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# ANNUAL FINANCIAL REPORT JEFFERSON COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2010



**ANNUAL FINANCIAL REPORT**  
**JEFFERSON COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2010**

*DEPARTMENT OF AUDIT*  
*JUSTIN P. WILSON*  
*Comptroller of the Treasury*

*DIVISION OF COUNTY AUDIT*  
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*VERNA DAVIS*  
*GREG BRUSH*  
*State Auditors*

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

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## JEFFERSON COUNTY, TENNESSEE

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***Audit Highlights***  
Annual Financial Report  
Jefferson County, Tennessee  
For the Year Ended June 30, 2010

***Scope***

We have audited the basic financial statements of Jefferson County as of and for the year ended June 30, 2010.

***Results***

Our report on the aggregate discretely presented component units is qualified because the financial statements do not include one component unit 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 seven findings and recommendations, which we have reviewed with Jefferson County management. Detailed findings, recommendations, and management's response are included in the Single Audit section of this report.

***Findings***

The following are summaries of the audit findings:

**OFFICE OF FINANCE DIRECTOR**

- ◆ Expenditures exceeded appropriations.
- 

**OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ Jefferson County did not account for American Recovery and Reinvestment Act Grants separately from other county funds.
- 

**OFFICE OF TRUSTEE**

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

## **OFFICE OF COUNTY CLERK**

- ◆ The general ledger was not maintained properly.
- 

## **OTHER FINDINGS**

- ◆ The Solid Waste Disposal Fund had a deficit in unrestricted net assets of \$4,938,065 at June 30, 2010.
- ◆ Jefferson County has a material recurring audit finding.
- ◆ Duties were not segregated adequately among the officials and employees in the Offices of Clerk and Master and Sheriff.

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## INTRODUCTORY SECTION

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# Jefferson County Officials

## June 30, 2010

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### **Officials**

Alan Palmieri, County Mayor  
Charles Tipton, Road Superintendent  
Dr. Charles Edmonds, 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	James Jarnigan
Frank Clamon	Larry Masters
Kenneth Arnold	Marty Mills
Condon Batson	Tommy Musick
Randall Baxley	Herbert Norton
Robert Beeler	Barbara Sheets
Steven Chambers	Nina Snodgrass
Jane Groseclose Davis	Sammy Solomon
Matthew Evon	Harold Taylor
Donald Finchum	William Watkins, Jr.
W.D. Henry	

### **Financial Management Committee**

Larry Masters, Chairman	Alan Palmieri, County Mayor
Robert Beeler	Dr. Charles Edmonds, Director of Schools
Frank Clamon	Charles Tipton, Road Superintendent
Mike Norton	

### **Board of Education**

Anne Marie Potts, Chairman	Michael Phagan
Emily Fox	Maurice Solomon
Bill Jarnigan	Jim Vines
Annette Loy	

## Jefferson County Officials (Cont.)

### **Highway Commission**

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

Wayne Elmore  
John Turner  
Paul Condry

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## **FINANCIAL SECTION**

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

**INDEPENDENT AUDITOR'S REPORT**

January 21, 2011

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, 2010, which collectively comprise Jefferson County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Jefferson County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Jefferson County Emergency Communications District, which represent .8 percent and 1.7 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Jefferson County Emergency Communications District, is based on the report of other auditors.

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

The financial statements of the Jefferson County Nursing Home, a component unit 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, 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, based on our audit and the report of other auditors, and except for the effects of not including the financial statements of the Jefferson County Nursing Home as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Jefferson County, Tennessee, as of June 30, 2010, 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, 2010, 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 January 21, 2011, 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.

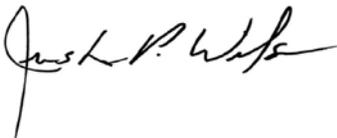
As described in Note V.C., Jefferson County has adopted the provisions of Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which became effective for the year ended June 30, 2010.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 79 through 87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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, sweeping underline that extends to the left.

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

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## **BASIC FINANCIAL STATEMENTS**

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Exhibit A

Jefferson County, Tennessee  
Statement of Net Assets  
June 30, 2010

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Jefferson County School Department	Emergency Communications District
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 48,810	\$ 25	\$ 48,835	\$ 19,033	\$ 229,874
Equity in Pooled Cash and Investments	18,662,024	11,386	18,673,410	7,528,150	0
Accounts Receivable	1,842,451	50,697	1,893,148	29,998	28,846
Allowance for Uncollectibles	(508,974)	(5,770)	(514,744)	0	0
Due from Other Governments	797,015	0	797,015	2,811,574	0
Internal Balances	272,599	(272,599)	0	0	0
Property Taxes Receivable	14,864,543	0	14,864,543	6,483,489	0
Allowance for Uncollectible Property Taxes	(670,746)	0	(670,746)	(306,126)	0
Prepaid Expenses	0	0	0	0	13,184
Unamortized Discount on Debt	122,793	0	122,793	0	0
Deferred Charges - Debt Issuance Cost	562,300	0	562,300	0	0
Assets Not Depreciated:					
Land	1,433,861	461,930	1,895,791	581,841	0
Construction in Progress	112,790	0	112,790	1,780,279	0
Assets Net of Accumulated Depreciation:					
Landfill Facilities and Development	0	107,718	107,718	0	0
Buildings and Improvements	16,870,450	37,812	16,908,262	16,272,032	132
Machinery and Equipment	0	1,147,177	1,147,177	383,171	17,763
Other Capital Assets	2,248,377	0	2,248,377	1,632,814	23,275
Infrastructure	84,260,237	0	84,260,237	0	0
<b>Total Assets</b>	<b>\$ 140,918,530</b>	<b>\$ 1,538,376</b>	<b>\$ 142,456,906</b>	<b>\$ 37,216,255</b>	<b>\$ 313,074</b>

**LIABILITIES**

Accounts Payable	\$ 262,754	\$ 47,028	\$ 309,782	\$ 196,797	\$ 0
Accrued Payroll	62,688	11,631	74,319	280,105	0
Accrued Interest Payable	107,447	1,962	109,409	0	0
Payroll Deductions Payable	169,358	0	169,358	1,750,622	0

(Continued)

Exhibit A

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

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Jefferson County School Department	Emergency Communications District
<u>LIABILITIES (CONT.)</u>					
Accrued Leave - Current	\$ 0	\$ 0	0	\$ 0	\$ 11,566
Claims and Judgments Payable	54,930	0	54,930	0	0
Due to the State of Tennessee	20,391	7,798	28,189	0	0
Other Current Liabilities	14,251	0	14,251	0	69,182
Deferred Revenue - Property Taxes	13,659,993	0	13,659,993	5,922,515	0
Noncurrent Liabilities:					
Due Within One Year	4,568,093	106,406	4,674,499	199,327	0
Due in More Than One Year	43,501,634	4,883,406	48,385,040	4,254,892	0
Total Liabilities	\$ 62,421,539	\$ 5,058,231	\$ 67,479,770	\$ 12,604,258	\$ 80,748
<u>NET ASSETS</u>					
Invested in Capital Assets, Net of Related Debt	\$ 91,390,609	\$ 1,418,210	\$ 92,808,819	\$ 0	\$ 0
Invested in Capital Assets	0	0	0	20,650,137	41,170
Restricted for:					
Law Library	5,799	0	5,799	0	0
Drug Control	148,804	0	148,804	0	0
Highways	1,505,224	0	1,505,224	0	0
Debt Service	8,819,062	0	8,819,062	0	0
Courthouse and Jail	480,788	0	480,788	0	0
Solid Waste	161,384	0	161,384	0	0
Capital Projects	1,750,706	0	1,750,706	1,222,986	0
State and Federal Financial Assistance Programs	9,200	0	9,200	1,220,492	0
Alcohol and Drug Treatment	116,832	0	116,832	0	0
Automation - Constitutional Officers	61,701	0	61,701	0	0
Sexual Offender Registration	28,559	0	28,559	0	0
Other	42,526	0	42,526	0	0
Unrestricted	(26,024,203)	(4,938,065)	(30,962,268)	1,518,382	191,156
Total Net Assets (Deficit)	\$ 78,496,991	\$ (3,519,855)	\$ 74,977,136	\$ 24,611,997	\$ 232,326

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, 2010

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues					Primary Government			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Jefferson County School Department	Emergency Communications District	
<b>Primary Government:</b>										
Governmental Activities:										
General Government	\$ 2,096,880	\$ 335,574	\$ 22,102	\$ 406,787	\$ (1,332,417)	\$ 0	\$ (1,332,417)	\$ 0	\$ 0	0
Finance	2,621,838	1,511,516	16,169	0	(1,094,153)	0	(1,094,153)	0	0	0
Administration of Justice	1,798,782	1,175,726	12,135	0	(610,921)	0	(610,921)	0	0	0
Public Safety	6,196,057	1,470,359	184,148	64,899	(4,476,651)	0	(4,476,651)	0	0	0
Public Health and Welfare	6,086,793	3,536,218	214,893	487,981	(1,847,701)	0	(1,847,701)	0	0	0
Social, Cultural, and Recreational Services	545,549	16,420	218,713	0	(310,416)	0	(310,416)	0	0	0
Agriculture and Natural Resources	125,792	0	0	0	(125,792)	0	(125,792)	0	0	0
Other Operations	1,515,267	40,874	0	0	(1,474,393)	0	(1,474,393)	0	0	0
Highways	4,755,226	42,870	1,644,926	703,836	(2,363,594)	0	(2,363,594)	0	0	0
Education	1,255,703	0	0	0	(1,255,703)	0	(1,255,703)	0	0	0
Support Services	349	0	0	0	(349)	0	(349)	0	0	0
Interest on Long-term Debt	1,561,636	0	0	0	(1,561,636)	0	(1,561,636)	0	0	0
Debt Service	1,024,779	0	0	0	(1,024,779)	0	(1,024,779)	0	0	0
<b>Total Governmental Activities</b>	<b>\$ 29,584,651</b>	<b>\$ 8,129,557</b>	<b>\$ 2,313,086</b>	<b>\$ 1,663,503</b>	<b>\$ (17,478,505)</b>	<b>\$ 0</b>	<b>\$ (17,478,505)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>0</b>
<b>Business-type Activities:</b>										
Solid Waste Disposal	\$ 1,480,287	\$ 1,311,618	\$ 2,502	\$ 0	\$ (166,167)	\$ (166,167)	\$ (166,167)	\$ 0	\$ 0	0
<b>Total Business-type Activities</b>	<b>\$ 1,480,287</b>	<b>\$ 1,311,618</b>	<b>\$ 2,502</b>	<b>\$ 0</b>	<b>\$ (166,167)</b>	<b>\$ (166,167)</b>	<b>\$ (166,167)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>0</b>
<b>Total Primary Government</b>	<b>\$ 31,064,938</b>	<b>\$ 9,441,175</b>	<b>\$ 2,315,588</b>	<b>\$ 1,663,503</b>	<b>\$ (17,478,505)</b>	<b>\$ (166,167)</b>	<b>\$ (17,644,672)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>0</b>
<b>Component Units:</b>										
Jefferson County School Department	\$ 55,079,499	\$ 1,153,645	\$ 8,443,532	\$ 1,222,985	\$ 0	\$ 0	\$ 0	\$ (44,259,337)	\$ 0	0
Emergency Communications District	982,740	416,670	151,617	10,000	0	0	0	0	(404,453)	(404,453)
<b>Total Component Units</b>	<b>\$ 56,062,239</b>	<b>\$ 1,570,315</b>	<b>\$ 8,595,149</b>	<b>\$ 1,232,985</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (44,259,337)</b>	<b>\$ (404,453)</b>	<b>\$ 0</b>	<b>0</b>

(Continued)

Exhibit B

Jefferson County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
					Governmental Activities	Business-type Activities	Jefferson County School Department	Emergency Communications District
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 13,593,390	\$ 0	\$ 13,593,390	\$ 0
Property Taxes Levied for Debt Service					1,564,258	0	1,564,258	0
Local Option Sales Taxes					995,792	0	995,792	0
Hotel/Motel Tax					195,790	0	195,790	0
Wheel Tax					1,068,462	0	1,068,462	0
Litigation Tax - General					109,826	0	109,826	0
Litigation Tax - Special Purpose					8,550	0	8,550	0
Litigation Tax - Jail, Workhouse, or Courthouse					191,719	0	191,719	0
Business Tax					269,212	0	269,212	0
Adequate Facilities Tax					298,143	0	298,143	0
Wholesale Beer Tax					147,495	0	147,495	0
Interstate Telecommunications Tax					0	0	0	0
Grants and Contributions Not Restricted to Specific Programs					86,095	0	86,095	0
Unrestricted Investment Income					411,933	0	411,933	400,000
Miscellaneous					44,608	0	44,608	780
Total General Revenues					\$ 18,985,273	\$ 0	\$ 18,985,273	\$ 400,780
Transfers					4,972	(4,972)	\$ 0	\$ 0
Change in Net Assets					\$ 1,511,740	\$ (171,139)	\$ 1,340,601	\$ (3,673)
Net Assets (Deficit), July 1, 2009					76,985,251	(3,348,716)	73,636,535	235,999
Net Assets (Deficit), June 30, 2010					\$ 78,496,991	\$ (3,519,855)	\$ 74,977,136	\$ 232,326

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, 2010

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds	Governmental Funds	
Cash	\$ 40,360	\$ 0	\$ 0	\$ 8,450	\$ 48,810	
Equity in Pooled Cash and Investments	4,688,473	1,328,007	8,354,562	4,216,552	18,587,594	
Accounts Receivable	1,801,151	3,934	2,795	24,221	1,832,101	
Allowance for Uncollectibles	(508,974)	0	0	0	(508,974)	
Due from Other Governments	318,152	301,241	177,622	0	797,015	
Due from Other Funds	50	0	336,427	0	336,477	
Property Taxes Receivable	8,276,654	1,988,713	2,535,477	2,063,699	14,864,543	
Allowance for Uncollectible Property Taxes	(396,167)	(94,539)	(92,263)	(87,777)	(670,746)	
<b>Total Assets</b>	<b>\$ 14,219,699</b>	<b>\$ 3,527,356</b>	<b>\$ 11,314,620</b>	<b>\$ 6,225,145</b>	<b>\$ 35,286,820</b>	

ASSETS

Cash	\$ 40,360	\$ 0	\$ 0	\$ 8,450	\$ 48,810
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LIABILITIES AND FUND BALANCES

Accounts Payable	\$ 137,095	\$ 93,499	\$ 0	\$ 28,868	\$ 259,462
Accrued Payroll	2,557	48,898	0	11,233	62,688
Payroll Deductions Payable	169,350	8	0	0	169,358
Claims and Judgments Payable	54,930	0	0	0	54,930
Due to Other Funds	0	0	0	63,878	63,878
Due to State of Tennessee	20,391	0	0	0	20,391
Other Current Liabilities	14,251	0	0	0	14,251
Deferred Revenue - Current Property Taxes	7,546,430	1,814,964	2,388,111	1,910,488	13,659,993
Deferred Revenue - Delinquent Property Taxes	292,896	69,450	48,314	57,371	468,031
Other Deferred Revenues	912,607	144,318	92,898	0	1,149,823
<b>Total Liabilities</b>	<b>\$ 9,150,507</b>	<b>\$ 2,171,137</b>	<b>\$ 2,529,323</b>	<b>\$ 2,071,838</b>	<b>\$ 15,922,805</b>

(Continued)

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds	Governmental Funds	
\$	123,553	50,840	0	130,322	0	304,715
Reserved for Encumbrances	116,832	0	0	0	0	116,832
Reserved for Alcohol and Drug Treatment	366,719	0	0	0	0	366,719
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	28,559	0	0	0	0	28,559
Reserved for Sexual Offender Registration	9,403	0	0	0	0	9,403
Reserved for Computer System - Register	1,345	0	0	0	0	1,345
Reserved for Automation Purposes - Circuit Court	19,653	0	0	0	0	19,653
Reserved for Automation Purposes - General Sessions Court	1,341	0	0	0	0	1,341
Reserved for Automation Purposes - Juvenile Court	2,740	0	0	0	0	2,740
Reserved for Automation Purposes - Chancery Court	20,839	0	0	0	0	20,839
Reserved for Automation Purposes - Sheriff	6,380	0	0	0	0	6,380
Reserved for Automation Purposes - County Clerk	9,200	0	0	0	0	9,200
Other Federal Reserves	42,526	0	256,427	0	0	298,953
Reserved for Other General Purposes						
Unreserved, Reported In:						
General Fund	4,320,102	0	0	0	0	4,320,102
Special Revenue Funds	0	1,305,379	0	2,402,274	0	3,707,653
Debt Service Funds	0	0	8,528,870	0	0	8,528,870
Capital Projects Funds	0	0	0	1,620,711	0	1,620,711
Total Fund Balances	\$ 5,069,192	\$ 1,356,219	\$ 8,785,297	\$ 4,153,307	\$ 19,364,015	
Total Liabilities and Fund Balances	\$ 14,219,699	\$ 3,527,356	\$ 11,314,620	\$ 6,225,145	\$ 35,286,820	

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, 2010

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)		\$ 19,364,015
(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: construction in progress	112,790	
Add: buildings and improvements net of accumulated depreciation	16,870,450	
Add: other capital assets net of accumulated depreciation	2,248,377	
Add: infrastructure net of accumulated depreciation	<u>84,260,237</u>	104,925,715
(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.		81,488
(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	\$ (4,230,000)	
Less: other loans payable	(24,710,000)	
Less: capital leases payable	(156,847)	
Less: bonds payable	(18,165,000)	
Add: deferred amount on refunding	69,789	
Add: deferred charges - debt issuance costs	562,300	
Less: other deferred revenue - premium on debt	(89,932)	
Add: deferred discount on debt	122,793	
Less: accrued interest on bonds, capital leases, and other loans	(107,447)	
Less: compensated absences payable	(601,780)	
Less: other postemployment benefits liability	<u>(185,957)</u>	(47,492,081)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,617,854</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 78,496,991</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, 2010

	Major Funds			Nonmajor	Total
	General	Highway /	General	Other	
		Public	Debt	Govern-	
	Works	Service	mental	Funds	Governmental
			Funds		Funds
<u>Revenues</u>					
Local Taxes	\$ 10,423,717	\$ 2,259,795	\$ 3,935,497	\$ 1,934,431	\$ 18,553,440
Licenses and Permits	281,908	0	0	0	281,908
Fines, Forfeitures, and Penalties	282,591	0	0	109,381	391,972
Charges for Current Services	3,519,831	37,518	0	769,931	4,327,280
Other Local Revenues	998,548	9,352	850,004	67,282	1,925,186
Fees Received from County Officials	1,208,675	0	0	0	1,208,675
State of Tennessee	1,682,988	1,747,348	0	0	3,430,336
Federal Government	316,349	0	0	2,459	318,808
Other Governments and Citizens Groups	157,055	17,200	0	0	174,255
Total Revenues	\$ 18,871,662	\$ 4,071,213	\$ 4,785,501	\$ 2,883,484	\$ 30,611,860
<u>Expenditures</u>					
Current:					
General Government	\$ 1,747,150	\$ 0	\$ 0	\$ 208,171	\$ 1,955,321
Finance	1,954,339	0	0	662,250	2,616,589
Administration of Justice	1,417,848	0	0	2,014	1,419,862
Public Safety	6,205,318	0	0	56,992	6,262,310
Public Health and Welfare	4,359,331	0	0	1,468,416	5,827,747
Social, Cultural, and Recreational Services	539,611	0	0	0	539,611
Agriculture and Natural Resources	125,922	0	0	0	125,922
Other Operations	1,496,490	0	0	0	1,496,490
Highways	0	3,540,829	0	0	3,540,829
Support Services	349	0	0	0	349
Debt Service:					
Principal on Debt	151,089	0	2,705,000	0	2,856,089
Interest on Debt	10,381	0	1,586,368	0	1,596,749
Other Debt Service	0	0	1,207,951	0	1,207,951
Capital Projects	0	0	0	455,089	455,089
Capital Projects - Donated	0	0	0	1,222,985	1,222,985
Total Expenditures	\$ 18,007,828	\$ 3,540,829	\$ 5,499,319	\$ 4,075,917	\$ 31,123,893
Excess (Deficiency) of Revenues					
Over Expenditures	\$ 863,834	\$ 530,384	\$ (713,818)	\$ (1,192,433)	\$ (512,033)
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 2,550,000	\$ 2,550,000
Refunding Debt Issued	0	0	10,450,000	0	10,450,000
Premiums on Debt Issued	0	0	0	5,703	5,703
Insurance Recovery	41,546	0	0	0	41,546
Transfers In	101,756	0	0	88,404	190,160
Transfers Out	(88,404)	(50,878)	0	(45,906)	(185,188)
Discounts on Debt Issued	0	0	(20,426)	0	(20,426)
Payments to Refunded Debt Escrow Agent	0	0	(10,000,000)	0	(10,000,000)
Total Other Financing Sources (Uses)	\$ 54,898	\$ (50,878)	\$ 429,574	\$ 2,598,201	\$ 3,031,795
Net Change in Fund Balances					
Fund Balance, July 1, 2009	\$ 4,150,460	\$ 876,713	\$ 9,069,541	\$ 2,747,539	\$ 16,844,253
Fund Balance, June 30, 2010	\$ 5,069,192	\$ 1,356,219	\$ 8,785,297	\$ 4,153,307	\$ 19,364,015

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, 2010

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)		\$ 2,519,762
(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	\$ 695,163	
Less: current year depreciation expense	<u>(2,112,594)</u>	(1,417,431)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.		
Add: assets donated and capitalized		602,450
(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, 2010	\$ 1,617,854	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(1,740,745)</u>	(122,891)
(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: note proceeds	\$ (2,550,000)	
Less: refunding other loan proceeds	(10,450,000)	
Less: change in discount on debt issues	(13,797)	
Less: change in premium on debt issues	(2,027)	
Add: change in deferred debt issuance costs	221,743	
Add: principal payments on bonds	145,000	
Add: principal payments on notes	1,350,000	
Add: principal payments on other loans	1,210,000	
Add: principal payments on capital leases	151,089	
Add: loans refunded	10,000,000	
Less: change in deferred amount on refunding debt	<u>(8,024)</u>	53,984
(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	\$ 35,113	
Change in compensated absences payable	(44,159)	
Change in other postemployment benefits liability	<u>(141,542)</u>	(150,588)

(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>\$ 26,454</u>
Change in net assets of governmental activities (Exhibit B)	<u><u>\$ 1,511,740</u></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, 2010

	Business-type Activities - Major Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Employee Insurance - Dental and Vision Fund
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 25	\$ 0
Equity in Pooled Cash and Investments	11,386	74,430
Accounts Receivable	50,697	10,350
Allowance for Uncollectibles	(5,770)	0
Due from Other Funds	63,828	0
Total Current Assets	<u>\$ 120,166</u>	<u>\$ 84,780</u>
Noncurrent Assets:		
Capital Assets:		
Assets Not Depreciated:		
Land	\$ 461,930	\$ 0
Assets Net of Accumulated Depreciation:		
Landfill Facilities and Development	107,718	0
Buildings and Improvements	37,812	0
Machinery and Equipment	1,147,177	0
Total Noncurrent Assets	<u>\$ 1,754,637</u>	<u>\$ 0</u>
Total Assets	<u>\$ 1,874,803</u>	<u>\$ 84,780</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	\$ 47,028	\$ 3,292
Accrued Payroll	11,631	0
Accrued Interest Payable	1,962	0
Due to Other Funds	336,427	0
Due to the State of Tennessee	7,798	0
Current Portion of Long-term Liabilities	106,406	0
Total Current Liabilities	<u>\$ 511,252</u>	<u>\$ 3,292</u>
Noncurrent Liabilities:		
Due in More Than One Year	\$ 4,883,406	\$ 0
Total Noncurrent Liabilities	<u>\$ 4,883,406</u>	<u>\$ 0</u>
Total Liabilities	<u>\$ 5,394,658</u>	<u>\$ 3,292</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt Unrestricted	\$ 1,418,210 <u>(4,938,065)</u>	\$ 0 <u>81,488</u>
Net Assets (Deficit)	<u>\$ (3,519,855)</u>	<u>\$ 81,488</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, 2010

	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	\$ 1,144,747	\$ 0
Lease/Rentals	12	0
Sale of Recycled Materials	163,283	0
Miscellaneous Refunds	3,576	0
Other State Grants	2,502	0
Self-Insurance Premiums/Contributions	0	132,875
Total Operating Revenues	<u>\$ 1,314,120</u>	<u>\$ 132,875</u>
<u>Operating Expenses</u>		
<u>Cost of Sales and Services</u>		
Supervisor/Director	\$ 28,857	\$ 0
Accountants/Bookkeepers	37,791	0
Longevity Pay	12,550	0
Laborers	387,067	0
Board and Committee Members Fees	4,220	0
Social Security	28,583	0
State Retirement	65,215	0
Life Insurance	634	0
Medical Insurance	110,844	0
Dental Insurance	1,500	0
Unemployment Compensation	640	0
Employer Medicare	6,760	0
Data Processing Services	4,000	0
Engineering Services	1,135	0
Evaluation and Testing	16,915	0
Janitorial Services	1,644	0
Maintenance and Repair Services - Equipment	77,466	0
Postal Charges	286	0
Rentals	72	0
Travel	963	0
Other Contracted Services	33,437	0
Crushed Stone	56,628	0
Diesel Fuel	93,071	0
Fertilizer, Lime, and Seed	600	0
Gasoline	6,437	0
Lubricants	16,652	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>		
Office Supplies	\$ 2,423	\$ 0
Pipe	6,573	0
Propane Gas	771	0
Tires and Tubes	1,567	0
Utilities	12,531	0
Chemicals	7,521	0
Other Supplies and Materials	19,312	0
Building and Contents Insurance	7,438	0
Liability Insurance	4,124	0
Trustee's Commission	11,476	0
Workers' Compensation Insurance	23,100	0
Depreciation	127,134	0
Surcharge	30,127	0
Landfill Closure/Postclosure Care Costs	191,568	0
Other Charges	12,568	0
Solid Waste Equipment	10,896	0
Handling Charges and Administrative Costs	0	13,346
Other Self-Insured Claims	0	93,075
Total Operating Expenses	<u>\$ 1,463,096</u>	<u>\$ 106,421</u>
Operating Income (Loss)	<u>\$ (148,976)</u>	<u>\$ 26,454</u>
<u>Nonoperating Revenues (Expenses)</u>		
Interest on Note	\$ (14,087)	\$ 0
Interest on Capital Lease	(3,104)	0
Total Nonoperating Revenues (Expenses)	<u>\$ (17,191)</u>	<u>\$ 0</u>
Income (Loss) Before Contributions and Transfers	\$ (166,167)	\$ 26,454
Transfers In	20,467	0
Transfers Out	(25,439)	0
Change in Net Assets	<u>\$ (171,139)</u>	<u>\$ 26,454</u>
Net Assets (Deficit), July 1, 2009	<u>(3,348,716)</u>	<u>55,034</u>
Net Assets (Deficit), June 30, 2010	<u><u>\$ (3,519,855)</u></u>	<u><u>\$ 81,488</u></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, 2010

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Employee Insurance - Dental and Vision Fund
<u>Cash Flows from Operating Activities</u>		
Receipts from Customers and Users	\$ 1,145,002	\$ 0
Receipts from Recycled Materials	169,601	0
Receipts from Other Operating Grants	2,502	0
Receipts for Self-Insurance Premiums	0	125,751
Payments to Employees and Board Members	(469,713)	0
Payments for Fringe Benefits	(212,036)	0
Payments to Suppliers	(279,325)	0
Payments to Others	(150,292)	0
Payments for Claims	0	(93,245)
Payments for Administrative Costs	0	(13,358)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 205,739</u>	<u>\$ 19,148</u>
<u>Cash Flows from Capital and Related Financing Activities</u>		
Principal Paid on Internal Loan	\$ (75,000)	\$ 0
Interest Paid on Internal Loan	(14,525)	0
Principal Paid on Capital Lease	(97,557)	0
Interest Paid on Capital Lease	(3,104)	0
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (190,186)</u>	<u>\$ 0</u>
<u>Cash Flows from Noncapital Financing Activities</u>		
Transfers from Other Funds	\$ 20,467	\$ 0
Transfers to Other Funds	(53,568)	0
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (33,101)</u>	<u>\$ 0</u>
Increase (Decrease) in Cash	\$ (17,548)	\$ 19,148
Cash, July 1, 2009	<u>28,959</u>	<u>55,282</u>
Cash, June 30, 2010	<u>\$ 11,411</u>	<u>\$ 74,430</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
<u>Reconciliation of Net Operating Income (Loss)</u>		
<u>to Net Cash Provided By (Used In) Operating Activities</u>		
Operating Income (Loss)	\$ (148,976)	\$ 26,454
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	127,134	0
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	6,318	(7,124)
Increase (Decrease) in Allowance for Uncollectibles	68	0
(Increase) Decrease in Due from Other Funds	(3,401)	0
Increase (Decrease) in Operating Accounts Payable	44,209	(182)
Increase (Decrease) in Accrued Payroll	1,486	0
Increase (Decrease) in Payroll Deductions Payable	(714)	0
Increase (Decrease) in Due to State of Tennessee	(23)	0
Increase (Decrease) in Compensated Absences	2,140	0
Increase (Decrease) in Landfill Closure/Postclosure Care Cost	177,498	0
Net Cash Provided By (Used In) Operating Activities	<u>\$ 205,739</u>	<u>\$ 19,148</u>
<u>Reconciliation of Cash with Statement of Net Assets</u>		
Cash per Net Assets	\$ 25	\$ 0
Equity in Pooled Cash and Investments per Net Assets	<u>11,386</u>	<u>74,430</u>
Cash, June 30, 2010	<u>\$ 11,411</u>	<u>\$ 74,430</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, 2010

	Other Employee Benefit Trust Fund	
	<u>Flexible Benefits Fund</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash	\$ 0	\$ 2,454,190
Equity in Pooled Cash and Investments	8,854	2,298,432
Due from Other Governments	0	734,092
Property Taxes Receivable	0	849,633
Allowance for Uncollectible Property Taxes	0	(60,739)
	<u>0</u>	<u>(60,739)</u>
Total Assets	<u>\$ 8,854</u>	<u>\$ 6,275,608</u>
<u>LIABILITIES</u>		
Due to Component Units	\$ 0	\$ 2,271,161
Due to Other Taxing Units	0	1,550,257
Due to Litigants, Heirs, and Others	0	2,454,190
	<u>0</u>	<u>2,454,190</u>
Total Liabilities	<u>\$ 0</u>	<u>\$ 6,275,608</u>
<u>NET ASSETS</u>		
Funds Held in Trust for Employees	<u>\$ 8,854</u>	
Net Assets	<u>\$ 8,854</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, 2010

	Other Employee Benefit Trust Fund <hr/> Flexible Benefits Fund <hr/>
<u>ADDITIONS</u>	
Plan Member Contributions	\$ 13,477
Total Additions	<u>\$ 13,477</u>
<u>DEDUCTIONS</u>	
Employee Benefits:	
Other Fringe Benefits	\$ 10,773
Total Deductions	<u>\$ 10,773</u>
Change in Net Assets	\$ 2,704
Net Assets, July 1, 2009	<u>6,150</u>
Net Assets, June 30, 2010	<u><u>\$ 8,854</u></u>

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

**JEFFERSON COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2010**

**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 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. Net debt issues totaling \$1,222,985 were contributed by the county to the School Department during the year ended June 30, 2010.

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:

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

**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 funds:

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

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

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

**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 revenues 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**

Activity between funds for unremitted current collections at the end of the fiscal year is referred to 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 2.3 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 account totaling \$14,251 reflected on Exhibit C-1 represents employee payroll taxes and insurance. The Claims and Judgments payable account totaling \$54,930 is discussed in Note V.B. Risk Financing Activities.

### **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 and the business-type columns 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 financial 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 2009-10 year, 16 employees received this incentive. The financial statements of this

report reflect expenditures of \$60,284 in the General Purpose School Fund for the accumulated sick leave incentive payments. The liability for compensated absences included \$593,905 for accumulated sick leave commitments at June 30, 2010.

**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 premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences, 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, 2010, Jefferson County had \$33,545,000 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.

## **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 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; the Other Capital Projects Fund, which adopts project length budgets; and the Law Library Fund, which should have been budgeted. 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 Deficit**

The Solid Waste Disposal Fund had a deficit of \$3,519,855 in net assets and a deficit of \$4,938,065 in unrestricted net assets at June 30, 2010. Further details relating to liabilities recorded in this fund are disclosed in Note V.G. Landfill Closure/Postclosure Care Costs.

**C. Expenditures Exceeded Appropriations**

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

<u>Fund/Major Category</u>	<u>Amount Overspent</u>
General:	
Board of Equalization	\$ 230
Other Finance	27,250
Other Local Welfare Services	40,485
Highway/Public Works:	
Other Charges	1,699
Drug Control:	
Other Finance	536

Expenditures and encumbrances totaling \$8,158 were incurred in the Law Library Fund even though a budget had not been adopted for that fund.

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded from available fund balance and greater than anticipated revenues.

**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 Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

**Investment Balances.** As of June 30, 2010, 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.

Investment	Maturities	Fair Value or Cost
State Treasurer's Investment Pool	Daily	\$ 809,586
Tennessee State General Obligation Bonds 2006	8-1-10	341,078
Chattanooga Tennessee Refunding Improvement	7-9-10	176,545
Federal Home Loan Bank Discount Note	7-9-10	1,699,970
Total		\$ 3,027,179

**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, 2010, 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 Chattanooga Tennessee Refunding and Improvement was rated Aa1 by Moody's Investor Services and AA+ by Standard and Poor's. Jefferson County's investment in Tennessee State General Obligation Bonds 2006 was rated Aaa 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, 2010, Jefferson County's investments consisted of four types of securities. Each type of security accounts for more than five percent of the county's investments as follows: Chattanooga Tennessee Refunding and Improvement, 5.8 percent; Tennessee State General Obligation Bonds 2006, 11.3 percent; Federal Home Loan Bank, 56.2 percent; and the State Treasurer's Investment Pool, 26.7 percent.

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2010, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-09	Increases	Balance 6-30-10
Capital Assets Not Depreciated:			
Land	\$ 1,433,861	\$ 0	\$ 1,433,861
Construction in Progress	0	112,790	112,790
Total Capital Assets Not Depreciated	<u>\$ 1,433,861</u>	<u>\$ 112,790</u>	<u>\$ 1,546,651</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 19,605,660	\$ 84,732	\$ 19,690,392
Other Capital Assets	6,877,707	497,641	7,375,348
Infrastructure	115,115,692	602,450	115,718,142
Total Capital Assets Depreciated	<u>\$ 141,599,059</u>	<u>\$ 1,184,823</u>	<u>\$ 142,783,882</u>
Less Accumulated Depreciated For:			
Buildings and Improvements	\$ 2,364,240	\$ 455,702	\$ 2,819,942
Other Capital Assets	4,538,501	588,470	5,126,971
Infrastructure	30,389,483	1,068,422	31,457,905
Total Accumulated Depreciation	<u>\$ 37,292,224</u>	<u>\$ 2,112,594</u>	<u>\$ 39,404,818</u>
Total Capital Assets Depreciated, Net	<u>\$ 104,306,835</u>	<u>\$ (927,771)</u>	<u>\$ 103,379,064</u>
Governmental Activities Capital Assets, Net	<u>\$ 105,740,696</u>	<u>\$ (814,981)</u>	<u>\$ 104,925,715</u>

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

**Governmental Activities:**

General Government	\$	17,916
Finance		5,440
Administration of Justice		381,860
Public Safety		174,950
Public Health and Welfare		298,675
Social, Cultural, and Recreational Services		6,450
Other General Government		14,841
Highways/Public Works		<u>1,212,462</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$</u>	 <u>2,112,594</u>

**Business-type Activities:**

	Balance 7-1-09	Increases	Balance 6-30-10
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	2,973,213	0	2,973,213
Total Capital Assets Depreciated	<u>\$ 3,721,381</u>	<u>\$ 0</u>	<u>\$ 3,721,381</u>
Less Accumulated Depreciated For:			
Landfill Facilities and Development	\$ 338,225	\$ 12,285	\$ 350,510
Buildings and Improvements	237,466	14,662	252,128
Machinery and Equipment	1,725,849	100,187	1,826,036
Total Accumulated Depreciation	<u>\$ 2,301,540</u>	<u>\$ 127,134</u>	<u>\$ 2,428,674</u>
Total Capital Assets Depreciated, Net	<u>\$ 1,419,841</u>	<u>\$ (127,134)</u>	<u>\$ 1,292,707</u>
Business-type Activities Capital Assets, Net	<u>\$ 1,881,771</u>	<u>\$ (127,134)</u>	<u>\$ 1,754,637</u>

Depreciation expense totaling \$127,134 was charged to the Solid Waste Disposal Fund.

**Discretely Presented Jefferson County School Department**

**Governmental Activities:**

	Balance 7-1-09	Increases	Balance 6-30-10
	<hr/>		
Capital Assets Not Depreciated:			
Land	\$ 581,841	\$ 0	\$ 581,841
Construction in Progress	1,780,279	0	1,780,279
Total Capital Assets Not Depreciated	<hr/>		
	\$ 2,362,120	\$ 0	\$ 2,362,120
	<hr/>		
Capital Assets Depreciated:			
Buildings and Improvements	\$ 37,204,397	\$ 34,559	\$ 37,238,956
Machinery and Equipment	1,197,199	251,724	1,448,923
Other Capital Assets	4,839,333	162,760	5,002,093
Total Capital Assets Depreciated	<hr/>		
	\$ 43,240,929	\$ 449,043	\$ 43,689,972
	<hr/>		
Less Accumulated Depreciated For:			
Buildings and Improvements	\$ 20,044,817	\$ 922,107	\$ 20,966,924
Machinery and Equipment	992,829	72,923	1,065,752
Other Capital Assets	3,101,573	267,706	3,369,279
Total Accumulated Depreciation	<hr/>		
	\$ 24,139,219	\$ 1,262,736	\$ 25,401,955
	<hr/>		
Total Capital Assets Depreciated, Net	<hr/>		
	\$ 19,101,710	\$ (813,693)	\$ 18,288,017
	<hr/>		
Governmental Activities Capital Assets, Net	<hr/>		
	\$ 21,463,830	\$ (813,693)	\$ 20,650,137
	<hr/>		

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

**Governmental Activities:**

Instruction	\$ 895,837
Support Services	305,553
Operation of Non-Instructional Services	<u>61,346</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,262,736</u>

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

The composition of interfund balances as of June 30, 2010, is as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 50
General Debt Service	Solid Waste Disposal	336,427
Solid Waste Disposal	Nonmajor governmental	63,828
Discretely Presented School Department:		
General Purpose School	School Federal Projects	16,574

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 the next two years. The amount not expected to be repaid within one year is \$256,427.

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, 2010, consisted of the following amounts:

**Primary Government**

Transfers Out	Transfers In		
	General Fund	Solid Waste Disposal Fund	Nonmajor Governmental Fund
General Fund	\$ 0	\$ 0	\$ 88,404
Highway/Public Works Fund	50,878	0	0
Nonmajor governmental funds	25,439	20,467	0
Solid Waste Disposal Fund	25,439	0	0
<b>Total</b>	<b>\$ 101,756</b>	<b>\$ 20,467</b>	<b>\$ 88,404</b>

**Discretely Presented Jefferson County School Department**

Transfers Out	Transfers In		
	General Purpose School Fund	School Federal Projects Fund	Nonmajor Governmental Fund
General Purpose School Fund	\$ 0	\$ 750,000	\$ 835,400
School Federal Projects Fund	38,776	0	0
	<b>\$ 38,776</b>	<b>\$ 750,000</b>	<b>\$ 835,400</b>

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

**D. Capital Leases**

On June 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, 2010, were as follows:

Year Ending June 30	Governmental Funds
2011	\$ 162,079
Total Minimum Lease Payments	\$ 162,079
Less: Amount Representing Interest	(5,232)
Present Value of Minimum Lease Payments	\$ 156,847

**E. Long-term Debt**

**Primary Government**

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

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 30 years for bonds, up to 11 years for notes, and up to 18 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, 2010, 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, 2010, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-10
General Obligation Bonds	4 to 4.5 %	\$ 8,000,000	\$ 7,715,000
General Obligation Refunding Bonds	3.41	10,450,000	10,450,000
Capital Outlay Notes	2.57 to 3.1	5,918,000	4,230,000
Other Loans - Refunding	Variable	13,305,000	12,260,000
Other Loans - Refunding	4 to 5	13,740,000	12,450,000
Capital Leases	4 to 5.2	461,501	156,847

In prior years, Jefferson County entered into loan agreements with the Sevier County Public Building Authority and the Blount County Public Building Authority. The following table summarizes loan agreements outstanding as of June 30, 2010:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-10	Interest Type	Interest Rates as of 6-30-10	Other Fees on Variable Rate Debt
<u>Sevier County Public Building Authority</u>					
Local Government Public Improvement Bond - Refunding (V-G-1)	\$ 13,740,000	\$ 12,450,000	Fixed	4 to 5 %	N/A
Total		<u>\$ 12,450,000</u>			
<u>Blount County Public Building Authority</u>					
Local Government Public Improvement Bond - Refunding (E-3-D)	13,305,000	\$ 12,260,000	Variable	0.25	.83
Total		<u>\$ 12,260,000</u>			
Total		<u>\$ 24,710,000</u>			

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 annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2010, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	\$ 250,000	\$ 683,712	\$ 933,712
2012	260,000	674,712	934,712
2013	265,000	665,312	930,312
2014	275,000	655,712	930,712
2015	280,000	645,712	925,712
2016-2020	4,785,000	3,015,035	7,800,035
2021-2025	7,490,000	1,611,542	9,101,542
2026-2030	1,610,000	866,424	2,476,424
2031-2035	2,010,000	479,977	2,489,977
2036-2037	940,000	62,480	1,002,480
Total	\$ 18,165,000	\$ 9,360,618	\$ 27,525,618

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 1,880,000	\$ 144,530	\$ 2,024,530
2012	200,000	57,450	257,450
2013	305,000	53,450	358,450
2014	310,000	47,350	357,350
2015	315,000	41,150	356,150
2016-2020	1,080,000	96,763	1,176,763
2021	140,000	4,375	144,375
Total	\$ 4,230,000	\$ 445,068	\$ 4,675,068

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2011	\$ 1,860,000	\$ 555,400	\$ 102,119	\$ 2,517,519
2012	1,945,000	502,000	97,455	2,544,455
2013	2,020,000	446,138	92,582	2,558,720
2014	2,110,000	388,025	87,543	2,585,568
2015	2,220,000	327,250	82,295	2,629,545
2016-2020	9,255,000	627,289	321,517	10,203,806
2021-2025	5,025,000	42,376	141,184	5,208,560
2026	275,000	688	2,291	277,979
Total	\$ 24,710,000	\$ 2,889,166	\$ 926,986	\$ 28,526,152

There is \$8,785,297 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$410, based on the 2000 federal census. Debt per capita, including bonds, notes, capital leases, and other loans totaled \$1,067, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2009	\$ 7,860,000	\$ 3,030,000	\$ 35,920,000
Additions	10,450,000	2,550,000	0
Deductions	(145,000)	(1,350,000)	(11,210,000)
Balance, June 30, 2010	<u>\$ 18,165,000</u>	<u>\$ 4,230,000</u>	<u>\$ 24,710,000</u>
Balance Due Within One Year	<u>\$ 250,000</u>	<u>\$ 1,880,000</u>	<u>\$ 1,860,000</u>

	Other Postemployment Benefits	Capital Leases	Compensated Absences
Balance, July 1, 2009	\$ 44,415	\$ 307,936	\$ 557,621
Additions	185,106	0	281,906
Deductions	(43,564)	(151,089)	(237,747)
Balance, June 30, 2010	<u>\$ 185,957</u>	<u>\$ 156,847</u>	<u>\$ 601,780</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 156,847</u>	<u>\$ 421,246</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 48,049,584
Add: Unamortized Premium on Debt	89,932
Less: Deferred Amount on Refunding	(69,789)
Less: Balance Due Within One Year	<u>(4,568,093)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 43,501,634</u>

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 \$10,450,000 of fixed rate general obligation refunding bonds to provide resources for the current refunding of one variable rate loan agreement. As a result, the refunded loan was redeemed and the liability has been removed from the governmental activities column of the Statement of Net Assets. The economic gain or loss on the refunding has not been determined due to the variable rate debt instrument included. Prior to the refunding, an interest rate swap agreement had been associated with the refunded variable rate debt. A portion of the refunding bond proceeds totaling \$177,500, along with \$700,000 from the fund balance of the General Debt Service Fund, was used to pay the termination fee for that swap agreement totaling \$877,500.

**Jefferson County 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, 2010, was as follows:

Business-type Activities:

	Compensated Absences	Closure/ Postclosure Care Costs
Balance, July 1, 2009	\$ 11,282	\$ 4,798,892
Additions	4,960	191,568
Deductions	(2,820)	(14,070)
Balance, June 30, 2010	<u>\$ 13,422</u>	<u>\$ 4,976,390</u>
Balance Due Within One Year	<u>\$ 2,525</u>	<u>\$ 103,881</u>

	Capital Leases
Balance, July 1, 2009	\$ 97,557
Deductions	<u>(97,557)</u>
Balance, June 30, 2010	<u>\$ 0</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 4,989,812
Less: Balance Due Within One Year	<u>(106,406)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 4,883,406</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, 2010, was as follows:

Governmental Activities:

	<u>Compensated Absences</u>	<u>Termination Benefits</u>
Balance, July 1, 2009	\$ 624,506	\$ 64,052
Additions	209,446	56,516
Deductions	<u>(139,649)</u>	<u>(60,284)</u>
Balance, June 30, 2010	<u>\$ 694,303</u>	<u>\$ 60,284</u>
Balance Due Within One Year	<u>\$ 160,827</u>	<u>\$ 38,500</u>

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2009	\$ 2,592,503
Additions	1,858,160
Deductions	<u>(751,031)</u>
Balance, June 30, 2010	<u>\$ 3,699,632</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 4,454,219
Less: Balance Due Within One Year	<u>(199,327)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 4,254,892</u>

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

**F. 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 Plan and the Medicare Supplement Plan for the year ended June 30, 2010, were \$230,916 and \$37,652, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**G. Internal Financing**

In-lieu-of issuing debt with financial institutions, Jefferson County chose to internally finance one project with idle county funds. During a prior 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 \$336,427 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.

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 2009 (Solid Waste)	\$ 501,427	3.5 %	5-1-09	5-1-12
	Outstanding 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
Capital Outlay Note Series 2009 (Solid Waste)	\$ 411,427	\$ 0	\$ (75,000)	\$ 336,427
Total	\$ 411,427	\$ 0	\$ (75,000)	\$ 336,427

**H. 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 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, 2010, was as follows:

	Balance 7-1-09	Issued	Paid	Balance 6-30-10
Tax Anticipation Notes	\$ 0	\$ 450,000	\$ (450,000)	\$ 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 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 Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

The 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
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Primary Government

2008-2009	\$ 6,639	\$ 86,905	\$ 91,272	2,272
2009-2010	2,272	93,075	93,245	2,102

Discretely Presented  
School Department

2008-2009	46,763	271,161	276,565	41,359
2009-2010	41,359	279,302	282,933	37,728

**B. Risk Financing Activities**

Jefferson County and several other counties, cities, and local government entities were members of the Local Government Insurance Cooperative

(LOGIC) for workers' compensation insurance for one or more policy years in 1996-97, 1997-98, and 1999-2000. LOGIC obtained excess coverage insurance from Reliance Insurance Company for claims that exceeded specific amounts. Reliance Insurance Company is now insolvent and is being liquidated in the State of Pennsylvania. The insolvency of Reliance Insurance Company has left the LOGIC members exposed to significant claim liabilities for their policy years. In 2003, the LOGIC board of directors assessed its members certain amounts for each member's share of outstanding claims unpaid by Reliance Insurance Company. In 2009, the LOGIC board of directors made a second assessment of its members. Jefferson County's share of this second assessment totaled \$54,930.

**C. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments became effective for the year ended June 30, 2010.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets. Intangible assets have three characteristics: lack of physical substance; nonfinancial in nature; and a useful life that extends beyond a single reporting period. Assets that have these characteristics and are identifiable to the government should be recorded as capital assets and amortized over their useful lives. Easements, water rights, patents, and computer software are examples of intangible assets that should be recognized under GASB Statement No. 51. Jefferson County had no assets that met the definition of intangible assets at June 30, 2010. However, it is reasonably expected that Jefferson County may acquire intangible assets in subsequent years.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by county governments. Derivative instruments are financial arrangements used by governments as investments; hedges against identified financial risks; or to lower the costs of borrowings. Interest rate swaps and locks, options, swaptions, forward contracts, and futures contracts are among the commonly used types of derivatives mentioned in GASB Statement No. 53. Derivative instruments associated with fluctuating financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. For the same reasons, derivative instruments can expose governments to significant risks and liabilities. The requirements of GASB Statement No. 53 are intended to help users of financial information evaluate the effectiveness and associated risks involved with Jefferson County's derivative transactions. GASB Statement No. 53 requires most derivatives to be reported at fair value in the Statement of Net Assets. Changes in fair value for derivative instruments that are intended for investment purposes or that are reported like investment derivative instruments because of ineffectiveness are reported as investment

revenues in the Statement of Activities. Alternatively, the changes in fair value of derivative instruments that are classified as hedging (i.e., effective) derivative instruments are reported in the Statement of Net Assets as deferrals. Jefferson County's only derivative transaction, a swap agreement discussed in Note IV.F., was terminated during the year and Jefferson County has no derivatives as of June 30, 2010.

**D. Subsequent Events**

Tax anticipation notes of \$400,000 were issued subsequent to June 30, 2010, to provide temporary funds for the Solid Waste/Sanitation Fund.

Subsequent to June 30, 2010, Jefferson County issued a loan totaling \$10,595,000 with the Tennessee State School Bond Authority and issued \$16,000,000 of general obligation bonds to provide funding for the school building program.

On August 31, 2010, David Davenport left the Office of Sheriff and was succeeded by Bud McCoig, and Sarah Webb left the Office of Register and was succeeded by Ed Stiner.

Finance Director Mike Long resigned December 31, 2010. County Mayor Alan Palmieri and Director of Schools Dr. Charles Edmonds are serving as interim finance directors.

**E. 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.

**F. Change in Administration**

Director of Schools Dr. Archie Bone left office July 31, 2009, and was succeeded by Connie Campbell who served as interim director from August 1, 2009, through March 31, 2010. Dr. Charles Edmonds became director of schools on April 1, 2010.

**G. 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 \$4,976,390 reported as landfill closure and postclosure care liability at June 30, 2010, represents the cumulative amount reported to date based on the use of 45 percent of the estimated capacity of the operating Patterson landfill site (\$3,018,378) and for the Highway 92 landfill site, which closed in 1993 (\$1,958,012). The \$4,976,390 reported as closure/postclosure liability at June 30, 2010, represents amounts based on what it would cost to perform all closure and postclosure care costs in 2010. 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.

**H. 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 any net revenues from the lease 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, 2010, 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

**I. 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, is in charge of the daily operations of the center. The county does not have any ongoing financial interest or responsibility beyond its initial investment.

**J. Retirement Commitments**

**Employees**

**Plan Description**

Employees of Jefferson County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident

or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Jefferson County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

### **Funding Policy**

Jefferson County has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of their annual covered payroll. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, 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, 2010, Jefferson County's annual pension cost of \$2,754,575 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, 2009, which established contribution rates effective July 1, 2010.

### Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-10	\$2,754,575	100%	\$0
6-30-09	2,746,747	100	0
6-30-08	2,668,164	100	0

### Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 82.86 percent funded. The actuarial accrued liability for benefits was \$49.03 million, and the actuarial value of assets was \$40.63 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$8.41 million. The covered payroll (annual payroll of active employees covered by the plan) was \$19.17 million, and the ratio of the UAAL to the covered payroll was 43.85 percent.

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

The TCRS uses the frozen entry age cost method to calculate the annual required contribution. Effective July 1, 2009, the TCRS reestablished the unfunded accrued liabilities for all groups.

### 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 SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.tn.gov/treasury/tcrs/Schools](http://www.tn.gov/treasury/tcrs/Schools).

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Jefferson County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2010, was 6.42 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2010, 2009, and 2008, were \$1,544,825, \$1,544,925, and \$1,470,027, respectively, equal to the required contributions for each year.

### **K. Pledges of Future Revenues**

In August 2008, the citizens of Jefferson County voted to increase the local option sales tax from 2.25 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 \$25,830,000 at June 30, 2010. That debt carries the general obligation pledge of the government in addition to the specific pledge of the one-half cent sales tax revenue.

### **L. 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, 2010, Jefferson County contributed \$43,564 for postemployment health care premiums, and the Jefferson County School Department recognized contributions totaling \$751,031 for postemployment health care.

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

	Local Education Group Plan	Local Government Group Plan
	<hr/>	<hr/>
ARC	\$ 1,852,000	\$ 185,000
Interest on the NPO	116,663	1,999
Adjustment to the ARC	(110,503)	(1,893)
Annual OPEB cost	<hr/> \$ 1,858,160	<hr/> \$ 185,106
Amount of contribution	(751,031)	(43,564)
Increase/decrease in NPO	<hr/> \$ 1,107,129	<hr/> \$ 141,542
Net OPEB obligation, 7-1-09	<hr/> 2,592,503	<hr/> 44,415
Net OPEB obligation, 6-30-10	<hr/> <hr/> \$ 3,699,632	<hr/> <hr/> \$ 185,957

Fiscal Year Ended	Plans	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
6-30-10	"	1,858,160	40	3,699,632
6-30-08	Local Government Group	78,881	72	21,953
6-30-09	"	79,687	72	44,415
6-30-10	"	185,106	24	185,957

### Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, was as follows:

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-09	7-1-09
Actuarial accrued liability (AAL)	\$ 13,840,000	\$ 1,294,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 13,840,000	\$ 1,294,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 28,814,994	\$ 10,227,559
UAAL as a % of covered payroll	48.03%	12.65%

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

### Actuarial Methods and Assumptions

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

In the July 1, 2009, actuarial valuation for the plans, the projected unit credit actuarial cost method was used and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses). The annual healthcare cost trend rate for the Local Education Plan was four percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare cost trend rate for the Local Government Plan was three percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. 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.

**M. 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 2009-10 year, 16 employees participated in the program. The financial statements of this report reflect expenditures of \$60,284 in the General Purpose School Fund for the retirement incentive payments. A non-discounted long-term liability of \$60,284 is reflected on the government-wide Statement of Net Assets for retirement incentives. Of that amount, \$38,500 is due within one year.

**N. Office of Central Accounting, Budgeting, and Purchasing**

Jefferson County operates under the 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 also provides for the creation of a Finance Department operated under the direction of the finance director.

**O. 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.

VI. **OTHER NOTES – DISCRETELY PRESENTED JEFFERSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

A. **Summary of Significant Accounting Policies**

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

1. **Basis of Presentation**

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

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

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

2. **Method of Accounting**

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

3. **Net Assets**

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

4. **Cash and Cash Equivalents**

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

5. **Budgetary Principles**

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

The district prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP) in the United States of America. The major difference between the budgetary basis of accounting and GAAP is that encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP). At June 30, 2010, the district had no encumbrances.

6. **Capital Assets**

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

Depreciation has been calculated on each class of depreciable property using the straight-line method.

7. **Use of Estimates**

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

**8. Operating and Nonoperating Revenues**

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

**9. Restricted and Unrestricted Resources**

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

**B. Cash, Cash Equivalents, and Deposits**

Cash consisted of the following at June 30, 2010:

Cash in Bank	\$ 158,183
Certificate of deposit	<u>71,691</u>
Total	<u><u>\$ 229,874</u></u>

At June 30, 2010, all of the district's deposits were either insured by federal depository insurance or guaranteed by bank participation in the Tennessee Bank Collateral Pool. Investment policies of the district follow state law and bond requirements prohibiting investments that are not secured or issued by the U.S. Government.

**C. Capital Assets**

Capital assets activity for the fiscal year ended June 30, 2010, was as follows:

	Balance 7-1-09	Additions	Balance 6-30-10	Depreciation Annual Rates
Capital Assets Being Depreciated:				
Leasehold Improvements	\$ 23,765	\$ 0	\$ 23,765	5 - 20%
Office Equipment and Furniture	87,578	0	87,578	14.3 - 33.3
Operating Equipment	403,080	0	403,080	14.3 - 20
Communication Equipment	219,182	0	219,182	14.3 - 20
Vehicle	22,778	0	22,778	
Total Capital Assets Being Depreciated	<u>\$ 756,383</u>	<u>\$ 0</u>	<u>\$ 756,383</u>	

Less Accumulated Depreciation For:

Leasehold Improvements	\$ (22,478)	\$ (1,155)	\$ (23,633)
Office Equipment and Furniture	(55,201)	(9,102)	(64,303)
Operating Equipment	(370,627)	(18,702)	(389,329)
Communication Equipment	(208,939)	(6,231)	(215,170)
Vehicle	(22,778)	0	(22,778)
Total Accumulated Depreciation	<u>\$ (680,023)</u>	<u>\$ (35,190)</u>	<u>\$ (715,213)</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 76,360</u>	<u>\$ (35,190)</u>	<u>\$ 41,170</u>

Depreciation charged to expense totaled \$35,190 for the year ended June 30, 2010.

**D. Compensated Absences**

The vacation year is a calendar year beginning January 1 and ending December 31. Regular full-time employees accrue one day of vacation per month. After five years of service, employees accrue one and one-half days of vacation per month. Employees on vacation are paid at the regular rate of pay during such leave. Employees may accrue annual vacation leave up to a maximum of 30 days. Unpaid vacation leave totaled \$11,566 for the year ended June 30, 2010.

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

**E. Retirement Commitments**

**Plan Description**

Effective July 1, 2004, employees of the district became members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated

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

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

### **Funding Policy**

The district requires employees to contribute five percent of their earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, was 6.31 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the district is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2010, the district's annual pension cost of \$26,131 to the TCRS was equal to the district's required and actual contributions. The required contribution was determined as part of the initial actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of

assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The district's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

### **Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-10	\$ 26,131	100%	\$ 0
6-30-09	29,106	100	0
6-30-08	33,647	100	0

### **Funded Status and Funding Progress**

As of July 1, 2009, the most recent actuarial valuation date, the plan was 78.13 percent funded. The actuarial accrued liability for benefits was \$.33 million, and the actuarial value of assets was \$.26 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.07 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.34 million, and the ratio of the UAAL to the covered payroll was 21.63 percent.

The Schedule of Funding Progress presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The TCRS uses the frozen entry age actuarial cost method to calculate the annual required contribution. Effective July 1, 2009, the TCRS reestablished the unfunded accrued liabilities for all groups.

### **F. Risk Management**

The district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The district purchases commercial insurance for all of these risks of loss. There have been no claims in the prior three years.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 10,423,717	\$ 0	\$ 0	\$ 10,423,717	\$ 10,198,000	\$ 10,198,000	\$ 225,717
Licenses and Permits	281,908	0	0	281,908	280,850	280,850	1,058
Fines, Forfeitures, and Penalties	282,591	0	0	282,591	295,750	295,750	(13,159)
Charges for Current Services	3,519,831	0	0	3,519,831	3,591,500	3,599,554	(79,723)
Other Local Revenues	998,548	0	0	998,548	484,067	956,627	41,921
Fees Received from County Officials	1,208,675	0	0	1,208,675	1,125,000	1,125,000	83,675
State of Tennessee	1,682,988	0	0	1,682,988	1,709,164	1,752,205	(69,217)
Federal Government	316,349	0	0	316,349	204,260	431,234	(114,885)
Other Governments and Citizens Groups	157,055	0	0	157,055	150,000	153,900	3,155
Total Revenues	\$ 18,871,662	\$ 0	\$ 0	\$ 18,871,662	\$ 18,038,591	\$ 18,793,120	\$ 78,542
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 241,562	\$ (1,000)	\$ 0	\$ 240,562	\$ 254,437	\$ 259,479	\$ 18,917
Board of Equalization	2,730	0	0	2,730	2,500	2,500	(230)
County Mayor/Executive	223,676	(85)	181	223,772	233,181	233,061	9,289
Election Commission	261,874	0	1,158	263,032	329,701	329,579	66,547
Register of Deeds	51,760	0	0	51,760	56,400	56,143	4,383
Codes Compliance	104,266	(24)	75	104,317	106,280	106,252	1,935
County Buildings	593,228	(4,638)	8,365	596,955	638,234	647,894	50,939
Other Facilities	261,349	(1,936)	5,296	264,709	414,183	414,888	150,179
Other General Administration	50	0	0	50	8,000	6,000	5,950
Preservation of Records	6,655	0	0	6,655	10,100	10,100	3,445
<u>Finance</u>							
Accounting and Budgeting	739,744	(1,515)	39	738,268	751,115	750,987	12,719

(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 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Central Stores	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,000	\$ 0	\$ 0
Property Assessor's Office	327,883	0	0	327,883	333,694	334,492	6,609
Reappraisal Program	192,427	(515)	353	192,265	198,752	198,561	6,296
County Trustee's Office	50,288	0	1,067	51,355	57,187	56,954	5,599
County Clerk's Office	95,122	(2,000)	521	93,643	107,879	107,237	13,594
Data Processing	96,828	(7,830)	2,268	91,266	138,743	138,835	47,569
Other Finance	452,047	0	0	452,047	384,797	424,797	(27,250)
<u>Administration of Justice</u>							
Circuit Court	709,719	0	250	709,969	681,390	743,337	33,368
General Sessions Court	263,654	0	0	263,654	271,973	271,857	8,203
Chancery Court	195,706	(34)	0	195,672	206,040	207,718	12,046
Juvenile Court	248,769	(165)	447	249,051	256,681	256,507	7,456
<u>Public Safety</u>							
Sheriff's Department	2,918,132	(25,501)	20,394	2,913,025	2,964,069	3,012,957	99,932
Wheel Tax Officer	13,164	0	0	13,164	2,898	14,561	1,397
Jail	2,504,393	(1,328)	38,416	2,541,481	2,391,653	2,544,079	2,598
Workhouse	209,718	0	0	209,718	201,739	213,342	3,624
Inspection and Regulation	98,555	(189)	387	98,753	99,742	99,742	989
Public Safety Grant Programs	61,356	0	0	61,356	133,051	133,051	71,695
Other Public Safety	400,000	0	0	400,000	400,000	400,000	0
<u>Public Health and Welfare</u>							
Local Health Center	230,373	(65)	171	230,479	260,930	260,961	30,482
Rabies and Animal Control	87,204	(300)	900	87,804	131,990	92,468	4,664
Ambulance/Emergency Medical Services	3,738,147	(19,431)	14,463	3,733,179	3,836,181	3,866,032	132,853

(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 7/1/2009	Add: Encumbrances 6/30/2010	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>							
Aid to Dependent Children	\$ 1,873	\$ (500)	\$ 0	\$ 1,373	\$ 3,000	\$ 3,000	\$ 1,627
Other Local Welfare Services	76,213	0	0	76,213	0	35,728	(40,485)
Sanitation Education/Information	68,531	(500)	600	68,631	73,812	73,812	5,181
Other Public Health and Welfare	156,990	(262)	442	157,170	165,732	165,732	8,562
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	199,308	0	8,320	207,628	192,699	210,275	2,647
Libraries	330,304	(5,086)	10,450	335,668	345,341	359,970	24,302
Other Social, Cultural, and Recreational Agriculture and Natural Resources	9,999	0	0	9,999	30,000	10,200	201
Agriculture Extension Service	93,524	0	0	93,524	96,469	96,510	2,986
Soil Conservation	32,398	0	0	32,398	35,671	35,671	3,273
<u>Other Operations</u>							
Industrial Development	370,331	0	0	370,331	0	370,331	0
Veterans' Services	38,242	0	0	38,242	48,120	48,174	9,932
Contributions to Other Agencies	1,036,179	0	0	1,036,179	1,018,894	1,103,794	67,615
ARRA Grant No. 1	44,111	0	0	44,111	0	44,124	13
ARRA Grant No. 2	7,627	0	8,990	16,617	0	132,720	116,103
<u>Support Services</u>							
Other Programs	349	0	0	349	0	349	0
<u>Principal on Debt</u>							
General Government	151,089	0	0	151,089	155,000	154,434	3,345
<u>Interest on Debt</u>							
General Government	10,381	0	0	10,381	10,500	11,066	685
<b>Total Expenditures</b>	<b>\$ 18,007,828</b>	<b>\$ (72,904)</b>	<b>\$ 123,553</b>	<b>\$ 18,058,477</b>	<b>\$ 18,050,758</b>	<b>\$ 19,050,261</b>	<b>\$ 991,784</b>

(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 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 863,834	\$ 72,904	\$ (123,553)	\$ 813,185	\$ (12,167)	\$ (257,141)	\$ 1,070,326
Other Financing Sources (Uses)							
Insurance Recovery	\$ 41,546	\$ 0	\$ 0	\$ 41,546	\$ 0	\$ 6,418	\$ 35,128
Transfers In	101,756	0	0	101,756	110,072	110,072	(8,316)
Transfers Out	(88,404)	0	0	(88,404)	0	(88,404)	0
Total Other Financing Sources (Uses)	\$ 54,898	\$ 0	\$ 0	\$ 54,898	\$ 110,072	\$ 28,086	\$ 26,812
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 918,732	\$ 72,904	\$ (123,553)	\$ 868,083	\$ 97,905	\$ (229,055)	\$ 1,097,138
	4,150,460	(72,904)	0	4,077,556	2,772,517	2,772,517	1,305,039
Fund Balance, June 30, 2010	\$ 5,069,192	\$ 0	\$ (123,553)	\$ 4,945,639	\$ 2,870,422	\$ 2,543,462	\$ 2,402,177

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 2,259,795	\$ 0	\$ 0	\$ 2,259,795	\$ 2,249,500	\$ 2,249,500	\$ 10,295
Charges for Current Services	37,518	0	0	37,518	25,000	25,000	12,518
Other Local Revenues	9,352	0	0	9,352	300	300	9,052
State of Tennessee	1,747,348	0	0	1,747,348	1,734,071	1,734,071	13,277
Other Governments and Citizens Groups	17,200	0	0	17,200	0	0	17,200
Total Revenues	\$ 4,071,213	\$ 0	\$ 0	\$ 4,071,213	\$ 4,008,871	\$ 4,008,871	\$ 62,342
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 241,300	(211)	42	241,131	308,575	256,121	14,990
Highway and Bridge Maintenance	1,762,119	(27,440)	49,291	1,783,970	2,018,293	2,018,987	235,017
Operation and Maintenance of Equipment	715,321	(15,520)	1,003	700,804	847,049	835,043	134,239
Quarry Operations	625,760	0	154	625,914	640,870	649,887	23,973
Asphalt Plant Operations	32,964	0	350	33,314	32,400	33,406	92
Other Charges	91,451	0	0	91,451	92,141	89,752	(1,699)
Employee Benefits	71,914	0	0	71,914	69,543	73,914	2,000
Total Expenditures	\$ 3,540,829	\$ (43,171)	\$ 50,840	\$ 3,548,498	\$ 4,008,871	\$ 3,957,110	\$ 408,612
Excess (Deficiency) of Revenues Over Expenditures	\$ 530,384	\$ 43,171	\$ (50,840)	\$ 522,715	\$ 0	\$ 51,761	\$ 470,954
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (50,878)	0	0	(50,878)	0	(51,760)	882
Total Other Financing Sources (Uses)	\$ (50,878)	0	0	(50,878)	0	(51,760)	882
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 479,506	\$ 43,171	\$ (50,840)	\$ 471,837	\$ 0	\$ 1	\$ 471,836
Fund Balance, July 1, 2009	876,713	(43,171)	0	833,542	933,226	933,226	(99,684)
Fund Balance, June 30, 2010	\$ 1,356,219	\$ 0	\$ (50,840)	\$ 1,305,379	\$ 933,226	\$ 933,227	\$ 372,152

Exhibit F-3

Jefferson County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Jefferson County School Department  
June 30, 2010

(Dollar amounts in thousands)

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)
7-1-09	\$ 40,628	\$ 49,034	\$ 8,406	82.86 %	\$ 19,168	43.85 %
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 frozen entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the frozen entry age actuarial cost method was a change made during the year of the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Exhibit F-4

Jefferson County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Discretely Presented Jefferson County Emergency Communications District  
June 30, 2010

(Dollar amounts in thousands)

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)
7-1-09	\$ 260	\$ 333	\$ 73	78.13 %	\$ 336	21.63 %
7-1-07	171	157	(14)	108.92	347	(4.03)

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the frozen entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the frozen entry age actuarial cost method was a change made during the year of the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Exhibit F-5

Jefferson County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Jefferson County School Department  
June 30, 2010

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date*	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-07	\$ 0	\$ 610	\$ 610	0 %	\$ 9,892	6.2 %
"	7-1-09	0	1,294	1,294	0	10,228	12.7
<u>DISCRETELY PRESENTED JEFFERSON COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-07	0	13,251	13,251	0	27,285	48.6
"	7-1-09	0	13,840	13,840	0	28,815	48

\*Data available for only two actuarial valuations.

**JEFFERSON COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2010**

**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 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 Jefferson County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

**B. EXPENDITURES EXCEEDED APPROPRIATIONS**

Expenditures exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control) of the General and Highway/Public Works funds:

Fund/Major Category	Amount Overspent
General:	
Board of Equalization	\$ 230
Other Finance	27,250
Other Local Welfare Services	40,485
Highway/Public Works:	
Other Charges	1,699

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded from available fund balance and greater than anticipated revenues.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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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.

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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 Funds

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

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

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for proceeds of debt issued on behalf of the Emergency Communications District.

Jefferson County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2010

Special Revenue Funds					
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Other Special Revenue
\$	0 \$	0 \$	0 \$	0 \$	0 \$
	114,069	5,799	193,526	149,693	1,982,847
	0	0	0	0	0
	0	0	1,563,440	0	0
	0	0	(72,028)	0	0
\$	114,069 \$	5,799 \$	1,684,938 \$	149,693 \$	1,982,847 \$

ASSETS

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

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>					
Accounts Payable	0 \$	0 \$	1,179 \$	889 \$	0
Accrued Payroll	0	0	11,233	0	0
Due to Other Funds	0	0	63,828	0	0
Deferred Revenue - Current Property Taxes	0	0	1,432,866	0	0
Deferred Revenue - Delinquent Property Taxes	0	0	51,332	0	0
Total Liabilities	0 \$	0 \$	1,560,438 \$	889 \$	0
<u>Fund Balances</u>					
Reserved for Encumbrances	0 \$	1,695 \$	0 \$	4,671 \$	0
Unreserved	114,069	4,104	124,500	144,133	1,982,847
Total Fund Balances	114,069 \$	5,799 \$	124,500 \$	148,804 \$	1,982,847
Total Liabilities and Fund Balances	114,069 \$	5,799 \$	1,684,938 \$	149,693 \$	1,982,847

(Continued)

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

	Special Revenue Funds (Cont.)		Capital Projects Funds			Total Nonmajor Governmental Funds
	Constituti- onal Officers - Fees	Total	General Capital Projects	Other Capital Projects -	Total	
\$	8,450	\$ 8,450	\$ 0	\$ 0	\$ 0	\$ 8,450
	0	2,445,934	627,828	1,142,790	1,770,618	4,216,552
	24,221	24,221	0	0	0	24,221
	0	1,563,440	500,259	0	500,259	2,063,699
	0	(72,028)	(15,749)	0	(15,749)	(87,777)
\$	32,671	\$ 3,970,017	\$ 1,112,338	\$ 1,142,790	\$ 2,255,128	\$ 6,225,145

ASSETS

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

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>						
Accounts Payable	\$ 0	\$ 2,068	\$ 26,800	\$ 0	\$ 26,800	\$ 28,868
Accrued Payroll	0	11,233	0	0	0	11,233
Due to Other Funds	50	63,878	0	0	0	63,878
Deferred Revenue - Current Property Taxes	0	1,432,866	477,622	0	477,622	1,910,488
Deferred Revenue - Delinquent Property Taxes	0	51,332	6,039	0	6,039	57,371
Total Liabilities	\$ 50	\$ 1,561,377	\$ 510,461	\$ 0	\$ 510,461	\$ 2,071,838
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 0	\$ 6,366	\$ 40,371	\$ 83,585	\$ 123,956	\$ 130,322
Unreserved	32,621	2,402,274	561,506	1,059,205	1,620,711	4,022,985
Total Fund Balances	\$ 32,621	\$ 2,408,640	\$ 601,877	\$ 1,142,790	\$ 1,744,667	\$ 4,153,307
Total Liabilities and Fund Balances	\$ 32,671	\$ 3,970,017	\$ 1,112,338	\$ 1,142,790	\$ 2,255,128	\$ 6,225,145

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, 2010

	Special Revenue Funds					
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Other Special Revenue	
<u>Revenues</u>						
Local Taxes	\$ 51,091	\$ 8,550	\$ 1,672,970	\$ 0	\$ 0	0
Fines, Forfeitures, and Penalties	0	0	0	109,381	0	0
Charges for Current Services	0	0	0	0	0	0
Other Local Revenues	0	0	8,288	9,084	49,405	0
Federal Government	0	0	0	2,459	0	0
Total Revenues	\$ 51,091	\$ 8,550	\$ 1,681,258	\$ 120,924	\$ 49,405	0
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Finance	524	79	0	1,036	0	0
Administration of Justice	0	0	0	0	0	0
Public Safety	0	6,384	0	50,608	0	0
Public Health and Welfare	0	0	1,468,416	0	0	0
Capital Projects	0	0	0	0	0	0
Capital Projects - Donated	0	0	0	0	0	0
Total Expenditures	\$ 524	\$ 6,463	\$ 1,468,416	\$ 51,644	\$ 0	0
Excess (Deficiency) of Revenues Over Expenditures	\$ 50,567	\$ 2,087	\$ 212,842	\$ 69,280	\$ 49,405	0
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Premiums on Debt Issued	0	0	0	0	0	0
Transfers In	0	0	0	0	0	0
Transfers Out	0	0	(45,906)	0	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ (45,906)	\$ 0	\$ 0	0
Net Change in Fund Balances	\$ 50,567	\$ 2,087	\$ 166,936	\$ 69,280	\$ 49,405	0
Fund Balance, July 1, 2009	63,502	3,712	(42,436)	79,524	1,933,442	0
Fund Balance, June 30, 2010	\$ 114,069	\$ 5,799	\$ 124,500	\$ 148,804	\$ 1,982,847	0

(Continued)

Exhibit G-2

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

	Special Revenue Funds (Cont.)		Capital Projects Funds			Total Nonmajor Governmental Funds
	Constituti- onal Officers - Fees	Total	General Capital Projects	Other Capital Projects -	Total	
<b>Revenues</b>						
Local Taxes	\$ 0	\$ 1,732,611	\$ 201,820	\$ 0	\$ 201,820	\$ 1,934,431
Fines, Forfeitures, and Penalties	0	109,381	0	0	0	109,381
Charges for Current Services	769,931	769,931	0	0	0	769,931
Other Local Revenues	505	67,282	0	0	0	67,282
Federal Government	0	2,459	0	0	0	2,459
<b>Total Revenues</b>	\$ 770,436	\$ 2,681,664	\$ 201,820	\$ 0	\$ 201,820	\$ 2,883,484
<b>Expenditures</b>						
Current:						
General Government	\$ 208,171	\$ 208,171	\$ 0	\$ 0	\$ 0	\$ 208,171
Finance	660,611	662,250	0	0	0	662,250
Administration of Justice	2,014	2,014	0	0	0	2,014
Public Safety	0	56,992	0	0	0	56,992
Public Health and Welfare	0	1,468,416	0	0	0	1,468,416
Capital Projects	0	0	297,879	157,210	455,089	455,089
Capital Projects - Donated	0	0	1,222,985	0	1,222,985	1,222,985
<b>Total Expenditures</b>	\$ 870,796	\$ 2,397,843	\$ 1,520,864	\$ 157,210	\$ 1,678,074	\$ 4,075,917
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	\$ (100,360)	\$ 283,821	\$ (1,319,044)	\$ (157,210)	\$ (1,476,254)	\$ (1,192,433)
<b>Other Financing Sources (Uses)</b>						
Notes Issued	\$ 0	\$ 0	\$ 1,250,000	\$ 1,300,000	\$ 2,550,000	\$ 2,550,000
Premiums on Debt Issued	0	0	5,703	0	5,703	5,703
Transfers In	0	0	88,404	0	88,404	88,404
Transfers Out	0	(45,906)	0	0	0	(45,906)
<b>Total Other Financing Sources (Uses)</b>	\$ 0	\$ (45,906)	\$ 1,344,107	\$ 1,300,000	\$ 2,644,107	\$ 2,598,201
<b>Net Change in Fund Balances</b>	\$ (100,360)	\$ 237,915	\$ 25,063	\$ 1,142,790	\$ 1,167,853	\$ 1,405,768
<b>Fund Balance, July 1, 2009</b>	132,981	2,170,725	576,814	0	576,814	2,747,539
<b>Fund Balance, June 30, 2010</b>	\$ 32,621	\$ 2,408,640	\$ 601,877	\$ 1,142,790	\$ 1,744,667	\$ 4,153,307

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,672,970	\$ 1,666,500	\$ 1,666,500	\$ 6,470
Other Local Revenues	8,288	0	0	8,288
Total Revenues	<u>\$ 1,681,258</u>	<u>\$ 1,666,500</u>	<u>\$ 1,666,500</u>	<u>\$ 14,758</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 1,468,416	\$ 1,535,405	\$ 1,514,939	\$ 46,523
Total Expenditures	<u>\$ 1,468,416</u>	<u>\$ 1,535,405</u>	<u>\$ 1,514,939</u>	<u>\$ 46,523</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 212,842</u>	<u>\$ 131,095</u>	<u>\$ 151,561</u>	<u>\$ 61,281</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (45,906)	\$ (25,880)	\$ (46,347)	\$ 441
Total Other Financing Sources (Uses)	<u>\$ (45,906)</u>	<u>\$ (25,880)</u>	<u>\$ (46,347)</u>	<u>\$ 441</u>
Net Change in Fund Balance	\$ 166,936	\$ 105,215	\$ 105,214	\$ 61,722
Fund Balance, July 1, 2009	<u>(42,436)</u>	<u>54,517</u>	<u>54,517</u>	<u>(96,953)</u>
Fund Balance, June 30, 2010	<u>\$ 124,500</u>	<u>\$ 159,732</u>	<u>\$ 159,731</u>	<u>\$ (35,231)</u>

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 109,381	\$ 0	\$ 0	\$ 109,381	\$ 48,000	\$ 53,000	\$ 56,381
Other Local Revenues	9,084	0	0	9,084	0	0	9,084
Federal Government	2,459	0	0	2,459	0	0	2,459
Total Revenues	\$ 120,924	\$ 0	\$ 0	\$ 120,924	\$ 48,000	\$ 53,000	\$ 67,924
<u>Expenditures</u>							
<u>Finance</u>							
Other Finance	\$ 1,036	\$ 0	\$ 0	\$ 1,036	\$ 500	\$ 500	\$ (536)
<u>Public Safety</u>							
Drug Enforcement	50,608	(714)	4,671	54,565	63,000	68,000	13,435
Total Expenditures	\$ 51,644	\$ (714)	\$ 4,671	\$ 55,601	\$ 63,500	\$ 68,500	\$ 12,899
Excess (Deficiency) of Revenues Over Expenditures	\$ 69,280	\$ 714	\$ (4,671)	\$ 65,323	\$ (15,500)	\$ (15,500)	\$ 80,823
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 69,280	\$ 714	\$ (4,671)	\$ 65,323	\$ (15,500)	\$ (15,500)	\$ 80,823
	79,524	(714)	0	78,810	75,365	75,365	3,445
Fund Balance, June 30, 2010	\$ 148,804	\$ 0	\$ (4,671)	\$ 144,133	\$ 59,865	\$ 59,865	\$ 84,268

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 201,820	\$ 0	\$ 0	\$ 201,820	\$ 197,900	\$ 197,900	\$ 3,920
Total Revenues	\$ 201,820	\$ 0	\$ 0	\$ 201,820	\$ 197,900	\$ 197,900	\$ 3,920
<u>Expenditures</u>							
<u>Capital Projects</u>							
Other General Government Projects	\$ 143,953	\$ (17,000)	\$ 18,430	\$ 145,383	\$ 301,700	\$ 201,700	\$ 56,317
Highway and Street Capital Projects	121,208	(82,005)	21,941	61,144	76,000	76,000	14,856
Education Capital Projects	32,718	0	0	32,718	0	32,718	0
Capital Projects - Donated	1,222,985	0	0	1,222,985	0	1,222,985	0
Capital Projects Donated to School Department	\$ 1,520,864	\$ (99,005)	\$ 40,371	\$ 1,462,230	\$ 377,700	\$ 1,533,403	\$ 71,173
Total Expenditures	\$ (1,319,044)	\$ 99,005	\$ (40,371)	\$ (1,260,410)	\$ (179,800)	\$ (1,335,503)	\$ 75,093
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,250,000	\$ 0	\$ 0	\$ 1,250,000	\$ 0	\$ 1,250,000	\$ 0
<u>Other Financing Sources (Uses)</u>							
Notes Issued	5,703	0	0	5,703	0	5,703	0
Premiums on Debt Issued	88,404	0	0	88,404	121,500	121,500	(33,096)
Transfers In	1,344,107	0	0	1,344,107	121,500	1,377,203	(33,096)
Total Other Financing Sources (Uses)	\$ 25,063	\$ 99,005	\$ (40,371)	\$ 83,697	\$ (58,300)	\$ 41,700	\$ 41,997
Net Change in Fund Balance	576,814	(99,005)	0	477,809	101,965	101,965	375,844
Fund Balance, July 1, 2009	\$ 601,877	\$ 0	\$ (40,371)	\$ 561,506	\$ 43,665	\$ 143,665	\$ 417,841
Fund Balance, June 30, 2010							

# **Major Governmental Fund**

## **General Debt Service Fund**

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

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Exhibit 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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,935,497	\$ 3,655,000	\$ 3,655,000	\$ 280,497
Other Local Revenues	850,004	1,077,506	1,077,506	(227,502)
Total Revenues	\$ 4,785,501	\$ 4,732,506	\$ 4,732,506	\$ 52,995
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 680,000	\$ 755,000	\$ 755,000	\$ 75,000
Education	2,025,000	1,725,000	2,123,937	98,937
<u>Interest on Debt</u>				
General Government	490,355	997,257	997,257	506,902
Education	1,096,013	1,216,680	1,096,013	0
<u>Other Debt Service</u>				
General Government	57,951	65,500	66,805	8,854
Education	1,150,000	0	1,150,001	1
Total Expenditures	\$ 5,499,319	\$ 4,759,437	\$ 6,189,013	\$ 689,694
Excess (Deficiency) of Revenues Over Expenditures	\$ (713,818)	\$ (26,931)	\$ (1,456,507)	\$ 742,689
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 10,450,000	\$ 0	\$ 10,450,000	\$ 0
Discounts on Debt Issued	(20,426)	0	(20,426)	0
Payments to Refunded Debt Escrow Agent	(10,000,000)	0	(10,000,000)	0
Total Other Financing Sources (Uses)	\$ 429,574	\$ 0	\$ 429,574	\$ 0
Net Change in Fund Balance	\$ (284,244)	\$ (26,931)	\$ (1,026,933)	\$ 742,689
Fund Balance, July 1, 2009	9,069,541	8,584,811	8,584,811	484,730
Fund Balance, June 30, 2010	\$ 8,785,297	\$ 8,557,880	\$ 7,557,878	\$ 1,227,419

# Fiduciary Funds

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

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

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 held in an agency capacity by the county trustee for the discretely presented Jefferson County Nursing Home.

Exhibit I-1

Jefferson County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2010

	Agency Funds				Total
	Cities - Sales Tax	Cities - Property Tax	Constitu- tional Officers - Agency	Other Agency	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 2,454,190	\$ 0	\$ 2,454,190
Equity in Pooled Cash and Investments	0	27,271	0	2,271,161	2,298,432
Due from Other Governments	734,092	0	0	0	734,092
Property Taxes Receivable	0	849,633	0	0	849,633
Allowance for Uncollectible Property Taxes	0	(60,739)	0	0	(60,739)
Total Assets	<u>\$ 734,092</u>	<u>\$ 816,165</u>	<u>\$ 2,454,190</u>	<u>\$ 2,271,161</u>	<u>\$ 6,275,608</u>
<u>LIABILITIES</u>					
Due to Component Units	\$ 0	\$ 0	\$ 0	\$ 2,271,161	\$ 2,271,161
Due to Other Taxing Units	734,092	816,165	0	0	1,550,257
Due to Litigants, Heirs, and Others	0	0	2,454,190	0	2,454,190
Total Liabilities	<u>\$ 734,092</u>	<u>\$ 816,165</u>	<u>\$ 2,454,190</u>	<u>\$ 2,271,161</u>	<u>\$ 6,275,608</u>

Exhibit I-2

Jefferson County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2010

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 4,186,046	\$ 4,186,046	\$ 0
Due from Other Governments	725,678	734,092	725,678	734,092
Total Assets	\$ 725,678	\$ 4,920,138	\$ 4,911,724	\$ 734,092
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 725,678	\$ 4,920,138	\$ 4,911,724	\$ 734,092
Total Liabilities	\$ 725,678	\$ 4,920,138	\$ 4,911,724	\$ 734,092
<u>Cities - Property Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 13,289	\$ 969,346	\$ 955,364	\$ 27,271
Property Taxes Receivable	1,008,799	849,633	1,008,799	849,633
Allowance for Uncollectible Property Taxes	(23,266)	(60,739)	(23,266)	(60,739)
Total Assets	\$ 998,822	\$ 1,758,240	\$ 1,940,897	\$ 816,165
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 998,822	1,758,240	\$ 1,940,897	\$ 816,165
Total Liabilities	\$ 998,822	\$ 1,758,240	\$ 1,940,897	\$ 816,165
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,030,900	\$ 9,819,290	\$ 9,396,000	\$ 2,454,190
Accounts Receivable	5,340	0	5,340	0
Total Assets	\$ 2,036,240	\$ 9,819,290	\$ 9,401,340	\$ 2,454,190
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,036,240	\$ 9,819,290	\$ 9,401,340	\$ 2,454,190
Total Liabilities	\$ 2,036,240	\$ 9,819,290	\$ 9,401,340	\$ 2,454,190

(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	\$ 7,490,415	\$ 7,145	\$ 5,226,399	\$ 2,271,161
Total Assets	\$ 7,490,415	\$ 7,145	\$ 5,226,399	\$ 2,271,161
<u>Liabilities</u>				
Due to Component Units	\$ 7,490,415	\$ 7,145	\$ 5,226,399	\$ 2,271,161
Total Liabilities	\$ 7,490,415	\$ 7,145	\$ 5,226,399	\$ 2,271,161
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 2,030,900	\$ 9,819,290	\$ 9,396,000	\$ 2,454,190
Equity in Pooled Cash and Investments	7,503,704	5,162,537	10,367,809	2,298,432
Accounts Receivable	5,340	0	5,340	0
Due from Other Governments	725,678	734,092	725,678	734,092
Property Taxes Receivable	1,008,799	849,633	1,008,799	849,633
Allowance for Uncollectible Property Taxes	(23,266)	(60,739)	(23,266)	(60,739)
Total Assets	\$ 11,251,155	\$ 16,504,813	\$ 21,480,360	\$ 6,275,608
<u>Liabilities</u>				
Due to Component Units	\$ 7,490,415	\$ 7,145	\$ 5,226,399	\$ 2,271,161
Due to Other Taxing Units	1,724,500	6,678,378	6,852,621	1,550,257
Due to Litigants, Heirs, and Others	2,036,240	9,819,290	9,401,340	2,454,190
Total Liabilities	\$ 11,251,155	\$ 16,504,813	\$ 21,480,360	\$ 6,275,608

# Jefferson County School Department

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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, two Special Revenue Funds, a Capital Projects Fund, an Internal Service Fund, and an Employee Benefit Trust Fund.

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

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

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

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 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 in a trustee capacity for the School Department employees' flexible benefits program.

Exhibit J-1

Jefferson County, Tennessee  
Statement of Activities  
Discretely Presented Jefferson County School Department  
For the Year Ended June 30, 2010

Functions/Programs	Program Revenues			Charges for Services	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions		Operating Grants and Contributions	Capital Grants and Contributions		
Governmental Activities:								
Other Operations	\$ 317,375	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (317,375)	
Instruction	34,065,418	78	4,736,911				(29,328,429)	
Support Services	16,633,419	0	268,568		1,222,985		(15,141,866)	
Operation of Non-Instructional Services	4,063,287	1,153,567	3,438,053		0		528,333	
Total Governmental Activities	\$ 55,079,499	\$ 1,153,645	\$ 8,443,532	\$ 1,222,985	\$ 1,222,985	\$ (44,259,337)		
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes						\$ 7,224,970		
Local Option Sales Taxes						4,504,785		
Wholesale Beer Tax						2,233		
Interstate Telecommunications Tax						6,543		
Grants and Contributions Not Restricted for Specific Programs						33,570,210		
Unrestricted Investment Income						856		
Miscellaneous						5,492		
Total General Revenues						\$ 45,315,089		
Change in Net Assets						\$ 1,055,752		
Net Assets, July 1, 2009						23,556,245		
Net Assets, June 30, 2010						\$ 24,611,997		

Exhibit J-2

Jefferson County, Tennessee  
 Balance Sheet - Governmental Funds  
 Discretely Presented Jefferson County School Department  
 June 30, 2010

	Major Funds		Nonmajor Funds	Total Govern- mental Funds
	General Purpose School	School Federal Projects	Other Govern- mental Funds	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 4,912,776	\$ 82,880	\$ 2,267,689	\$ 7,263,345
Accounts Receivable	6,123	23,625	250	29,998
Due from Other Governments	1,555,102	1,256,472	0	2,811,574
Due from Other Funds	16,574	0	0	16,574
Property Taxes Receivable	6,483,489	0	0	6,483,489
Allowance for Uncollectible Property Taxes	(306,126)	0	0	(306,126)
<b>Total Assets</b>	<b>\$ 12,667,938</b>	<b>\$ 1,362,977</b>	<b>\$ 2,267,939</b>	<b>\$ 16,298,854</b>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 119,084	\$ 39,785	\$ 200	\$ 159,069
Accrued Payroll	0	280,105	0	280,105
Payroll Deductions Payable	1,456,570	239,074	54,978	1,750,622
Due to Other Funds	0	16,574	0	16,574
Deferred Revenue - Current Property Taxes	5,922,515	0	0	5,922,515
Deferred Revenue - Delinquent Property Taxes	223,447	0	0	223,447
Other Deferred Revenues	509,133	0	0	509,133
<b>Total Liabilities</b>	<b>\$ 8,230,749</b>	<b>\$ 575,538</b>	<b>\$ 55,178</b>	<b>\$ 8,861,465</b>
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 127,691	\$ 32,968	\$ 123,833	\$ 284,492
Other Local Education Reserves	144,567	0	0	144,567
Reserved for Career Ladder Program	17,409	0	0	17,409
Reserved for Technology	755	0	0	755
Reserved for Title I Grants to Local Education Agencies	0	4,738	0	4,738
Reserved for Other General Purposes	30,280	0	0	30,280
Unreserved, Reported In:				
General Fund	4,116,487	0	0	4,116,487
Special Revenue Funds	0	749,733	865,942	1,615,675
Capital Projects Funds	0	0	1,222,986	1,222,986
<b>Total Fund Balances</b>	<b>\$ 4,437,189</b>	<b>\$ 787,439</b>	<b>\$ 2,212,761</b>	<b>\$ 7,437,389</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 12,667,938</b>	<b>\$ 1,362,977</b>	<b>\$ 2,267,939</b>	<b>\$ 16,298,854</b>

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, 2010

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)		\$ 7,437,389
(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	16,272,032	
Add: machinery and equipment net of accumulated depreciation	383,171	
Add: other capital assets net of accumulated depreciation	<u>1,632,814</u>	20,650,137
(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.		246,110
(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	\$ (694,303)	
Less: termination benefits	(60,284)	
Less: other postemployment benefits liability	<u>(3,699,632)</u>	(4,454,219)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>732,580</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 24,611,997</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, 2010

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Funds</u>	
			<u>Other</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Govern-</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>mental</u>	<u>Funds</u>
			<u>Funds</u>	<u>Funds</u>
<u>Revenues</u>				
Local Taxes	\$ 11,759,952	\$ 0	\$ 0	\$ 11,759,952
Licenses and Permits	2,518	0	0	2,518
Charges for Current Services	227,029	0	930,252	1,157,281
Other Local Revenues	63,242	0	1,076	64,318
State of Tennessee	32,990,079	0	34,313	33,024,392
Federal Government	202,804	5,969,960	2,252,143	8,424,907
Other Governments and Citizens Groups	0	318,020	1,222,985	1,541,005
<b>Total Revenues</b>	<b>\$ 45,245,624</b>	<b>\$ 6,287,980</b>	<b>\$ 4,440,769</b>	<b>\$ 55,974,373</b>
<u>Expenditures</u>				
Current:				
Other Operations	\$ 0	\$ 317,375	\$ 0	\$ 317,375
Instruction	27,539,561	4,594,719	0	32,134,280
Support Services	15,205,945	1,312,850	0	16,518,795
Operation of Non-Instructional Services	859,309	0	3,063,409	3,922,718
Capital Projects	0	0	4,417	4,417
<b>Total Expenditures</b>	<b>\$ 43,604,815</b>	<b>\$ 6,224,944</b>	<b>\$ 3,067,826</b>	<b>\$ 52,897,585</b>
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 1,640,809	\$ 63,036	\$ 1,372,943	\$ 3,076,788
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 38,776	\$ 750,000	\$ 835,400	\$ 1,624,176
Transfers Out	(1,585,400)	(38,776)	0	(1,624,176)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (1,546,624)</b>	<b>\$ 711,224</b>	<b>\$ 835,400</b>	<b>\$ 0</b>
Net Change in Fund Balances	\$ 94,185	\$ 774,260	\$ 2,208,343	\$ 3,076,788
Fund Balance, July 1, 2009	4,343,004	13,179	4,418	4,360,601
<b>Fund Balance, June 30, 2010</b>	<b>\$ 4,437,189</b>	<b>\$ 787,439</b>	<b>\$ 2,212,761</b>	<b>\$ 7,437,389</b>

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, 2010

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) \$ 3,076,788

- |     |   |                    |               |
|-----|---|--------------------|---------------|
| (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   | \$ 449,043         |               |
|     | Less: current year depreciation expense   | <u>(1,262,736)</u> | (813,693)     |
| (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, 2010  | \$ 732,580         |               |
|     | Less: deferred delinquent property taxes and other deferred June 30, 2009   | <u>(791,752)</u>   | (59,172)      |
| (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  | \$ (69,797)        |               |
|     | Change in termination benefits  | 3,768              |               |
|     | Change in other postemployment benefits liability   | <u>(1,107,129)</u> | (1,173,158)   |
| (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>24,987</u> |

Change in net assets of governmental activities (Exhibit B) \$ 1,055,752

Exhibit J-6

Jefferson County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Jefferson County School Department  
June 30, 2010

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Central Cafeteria	Education Capital Projects	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 1,044,703	\$ 1,222,986	\$ 2,267,689
Accounts Receivable	250	0	250
Total Assets	<u>\$ 1,044,953</u>	<u>\$ 1,222,986</u>	<u>\$ 2,267,939</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 200	\$ 0	\$ 200
Payroll Deductions Payable	54,978	0	54,978
Total Liabilities	<u>\$ 55,178</u>	<u>\$ 0</u>	<u>\$ 55,178</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 123,833	\$ 0	\$ 123,833
Unreserved	865,942	1,222,986	2,088,928
Total Fund Balances	<u>\$ 989,775</u>	<u>\$ 1,222,986</u>	<u>\$ 2,212,761</u>
Total Liabilities and Fund Balances	<u>\$ 1,044,953</u>	<u>\$ 1,222,986</u>	<u>\$ 2,267,939</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, 2010

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Central Cafeteria	Education Capital Projects	
<u>Revenues</u>			
Charges for Current Services	\$ 930,252	\$ 0	\$ 930,252
Other Local Revenues	1,076	0	1,076
State of Tennessee	34,313	0	34,313
Federal Government	2,252,143	0	2,252,143
Other Governments and Citizens Groups	0	1,222,985	1,222,985
Total Revenues	<u>\$ 3,217,784</u>	<u>\$ 1,222,985</u>	<u>\$ 4,440,769</u>
<u>Expenditures</u>			
Current:			
Operation of Non-Instructional Services	\$ 3,063,409	\$ 0	\$ 3,063,409
Capital Projects	0	4,417	4,417
Total Expenditures	<u>\$ 3,063,409</u>	<u>\$ 4,417</u>	<u>\$ 3,067,826</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 154,375</u>	<u>\$ 1,218,568</u>	<u>\$ 1,372,943</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 835,400	\$ 0	\$ 835,400
Total Other Financing Sources (Uses)	<u>\$ 835,400</u>	<u>\$ 0</u>	<u>\$ 835,400</u>
Net Change in Fund Balances	\$ 989,775	\$ 1,218,568	\$ 2,208,343
Fund Balance, July 1, 2009	0	4,418	4,418
Fund Balance, June 30, 2010	<u>\$ 989,775</u>	<u>\$ 1,222,986</u>	<u>\$ 2,212,761</u>

Exhibit J-8

Jefferson County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Jefferson County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 11,759,952	\$ 0	\$ 0	\$ 11,759,952	\$ 11,881,800	\$ 11,881,800	\$ (121,848)
Licenses and Permits	2,518	0	0	2,518	3,000	3,000	(482)
Charges for Current Services	227,029	0	0	227,029	300,911	300,911	(73,882)
Other Local Revenues	63,242	0	0	63,242	103,440	135,220	(71,978)
State of Tennessee	32,990,079	0	0	32,990,079	32,664,127	33,243,379	(253,300)
Federal Government	202,804	0	0	202,804	180,548	249,453	(46,649)
Total Revenues	\$ 45,245,624	\$ 0	\$ 0	\$ 45,245,624	\$ 45,133,826	\$ 45,813,763	\$ (568,139)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 24,106,949	(130)	28,036	\$ 24,134,855	\$ 24,874,740	\$ 24,688,373	\$ 553,518
Alternative Instruction Program	237,183	0	0	237,183	290,000	243,591	6,408
Special Education Program	1,782,405	0	0	1,782,405	2,212,844	1,784,071	1,666
Vocational Education Program	1,293,705	0	0	1,293,705	1,294,606	1,297,911	4,206
Adult Education Program	119,319	0	0	119,319	131,709	135,741	16,422
<u>Support Services</u>							
Attendance	21,026	0	0	21,026	7,438	25,690	4,664
Health Services	368,416	0	14	368,430	389,771	385,793	17,363
Other Student Support	1,311,529	0	592	1,312,121	1,239,073	1,338,368	26,247
Regular Instruction Program	1,712,258	(3,243)	2,554	1,711,569	1,734,202	1,734,005	22,436
Alternative Instruction Program	24,666	0	0	24,666	0	26,988	2,322
Special Education Program	502,695	0	0	502,695	497,634	502,328	(367)
Vocational Education Program	164,391	0	0	164,391	163,538	164,293	(98)
Adult Programs	80,482	0	0	80,482	80,102	84,640	4,158

(Continued)

Exhibit J-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Other Programs	\$ 268,568	\$ 0	\$ 0	\$ 268,568	\$ 0	\$ 268,568	\$ 0
Board of Education	604,107	(23,000)	9,000	590,107	526,040	592,040	1,933
Director of Schools	300,538	0	388	300,926	264,973	314,439	13,513
Office of the Principal	2,942,238	0	0	2,942,238	3,014,310	3,009,060	66,822
Fiscal Services	378,067	0	0	378,067	384,620	384,620	6,553
Human Services/Personnel	63,386	0	0	63,386	64,701	64,701	1,315
Operation of Plant	3,305,316	0	0	3,305,316	3,577,773	3,600,990	295,674
Maintenance of Plant	863,321	(22,570)	10,513	851,264	968,397	1,139,502	288,238
Transportation	2,294,941	0	24,781	2,319,722	3,056,625	2,476,617	156,895
<u>Operation of Non-Instructional Services</u>							
Community Services	172,098	(41)	7,453	179,510	235,491	230,491	50,981
Early Childhood Education	687,211	0	44,360	731,571	641,289	737,102	5,531
Total Expenditures	\$ 43,604,815	\$ (48,984)	\$ 127,691	\$ 43,683,522	\$ 45,649,876	\$ 45,229,922	\$ 1,546,400
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,640,809	\$ 48,984	\$ (127,691)	\$ 1,562,102	\$ (516,050)	\$ 583,841	\$ 978,261
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 38,776	\$ 0	\$ 0	\$ 38,776	\$ 45,110	\$ 45,110	\$ (6,334)
Transfers Out	(1,585,400)	0	0	(1,585,400)	0	(1,585,400)	0
Total Other Financing Sources (Uses)	\$ (1,546,624)	\$ 0	\$ 0	\$ (1,546,624)	\$ 45,110	\$ (1,540,290)	\$ (6,334)
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 94,185	\$ 48,984	\$ (127,691)	\$ 15,478	\$ (470,940)	\$ (956,449)	\$ 971,927
Fund Balance, July 1, 2009	4,343,004	(48,984)	0	4,294,020	3,570,142	3,570,142	723,878
Fund Balance, June 30, 2010	\$ 4,437,189	\$ 0	\$ (127,691)	\$ 4,309,498	\$ 3,099,202	\$ 2,613,693	\$ 1,695,805

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, 2010

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 5,969,960	0	\$ 5,969,960	\$ 7,294,339	\$ 7,172,724	\$ (1,202,764)
Other Governments and Citizens Groups	318,020	0	318,020	0	338,530	(20,510)
<u>Total Revenues</u>	<u>\$ 6,287,980</u>	<u>0</u>	<u>\$ 6,287,980</u>	<u>\$ 7,294,339</u>	<u>\$ 7,511,254</u>	<u>\$ (1,223,274)</u>
<u>Expenditures</u>						
<u>Other Operations</u>						
Other Charges	\$ 317,375	0	\$ 317,375	0	\$ 335,105	\$ 17,730
<u>Instruction</u>						
Regular Instruction Program	2,001,977	27,363	2,029,340	2,063,672	2,158,674	129,334
Alternative Instruction Program	90,117	0	90,117	0	92,149	2,032
Special Education Program	2,382,614	1,682	2,384,296	2,744,585	2,809,696	425,400
Vocational Education Program	120,011	1,464	121,475	95,203	122,186	711
<u>Support Services</u>						
Health Services	623	0	623	2,000	2,500	1,877
Other Student Support	207,563	1,347	208,910	786,789	627,938	419,028
Regular Instruction Program	550,673	1,112	551,785	595,107	616,066	64,281
Alternative Instruction Program	6,061	0	6,061	0	7,494	1,433
Special Education Program	322,210	0	322,210	427,083	440,413	118,203
Vocational Education Program	5,526	0	5,526	322,241	8,039	2,513
Operation of Plant	2,699	0	2,699	0	2,700	1
Maintenance of Plant	20,229	0	20,229	0	20,521	292
Transportation	197,266	0	197,266	212,549	226,109	28,843
<u>Total Expenditures</u>	<u>\$ 6,224,944</u>	<u>\$ 32,968</u>	<u>\$ 6,257,912</u>	<u>\$ 7,249,229</u>	<u>\$ 7,469,590</u>	<u>\$ 1,211,678</u>

(Continued)

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 (Cont.)

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 63,036	\$ (32,968)	\$ 30,068	\$ 45,110	\$ 41,664	\$ (11,596)
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 750,000	0	\$ 750,000	\$ 121,597	\$ 750,000	\$ 0
Transfers Out	(38,776)	0	(38,776)	(166,707)	(48,213)	9,437
Total Other Financing Sources (Uses)	\$ 711,224	0	\$ 711,224	\$ (45,110)	\$ 701,787	\$ 9,437
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 774,260	\$ (32,968)	\$ 741,292	\$ 0	\$ 743,451	\$ (2,159)
	13,179	0	13,179	13,180	13,180	(1)
Fund Balance, June 30, 2010	\$ 787,439	\$ (32,968)	\$ 754,471	\$ 13,180	\$ 756,631	\$ (2,160)

Exhibit J-10

Jefferson County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Jefferson County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less:		Add:	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2009	Encumbrances 6/30/2010			Original	Final	
<u>Revenues</u>								
Charges for Current Services	\$ 930,252	\$ 0	\$ 0	\$ 0	\$ 930,252	\$ 1,080,235	\$ 1,080,235	\$ (149,983)
Other Local Revenues	1,076	0	0	0	1,076	8,100	8,100	(7,024)
State of Tennessee	34,313	0	0	0	34,313	35,500	35,500	(1,187)
Federal Government	2,252,143	0	0	0	2,252,143	1,833,730	2,053,780	198,363
Total Revenues	\$ 3,217,784	\$ 0	\$ 0	\$ 0	\$ 3,217,784	\$ 2,957,565	\$ 3,177,615	\$ 40,169
<u>Expenditures</u>								
<u>Operation of Non-Instructional Services</u>								
Food Service	\$ 3,063,409	\$ (28,723)	\$ 123,833	\$ 123,833	\$ 3,158,519	\$ 3,506,749	\$ 3,726,799	\$ 568,280
Total Expenditures	\$ 3,063,409	\$ (28,723)	\$ 123,833	\$ 123,833	\$ 3,158,519	\$ 3,506,749	\$ 3,726,799	\$ 568,280
Excess (Deficiency) of Revenues Over Expenditures	\$ 154,375	\$ 28,723	\$ (123,833)	\$ (123,833)	\$ 59,265	\$ (549,184)	\$ (549,184)	\$ 608,449
<u>Other Financing Sources (Uses)</u>								
Transfers In	\$ 835,400	\$ 0	\$ 0	\$ 0	\$ 835,400	\$ 549,184	\$ 549,184	\$ 286,216
Total Other Financing Sources (Uses)	\$ 835,400	\$ 0	\$ 0	\$ 0	\$ 835,400	\$ 549,184	\$ 549,184	\$ 286,216
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 989,775	\$ 28,723	\$ (123,833)	\$ (123,833)	\$ 894,665	\$ 0	\$ 0	\$ 894,665
	0	(28,723)	0	0	(28,723)	0	0	(28,723)
Fund Balance, June 30, 2010	\$ 989,775	\$ 0	\$ (123,833)	\$ (123,833)	\$ 865,942	\$ 0	\$ 0	\$ 865,942

Exhibit J-11

Jefferson County, Tennessee  
Statement of Net Assets  
Discretely Presented Jefferson County School Department  
Proprietary Fund  
June 30, 2010

Governmental  
 Activities -  
 Internal  
 Service Fund  
 \_\_\_\_\_  
 Employee  
 Insurance -  
 Dental and  
 Vision  
 Fund  
 \_\_\_\_\_

ASSETS

Current Assets:

Cash	\$	19,033
Equity in Pooled Cash and Investments		264,805
Total Current Assets	\$	<u>283,838</u>
Total Assets	\$	<u>283,838</u>

LIABILITIES

Current Liabilities:

Accounts Payable	\$	37,728
Total Current Liabilities	\$	<u>37,728</u>
Total Liabilities	\$	<u>37,728</u>

NET ASSETS

Unrestricted	\$	<u>246,110</u>
Net Assets	\$	<u><u>246,110</u></u>

Exhibit J-12

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, 2010

	Governmental Activities - Internal Service Fund <hr/> Employee Insurance - Dental and Vision Fund <hr/>
<u>Operating Revenues</u>	
Self-Insurance Premiums/Contributions	\$ 328,973
Total Operating Revenues	<u>\$ 328,973</u>
<u>Operating Expenses</u>	
Handling Charges and Administrative Costs	\$ 24,684
Other Self-Insured Claims	279,302
Total Operating Expenses	<u>\$ 303,986</u>
Operating Income (Loss)	<u>\$ 24,987</u>
Changes in Net Assets	\$ 24,987
Net Assets, July 1, 2009	<u>221,123</u>
Net Assets, June 30, 2010	<u><u>\$ 246,110</u></u>

Exhibit J-13

Jefferson County, Tennessee  
Statement of Cash Flows  
Discretely Presented Jefferson County School Department  
Proprietary Fund  
For the Year Ended June 30, 2010

	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	\$ 328,973
Payments for Claims	(282,933)
Payments for Administrative Costs	(24,684)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 21,356</u>
Increase (Decrease) in Cash	\$ 21,356
Cash, July 1, 2009	<u>262,482</u>
Cash, June 30, 2010	<u><u>\$ 283,838</u></u>
<u>Reconciliation of Operating Income (Loss)</u> <u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 24,987
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	0
Increase (Decrease) in Accounts Payable	<u>(3,631)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 21,356</u></u>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash per Net Assets	\$ 19,033
Equity in Pooled Cash and Investments per Net Assets	<u>264,805</u>
Cash, June 30, 2010	<u><u>\$ 283,838</u></u>

Exhibit J-14

Jefferson County, Tennessee  
Statement of Fiduciary Net Assets  
Discretely Presented Jefferson County School Department  
Fiduciary Fund  
June 30, 2010

	<u>Other Employee Benefit Trust Fund</u> <u>Flexible Benefits Fund</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 21,274
Total Assets	<u>\$ 21,274</u>
<u>NET ASSETS</u>	
Funds Held in Trust for Employees	<u>\$ 21,274</u>
Total Net Assets	<u><u>\$ 21,274</u></u>

Exhibit J-15

Jefferson County, Tennessee  
Statement of Changes in Fiduciary Net Assets  
Discretely Presented Jefferson County School Department  
Fiduciary Fund  
For the Year Ended June 30, 2010

	Other Employee Benefit Trust Fund <hr/> Flexible Benefits Fund
<u>ADDITIONS</u>	
Plan Member Contributions	\$ 85,257
Total Additions	<u>\$ 85,257</u>
<u>DEDUCTIONS</u>	
Employee Benefits	
Other Fringe Benefits	\$ 86,297
Total Deductions	<u>\$ 86,297</u>
Change in Net Assets	\$ (1,040)
Net Assets, July 1, 2009	<u>22,314</u>
Net Assets, June 30, 2010	<u><u>\$ 21,274</u></u>

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## MISCELLANEOUS SCHEDULES

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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, 2010

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Debt Refunded	Matured During Period	Outstanding 6-30-10
<u>NOTES PAYABLE</u>									
<u>Payable through General Debt Service Fund</u>									
School Pre-Construction	\$ 3,368,000	3.1 %	5-5-08	6-1-11	\$ 3,030,000	0 \$	0 \$	1,350,000 \$	1,680,000
School Building Program - Series 2009	1,250,000	2.57	10-20-09	6-1-17	0	1,250,000	0	0	1,250,000
E-911 CO Note - Series 2009	1,300,000	2.57	10-20-09	6-1-21	0	1,300,000	0	0	1,300,000
Total Payable through General Debt Service Fund					\$ 3,030,000	\$ 2,550,000	0 \$	1,350,000 \$	4,230,000
Total Notes Payable					\$ 3,030,000	\$ 2,550,000	0 \$	1,350,000 \$	4,230,000
<u>OTHER LOANS PAYABLE</u>									
<u>Payable through General Debt Service Fund</u>									
Local Government Public Improvement (III-C-5)	10,000,000	4.96	10-1-1998	5-25-23	\$ 10,000,000	0 \$	10,000,000 \$	0 \$	0
Local Government Public Improvement (E-3-D)	13,305,000	Variable	7-31-08	6-1-26	12,795,000	0	0	535,000	12,260,000
Local Government Public Improvement (V-G-1)	13,740,000	4 to 5	12-10-08	6-1-19	13,125,000	0	0	675,000	12,450,000
Total Payable through General Debt Service Fund					\$ 35,920,000	0 \$	10,000,000 \$	1,210,000 \$	24,710,000
Total Other Loans Payable					\$ 35,920,000	0 \$	10,000,000 \$	1,210,000 \$	24,710,000
<u>CAPITAL LEASES PAYABLE</u>									
<u>Payable through General Fund</u>									
Patrol Cars	233,601	5.2	6-27-08	6-27-11	\$ 158,495	0 \$	0 \$	77,834 \$	80,661
Patrol Cars	227,900	4	5-1-09	6-1-11	149,441	0	0	73,255	76,186
Total Payable through General Fund					\$ 307,936	0 \$	0 \$	151,089 \$	156,847
<u>Payable through Solid Waste Disposal Fund</u>									
Landfill Equipment - Dozer	223,905	5	2-23-06	6-8-10	\$ 97,557	0	0 \$	97,557 \$	0
Total Payable through Solid Waste Disposal Fund					\$ 97,557	0 \$	0 \$	97,557 \$	0
Total Capital Leases Payable					\$ 405,493	0 \$	0 \$	248,646 \$	156,847

(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 7-1-09	Issued During Period	Debt Refunded	Paid and/or	
								Matured During Period	Outstanding 6-30-10
<b><u>BONDS PAYABLE</u></b>									
<u>Payable through General Debt Service Fund</u>									
Nursing Home	\$ 8,000,000	4 to 4.5 %	12-21-07	6-1-37	\$ 7,860,000	\$ 0	\$ 0	\$ 145,000	\$ 7,715,000
School Refunding Bonds - Series 2009	10,450,000	3.41	10-20-09	6-1-23	0	10,450,000	0	0	10,450,000
Total Payable through General Debt Service Fund					<u>\$ 7,860,000</u>	<u>\$ 10,450,000</u>	<u>\$ 0</u>	<u>\$ 145,000</u>	<u>\$ 18,165,000</u>
Total Bonds Payable					<u>\$ 7,860,000</u>	<u>\$ 10,450,000</u>	<u>\$ 0</u>	<u>\$ 145,000</u>	<u>\$ 18,165,000</u>

Exhibit K-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 1,880,000	\$ 144,530	\$ 2,024,530
2012	200,000	57,450	257,450
2013	305,000	53,450	358,450
2014	310,000	47,350	357,350
2015	315,000	41,150	356,150
2016	320,000	34,062	354,062
2017	370,000	26,063	396,063
2018	125,000	15,888	140,888
2019	130,000	12,325	142,325
2020	135,000	8,425	143,425
2021	140,000	4,375	144,375
Total	\$ 4,230,000	\$ 445,068	\$ 4,675,068

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2011	\$ 1,860,000	\$ 555,400	\$ 102,119	\$ 2,517,519
2012	1,945,000	502,000	97,455	2,544,455
2013	2,020,000	446,138	92,582	2,558,720
2014	2,110,000	388,025	87,543	2,585,568
2015	2,220,000	327,250	82,295	2,629,545
2016	2,305,000	263,950	76,631	2,645,581
2017	2,400,000	194,188	70,759	2,664,947
2018	2,525,000	119,300	64,678	2,708,978
2019	1,170,000	34,463	58,181	1,262,644
2020	855,000	15,388	51,268	921,656
2021	905,000	13,250	44,146	962,396
2022	955,000	10,988	36,608	1,002,596
2023	1,005,000	8,600	28,653	1,042,253
2024	1,055,000	6,088	20,282	1,081,370
2025	1,105,000	3,450	11,495	1,119,945
2026	275,000	688	2,291	277,979
Total	\$ 24,710,000	\$ 2,889,166	\$ 926,986	\$ 28,526,152

(Continued)

Exhibit K-2

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

Year Ending June 30	Capital Lease		
	Principal	Interest	Total
2011	\$ 156,847	\$ 5,232	\$ 162,079
Total	\$ 156,847	\$ 5,232	\$ 162,079

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	\$ 250,000	\$ 683,712	\$ 933,712
2012	260,000	674,712	934,712
2013	265,000	665,312	930,312
2014	275,000	655,712	930,712
2015	280,000	645,712	925,712
2016	290,000	635,512	925,512
2017	300,000	624,662	924,662
2018	305,000	612,912	917,912
2019	1,715,000	600,187	2,315,187
2020	2,175,000	541,762	2,716,762
2021	2,235,000	468,262	2,703,262
2022	2,320,000	392,687	2,712,687
2023	2,385,000	311,631	2,696,631
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	\$ 18,165,000	\$ 9,360,618	\$ 27,525,618

Exhibit K-3

Jefferson County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Jefferson County School Department  
For the Year Ended June 30, 2010

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Capital Projects	Litigation tax	\$ 88,404
Solid Waste/Sanitation	Solid Waste/Disposal	Solid waste disposal	20,467
Solid Waste/Sanitation	General	Indirect costs	25,439
Highway/Public Works	General	Indirect costs	50,878
Solid Waste/Disposal	General	Indirect costs	25,439
Total Transfers Primary Government			<u>\$ 210,627</u>
<u>DISCRETELY PRESENTED JEFFERSON</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Cash flow	\$ 750,000
General Purpose School	Central Cafeteria	To establish separate fund	835,400
School Federal Projects	General Purpose School	Indirect costs	38,776
Total Transfers Discretely Presented Jefferson County School Department			<u>\$ 1,624,176</u>

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, 2010

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:				
Dr. Archie Bone (7-1-09 through 7-31-09)	State Board of Education	7,366	150,000	State Automobile Mutual Insurance Company
Connie Campbell (8-1-09 through 3-31-10)	and County Board of Education	89,120 (1)	150,000	Tennessee Risk Management Trust
Dr. Charles Edmonds (4-1-10 through 6-30-10)	Education	24,125	150,000	State Automobile Mutual Insurance Company
Trustee	Section 8-24-102, <u>TCA</u>	63,954	1,437,581	Hartford Fire Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	63,954	10,000	State Automobile Mutual 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 (3)	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.
- (3) Does not include special commissioner fees of \$1,750.

Exhibit K-5

Jefferson County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
For the Year Ended June 30, 2010

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 8,989,295	\$ 0	\$ 0	\$ 1,575,444	\$ 0
Trustee's Collections - Prior Year	283,321	0	0	48,165	0
Circuit/Clerk & Master Collections - Prior Years	162,872	0	0	27,690	0
Interest and Penalty	61,569	0	0	10,534	0
Pick-up Taxes	10,843	0	0	1,872	0
Payments in-Lieu-of Taxes - Local Utilities	16,405	0	0	2,875	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0	0	0
Hotel/Motel Tax	195,790	0	0	0	0
Wheel Tax	0	0	0	0	0
Litigation Tax - General	109,826	0	0	0	0
Litigation Tax - Special Purpose	0	0	8,550	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	140,628	51,091	0	0	0
Business Tax	269,212	0	0	0	0
Adequate Facilities/Development Tax	0	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	36,461	0	0	6,390	0
Wholesale Beer Tax	147,495	0	0	0	0
Total Local Taxes	\$ 10,423,717	\$ 51,091	\$ 8,550	\$ 1,672,970	\$ 0
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,112	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	54,932	0	0	0	0
<u>Permits</u>					
Beer Permits	950	0	0	0	0
Building Permits	147,075	0	0	0	0
Other Permits	77,839	0	0	0	0
Total Licenses and Permits	\$ 281,908	\$ 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	\$ 10,954	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	8,708	0	0	0	0	0
Drug Control Fines	0	0	0	0	0	22,341
Jail Fees	2,990	0	0	0	0	0
Data Entry Fee - Circuit Court	662	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	87,098	0	0	0	0	0
Officers Costs	76,612	0	0	0	0	0
Game and Fish Fines	1,314	0	0	0	0	0
Drug Control Fines	0	0	0	0	0	41,978
Jail Fees	50,226	0	0	0	0	0
Data Entry Fee - General Sessions Court	10,017	0	0	0	0	0
Courtroom Security Fee	1,664	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	14,418	0	0	0	0	0
Officers Costs	7,830	0	0	0	0	0
Data Entry Fee - Juvenile Court	678	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	2,274	0	0	0	0	0
Data Entry Fee - Chancery Court	1,752	0	0	0	0	0
Courtroom Security Fee	6	0	0	0	0	0
<u>Other Courts - In-county</u>						
Fines	1,000	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures	0	0	0	0	0	45,062
Victims Assistance Assessments	4,388	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 282,591	\$ 0	\$ 0	\$ 0	\$ 0	\$ 109,381

(Continued)

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>Charges for Current Services</u>					
<u>General Service Charges</u>					
Patient Charges	\$ 3,402,441	\$ 0	\$ 0	\$ 0	\$ 0
Other General Service Charges	4,650	0	0	0	0
<u>Fees</u>					
Copy Fees	1,524	0	0	0	0
Library Fees	16,420	0	0	0	0
Telephone Commissions	55,990	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0
Data Processing Fee - Register	17,934	0	0	0	0
Data Processing Fee - Sheriff	10,536	0	0	0	0
Sexual Offender Registration Fees - Sheriff	7,600	0	0	0	0
Data Processing Fee - County Clerk	2,736	0	0	0	0
<u>Total Charges for Current Services</u>	\$ 3,519,831	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	0	0	0	0	0
Commissary Sales	28,641	0	0	0	0
Sale of Maps	3,159	0	0	0	0
Miscellaneous Refunds	232,208	0	0	8,288	9,084
<u>Nonrecurring Items</u>					
Sale of Equipment	1,025	0	0	0	0
Damages Recovered from Individuals	22,790	0	0	0	0
Contributions and Gifts	330,457	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	380,268	0	0	0	0
<u>Total Other Local Revenues</u>	\$ 998,548	\$ 0	\$ 0	\$ 8,288	\$ 9,084
<u>Fees Received from County Officials</u>					
<u>Excess Fees</u>					
County Clerk	\$ 5,000	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

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>Fees Received from County Officials (Cont.)</u>					
<u>Excess Fees (Cont.)</u>					
Register	\$ 55,000	\$ 0	\$ 0	\$ 0	\$ 0
Trustee	558,700	0	0	0	0
<u>Fees in-Lieu-of Salary</u>					
Circuit Court Clerk	107,987	0	0	0	0
General Sessions Court Clerk	332,986	0	0	0	0
Clerk and Master	97,124	0	0	0	0
Juvenile Court Clerk	40,765	0	0	0	0
Sheriff	11,113	0	0	0	0
<b>Total Fees Received from County Officials</b>	<b>\$ 1,208,675</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 12,135	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	13,847	0	0	0	0
State Reappraisal Grant	16,169	0	0	0	0
On-Behalf Contributions for OPEB	349	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	24,000	0	0	0	0
Health and Welfare Grants	163,067	0	0	0	0
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	0
Litter Program	35,211	0	0	0	0
<u>Other State Revenues</u>					
Contracted Prisoner Boarding	1,332,105	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0
Other State Grants	64,352	0	0	0	0
Other State Revenues	5,373	0	0	0	0
<b>Total State of Tennessee</b>	<b>\$ 1,682,988</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

(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>Federal Government</u>						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 37,030	\$ 0	\$ 0	\$ 0	\$ 0	0
Homeland Security Grants	60,759	0	0	0	0	0
ARRA Grant No. 2	16,615	0	0	0	0	0
Other Federal through State	131,110	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Asset Forfeiture Funds	0	0	0	0	0	2,459
ARRA Grant No. 6	44,111	0	0	0	0	0
Other Direct Federal Revenue	26,724	0	0	0	0	0
<u>Total Federal Government</u>	<u>\$ 316,349</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>2,459</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Contributions	155,436	0	0	0	0	0
<u>Other</u>	<u>1,619</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Total Other Governments and Citizens Groups</u>	<u>\$ 157,055</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
<u>Total</u>	<u>\$ 18,871,662</u>	<u>\$ 51,091</u>	<u>\$ 8,550</u>	<u>\$ 1,681,258</u>	<u>\$ 120,924</u>	

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			
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 0	\$ 0	\$ 2,131,482	\$ 1,482,770	\$ 185,347	\$ 14,364,338
Trustee's Collections - Prior Year	0	0	65,164	45,331	8,500	450,481
Circuit/Clerk & Master Collections - Prior Years	0	0	33,829	26,060	4,883	255,334
Interest and Penalty	0	0	14,252	9,915	1,726	97,996
Pick-up Taxes	0	0	2,532	1,761	275	17,283
Payments in-Lieu-of Taxes - Local Utilities	0	0	3,890	2,706	338	26,214
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	994,335	0	994,335
Hotel/Motel Tax	0	0	0	0	0	195,790
Wheel Tax	0	0	0	1,068,462	0	1,068,462
Litigation Tax - General	0	0	0	0	0	109,826
Litigation Tax - Special Purpose	0	0	0	0	0	8,550
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	191,719
Business Tax	0	0	0	0	0	269,212
Adequate Facilities/Development Tax	0	0	0	298,143	0	298,143
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	8,646	6,014	751	58,262
Wholesale Beer Tax	0	0	0	0	0	147,495
<b>Total Local Taxes</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,259,795</b>	<b>\$ 3,935,497</b>	<b>\$ 201,820</b>	<b>\$ 18,553,440</b>
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,112
Cable TV Franchise	0	0	0	0	0	54,932
<u>Permits</u>						
Beer Permits	0	0	0	0	0	950
Building Permits	0	0	0	0	0	147,075
Other Permits	0	0	0	0	0	77,839
<b>Total Licenses and Permits</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 281,908</b>

(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>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	10,954
Officers Costs	0	0	0	0	0	0	8,708
Drug Control Fines	0	0	0	0	0	0	22,341
Jail Fees	0	0	0	0	0	0	2,990
Data Entry Fee - Circuit Court	0	0	0	0	0	0	662
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	0	87,098
Officers Costs	0	0	0	0	0	0	76,612
Game and Fish Fines	0	0	0	0	0	0	1,314
Drug Control Fines	0	0	0	0	0	0	41,978
Jail Fees	0	0	0	0	0	0	50,226
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	10,017
Courtroom Security Fee	0	0	0	0	0	0	1,664
<u>Juvenile Court</u>							
Fines	0	0	0	0	0	0	14,418
Officers Costs	0	0	0	0	0	0	7,830
Data Entry Fee - Juvenile Court	0	0	0	0	0	0	678
<u>Chancery Court</u>							
Officers Costs	0	0	0	0	0	0	2,274
Data Entry Fee - Chancery Court	0	0	0	0	0	0	1,752
Courtroom Security Fee	0	0	0	0	0	0	6
<u>Other Courts - In-county</u>							
Fines	0	0	0	0	0	0	1,000
<u>Judicial District Drug Program</u>							
Drug Task Force Forfeitures and Seizures	0	0	0	0	0	0	45,062
Victims Assistance Assessments	0	0	0	0	0	0	4,388
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 391,972

(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			
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,402,441
Other General Service Charges	0	0	37,518	0	0	42,168
<u>Fees</u>						
Copy Fees	0	0	0	0	0	1,524
Library Fees	0	0	0	0	0	16,420
Telephone Commissions	0	0	0	0	0	55,990
Constitutional Officers' Fees and Commissions	0	769,931	0	0	0	769,931
Data Processing Fee - Register	0	0	0	0	0	17,934
Data Processing Fee - Sheriff	0	0	0	0	0	10,536
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	7,600
Data Processing Fee - County Clerk	0	0	0	0	0	2,736
<u>Total Charges for Current Services</u>	\$ 0	\$ 769,931	\$ 37,518	\$ 0	\$ 0	\$ 4,327,280
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 49,405	\$ 505	\$ 0	\$ 338,852	\$ 0	\$ 388,762
Commissary Sales	0	0	0	0	0	28,641
Sale of Maps	0	0	0	0	0	3,159
Miscellaneous Refunds	0	0	5,352	23,171	0	278,103
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	0	1,025
Damages Recovered from Individuals	0	0	4,000	0	0	26,790
Contributions and Gifts	0	0	0	0	0	330,457
<u>Other Local Revenues</u>						
Other Local Revenues	0	0	0	487,981	0	868,249
<u>Total Other Local Revenues</u>	\$ 49,405	\$ 505	\$ 9,352	\$ 850,004	\$ 0	\$ 1,925,186
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,000

(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			
<u>Fees Received from County Officials (Cont.)</u>						
<u>Excess Fees (Cont.)</u>						
Register	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	55,000
Trustee	0	0	0	0	0	558,700
<u>Fees in-Lieu-of Salary</u>						
Circuit Court Clerk	0	0	0	0	0	107,987
General Sessions Court Clerk	0	0	0	0	0	332,986
Clerk and Master	0	0	0	0	0	97,124
Juvenile Court Clerk	0	0	0	0	0	40,765
Sheriff	0	0	0	0	0	11,113
<b>Total Fees Received from County Officials</b>	<b>\$ 0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>1,208,675</b>
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	12,135
Aging Programs	0	0	0	0	0	13,847
State Reappraisal Grant	0	0	0	0	0	16,169
On-Behalf Contributions for OPEB	0	0	0	0	0	349
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	24,000
Health and Welfare Grants	0	0	0	0	0	163,067
<u>Public Works Grants</u>						
State Aid Program	0	0	101,386	0	0	101,386
Litter Program	0	0	0	0	0	35,211
<u>Other State Revenues</u>						
Contracted Prisoner Boarding	0	0	0	0	0	1,332,105
Gasoline and Motor Fuel Tax	0	0	1,607,425	0	0	1,607,425
Petroleum Special Tax	0	0	38,537	0	0	38,537
Registrar's Salary Supplement	0	0	0	0	0	16,380
Other State Grants	0	0	0	0	0	64,352
Other State Revenues	0	0	0	0	0	5,373
<b>Total State of Tennessee</b>	<b>\$ 0 \$</b>	<b>0 \$</b>	<b>1,747,348 \$</b>	<b>0 \$</b>	<b>0 \$</b>	<b>3,430,336</b>

(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			
<u>Federal Government</u>						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	37,030
Homeland Security Grants	0	0	0	0	0	60,759
ARRA Grant No. 2	0	0	0	0	0	16,615
Other Federal through State	0	0	0	0	0	131,110
<u>Direct Federal Revenue</u>						
Asset Forfeiture Funds	0	0	0	0	0	2,459
ARRA Grant No. 6	0	0	0	0	0	44,111
Other Direct Federal Revenue	0	0	0	0	0	26,724
Total Federal Government	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	318,808
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Paving and Maintenance Contributions	\$ 0 \$	0 \$	17,200 \$	0 \$	0 \$	17,200
Other	0	0	0	0	0	155,436
Other	0	0	0	0	0	1,619
Total Other Governments and Citizens Groups	\$ 0 \$	0 \$	17,200 \$	0 \$	0 \$	174,255
Total	\$ 49,405 \$	770,436 \$	4,071,213 \$	4,785,501 \$	201,820 \$	30,611,860

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, 2010

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 6,857,812	\$ 0	\$ 0	\$ 0	\$ 6,857,812
Trustee's Collections - Prior Year	198,324	0	0	0	198,324
Circuit/Clerk & Master Collections - Prior Years	114,012	0	0	0	114,012
Interest and Penalty	43,905	0	0	0	43,905
Pick-up Taxes	5,754	0	0	0	5,754
Payments in-Lieu-of Taxes - T.V.A.	13,297	0	0	0	13,297
Payments in-Lieu-of Taxes - Local Utilities	12,515	0	0	0	12,515
<u>County Local Option Taxes</u>					
Local Option Sales Tax	4,477,742	0	0	0	4,477,742
<u>Statutory Local Taxes</u>					
Bank Excise Tax	27,815	0	0	0	27,815
Wholesale Beer Tax	2,233	0	0	0	2,233
Interstate Telecommunications Tax	6,543	0	0	0	6,543
Total Local Taxes	\$ 11,759,952	\$ 0	\$ 0	\$ 0	\$ 11,759,952
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 2,518	\$ 0	\$ 0	\$ 0	\$ 2,518
Total Licenses and Permits	\$ 2,518	\$ 0	\$ 0	\$ 0	\$ 2,518
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 564,999	\$ 0	\$ 564,999
Lunch Payments - Adults	0	0	68,987	0	68,987
Income from Breakfast	0	0	69,680	0	69,680
A la carte Sales	0	0	223,419	0	223,419
Receipts from Individual Schools	49,367	0	0	0	49,367
Community Service Fees - Children	177,662	0	0	0	177,662
<u>Other Charges for Services</u>					
Other Charges for Services	0	0	3,167	0	3,167
Total Charges for Current Services	\$ 227,029	\$ 0	\$ 930,252	\$ 0	\$ 1,157,281
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 856	\$ 0	\$ 856
Sale of Materials and Supplies	78	0	0	0	78
Refund of Telecommunication and Internet Fees (E-Rate)	54,338	0	0	0	54,338
Miscellaneous Refunds	5,272	0	0	0	5,272
<u>Nonrecurring Items</u>					
Sale of Equipment	0	0	220	0	220
Contributions and Gifts	2,500	0	0	0	2,500
<u>Other Local Revenues</u>					
Other Local Revenues	1,054	0	0	0	1,054
Total Other Local Revenues	\$ 63,242	\$ 0	\$ 1,076	\$ 0	\$ 64,318
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 268,568	\$ 0	\$ 0	\$ 0	\$ 268,568

(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	Central Cafeteria	Education Capital Projects	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 28,759,501	\$ 0	\$ 0	\$ 0	\$ 28,759,501
Basic Education Program - ARRA	1,350,500	0	0	0	1,350,500
Early Childhood Education	729,158	0	0	0	729,158
School Food Service	0	0	34,313	0	34,313
Driver Education	21,402	0	0	0	21,402
Other State Education Funds	34,977	0	0	0	34,977
Coordinated School Health - ARRA	110,000	0	0	0	110,000
Internet Connectivity - ARRA	26,204	0	0	0	26,204
Family Resource Centers - ARRA	75,488	0	0	0	75,488
Statewide Student Management System (SSMS) - ARRA	18,252	0	0	0	18,252
Career Ladder Program	294,412	0	0	0	294,412
Career Ladder - Extended Contract - ARRA	118,195	0	0	0	118,195
<u>Other State Revenues</u>					
Income Tax	97,473	0	0	0	97,473
Beer Tax	75,346	0	0	0	75,346
State Revenue Sharing - T.V.A.	921,673	0	0	0	921,673
Other State Grants	68,349	0	0	0	68,349
Safe Schools - ARRA	20,581	0	0	0	20,581
Total State of Tennessee	\$ 32,990,079	\$ 0	\$ 34,313	\$ 0	\$ 33,024,392
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,545,917	\$ 0	\$ 1,545,917
USDA - Commodities	0	0	220,050	0	220,050
Breakfast	0	0	477,677	0	477,677
USDA Food Service Equipment Grant - ARRA	0	0	8,499	0	8,499
Adult Education State Grant Program	103,681	0	0	0	103,681
Vocational Education - Basic Grants to States	0	138,532	0	0	138,532
Title I Grants to Local Education Agencies	0	1,747,168	0	0	1,747,168
Special Education - Grants to States	43,305	1,519,738	0	0	1,563,043
Special Education Preschool Grants	0	52,660	0	0	52,660
English Language Acquisition Grants	0	37,274	0	0	37,274
Safe and Drug-free Schools - State Grants	0	28,370	0	0	28,370
Eisenhower Professional Development State Grants	0	373,724	0	0	373,724
Job Training Partnership Act	0	1	0	0	1
ARRA Grant No. 1	0	642,152	0	0	642,152
ARRA Grant No. 2	0	30,472	0	0	30,472
ARRA Grant No. 3	0	1,338,425	0	0	1,338,425
ARRA Grant No. 4	0	8,061	0	0	8,061
Other Federal through State	0	53,383	0	0	53,383
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	55,818	0	0	0	55,818
Total Federal Government	\$ 202,804	\$ 5,969,960	\$ 2,252,143	\$ 0	\$ 8,424,907
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 1,222,985	\$ 1,222,985
Contracted Services	0	318,020	0	0	318,020
Total Other Governments and Citizens Groups	\$ 0	\$ 318,020	\$ 0	\$ 1,222,985	\$ 1,541,005
Total	\$ 45,245,624	\$ 6,287,980	\$ 3,217,784	\$ 1,222,985	\$ 55,974,373

Exhibit K-7

Jefferson County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2010

General Fund

General Government

County Commission

Medical Personnel	\$	21,000	
Part-time Personnel		9,255	
Board and Committee Members Fees		85,175	
Social Security		5,855	
Unemployment Compensation		41	
Employer Medicare		1,369	
Advertising		2,717	
Audit Services		13,288	
Dues and Memberships		7,550	
Legal Services		58,217	
Other Contracted Services		36,203	
Office Supplies		489	
Office Equipment		403	
Total County Commission			\$ 241,562

Board of Equalization

Board and Committee Members Fees	\$	2,730	
Total Board of Equalization			2,730

County Mayor/Executive

County Official/Administrative Officer	\$	74,496	
Longevity Pay		600	
Other Salaries and Wages		60,600	
Social Security		7,901	
State Retirement		19,364	
Life Insurance		205	
Medical Insurance		26,392	
Dental Insurance		450	
Unemployment Compensation		108	
Employer Medicare		1,848	
Advertising		30	
Communication		2,749	
Pauper Burials		1,800	
Travel		215	
Gasoline		991	
Office Supplies		2,000	
Other Charges		4,523	
Motor Vehicles		18,600	
Office Equipment		804	
Total County Mayor/Executive			223,676

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

Supervisor/Director	\$	55,325	
Clerical Personnel		77,528	
Part-time Personnel		922	
Longevity Pay		600	
Election Commission		4,875	
Election Workers		15,890	
Social Security		7,920	
State Retirement		18,045	
Life Insurance		274	
Medical Insurance		36,079	
Dental Insurance		600	
Unemployment Compensation		237	
Employer Medicare		1,852	
Advertising		1,656	
Communication		1,013	
Dues and Memberships		3,675	
Maintenance Agreements		10,697	
Postal Charges		3,556	
Printing, Stationery, and Forms		1,817	
Travel		8,784	
Other Contracted Services		5,059	
Office Supplies		3,112	
Other Charges		615	
Data Processing Equipment		1,743	
Total Election Commission			\$ 261,874

Register of Deeds

Life Insurance	\$	185	
Medical Insurance		20,131	
Dental Insurance		462	
Communication		458	
Data Processing Services		25,143	
Maintenance Agreements		1,510	
Data Processing Supplies		2,721	
Office Supplies		1,081	
Other Charges		69	
Total Register of Deeds			51,760

Codes Compliance

Supervisor/Director	\$	44,248	
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(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.)

Clerical Personnel	\$	26,134	
Longevity Pay		1,300	
Social Security		4,368	
State Retirement		10,229	
Life Insurance		137	
Medical Insurance		13,013	
Dental Insurance		300	
Unemployment Compensation		108	
Employer Medicare		1,022	
Communication		770	
Gasoline		425	
Office Supplies		284	
Refunds		1,848	
Other Charges		80	
Total Codes Compliance			\$ 104,266

County Buildings

Supervisor/Director	\$	38,380
Custodial Personnel		58,372
Maintenance Personnel		83,977
Longevity Pay		4,000
Social Security		11,018
State Retirement		25,916
Life Insurance		426
Medical Insurance		48,344
Dental Insurance		1,000
Unemployment Compensation		345
Employer Medicare		2,577
Communication		15,669
Janitorial Services		18,136
Maintenance Agreements		22,660
Maintenance and Repair Services - Buildings		79,443
Maintenance and Repair Services - Office Equipment		370
Pest Control		6,610
Postal Charges		40,463
Other Contracted Services		8,740
Custodial Supplies		10,971
Electricity		32,386
Gasoline		5,407
Natural Gas		16,152

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Office Supplies	\$	2,624	
Uniforms		2,064	
Water and Sewer		19,781	
Building and Contents Insurance		20,568	
Vehicle and Equipment Insurance		2,762	
Other Charges		7,207	
Office Equipment		4,080	
Other Equipment		2,780	
Total County Buildings			\$ 593,228

Other Facilities

Supervisor/Director	\$	37,875	
Mechanic(s)		35,350	
Longevity Pay		1,200	
Overtime Pay		2,084	
In-Service Training		442	
Social Security		4,421	
State Retirement		10,918	
Life Insurance		137	
Medical Insurance		17,082	
Unemployment Compensation		108	
Employer Medicare		1,034	
Communication		3,690	
Maintenance Agreements		945	
Other Contracted Services		1,499	
Gasoline		2,434	
Office Supplies		140	
Tires and Tubes		36,176	
Uniforms		2,393	
Utilities		7,361	
Vehicle Parts		86,441	
Other Charges		354	
Other Equipment		9,265	
Total Other Facilities			261,349

Other General Administration

Other Charges	\$	50	
Total Other General Administration			50

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Preservation of Records

Communication	\$	3	
Maintenance and Repair Services - Office Equipment		971	
Office Supplies		4,015	
Data Processing Equipment		1,666	
Total Preservation of Records			\$ 6,655

Finance

Accounting and Budgeting

Supervisor/Director	\$	80,800	
Deputy(ies)		46,460	
Longevity Pay		9,700	
Other Salaries and Wages		350,680	
In-Service Training		25	
Social Security		28,803	
State Retirement		68,960	
Life Insurance		821	
Medical Insurance		76,560	
Dental Insurance		1,800	
Unemployment Compensation		648	
Employer Medicare		6,736	
Communication		6,328	
Maintenance and Repair Services - Equipment		14,359	
Rentals		21,000	
Travel		1,044	
Other Contracted Services		1,941	
Data Processing Supplies		8,231	
Office Supplies		4,298	
Utilities		5,128	
Other Charges		906	
Data Processing Equipment		2,479	
Office Equipment		2,037	
Total Accounting and Budgeting			739,744

Property Assessor's Office

County Official/Administrative Officer	\$	63,954	
Assessment Personnel		105,035	
Secretary(ies)		32,776	
Longevity Pay		1,700	
Social Security		12,532	
State Retirement		29,017	

(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.)

Life Insurance	\$	342	
Medical Insurance		36,167	
Dental Insurance		600	
Unemployment Compensation		216	
Employer Medicare		2,931	
Audit Services		12,750	
Communication		608	
Data Processing Services		22,217	
Maintenance Agreements		4,379	
Travel		457	
Office Supplies		758	
Other Supplies and Materials		945	
Data Processing Equipment		499	
Total Property Assessor's Office			\$ 327,883

Reappraisal Program

Assessment Personnel	\$	60,523	
Clerical Personnel		53,696	
Longevity Pay		1,100	
Social Security		6,777	
State Retirement		16,456	
Life Insurance		229	
Medical Insurance		29,825	
Dental Insurance		450	
Unemployment Compensation		216	
Employer Medicare		1,585	
Data Processing Services		6,360	
Postal Charges		8,924	
Other Contracted Services		800	
Gasoline		2,839	
Vehicle and Equipment Insurance		1,003	
Other Charges		451	
Data Processing Equipment		998	
Office Equipment		195	
Total Reappraisal Program			192,427

County Trustee's Office

Life Insurance	\$	186	
Medical Insurance		21,662	
Dental Insurance		412	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Communication	\$	1,765	
Data Processing Services		12,428	
Legal Notices, Recording, and Court Costs		538	
Maintenance Agreements		9,263	
Gasoline		126	
Office Supplies		3,361	
Other Charges		69	
Data Processing Equipment		478	
Total County Trustee's Office			\$ 50,288

County Clerk's Office

Life Insurance	\$	684	
Medical Insurance		57,717	
Dental Insurance		1,238	
Communication		2,298	
Dues and Memberships		150	
Maintenance Agreements		16,950	
Travel		531	
Office Supplies		11,637	
Other Charges		133	
Data Processing Equipment		3,784	
Total County Clerk's Office			95,122

Data Processing

Supervisor/Director	\$	46,629	
Social Security		2,855	
State Retirement		5,049	
Life Insurance		63	
Medical Insurance		6,307	
Dental Insurance		12	
Unemployment Compensation		96	
Employer Medicare		668	
Communication		1,162	
Travel		716	
Other Contracted Services		30,444	
Office Supplies		633	
Other Supplies and Materials		276	
Other Charges		438	
Data Processing Equipment		89	
Other Equipment		1,391	
Total Data Processing			96,828

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Other Finance

Other Contracted Services	\$	40,000	
Liability Insurance		63,881	
Trustee's Commission		241,276	
Workers' Compensation Insurance		104,930	
Liability Claims		1,960	
Total Other Finance			\$ 452,047

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	63,954	
Deputy(ies)		38,374	
Clerical Personnel		243,466	
Longevity Pay		7,900	
Jury and Witness Expense		15,749	
Social Security		21,116	
State Retirement		50,472	
Life Insurance		684	
Medical Insurance		73,780	
Dental Insurance		1,200	
Unemployment Compensation		486	
Employer Medicare		4,938	
Communication		1,866	
Contracts with Government Agencies		56,401	
Legal Notices, Recording, and Court Costs		182	
Maintenance Agreements		19,835	
Postal Charges		8,236	
Travel		500	
Maintenance and Repair Services - Records		1,500	
Other Contracted Services		48,100	
Data Processing Supplies		3,648	
Electricity		23,993	
Library Books/Media		257	
Natural Gas		7,337	
Office Supplies		15,701	
Other Charges		44	
Total Circuit Court			709,719

General Sessions Court

County Official/Administrative Officer	\$	138,675	
Secretary(ies)		31,440	

(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.)

Longevity Pay	\$	1,100	
Other Per Diem and Fees		19,296	
Social Security		8,795	
State Retirement		24,432	
Life Insurance		104	
Medical Insurance		17,325	
Dental Insurance		150	
Unemployment Compensation		54	
Employer Medicare		2,396	
Communication		153	
Dues and Memberships		840	
Legal Notices, Recording, and Court Costs		22	
Maintenance Agreements		830	
Postal Charges		400	
Travel		1,230	
Electricity		10,283	
Library Books/Media		2,182	
Natural Gas		3,145	
Office Supplies		802	
Total General Sessions Court			\$ 263,654

Chancery Court

County Official/Administrative Officer	\$	63,954
Assistant(s)		34,334
Deputy(ies)		32,775
Longevity Pay		4,500
Social Security		8,160
State Retirement		19,345
Life Insurance		166
Medical Insurance		19,589
Dental Insurance		450
Unemployment Compensation		162
Employer Medicare		1,908
Advertising		202
Communication		466
Dues and Memberships		130
Maintenance Agreements		7,677
Travel		267
Office Supplies		1,362
Data Processing Equipment		112

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Office Equipment	\$	147	
Total Chancery Court			\$ 195,706

Juvenile Court

Youth Service Officer(s)	\$	96,680	
Attendants		34,755	
Longevity Pay		2,900	
In-Service Training		1,020	
Social Security		8,302	
State Retirement		19,169	
Life Insurance		274	
Medical Insurance		19,333	
Dental Insurance		450	
Unemployment Compensation		216	
Employer Medicare		1,942	
Communication		1,922	
Contracts with Government Agencies		24,141	
Legal Services		2,925	
Maintenance Agreements		4,183	
Postal Charges		1,900	
Travel		2,845	
Electricity		13,710	
Gasoline		2,052	
Natural Gas		4,193	
Office Supplies		5,670	
Other Charges		187	
Total Juvenile Court			248,769

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	70,350	
Assistant(s)		76,642	
Deputy(ies)		1,031,692	
Detective(s)		127,364	
Secretary(ies)		58,390	
Part-time Personnel		251,256	
Longevity Pay		21,600	
Overtime Pay		39,846	
In-Service Training		48,522	
Social Security		105,934	

(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.)

State Retirement	\$	196,044	
Life Insurance		2,916	
Medical Insurance		302,472	
Dental Insurance		4,650	
Unemployment Compensation		3,364	
Employer Medicare		24,775	
Other Fringe Benefits		39,471	
Communication		67,113	
Data Processing Services		5,370	
Dues and Memberships		2,000	
Maintenance Agreements		17,553	
Maintenance and Repair Services - Equipment		3,302	
Maintenance and Repair Services - Vehicles		10,135	
Postal Charges		2,609	
Travel		8,774	
Other Contracted Services		15,451	
Gasoline		155,260	
Instructional Supplies and Materials		4,441	
Library Books/Media		408	
Office Supplies		13,691	
Uniforms		40,393	
Liability Insurance		37,429	
Vehicle and Equipment Insurance		11,631	
Workers' Compensation Insurance		44,691	
Other Charges		5,634	
Other Equipment		66,959	
Total Sheriff's Department			\$ 2,918,132

Wheel Tax Officer

Part-time Personnel	\$	11,616	
Social Security		720	
Unemployment Compensation		47	
Employer Medicare		168	
Travel		157	
Office Supplies		263	
Office Equipment		193	
Total Wheel Tax Officer			13,164

Jail

Medical Personnel	\$	38,514	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Guards	\$	881,128	
Cafeteria Personnel		80,022	
Part-time Personnel		57,603	
Longevity Pay		16,300	
In-Service Training		6,982	
Social Security		67,708	
State Retirement		144,601	
Life Insurance		2,537	
Medical Insurance		255,969	
Dental Insurance		4,223	
Unemployment Compensation		2,551	
Employer Medicare		15,835	
Other Fringe Benefits		35,945	
Maintenance Agreements		35,546	
Maintenance and Repair Services - Buildings		56,878	
Medical and Dental Services		137,063	
Other Contracted Services		1,475	
Custodial Supplies		54,292	
Electricity		123,395	
Food Supplies		328,769	
Gasoline		6,538	
Natural Gas		37,733	
Uniforms		9,837	
Water and Sewer		42,734	
Building and Contents Insurance		22,556	
Other Charges		7,163	
Data Processing Equipment		7,897	
Other Equipment		22,599	
Total Jail			\$ 2,504,393

Workhouse

Guards	\$	90,011
Social Security		5,392
State Retirement		13,212
Life Insurance		274
Medical Insurance		29,720
Dental Insurance		600
Unemployment Compensation		222
Employer Medicare		1,261
Other Fringe Benefits		3,536

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse (Cont.)

Electricity	\$	29,503	
Natural Gas		17,681	
Water and Sewer		18,306	
Total Workhouse			\$ 209,718

Inspection and Regulation

Supervisor/Director	\$	40,400	
Clerical Personnel		20,170	
In-Service Training		120	
Social Security		3,110	
State Retirement		8,643	
Life Insurance		137	
Medical Insurance		20,440	
Dental Insurance		238	
Unemployment Compensation		108	
Employer Medicare		727	
Communication		793	
Dues and Memberships		100	
Gasoline		2,836	
Office Supplies		289	
Other Charges		444	
Total Inspection and Regulation			98,555

Public Safety Grant Programs

Instructional Supplies and Materials	\$	61,356	
Total Public Safety Grant Programs			61,356

Other Public Safety

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

Public Health and Welfare

Local Health Center

Clerical Personnel	\$	105,505	
Longevity Pay		1,700	
Social Security		6,517	
State Retirement		14,273	
Life Insurance		248	
Medical Insurance		29,003	
Dental Insurance		375	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Unemployment Compensation	\$	309	
Employer Medicare		1,524	
Communication		3,240	
Contracts with Government Agencies		35,580	
Travel		3,548	
Drugs and Medical Supplies		2,452	
Utilities		20,461	
Other Charges		5,638	
Total Local Health Center			\$ 230,373

Rabies and Animal Control

Other Salaries and Wages	\$	48,188	
In-Service Training		1,924	
Social Security		2,963	
State Retirement		6,876	
Life Insurance		103	
Medical Insurance		9,581	
Dental Insurance		363	
Unemployment Compensation		150	
Employer Medicare		693	
Communication		2,313	
Maintenance and Repair Services - Equipment		920	
Medical and Dental Services		952	
Travel		642	
Gasoline		6,812	
Uniforms		276	
Vehicle and Equipment Insurance		181	
Other Equipment		4,267	
Total Rabies and Animal Control			87,204

Ambulance/Emergency Medical Services

Assistant(s)	\$	135,623
Supervisor/Director		56,058
Clerical Personnel		68,179
Attendants		1,533,610
Part-time Personnel		223,811
Longevity Pay		35,600
Other Salaries and Wages		31,408
In-Service Training		19,506
Social Security		130,487

(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.)

State Retirement	\$	276,609	
Life Insurance		2,835	
Medical Insurance		330,437	
Dental Insurance		5,425	
Unemployment Compensation		3,212	
Employer Medicare		30,517	
Other Fringe Benefits		70,997	
Communication		15,676	
Maintenance Agreements		9,545	
Maintenance and Repair Services - Equipment		9,430	
Postal Charges		7,321	
Travel		779	
Tuition		275	
Diesel Fuel		113,251	
Drugs and Medical Supplies		162,473	
Electricity		11,388	
Natural Gas		5,748	
Office Supplies		5,951	
Uniforms		18,919	
Water and Sewer		1,608	
Other Supplies and Materials		6,247	
Building and Contents Insurance		2,349	
Liability Insurance		15,257	
Refunds		33,847	
Vehicle and Equipment Insurance		7,798	
Workers' Compensation Insurance		101,285	
Other Charges		11,104	
Data Processing Equipment		14,348	
Furniture and Fixtures		2,682	
Motor Vehicles		187,698	
Other Equipment		38,854	
Total Ambulance/Emergency Medical Services			\$ 3,738,147

Aid to Dependent Children

Other Charges	\$	1,873	
Total Aid to Dependent Children			1,873

Other Local Welfare Services

Other Contracted Services	\$	6,839	
Other Construction		69,374	
Total Other Local Welfare Services			76,213

(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

Guards	\$	31,848	
Longevity Pay		700	
Social Security		1,983	
State Retirement		4,645	
Life Insurance		68	
Medical Insurance		6,319	
Dental Insurance		150	
Unemployment Compensation		54	
Employer Medicare		464	
Communication		336	
Gasoline		5,456	
Instructional Supplies and Materials		6,969	
Other Supplies and Materials		233	
Vehicle and Equipment Insurance		181	
Other Charges		395	
Motor Vehicles		8,730	
Total Sanitation Education/Information			\$ 68,531

Other Public Health and Welfare

Supervisor/Director	\$	46,579	
Longevity Pay		1,600	
Other Salaries and Wages		56,668	
Social Security		6,493	
State Retirement		14,962	
Life Insurance		205	
Medical Insurance		18,958	
Dental Insurance		300	
Unemployment Compensation		162	
Employer Medicare		1,518	
Communication		845	
Postal Charges		276	
Travel		1,305	
Gasoline		4,591	
Office Supplies		868	
Chemicals		672	
Refunds		250	
Office Equipment		678	
Other Equipment		60	
Total Other Public Health and Welfare			156,990

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Assistant(s)	\$	83,481	
Supervisor/Director		31,142	
Salary Supplements		5,100	
Longevity Pay		3,900	
Social Security		7,587	
State Retirement		16,178	
Life Insurance		354	
Medical Insurance		38,991	
Dental Insurance		888	
Unemployment Compensation		352	
Employer Medicare		1,774	
Communication		1,929	
Maintenance Agreements		337	
Postal Charges		300	
Travel		2,201	
Office Supplies		4,321	
Vehicle and Equipment Insurance		361	
Office Equipment		112	
Total Senior Citizens Assistance			\$ 199,308

Libraries

Librarians	\$	145,511	
Part-time Personnel		57,804	
Longevity Pay		5,500	
In-Service Training		262	
Social Security		12,477	
State Retirement		21,549	
Life Insurance		345	
Medical Insurance		44,073	
Dental Insurance		900	
Unemployment Compensation		561	
Employer Medicare		2,918	
Communication		788	
Maintenance and Repair Services - Equipment		2,163	
Library Books/Media		12,781	
Periodicals		2,950	
Utilities		1,741	
Other Supplies and Materials		2,705	
Other Charges		13,050	
Other Equipment		2,226	
Total Libraries			330,304

(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.)

Other Social, Cultural, and Recreational

Other Charges	\$ 9,999	
Total Other Social, Cultural, and Recreational		\$ 9,999

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 53,097	
Part-time Personnel	9,792	
Social Security	4,669	
State Retirement	3,601	
Unemployment Compensation	40	
Employer Medicare	142	
Other Fringe Benefits	3,818	
Communication	5,537	
Dues and Memberships	305	
Travel	4,675	
Electricity	1,821	
Instructional Supplies and Materials	219	
Water and Sewer	232	
Other Charges	76	
Data Processing Equipment	5,500	
Total Agriculture Extension Service		93,524

Soil Conservation

Secretary(ies)	\$ 21,991	
Social Security	1,352	
State Retirement	2,242	
Life Insurance	63	
Medical Insurance	5,895	
Dental Insurance	88	
Unemployment Compensation	61	
Employer Medicare	316	
Dues and Memberships	345	
Medical and Dental Services	45	
Total Soil Conservation		32,398

Other Operations

Industrial Development

Engineering Services	\$ 54,634	
Other Contracted Services	5,000	
Site Development	310,697	
Total Industrial Development		370,331

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services

Other Salaries and Wages	\$	23,833	
Social Security		1,456	
State Retirement		3,401	
Life Insurance		57	
Medical Insurance		5,802	
Dental Insurance		138	
Unemployment Compensation		54	
Employer Medicare		341	
Communication		1,458	
Postal Charges		138	
Travel		629	
Other Contracted Services		450	
Office Supplies		305	
Data Processing Equipment		180	
Total Veterans' Services			\$ 38,242

Contributions to Other Agencies

Contributions	\$	1,036,179	
Total Contributions to Other Agencies			1,036,179

ARRA Grant No. 1

Other Equipment	\$	44,111	
Total ARRA Grant No. 1			44,111

ARRA Grant No. 2

Part-time Personnel	\$	3,233	
Overtime Pay		336	
Social Security		221	
State Retirement		48	
Unemployment Compensation		20	
Employer Medicare		52	
Other Supplies and Materials		3,529	
Other Charges		188	
Total ARRA Grant No. 2			7,627

Support Services

Other Programs

On-Behalf Payments to OPEB	\$	349	
Total Other Programs			349

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Principal on Debt

General Government

Principal on Capital Leases	\$ 151,089	
Total General Government	<u>151,089</u>	\$ 151,089

Interest on Debt

General Government

Interest on Capital Leases	\$ 10,381	
Total General Government	<u>10,381</u>	<u>10,381</u>

Total General Fund		\$ 18,007,828
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Courthouse and Jail Maintenance Fund

Finance

Other Finance

Trustee's Commission	\$ 524	
Total Other Finance	<u>524</u>	<u>\$ 524</u>

Total Courthouse and Jail Maintenance Fund		524
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Law Library Fund

Finance

Other Finance

Trustee's Commission	\$ 79	
Total Other Finance	<u>79</u>	\$ 79

Public Safety

Jail

Other Contracted Services	\$ 4,336	
Data Processing Equipment	1,978	
Office Equipment	<u>70</u>	
Total Jail		<u>6,384</u>

Total Law Library Fund		6,463
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Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Supervisor/Director	\$ 28,857
Longevity Pay	7,450
Other Salaries and Wages	303,182
Social Security	26,169

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Waste Pickup (Cont.)

State Retirement	\$	44,593	
Life Insurance		448	
Medical Insurance		65,389	
Dental Insurance		688	
Unemployment Compensation		387	
Employer Medicare		4,849	
Contracts with Private Agencies		12,000	
Data Processing Services		67	
Maintenance and Repair Services - Vehicles		109,348	
Postal Charges		286	
Rentals		4,063	
Disposal Fees		696,948	
Diesel Fuel		29,962	
Gasoline		10,925	
Lubricants		4,481	
Tires and Tubes		12,047	
Utilities		18,537	
Other Supplies and Materials		906	
Building and Contents Insurance		71	
Trustee's Commission		33,238	
Vehicle and Equipment Insurance		7,419	
Workers' Compensation Insurance		24,688	
Other Charges		240	
Interest on Other Loans		3,477	
Solid Waste Equipment		17,701	
Total Waste Pickup		<u>17,701</u>	\$ <u>1,468,416</u>

Total Solid Waste/Sanitation Fund \$ 1,468,416

Drug Control Fund

Finance

Other Finance

Trustee's Commission	\$	1,036	
Total Other Finance			\$ 1,036

Public Safety

Drug Enforcement

Trustee's Commission	\$	58	
Other Charges		43,028	
Other Equipment		7,522	
Total Drug Enforcement		<u>7,522</u>	<u>50,608</u>

Total Drug Control Fund 51,644

(Continued)

Exhibit K-7

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

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$ 208,171	
Total Register of Deeds		\$ 208,171

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 172,577	
Total County Trustee's Office		172,577

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 488,034	
Total County Clerk's Office		488,034

Administration of Justice

Circuit Court

Constitutional Officers' Operating Expenses	\$ 25	
Total Circuit Court		25

General Sessions Court

Constitutional Officers' Operating Expenses	\$ 168	
Total General Sessions Court		168

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 1,750	
Total Chancery Court		1,750

Juvenile Court

Constitutional Officers' Operating Expenses	\$ 71	
Total Juvenile Court		<u>71</u>

Total Constitutional Officers - Fees Fund		\$ 870,796
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 70,350
Accountants/Bookkeepers	44,176
Clerical Personnel	30,012
Longevity Pay	1,200
Board and Committee Members Fees	17,520
Social Security	10,432

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

State Retirement	\$	19,664	
Life Insurance		194	
Medical Insurance		25,394	
Dental Insurance		225	
Unemployment Compensation		65	
Employer Medicare		2,235	
Communication		7,595	
Data Processing Services		664	
Dues and Memberships		2,851	
Legal Notices, Recording, and Court Costs		259	
Postal Charges		142	
Other Contracted Services		1,880	
Office Supplies		2,676	
Other Charges		2,544	
Office Equipment		1,222	
Total Administration			\$ 241,300

Highway and Bridge Maintenance

Laborers	\$	995,425	
Longevity Pay		31,900	
Social Security		63,034	
State Retirement		141,371	
Life Insurance		1,905	
Medical Insurance		210,502	
Dental Insurance		2,550	
Unemployment Compensation		907	
Employer Medicare		14,742	
Rentals		10,301	
Asphalt - Liquid		240,436	
Other Road Supplies		3,300	
Pipe - Metal		24,880	
Road Signs		15,694	
Other Supplies and Materials		5,172	
Total Highway and Bridge Maintenance			1,762,119

Operation and Maintenance of Equipment

Mechanic(s)	\$	193,830	
Longevity Pay		3,900	
Social Security		11,815	
State Retirement		27,233	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Life Insurance	\$	410	
Medical Insurance		43,385	
Dental Insurance		600	
Unemployment Compensation		176	
Employer Medicare		2,763	
Maintenance and Repair Services - Equipment		182,589	
Diesel Fuel		52,750	
Gasoline		94,448	
Lubricants		20,144	
Natural Gas		36,139	
Tires and Tubes		32,885	
Water and Sewer		541	
Other Supplies and Materials		11,713	
Total Operation and Maintenance of Equipment			\$ 715,321

Quarry Operations

Laborers	\$	279,640	
Longevity Pay		7,400	
Social Security		17,332	
State Retirement		40,961	
Life Insurance		544	
Medical Insurance		62,995	
Dental Insurance		900	
Unemployment Compensation		243	
Employer Medicare		4,053	
Explosive and Drilling Services		64,134	
Maintenance and Repair Services - Equipment		32,508	
Electricity		105,168	
Other Charges		9,882	
Total Quarry Operations			625,760

Asphalt Plant Operations

Maintenance and Repair Services - Equipment	\$	30,564	
Other Contracted Services		2,400	
Total Asphalt Plant Operations			32,964

Other Charges

Building and Contents Insurance	\$	6,983	
Liability Insurance		7,010	
Trustee's Commission		61,699	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Vehicle and Equipment Insurance	\$ 15,759	
Total Other Charges		\$ 91,451

Employee Benefits

Workers' Compensation Insurance	\$ 71,914	
Total Employee Benefits		<u>71,914</u>

Total Highway/Public Works Fund		\$ 3,540,829
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General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 145,000	
Principal on Other Loans	<u>535,000</u>	
Total General Government		\$ 680,000

Education

Principal on Notes	\$ 1,350,000	
Principal on Other Loans	<u>675,000</u>	
Total Education		2,025,000

Interest on Debt

General Government

Interest on Bonds	\$ 342,981	
Interest on Notes	20,304	
Interest on Other Loans	<u>127,070</u>	
Total General Government		490,355

Education

Interest on Bonds	\$ 212,732	
Interest on Notes	111,349	
Interest on Other Loans	<u>771,932</u>	
Total Education		1,096,013

Other Debt Service

General Government

Trustee's Commission	\$ 54,566	
Other Debt Service	<u>3,385</u>	
Total General Government		57,951

(Continued)

Exhibit K-7

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

General Debt Service Fund (Cont.)

Other Debt Service (Cont.)

Education

Underwriter's Discount	\$ 63,745	
Other Debt Issuance Charges	208,755	
Other Debt Service	877,500	
Total Education		\$ <u>1,150,000</u>

Total General Debt Service Fund \$ 5,499,319

General Capital Projects Fund

Capital Projects

Other General Government Projects

Trustee's Commission	\$ 4,018	
Building Improvements	139,935	
Total Other General Government Projects		\$ 143,953

Highway and Street Capital Projects

Highway Equipment	\$ 121,208	
Total Highway and Street Capital Projects		121,208

Education Capital Projects

Underwriter's Discount	\$ 10,755	
Other Debt Issuance Charges	21,963	
Total Education Capital Projects		32,718

Capital Projects - Donated

Capital Projects Donated to School Department

Contributions	\$ 1,222,985	
Total Capital Projects Donated to School Department		<u>1,222,985</u>

Total General Capital Projects Fund 1,520,864

Other Capital Projects # 1 Fund

Capital Projects

Public Safety Projects

Architects	\$ 43,882	
Other Contracted Services	10,769	
Underwriter's Discount	11,635	
Other Debt Issuance Charges	23,468	
Building Construction	38,228	
Site Development	29,228	
Total Public Safety Projects		\$ <u>157,210</u>

Total Other Capital Projects # 1 Fund 157,210

Total Governmental Funds - Primary Government \$ 31,123,893

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, 2010

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 16,443,473	
Career Ladder Program	197,755	
Career Ladder Extended Contracts	74,900	
Educational Assistants	234,017	
Certified Substitute Teachers	136,698	
Non-certified Substitute Teachers	265,678	
Social Security	1,006,441	
State Retirement	1,089,194	
Life Insurance	29,170	
Medical Insurance	3,025,729	
Dental Insurance	65,292	
Employer Medicare	238,704	
Maintenance and Repair Services - Equipment	38,988	
Other Contracted Services	54,453	
Instructional Supplies and Materials	255,043	
Textbooks	113,571	
Other Supplies and Materials	453,487	
Fee Waivers	119,500	
Other Charges	2,500	
Regular Instruction Equipment	262,356	
Total Regular Instruction Program		\$ 24,106,949

Alternative Instruction Program

Teachers	\$ 44,931	
Social Security	2,520	
State Retirement	2,885	
Life Insurance	68	
Medical Insurance	8,729	
Employer Medicare	589	
Other Contracted Services	176,200	
Instructional Supplies and Materials	1,261	
Total Alternative Instruction Program		237,183

Special Education Program

Teachers	\$ 745,029
Career Ladder Program	8,437
Career Ladder Extended Contracts	2,000
Homebound Teachers	4,772
Educational Assistants	115,398

(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.)

Speech Pathologist	\$	372,834	
Social Security		71,536	
State Retirement		88,613	
Life Insurance		2,805	
Medical Insurance		272,547	
Dental Insurance		6,032	
Employer Medicare		16,865	
Instructional Supplies and Materials		57,520	
Special Education Equipment		18,017	
Total Special Education Program			\$ 1,782,405

Vocational Education Program

Teachers	\$	938,048	
Career Ladder Program		7,000	
Career Ladder Extended Contracts		1,000	
Other Salaries and Wages		11,197	
Certified Substitute Teachers		2,415	
Non-certified Substitute Teachers		4,290	
Social Security		56,954	
State Retirement		62,334	
Life Insurance		1,570	
Medical Insurance		146,979	
Dental Insurance		2,549	
Employer Medicare		13,329	
Maintenance and Repair Services - Equipment		98	
Instructional Supplies and Materials		43,000	
Vocational Instruction Equipment		2,942	
Total Vocational Education Program			1,293,705

Adult Education Program

Teachers	\$	47,407	
Other Salaries and Wages		35,439	
Social Security		5,121	
State Retirement		8,101	
Medical Insurance		11,352	
Employer Medicare		1,198	
Instructional Supplies and Materials		10,701	
Total Adult Education Program			119,319

(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

Attendance

Other Salaries and Wages	\$	2,439	
Social Security		151	
Employer Medicare		35	
Travel		149	
Other Contracted Services		18,252	
Total Attendance			\$ 21,026

Health Services

Medical Personnel	\$	226,249	
Other Salaries and Wages		7,940	
Social Security		13,072	
State Retirement		31,594	
Life Insurance		792	
Medical Insurance		79,049	
Dental Insurance		1,366	
Employer Medicare		3,057	
Travel		1,776	
Drugs and Medical Supplies		1,982	
Other Supplies and Materials		1,539	
Total Health Services			368,416

Other Student Support

Career Ladder Program	\$	6,000	
Guidance Personnel		777,114	
Career Ladder Extended Contracts		14,400	
Assessment Personnel		48,492	
Clerical Personnel		19,222	
Other Salaries and Wages		13,898	
Social Security		52,356	
State Retirement		60,314	
Life Insurance		1,571	
Medical Insurance		164,044	
Dental Insurance		4,392	
Employer Medicare		12,244	
Evaluation and Testing		33,360	
Travel		2,450	
Other Contracted Services		76,834	
Other Supplies and Materials		6,076	
In Service/Staff Development		3,531	

(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.)

Other Student Support (Cont.)

Other Charges	\$	11,436	
Other Equipment		3,795	
Total Other Student Support			\$ 1,311,529

Regular Instruction Program

Supervisor/Director	\$	238,866	
Career Ladder Program		14,000	
Career Ladder Extended Contracts		8,000	
Librarians		449,339	
Materials Supervisor		7,501	
Instructional Computer Personnel		83,014	
Secretary(ies)		90,604	
Clerical Personnel		66,912	
Other Salaries and Wages		235,811	
Social Security		70,940	
State Retirement		103,019	
Life Insurance		1,882	
Medical Insurance		198,454	
Dental Insurance		5,031	
Employer Medicare		16,591	
Postal Charges		600	
Travel		21,160	
Other Contracted Services		1,701	
Other Supplies and Materials		23,354	
In Service/Staff Development		49,543	
Other Charges		6,448	
Other Equipment		19,488	
Total Regular Instruction Program			1,712,258

Alternative Instruction Program

Secretary(ies)	\$	15,920	
Social Security		979	
State Retirement		1,704	
Life Insurance		68	
Medical Insurance		5,522	
Dental Insurance		200	
Employer Medicare		229	
Other Contracted Services		44	
Total Alternative Instruction Program			24,666

(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

Supervisor/Director	\$	75,013	
Career Ladder Program		4,000	
Assessment Personnel		49,789	
Secretary(ies)		30,917	
Other Salaries and Wages		156,921	
Social Security		18,595	
State Retirement		35,055	
Life Insurance		523	
Medical Insurance		50,781	
Dental Insurance		1,399	
Employer Medicare		4,345	
Maintenance and Repair Services - Equipment		314	
Travel		6,498	
Other Contracted Services		68,545	
Total Special Education Program			\$ 502,695

Vocational Education Program

Supervisor/Director	\$	70,640	
Career Ladder Program		2,000	
Secretary(ies)		25,497	
Social Security		5,455	
State Retirement		8,302	
Life Insurance		137	
Medical Insurance		18,447	
Dental Insurance		400	
Employer Medicare		1,276	
Travel		15,448	
Other Contracted Services		9,829	
Other Supplies and Materials		3,611	
Other Equipment		3,349	
Total Vocational Education Program			164,391

Adult Programs

Supervisor/Director	\$	58,205
Social Security		3,574
State Retirement		3,741
Medical Insurance		5,842
Employer Medicare		832
Travel		945

(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.)

Adult Programs (Cont.)

In Service/Staff Development	\$	208	
Other Charges		5,856	
Other Equipment		1,279	
Total Adult Programs			\$ 80,482

Other Programs

On-Behalf Payments to OPEB	\$	268,568	
Total Other Programs			268,568

Board of Education

Board and Committee Members Fees	\$	7,200	
Social Security		446	
Unemployment Compensation		36,144	
Employer Medicare		104	
Audit Services		8,000	
Dues and Memberships		19,319	
Legal Services		60,326	
Travel		2,065	
Other Contracted Services		86,664	
Liability Insurance		15,624	
Trustee's Commission		263,541	
Workers' Compensation Insurance		101,383	
Other Charges		3,291	
Total Board of Education			604,107

Director of Schools

County Official/Administrative Officer	\$	120,611	
Career Ladder Program		250	
Secretary(ies)		74,280	
Social Security		11,776	
State Retirement		20,035	
Life Insurance		200	
Medical Insurance		20,022	
Dental Insurance		583	
Employer Medicare		2,754	
Communication		9,140	
Postal Charges		7,084	
Travel		3,773	
Other Contracted Services		13,144	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Office Supplies	\$	5,546	
Other Charges		5,869	
Administration Equipment		5,471	
Total Director of Schools			\$ 300,538

Office of the Principal

Principals	\$	673,736	
Career Ladder Program		18,000	
Career Ladder Extended Contracts		5,000	
Assistant Principals		612,446	
Secretary(ies)		635,756	
Clerical Personnel		80,673	
Overtime Pay		1,932	
Social Security		115,910	
State Retirement		177,756	
Life Insurance		3,493	
Medical Insurance		366,205	
Dental Insurance		8,180	
Employer Medicare		27,631	
Communication		40,000	
Travel		2,452	
Other Contracted Services		145,722	
Other Supplies and Materials		12,351	
Administration Equipment		14,995	
Total Office of the Principal			2,942,238

Fiscal Services

Other Charges	\$	378,067	
Total Fiscal Services			378,067

Human Services/Personnel

Supervisor/Director	\$	42,925	
Social Security		2,372	
State Retirement		6,125	
Life Insurance		68	
Medical Insurance		8,673	
Dental Insurance		200	
Employer Medicare		555	
Advertising		280	

(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.)

Human Services/Personnel (Cont.)

Dues and Memberships	\$	160	
Other Supplies and Materials		502	
In Service/Staff Development		526	
Other Charges		1,000	
Total Human Services/Personnel			\$ 63,386

Operation of Plant

Guards	\$	130,417	
Custodial Personnel		770,013	
Social Security		52,794	
State Retirement		115,516	
Life Insurance		2,701	
Medical Insurance		251,502	
Dental Insurance		5,090	
Employer Medicare		12,538	
Operating Lease Payments		6,000	
Other Contracted Services		249,238	
Custodial Supplies		124,187	
Electricity		1,151,593	
Natural Gas		180,123	
Water and Sewer		83,137	
Building and Contents Insurance		170,264	
Other Charges		203	
Total Operation of Plant			3,305,316

Maintenance of Plant

Supervisor/Director	\$	52,370
Maintenance Personnel		277,255
Social Security		20,089
State Retirement		47,037
Life Insurance		636
Medical Insurance		61,335
Dental Insurance		1,683
Employer Medicare		4,698
Communication		4,314
Maintenance and Repair Services - Buildings		49,897
Maintenance and Repair Services - Equipment		80,908
Other Contracted Services		105,380
General Construction Materials		359

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Other Supplies and Materials	\$	122,893	
Other Charges		13,438	
Maintenance Equipment		21,029	
Total Maintenance of Plant			\$ 863,321

Transportation

Supervisor/Director	\$	60,480	
Mechanic(s)		153,923	
Bus Drivers		1,130,909	
Clerical Personnel		29,413	
Social Security		84,244	
State Retirement		61,188	
Life Insurance		413	
Medical Insurance		51,965	
Dental Insurance		1,203	
Employer Medicare		19,702	
Contracts with Private Agencies		173,740	
Contracts with Parents		2,100	
Contracts with Public Carriers		2,000	
Maintenance and Repair Services - Vehicles		79,070	
Medical and Dental Services		8,020	
Other Contracted Services		12,048	
Diesel Fuel		199,105	
Equipment and Machinery Parts		6,285	
Garage Supplies		6,079	
Gasoline		58,626	
Lubricants		7,995	
Tires and Tubes		32,119	
Vehicle Parts		88,121	
Other Charges		4,912	
Administration Equipment		4,888	
Transportation Equipment		16,393	
Total Transportation			2,294,941

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	82,690
Other Salaries and Wages		45,662
Social Security		7,879

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

State Retirement	\$	7,838	
Life Insurance		137	
Medical Insurance		9,143	
Dental Insurance		400	
Employer Medicare		1,843	
Food Supplies		4,916	
Other Supplies and Materials		6,419	
Other Charges		5,171	
Total Community Services			\$ 172,098

Early Childhood Education

Supervisor/Director	\$	7,502	
Teachers		280,890	
Clerical Personnel		2,600	
Educational Assistants		106,853	
Other Salaries and Wages		810	
Non-certified Substitute Teachers		6,003	
Social Security		22,719	
State Retirement		28,958	
Life Insurance		1,039	
Medical Insurance		109,783	
Dental Insurance		2,549	
Employer Medicare		5,313	
Contracts with Other Public Agencies		37,133	
Travel		406	
Other Contracted Services		24,140	
Instructional Supplies and Materials		40,682	
In Service/Staff Development		3,995	
Other Charges		4,515	
Other Equipment		1,321	
Total Early Childhood Education			687,211

Total General Purpose School Fund \$ 43,604,815

School Federal Projects Fund

Other Operations

Other Charges

Other Salaries and Wages	\$	317,375	
Total Other Charges			\$ 317,375

(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

Regular Instruction Program

Teachers	\$	361,957	
Educational Assistants		557,598	
Other Salaries and Wages		291,059	
Social Security		69,352	
State Retirement		119,012	
Life Insurance		4,158	
Medical Insurance		360,756	
Dental Insurance		6,614	
Employer Medicare		16,545	
Instructional Supplies and Materials		56,248	
Regular Instruction Equipment		158,678	
Total Regular Instruction Program			\$ 2,001,977

Alternative Instruction Program

Other Salaries and Wages	\$	55,004	
Social Security		3,258	
State Retirement		3,531	
Life Insurance		68	
Medical Insurance		12,655	
Dental Insurance		400	
Employer Medicare		762	
Instructional Supplies and Materials		1,677	
Other Supplies and Materials		10,347	
Regular Instruction Equipment		2,415	
Total Alternative Instruction Program			90,117

Special Education Program

Teachers	\$	769,529
Educational Assistants		505,331
Speech Pathologist		23,058
Non-certified Substitute Teachers		4,443
Social Security		76,788
State Retirement		120,155
Life Insurance		4,118
Medical Insurance		363,878
Dental Insurance		8,252
Employer Medicare		17,959
Other Contracted Services		21,362
Instructional Supplies and Materials		216,843

(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.)

Special Education Program (Cont.)

Other Supplies and Materials	\$	7,609	
Other Charges		2,950	
Special Education Equipment		240,339	
Total Special Education Program			\$ 2,382,614

Vocational Education Program

Teachers	\$	8,356	
Social Security		518	
State Retirement		537	
Life Insurance		17	
Medical Insurance		1,304	
Dental Insurance		50	
Employer Medicare		121	
Other Contracted Services		8,000	
Instructional Supplies and Materials		10,000	
Other Supplies and Materials		4,438	
Other Charges		299	
Vocational Instruction Equipment		86,371	
Total Vocational Education Program			120,011

Support Services

Health Services

Drugs and Medical Supplies	\$	623	
Total Health Services			623

Other Student Support

Other Salaries and Wages	\$	79,779	
Social Security		4,008	
State Retirement		8,019	
Employer Medicare		937	
Evaluation and Testing		25,828	
Travel		13,741	
Other Contracted Services		14,394	
Other Supplies and Materials		24,326	
In Service/Staff Development		7,237	
Other Charges		18,478	
Regular Instruction Equipment		3,280	
Other Equipment		7,536	
Total Other Student Support			207,563

(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

Supervisor/Director	\$	106,444	
Clerical Personnel		35,910	
Other Salaries and Wages		59,747	
Social Security		10,562	
State Retirement		12,048	
Life Insurance		148	
Medical Insurance		16,187	
Dental Insurance		600	
Employer Medicare		2,802	
Travel		567	
Other Contracted Services		4,100	
Other Supplies and Materials		2,020	
In Service/Staff Development		262,704	
Other Equipment		36,834	
Total Regular Instruction Program			\$ 550,673

Alternative Instruction Program

Communication	\$	2,359	
Other Contracted Services		1,128	
Other Supplies and Materials		1,623	
Other Charges		156	
Other Equipment		795	
Total Alternative Instruction Program			6,061

Special Education Program

Psychological Personnel	\$	94,418	
Assessment Personnel		49,789	
Other Salaries and Wages		46,942	
Social Security		11,079	
State Retirement		15,957	
Life Insurance		274	
Medical Insurance		24,020	
Dental Insurance		600	
Employer Medicare		2,591	
Maintenance and Repair Services - Equipment		1,191	
Travel		15,617	
Other Contracted Services		21,095	
Other Supplies and Materials		635	
In Service/Staff Development		37,462	

(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.)

Special Education Program (Cont.)

Other Charges	\$ 540	
Total Special Education Program		\$ 322,210

Vocational Education Program

Travel	\$ 3,332	
In Service/Staff Development	2,194	
Total Vocational Education Program		5,526

Operation of Plant

Other Contracted Services	\$ 2,699	
Total Operation of Plant		2,699

Maintenance of Plant

General Construction Materials	\$ 20,229	
Total Maintenance of Plant		20,229

Transportation

Bus Drivers	\$ 31,311	
Social Security	1,941	
Employer Medicare	454	
Contracts with Other School Systems	9,000	
Transportation Equipment	154,560	
Total Transportation		<u>197,266</u>

Total School Federal Projects Fund		\$ 6,224,944
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Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 53,181
Accountants/Bookkeepers	61,778
Cafeteria Personnel	842,835
Other Salaries and Wages	8,466
In-Service Training	1,294
Social Security	58,175
State Retirement	93,271
Life Insurance	2,495
Medical Insurance	223,512
Dental Insurance	5,031

(Continued)

Exhibit K-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Unemployment Compensation	\$	237	
Employer Medicare		13,605	
Communication		6,226	
Maintenance and Repair Services - Equipment		23,539	
Transportation - Other than Students		27,481	
Travel		1,073	
Other Contracted Services		49,826	
Food Supplies		1,139,271	
Office Supplies		6,839	
USDA - Commodities		220,050	
Other Supplies and Materials		146,446	
In Service/Staff Development		1,364	
Food Service Equipment		77,414	
Total Food Service			\$ 3,063,409

Total Central Cafeteria Fund \$ 3,063,409

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$	2,887	
Building Construction		1,530	
Total Education Capital Projects			\$ 4,417

Total Education Capital Projects Fund 4,417

Total Governmental Funds - Jefferson County School Department \$ 52,897,585

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, 2010

	Cities - Sales Tax	Cities - Property Tax	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 867,388	\$ 867,388
Trustee's Collections - Prior Years	0	65,873	65,873
Circuit/Clerk and Master Collections - Prior Years	0	23,368	23,368
Interest and Penalty	0	12,717	12,717
Local Option Sales Tax	4,186,046	0	4,186,046
<b>Total Cash Receipts</b>	<b>\$ 4,186,046</b>	<b>\$ 969,346</b>	<b>\$ 5,155,392</b>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 4,144,185	\$ 936,211	\$ 5,080,396
Trustee's Commission	41,861	19,153	61,014
<b>Total Cash Disbursements</b>	<b>\$ 4,186,046</b>	<b>\$ 955,364</b>	<b>\$ 5,141,410</b>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 13,982	\$ 13,982
Cash Balance, July 1, 2009	0	13,289	13,289
<b>Cash Balance, June 30, 2010</b>	<b>\$ 0</b>	<b>\$ 27,271</b>	<b>\$ 27,271</b>

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## **SINGLE AUDIT SECTION**

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

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

January 21, 2011

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, 2010, which collectively comprise Jefferson County's basic financial statements and have issued our report thereon dated January 21, 2011. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Jefferson County Nursing Home, which were not available from other auditors as of the date of this report. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Jefferson County Emergency Communications District as described in our report on Jefferson County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

## Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 10.05 and 10.06.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 10.02, 10.03, 10.04, and 10.07.

## Compliance and Other Matters

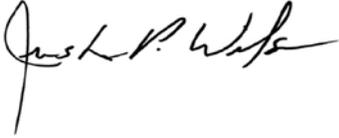
As part of obtaining reasonable assurance about whether Jefferson County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and is described in the accompanying Schedule of Findings and Questioned Costs as item 10.01.

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

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

This report is intended solely for the information and use of management, the county mayor, director of schools, road superintendent, finance director, Financial Management Committee, Board of County Commissioners, Board of Education, Highway Commission, 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 at the end.

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb



STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
DIVISION OF COUNTY AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

January 21, 2011

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, 2010. 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, 2010.

#### 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jefferson County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying Schedule of Findings and Questioned Costs as items 10.02 and 10.08. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

#### Schedule of Expenditures of Federal Awards

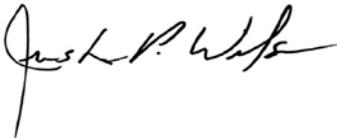
We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jefferson County as of and for the year ended June 30, 2010, and have issued our report thereon dated January 21, 2011. Our report on

the aggregate discretely presented component units was qualified due to not including the financial statements of the Jefferson County Nursing Home, 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 response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Jefferson County's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, the county mayor, director of schools, road superintendent, finance director, Financial Management Committee, Board of County Commissioners, Board of Education, Highway Commission, 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.

Yours very truly,

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/sb

Jefferson County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2010

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	\$ 220,050 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	477,677
National School Lunch Program	10.555	N/A	1,545,917 (3)
ARRA-Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	8,499
Total U.S. Department of Agriculture			<u>\$ 2,252,143</u>
U.S. Department of Housing and Urban Development:			
Passed-through East Tennessee Human Resource Agency:			
Home Investment Partnership Program	14.239	N/A	\$ 76,330
Total U.S. Department of Housing and Urban Development			<u>\$ 76,330</u>
U.S. Department of Justice:			
Direct Programs:			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 4,140
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	10,734
Recovery Act-Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Governments	16.804	N/A	44,111
Total U.S. Department of Justice			<u>\$ 58,985</u>
Institute of Museums and Library Services			
Direct Program:			
Grants to States	45.310	N/A	\$ 3,850
Total Institute of Museums and Library Services			<u>\$ 3,850</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Adult Education - State Grant Program	84.002	(2)	\$ 103,681
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	1,853,011
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	642,152
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,519,738
Special Education - Preschool Grants	84.173	N/A	96,038
Special Education - Grants to States, Recovery Act	84.391	N/A	1,336,744
Special Education - Preschool Grants, Recovery Act	84.392	N/A	8,061
Career and Technical Education - Basic Grants to States	84.048	N/A	137,069
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	28,370
Twenty-first Century Community Learning Centers	84.287	(2)	52,884
State Grants for Innovative Programs	84.298	N/A	6,476
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	17,117
Education Technology State Grants, Recovery Act	84.386	(2)	29,360
English Language Acquisition Grants	84.365	N/A	35,926
Improving Teacher Quality State Grants	84.367	N/A	356,607
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization (SFSF) - Education State Grants, Recovery Act	84.394	(2)	1,350,500

(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 Education (Cont.):			
State Fiscal Stabilization Fund Cluster: (Cont.)			
State Fiscal Stabilization (SFSF) - Government Services, Recovery Act	84.397	(2)	\$ 370,641
Total U.S. Department of Education			<u>\$ 7,944,375</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)	\$ 45,580
Passed-through State Department of Health:			
ARRA Immunization	93.712	Z-10-219804	16,615
Total U.S. Department of Health and Human Services			<u>\$ 62,195</u>
U.S. Department of Homeland Security:			
Passed-through State Department of the Military:			
Emergency Management Performance Grants	97.042	GG-08-26008-00	\$ 37,030
Homeland Security Cluster:			
Homeland Security Grant Program	97.067	(2)	60,759
Total U.S. Department of Homeland Security			<u>\$ 97,789</u>
Total Expenditures of Federal Awards			<u>\$ 10,495,667</u>
<u>State Grants</u>		<u>Contract Number</u>	
Juvenile Services Program - State Commission on Children and Youth	N/A	(2)	\$ 12,135
Aging Programs - East Tennessee Human Resource Agency	N/A	(2)	13,847
State Reappraisal Grant - Comptroller of the Treasury	N/A	(2)	16,169
DUI Enforcement Program - State Department of Transportation	N/A	Z-09-214619-00	59,894
Law Enforcement Training Programs - State Peace Officer's Standards and Training Commission	N/A	(2)	24,000
Health Department Programs - State Department of Health	N/A	(2)	163,067
Litter Program - State Department of Transportation	N/A	Z-09-212763-00	35,211
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	2,502
Early Childhood Education Pilot Project - State Department of Education	N/A	(2)	729,158
Driver's Education - State Department of Education	N/A	(2)	21,402
Adult Basic Education - State Department of Education	N/A	(2)	24,083
Safe Schools Act Grant - State Department of Education	N/A	(2)	10,631
Special Education Discretionary Grant Program AIM - State Department of Education	N/A	(2)	46,350
Methamphetamine Task Force - Tennessee Bureau of Investigation	N/A	(2)	584
Total State Grants			<u>\$ 1,159,033</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) Total for CFDA No. 10.555 is \$1,765,967.

Jefferson County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2010

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, 2009, which have not been corrected.

**OTHER FINDINGS**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.07	211	Duties were not adequately segregated in the Offices of Clerk and Master and Sheriff
09.08	211	The Solid Waste Disposal Fund had a deficit in net assets

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**JEFFERSON COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2010**

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**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. Two 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 one significant deficiency in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed one finding that is required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, and National School Lunch Program (CFDA Nos. 10.553 and 10.555); the Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Education Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants, Special Education – Grants to States, Recovery Act, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.173, 84.391, and 84.392); the State Fiscal Stabilization Cluster: State Fiscal Stabilization Fund – Education State Grants, Recovery Act and State Fiscal Stabilization Fund – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397); and the Improving Teacher Quality State Grants, (CFDA No. 84.367) were determined to be major programs.
8. A \$314,870 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 clerk and master provided a written response to a finding, which is paraphrased in this report.

### OFFICE OF FINANCE DIRECTOR

#### FINDING 10.01      **EXPENDITURES EXCEEDED APPROPRIATIONS** (Noncompliance Under Government Auditing Standards)

We noted that expenditures exceeded appropriations in the following funds:

- A. Expenditures exceeded appropriations in certain major appropriation categories (the legal level of control) of the following funds:

<u>Fund/Major Category</u>	<u>Amount Overspent</u>
General:	
Board of Equalization	\$       230
Other Finance	27,250
Other Local Welfare Services	40,485
Highway/Public Works:	
Other Charges	1,699
Drug Control:	
Other Finance	536

- B. The Law Library Fund had expenditures and encumbrances of \$8,158 for the year ended June 30, 2010; however, the County Commission had not adopted a budget for the fund.

Section 5-9-401, Tennessee Code Annotated, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.” These deficiencies exist because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

## RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission. The Law Library Fund should be budgeted by the County Commission.

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## OFFICE OF DIRECTOR OF SCHOOLS

### FINDING 10.02      **JEFFERSON COUNTY DID NOT ACCOUNT FOR AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) GRANTS SEPARATELY FROM OTHER COUNTY FUNDS**

(Internal Control – Significant Deficiency Under Government Auditing Standards and OMB Circular A-133)

Jefferson County comingled ARRA Basic Education Program payroll related expenditures with other local, state, and federal funds. U.S. Office of Management and Budget's (OMB) Compliance Supplement requires grantees to agree to maintain records that identify adequately the source (i.e., revenue) and application (i.e., expenditure) of ARRA awards. Tennessee Recovery Act Management Directive No. 2 requires county governments to account for ARRA grant awards and expenditures separately from the county's other revenues and expenditures in the county's financial accounting system. This comingling of funds violates OMB's compliance requirements and increases the risks of preparing inaccurate reports required by ARRA. When ARRA grant requirements are not followed, the OMB can terminate the grants, suspend or debar the county from receiving grants, or, in serious cases, may apply civil or criminal penalties. County officials stated they did not understand the requirement for the expenditures.

## RECOMMENDATION

Jefferson County should separate the application (i.e., expenditure) of ARRA grant funds on the County's accounting records.

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## OFFICE OF TRUSTEE

### FINDING 10.03      **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 daily logs that displayed changes made by users. Since the logs provided the only audit trail of these changes, they should be reviewed daily for inappropriate activity. During the prior audit period, management was aware of the importance of these logs and reviewed the audit logs on a regular basis. However, during the current period, management chose to discontinue their review. When the importance of these logs was again brought to management's attention in March 2010, they resumed the review process.

## RECOMMENDATION

Management should be consistent in their review of the software audit logs as a means of strengthening internal controls.

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## OFFICE OF COUNTY CLERK

### FINDING 10.04      **THE GENERAL LEDGER WAS NOT MAINTAINED PROPERLY** (Internal Control – Significant Deficiency Under Government Auditing Standards)

The general ledger was not maintained properly. This deficiency resulted in a misstatement of \$19,100 in the fee and commission account; misstatements in various other accounts, including cash on hand, cash in bank, the credit card asset account; and certain liability accounts as of June 30, 2010. These misstatements resulted from the office inadvertently recording postage fees twice and not properly accounting for the receipt of credit card payments. These errors were not detected due to management's failure to properly reconcile the general ledger with supporting documentation. We provided management with audit adjustments to properly reflect these accounts in the financial statements of this report.

## RECOMMENDATION

Management should develop controls to ensure that its general ledger is maintained properly. Transactions should be recorded properly in the general ledger, and the general ledger should be properly reconciled with supporting documentation.

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## OTHER FINDINGS AND RECOMMENDATIONS

### FINDING 10.05      **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 in unrestricted net assets of \$4,938,065 at June 30, 2010, an increase of \$216,563 from the previous year. This deficit primarily 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 \$4,976,390 reported as landfill closure and postclosure care liability at June 30, 2010, represents the cumulative amount reported to date based on 45 percent of the estimated capacity of the Patterson Landfill Site (\$3,018,378) and postclosure care costs of the Highway 92 Landfill Site (\$1,958,012). Generally accepted accounting principles and state statutes require that such costs be reflected in the financial statements. This deficiency exists because management failed to

correct the finding noted in the prior-year audit report 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 net assets.

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**FINDING 10.06      JEFFERSON COUNTY HAS A MATERIAL RECURRING AUDIT FINDING  
(Internal Control – Material Weakness Under Government Auditing Standards)**

Jefferson County has a material audit finding that has been reported in its annual financial reports for three or more consecutive years. This recurring material finding is listed below:

<u>Finding Numbers</u>	<u>Description</u>
10.05, 09.08, 08.10	The Solid Waste Disposal Fund had a deficit in unrestricted net assets.

The recurring nature of the above-noted finding indicates that management is either unwilling or unable to address the deficiency. The Local Government Modernization Act of 2005 in Section 9-3-405, Tennessee Code Annotated (TCA), encourages local governments to consider establishing an Audit Committee and further provides that the Comptroller may require that an Audit Committee be established in any local government that (1) is in noncompliance with the accounting and financial reporting standards required by the Governmental Accounting Standards Board or (2) has recurring findings from the annual audit for three or more consecutive years as determined by the Comptroller to be a material weakness in internal control or material noncompliance under Government Auditing Standards. The responsibilities and duties of an Audit Committee are to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

**RECOMMENDATION**

Jefferson County should establish an Audit Committee to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics. This Audit Committee would provide management with guidance to correct all reported material weaknesses in internal control and material noncompliance. If these findings continue to recur, Jefferson County may be required to establish an Audit Committee under the provisions of Section 9-3-405, TCA.

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FINDING 10.07

**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. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – CLERK AND MASTER

Management is preparing a segregation of duties plan which will be presented to our auditors for approval before implementation. The target date for completion of the plan and implementation is February 1, 2011.

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

Federal Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Education: Passed-through State Department of Education: State Fiscal Stabilization (SFSF) - Education State Grants, Recovery Act	10.08	84.394	<u>Circular A-133, Compliance Supplement</u> Parts 3A., 3B., and 3G.	Significant deficiency in internal control - See Finding 10.02 - Jefferson County did not account for American Recovery and Reinvestment Act (ARRA) Grants separately from other county funds	\$ 0

**JEFFERSON COUNTY, TENNESSEE  
AUDITEE REPORTING RESPONSIBILITIES  
For the Year Ended June 30, 2010**

There were no audit findings relative to federal awards presented in the prior-year's Schedule of Findings and Questioned Costs. There were audit findings relative to federal awards presented in the current-year's Schedule of Findings and Questioned Costs.

**Director of Schools – Corrective Action Plan for Current-Year's Findings**

**FINDINGS 10.02, 10.08**

Contact person:	Dr. Charles Edmonds
Corrective action planned:	Jefferson County Finance Department will set up a separate cost center for BEP Stimulus Funding to make sure revenues and expenditures related to BEP Stimulus Funding are accounted for separately.
Anticipated completion date:	January 18, 2011