$ 7,455	\$ 282,404	\$ (68,063)	\$ 214,341							
Other Financing Sources (Uses)																	
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 122,556	\$ 122,556		
Transfers Out	0	0	(28,129)	0	0	0	0	0	0	(28,129)	0	(28,129)					
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ (28,129)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (28,129)	\$ 122,556	\$ 94,427						
Net Change in Fund Balances Fund Balance, July 1, 2008	\$ 63,502	\$ 3,712	\$ 95,516	\$ 26,588	\$ 26,588	\$ 57,502	\$ 7,455	\$ 254,275	\$ 54,493	\$ 308,768							
Fund Balance, June 30, 2009	\$ 63,502	\$ 3,712	\$ (42,436)	\$ 79,524	\$ 1,933,442	\$ 132,981	\$ 2,170,725	\$ 576,814	\$ 2,747,539								

Exhibit G-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,648,183	\$ 1,652,500	\$ 1,652,500	\$ (4,317)
Total Revenues	\$ 1,648,183	\$ 1,652,500	\$ 1,652,500	\$ (4,317)
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 1,523,037	\$ 1,607,524	\$ 1,621,569	\$ 98,532
<u>Other Operations</u>				
Other Charges	1,501	16,000	1,955	454
Total Expenditures	\$ 1,524,538	\$ 1,623,524	\$ 1,623,524	\$ 98,986
Excess (Deficiency) of Revenues Over Expenditures	\$ 123,645	\$ 28,976	\$ 28,976	\$ 94,669
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (28,129)	\$ (28,976)	\$ (28,976)	\$ 847
Total Other Financing Sources (Uses)	\$ (28,129)	\$ (28,976)	\$ (28,976)	\$ 847
Net Change in Fund Balance	\$ 95,516	\$ 0	\$ 0	\$ 95,516
Fund Balance, July 1, 2008	(137,952)	86,770	86,770	(224,722)
Fund Balance, June 30, 2009	\$ (42,436)	\$ 86,770	\$ 86,770	\$ (129,206)

Exhibit G-4

Jefferson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 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	\$ 51,353	0 \$	51,353 \$	35,000 \$	35,000 \$	16,353
Other Local Revenues	36	0	36	0	0	36
Total Revenues	\$ 51,389	0 \$	51,389 \$	35,000 \$	35,000 \$	16,389
<u>Expenditures</u>						
<u>Finance</u>						
Other Finance	\$ 427	0 \$	427 \$	500 \$	500 \$	73
<u>Public Safety</u>						
Drug Enforcement	24,374	741	25,115	63,000	63,000	37,885
Total Expenditures	\$ 24,801	741 \$	25,542 \$	63,500 \$	63,500 \$	37,958
Excess (Deficiency) of Revenues Over Expenditures	\$ 26,588	(741) \$	25,847 \$	(28,500) \$	(28,500) \$	54,347
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ 26,588	(741) \$	25,847 \$	(28,500) \$	(28,500) \$	54,347
	52,936	0	52,936	28,500	28,500	24,436
Fund Balance, June 30, 2009	\$ 79,524	(741) \$	78,783 \$	0 \$	0 \$	78,783

Exhibit G-5

Jefferson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Capital Projects Fund
For the Year Ended June 30, 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	\$ 302,319	\$ 0	\$ 0	\$ 302,319	\$ 292,500	\$ 292,500	\$ 9,819
Total Revenues	\$ 302,319	\$ 0	\$ 0	\$ 302,319	\$ 292,500	\$ 292,500	\$ 9,819
Expenditures							
Capital Projects							
Other General Government Projects	\$ 163,803	\$ (18,450)	\$ 17,000	\$ 162,353	\$ 330,000	\$ 330,000	\$ 167,647
Highway and Street Capital Projects	206,579	0	82,005	288,584	150,000	295,577	6,993
Total Expenditures	\$ 370,382	\$ (18,450)	\$ 99,005	\$ 450,937	\$ 480,000	\$ 625,577	\$ 174,640
Excess (Deficiency) of Revenues Over Expenditures	\$ (68,063)	\$ 18,450	\$ (99,005)	\$ (148,618)	\$ (187,500)	\$ (333,077)	\$ 184,459
Other Financing Sources (Uses)							
Transfers In	\$ 122,556	\$ 0	\$ 0	\$ 122,556	\$ 150,000	\$ 150,000	\$ (27,444)
Total Other Financing Sources (Uses)	\$ 122,556	\$ 0	\$ 0	\$ 122,556	\$ 150,000	\$ 150,000	\$ (27,444)
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ 54,493	\$ 18,450	\$ (99,005)	\$ (26,062)	\$ (37,500)	\$ (183,077)	\$ 157,015
Fund Balance, July 1, 2008	522,321	(18,450)	0	503,871	37,500	183,077	320,794
Fund Balance, June 30, 2009	\$ 576,814	\$ 0	\$ (99,005)	\$ 477,809	\$ 0	\$ 0	\$ 477,809

This page is left blank intentionally.

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.

This page is left blank intentionally.

Exhibit H

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,429,858	\$ 2,675,000	\$ 2,675,000	\$ 754,858
Other Local Revenues	1,004,328	1,513,000	1,513,000	(508,672)
Other Governments and Citizens Groups	219,350	0	0	219,350
Total Revenues	\$ 4,653,536	\$ 4,188,000	\$ 4,188,000	\$ 465,536
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 650,000	\$ 713,255	\$ 723,255	\$ 73,255
Education	953,000	913,000	953,000	0
<u>Interest on Debt</u>				
General Government	549,688	1,140,282	1,000,247	450,559
Education	1,153,588	1,420,049	1,295,160	141,572
<u>Other Debt Service</u>				
General Government	256,055	60,500	260,473	4,418
Education	181,523	0	181,523	0
Total Expenditures	\$ 3,743,854	\$ 4,247,086	\$ 4,413,658	\$ 669,804
Excess (Deficiency) of Revenues Over Expenditures	\$ 909,682	\$ (59,086)	\$ (225,658)	\$ 1,135,340
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 27,045,000	\$ 0	\$ 27,045,000	\$ 0
Discounts on Debt Issued	(144,868)	0	(144,868)	0
Payments to Refunded Debt Escrow Agent	(26,733,560)	0	(26,733,560)	0
Total Other Financing Sources (Uses)	\$ 166,572	\$ 0	\$ 166,572	\$ 0
Net Change in Fund Balance	\$ 1,076,254	\$ (59,086)	\$ (59,086)	\$ 1,135,340
Fund Balance, July 1, 2008	7,993,287	7,819,969	7,819,969	173,318
Fund Balance, June 30, 2009	\$ 9,069,541	\$ 7,760,883	\$ 7,760,883	\$ 1,308,658

This page is left blank intentionally.

Fiduciary Funds

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

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

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

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

Other Agency Fund – The Other Agency Fund is used to account for bonds issued by the primary government and being held in an agency capacity by the county trustee for the discretely presented Jefferson County Nursing Home.

This page is left blank intentionally.

Exhibit I-1

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

	<u>Agency Funds</u>				
	Cities - Sales Tax	Cities - Property Tax	Constitu- tional Officers - Agency	Other Agency	Total
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 2,030,900	\$ 0	\$ 2,030,900
Equity in Pooled Cash and Investments	0	13,289	0	7,490,415	7,503,704
Accounts Receivable	0	0	5,340	0	5,340
Due from Other Governments	725,678	0	0	0	725,678
Property Taxes Receivable	0	1,008,799	0	0	1,008,799
Allowance for Uncollectible Property Taxes	0	(23,266)	0	0	(23,266)
Total Assets	<u>\$ 725,678</u>	<u>\$ 998,822</u>	<u>\$ 2,036,240</u>	<u>\$ 7,490,415</u>	<u>\$ 11,251,155</u>
<u>LIABILITIES</u>					
Due to Component Units	\$ 0	\$ 0	\$ 0	\$ 7,490,415	\$ 7,490,415
Due to Other Taxing Units	725,678	998,822	0	0	1,724,500
Due to Litigants, Heirs, and Others	0	0	2,036,240	0	2,036,240
Total Liabilities	<u>\$ 725,678</u>	<u>\$ 998,822</u>	<u>\$ 2,036,240</u>	<u>\$ 7,490,415</u>	<u>\$ 11,251,155</u>

Exhibit I-2

Jefferson 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	\$ 4,055,075	\$ 4,055,075	\$ 0
Due from Other Governments	668,163	725,678	668,163	725,678
Total Assets	\$ 668,163	\$ 4,780,753	\$ 4,723,238	\$ 725,678
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 668,163	\$ 4,780,753	\$ 4,723,238	\$ 725,678
Total Liabilities	\$ 668,163	\$ 4,780,753	\$ 4,723,238	\$ 725,678
<u>Cities - Property Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 26,106	\$ 909,422	\$ 922,239	\$ 13,289
Property Taxes Receivable	955,767	1,008,799	955,767	1,008,799
Allowance for Uncollectible Property Taxes	(40,059)	(23,266)	(40,059)	(23,266)
Total Assets	\$ 941,814	\$ 1,894,955	\$ 1,837,947	\$ 998,822
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 941,814	1,894,955	\$ 1,837,947	\$ 998,822
Total Liabilities	\$ 941,814	\$ 1,894,955	\$ 1,837,947	\$ 998,822
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,587,208	\$ 10,359,143	\$ 10,915,451	\$ 2,030,900
Accounts Receivable	996	4,344	0	5,340
Total Assets	\$ 2,588,204	\$ 10,363,487	\$ 10,915,451	\$ 2,036,240
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,588,204	\$ 10,363,487	\$ 10,915,451	\$ 2,036,240
Total Liabilities	\$ 2,588,204	\$ 10,363,487	\$ 10,915,451	\$ 2,036,240

(Continued)

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 7,899,465	\$ 244,338	\$ 653,388	\$ 7,490,415
Total Assets	\$ 7,899,465	\$ 244,338	\$ 653,388	\$ 7,490,415
<u>Liabilities</u>				
Due to Component Units	\$ 7,899,465	\$ 244,338	\$ 653,388	\$ 7,490,415
Total Liabilities	\$ 7,899,465	\$ 244,338	\$ 653,388	\$ 7,490,415
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 2,587,208	\$ 10,359,143	\$ 10,915,451	\$ 2,030,900
Equity in Pooled Cash and Investments	7,925,571	5,208,835	5,630,702	7,503,704
Accounts Receivable	996	4,344	0	5,340
Due from Other Governments	668,163	725,678	668,163	725,678
Property Taxes Receivable	955,767	1,008,799	955,767	1,008,799
Allowance for Uncollectible Property Taxes	(40,059)	(23,266)	(40,059)	(23,266)
Total Assets	\$ 12,097,646	\$ 17,283,533	\$ 18,130,024	\$ 11,251,155
<u>Liabilities</u>				
Due to Component Units	\$ 7,899,465	\$ 244,338	\$ 653,388	\$ 7,490,415
Due to Other Taxing Units	1,609,977	6,675,708	6,561,185	1,724,500
Due to Litigants, Heirs, and Others	2,588,204	10,363,487	10,915,451	2,036,240
Total Liabilities	\$ 12,097,646	\$ 17,283,533	\$ 18,130,024	\$ 11,251,155

This page is left blank intentionally.

Jefferson County School Department

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

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

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

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

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

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

This page is left blank intentionally.

Exhibit J-1

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Other Operations	\$ 259,767	\$ 0	\$ 0	\$ 0	\$ (259,767)
Instruction	33,630,888	1,515	3,808,847	0	(29,820,526)
Support Services	16,172,252	0	251,964	31,000	(15,889,288)
Operation of Non-Instructional Services	4,013,520	1,323,011	2,733,385	0	42,876
Debt Service	219,350	0	0	0	(219,350)
Total Governmental Activities	\$ 54,295,777	\$ 1,324,526	\$ 6,794,196	\$ 31,000	\$ (46,146,055)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 6,834,916
Local Option Sales Taxes					4,612,135
Wholesale Beer Tax					2,781
Interstate Telecommunications Tax					9,298
Grants and Contributions Not Restricted for Specific Programs					32,607,211
Unrestricted Investment Income					10,118
Miscellaneous					15,791
Gain on Disposal of Capital Assets					11,357
Total General Revenues					\$ 44,103,607
Change in Net Assets					\$ (2,042,448)
Net Assets, July 1, 2008					25,598,693
Net Assets, June 30, 2009					\$ 23,556,245

Exhibit J-2

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

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	<u>Total</u>
	General	Other	Govern-
	Purpose	Govern-	ment-
	School	mental	Funds
	Funds	Funds	Funds
ASSETS			
Equity in Pooled Cash and Investments	\$ 4,732,529	\$ 222,374	\$ 4,954,903
Accounts Receivable	10,966	62,601	73,567
Due from Other Governments	1,800,687	103,466	1,904,153
Property Taxes Receivable	7,212,545	0	7,212,545
Allowance for Uncollectible Property Taxes	(257,406)	0	(257,406)
Total Assets	\$ 13,499,321	\$ 388,441	\$ 13,887,762
LIABILITIES AND FUND BALANCES			
<u>Liabilities</u>			
Accounts Payable	\$ 144,714	\$ 5,141	\$ 149,855
Accrued Payroll	0	174,072	174,072
Payroll Deductions Payable	1,497,487	191,631	1,689,118
Contracts Payable	34,561	0	34,561
Retainage Payable	3,840	0	3,840
Deferred Revenue - Current Property Taxes	6,683,963	0	6,683,963
Deferred Revenue - Delinquent Property Taxes	218,284	0	218,284
Other Deferred Revenues	573,468	0	573,468
Total Liabilities	\$ 9,156,317	\$ 370,844	\$ 9,527,161
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 77,707	\$ 0	\$ 77,707
Reserved for Food Service	806,676	0	806,676
Other Local Education Reserves	141,852	0	141,852
Reserved for Career Ladder - Extended Contract	1,921	0	1,921
Reserved for Career Ladder Program	20,877	0	20,877
Reserved for Technology	6,792	0	6,792
Reserved for Basic Education Program	453,487	0	453,487
Reserved for Title I Grants to Local Education Agencies	0	6,630	6,630
Reserved for Innovative Education Program Strategies	0	6,476	6,476
Reserved for Special Education - Grants to States	0	73	73
Unreserved, Reported In:			
General Fund	2,833,692	0	2,833,692
Capital Projects Funds	0	4,418	4,418
Total Fund Balances	\$ 4,343,004	\$ 17,597	\$ 4,360,601
Total Liabilities and Fund Balances	\$ 13,499,321	\$ 388,441	\$ 13,887,762

Exhibit J-3

Jefferson County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
Discretely Presented Jefferson County School Department
June 30, 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 J-2)		\$ 4,360,601
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 581,841	
Add: construction in progress	1,780,279	
Add: buildings and improvements net of accumulated depreciation	17,159,580	
Add: machinery and equipment net of accumulated depreciation	204,370	
Add: other capital assets net of accumulated depreciation	<u>1,737,760</u>	21,463,830
(2) An internal service fund is used by management to charge the cost of employee dental and vision benefits to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		221,123
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: compensated absences payable	\$ (624,506)	
Less: termination benefits	(64,052)	
Less: other postemployment benefits liability	<u>(2,592,503)</u>	(3,281,061)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>791,752</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 23,556,245</u>

Exhibit J-4

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

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>Revenues</u>			
Local Taxes	\$ 11,565,281	\$ 0	\$ 11,565,281
Licenses and Permits	2,840	0	2,840
Charges for Current Services	1,319,297	0	1,319,297
Other Local Revenues	86,459	0	86,459
State of Tennessee	33,021,949	0	33,021,949
Federal Government	2,059,603	3,699,053	5,758,656
Other Governments and Citizens Groups	0	264,474	264,474
Total Revenues	\$ 48,055,429	\$ 3,963,527	\$ 52,018,956
<u>Expenditures</u>			
Current:			
Other Operations	\$ 0	\$ 259,767	\$ 259,767
Instruction	28,718,671	2,827,278	31,545,949
Support Services	15,453,139	827,046	16,280,185
Operation of Non-Instructional Services	3,714,518	0	3,714,518
Debt Service:			
Other Debt Service	0	219,350	219,350
Capital Projects	0	336,298	336,298
Total Expenditures	\$ 47,886,328	\$ 4,469,739	\$ 52,356,067
Excess (Deficiency) of Revenues			
Over Expenditures	\$ 169,101	\$ (506,212)	\$ (337,111)
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 36,325	\$ 0	\$ 36,325
Transfers In	20,196	0	20,196
Transfers Out	0	(20,196)	(20,196)
Total Other Financing Sources (Uses)	\$ 56,521	\$ (20,196)	\$ 36,325
Net Change in Fund Balances	\$ 225,622	\$ (526,408)	\$ (300,786)
Fund Balance, July 1, 2008	4,117,382	544,005	4,661,387
Fund Balance, June 30, 2009	\$ 4,343,004	\$ 17,597	\$ 4,360,601

Exhibit J-5

Jefferson County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Jefferson County School Department
For the Year Ended June 30, 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 J-4)		\$ (300,786)
(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	\$ 847,676	
Add: capital assets donated in the current period	31,000	
Less: current year depreciation expense	(1,264,094)	
Less: net book value of assets disposed	<u>(11,643)</u>	(397,061)
(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	\$ 791,752	
Less: deferred delinquent property taxes and other deferred June 30, 2008	<u>(876,386)</u>	(84,634)
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	\$ 52,093	
Change in termination benefits	1,076	
Change in other postemployment benefits liability	<u>(1,339,088)</u>	(1,285,919)
(4) Internal service funds are used by management to charge the cost of employee dental and vision benefits to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities.		<u>25,952</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (2,042,448)</u>

Exhibit J-6

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

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Education Capital Projects	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 217,956	\$ 4,418	\$ 222,374
Accounts Receivable	62,601	0	62,601
Due from Other Governments	103,466	0	103,466
Total Assets	<u>\$ 384,023</u>	<u>\$ 4,418</u>	<u>\$ 388,441</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 5,141	\$ 0	\$ 5,141
Accrued Payroll	174,072	0	174,072
Payroll Deductions Payable	191,631	0	191,631
Total Liabilities	<u>\$ 370,844</u>	<u>\$ 0</u>	<u>\$ 370,844</u>
<u>Fund Balances</u>			
Reserved for Title I Grants to Local Education Agencies	\$ 6,630	\$ 0	\$ 6,630
Reserved for Innovative Education Program Strategies	6,476	0	6,476
Reserved for Special Education - Grants to States	73	0	73
Unreserved	0	4,418	4,418
Total Fund Balances	<u>\$ 13,179</u>	<u>\$ 4,418</u>	<u>\$ 17,597</u>
Total Liabilities and Fund Balances	<u>\$ 384,023</u>	<u>\$ 4,418</u>	<u>\$ 388,441</u>

Exhibit J-7

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

	Special Revenue Fund School Federal Projects	Capital Projects Fund Education Capital Projects	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Federal Government	\$ 3,699,053	\$ 0	\$ 3,699,053
Other Governments and Citizens Groups	264,474	0	264,474
Total Revenues	<u>\$ 3,963,527</u>	<u>\$ 0</u>	<u>\$ 3,963,527</u>
<u>Expenditures</u>			
Current:			
Other Operations	\$ 259,767	\$ 0	\$ 259,767
Instruction	2,827,278	0	2,827,278
Support Services	827,046	0	827,046
Debt Service:			
Other Debt Service	0	219,350	219,350
Capital Projects	0	336,298	336,298
Total Expenditures	<u>\$ 3,914,091</u>	<u>\$ 555,648</u>	<u>\$ 4,469,739</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 49,436</u>	<u>\$ (555,648)</u>	<u>\$ (506,212)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (20,196)	\$ 0	\$ (20,196)
Total Other Financing Sources (Uses)	<u>\$ (20,196)</u>	<u>\$ 0</u>	<u>\$ (20,196)</u>
Net Change in Fund Balances	\$ 29,240	\$ (555,648)	\$ (526,408)
Fund Balance, July 1, 2008	<u>(16,061)</u>	<u>560,066</u>	<u>544,005</u>
Fund Balance, June 30, 2009	<u>\$ 13,179</u>	<u>\$ 4,418</u>	<u>\$ 17,597</u>

Jefferson County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discreetly Presented Jefferson County School Department
 General Purpose School 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	\$ 11,565,281	\$ 0	\$ 0	\$ 11,565,281	\$ 11,924,800	\$ 11,924,800	\$ (359,519)
Licenses and Permits	2,840	0	0	2,840	3,000	3,000	(160)
Charges for Current Services	1,319,297	0	0	1,319,297	1,440,489	1,356,911	(37,614)
Other Local Revenues	86,459	0	0	86,459	148,146	175,126	(88,667)
State of Tennessee	33,021,949	0	0	33,021,949	32,297,673	32,874,482	147,467
Federal Government	2,059,603	0	0	2,059,603	1,898,028	2,022,749	36,854
Total Revenues	\$ 48,055,429	\$ 0	\$ 0	\$ 48,055,429	\$ 47,712,136	\$ 48,357,068	\$ (301,639)
Expenditures							
Instruction							
Regular Instruction Program	\$ 24,384,334	\$ 0	\$ 130	\$ 24,384,464	\$ 24,858,598	\$ 24,745,411	\$ 360,947
Alternative Instruction Program	284,125	0	0	284,125	290,000	290,000	5,875
Special Education Program	2,649,031	0	0	2,649,031	2,671,824	2,692,970	43,939
Vocational Education Program	1,265,761	0	0	1,265,761	1,268,920	1,316,566	50,805
Adult Education Program	135,420	0	0	135,420	125,580	140,538	5,118
Support Services							
Attendance	7,428	0	0	7,428	8,291	8,291	863
Health Services	365,428	0	0	365,428	376,785	371,584	6,156
Other Student Support	1,206,860	0	0	1,206,860	1,176,563	1,217,663	10,803
Regular Instruction Program	1,703,799	(6,912)	3,243	1,700,130	1,753,943	1,756,111	55,981
Special Education Program	499,950	0	0	499,950	493,996	511,216	11,266
Vocational Education Program	147,377	0	0	147,377	145,270	160,516	13,139
Adult Programs	81,434	0	0	81,434	83,454	84,655	3,221
Other Programs	251,964	0	0	251,964	0	251,964	0

(Continued)

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	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>Support Services (Cont.)</u>							
Board of Education	\$ 589,517	\$ (7,800)	\$ 23,000	\$ 604,717	\$ 614,697	\$ 632,497	\$ 27,780
Director of Schools	266,213	0	0	266,213	246,121	267,475	1,262
Office of the Principal	2,944,642	0	0	2,944,642	3,001,141	2,981,002	36,360
Fiscal Services	380,501	0	0	380,501	391,573	391,714	11,213
Human Services/Personnel	67,284	0	0	67,284	70,903	70,776	3,492
Operation of Plant	3,413,258	(2,592)	0	3,410,666	3,302,799	3,504,561	93,895
Maintenance of Plant	907,472	(7,122)	22,570	922,920	931,822	1,011,396	88,476
Transportation	2,620,012	(398)	0	2,619,614	2,918,259	2,725,812	106,198
<u>Operation of Non-Instructional Services</u>							
Food Service	2,862,604	(31,802)	28,723	2,859,525	3,356,431	3,347,627	488,102
Community Services	212,775	0	41	212,816	314,489	237,356	24,540
Early Childhood Education	639,139	(14,345)	0	624,794	629,332	657,607	32,813
Total Expenditures	\$ 47,886,328	\$ (70,971)	\$ 77,707	\$ 47,893,064	\$ 49,030,791	\$ 49,375,308	\$ 1,482,244
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 169,101	\$ 70,971	\$ (77,707)	\$ 162,365	\$ (1,318,655)	\$ (1,018,240)	\$ 1,180,605
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 36,325	\$ 0	\$ 0	\$ 36,325	\$ 0	\$ 36,325	\$ 0
Transfers In	20,196	0	0	20,196	17,655	17,655	2,541
Total Other Financing Sources (Uses)	\$ 56,521	\$ 0	\$ 0	\$ 56,521	\$ 17,655	\$ 53,980	\$ 2,541
Net Change in Fund Balance	\$ 225,622	\$ 70,971	\$ (77,707)	\$ 218,886	\$ (1,301,000)	\$ (964,260)	\$ 1,183,146
Fund Balance, July 1, 2008	4,117,382	(70,971)	0	4,046,411	1,301,000	1,301,000	2,745,411
Fund Balance, June 30, 2009	\$ 4,343,004	\$ 0	\$ (77,707)	\$ 4,265,297	\$ 0	\$ 336,740	\$ 3,928,557

Exhibit J-9

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 3,699,053	0	\$ 3,699,053	\$ 3,813,201	\$ 3,909,367	\$ (210,314)
Other Governments and Citizens Groups	264,474	0	264,474	160,000	287,998	(23,524)
Total Revenues	\$ 3,963,527	0	\$ 3,963,527	\$ 3,973,201	\$ 4,197,365	\$ (233,838)
<u>Expenditures</u>						
<u>Other Operations</u>						
Other Charges	\$ 259,767	0	259,767	160,000	283,291	23,524
<u>Instruction</u>						
Regular Instruction Program	1,683,448	(1,355)	1,682,093	1,300,347	1,695,174	13,081
Special Education Program	1,059,044	0	1,059,044	1,092,247	1,147,005	87,961
Vocational Education Program	84,786	0	84,786	86,529	86,529	1,743
<u>Support Services</u>						
Health Services	750	0	750	1,000	1,000	250
Other Student Support	264,193	(1,628)	262,565	249,581	290,464	27,899
Regular Instruction Program	218,025	(600)	217,425	348,417	240,423	22,998
Special Education Program	271,201	0	271,201	284,388	299,388	28,187
Vocational Education Program	7,482	(90)	7,392	9,591	10,520	3,128
Office of the Principal	4,556	0	4,556	4,556	4,556	0
Transportation	60,839	0	60,839	143,374	117,374	56,535
Total Expenditures	\$ 3,914,091	(3,673)	\$ 3,910,418	\$ 3,680,030	\$ 4,175,724	\$ 265,306
Excess (Deficiency) of Revenues Over Expenditures	\$ 49,436	3,673	53,109	293,171	21,641	31,468
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (20,196)	0	(20,196)	(17,655)	(21,641)	1,445
Total Other Financing Sources (Uses)	\$ (20,196)	0	(20,196)	(17,655)	(21,641)	1,445
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ 29,240	3,673	32,913	275,516	0	32,913
	(16,061)	(3,673)	(19,734)	0	0	(19,734)
Fund Balance, June 30, 2009	\$ 13,179	0	13,179	275,516	0	13,179

Exhibit J-10

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

Governmental
 Activities -
 Internal
 Service Fund

 Employee
 Insurance -
 Dental and
 Vision
 Fund

ASSETS

Current Assets:

Cash	\$	57,151
Equity in Pooled Cash and Investments		<u>205,331</u>
Total Current Assets	\$	<u>262,482</u>
Total Assets	\$	<u>262,482</u>

LIABILITIES

Current Liabilities:

Accounts Payable	\$	<u>41,359</u>
Total Current Liabilities	\$	<u>41,359</u>
Total Liabilities	\$	<u>41,359</u>

NET ASSETS

Unrestricted	\$	<u>221,123</u>
Net Assets	\$	<u><u>221,123</u></u>

Exhibit J-11

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

	Governmental Activities - Internal Service Fund
	<u>Employee Insurance - Dental and Vision Fund</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums/Contributions	\$ 321,570
Total Operating Revenues	<u>\$ 321,570</u>
<u>Operating Expenses</u>	
Handling Charges and Administrative Costs	\$ 24,457
Other Self-Insured Claims	271,161
Total Operating Expenses	<u>\$ 295,618</u>
Operating Income (Loss)	<u>\$ 25,952</u>
Changes in Net Assets	\$ 25,952
Net Assets, July 1, 2008	<u>195,171</u>
Net Assets, June 30, 2009	<u><u>\$ 221,123</u></u>

Exhibit J-12

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

	Governmental Activities - Internal Service Fund
	<u>Employee Insurance - Dental and Vision Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 323,931
Payments for Claims	(276,565)
Payments for Administrative Costs	(24,457)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 22,909</u>
Increase (Decrease) in Cash	\$ 22,909
Cash, July 1, 2008	<u>239,573</u>
Cash, June 30, 2009	<u><u>\$ 262,482</u></u>
<u>Reconciliation of Operating Income (Loss)</u> <u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 25,952
Adjustment to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
(Increase) Decrease in Due from Other Funds	2,361
Increase (Decrease) in Accounts Payable	<u>(5,404)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 22,909</u></u>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash per Net Assets	\$ 57,151
Equity in Pooled Cash and Investments per Net Assets	<u>205,331</u>
Cash, June 30, 2009	<u><u>\$ 262,482</u></u>

Exhibit J-13

Jefferson County, Tennessee
Statement of Fiduciary Net Assets
Discretely Presented Jefferson County School Department
Fiduciary Fund
June 30, 2009

	<u>Other Employee Benefit Trust Fund</u> <u>Flexible Benefits Fund</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 22,314
Total Assets	<u>\$ 22,314</u>
<u>NET ASSETS</u>	
Funds Held in Trust for Employees	<u>\$ 22,314</u>
Total Net Assets	<u><u>\$ 22,314</u></u>

Exhibit J-14

Jefferson County, Tennessee
Statement of Changes in Fiduciary Net Assets
Discretely Presented Jefferson County School Department
Fiduciary Fund
For the Year Ended June 30, 2009

	Other Employee Benefit Trust Fund <hr/> Flexible Benefits Fund <hr/>
<u>ADDITIONS</u>	
Plan Member Contributions	\$ 83,429
Total Additions	<u>\$ 83,429</u>
<u>DEDUCTIONS</u>	
Employee Benefits	
Other Fringe Benefits	\$ 78,834
Total Deductions	<u>\$ 78,834</u>
Change in Net Assets	\$ 4,595
Net Assets, July 1, 2008	<u>17,719</u>
Net Assets, June 30, 2009	<u><u>\$ 22,314</u></u>

This page is left blank intentionally.

MISCELLANEOUS SCHEDULES

This page is left blank intentionally.

Exhibit K-1

Jefferson County, Tennessee
 Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds
 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	Debt Refunded	Paid and/or Matured During Period	Outstanding 6-30-09
NOTES PAYABLE									
Payable through General Debt Service Fund									
School Pre-Construction	\$ 3,368,000	3.1 %	5-5-08	6-1-11	\$ 3,368,000	0	0	\$ 338,000	\$ 3,030,000
Total Payable through General Debt Service Fund	\$ 3,368,000				\$ 3,368,000	0	0	\$ 338,000	\$ 3,030,000
Total Notes Payable	\$ 3,368,000				\$ 3,368,000	0	0	\$ 338,000	\$ 3,030,000
OTHER LOANS PAYABLE									
Payable through General Debt Service Fund									
Local Government Public Improvement (III-C-5)	10,000,000	4.96	(1) 10-1-1998	5-25-23	\$ 10,000,000	0	0	0	\$ 10,000,000
Local Government Public Improvement (III-D-3)	10,000,000	Variable	10-21-1999	6-1-19	10,000,000	0	10,000,000	0	0
Local Government Public Improvement (IV-B-10)	5,000,000	Variable	1-27-00	6-1-12	3,535,000	0	3,535,000	0	0
Local Government Public Improvement (D-2-A)	15,000,000	Variable	6-30-05	6-1-26	13,195,000	0	13,195,000	0	0
Local Government Public Improvement (E-3-D)	13,305,000	Variable	7-31-08	6-1-26	0	13,305,000	0	510,000	12,795,000
Local Government Public Improvement (V-G-1)	13,740,000	4 to 5	12-10-08	6-1-19	0	13,740,000	0	615,000	13,125,000
Total Payable through General Debt Service Fund	\$ 36,730,000				\$ 27,045,000	\$ 26,730,000	\$ 1,125,000	\$ 35,920,000	
Total Other Loans Payable	\$ 36,730,000				\$ 27,045,000	\$ 26,730,000	\$ 1,125,000	\$ 35,920,000	
CAPITAL LEASES PAYABLE									
Payable through General Fund									
Patrol Cars	233,601	5.2	6-27-08	6-27-11	\$ 233,601	0	0	\$ 76,106	\$ 158,495
Patrol Cars	227,900	4	5-1-09	6-1-11	0	227,900	0	78,459	149,441
Total Payable through General Fund	\$ 233,601				\$ 233,601	\$ 227,900	\$ 0	\$ 153,565	\$ 307,936
Payable through Solid Waste Disposal Fund									
Landfill Equipment - Dozer	223,905	5	2-23-06	6-8-10	\$ 130,363	0	0	\$ 32,806	\$ 97,557
Total Payable through Solid Waste Disposal Fund	\$ 130,363				\$ 130,363	\$ 0	\$ 0	\$ 32,806	\$ 97,557
Total Capital Leases Payable	\$ 363,964				\$ 227,900	\$ 227,900	\$ 0	\$ 186,371	\$ 405,493

(Continued)

Exhibit K-1

Jefferson County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Issued During Period	Debt Refunded	Paid and/or Matured During Period	Outstanding 6-30-09
<u>BONDS PAYABLE</u>									
Payable through <u>General Debt Service Fund</u>									
Nursing Home	\$ 8,000,000	4 to 4.5 %	12-21-07	6-1-37	\$ 8,000,000	0	0 \$	140,000 \$	7,860,000
Total Payable through General Debt Service Fund					\$ 8,000,000	0 \$	0 \$	140,000 \$	7,860,000
Total Bonds Payable					\$ 8,000,000	0 \$	0 \$	140,000 \$	7,860,000

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

Exhibit K-2

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

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2010	\$ 350,000	\$ 93,930	\$ 443,930
2011	2,680,000	83,080	2,763,080
Total	<u>\$ 3,030,000</u>	<u>\$ 177,010</u>	<u>\$ 3,207,010</u>

Year Ending June 30	Other Loan Principal	Other Loan Interest	Other Loan Fees	Total Loan Requirements
2010	\$ 1,210,000	\$ 1,267,824	\$ 247,636	\$ 2,725,460
2011	1,860,000	1,231,622	242,899	3,334,521
2012	1,945,000	1,169,990	237,850	3,352,840
2013	2,020,000	1,105,528	232,576	3,358,104
2014	2,110,000	1,038,522	227,120	3,375,642
2015	2,220,000	968,486	221,438	3,409,924
2016	2,305,000	895,190	215,314	3,415,504
2017	2,400,000	815,064	208,964	3,424,028
2018	2,525,000	729,446	202,386	3,456,832
2019	2,655,000	633,142	195,365	3,483,507
2020	2,825,000	528,210	168,104	3,521,314
2021	2,975,000	415,792	134,141	3,524,933
2022	3,135,000	297,554	98,396	3,530,950
2023	3,300,000	173,000	60,735	3,533,735
2024	1,055,000	41,882	21,090	1,117,972
2025	1,105,000	23,736	11,953	1,140,689
2026	275,000	4,730	2,382	282,112
Total	<u>\$ 35,920,000</u>	<u>\$ 11,339,718</u>	<u>\$ 2,728,349</u>	<u>\$ 49,988,067</u>

Year Ending June 30	Capital Lease Principal	Capital Lease Interest	Total Capital Lease Requirements
2010	\$ 248,646	\$ 15,776	\$ 264,422
2011	156,847	5,232	162,079
Total	<u>\$ 405,493</u>	<u>\$ 21,008</u>	<u>\$ 426,501</u>

(Continued)

Exhibit K-2

Jefferson County, Tennessee

Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
2010	\$ 145,000	\$ 342,981	\$ 487,981
2011	150,000	337,181	487,181
2012	160,000	331,181	491,181
2013	165,000	324,781	489,781
2014	175,000	318,181	493,181
2015	180,000	311,181	491,181
2016	190,000	303,981	493,981
2017	200,000	296,381	496,381
2018	205,000	287,881	492,881
2019	215,000	278,656	493,656
2020	225,000	268,981	493,981
2021	235,000	258,856	493,856
2022	245,000	248,281	493,281
2023	260,000	237,256	497,256
2024	270,000	225,556	495,556
2025	280,000	213,406	493,406
2026	295,000	200,806	495,806
2027	310,000	187,531	497,531
2028	320,000	173,581	493,581
2029	335,000	159,581	494,581
2030	350,000	144,925	494,925
2031	365,000	129,613	494,613
2032	385,000	113,644	498,644
2033	400,000	96,800	496,800
2034	420,000	79,200	499,200
2035	440,000	60,720	500,720
2036	460,000	41,360	501,360
2037	480,000	21,120	501,120
Total	\$ 7,860,000	\$ 5,993,602	\$ 13,853,602

Exhibit K-3

Jefferson County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Jefferson County School Department
For the Year Ended June 30, 2009

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Capital Projects	Litigation tax	\$ 122,556
Solid Waste/Sanitation	General	Indirect costs	28,129
Highway/Public Works	General	Indirect costs	56,258
Solid Waste/Disposal	General	Indirect costs	28,129
Total Transfers Primary Government			<u>\$ 235,072</u>
<u>DISCRETELY PRESENTED JEFFERSON COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 20,196
Total Transfers Discretely Presented Jefferson County School Department			<u>\$ 20,196</u>

Exhibit K-4

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 74,496	\$ 50,000	Hartford Fire Insurance Company
Road Superintendent	Section 8-24-102, <u>TCA</u>	70,350	100,000	"
Director of Schools	State Board of Education and County Board of Education	96,040 (1)	150,000	Tennessee Risk Management Trust
Trustee	Section 8-24-102, <u>TCA</u>	63,954	1,437,581	Hartford Fire Insurance Company
Assessor of Property:				
Robert Cavanah (7-1-08 through 8-31-08)	Section 8-24-102, <u>TCA</u>	10,659	10,000	State Automobile Mutual Insurance Company
Susan Gass (9-1-08 through 6-30-09)	Section 8-24-102, <u>TCA</u>	53,295	10,000	Hartford Fire Insurance Company
Finance Director	County Commission	80,800	150,000	Tennessee Risk Management Trust
County Clerk	Section 8-24-102, <u>TCA</u>	63,954	50,000	Hartford Fire Insurance Company
Circuit and General Sessions Courts Clerk	Section 8-24-102, <u>TCA</u>	63,954	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	63,954	50,000	State Automobile Mutual Insurance Company
Register	Section 8-24-102, <u>TCA</u>	63,954	25,000	Hartford Fire Insurance Company
Sheriff	Section 8-24-102, <u>TCA</u>	70,350 (2)	25,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments			150,000	Tennessee Risk Management Trust
Public Employee Dishonesty - School Department			150,000	"

(1) Includes chief executive officer training supplement of \$1,000.

(2) Does not include a law enforcement training supplement of \$600.

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	
Local Taxes						
County Property Taxes						
Current Property Tax	\$ 9,228,172	\$ 0	\$ 0	\$ 1,568,789	\$ 0	0
Trustee's Collections - Prior Year	285,625	0	0	44,431	0	0
Circuit/Clerk & Master Collections - Prior Years	90,717	0	0	14,499	0	0
Interest and Penalty	51,507	0	0	8,186	0	0
Pick-up Taxes	10,846	0	0	1,769	0	0
Payments in-Lieu-of-Taxes - Local Utilities	19,089	0	0	2,978	0	0
County Local Option Taxes						
Local Option Sales Tax	0	0	0	0	0	0
Hotels/Motel Tax	181,328	0	0	0	0	0
Wheel Tax	0	0	0	0	0	0
Litigation Tax - General	114,686	0	0	0	0	0
Litigation Tax - Special Purpose	0	0	3,746	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	144,751	64,079	0	0	0	0
Business Tax	343,251	0	0	0	0	0
Adequate Facilities/Development Tax	0	0	0	0	0	0
Statutory Local Taxes						
Bank Excise Tax	44,300	0	0	7,531	0	0
Wholesale Beer Tax	120,404	0	0	0	0	0
Total Local Taxes	\$ 10,634,676	\$ 64,079	\$ 3,746	\$ 1,648,183	\$ 0	0
Licenses and Permits						
Licenses						
Marriage Licenses	\$ 1,270	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	69,181	0	0	0	0	0
Permits						
Beer Permits	1,188	0	0	0	0	0
Building Permits	149,833	0	0	0	0	0
Other Permits	78,450	0	0	0	0	0
Total Licenses and Permits	\$ 299,922	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 10,322	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	7,149	0	0	0	0	0
Drug Control Fines	0	0	0	0	11,873	0
Drug Court Fees	228	0	0	0	0	0
Jail Fees	2,042	0	0	0	0	0
DUI Treatment Fines	853	0	0	0	0	0
Data Entry Fee - Circuit Court	682	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	90,268	0	0	0	0	0
Officers Costs	86,512	0	0	0	0	0
Game and Fish Fines	1,718	0	0	0	0	0
Drug Control Fines	0	0	0	0	32,913	0
Drug Court Fees	1,867	0	0	0	0	0
Jail Fees	47,614	0	0	0	0	0
DUI Treatment Fines	14,560	0	0	0	0	0
Data Entry Fee - General Sessions Court	9,636	0	0	0	0	0
Courtroom Security Fee	792	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	18,160	0	0	0	0	0
Officers Costs	7,168	0	0	0	0	0
Data Entry Fee - Juvenile Court	663	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	1,969	0	0	0	0	0
Data Entry Fee - Chancery Court	988	0	0	0	0	0
Courtroom Security Fee	14	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures	0	0	0	0	3,663	0
Victims Assistance Assessments	4,831	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	0	2,904
Total Fines, Forfeitures, and Penalties	\$ 308,036	\$ 0	\$ 0	\$ 0	\$ 0	\$ 51,353

(Continued)

Exhibit K-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control
Charges for Current Services					
General Service Charges					
Patient Charges	\$ 3,493,304	\$ 0	\$ 0	\$ 0	\$ 0
Other General Service Charges	5,800	0	0	0	0
Fees					
Recreation Fees	11,994	0	0	0	0
Copy Fees	1,960	0	0	0	0
Library Fees	3,436	0	0	0	0
Telephone Commissions	60,094	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0
Data Processing Fee - Register	18,120	0	0	0	0
Data Processing Fee - Sheriff	10,302	0	0	0	0
Sexual Offender Registration Fees - Sheriff	8,387	0	0	0	0
Data Processing Fee - County Clerk	3,644	0	0	0	0
Total Charges for Current Services	\$ 3,617,041	\$ 0	\$ 0	\$ 0	\$ 0
Other Local Revenues					
Recurring Items					
Investment Income	0	0	0	0	0
Lease/Rentals	0	0	0	0	0
Commissary Sales	30,907	0	0	0	0
Sale of Maps	40	0	0	0	0
Miscellaneous Refunds	90,457	0	0	0	36
Nonrecurring Items					
Damages Recovered from Individuals	50	0	0	0	0
Contributions and Gifts	626,127	0	0	0	0
Other Local Revenues					
Other Local Revenues	380,360	0	0	0	0
Total Other Local Revenues	\$ 1,127,941	\$ 0	\$ 0	\$ 0	\$ 36

(Continued)

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Waste / Sanitation	Drug Control	
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 15,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Trustee	528,500	0	0	0	0	0
<u>Fees in-Lieu-of-Salary</u>						
Circuit Court Clerk	119,970	0	0	0	0	0
General Sessions Court Clerk	351,002	0	0	0	0	0
Clerk and Master	76,963	0	0	0	0	0
Juvenile Court Clerk	42,683	0	0	0	0	0
Sheriff	16,555	0	0	0	0	0
Total Fees Received from County Officials	\$ 1,150,663	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 10,890	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	8,150	0	0	0	0	0
State Reappraisal Grant	20,061	0	0	0	0	0
On-Behalf Contributions for OPEB	26	0	0	0	0	0
Other General Government Grants	5,000	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	21,600	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	144,709	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	0
Litter Program	42,023	0	0	0	0	0
<u>Other State Revenues</u>						
Contracted Prisoner Boarding	1,475,530	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0
Registrar's Salary Supplement	10,817	0	0	0	0	0
Other State Grants	27,866	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	
State of Tennessee (Cont.)						
Other State Revenues (Cont.)						
Other State Revenues	\$ 5,081	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total State of Tennessee	\$ 1,771,753	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Federal Government						
Federal Through State						
Civil Defense Reimbursement	\$ 49,484	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	150,882	0	0	0	0	0
Other Federal through State	22,355	0	0	0	0	0
Direct Federal Revenue						
Other Direct Federal Revenue	21,737	0	0	0	0	0
Total Federal Government	\$ 244,458	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Governments and Citizens Groups						
Other Governments						
Contributions	\$ 165,783	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Citizens Groups						
Donations	950	0	0	0	0	0
Other	764	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 167,497	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 19,321,987	\$ 64,079	\$ 3,746	\$ 1,648,183	\$ 51,389	\$ 0

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Debt Service Fund	Capital Projects Fund	Total	
	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	General Debt Service				General Capital Projects
Local Taxes								
County Property Taxes								
Current Property Tax	\$ 0	\$ 0	\$ 2,122,480	\$ 1,464,418	\$ 276,845	\$ 14,660,704		
Trustee's Collections - Prior Year	0	0	50,778	62,868	15,868	459,570		
Circuit/Clerk & Master Collections - Prior Years	0	0	16,910	16,708	4,741	143,575		
Interest and Penalty	0	0	9,784	8,943	2,554	80,974		
Pick-up Taxes	0	0	2,224	1,828	458	17,125		
Payments in-Lieu-of Taxes - Local Utilities	0	0	4,029	2,803	525	29,424		
County Local Option Taxes								
Local Option Sales Tax	0	0	0	656,697	0	656,697		
Hotel/Motel Tax	0	0	0	0	0	181,328		
Wheel Tax	0	0	0	1,049,837	0	1,049,837		
Litigation Tax - General	0	0	0	0	0	114,686		
Litigation Tax - Special Purpose	0	0	0	0	0	3,746		
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	208,830		
Business Tax	0	0	0	0	0	343,251		
Adequate Facilities/Development Tax	0	0	0	158,668	0	158,668		
Statutory Local Taxes								
Bank Excise Tax	0	0	10,189	7,088	1,328	70,436		
Wholesale Beer Tax	0	0	0	0	0	120,404		
Total Local Taxes	\$ 0	\$ 0	\$ 2,216,394	\$ 3,429,858	\$ 302,319	\$ 18,299,255		
Licenses and Permits								
Licenses								
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,270		
Cable TV Franchise	0	0	0	0	0	69,181		
Permits								
Beer Permits	0	0	0	0	0	1,188		
Building Permits	0	0	0	0	0	149,833		
Other Permits	0	0	0	0	0	78,450		
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 299,922		

(Continued)

Exhibit K-5

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

	Special Revenue Funds			Highway / Public Works	Debt Service Fund		Capital Projects Fund		Total
	Other Special Revenue	Constitu- tional Officers - Fees			General Debt Service	General Capital Projects			
\$	0	0	0	0	0	0	0	0	10,322
Fines	0	0	0	0	0	0	0	0	7,149
Officers Costs	0	0	0	0	0	0	0	0	11,873
Drug Control Fines	0	0	0	0	0	0	0	0	228
Drug Court Fees	0	0	0	0	0	0	0	0	2,042
Jail Fees	0	0	0	0	0	0	0	0	853
DUI Treatment Fines	0	0	0	0	0	0	0	0	682
Data Entry Fee - Circuit Court	0	0	0	0	0	0	0	0	90,268
General Sessions Court	0	0	0	0	0	0	0	0	86,512
Fines	0	0	0	0	0	0	0	0	1,718
Officers Costs	0	0	0	0	0	0	0	0	32,913
Game and Fish Fines	0	0	0	0	0	0	0	0	1,867
Drug Control Fines	0	0	0	0	0	0	0	0	47,614
Drug Court Fees	0	0	0	0	0	0	0	0	14,560
Jail Fees	0	0	0	0	0	0	0	0	9,636
DUI Treatment Fines	0	0	0	0	0	0	0	0	792
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	0	0	18,160
Courtroom Security Fee	0	0	0	0	0	0	0	0	7,168
Juvenile Court	0	0	0	0	0	0	0	0	663
Fines	0	0	0	0	0	0	0	0	1,969
Officers Costs	0	0	0	0	0	0	0	0	988
Data Entry Fee - Juvenile Court	0	0	0	0	0	0	0	0	14
Chancery Court	0	0	0	0	0	0	0	0	3,663
Officers Costs	0	0	0	0	0	0	0	0	4,831
Data Entry Fee - Chancery Court	0	0	0	0	0	0	0	0	2,904
Courtroom Security Fee	0	0	0	0	0	0	0	0	359,389
Judicial District Drug Program	0	0	0	0	0	0	0	0	
Drug Task Force Forfeitures and Seizures	0	0	0	0	0	0	0	0	
Victims Assistance Assessments	0	0	0	0	0	0	0	0	
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	0	0	0	
Proceeds from Confiscated Property	0	0	0	0	0	0	0	0	
Total Fines, Forfeitures, and Penalties	0	0	0	0	0	0	0	0	

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Debt Service Fund	Capital Projects Fund	Total
	Other Special Revenue	Constitutional Officers Fees	Highway / Public Works	General Debt Service			
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,493,304	
Other General Service Charges Fees	0	0	26,855	0	0	32,655	
Recreation Fees	0	0	0	0	0	11,994	
Copy Fees	0	0	0	0	0	1,960	
Library Fees	0	0	0	0	0	3,436	
Telephone Commissions	0	0	0	0	0	60,094	
Constitutional Officers' Fees and Commissions	0	949,673	0	0	0	949,673	
Data Processing Fee - Register	0	0	0	0	0	18,120	
Data Processing Fee - Sheriff	0	0	0	0	0	10,302	
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	8,387	
Data Processing Fee - County Clerk	0	0	0	0	0	3,644	
Total Charges for Current Services	\$ 0	\$ 949,673	\$ 26,855	\$ 0	\$ 0	\$ 4,593,569	
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 55,502	\$ 4,449	\$ 0	\$ 515,747	\$ 0	\$ 575,698	
Lease/Rentals	2,000	0	0	0	0	2,000	
Commissary Sales	0	0	0	0	0	30,907	
Sale of Maps	0	0	0	0	0	40	
Miscellaneous Refunds	0	0	3,823	0	0	94,316	
<u>Nonrecurring Items</u>							
Damages Recovered from Individuals	0	0	0	0	0	50	
Contributions and Gifts	0	0	0	0	0	626,127	
<u>Other Local Revenues</u>							
Other Local Revenues	0	0	0	488,581	0	868,941	
Total Other Local Revenues	\$ 57,502	\$ 4,449	\$ 3,823	\$ 1,004,328	\$ 0	\$ 2,198,079	

(Continued)

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

	Special Revenue Funds				Debt Service Fund		Capital Projects Fund		Total
	Other Special Revenue	Constitutional Officers Fees	Highway / Public Works	General Debt Service	General Capital Projects				
<u>Fees Received from County Officials</u>									
<u>Excess Fees</u>									
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,000
Trustee	0	0	0	0	0	0	0	0	528,500
<u>Fees in-Lieu-of-Salary</u>									
Circuit Court Clerk	0	0	0	0	0	0	0	0	119,970
General Sessions Court Clerk	0	0	0	0	0	0	0	0	351,002
Clerk and Master	0	0	0	0	0	0	0	0	76,953
Juvenile Court Clerk	0	0	0	0	0	0	0	0	42,683
Sheriff	0	0	0	0	0	0	0	0	16,555
<u>Total Fees Received from County Officials</u>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,150,663
<u>State of Tennessee</u>									
<u>General Government Grants</u>									
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,890
Aging Programs	0	0	0	0	0	0	0	0	8,150
State Reappraisal Grant	0	0	0	0	0	0	0	0	20,061
On-Behalf Contributions for OPEB	0	0	0	0	0	0	0	0	26
Other General Government Grants	0	0	0	0	0	0	0	0	5,000
<u>Public Safety Grants</u>									
Law Enforcement Training Programs	0	0	0	0	0	0	0	0	21,600
<u>Health and Welfare Grants</u>									
Health Department Programs	0	0	0	0	0	0	0	0	144,709
<u>Public Works Grants</u>									
State Aid Program	0	0	113,776	0	0	0	0	0	113,776
Litter Program	0	0	0	0	0	0	0	0	42,023
<u>Other State Revenues</u>									
Contracted Prisoner Boarding	0	0	0	0	0	0	0	0	1,475,530
Gasoline and Motor Fuel Tax	0	0	1,589,059	0	0	0	0	0	1,589,059
Petroleum Special Tax	0	0	35,572	0	0	0	0	0	35,572
Registrar's Salary Supplement	0	0	0	0	0	0	0	0	10,817
Other State Grants	0	0	0	0	0	0	0	0	27,866

(Continued)

Exhibit K-5

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

	Special Revenue Funds						Total
	Constitu-			Debt		Capital	
	Other	tional	Highway /	Service	Projects		
Special	Officers -	Public	General	Debt	General		
Revenue	Fees	Works	Debt	Service	Capital	Projects	
State of Tennessee (Cont.)							
Other State Revenues (Cont.)							
Other State Revenues	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	
Total State of Tennessee	\$ 0 \$	0 \$	1,738,407 \$	0 \$	0 \$	0 \$	
Total						5,081	
Total						3,510,160	
Federal Government							
Federal Through State							
Civil Defense Reimbursement	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	
Homeland Security Grants	0	0	0	0	0	0	
Other Federal through State	0	0	0	0	0	0	
Direct Federal Revenue	0	0	0	0	0	0	
Other Direct Federal Revenue	0	0	0	0	0	0	
Total Federal Government	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	
Total						21,737	
Total						244,458	
Other Governments and Citizens Groups							
Other Governments							
Contributions	\$ 0 \$	0 \$	0 \$	219,350 \$	0 \$	0 \$	
Citizens Groups	0	0	0	0	0	0	
Donations	0	0	0	0	0	0	
Other	0	0	0	0	0	0	
Other	0	0	0	0	0	0	
Total Other Governments and Citizens Groups	\$ 0 \$	0 \$	0 \$	219,350 \$	0 \$	0 \$	
Total						764	
Total						386,847	
Total						385,133	
Total						950	
Total						302,319	
Total						81,042,342	

Exhibit K-6

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

	General Purpose School	School Federal Projects	Total
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 6,459,720	\$ 0	\$ 6,459,720
Trustee's Collections - Prior Year	236,492	0	236,492
Circuit/Clerk & Master Collections - Prior Years	67,145	0	67,145
Interest and Penalty	37,371	0	37,371
Pick-up Taxes	10,626	0	10,626
Payments in-Lieu-of Taxes - T.V.A.	13,297	0	13,297
Payments in-Lieu-of Taxes - Local Utilities	12,261	0	12,261
<u>County Local Option Taxes</u>			
Local Option Sales Tax	4,685,280	0	4,685,280
<u>Statutory Local Taxes</u>			
Bank Excise Tax	31,010	0	31,010
Wholesale Beer Tax	2,781	0	2,781
Interstate Telecommunications Tax	9,298	0	9,298
Total Local Taxes	<u>\$ 11,565,281</u>	<u>\$ 0</u>	<u>\$ 11,565,281</u>
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Marriage Licenses	\$ 2,840	\$ 0	\$ 2,840
Total Licenses and Permits	<u>\$ 2,840</u>	<u>\$ 0</u>	<u>\$ 2,840</u>
<u>Charges for Current Services</u>			
<u>Education Charges</u>			
Lunch Payments - Children	\$ 628,098	\$ 0	\$ 628,098
Lunch Payments - Adults	70,180	0	70,180
Income from Breakfast	84,485	0	84,485
A la carte Sales	266,683	0	266,683
Receipts from Individual Schools	36,357	0	36,357
Community Service Fees - Children	228,554	0	228,554
<u>Other Charges for Services</u>			
Other Charges for Services	4,940	0	4,940
Total Charges for Current Services	<u>\$ 1,319,297</u>	<u>\$ 0</u>	<u>\$ 1,319,297</u>
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 10,118	\$ 0	\$ 10,118
Sale of Materials and Supplies	1,515	0	1,515
Refund of Telecommunication & Internet Fees (E-Rate)	57,125	0	57,125
Miscellaneous Refunds	15,154	0	15,154
<u>Nonrecurring Items</u>			
Sale of Equipment	637	0	637
Contributions and Gifts	980	0	980
<u>Other Local Revenues</u>			
Other Local Revenues	930	0	930
Total Other Local Revenues	<u>\$ 86,459</u>	<u>\$ 0</u>	<u>\$ 86,459</u>

(Continued)

Exhibit K-6

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

	General Purpose School	School Federal Projects	Total
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
On-Behalf Contributions for OPEB	\$ 251,964	\$ 0	\$ 251,964
<u>State Education Funds</u>			
Basic Education Program	\$ 29,872,999	\$ 0	\$ 29,872,999
Early Childhood Education	638,392	0	638,392
School Food Service	35,405	0	35,405
Driver Education	20,464	0	20,464
Other State Education Funds	390,360	0	390,360
Career Ladder Program	333,755	0	333,755
Career Ladder - Extended Contract	167,800	0	167,800
<u>Other State Revenues</u>			
Income Tax	264,482	0	264,482
Beer Tax	60,067	0	60,067
State Revenue Sharing - T.V.A.	834,736	0	834,736
Other State Grants	114,999	0	114,999
Other State Revenues	36,526	0	36,526
Total State of Tennessee	<u>\$ 33,021,949</u>	<u>\$ 0</u>	<u>\$ 33,021,949</u>
<u>Federal Government</u>			
<u>Federal Through State</u>			
USDA School Lunch Program	\$ 1,363,324	\$ 0	\$ 1,363,324
Breakfast	419,614	0	419,614
Adult Education State Grant Program	97,736	0	97,736
Vocational Education - Basic Grants to States	0	121,342	121,342
Title I Grants to Local Education Agencies	0	1,533,214	1,533,214
Innovative Education Program Strategies	0	3,169	3,169
Special Education - Grants to States	125,762	1,349,057	1,474,819
Special Education Preschool Grants	0	48,822	48,822
English Language Acquisition Grants	0	30,561	30,561
Safe and Drug-Free Schools - State Grants	0	30,404	30,404
Eisenhower Professional Development State Grants	0	359,871	359,871
Other Federal through State	0	222,613	222,613
<u>Direct Federal Revenue</u>			
ROTC Reimbursement	53,167	0	53,167
Total Federal Government	<u>\$ 2,059,603</u>	<u>\$ 3,699,053</u>	<u>\$ 5,758,656</u>
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Contracted Services	\$ 0	\$ 264,474	\$ 264,474
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 264,474</u>	<u>\$ 264,474</u>
Total	<u>\$ 48,055,429</u>	<u>\$ 3,963,527</u>	<u>\$ 52,018,956</u>

Exhibit K-7

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

General Fund

General Government

County Commission

Accountants/Bookkeepers	\$	7,870	
Medical Personnel		21,000	
Board and Committee Members Fees		87,663	
Social Security		5,923	
Employer Medicare		1,385	
Advertising		3,259	
Audit Services		13,288	
Dues and Memberships		8,140	
Legal Services		39,141	
Other Contracted Services		32,752	
Office Supplies		646	
Office Equipment		152	
Total County Commission			\$ 221,219

County Mayor/Executive

County Official/Administrative Officer	\$	74,496	
Other Salaries and Wages		60,600	
Social Security		8,007	
State Retirement		19,291	
Life Insurance		188	
Medical Insurance		22,449	
Dental Insurance		450	
Employer Medicare		1,873	
Communication		2,867	
Dues and Memberships		65	
Medical and Dental Services		263	
Pauper Burials		1,600	
Travel		519	
Gasoline		971	
Office Supplies		1,847	
Other Charges		1,568	
Office Equipment		1,035	
Total County Mayor/Executive			198,089

Election Commission

Supervisor/Director	\$	54,960
Clerical Personnel		75,861
Part-time Personnel		2,090
Election Commission		7,875
Election Workers		31,126

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Social Security	\$	8,498	
State Retirement		17,943	
Life Insurance		251	
Medical Insurance		35,438	
Dental Insurance		600	
Unemployment Compensation		79	
Employer Medicare		1,987	
Advertising		4,012	
Communication		1,540	
Data Processing Services		65	
Maintenance Agreements		11,197	
Postal Charges		6,487	
Printing, Stationery, and Forms		23,288	
Travel		16,682	
Other Contracted Services		3,786	
Office Supplies		1,759	
Other Charges		357	
Data Processing Equipment		18,518	
Total Election Commission			\$ 324,399

Register of Deeds

Life Insurance	\$	314	
Medical Insurance		25,303	
Dental Insurance		600	
Communication		527	
Data Processing Services		17,894	
Maintenance Agreements		1,510	
Data Processing Supplies		2,487	
Office Supplies		4,740	
Other Charges		42	
Office Equipment		244	
Total Register of Deeds			53,661

Codes Compliance

Clerical Personnel	\$	26,134	
Longevity Pay		900	
Other Salaries and Wages		44,248	
Social Security		4,363	
State Retirement		10,178	
Life Insurance		125	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Codes Compliance (Cont.)

Medical Insurance	\$	12,585	
Dental Insurance		300	
Employer Medicare		1,020	
Communication		459	
Gasoline		748	
Office Supplies		310	
Refunds		1,586	
Office Equipment		100	
Total Codes Compliance			\$ 103,056

County Buildings

Supervisor/Director	\$	38,380	
Custodial Personnel		64,671	
Maintenance Personnel		83,977	
Longevity Pay		2,900	
Social Security		11,481	
State Retirement		27,717	
Life Insurance		433	
Medical Insurance		45,578	
Dental Insurance		1,038	
Employer Medicare		2,685	
Communication		15,649	
Janitorial Services		27,204	
Maintenance Agreements		23,316	
Maintenance and Repair Services - Buildings		82,526	
Maintenance and Repair Services - Office Equipment		285	
Pest Control		6,015	
Postal Charges		40,161	
Other Contracted Services		6,035	
Custodial Supplies		9,003	
Electricity		32,837	
Gasoline		5,308	
Natural Gas		19,099	
Office Supplies		3,227	
Uniforms		4,888	
Water and Sewer		9,562	
Building and Contents Insurance		23,327	
Vehicle and Equipment Insurance		3,464	
Other Charges		5,557	
Office Equipment		100	
Total County Buildings			596,423

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Other Facilities

Supervisor/Director	\$	37,875	
Mechanic(s)		35,350	
Longevity Pay		1,100	
In-Service Training		255	
Social Security		4,258	
State Retirement		10,613	
Life Insurance		125	
Medical Insurance		16,519	
Employer Medicare		996	
Communication		4,337	
Maintenance and Repair Services - Equipment		466	
Other Contracted Services		2,242	
Gasoline		1,751	
Office Supplies		833	
Tires and Tubes		37,027	
Uniforms		2,029	
Utilities		7,033	
Vehicle Parts		123,749	
Other Charges		437	
Office Equipment		750	
Other Equipment		21,159	
Total Other Facilities			\$ 308,904

Other General Administration

Contributions	\$	4,400	
Other Charges		5,230	
Total Other General Administration			9,630

Preservation of Records

Communication	\$	6	
Maintenance and Repair Services - Office Equipment		830	
Office Supplies		3,048	
Data Processing Equipment		3,012	
Total Preservation of Records			6,896

Finance

Accounting and Budgeting

Supervisor/Director	\$	80,800	
Deputy(ies)		46,460	
Longevity Pay		9,000	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Other Salaries and Wages	\$	364,710	
In-Service Training		656	
Social Security		29,602	
State Retirement		68,903	
Life Insurance		752	
Medical Insurance		74,901	
Dental Insurance		1,800	
Employer Medicare		6,923	
Communication		4,809	
Maintenance and Repair Services - Equipment		14,307	
Rentals		18,750	
Travel		1,925	
Other Contracted Services		2,288	
Data Processing Supplies		9,000	
Office Supplies		4,337	
Utilities		5,690	
Other Charges		703	
Data Processing Equipment		11,080	
Office Equipment		1,758	
Total Accounting and Budgeting			\$ 759,154

Property Assessor's Office

County Official/Administrative Officer	\$	63,954
Assessment Personnel		101,194
Secretary(ies)		32,776
Longevity Pay		1,450
Social Security		12,290
State Retirement		26,945
Life Insurance		296
Medical Insurance		32,276
Dental Insurance		562
Employer Medicare		2,874
Audit Services		16,175
Communication		719
Data Processing Services		17,065
Maintenance Agreements		4,065
Travel		1,034
Other Contracted Services		4,230
Office Supplies		453
Other Supplies and Materials		984

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Office Equipment	\$ 185	
Total Property Assessor's Office		\$ 319,527

Reappraisal Program

Assessment Personnel	\$ 44,963	
Clerical Personnel	50,083	
Longevity Pay	1,000	
Social Security	5,572	
State Retirement	10,687	
Life Insurance	200	
Medical Insurance	23,467	
Dental Insurance	338	
Unemployment Compensation	292	
Employer Medicare	1,303	
Data Processing Services	6,260	
Gasoline	2,020	
Vehicle and Equipment Insurance	1,259	
Other Charges	448	
Data Processing Equipment	305	
Office Equipment	80	
Total Reappraisal Program		148,277

County Trustee's Office

Life Insurance	\$ 188	
Medical Insurance	19,010	
Dental Insurance	450	
Communication	532	
Data Processing Services	14,555	
Legal Notices, Recording, and Court Costs	597	
Maintenance Agreements	8,840	
Office Supplies	3,479	
Other Charges	217	
Data Processing Equipment	3,644	
Total County Trustee's Office		51,512

County Clerk's Office

Life Insurance	\$ 627	
Medical Insurance	63,209	
Dental Insurance	1,350	
Communication	2,573	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Maintenance Agreements	\$	15,149	
Postal Charges		237	
Travel		203	
Office Supplies		13,299	
Other Charges		335	
Data Processing Equipment		6,440	
Total County Clerk's Office			\$ 103,422

Data Processing

Supervisor/Director	\$	50,500	
Longevity Pay		600	
In-Service Training		140	
Social Security		2,769	
State Retirement		6,697	
Life Insurance		63	
Medical Insurance		10,396	
Dental Insurance		150	
Employer Medicare		648	
Communication		1,016	
Travel		2,200	
Other Contracted Services		43,238	
Office Supplies		787	
Other Supplies and Materials		1,242	
Other Charges		2,498	
Data Processing Equipment		3,950	
Other Equipment		5,978	
Total Data Processing			132,872

Other Finance

Liability Insurance	\$	80,120	
Premiums on Corporate Surety Bonds		2,596	
Trustee's Commission		245,951	
Workers' Compensation Insurance		57,465	
Liability Claims		35,347	
Total Other Finance			421,479

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	63,954	
Deputy(ies)		38,374	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Clerical Personnel	\$	243,467	
Longevity Pay		7,200	
Jury and Witness Fees		14,329	
Social Security		20,839	
State Retirement		50,404	
Life Insurance		627	
Medical Insurance		74,544	
Dental Insurance		1,200	
Employer Medicare		4,874	
Communication		1,834	
Data Processing Services		2,818	
Legal Notices, Recording, and Court Costs		483	
Maintenance Agreements		18,530	
Postal Charges		7,333	
Travel		46	
Maintenance and Repair Services - Records		2,500	
Other Contracted Services		45,500	
Data Processing Supplies		4,991	
Electricity		27,077	
Library Books/Media		147	
Natural Gas		7,702	
Office Supplies		17,797	
Other Charges		92	
Office Equipment		5,501	
Total Circuit Court			\$ 662,163

General Sessions Court

County Official/Administrative Officer	\$	133,598
Secretary(ies)		31,908
Longevity Pay		1,000
Other Per Diem and Fees		19,296
Social Security		8,474
State Retirement		23,776
Life Insurance		125
Medical Insurance		16,754
Dental Insurance		150
Employer Medicare		2,328
Communication		153
Dues and Memberships		520
Operating Lease Payments		788

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Maintenance Agreements	\$	93	
Postal Charges		480	
Travel		1,813	
Electricity		11,605	
Library Books/Media		1,480	
Natural Gas		3,301	
Office Supplies		754	
Other Charges		84	
Office Equipment		100	
Total General Sessions Court			\$ 258,580

Chancery Court

County Official/Administrative Officer	\$	63,954	
Assistant(s)		34,334	
Deputy(ies)		32,775	
Longevity Pay		3,000	
Jury and Witness Fees		72	
Social Security		8,065	
State Retirement		19,143	
Life Insurance		188	
Medical Insurance		18,944	
Dental Insurance		450	
Employer Medicare		1,886	
Communication		536	
Dues and Memberships		130	
Maintenance Agreements		7,477	
Travel		332	
Office Supplies		2,179	
Data Processing Equipment		1,138	
Office Equipment		797	
Total Chancery Court			195,400

Juvenile Court

Youth Service Officer(s)	\$	96,680	
Attendants		34,755	
Longevity Pay		2,300	
In-Service Training		375	
Social Security		8,245	
State Retirement		19,096	
Life Insurance		251	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Medical Insurance	\$	18,696	
Dental Insurance		450	
Unemployment Compensation		245	
Employer Medicare		1,928	
Communication		1,641	
Contracts with Government Agencies		29,405	
Legal Services		942	
Maintenance Agreements		3,677	
Postal Charges		1,992	
Travel		1,518	
Drug Treatment		792	
Electricity		15,472	
Gasoline		2,071	
Natural Gas		4,401	
Office Supplies		2,115	
Uniforms		186	
Total Juvenile Court			\$ 247,233

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	70,350
Assistant(s)		87,389
Deputy(ies)		994,392
Detective(s)		133,102
Secretary(ies)		58,390
Part-time Personnel		223,643
Longevity Pay		18,600
Overtime Pay		20,267
In-Service Training		34,334
Social Security		101,930
State Retirement		188,989
Life Insurance		2,685
Medical Insurance		281,071
Dental Insurance		4,525
Unemployment Compensation		3,716
Employer Medicare		23,838
Other Fringe Benefits		38,624
Communication		58,890
Data Processing Services		75
Maintenance Agreements		16,475

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Maintenance and Repair Services - Equipment	\$	4,335	
Maintenance and Repair Services - Vehicles		2,306	
Postal Charges		2,096	
Travel		7,911	
Other Contracted Services		15,255	
Gasoline		126,951	
Instructional Supplies and Materials		4,133	
Library Books/Media		871	
Office Supplies		12,791	
Uniforms		27,951	
Liability Insurance		46,945	
Vehicle and Equipment Insurance		14,588	
Workers' Compensation Insurance		62,890	
Other Charges		7,624	
Motor Vehicles		227,900	
Other Equipment		72,356	
Total Sheriff's Department			\$ 2,998,188

Wheel Tax Officer

Part-time Personnel	\$	10,062	
Social Security		624	
Unemployment Compensation		62	
Employer Medicare		146	
Travel		51	
Office Supplies		557	
Office Equipment		1,369	
Total Wheel Tax Officer			12,871

Jail

Medical Personnel	\$	38,514	
Guards		882,441	
Cafeteria Personnel		80,842	
Part-time Personnel		26,403	
Longevity Pay		13,100	
In-Service Training		5,516	
Social Security		65,462	
State Retirement		145,184	
Life Insurance		2,428	
Medical Insurance		246,037	
Dental Insurance		4,269	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Unemployment Compensation	\$	2,562	
Employer Medicare		15,310	
Other Fringe Benefits		36,580	
Maintenance Agreements		4,188	
Maintenance and Repair Services - Buildings		74,351	
Maintenance and Repair Services - Equipment		79	
Medical and Dental Services		168,718	
Other Contracted Services		1,673	
Custodial Supplies		53,946	
Electricity		139,252	
Food Supplies		338,392	
Natural Gas		39,609	
Uniforms		13,084	
Water and Sewer		16,968	
Building and Contents Insurance		28,291	
Other Charges		7,233	
Other Equipment		31,288	
Total Jail			\$ 2,481,720

Workhouse

Guards	\$	89,930	
Social Security		5,407	
State Retirement		12,542	
Life Insurance		251	
Medical Insurance		28,741	
Dental Insurance		600	
Unemployment Compensation		313	
Employer Medicare		1,265	
Other Fringe Benefits		3,536	
Electricity		28,914	
Natural Gas		21,745	
Water and Sewer		15,873	
Total Workhouse			209,117

Inspection and Regulation

Clerical Personnel	\$	20,048	
Other Salaries and Wages		40,400	
Social Security		3,397	
State Retirement		8,631	
Life Insurance		125	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Inspection and Regulation (Cont.)

Medical Insurance	\$	16,745	
Dental Insurance		75	
Unemployment Compensation		109	
Employer Medicare		795	
Communication		944	
Dues and Memberships		100	
Gasoline		2,745	
Office Supplies		1,833	
Other Charges		181	
Data Processing Equipment		106	
Furniture and Fixtures		161	
Total Inspection and Regulation			\$ 96,395

Public Safety Grant Programs

Remittance of Revenue Collected	\$	34,038	
Instructional Supplies and Materials		123,094	
Total Public Safety Grant Programs			157,132

Other Public Safety

Contributions	\$	400,000	
Total Other Public Safety			400,000

Public Health and Welfare

Local Health Center

Clerical Personnel	\$	94,131	
Longevity Pay		1,200	
Social Security		5,855	
State Retirement		12,285	
Life Insurance		251	
Medical Insurance		24,940	
Dental Insurance		300	
Unemployment Compensation		308	
Employer Medicare		1,369	
Communication		3,834	
Contracts with Government Agencies		35,580	
Travel		4,321	
Drugs and Medical Supplies		1,266	
Instructional Supplies and Materials		5,352	
Utilities		21,595	
Other Charges		7,781	
Total Local Health Center			220,368

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control

Part-time Personnel	\$	1,797	
Other Salaries and Wages		47,811	
In-Service Training		2,700	
Social Security		3,053	
State Retirement		3,932	
Life Insurance		108	
Medical Insurance		10,709	
Dental Insurance		332	
Unemployment Compensation		147	
Employer Medicare		714	
Communication		2,400	
Medical and Dental Services		1,070	
Gasoline		6,273	
Uniforms		1,060	
Vehicle and Equipment Insurance		226	
Other Equipment		6,999	
Total Rabies and Animal Control			\$ 89,331

Ambulance/Emergency Medical Services

Assistant(s)	\$	135,623
Supervisor/Director		56,058
Medical Personnel		1,500
Clerical Personnel		67,427
Attendants		1,595,704
Part-time Personnel		231,836
Longevity Pay		33,300
Other Salaries and Wages		23,090
In-Service Training		19,280
Social Security		133,947
State Retirement		283,315
Life Insurance		2,907
Medical Insurance		326,285
Dental Insurance		5,525
Unemployment Compensation		3,452
Employer Medicare		31,326
Other Fringe Benefits		73,211
Communication		14,024
Maintenance Agreements		8,938
Maintenance and Repair Services - Equipment		14,196
Maintenance and Repair Services - Vehicles		8,481

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Postal Charges	\$	10,734	
Travel		1,321	
Diesel Fuel		114,138	
Drugs and Medical Supplies		152,031	
Electricity		13,513	
Natural Gas		6,325	
Office Supplies		7,998	
Uniforms		19,760	
Water and Sewer		1,175	
Other Supplies and Materials		8,799	
Building and Contents Insurance		2,947	
Liability Insurance		19,136	
Refunds		28,984	
Vehicle and Equipment Insurance		9,780	
Workers' Compensation Insurance		143,607	
Other Charges		8,215	
Data Processing Equipment		7,483	
Furniture and Fixtures		24	
Motor Vehicles		185,990	
Other Equipment		22,597	
Total Ambulance/Emergency Medical Services			\$ 3,833,982

Aid to Dependent Children

Other Charges	\$	2,463	
Total Aid to Dependent Children			2,463

Sanitation Education/Information

Guards	\$	31,848	
Longevity Pay		600	
Social Security		1,977	
State Retirement		4,633	
Life Insurance		63	
Medical Insurance		6,111	
Dental Insurance		150	
Unemployment Compensation		52	
Employer Medicare		462	
Communication		306	
Gasoline		3,901	
Instructional Supplies and Materials		8,207	
Other Supplies and Materials		183	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Education/Information (Cont.)

Vehicle and Equipment Insurance	\$ 226	
Total Sanitation Education/Information		\$ 58,719

Other Public Health and Welfare

Supervisor/Director	\$ 46,579	
Longevity Pay	1,300	
Other Salaries and Wages	56,668	
Social Security	6,472	
State Retirement	14,928	
Life Insurance	188	
Medical Insurance	18,333	
Dental Insurance	300	
Unemployment Compensation	195	
Employer Medicare	1,514	
Communication	872	
Postal Charges	260	
Travel	1,271	
Gasoline	4,185	
Office Supplies	1,597	
Refunds	150	
Total Other Public Health and Welfare		154,812

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Assistant(s)	\$ 82,929	
Supervisor/Director	31,142	
Salary Supplements	5,100	
Social Security	7,285	
State Retirement	16,054	
Life Insurance	376	
Medical Insurance	37,706	
Dental Insurance	888	
Employer Medicare	1,704	
Advertising	1,000	
Communication	2,011	
Maintenance Agreements	306	
Postal Charges	200	
Travel	2,683	
Office Supplies	2,314	
Vehicle and Equipment Insurance	453	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Senior Citizens Assistance (Cont.)

Data Processing Equipment	\$ 899	
Total Senior Citizens Assistance		\$ 193,050

Libraries

Librarians	\$ 144,478	
Part-time Personnel	57,283	
In-Service Training	114	
Social Security	12,069	
State Retirement	20,628	
Life Insurance	376	
Medical Insurance	42,259	
Dental Insurance	900	
Unemployment Compensation	683	
Employer Medicare	2,822	
Communication	1,198	
Maintenance and Repair Services - Equipment	1,555	
Library Books/Media	27,089	
Periodicals	2,744	
Utilities	1,841	
Other Supplies and Materials	2,119	
Other Charges	19,939	
Other Equipment	3,850	
Total Libraries		341,947

Other Social, Cultural, and Recreational

Supervisor/Director	\$ 1,120	
Other Salaries and Wages	5,740	
Social Security	425	
Employer Medicare	99	
Communication	313	
Maintenance and Repair Services - Equipment	333	
Electricity	3,385	
Water and Sewer	4,196	
Chemicals	10,986	
Other Charges	3,089	
Total Other Social, Cultural, and Recreational		29,686

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 46,939	
--------------------	-----------	--

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Part-time Personnel	\$	9,932	
Social Security		4,207	
State Retirement		3,564	
Employer Medicare		144	
Other Fringe Benefits		3,170	
Communication		4,673	
Dues and Memberships		440	
Travel		4,901	
Electricity		2,058	
Water and Sewer		208	
Other Charges		495	
Data Processing Equipment		8,800	
Total Agriculture Extension Service			\$ 89,531

Soil Conservation

Secretary(ies)	\$	23,427	
Social Security		1,433	
State Retirement		3,345	
Life Insurance		63	
Medical Insurance		6,292	
Dental Insurance		150	
Unemployment Compensation		61	
Employer Medicare		335	
Dues and Memberships		345	
Total Soil Conservation			35,451

Other Operations

Industrial Development

Engineering Services	\$	89,000	
Permits		1,050	
Other Charges		129	
Site Development		536,052	
Total Industrial Development			626,231

Veterans' Services

Other Salaries and Wages	\$	23,025	
Social Security		1,428	
State Retirement		2,358	
Life Insurance		63	
Employer Medicare		334	

(Continued)

Exhibit K-7

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

<u>General Fund (Cont.)</u>		
<u>Other Operations (Cont.)</u>		
<u>Veterans' Services (Cont.)</u>		
Communication	\$ 1,364	
Postal Charges	68	
Other Contracted Services	450	
Office Supplies	363	
Data Processing Equipment	1,991	
Total Veterans' Services		\$ 31,444
 <u>Contributions to Other Agencies</u>		
Contributions	\$ 965,291	
Total Contributions to Other Agencies		965,291
 <u>Employee Benefits</u>		
Unemployment Compensation	\$ 3,069	
Total Employee Benefits		3,069
 <u>Support Services</u>		
<u>Other Programs</u>		
On-Behalf Payments to OPEB	\$ 26	
Total Other Programs		26
 <u>Principal on Debt</u>		
<u>General Government</u>		
Principal on Capital Leases	\$ 153,565	
Total General Government		153,565
 <u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Capital Leases	\$ 8,514	
Total General Government		8,514
Total General Fund		\$ 18,314,799
 <u>Courthouse and Jail Maintenance Fund</u>		
<u>Finance</u>		
<u>Other Finance</u>		
Trustee's Commission	\$ 577	
Total Other Finance		\$ 577
Total Courthouse and Jail Maintenance Fund		577

(Continued)

Exhibit K-7

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

Law Library Fund

Finance

Other Finance

Trustee's Commission
 Total Other Finance

\$ 34
 \$ 34

Total Law Library Fund

\$ 34

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Supervisor/Director
 Longevity Pay
 Other Salaries and Wages
 Social Security
 State Retirement
 Life Insurance
 Medical Insurance
 Dental Insurance
 Unemployment Compensation
 Employer Medicare
 Contracts with Private Agencies
 Maintenance and Repair Services - Vehicles
 Postal Charges
 Rentals
 Travel
 Disposal Fees
 Diesel Fuel
 Gasoline
 Lubricants
 Office Supplies
 Tires and Tubes
 Utilities
 Other Supplies and Materials
 Building and Contents Insurance
 Trustee's Commission
 Vehicle and Equipment Insurance
 Workers' Compensation Insurance
 Interest on Other Loans
 Solid Waste Equipment
 Total Waste Pickup

\$ 28,857
 5,800
 340,287
 26,010
 48,585
 843
 68,923
 750
 407
 1,976
 12,000
 82,771
 147
 2,170
 669
 735,767
 29,027
 9,499
 387
 1,081
 10,703
 16,930
 1,045
 89
 32,727
 9,305
 34,743
 10,250
 11,289
 \$ 1,523,037

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Other Operations

Other Charges

Other Charges	\$ 1,501	
Total Other Charges		\$ 1,501

Total Solid Waste/Sanitation Fund		\$ 1,524,538
-----------------------------------	--	--------------

Drug Control Fund

Finance

Other Finance

Trustee's Commission	\$ 427	
Total Other Finance		\$ 427

Public Safety

Drug Enforcement

Trustee's Commission	\$ 75	
Other Charges	21,509	
Other Equipment	2,790	
Total Drug Enforcement		24,374

Total Drug Control Fund		24,801
-------------------------	--	--------

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$ 257,601	
Total Register of Deeds		\$ 257,601

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 199,896	
Total County Trustee's Office		199,896

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 488,900	
Total County Clerk's Office		488,900

Administration of Justice

Circuit Court

Constitutional Officers' Operating Expenses	\$ 27	
Total Circuit Court		27

(Continued)

Exhibit K-7

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

Constitutional Officers - Fees Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court

Constitutional Officers' Operating Expenses	\$ 27	
Total General Sessions Court		\$ 27

Chancery Court

Constitutional Officers' Operating Expenses	\$ 216	
Total Chancery Court		<u>216</u>

Total Constitutional Officers - Fees Fund		\$ 946,667
---	--	------------

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 70,350	
Accountants/Bookkeepers	42,410	
Clerical Personnel	33,769	
Longevity Pay	2,300	
Board and Committee Members Fees	17,520	
Social Security	9,640	
State Retirement	21,238	
Life Insurance	205	
Medical Insurance	27,222	
Dental Insurance	300	
Employer Medicare	2,271	
Communication	8,022	
Data Processing Services	612	
Dues and Memberships	2,851	
Legal Notices, Recording, and Court Costs	150	
Postal Charges	171	
Other Contracted Services	1,880	
Office Supplies	1,396	
Other Charges	4,331	
Office Equipment	<u>1,350</u>	
Total Administration		\$ 247,988

Highway and Bridge Maintenance

Laborers	\$ 992,825
Longevity Pay	32,300
Social Security	61,172
State Retirement	142,138
Life Insurance	2,153

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Medical Insurance	\$	201,507	
Dental Insurance		2,475	
Employer Medicare		14,898	
Rentals		11,754	
Asphalt - Liquid		487,785	
Other Road Supplies		1,916	
Pipe - Metal		32,967	
Road Signs		14,400	
Other Supplies and Materials		7,971	
Total Highway and Bridge Maintenance			\$ 2,006,261

Operation and Maintenance of Equipment

Mechanic(s)	\$	177,028	
Longevity Pay		5,300	
Social Security		9,024	
State Retirement		26,378	
Life Insurance		410	
Medical Insurance		41,922	
Dental Insurance		588	
Employer Medicare		2,598	
Maintenance and Repair Services - Equipment		167,569	
Diesel Fuel		29,877	
Gasoline		94,751	
Lubricants		17,946	
Natural Gas		74,909	
Tires and Tubes		33,358	
Water and Sewer		412	
Other Supplies and Materials		7,589	
Total Operation and Maintenance of Equipment			689,659

Quarry Operations

Laborers	\$	254,597	
Longevity Pay		6,900	
Social Security		14,213	
State Retirement		38,106	
Life Insurance		608	
Medical Insurance		56,487	
Dental Insurance		900	
Employer Medicare		4,019	
Maintenance and Repair Services - Equipment		78,258	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Quarry Operations (Cont.)

Electricity	\$	100,828	
Other Charges		<u>7,941</u>	
Total Quarry Operations	\$		562,857

Asphalt Plant Operations

Maintenance and Repair Services - Equipment	\$	22,292	
Other Contracted Services		<u>2,400</u>	
Total Asphalt Plant Operations			24,692

Other Charges

Building and Contents Insurance	\$	9,463	
Liability Insurance		8,792	
Trustee's Commission		60,445	
Vehicle and Equipment Insurance		<u>19,765</u>	
Total Other Charges			98,465

Employee Benefits

Unemployment Compensation	\$	1,383	
Workers' Compensation Insurance		<u>101,200</u>	
Total Employee Benefits			<u>102,583</u>

Total Highway/Public Works Fund \$ 3,732,505

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	140,000	
Principal on Other Loans		<u>510,000</u>	
Total General Government	\$		650,000

Education

Principal on Notes	\$	338,000	
Principal on Other Loans		<u>615,000</u>	
Total Education			953,000

Interest on Debt

General Government

Interest on Bonds	\$	348,581	
Interest on Other Loans		<u>201,107</u>	
Total General Government			549,688

(Continued)

Exhibit K-7

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

General Debt Service Fund (Cont.)

Interest on Debt (Cont.)

Education

Interest on Notes	\$ 113,689	
Interest on Other Loans	1,039,899	
Total Education		\$ 1,153,588

Other Debt Service

General Government

Trustee's Commission	\$ 52,490	
Other Debt Issuance Charges	106,440	
Other Debt Service	97,125	
Total General Government		256,055

Education

Other Debt Issuance Charges	\$ 60,132	
Other Debt Service	121,391	
Total Education		181,523

Total General Debt Service Fund \$ 3,743,854

General Capital Projects Fund

Capital Projects

Other General Government Projects

Trustee's Commission	\$ 6,024	
Building Improvements	157,779	
Total Other General Government Projects		\$ 163,803

Highway and Street Capital Projects

Building Improvements	\$ 14,862	
Land	191,717	
Total Highway and Street Capital Projects		206,579

Total General Capital Projects Fund 370,382

Total Governmental Funds - Primary Government \$ 28,658,157

Exhibit K-8

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 16,820,927	
Career Ladder Program	218,154	
Career Ladder Extended Contracts	121,900	
Educational Assistants	205,203	
Certified Substitute Teachers	109,426	
Non-certified Substitute Teachers	245,322	
Social Security	1,031,257	
State Retirement	1,112,167	
Life Insurance	29,217	
Medical Insurance	2,965,931	
Dental Insurance	65,824	
Employer Medicare	243,109	
Maintenance and Repair Services - Equipment	39,991	
Other Contracted Services	43,606	
Instructional Supplies and Materials	249,700	
Textbooks	522,081	
Fee Waivers	112,200	
Other Charges	5,000	
Regular Instruction Equipment	243,319	
Total Regular Instruction Program		\$ 24,384,334

Alternative Instruction Program

Other Contracted Services	\$ 284,125	
Total Alternative Instruction Program		284,125

Special Education Program

Teachers	\$ 1,430,062
Career Ladder Program	9,975
Career Ladder Extended Contracts	3,000
Homebound Teachers	9,984
Educational Assistants	114,828
Speech Pathologist	331,132
Certified Substitute Teachers	1,285
Social Security	110,646
State Retirement	129,907
Life Insurance	3,876
Medical Insurance	366,513
Dental Insurance	9,330
Employer Medicare	25,881

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Instructional Supplies and Materials	\$	45,388	
Other Supplies and Materials		1,600	
Other Charges		224	
Special Education Equipment		55,400	
Total Special Education Program			\$ 2,649,031

Vocational Education Program

Teachers	\$	926,992	
Career Ladder Program		7,000	
Career Ladder Extended Contracts		5,000	
Other Salaries and Wages		11,197	
Certified Substitute Teachers		1,295	
Non-certified Substitute Teachers		4,290	
Social Security		56,625	
State Retirement		61,337	
Life Insurance		1,391	
Medical Insurance		126,831	
Dental Insurance		2,499	
Employer Medicare		13,269	
Maintenance and Repair Services - Equipment		35	
Instructional Supplies and Materials		43,000	
Vocational Instruction Equipment		5,000	
Total Vocational Education Program			1,265,761

Adult Education Program

Teachers	\$	62,315	
Other Salaries and Wages		35,346	
Social Security		6,040	
State Retirement		9,119	
Medical Insurance		9,254	
Employer Medicare		1,413	
Instructional Supplies and Materials		11,933	
Total Adult Education Program			135,420

Support Services

Attendance

Other Salaries and Wages	\$	5,979	
Social Security		371	
Employer Medicare		87	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Travel	\$ 991	
Total Attendance		\$ 7,428

Health Services

Medical Personnel	\$ 225,895	
Other Salaries and Wages	4,698	
Social Security	13,447	
State Retirement	33,717	
Life Insurance	815	
Medical Insurance	80,004	
Dental Insurance	1,366	
Employer Medicare	3,145	
Travel	1,763	
Drugs and Medical Supplies	80	
Other Supplies and Materials	498	
Total Health Services		365,428

Other Student Support

Career Ladder Program	\$ 6,000	
Guidance Personnel	731,070	
Career Ladder Extended Contracts	12,000	
Assessment Personnel	45,135	
Clerical Personnel	19,389	
School Resource Officer	13,710	
Other Salaries and Wages	18,740	
Social Security	49,308	
State Retirement	58,385	
Life Insurance	1,516	
Medical Insurance	157,106	
Dental Insurance	4,432	
Employer Medicare	11,531	
Evaluation and Testing	33,067	
Travel	1,772	
Other Contracted Services	25,333	
Other Supplies and Materials	7,284	
In Service/Staff Development	1,082	
Other Charges	10,000	
Total Other Student Support		1,206,860

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	202,747	
Career Ladder Program		17,000	
Career Ladder Extended Contracts		11,000	
Librarians		447,157	
Materials Supervisor		45,008	
Instructional Computer Personnel		75,013	
Secretary(ies)		103,907	
Clerical Personnel		56,178	
Other Salaries and Wages		235,811	
Non-certified Substitute Teachers		118	
Social Security		70,800	
State Retirement		105,410	
Life Insurance		1,759	
Medical Insurance		178,161	
Dental Insurance		4,681	
Employer Medicare		16,558	
Postal Charges		1,279	
Travel		20,629	
Other Contracted Services		100	
Other Supplies and Materials		45,616	
In Service/Staff Development		49,666	
Other Charges		5,466	
Other Equipment		9,735	
Total Regular Instruction Program			\$ 1,703,799

Special Education Program

Supervisor/Director	\$	75,013
Career Ladder Program		3,000
Career Ladder Extended Contracts		2,000
Assessment Personnel		44,931
Secretary(ies)		30,917
Other Salaries and Wages		158,721
Social Security		18,493
State Retirement		35,083
Life Insurance		503
Medical Insurance		47,233
Dental Insurance		1,349
Employer Medicare		4,325
Maintenance and Repair Services - Equipment		322

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Travel	\$	14,784	
Other Contracted Services		61,103	
In Service/Staff Development		2,173	
Total Special Education Program			\$ 499,950

Vocational Education Program

Supervisor/Director	\$	70,165	
Career Ladder Program		1,000	
Secretary(ies)		25,497	
Social Security		5,377	
State Retirement		8,207	
Life Insurance		120	
Medical Insurance		15,747	
Dental Insurance		350	
Employer Medicare		1,258	
Maintenance and Repair Services - Equipment		265	
Travel		7,503	
Other Contracted Services		8,484	
Other Supplies and Materials		1,006	
Other Equipment		2,398	
Total Vocational Education Program			147,377

Adult Programs

Supervisor/Director	\$	58,205	
Social Security		3,556	
State Retirement		3,737	
Medical Insurance		4,706	
Employer Medicare		832	
Travel		1,311	
Other Charges		3,325	
Other Equipment		5,762	
Total Adult Programs			81,434

Other Programs

On-Behalf Payments to OPEB	\$	251,964	
Total Other Programs			251,964

Board of Education

Board and Committee Members Fees	\$	7,400	
----------------------------------	----	-------	--

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Social Security	\$	459	
Unemployment Compensation		29,787	
Employer Medicare		107	
Audit Services		7,800	
Dues and Memberships		18,826	
Legal Services		33,935	
Travel		5,513	
Liability Insurance		26,537	
Trustee's Commission		257,539	
Workers' Compensation Insurance		196,427	
Other Charges		5,187	
Total Board of Education			\$ 589,517

Director of Schools

County Official/Administrative Officer	\$	96,040	
Secretary(ies)		74,280	
Social Security		10,789	
State Retirement		22,214	
Life Insurance		120	
Medical Insurance		8,290	
Dental Insurance		621	
Employer Medicare		2,523	
Communication		9,520	
Postal Charges		4,420	
Travel		2,229	
Other Contracted Services		14,209	
Office Supplies		6,255	
Other Charges		13,488	
Administration Equipment		1,215	
Total Director of Schools			266,213

Office of the Principal

Principals	\$	659,298
Career Ladder Program		19,000
Career Ladder Extended Contracts		5,000
Assistant Principals		638,053
Secretary(ies)		644,446
Clerical Personnel		89,212
Social Security		118,708

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

State Retirement	\$	182,536	
Life Insurance		3,279	
Medical Insurance		328,188	
Dental Insurance		7,797	
Employer Medicare		28,253	
Communication		40,000	
Travel		1,732	
Other Contracted Services		154,333	
Other Supplies and Materials		9,842	
Administration Equipment		14,965	
Total Office of the Principal			\$ 2,944,642

Fiscal Services

Office Supplies	\$	49	
Other Charges		380,452	
Total Fiscal Services			380,501

Human Services/Personnel

Supervisor/Director	\$	42,885	
Social Security		2,375	
State Retirement		6,120	
Life Insurance		57	
Medical Insurance		7,062	
Dental Insurance		167	
Employer Medicare		555	
Advertising		160	
Other Supplies and Materials		1,213	
In Service/Staff Development		707	
Other Charges		5,983	
Total Human Services/Personnel			67,284

Operation of Plant

Guards	\$	117,893	
Custodial Personnel		765,114	
Social Security		51,813	
State Retirement		114,565	
Life Insurance		2,448	
Medical Insurance		218,212	
Dental Insurance		4,515	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Employer Medicare	\$	12,309	
Other Contracted Services		244,634	
Custodial Supplies		125,561	
Electricity		1,243,366	
Natural Gas		213,304	
Water and Sewer		95,627	
Building and Contents Insurance		203,897	
Total Operation of Plant			\$ 3,413,258

Maintenance of Plant

Supervisor/Director	\$	52,370	
Maintenance Personnel		278,755	
Social Security		20,203	
State Retirement		47,089	
Life Insurance		538	
Medical Insurance		50,046	
Dental Insurance		1,449	
Employer Medicare		4,725	
Communication		4,053	
Maintenance and Repair Services - Buildings		77,775	
Maintenance and Repair Services - Equipment		87,721	
Other Contracted Services		98,556	
Other Supplies and Materials		104,380	
Other Charges		13,179	
Maintenance Equipment		66,633	
Total Maintenance of Plant			907,472

Transportation

Supervisor/Director	\$	55,174	
Mechanic(s)		163,640	
Bus Drivers		1,066,280	
Clerical Personnel		30,345	
Social Security		80,533	
State Retirement		64,547	
Life Insurance		383	
Medical Insurance		47,976	
Dental Insurance		933	
Employer Medicare		18,833	
Contracts with Private Agencies		253,158	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Contracts with Parents	\$	4,373	
Contracts with Public Carriers		2,000	
Maintenance and Repair Services - Vehicles		80,387	
Medical and Dental Services		8,994	
Other Contracted Services		11,711	
Diesel Fuel		215,326	
Equipment and Machinery Parts		360	
Garage Supplies		6,203	
Gasoline		45,757	
Lubricants		9,569	
Tires and Tubes		30,100	
Vehicle Parts		68,080	
Other Supplies and Materials		8,110	
Other Charges		5,263	
Transportation Equipment		341,977	
Total Transportation			\$ 2,620,012

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	53,181
Accountants/Bookkeepers		61,778
Cafeteria Personnel		851,634
Other Salaries and Wages		7,265
In-Service Training		944
Social Security		58,737
State Retirement		97,060
Life Insurance		2,396
Medical Insurance		204,549
Dental Insurance		4,631
Unemployment Compensation		9
Employer Medicare		13,736
Communication		6,554
Maintenance and Repair Services - Equipment		23,598
Transportation - Other than Students		25,000
Travel		1,887
Other Contracted Services		69,700
Food Supplies		1,155,823
Office Supplies		12,530
Other Supplies and Materials		147,296

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

In Service/Staff Development	\$ 4,738	
Food Service Equipment	59,558	
Total Food Service		\$ 2,862,604

Community Services

Supervisor/Director	\$ 96,667	
Other Salaries and Wages	61,697	
Social Security	9,741	
State Retirement	7,890	
Life Insurance	114	
Medical Insurance	8,964	
Dental Insurance	333	
Employer Medicare	2,278	
Travel	324	
Food Supplies	7,610	
Other Supplies and Materials	9,410	
Refunds	36	
Other Charges	6,191	
Other Equipment	1,520	
Total Community Services		212,775

Early Childhood Education

Teachers	\$ 240,870	
Educational Assistants	109,454	
Other Salaries and Wages	602	
Non-certified Substitute Teachers	7,474	
Social Security	20,136	
State Retirement	25,368	
Life Insurance	958	
Medical Insurance	92,918	
Dental Insurance	2,349	
Employer Medicare	4,709	
Travel	583	
Other Contracted Services	22,775	
Instructional Supplies and Materials	47,113	
In Service/Staff Development	4,329	
Other Charges	5,157	
Other Equipment	54,344	
Total Early Childhood Education		639,139

Total General Purpose School Fund \$ 47,886,328

(Continued)

Exhibit K-8

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

School Federal Projects Fund

Other Operations

Other Charges

Other Salaries and Wages	\$ 259,767	
Total Other Charges		\$ 259,767

Instruction

Regular Instruction Program

Teachers	\$ 224,216	
Educational Assistants	496,357	
Other Salaries and Wages	322,106	
Social Security	63,586	
State Retirement	113,711	
Life Insurance	3,821	
Medical Insurance	326,342	
Dental Insurance	6,347	
Employer Medicare	15,120	
Other Contracted Services	54,840	
Instructional Supplies and Materials	29,951	
Regular Instruction Equipment	27,051	
Total Regular Instruction Program		1,683,448

Special Education Program

Teachers	\$ 41,810	
Educational Assistants	502,722	
Certified Substitute Teachers	7,000	
Social Security	31,978	
State Retirement	72,219	
Life Insurance	2,808	
Medical Insurance	243,533	
Dental Insurance	4,398	
Employer Medicare	7,479	
Other Contracted Services	95,149	
Instructional Supplies and Materials	49,948	
Total Special Education Program		1,059,044

Vocational Education Program

Teachers	\$ 16,857	
Social Security	1,045	
State Retirement	1,082	
Life Insurance	34	
Medical Insurance	2,666	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Dental Insurance	\$	100	
Employer Medicare		245	
Vocational Instruction Equipment		62,757	
Total Vocational Education Program			\$ 84,786

Support Services

Health Services

Drugs and Medical Supplies	\$	750	
Total Health Services			750

Other Student Support

Guidance Personnel	\$	20,016	
Assessment Personnel		2,227	
School Resource Officer		12,551	
Other Salaries and Wages		74,696	
Social Security		6,827	
State Retirement		11,815	
Life Insurance		86	
Medical Insurance		6,645	
Employer Medicare		1,586	
Evaluation and Testing		29,189	
Travel		23,045	
Other Contracted Services		30,192	
Other Supplies and Materials		17,520	
In Service/Staff Development		8,311	
Other Charges		15,547	
Special Education Equipment		1,199	
Other Equipment		2,741	
Total Other Student Support			264,193

Regular Instruction Program

Supervisor/Director	\$	105,018
Clerical Personnel		22,912
Social Security		7,304
State Retirement		6,742
Life Insurance		51
Medical Insurance		4,145
Dental Insurance		150
Employer Medicare		1,847

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Travel	\$	702	
Other Contracted Services		2,020	
Other Supplies and Materials		424	
In Service/Staff Development		53,213	
Other Charges		4,200	
Other Equipment		9,297	
Total Regular Instruction Program			\$ 218,025

Special Education Program

Psychological Personnel	\$	87,706	
Assessment Personnel		49,789	
Other Salaries and Wages		46,942	
Social Security		10,691	
State Retirement		15,526	
Life Insurance		274	
Medical Insurance		27,393	
Dental Insurance		600	
Employer Medicare		2,500	
Maintenance and Repair Services - Equipment		1,080	
Travel		6,507	
In Service/Staff Development		22,193	
Total Special Education Program			271,201

Vocational Education Program

Postal Charges	\$	210	
Travel		1,478	
Other Supplies and Materials		3,829	
In Service/Staff Development		1,965	
Total Vocational Education Program			7,482

Office of the Principal

Principals	\$	4,000	
Social Security		248	
State Retirement		248	
Employer Medicare		60	
Total Office of the Principal			4,556

Transportation

Bus Drivers	\$	28,648	
-------------	----	--------	--

(Continued)

Exhibit K-8

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

<u>School Federal Projects Fund (Cont.)</u>			
<u>Support Services (Cont.)</u>			
<u>Transportation (Cont.)</u>			
Social Security	\$	1,776	
Employer Medicare		415	
Transportation Equipment		<u>30,000</u>	
Total Transportation			\$ <u>60,839</u>
Total School Federal Projects Fund			\$ 3,914,091
<u>Education Capital Projects Fund</u>			
<u>Other Debt Service</u>			
<u>Education</u>			
Debt Service Contribution to Primary Government	\$	<u>219,350</u>	
Total Education			\$ 219,350
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Architects	\$	4,590	
Building Construction		<u>331,708</u>	
Total Education Capital Projects			<u>336,298</u>
Total Education Capital Projects Fund			<u>555,648</u>
Total Governmental Funds - Jefferson County School Department			<u>\$ 52,356,067</u>

Exhibit K-9

Jefferson County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2009

	Cities - Sales Tax	Cities - Property Tax	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 846,957	\$ 846,957
Trustee's Collections - Prior Years	0	48,934	48,934
Circuit/Clerk and Master Collections - Prior Years	0	4,143	4,143
Interest and Penalty	0	9,388	9,388
Local Option Sales Tax	4,055,075	0	4,055,075
Total Cash Receipts	\$ 4,055,075	\$ 909,422	\$ 4,964,497
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 4,014,524	\$ 904,092	\$ 4,918,616
Trustee's Commission	40,551	18,147	58,698
Total Cash Disbursements	\$ 4,055,075	\$ 922,239	\$ 4,977,314
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ (12,817)	\$ (12,817)
Cash Balance, July 1, 2008	0	26,106	26,106
Cash Balance, June 30, 2009	\$ 0	\$ 13,289	\$ 13,289

SINGLE AUDIT SECTION

This page is left blank intentionally.



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 21, 2009

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jefferson County, Tennessee, as of and for the year ended June 30, 2009, which collectively comprise Jefferson County's basic financial statements and have issued our report thereon dated December 21, 2009. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Jefferson County Nursing Home and the Jefferson County Emergency Communications District, which were not available from other auditors as of the date of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

reporting. Accordingly, we do not express an opinion on the effectiveness of Jefferson County's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 09.01, 09.02, 09.03, 09.04, 09.05, 09.06, 09.07, and 09.08.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 09.01, 09.02, and 09.08 to be material weaknesses.

Compliance and Other Matters

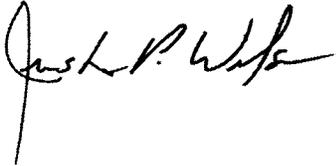
As part of obtaining reasonable assurance about whether Jefferson County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

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

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

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

Very truly yours,

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 of the name.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

This page is left blank intentionally.



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 21, 2009

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Jefferson County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. Jefferson County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Jefferson County's management. Our responsibility is to express an opinion on Jefferson County's compliance based on our audit.

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

believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Jefferson County's compliance with those requirements.

In our opinion, Jefferson County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Jefferson County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Jefferson County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jefferson County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

Schedule of Expenditures of Federal Awards

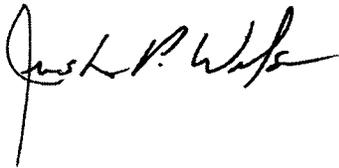
We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jefferson County as of and for the year ended June 30, 2009, and have issued our report thereon dated December 21, 2009. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Jefferson County Nursing Home and the Jefferson County Emergency Communications District, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on

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

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

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

Very truly yours,

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 of the name.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

This page is left blank intentionally.

Jefferson County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the 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	\$ 276,650 (6)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	419,614
National School Lunch Program	10.555	N/A	1,363,324 (6)
Total U.S. Department of Agriculture			<u>\$ 2,059,588</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	(2)	\$ 6,172
Total U.S. Department of Transportation			<u>\$ 6,172</u>
Institute of Museums and Library Services			
Direct Program:			
Grants to States	45.310	(3)	\$ 3,765
Total Institute of Museums and Library Services			<u>\$ 3,765</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Adult Education - State Grant Program	84.002	(2)	\$ 97,736
Title I Grants to Local Educational Agencies	84.010	N/A	1,526,940
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,474,819
Special Education - Preschool Grants	84.173	N/A	48,749
Vocational Education - Basic Grants to States	84.048	N/A	113,293
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	15,263
Twenty-first Century Community Learning Centers	84.287	(2)	209,943
State Grants for Innovative Programs	84.298	N/A	148,462
Education Technology State Grants	84.318	(2)	15,939
English Language Acquisition Grants	84.365	N/A	30,561
Improving Teacher Quality State Grants	84.367	N/A	204,168
Total U.S. Department of Education			<u>\$ 3,885,873</u>
U.S. Department of Health and Human Services:			
Passed-through East Tennessee Human Resource Agency:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 22,355
Total U.S. Department of Health and Human Services			<u>\$ 22,355</u>
U.S. Department of National and Community Service:			
Passed-through State Department of Education:			
Learn and Serve America School and Community Based Programs	94.004	(2)	\$ 3,749
Total U.S. Department of National and Community Service			<u>\$ 3,749</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security:			
Passed-through State Department of the Military:			
Emergency Management Performance Grants	97.042	GG-08-26008-00	\$ 49,484
Homeland Security Cluster:			
Homeland Security Grant Program	97.067	(4)	<u>150,882</u>
Total U.S. Department of Homeland Security			<u>\$ 200,366</u>
Total Expenditures of Federal Awards			<u>\$ 6,181,868</u>
<u>State Grants</u>		<u>Contract Number</u>	
Juvenile Services Program - State Commission on Children and Youth	N/A	(2)	\$ 10,890
Aging Programs - East Tennessee Human Resource Agency	N/A	(2)	8,150
State Reappraisal Grant - Comptroller of the Treasury	N/A	(2)	20,061
DUI Enforcement Program	N/A	Z-09-214619-00	12,804
Library Technology Grant	N/A	(2)	5,000
Law Enforcement Training Programs	N/A	(2)	21,600
Bio-Diesel Grant	N/A	Z-06-029164-00	7,868
Connect TN	N/A	(2)	35,611
Health Department Programs - State Department of Health	N/A	(5)	144,709
Litter Program - State Department of Transportation	N/A	Z-09-212763-00	42,023
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	7,747
Early Childhood Education Pilot Project - State Department of Education	N/A	(2)	638,392
Driver's Education - State Department of Education	N/A	(2)	20,464
Family Resource Center Grant - State Department of Education	N/A	(2)	98,624
Coordinated School Health Program - State Department of Education	N/A	(2)	114,999
Adult Basic Education - State Department of Education	N/A	(2)	27,847
Safe Schools Act Grant - State Department of Education	N/A	(2)	<u>30,656</u>
Total State Grants			<u>\$ 1,247,445</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) Z-09-217876-00: \$2,128; Z-09-217817-00: \$1,000; Z-09-217837-00: \$637.
- (4) GG-07-21785-01: \$47,197; GG-08-24150-00: \$86,185; 34101-600: \$17,500.
- (5) Z-09-213740-00: \$122,369; Z-09213741-00: \$22,340.02.
- (6) Total for CFDA No. 10.555 is \$1,639,974.

Jefferson 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 are findings from the Annual Financial Report for Jefferson County, Tennessee, for the year ended June 30, 2008, which have not been corrected.

OFFICE OF FINANCE DIRECTOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.01	218	Material audit adjustments were required for proper financial statement presentation
08.02	218	The Solid Waste/Sanitation Fund had a deficit

OTHER FINDINGS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.09	223	Duties were not adequately segregated in the Offices of Clerk and Master and Sheriff
08.10	224	The Solid Waste Disposal Fund had a deficit in net assets

This page is left blank intentionally.

JEFFERSON 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, the business type activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Jefferson County disclosed significant deficiencies in internal control. Three of these conditions were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Jefferson County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555) and Title I Grants to Local Educational Agencies (CFDA No. 84.010) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Jefferson County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses from the EMS Director are paraphrased in this report.

OFFICE OF FINANCE DIRECTOR

FINDING 09.01 MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION
(Internal Control – Material Weakness Under Government Auditing Standards)

At June 30, 2009, certain general ledger account balances in the General, Solid Waste/Sanitation, Highway/Public Works, General Debt Service, and Solid Waste/Disposal funds were not materially correct, and multiple audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Jefferson County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report. This weakness is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Jefferson County should have appropriate processes in place to ensure that their general ledgers are materially correct.

FINDING 09.02 THE SOLID WASTE/SANITATION FUND HAD A DEFICIT
(Internal Control – Material Weakness Under Government Auditing Standards)

The Solid Waste/Sanitation Fund had a deficit of \$42,436 in unreserved fund balance at June 30, 2009. Sound business practices dictate that fund operations have adequate funding. This deficit occurred in part because of poor budgetary practices and management's failure to correct the deficiency noted in the prior-year audit report. The budget for the 2008-09 year reflected an estimated beginning fund balance of \$86,770 at July 1, 2008; however, the actual fund balance at July 1, 2008, was a deficit of \$137,952, a difference from the beginning estimate of \$224,722. During the year, management reduced the deficit in the unreserved fund balance by \$95,516 as compared to the prior fiscal year. However,

management's failure to properly estimate the beginning fund balance contributed to the deficit, which still existed at June 30, 2009.

RECOMMENDATION

County officials should monitor the financial activity of the Solid Waste/Sanitation Fund to ensure that adequate funding is timely provided to prevent the recurrence of a fund deficit. The estimated beginning fund balance should be made on a more realistic basis to provide county officials with accurate information to base funding decisions and should be amended during the year when it becomes apparent that the original estimate varies from the actual amount by a material amount.

OFFICE OF COUNTY MAYOR

FINDING 09.03 DEFICIENCIES WERE NOTED IN COMPUTER SYSTEM BACKUP PROCEDURES FOR THE OFFICES OF EMERGENCY MANAGEMENT SERVICE AND SOLID WASTE
(Internal Control – Significant Deficiency Under Government Auditing Standards)

System backups were not stored off-site for the Offices of Emergency Management Service and Solid Waste. Sound business practices dictate that system backups be stored off-site. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. Proper system backup procedures are now in place.

MANAGEMENT'S RESPONSE – EMS DIRECTOR

I have instituted a revised policy to correct this issue. Prior to the audit, we performed daily, weekly, and monthly backups of our system. It was my understanding that only the monthly backups were to be stored off site, and we were following that procedure. However, we were not taking the weekly backups off site. This deficiency has been brought to my attention and has been corrected. Weekly and monthly backups are now stored off site.

FINDING 09.04 THE EMERGENCY MANAGEMENT SERVICE DID NOT REVIEW ITS SOFTWARE AUDIT LOGS
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The software application used by the Emergency Management Service generated a daily log that displayed changes made by users. This log provides the only audit trail of these changes and should be reviewed daily for inappropriate activity. Since management was not aware of its importance, officials did not begin reviewing this log until we brought it to

their attention several months into the fiscal year. Procedures for reviewing this log are currently in place.

MANAGEMENT'S RESPONSE – EMS DIRECTOR

As director of Jefferson County EMS, I was not aware that our billing software had the capability to generate a transaction log that displayed any and all changes made to the system and identified the user that made the changes. Once it was brought to my attention during the audit, I reviewed the information available on the log and it was immediately evident how valuable this information is. I have corrected the deficiency by having the office manager print the log daily for routine review.

FINDING 09.05 **EMERGENCY MANAGEMENT SERVICES HAD A CASH SHORTAGE OF \$22,790.23 AT JUNE 30, 2009** (Internal Control – Significant Deficiency Under Government Auditing Standards)

The General Fund had a cash shortage of \$22,790.23 at June 30, 2009. This theft resulted from the improper use of an Emergency Management Services (EMS) fuel card by an employee and his wife during the period September 2007 through March 2009. This theft was reported by the EMS director to the Jefferson County Sheriff's Department on March 9, 2009, and the Knoxville Police Department on March 10, 2009. A fraud reporting form was filed with the Comptroller of the Treasury on April 7, 2009. An investigation was conducted by law enforcement, and the employee and his wife were charged with using a county fuel card to make fraudulent purchases.

On July 20, 2009, the employee pled guilty in the Criminal Court of Jefferson County to theft over \$1,000 and was sentenced to four years probation and ordered to pay restitution of \$22,790.23. Restitution was paid on August 12, 2009. The employee's wife was found guilty of theft under \$500 in the General Sessions Court of Jefferson County on August 7, 2009.

OFFICE OF CLERK AND MASTER

FINDING 09.06 **THE OFFICE DID NOT REVIEW ITS SOFTWARE AUDIT LOGS** (Internal Control – Significant Deficiency Under Government Auditing Standards)

The software application used by the office generated a daily log that displayed changes made by users. This log provides the only audit trail of these changes and should be reviewed daily for inappropriate activity. Since management was not aware of its importance, officials did not begin reviewing this log until we brought it to their attention several months into the fiscal year. Procedures for reviewing this log are currently in place.

OTHER FINDINGS AND RECOMMENDATIONS

**FINDING 09.07 DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF CLERK AND MASTER AND SHERIFF
(Internal Control – Significant Deficiency Under Government Auditing Standards)**

Duties were not segregated adequately among officials and employees in the Offices of Clerk and Master and Sheriff. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability in financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

RECOMMENDATION

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

**FINDING 09.08 THE SOLID WASTE DISPOSAL FUND HAD A DEFICIT IN UNRESTRICTED NET ASSETS
(Internal Control – Material Weakness Under Government Auditing Standards)**

The Solid Waste Disposal Fund had a deficit of \$4,721,502 in unrestricted net assets at June 30, 2009, an increase of \$3,025,753 from the previous year. This deficit resulted from the recognition of liabilities in the financial statements for closure and postclosure care costs associated with closing the county's landfill and monitoring the landfill for 30 years after its closure. The \$4,798,892 reported as landfill closure and postclosure care liability at June 30, 2009, represents the cumulative amount reported to date based on 43 percent of the estimated capacity of the Patterson Landfill Site (\$2,850,027) and postclosure care costs of the Highway 92 Landfill Site (\$1,948,865). Generally accepted accounting principles and state statutes require that such costs be reflected in the financial statements. This deficiency exists because of the failure of management to correct the finding noted in the prior-year audit reports and results in inadequate financing to fund the liability.

RECOMMENDATION

County officials should develop and implement a plan that would fund the deficit in unrestricted assets.

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

There were no findings and questioned costs for federal programs.

**JEFFERSON 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.