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# ANNUAL FINANCIAL REPORT CLAIBORNE COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2011



**ANNUAL FINANCIAL REPORT**  
**CLAIBORNE COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2011**

*JUSTIN P. WILSON*  
*Comptroller of the Treasury*

*DIVISION OF COUNTY AUDIT*  
*JAMES R. ARNETTE*  
*Director*

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*State Auditors*

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

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# ***Audit Highlights***

Annual Financial Report  
Claiborne County, Tennessee  
For the Year Ended June 30, 2011

## ***Scope***

We have audited the basic financial statements of Claiborne County, Tennessee, as of and for the year ended June 30, 2011.

## ***Results***

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

Our audit resulted in three findings and recommendations, which we have reviewed with Claiborne County management. Details of these findings and recommendations are included in the Single Audit section of this report.

## ***Findings and Best Practice***

The following is a summary of the audit findings and best practice:

### **OFFICES OF COUNTY CLERK, REGISTER, AND CLERK AND MASTER**

- ◆ Multiple employees operated from the same cash drawer.

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### **OFFICES OF COUNTY MAYOR; CIRCUIT, GENERAL SESSIONS AND JUVENILE COURTS CLERK; AND SHERIFF**

- ◆ Accrued leave balances exceeded the maximum leave provided by the county's personnel policy.

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### **OTHER FINDING AND RECOMMENDATION**

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

Claiborne County does not have an Audit Committee. The Division of County Audit strongly believes that an Audit Committee is a best practice that should be adopted by the governing body to assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks.

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# INTRODUCTORY SECTION

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Claiborne County Officials  
June 30, 2011

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**Officials**

Jack Daniels, County Mayor  
Mike Sharp, Road Superintendent  
Connie Holdway, Director of Schools  
Alice Alexander, Trustee  
Kay Sandifer, Assessor of Property  
Evelyn Hill, County Clerk  
Billy Ray Cheek, Circuit, General Sessions, and Juvenile Courts Clerk  
Frances Cardwell, Clerk and Master  
Kimberly Harmon-Reece, Register  
David Ray, Sheriff  
Michael Tuten, Finance Director

**Board of County Commissioners**

David Mundy, Chairman	Hugh Singleton
Charlton Vass	James Hatmaker
Jerry Arnwine	Juanita Honeycutt
Rosemary Barnett	Bill Keck
Anne Bowling	Danny Longworth
Bill Brooks	Steve Mason
Mike Campbell	James McAnally
Kenneth Clark	William Jessie
Mitchell Cosby	Shawn Peters
Joan Cosby	Barry Thomas
Dennis Estes	

**Board of Education**

Dr. Roy Ellis, Chairman	Michelle Huddleston
Bill Turner	Dot Patterson
Tim Duncan	Dave Chesney
Sam Owens	

**Financial Management Committee**

Jack Daniels, County Mayor	David Mundy
Mike Sharp, Road Superintendent	Bill Brooks
Connie Holdway, Director of Schools	Danny Longworth
	Barry Thomas

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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**

October 31, 2011

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Claiborne County, Tennessee, as of and for the year ended June 30, 2011, which collectively comprise Claiborne County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Claiborne County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

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

In our opinion, except for the effects of not including the financial statements of the Claiborne County Hospital and Nursing Home, the Claiborne County Industrial Development Board, and the Claiborne County Emergency Communications District, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Claiborne County, Tennessee, as of June 30, 2011, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Claiborne County, Tennessee, as of June 30, 2011, 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 October 31, 2011, on our consideration of Claiborne County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As described in Note V.B., Claiborne County has adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

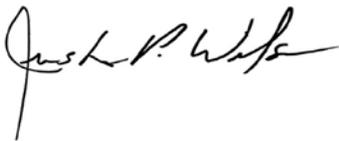
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 61 through 69 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 Claiborne County's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Claiborne County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Claiborne County School Department (a discretely presented component unit), and the miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury

JPW/yu

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Claiborne County, Tennessee  
Statement of Net Assets  
June 30, 2011

	Primary Government Governmental Activities	Component Unit Claiborne County School Department
<u>ASSETS</u>		
Cash	\$ 91,041	\$ 563,564
Equity in Pooled Cash and Investments	5,289,466	3,479,635
Accounts Receivable	72,014	976
Due from Other Governments	649,249	1,947,717
Due from Component Units	70,548	0
Due from Primary Government	0	76,716
Property Taxes Receivable	7,032,594	6,436,274
Allowance for Uncollectible Property Taxes	(484,553)	(443,467)
Unamortized Debt Issuance Cost	538,199	0
Capital Assets:		
Assets Not Depreciated:		
Land	586,500	1,170,900
Construction In Progress	0	4,052,144
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	10,272,137	32,594,738
Other Capital Assets	1,076,614	1,291,014
Infrastructure - Roads, Streets, and Bridges	18,596,275	0
Total Assets	<u>\$ 43,790,084</u>	<u>\$ 51,170,211</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 18,825	\$ 406,311
Accrued Payroll	6,692	0
Contracts Payable	13,220	328,305
Retainage Payable	8,942	0
Due to Component Units	76,716	0
Accrued Interest Payable	469,368	0
Payroll Deductions Payable	19,287	0
Due to State of Tennessee	49,311	0
Deferred Revenue - Property Taxes	6,300,581	5,766,331
Noncurrent Liabilities:		
Due Within One Year	2,785,612	108,787
Due in More Than One Year (net of deferred amount on refunding)	55,462,690	500,300
Total Liabilities	<u>\$ 65,211,244</u>	<u>\$ 7,110,034</u>

(Continued)

Exhibit A

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

	Primary Government <u>Governmental Activities</u>	<u>Component Unit</u> Claiborne County School Department
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 20,052,272	\$ 38,621,398
Restricted for:		
General Government	24,385	0
Finance	59,632	0
Administration of Justice	41,796	0
Public Safety	154,114	0
Public Health and Welfare	789,623	0
Highways	234,806	0
Debt Service	512,130	0
Education	0	845,420
Capital Projects	473,690	895,075
Unrestricted	<u>(43,763,608)</u>	<u>3,698,284</u>
Total Net Assets	<u>\$ (21,421,160)</u>	<u>\$ 44,060,177</u>

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

Exhibit B

Claiborne County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2011

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Program Revenues			Primary Government Total Governmental Activities	Component Unit Claiborne County School Department
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Primary Government:						
Governmental Activities:						
General Government	\$ 1,329,515	\$ 188,489	\$ 2,299	\$ 0	\$ (1,138,727)	\$ 0
Finance	1,205,520	679,448	15,164	0	(510,908)	0
Administration of Justice	875,858	731,623	0	0	(144,235)	0
Public Safety	5,243,233	1,447,034	38,851	0	(3,757,348)	0
Public Health and Welfare	2,023,207	407,906	898,741	0	(716,560)	0
Social, Cultural, and Recreational Services	152,827	0	0	0	(152,827)	0
Agriculture and Natural Resources	132,885	0	0	0	(132,885)	0
Other Operations	769,899	0	10,270	0	(759,629)	0
Highways	2,089,131	0	1,731,053	0	(358,078)	0
Debt Service:						
Interest	2,659,823	0	0	0	(2,659,823)	0
Other Debt Service	552,814	0	0	0	(552,814)	0
Total Primary Government	\$ 17,034,712	\$ 3,454,500	\$ 2,696,378	\$ 0	\$ (10,883,834)	\$ 0
Component Unit:						
Claiborne County School Department	\$ 44,280,941	\$ 856,836	\$ 6,444,141	\$ 0	\$ 0	\$ (36,979,964)
Total Component Unit	\$ 44,280,941	\$ 856,836	\$ 6,444,141	\$ 0	\$ 0	\$ (36,979,964)

(Continued)

Exhibit B

Claiborne County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary		Component Unit Claiborne County School Department
					Government		
					Total	Governmental Activities	
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes		\$	4,373,821		\$	6,205,253	
Property Taxes Levied for Solid Waste/Sanitation			1,034,949			0	
Property Taxes Levied for Highways			50,790			0	
Property Taxes Levied for Debt Service			305,607			0	
Property Taxes Levied for Highway Capital Projects			692,716			0	
Local Option Sales Taxes			0			2,216,643	
Wheel Tax			713,687			0	
Coal Severance Tax			127,233			127,233	
General Litigation Tax			110,281			0	
Wholesale Beer Tax			63,625			0	
Mineral Severance Tax			36,562			0	
Hotel/Motel Tax			24,877			0	
Other Litigation Tax			23,397			0	
Other Taxes			29,135			2,068	
Grants and Contributions Not Restricted to Specific Programs			5,070,271			26,909,863	
Unrestricted Investment Income			171,711			15,231	
Miscellaneous			62,524			373,562	
Total General Revenues			<u>12,891,186</u>			<u>\$ 35,849,853</u>	
Change in Fair Value of Derivatives - Interest Rate Swap					\$	0	
Change in Net Assets					\$	(1,130,111)	
Net Assets (Deficit), July 1, 2010						<u>45,190,288</u>	
Net Assets (Deficit), June 30, 2011					\$	<u>(21,421,160)</u>	

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

Exhibit C-1

Claiborne County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2011

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds		
Cash	\$ 0	\$ 400	\$ 0	\$ 0	\$ 0	\$ 90,641	\$ 91,041
Equity in Pooled Cash and Investments	3,258,534	534,328	168,728	762,971	564,905	5,289,466	5,289,466
Accounts Receivable	16,642	55,372	0	0	0	0	72,014
Due from Other Governments	302,243	0	347,006	0	0	0	649,249
Due from Other Funds	170,128	0	0	213,228	0	0	383,356
Due from Component Units	0	0	0	70,548	0	0	70,548
Property Taxes Receivable	4,790,136	1,105,201	54,306	325,866	757,085	7,032,594	7,032,594
Allowance for Uncollectible Property Taxes	(330,046)	(76,150)	(3,741)	(22,452)	(52,164)	(484,553)	(484,553)
Total Assets	\$ 8,207,637	\$ 1,619,151	\$ 566,299	\$ 1,350,161	\$ 1,360,467	\$ 13,103,715	\$ 13,103,715

ASSETS

LIABILITIES AND FUND BALANCES

Accounts Payable	\$ 15,492	\$ 1,500	\$ 0	\$ 0	\$ 1,833	\$ 18,825
Accrued Payroll	0	0	6,692	0	0	6,692
Payroll Deductions Payable	0	17,237	2,050	0	0	19,287
Contracts Payable	13,220	0	0	0	0	13,220
Retainage Payable	8,942	0	0	0	0	8,942
Due to Other Funds	216	113,974	249,750	0	19,416	383,356
Due to Component Units	0	0	0	76,716	0	76,716
Due to State of Tennessee	20,014	4,950	24,347	0	0	49,311
Deferred Revenue - Current Property Taxes	4,291,537	990,162	48,654	291,947	678,281	6,300,581
Deferred Revenue - Delinquent Property Taxes	156,907	36,202	1,779	10,675	24,799	230,362
Other Deferred Revenues	22,932	0	156,788	0	0	179,720
Total Liabilities	\$ 4,529,260	\$ 1,164,025	\$ 490,060	\$ 379,338	\$ 724,329	\$ 7,287,012
Fund Balances						
Restricted:						
Restricted for General Government	\$ 17,782	\$ 0	\$ 0	\$ 0	\$ 8,849	\$ 26,631
Restricted for Finance	0	0	0	0	62,376	62,376

(Continued)

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other		
					Governmental Funds	Governmental Funds	
\$ 42,897 \$	0 \$	0 \$	0 \$	0 \$	0 \$	42,897	
53,192	0	0	0	116,022	0	169,214	
300,220	455,126	0	0	0	0	755,346	
0	0	76,239	0	0	0	76,239	
0	0	0	970,823	0	0	970,823	
0	0	0	0	448,891	0	448,891	
126,043	0	0	0	0	0	126,043	
3,100	0	0	0	0	0	3,100	
3,135,143	0	0	0	0	0	3,135,143	
<u>\$ 3,678,377 \$</u>	<u>455,126 \$</u>	<u>76,239 \$</u>	<u>970,823 \$</u>	<u>636,138 \$</u>	<u>0 \$</u>	<u>5,816,703</u>	
<u>\$ 8,207,637 \$</u>	<u>1,619,151 \$</u>	<u>566,299 \$</u>	<u>1,350,161 \$</u>	<u>1,360,467 \$</u>	<u>0 \$</u>	<u>13,103,715</u>	

LIABILITIES AND FUND BALANCES (Cont.)

<u>Fund Balances (Cont.)</u>
Restricted (Cont.):
Restricted for Administration of Justice
Restricted for Public Safety
Restricted for Public Health and Welfare
Restricted for Highways/Public Works
Restricted for Debt Service
Restricted for Capital Projects
Committed:
Committed for Highways/Public Works
Assigned:
Assigned for Other Operations
Unassigned
Total Fund Balances

Total Liabilities and Fund Balances

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

Exhibit C-2

Claiborne County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Assets  
June 30, 2011

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	5,816,703
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	586,500	
Add: infrastructure net of accumulated depreciation		18,596,275	
Add: buildings and improvements net of accumulated depreciation		10,272,137	
Add: other capital assets net of accumulated depreciation		<u>1,076,614</u>	30,531,526
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(52,340)	
Less: other loans payable		(4,725,000)	
Less: bonds payable		(51,525,000)	
Add: deferred amount on refunding		575,041	
Add: deferred charges - debt issuance costs		538,199	
Less: compensated absences payable		(256,839)	
Less: landfill closure/postclosure care costs		(1,182,328)	
Less: accrued interest on bonds, notes, and other loans		(469,368)	
Less: other deferred revenue - premium on debt		<u>(1,081,836)</u>	(58,179,471)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>410,082</u>
Net assets (deficit) of governmental activities (Exhibit A)		\$	<u>(21,421,160)</u>

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

Exhibit C-3

Claiborne County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2011

	Major Funds				Nonmajor Funds Other	Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service		
<u>Revenues</u>						
Local Taxes	\$ 4,672,217	\$ 1,032,563	\$ 240,552	\$ 1,019,097	\$ 713,340	\$ 7,677,769
Licenses and Permits	8,660	0	0	0	0	8,660
Fines, Forfeitures, and Penalties	170,832	0	0	0	79,642	250,474
Charges for Current Services	80,358	385,171	0	0	559,365	1,024,894
Other Local Revenues	336,253	47,899	36,057	4,170,082	0	4,590,291
Fees Received from County Officials	720,294	0	0	0	0	720,294
State of Tennessee	2,088,664	105,570	1,739,695	21,660	50,436	4,006,025
Federal Government	694,585	0	0	0	0	694,585
Other Governments and Citizens Groups	4,299	0	0	0	0	4,299
Total Revenues	\$ 8,776,162	\$ 1,571,203	\$ 2,016,304	\$ 5,210,839	\$ 1,402,783	\$ 18,977,291
<u>Expenditures</u>						
Current:						
General Government	\$ 891,105	\$ 0	\$ 0	\$ 0	\$ 118,846	\$ 1,009,951
Finance	790,306	0	0	0	396,398	1,186,704
Administration of Justice	792,448	0	0	0	86,137	878,585
Public Safety	5,169,134	0	0	0	84,614	5,253,748
Public Health and Welfare	805,835	1,460,602	0	0	0	2,266,437
Social, Cultural, and Recreational Services	152,827	0	0	0	0	152,827
Agriculture and Natural Resources	132,885	0	0	0	0	132,885
Other Operations	745,022	0	0	0	24,877	769,899
Highways	23,957	0	1,314,428	0	13,044	1,351,429
Debt Service:						
Principal on Debt	0	25,000	0	1,886,788	0	1,911,788
Interest on Debt	0	0	0	2,640,322	0	2,640,322
Other Debt Service	0	0	0	1,443,688	0	1,443,688
Capital Projects	0	0	0	0	330,912	330,912
Total Expenditures	\$ 9,503,519	\$ 1,485,602	\$ 1,314,428	\$ 5,970,798	\$ 1,054,828	\$ 19,329,175
Excess (Deficiency) of Revenues Over Expenditures	\$ (727,357)	\$ 85,601	\$ 701,876	\$ (759,959)	\$ 347,955	\$ (351,884)

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds	Governmental Funds	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 37,118	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 37,118
Transfers In	43,000	0	0	780,683	0	0	823,683
Transfers Out	(216)	(68,896)	(754,571)	0	0	0	(823,683)
Total Other Financing Sources (Uses)	\$ 79,902	\$ (68,896)	\$ (754,571)	\$ 780,683	\$ 0	\$ 0	\$ 37,118
Net Change in Fund Balances	\$ (647,455)	\$ 16,705	\$ (52,695)	\$ 20,724	\$ 347,955	\$ (314,766)	
Fund Balance, July 1, 2010	4,325,832	438,421	128,934	950,099	288,183	6,131,469	
Fund Balance, June 30, 2011	\$ 3,678,377	\$ 455,126	\$ 76,239	\$ 970,823	\$ 636,138	\$ 5,816,703	

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

Exhibit C-4

Claiborne County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
For the Year Ended June 30, 2011

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)		\$ (314,766)
(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	\$ 682,902	
Less: current-year depreciation expense	<u>(1,204,892)</u>	(521,990)
(2) The net effect of various miscellaneous transaction involving capital assets (sales, trade-in, and donations) is to decrease net assets		
Less: net book value of asset disposals		(17,266)
(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, 2011	\$ 410,082	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(345,309)</u>	64,773
(4) The issuance of long-term debt (e.g., bonds, notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Add: change in premium on debt issuances	\$ 69,818	
Less: change in discount on debt issuances	(30,710)	
Less: change in deferred debt issuance costs	(98,003)	
Add: principal payments on bonds	1,090,000	
Add: principal payments on notes	246,020	
Add: principal payments on other loans	575,768	
Less: change in deferred amount on refunding debt	<u>(502,216)</u>	1,350,677
(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	\$ 11,249	
Change in compensated absences payable	(112,613)	
Change in landfill closure/postclosure care costs	<u>126,013</u>	24,649
(6) The interest rate swap agreement is classified as an investment derivative; therefore, the following are reflected on the changes in net assets for governmental activities.		
Add: increase in fair value of derivative - interest rate swap agreement	\$ 1,129,435	
Add: payment to terminate derivative - interest rate swap agreement	<u>1,421,275</u>	2,550,710
Change in net assets of governmental activities (Exhibit B)		<u><u>\$ 3,136,787</u></u>

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

Exhibit D

Claiborne County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2011

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,501,551
Equity in Pooled Cash and Investments	97,626
Due from Other Governments	277,185
Notes Receivable - Current	1,000
Notes Receivable - Long-term	<u>2,000</u>
Total Assets	<u>\$ 1,879,362</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 277,185
Due to Litigants, Heirs, and Others	1,501,551
Other Current Liabilities	<u>100,626</u>
Total Liabilities	<u>\$ 1,879,362</u>

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

**CLAIBORNE COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2011**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

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

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

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

The Claiborne County Hospital and Nursing Home provides health care to the citizens of Claiborne County, and the Claiborne County Commission appoints its governing body. Patient charges provide the majority of the revenues for the entity. The county has issued long-term debt obligations on behalf of the hospital and nursing home. The financial statements of the Claiborne County Hospital and Nursing Home were not available from other auditors in time for inclusion in this report.

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

function of the board is to attract and promote new industry in the county. The financial statements of the Claiborne County Industrial Development Board were not available from other auditors in time for inclusion in this report.

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

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

Administrative Offices:

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

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

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

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements.

However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Claiborne County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Claiborne County School Department component unit only reports governmental activities in the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Claiborne County issues most debt for the discretely presented Claiborne County School Department and the Claiborne County Hospital and Nursing Home.

Separate financial statements are provided for governmental funds, the proprietary fund (internal service), 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 are reported as separate columns in the fund financial statements.

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

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

Fund financial statements of Claiborne County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is

accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Claiborne County has no proprietary funds to report. The Claiborne County School Department has one proprietary fund, an internal service fund.

Separate financial statements are provided for governmental funds, the proprietary fund, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The internal service fund and the 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. Claiborne County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

The proprietary fund 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.

Claiborne County reports the following major governmental funds:

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

**Solid Waste/Sanitation Fund** – This special revenue fund accounts for transactions relating to the disposal of Claiborne County’s solid waste. Local taxes and general service charges are the foundational revenues of this fund.

**Highway/Public Works Fund** – This special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

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

Additionally, Claiborne County reports the following fund types:

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

**Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Claiborne County, and assets held in a custodial capacity for the Claiborne County Industrial Development Board. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Claiborne County School Department reports the following major governmental funds:

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

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

**Education Capital Projects Fund** – This fund is used to account for building renovations for various facilities owned by the School Department.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The School Department has one proprietary fund, an internal service fund, used to account for the employees' health insurance program. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges for services. Operating expenses for the internal service fund include administrative expenses and employee benefits.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Deposits and Investments**

For the purpose of the Statement of Cash Flows, for the School Department's internal service fund, cash consist of demand deposits.

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and 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 Claiborne 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. Income from these pooled investments is assigned to the General, Solid Waste/Sanitation, General Debt Service, and the School Department's Central Cafeteria and Education Capital Projects funds per percentages established in the budgetary process. Claiborne County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments were held at the balance sheet date.

## **2. Receivables and Payables**

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 3.7 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. Contracts and retainage payables reflected in the General Fund include amounts due to a contractor pending settlements of a lawsuit and a counter-suit filed in regard to the judicial complex construction completed in a previous year. The funds for these contracts and retainages are being held as Equity in Pooled Cash and Investments. For additional details on the contract and retainage payable see Note V. D.

### **3. Capital Assets**

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column on 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.

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

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

4. **Compensated Absences**

**Primary Government**

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 Claiborne 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 financial statements. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

**Discretely Presented Claiborne County School Department**

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

5. **Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

## **6. Net Assets and Fund Equity**

In the government-wide financial statements and the proprietary fund (internal service 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, 2011, Claiborne County had \$39,427,340 and \$5,975,000 in outstanding debt for capital purposes for the discretely presented Claiborne County School Department and Claiborne County Hospital and Nursing Home, respectively. This debt is a liability of Claiborne County, but the capital assets acquired are reported in the financial statements of the School Department and the Claiborne County Hospital and Nursing Home. Therefore, Claiborne 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 fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission and the Board of Education are authorized bodies to make assignments.

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

## **II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

### **A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Assets**

#### **Primary Government**

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Assets.

#### **Discretely Presented Claiborne County School Department**

Exhibit I-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Assets.

**B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances 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 Claiborne County School Department**

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

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

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

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

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

The county's budgetary basis of accounting is consistent with GAAP, except instances in which encumbrances are treated as budgeted expenditures. The

difference between the budgetary basis and GAAP basis is presented on the face of each budgetary schedule.

At June 30, 2011, Claiborne County and the Claiborne County School Department reported the following significant encumbrances:

Funds	Description	Amount
Primary Government		
Major Fund:		
General	Flood damage	\$ 126,043
"	Construction	174,672
School Department:		
Major Fund:		
General Purpose School	Capital outlay	162,768
Education Capital Projects	Construction	719,659

**B. Payments Were Made to the Estate of the Former County Mayor**

County Mayor Joe Tyler Duncan died on July 25, 2010. The county paid his estate salary payments totaling \$7,111.69 for the period July 26, 2010, through August 31, 2010, which was the end of his term of office. The amount paid to the estate was at the direction of the finance director, and no formal action was taken by the County Commission addressing these payments. Salary payments typically end on the date of an official's death.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

Claiborne County and the Claiborne County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, 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.

The county had no pooled and nonpooled investments as of June 30, 2011.

### **B. Notes Receivable**

Notes receivable of \$3,000 in the Other Agency Fund represented amounts due to the Claiborne County Industrial Development Board from the Town of Cumberland Gap. The amount of the notes that is not expected to be collected within one year is \$2,000.

**C. Derivative Instruments**

**Primary Government**

At June 30, 2011, Claiborne County had no derivative instruments outstanding. During the year Claiborne County terminated its only derivative instrument, an interest rate swap agreement that is described below.

Instrument	Type	Objective	Original Notional Amount	Effective Date	Original Maturity Date	Terms
\$18M Swap	Pay fixed interest rate swap	Variable to synthetic fixed rate swap	\$18,000,000	3-1-07	6-1-28	Pay 3.467% receive 59% of LIBOR plus 0.35%

The changes in fair value of the derivative instrument for the year and the swap settlement payment as reported in the 2011 financial statements are as follows:

Type	Changes in Fair Value		Swap Settlement Payment	Fair Value at June 30, 2011		6-30-11 Notional Amount
	Classification	Amount		Classification	Amount	
<b>Governmental Activities</b>						
Investment Derivative:						
Pay-fixed interest rate swaps:						
\$18M Swap	Interest and Investment Earnings	\$ 1,129,435	\$ 1,421,275	N/A	\$ 0	\$ 0
Totals		<u>\$ 1,129,435</u>	<u>\$ 1,421,275</u>		<u>\$ 0</u>	<u>\$ 0</u>

Interest rate swaps are classified as hedging derivative instruments if the hedging instruments meet effectiveness criteria established by Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The swap agreement described above did not meet that criteria and therefore had been classified as an investment derivative.

**D. Capital Assets**

Capital assets activity for the year ended June 30, 2011, was as follows:

## Primary Government

### Governmental Activities:

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 586,500	\$ 0	\$ 0	\$ 586,500
Total Capital Assets Not Depreciated	<u>\$ 586,500</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 586,500</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 12,823,250	\$ 31,449	\$ 0	\$ 12,854,699
Roads and Bridges	25,004,830	104,005	0	25,108,835
Other Capital Assets	3,365,369	547,448	(40,530)	3,872,287
Total Capital Assets Depreciated	<u>\$ 41,193,449</u>	<u>\$ 682,902</u>	<u>\$ (40,530)</u>	<u>\$ 41,835,821</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,269,344	\$ 313,218	\$ 0	\$ 2,582,562
Roads and Bridges	5,897,674	614,886	0	6,512,560
Other Capital Assets	2,542,189	276,788	(23,304)	2,795,673
Total Accumulated Depreciation	<u>\$ 10,709,207</u>	<u>\$ 1,204,892</u>	<u>\$ (23,304)</u>	<u>\$ 11,890,795</u>
Total Capital Assets Depreciated, Net	<u>\$ 30,484,242</u>	<u>\$ (521,990)</u>	<u>\$ (17,226)</u>	<u>\$ 29,945,026</u>
Governmental Activities Capital Assets, Net	<u>\$ 31,070,742</u>	<u>\$ (521,990)</u>	<u>\$ (17,226)</u>	<u>\$ 30,531,526</u>

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

### Governmental Activities:

General Government	\$ 311,945
Public Safety	133,793
Public Health and Welfare	111,359
Highways/Public Works	<u>647,795</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,204,892</u>

**Discretely Presented Claiborne County School Department**

**Governmental Activities:**

	Balance 7-1-10	Increases	Balance 6-30-11
Capital Assets Not Depreciated:			
Land	\$ 1,170,900	\$ 0	\$ 1,170,900
Construction in Progress	0	4,052,144	4,052,144
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 1,170,900</b>	<b>\$ 4,052,144</b>	<b>\$ 5,223,044</b>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 45,167,535	\$ 427,457	\$ 45,594,992
Other Capital Assets	2,829,844	249,338	3,079,182
<b>Total Capital Assets Depreciated</b>	<b>\$ 47,997,379</b>	<b>\$ 676,795</b>	<b>\$ 48,674,174</b>
Less Accumulated Depreciated For:			
Buildings and Improvements	\$ 11,891,761	\$ 1,108,493	\$ 13,000,254
Other Capital Assets	1,601,239	186,929	1,788,168
<b>Total Accumulated Depreciation</b>	<b>\$ 13,493,000</b>	<b>\$ 1,295,422</b>	<b>\$ 14,788,422</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 34,504,379</b>	<b>\$ (618,627)</b>	<b>\$ 33,885,752</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 35,675,279</b>	<b>\$ 3,433,517</b>	<b>\$ 39,108,796</b>

There were no decreases during the year. Depreciation expense was charged to functions of the discretely presented Claiborne County School Department as follows:

**Governmental Activities:**

Instruction	\$ 1,075,652
Support Services	219,770
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 1,295,422</b>

**E. Construction Commitments**

At June 30, 2011, the General Fund had uncompleted construction contracts of approximately \$175,000 for the renovation of the local health department facility. Funding for these future expenditures has been received.

At June 30, 2011, the School Department had uncompleted construction contracts of approximately \$912,000 for building improvements including upgrading the heating and air condition systems at various facilities. Funding for these future expenditures has been received.

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

The composition of interfund balances as of June 30, 2011, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Solid Waste/Sanitation	\$ 45,078
"	Highway/Public Works	105,634
"	Nonmajor governmental	19,416
General Debt Service	General	216
"	Highway/Public Works	144,116
"	Solid Waste/Sanitation	68,896

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

**Due to/from Primary Government and Component Units:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:	Component Unit:	
General Debt Service	Claiborne County Hospital and Nursing Home	\$ 70,548
School Department:	Primary Government:	
General Purpose School	General Debt Service Fund	76,716

The balance due to the General Debt Service Fund from the Claiborne County Hospital and Nursing Home resulted from an erroneous payment made to the hospital and nursing home in June 2011.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2011, consisted of the following amounts:

**Primary Government**

Transfers Out	Transfers In	
	General Fund	General Debt Service Fund
General Fund	\$ 0	\$ 216
Solid Waste/Sanitation Fund	0	68,896
Highway Public/Works Fund	43,000	711,571
Total	\$ 43,000	\$ 780,683

**Discretely Presented Claiborne County School Department**

Transfer Out	Transfer In
	School Federal Projects Fund
General Purpose School Fund	\$ 200,000

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. The transfer of \$200,000 from the General Purpose School Fund to the School Federal Projects Fund was to provide cash flow.

**G. 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. 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 20 years for bonds, up to three years for notes, and up to 20 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2011, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2011, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
General Obligation Bonds	1.0 to 4.125 %	\$ 5,995,000	\$ 5,726,891
General Obligation Bonds - Refunding	2.0 to 5.3	46,620,000	45,798,109
Capital Outlay Notes	3.69	151,500	52,340
Other Loans Fixed Rate	3.25 to 4.65	6,225,000	4,725,000

Included in amounts outstanding are various general obligation debts Claiborne County has issued for the benefit of the Claiborne County School Department and the Claiborne County Hospital and Nursing Home component units. The Claiborne County School Department and the Claiborne County Hospital and Nursing Home contribute funds annually to the county to apply toward the retirement of debt. During the year, the School Department contributed \$2,296,470 and the Claiborne County Hospital and Nursing Home contributed \$444,937 to the county's General Debt Service for retirement of those general obligation debt issues. In addition, the School Department also contributed \$1,421,275 to the county's General Debt Service Fund to terminate an interest rate swap agreement discussed in Note IV.B., Derivative Instruments.

In prior years, Claiborne County entered into a loan agreement with the Blount County Public Building Authority. This loan agreement provided for the authority to make \$6,225,000 available for loan to Claiborne County on an as-needed basis for a jail construction project. Claiborne County has borrowed the entire amount of the loan. The loan is repayable at a fixed interest rate that ranges from 3.25 to 4.65 percent.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2011, including interest payments are presented in the following tables.

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 2,155,000	\$ 2,009,102	\$ 4,164,102
2013	2,530,000	1,949,292	4,479,292
2014	2,520,000	1,879,067	4,399,067
2015	2,545,000	1,807,518	4,352,518
2016	2,570,000	1,714,492	4,284,492
2017-2021	11,940,000	7,024,000	18,964,000
2022-2026	14,190,000	4,459,117	18,649,117
2027-2030	13,075,000	1,350,724	14,425,724
Total	\$ 51,525,000	\$ 22,193,312	\$ 73,718,312

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 52,340	\$ 1,932	\$ 54,272
Total	\$ 52,340	\$ 1,932	\$ 54,272

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2012	\$ 275,000	\$ 196,006	\$ 471,006
2013	300,000	186,381	486,381
2014	300,000	175,131	475,131
2015	325,000	163,881	488,881
2016	325,000	151,531	476,531
2017-2021	1,850,000	547,222	2,397,222
2022-2024	1,350,000	125,530	1,475,530
Total	\$ 4,725,000	\$ 1,545,682	\$ 6,270,682

There is \$970,823 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,600, based on the 2010 federal census. Debt per capita, including bonds, notes, and other loans totaled \$1,748, based on the 2010 federal census.

#### Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2011, was as follows:

Governmental Activities:	Bonds	Notes	Other Loans
Balance, July 1, 2010	\$ 52,615,000	\$ 298,360	\$ 5,300,768
Deductions	(1,090,000)	(246,020)	(575,768)
Balance, June 30, 2011	<u>\$ 51,525,000</u>	<u>\$ 52,340</u>	<u>\$ 4,725,000</u>
Balance Due Within One Year	<u>\$ 2,155,000</u>	<u>\$ 52,340</u>	<u>\$ 275,000</u>

	Compensated Absences	Landfill Closure/ Postclosure Care Costs
Balance, July 1, 2010	\$ 144,226	\$ 1,308,341
Additions	241,755	0
Deductions	(129,142)	(126,013)
Balance, June 30, 2011	<u>\$ 256,839</u>	<u>\$ 1,182,328</u>
Balance Due Within One Year	<u>\$ 233,723</u>	<u>\$ 69,549</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 57,741,507
Less: Balance Due Within One Year	(2,785,612)
Add: Unamortized Premium on Debt	1,081,836
Less: Deferred Amount on Refunding	<u>(575,041)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 55,462,690</u>

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

Defeasance of Prior Debt

In prior years, Claiborne County defeased certain outstanding Public Building Authority (PBA) loan agreements by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old debt. The trustee is empowered and required to pay all principal and interest on the defeased debt as originally scheduled. Accordingly, the trust accounts and the defeased debt are not included in the county's financial statements. At June 30, 2011, the following outstanding loan agreements were considered defeased:

	Amount	Call/Maturity Date
Sevier County PBA Fixed Rate Loan Agreements:		
3-5-2009 Refunding - Schools	\$ 14,615,000	12-1-11
3-5-2009 Hospital Revenue and General Obligation	1,030,000	12-1-13

**Discretely Presented Claiborne County School Department**

**General Obligation Bonds and Other Loans**

In prior years, Claiborne County issued other loans to provide the School Department with funds for the acquisition or construction of ball field lighting and geothermal systems at various schools. All loans have been entered into with the Powell Valley Electric Cooperative with original terms of up to 15 years and interest rates ranging from zero to 7.69 percent. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. The other loans included in long-term debt as of June 30, 2011, will be retired from the General Purpose School Fund.

Other loans outstanding as of June 30, 2011, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
Other Loans	0 to 7.69%	\$ 1,268,141	\$ 487,398

The annual requirements to amortize all other loans outstanding as of June 30, 2011 are presented in the following table:

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2012	\$ 108,787	\$ 18,725	\$ 127,512
2013	100,421	17,343	117,764
2014	61,011	15,978	76,989
2015	21,697	14,516	36,213
2016	23,266	12,947	36,213
2017-2021	144,121	36,944	181,065
2022	28,095	878	28,973
Total	\$ 487,398	\$ 117,331	\$ 604,729

School Department debt per capita totaled \$15, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Claiborne County School Department for the year ended June 30, 2011, was as follows:

Governmental Activities:

	Other Loans	Other Postemployment Benefits
Balance, July 1, 2010	\$ 646,106	\$ 72,983
Additions	0	48,706
Deductions	(158,708)	0
	<hr/>	<hr/>
Balance, June 30, 2011	\$ 487,398	\$ 121,689
	<hr/>	<hr/>
Balance Due Within One Year	\$ 108,787	\$ 0
	<hr/>	<hr/>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 609,087
Less: Balance Due Within One Year	<u>(108,787)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 500,300</u>

Other postemployment benefits will be paid from the employing funds, primarily the General Purpose School, School Federal Projects, and Central Cafeteria funds.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Claiborne County School Department. These payments are made by the state to the Medicare Supplement Plan. The plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2011, totaled \$8,774. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**I. Short-term Debt**

Claiborne County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the Highway Capital Projects Fund. These notes were necessary to provide cash flow for expenditures, which

occurred prior to tax collections. Short-term debt activity for the year ended June 30, 2011, was as follows:

	Balance 7-1-10	Issued	Paid	Balance 6-30-11
Tax Anticipation Notes	\$ 0	\$ 508,500	\$ (508,500)	\$ 0

**V. OTHER INFORMATION**

**A. Risk Management**

**Primary Government**

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

**Discretely Presented Claiborne County School Department**

The School Department has chosen to establish the Employee Health Insurance Fund for risks associated with the employees' health insurance plan. The Employee Health Insurance Fund is accounted for as an Internal Service Fund where assets are set aside for claim settlements. The county retains the risk of loss to a limit of \$80,000 per claimant in a single year. The School Department has obtained a stop/loss commercial insurance policy to cover claims beyond this liability up to an additional \$1,000,000 per claimant. Group life and accident insurance premiums paid to a private insurance company are also recorded in this fund.

All full-time certified employees and certain other employees of the Claiborne County School Department are eligible to participate. A premium charge is allocated to each fund that accounts for covered employees. This charge is based on actuarial estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$233,632 at June 30, 2011, and is reported as net assets of the Employee Health Insurance Fund. 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 Health Insurance Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled and of claims that have been insured but not reported. Claims liabilities include incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an

exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

**Employee Insurance - Health Fund**

	Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year-end
2009-2010	\$ 208,973	\$ 3,417,747	\$ (3,417,396)	\$ 209,324
2010-2011	209,324	3,094,869	(2,974,261)	329,932

The School Department continues to carry commercial insurance for all other risks of loss, including general liability, property, casualty, and workers' compensation. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**B. Accounting Change**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* became effective for the year ended June 30, 2011.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications include nonspendable, restricted, committed, assigned, and unassigned and are based on the relative strength of the constraints that control how specific amounts can be spent. Also, Statement No. 54 clarified the definitions of the General Fund and the special revenue, capital projects, debt service, and permanent fund types. Claiborne County and the Claiborne County School Department have implemented provisions of this statement in the financial statements of this report for their governmental funds.

**C. Subsequent Event**

Michael Tuten, resigned as the Finance Director on October 3, 2011, and was succeeded by Sam Owens.

**D. Contingent Liabilities**

During the 2006-07 year, Claiborne County filed suit against the construction company, the construction company's bonding company(ies), the architect, and the individual who provided oversight of the County Jail and Justice Center project. This lawsuit is seeking monetary damages in connection with

the design, construction, and oversight of the project. The construction company has filed an answer, along with a counterclaim and third-party complainants against two separate sub-contractors. The counterclaim requests the court to award \$17,601, which is being held by the county and reflected as a portion of the Contracts Payable and Retainage Payable on the financial statements of the General Fund. A court date has not been set as of the date of this report.

The county is involved in several other pending lawsuits. The county attorney estimates that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

**E. Changes in Administration**

County Mayor Joe Tyler Duncan died on July 25, 2010. David Mundy served as interim county mayor from July 26, 2010, through August 16, 2010. On August 17, 2010, Jack Daniels was appointed county mayor.

On September 7, 2010, the Claiborne County Board of Education terminated Eddie Shoffner's contract as the director of schools. Ms. Connie Holdway served as interim director of schools through November 10, 2010. On November 11, 2010, Ms. Holdway signed a contract to serve as director of schools through November 11, 2012.

**F. Landfill Closure/Postclosure Care Costs**

Claiborne County has an active permit on file with the state Department of Environment and Conservation for a sanitary landfill. The county has provided financial assurances for estimated 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 the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Claiborne County closed its sanitary landfill in 1998. The \$1,182,328 reported as postclosure care liability at June 30, 2011, represents amounts based on what it would cost to perform all postclosure care in 2011. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**G. Joint Venture**

The Eighth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Eighth Judicial District, Campbell, Claiborne, Fentress, Scott and Union 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 the judicial district. Claiborne County made no contributions to the DTF for the year ended June 30, 2011, and does not have an equity interest in the joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

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

**H. Jointly Governed Organization**

The East Tennessee Regional Agribusiness Marketing Authority was established through Title 64 of *Tennessee Code Annotated* and includes the counties of Claiborne, Cocke, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Sullivan, Unicoi, and Washington. The purpose of the authority is to establish and operate a market for agricultural products of the region through a food distribution center. The authority is governed by a board of directors consisting of the county mayors/executives of each county or the county mayor's/executive's designee and one nonvoting member representing the Tennessee Department of Agriculture and the University of Tennessee's Agricultural 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 daily operations of the center.

**I. Retirement Commitments**

Employees of Claiborne County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years

of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Claiborne County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

### **Funding Policy**

Claiborne County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 5.71 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2011, the county's annual pension cost of \$1,216,386 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), and (c) projected 3.5 percent annual increase in the Social Security wage base. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The 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, 2009, was four 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
6-30-11	\$1,216,386	100%	\$0
6-30-10	1,027,818	100	0
6-30-09	1,043,556	100	0

### Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 83.78 percent funded. The actuarial accrued liability for benefits was \$39 million, and the actuarial value of assets was \$33 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$6 million. The covered payroll (annual payroll of active employees covered by the plan) was \$20 million, and the ratio of the UAAL to the covered payroll was 31.91 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 annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

### SCHOOL TEACHERS

#### Plan Description

The Claiborne County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of

service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are 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 salary to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2011, was 9.05 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, 2011, 2010, and 2009, were \$1,710,570, \$1,193,058, and \$1,208,863, respectively, equal to the required contributions for each year.

## **J. Other Postemployment Benefits (OPEB)**

### **Plan Description**

Claiborne County School Department provides self-insured postemployment benefits for health care and commercial postemployment benefits for life insurance. This plan is administered by Trinity Benefits Advisors. For accounting purposes, the plan is a single-employer defined benefit OPEB plan.

### **Funding Policy**

The premium requirements of plan members are established by and may be amended by the Board of Education. The plan is self-insured and financed on a pay-as-you-go basis. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The

School Department develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums. Eligible employees must be age 60 with ten years of service or any age with 30 years of service until attainment of age 65 when they become eligible for Medicare. The School Department pays 100 percent of the single coverage for retirees with a minimum of 30 years of service and a reduced percentage, depending on years of service for those with a minimum of 20 years but less than 30 years. Retirees are responsible for costs related to other covered family members. The School Department also provides \$30,000 of life insurance coverage on retirees until age 65. Retirees are responsible for the costs if life insurance coverage is continued beyond this age.

Annual OPEB Cost and Net OPEB Obligation

	<u>Education Plan</u>
ARC	\$ 634,723
Interest on the NPO	2,189
Adjustment to the ARC	<u>(5,641)</u>
Annual OPEB cost	\$ 631,271
Less amount of contribution	<u>(582,565)</u>
Increase/decrease in NPO	\$ 48,706
Net OPEB obligation, 7-1-10	<u>72,983</u>
Net OPEB obligation, 6-30-11	<u><u>\$ 121,689</u></u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Education	\$ 604,243	91	% \$ 56,525
6-30-10	"	564,176	97	72,983
6-30-11	"	631,271	92	121,689

### Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010, was as follows:

	<u>Education Plan</u>
Actuarial valuation date	7-1-10
Actuarial accrued liability (AAL)	\$ 6,928,310
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 6,928,310
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 18,074,147
UAAL as a % of covered payroll	38%

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, 2010, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a three percent discount rate and an annual healthcare cost trend rate of 10 percent for fiscal year 2012. The trend will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The unfunded actuarial accrued liability is being amortized as a level dollar amount over a 16-year period beginning June 30, 2009.

### **K. Office of Central Accounting, Budgeting, and Purchasing**

Claiborne 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 for all county departments. The act

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

**L. Purchasing Laws**

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 Claiborne County. All purchase orders are issued by the Finance Department. Purchases exceeding \$10,000 are required to be competitively bid.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit E-1

Claiborne County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 4,672,217	\$ 0	\$ 0	\$ 4,672,217	\$ 4,756,734	\$ 4,756,734	\$ (84,517)
Licenses and Permits	8,660	0	0	8,660	14,300	14,300	(5,640)
Fines, Forfeitures, and Penalties	170,832	0	0	170,832	118,696	118,696	52,136
Charges for Current Services	80,358	0	0	80,358	45,400	45,400	34,958
Other Local Revenues	336,253	0	0	336,253	225,177	235,177	101,076
Fees Received from County Officials	720,294	0	0	720,294	1,123,300	763,300	(43,006)
State of Tennessee	2,088,664	0	0	2,088,664	2,616,788	2,226,967	(138,303)
Federal Government	694,585	0	0	694,585	38,828	558,880	135,705
Other Governments and Citizens Groups	4,299	0	0	4,299	5,000	5,000	(701)
Total Revenues	\$ 8,776,162	\$ 0	\$ 0	\$ 8,776,162	\$ 8,944,223	\$ 8,724,454	\$ 51,708

<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 83,442	\$ 0	\$ 0	\$ 83,442	\$ 91,150	\$ 92,149	\$ 8,707
Board of Equalization	5,498	0	0	5,498	6,450	6,450	952
Beer Board	1,200	0	0	1,200	1,200	1,200	0
Budget and Finance Committee	30,573	0	0	30,573	12,910	31,702	1,129
County Mayor/Executive	155,394	0	0	155,394	142,593	161,852	6,458
County Attorney	52,843	0	0	52,843	54,314	54,839	1,996
Election Commission	222,909	(820)	0	222,089	220,104	239,275	17,186
Register of Deeds	51,608	0	0	51,608	190,545	73,686	22,078
Development	13,639	0	0	13,639	14,000	14,000	361
County Buildings	260,490	0	0	260,490	256,713	283,199	22,709
Preservation of Records	13,509	0	0	13,509	19,250	19,330	5,821

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance</u>							
Accounting and Budgeting	\$ 344,839	\$ 0	\$ 0	\$ 344,839	\$ 342,944	\$ 345,834	\$ 995
Property Assessor's Office	201,030	(859)	0	200,171	206,060	208,245	8,074
Reappraisal Program	80,154	(985)	0	79,169	80,503	81,319	2,150
County Trustee's Office	78,998	0	0	78,998	234,564	80,626	1,628
County Clerk's Office	85,285	0	150	85,435	331,142	97,284	11,849
<u>Administration of Justice</u>							
Circuit Court	289,014	(350)	0	288,664	305,899	314,373	25,709
General Sessions Court	205,563	0	0	205,563	155,263	212,123	6,560
Chancery Court	230,292	0	0	230,292	228,164	237,303	7,011
District Attorney General	29,355	0	0	29,355	41,183	43,728	14,373
Office of Public Defender	38,224	0	0	38,224	12,602	38,224	0
<u>Public Safety</u>							
Sheriff's Department	2,135,059	(600)	0	2,134,459	2,192,722	2,346,800	212,341
Administration of the Sexual Offender Registry	1,600	0	0	1,600	3,000	3,000	1,400
Workhouse	2,652,248	(1,184)	500	2,651,564	2,483,907	2,948,733	297,169
Juvenile Services	49,511	0	0	49,511	56,709	58,649	9,138
Fire Prevention and Control	131,500	0	0	131,500	131,500	131,500	0
Civil Defense	121,172	(10,878)	0	110,294	188,037	198,463	88,169
Rescue Squad	18,000	0	0	18,000	18,000	18,000	0
Other Emergency Management	15,227	0	0	15,227	15,227	15,227	0
County Coroner/Medical Examiner	44,817	0	0	44,817	37,600	44,817	0
<u>Public Health and Welfare</u>							
Local Health Center	122,507	(1,134)	2,200	123,573	139,897	140,453	16,880
Ambulance/Emergency Medical Services	355,000	0	0	355,000	355,000	355,000	0

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	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>							
Other Local Health Services	\$ 284,316	\$ (9,246)	\$ 174,672	\$ 449,742	\$ 502,800	\$ 515,477	\$ 65,735
Sanitation Education/Information	44,012	(3,360)	250	40,902	49,553	50,030	9,128
<u>Social, Cultural, and Recreational Services</u>							
Adult Activities	5,000	0	0	5,000	5,000	5,000	0
Senior Citizens Assistance	50,953	0	0	50,953	56,365	56,365	5,412
Libraries	96,874	0	0	96,874	95,313	115,919	19,045
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	91,767	0	0	91,767	98,266	98,266	6,499
Forest Service	0	0	0	0	2,000	2,000	2,000
Soil Conservation	41,118	0	0	41,118	40,706	41,960	842
<u>Other Operations</u>							
Industrial Development	20,000	0	0	20,000	20,000	20,000	0
Housing and Urban Development	285,544	0	0	285,544	559,500	659,500	373,956
Other Economic and Community Development	46,725	0	0	46,725	46,347	50,243	3,518
Veterans' Services	11,710	0	0	11,710	13,894	14,076	2,366
Other Charges	330,159	0	0	330,159	736,700	583,738	253,579
Employee Benefits	13,043	0	0	13,043	265,000	167,231	154,188
Miscellaneous	37,841	0	0	37,841	40,000	40,000	2,159
<u>Highways</u>							
Highway and Bridge Maintenance	23,957	0	126,043	150,000	0	150,000	0
<u>Total Expenditures</u>	<u>\$ 9,503,519</u>	<u>\$ (29,416)</u>	<u>\$ 303,815</u>	<u>\$ 9,777,918</u>	<u>\$ 11,100,596</u>	<u>\$ 11,467,188</u>	<u>\$ 1,689,270</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (727,357)	\$ 29,416	\$ (303,815)	\$ (1,001,756)	\$ (2,156,373)	\$ (2,742,734)	\$ 1,740,978

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 37,118 \$	0 \$	0 \$	37,118 \$	37,709 \$	74,937 \$	(37,819)
Transfers In	43,000	0	0	43,000	43,913	43,913	(913)
Transfers Out	(216)	0	0	(216)	0	(216)	0
Total Other Financing Sources (Uses)	\$ 79,902 \$	0 \$	0 \$	79,902 \$	81,622 \$	118,634 \$	(38,732)
Net Change in Fund Balance	\$ (647,455) \$	29,416 \$	(303,815) \$	(921,854) \$	(2,074,751) \$	(2,624,100) \$	1,702,246
Fund Balance, July 1, 2010	4,325,832	(29,416)	0	4,296,416	4,318,563	4,318,563	(22,147)
Fund Balance, June 30, 2011	\$ 3,678,377 \$	0 \$	(303,815) \$	3,374,562 \$	2,243,812 \$	1,694,463 \$	1,680,099

Exhibit E-2

Claiborne County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,032,563 \$	0 \$	1,032,563 \$	1,008,661 \$	1,008,661 \$	23,902
Charges for Current Services	385,171	0	385,171	300,000	300,000	85,171
Other Local Revenues	47,899	0	47,899	30,000	30,000	17,899
State of Tennessee	105,570	0	105,570	47,000	68,840	36,730
Total Revenues	\$ 1,571,203 \$	0 \$	1,571,203 \$	1,385,661 \$	1,407,501 \$	163,702
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Waste Pickup	\$ 1,460,602 \$	(92,122) \$	1,368,480 \$	1,497,403 \$	1,503,022 \$	134,542
<u>Principal on Debt</u>						
General Government	25,000	0	25,000	0	25,000	0
Total Expenditures	\$ 1,485,602 \$	(92,122) \$	1,393,480 \$	1,497,403 \$	1,528,022 \$	134,542
Excess (Deficiency) of Revenues Over Expenditures	\$ 85,601 \$	92,122 \$	177,723 \$	(111,742) \$	(120,521) \$	298,244
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (68,896) \$	0 \$	(68,896) \$	0 \$	(68,896) \$	0
Total Other Financing Sources (Uses)	\$ (68,896) \$	0 \$	(68,896) \$	0 \$	(68,896) \$	0
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 16,705 \$	92,122 \$	108,827 \$	(111,742) \$	(189,417) \$	298,244
	438,421	(92,122)	346,299	431,259	431,259	(84,960)
Fund Balance, June 30, 2011	\$ 455,126 \$	0 \$	455,126 \$	319,517 \$	241,842 \$	213,284

Exhibit E-3

Claiborne County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 240,552	\$ 365,710	\$ 365,710	\$ (125,158)
Other Local Revenues	36,057	3,200	3,200	32,857
State of Tennessee	1,739,695	1,956,000	1,956,000	(216,305)
Total Revenues	<u>\$ 2,016,304</u>	<u>\$ 2,324,910</u>	<u>\$ 2,324,910</u>	<u>\$ (308,606)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 115,584	\$ 118,494	\$ 118,494	\$ 2,910
Highway and Bridge Maintenance	841,302	968,377	994,247	152,945
Operation and Maintenance of Equipment	207,029	222,880	221,880	14,851
Other Charges	89,559	112,600	112,600	23,041
Employee Benefits	52,824	55,000	55,000	2,176
Capital Outlay	8,130	226,000	208,130	200,000
Total Expenditures	<u>\$ 1,314,428</u>	<u>\$ 1,703,351</u>	<u>\$ 1,710,351</u>	<u>\$ 395,923</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 701,876</u>	<u>\$ 621,559</u>	<u>\$ 614,559</u>	<u>\$ 87,317</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	<u>\$ (754,571)</u>	<u>\$ (761,818)</u>	<u>\$ (754,818)</u>	<u>\$ 247</u>
Total Other Financing Sources (Uses)	<u>\$ (754,571)</u>	<u>\$ (761,818)</u>	<u>\$ (754,818)</u>	<u>\$ 247</u>
Net Change in Fund Balance	\$ (52,695)	(140,259)	(140,259)	87,564
Fund Balance, July 1, 2010	128,934	151,782	151,782	(22,848)
Fund Balance, June 30, 2011	<u>\$ 76,239</u>	<u>\$ 11,523</u>	<u>\$ 11,523</u>	<u>\$ 64,716</u>

Exhibit E-4

Claiborne County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Claiborne County School Department  
June 30, 2011

(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	\$ 33,022	\$ 39,415	\$ 6,393	83.78 %	\$ 20,032	31.91 %
7-1-07	30,865	34,320	3,455	89.93	16,933	20.40

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

Exhibit E-5

Claiborne County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plan  
Discretely Presented Claiborne County School Department  
June 30, 2011

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a
							Percentage of Covered Payroll (b-a)/c)
Self-Insured Health*	7-1-08	\$ 0	\$ 6,784	\$ 6,784	0 %	\$ 16,854	40 %
"	7-1-10	0	6,928	6,928	0	18,074	38

68 \* Data only available for two actuarial valuations

**CLAIBORNE COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2011**

**BUDGETARY INFORMATION**

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

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

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

At June 30, 2011, Claiborne County reported the following significant encumbrances in the General Fund:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Primary Government		
Major Fund:		
General	Flood damage	\$ 126,043
"	Construction	174,672

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

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

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

## Capital Projects Funds

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

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

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

Exhibit F-1

Claiborne County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2011

	Special Revenue Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
	Drug Control	Constituti- onal Officers - Fees	Total	Community/ Development/ Industrial Park	Highway Capital Projects	Total	
\$	0	90,641	\$ 90,641	0	0	\$ 0	90,641
	116,022	0	116,022	1,833	447,050	448,883	564,905
	0	0	0	0	757,085	757,085	757,085
	0	0	0	0	(52,164)	(52,164)	(52,164)
\$	116,022	90,641	\$ 206,663	1,833	1,151,971	\$ 1,153,804	\$ 1,360,467

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

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

Fund Balances

Restricted:  
 Restricted for General Government  
 Restricted for Finance  
 Restricted for Public Safety  
 Restricted for Capital Projects  
 Total Fund Balances

Total Liabilities and Fund Balances

\$	0	0	0	1,833	0	0	1,833	1,833
	0	19,416	19,416	0	0	0	0	19,416
	0	0	0	0	678,281	678,281	678,281	678,281
	0	0	0	0	24,799	24,799	24,799	24,799
\$	0	19,416	\$ 19,416	1,833	703,080	\$ 704,913	\$ 724,329	
\$	0	8,849	\$ 8,849	0	0	0	0	8,849
	0	62,376	62,376	0	0	0	0	62,376
	116,022	0	116,022	0	0	0	116,022	116,022
	0	0	0	0	448,891	448,891	448,891	448,891
\$	116,022	71,225	\$ 187,247	0	448,891	\$ 448,891	\$ 636,138	
\$	116,022	90,641	\$ 206,663	1,833	1,151,971	\$ 1,153,804	\$ 1,360,467	

Exhibit F-2

Claiborne County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2011

	Special Revenue Funds		Capital Projects Funds			Total Nonmajor Governmental Funds
	Drug Control	Constititu- tional Officers - Fees	Community Development/ Industrial Park	Highway Capital Projects	Total	
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 13,980	\$ 24,877	\$ 674,483	\$ 699,360	\$ 713,340
Fines, Forfeitures, and Penalties	79,642	0	0	0	0	79,642
Charges for Current Services	0	559,365	0	0	0	559,365
State of Tennessee	114	0	114	50,322	50,322	50,436
Total Revenues	\$ 79,756	\$ 573,345	\$ 653,101	\$ 724,805	\$ 749,682	\$ 1,402,783
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 118,846	\$ 118,846	\$ 0	\$ 0	\$ 118,846
Finance	0	396,398	396,398	0	0	396,398
Administration of Justice	0	86,137	86,137	0	0	86,137
Public Safety	84,614	0	84,614	0	0	84,614
Other Operations	0	0	24,877	0	24,877	24,877
Highways	0	0	0	13,044	13,044	13,044
Capital Projects	0	0	0	330,912	330,912	330,912
Total Expenditures	\$ 84,614	\$ 601,381	\$ 685,995	\$ 343,956	\$ 368,833	\$ 1,054,828
Excess (Deficiency) of Revenues Over Expenditures	\$ (4,858)	\$ (28,036)	\$ (32,894)	\$ 380,849	\$ 380,849	\$ 347,955
Net Change in Fund Balances	\$ (4,858)	\$ (28,036)	\$ (32,894)	\$ 380,849	\$ 380,849	\$ 347,955
Fund Balance, July 1, 2010	120,880	99,261	220,141	68,042	68,042	288,183
Fund Balance, June 30, 2011	\$ 116,022	\$ 71,225	\$ 187,247	\$ 448,891	\$ 448,891	\$ 636,138

Exhibit F-3

Claiborne County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Drug Control Fund  
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 79,642	0 \$	79,642 \$	57,000 \$	57,000 \$	22,642
State of Tennessee	114	0	114	12,000	12,000	(11,886)
Total Revenues	\$ 79,756	0 \$	79,756 \$	69,000 \$	69,000 \$	10,756
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 84,614	(500) \$	84,114 \$	105,100 \$	105,100 \$	20,986
Total Expenditures	\$ 84,614	(500) \$	84,114 \$	105,100 \$	105,100 \$	20,986
Excess (Deficiency) of Revenues Over Expenditures	\$ (4,858) \$	500 \$	(4,358) \$	(36,100) \$	(36,100) \$	31,742
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ (4,858) \$	500 \$	(4,358) \$	(36,100) \$	(36,100) \$	31,742
	120,880	(500)	120,380	120,680	120,680	(300)
Fund Balance, June 30, 2011	\$ 116,022 \$	0 \$	116,022 \$	84,580 \$	84,580 \$	31,442

Exhibit F-4

Claiborne County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway Capital Projects Fund  
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 674,483	\$ 848,000	\$ 848,000	\$ (173,517)
State of Tennessee	50,322	0	0	50,322
Total Revenues	<u>\$ 724,805</u>	<u>\$ 848,000</u>	<u>\$ 848,000</u>	<u>\$ (123,195)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Other Charges	\$ 13,044	\$ 16,960	\$ 16,960	\$ 3,916
<u>Capital Projects</u>				
Highway and Street Capital Projects	330,912	831,040	831,040	500,128
Total Expenditures	<u>\$ 343,956</u>	<u>\$ 848,000</u>	<u>\$ 848,000</u>	<u>\$ 504,044</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 380,849</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 380,849</u>
Net Change in Fund Balance	\$ 380,849	\$ 0	\$ 0	\$ 380,849
Fund Balance, July 1, 2010	<u>68,042</u>	<u>2,809</u>	<u>2,809</u>	<u>65,233</u>
Fund Balance, June 30, 2011	<u>\$ 448,891</u>	<u>\$ 2,809</u>	<u>\$ 2,809</u>	<u>\$ 446,082</u>

# **Major Governmental Fund**

## **General Debt Service Fund**

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

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Exhibit G

Claiborne County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,019,097	\$ 1,022,425	\$ 1,022,425	\$ (3,328)
Other Local Revenues	4,170,082	3,003,522	4,727,885	(557,803)
State of Tennessee	21,660	10,000	10,000	11,660
<b>Total Revenues</b>	<b>\$ 5,210,839</b>	<b>\$ 4,035,947</b>	<b>\$ 5,760,310</b>	<b>\$ (549,471)</b>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Other Public Health and Welfare	\$ 0	\$ 0	\$ 75,000	\$ 75,000
<u>Principal on Debt</u>				
General Government	846,287	668,241	883,241	36,954
Highways and Streets	595,501	655,501	655,501	60,000
Education	445,000	455,000	455,000	10,000
<u>Interest on Debt</u>				
General Government	581,610	385,549	615,485	33,875
Highways and Streets	114,116	135,617	135,617	21,501
Education	1,944,596	2,111,050	1,969,202	24,606
<u>Other Debt Service</u>				
General Government	20,413	25,000	25,000	4,587
Highways and Streets	0	14,000	14,000	14,000
Education	1,423,275	14,000	1,435,275	12,000
<b>Total Expenditures</b>	<b>\$ 5,970,798</b>	<b>\$ 4,463,958</b>	<b>\$ 6,263,321</b>	<b>\$ 292,523</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (759,959)	\$ (428,011)	\$ (503,011)	\$ (256,948)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 780,683	\$ 787,850	\$ 787,850	\$ (7,167)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 780,683</b>	<b>\$ 787,850</b>	<b>\$ 787,850</b>	<b>\$ (7,167)</b>
Net Change in Fund Balance	\$ 20,724	\$ 359,839	\$ 284,839	\$ (264,115)
Fund Balance, July 1, 2010	950,099	1,950,316	1,950,316	(1,000,217)
<b>Fund Balance, June 30, 2011</b>	<b>\$ 970,823</b>	<b>\$ 2,310,155</b>	<b>\$ 2,235,155</b>	<b>\$ (1,264,332)</b>

# Fiduciary Funds

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

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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 areas of the county. These revenues are received by the county from the State of Tennessee and forwarded to the various cities on a monthly basis.

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

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

Exhibit H-1

Claiborne County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2011

	<u>Agency Funds</u>			<u>Total</u>
	<u>Cities - Sales Tax</u>	<u>Constitu- tional Officers - Agency</u>	<u>Other Agency</u>	
<u>ASSETS</u>				
Cash	\$ 0	\$ 1,501,551	\$ 0	\$ 1,501,551
Equity in Pooled Cash and Investments	0	0	97,626	97,626
Due from Other Governments	277,185	0	0	277,185
Notes Receivable - Current	0	0	1,000	1,000
Notes Receivable - Long-term	0	0	2,000	2,000
Total Assets	<u>\$ 277,185</u>	<u>\$ 1,501,551</u>	<u>\$ 100,626</u>	<u>\$ 1,879,362</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 277,185	\$ 0	\$ 0	\$ 277,185
Due to Litigants, Heirs, and Others	0	1,501,551	0	1,501,551
Other Current Liabilities	0	0	100,626	100,626
Total Liabilities	<u>\$ 277,185</u>	<u>\$ 1,501,551</u>	<u>\$ 100,626</u>	<u>\$ 1,879,362</u>

Exhibit H-2

Claiborne County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2011

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,565,547	\$ 1,565,547	\$ 0
Due from Other Governments	254,590	277,185	254,590	277,185
<b>Total Assets</b>	<b>\$ 254,590</b>	<b>\$ 1,842,732</b>	<b>\$ 1,820,137</b>	<b>\$ 277,185</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 254,590	\$ 1,842,732	\$ 1,820,137	\$ 277,185
<b>Total Liabilities</b>	<b>\$ 254,590</b>	<b>\$ 1,842,732</b>	<b>\$ 1,820,137</b>	<b>\$ 277,185</b>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,023,959	\$ 8,473,998	\$ 7,996,406	\$ 1,501,551
<b>Total Assets</b>	<b>\$ 1,023,959</b>	<b>\$ 8,473,998</b>	<b>\$ 7,996,406</b>	<b>\$ 1,501,551</b>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,023,959	\$ 8,473,998	\$ 7,996,406	\$ 1,501,551
<b>Total Liabilities</b>	<b>\$ 1,023,959</b>	<b>\$ 8,473,998</b>	<b>\$ 7,996,406</b>	<b>\$ 1,501,551</b>
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 79,969	\$ 306,471	\$ 288,814	\$ 97,626
Notes Receivable - Current	1,000	1,000	1,000	1,000
Notes Receivable - Long-term	3,000	2,000	3,000	2,000
<b>Total Assets</b>	<b>\$ 83,969</b>	<b>\$ 309,471</b>	<b>\$ 292,814</b>	<b>\$ 100,626</b>
<u>Liabilities</u>				
Other Current Liabilities	\$ 83,969	\$ 309,471	\$ 292,814	\$ 100,626
<b>Total Liabilities</b>	<b>\$ 83,969</b>	<b>\$ 309,471</b>	<b>\$ 292,814</b>	<b>\$ 100,626</b>

(Continued)

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,023,959	\$ 8,473,998	\$ 7,996,406	\$ 1,501,551
Equity in Pooled Cash and Investments	79,969	1,872,018	1,854,361	97,626
Due from Other Governments	254,590	277,185	254,590	277,185
Notes Receivable - Current	1,000	1,000	1,000	1,000
Notes Receivable - Long-term	3,000	2,000	3,000	2,000
Total Assets	<u>\$ 1,362,518</u>	<u>\$ 10,626,201</u>	<u>\$ 10,109,357</u>	<u>\$ 1,879,362</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 254,590	\$ 1,842,732	\$ 1,820,137	\$ 277,185
Due to Litigants, Heirs, and Others	1,023,959	8,473,998	7,996,406	1,501,551
Other Current Liabilities	83,969	309,471	292,814	100,626
Total Liabilities	<u>\$ 1,362,518</u>	<u>\$ 10,626,201</u>	<u>\$ 10,109,357</u>	<u>\$ 1,879,362</u>

# Claiborne County School Department

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

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

Exhibit I-1

Claiborne County, Tennessee  
Statement of Activities  
Discretely Presented Claiborne County School Department  
For the Year Ended June 30, 2011

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Charges for Services	Operating Grants and Contributions	
Governmental Activities:			
Instruction	\$ 24,904,135	\$ 3,576,455	(21,249,806)
Support Services	14,548,673	9,124	(14,539,549)
Operation of Non-Instructional Services	4,828,133	2,858,562	(1,190,609)
Total Governmental Activities	\$ 44,280,941	\$ 6,444,141	(36,979,964)
General Revenues:			
Taxes:			
Property Taxes Levied for General Purposes			\$ 6,205,253
Local Option Sales Taxes			2,216,643
Coal Severance Tax			127,233
Other Taxes			2,068
Grants and Contributions Not Restricted for Specific Programs			26,909,863
Unrestricted Investment Income			15,231
Miscellaneous			373,562
Total General Revenues			\$ 35,849,853
Change in Net Assets			\$ (1,130,111)
Net Assets, July 1, 2010			45,190,288
Net Assets, June 30, 2011			\$ 44,060,177

Exhibit I-2

Claiborne County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Claiborne County School Department  
June 30, 2011

	Major Funds			Nonmajor	Total
	General Purpose School	School Federal Projects	Education Capital Projects	Funds Central Cafeteria	
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 1,476,725	\$ 113,003	\$ 1,223,380	\$ 666,527	\$ 3,479,635
Accounts Receivable	0	0	0	976	976
Due from Other Governments	1,665,641	140,684	0	141,392	1,947,717
Due from Primary Government	76,716	0	0	0	76,716
Property Taxes Receivable	6,436,274	0	0	0	6,436,274
Allowance for Uncollectible Property Taxes	(443,467)	0	0	0	(443,467)
<b>Total Assets</b>	<b>\$ 9,211,889</b>	<b>\$ 253,687</b>	<b>\$ 1,223,380</b>	<b>\$ 808,895</b>	<b>\$ 11,497,851</b>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 59,217	\$ 16,844	\$ 0	\$ 318	\$ 76,379
Contracts Payable	0	0	328,305	0	328,305
Deferred Revenue - Current Property Taxes	5,766,331	0	0	0	5,766,331
Deferred Revenue - Delinquent Property Taxes	210,827	0	0	0	210,827
Other Deferred Revenues	183,841	0	0	0	183,841
<b>Total Liabilities</b>	<b>\$ 6,220,216</b>	<b>\$ 16,844</b>	<b>\$ 328,305</b>	<b>\$ 318</b>	<b>\$ 6,565,683</b>
<u>Fund Balances</u>					
Restricted:					
Restricted for Education	\$ 0	\$ 36,843	\$ 0	\$ 808,577	\$ 845,420
Restricted for Capital Projects	0	0	895,075	0	895,075
Committed:					
Committed for Education	98,816	200,000	0	0	298,816
Assigned:					
Assigned for Education	586,181	0	0	0	586,181
Assigned for Debt Service	744,504	0	0	0	744,504
Unassigned	1,562,172	0	0	0	1,562,172
<b>Total Fund Balances</b>	<b>\$ 2,991,673</b>	<b>\$ 236,843</b>	<b>\$ 895,075</b>	<b>\$ 808,577</b>	<b>\$ 4,932,168</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 9,211,889</b>	<b>\$ 253,687</b>	<b>\$ 1,223,380</b>	<b>\$ 808,895</b>	<b>\$ 11,497,851</b>

Exhibit I-3

Claiborne County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Assets  
Discretely Presented Claiborne County School Department  
June 30, 2011

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 4,932,168
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,170,900	
Add: construction in progress	4,052,144	
Add: buildings and improvements net of accumulated depreciation	32,594,738	
Add: other capital assets net of accumulated depreciation	<u>1,291,014</u>	39,108,796
(2) Internal service funds are used by management to charge the cost of employee health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		233,632
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other loans payable	\$ (487,398)	
Less: other postemployment benefits liability	<u>(121,689)</u>	(609,087)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>394,668</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 44,060,177</u>

Exhibit I-4

Claiborne County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Claiborne County School Department  
For the Year Ended June 30, 2011

	Major Funds			Nonmajor	Total
	General Purpose School	School Federal Projects	Education Capital Projects	Funds Central Cafeteria	
<u>Revenues</u>					
Local Taxes	\$ 8,548,575	\$ 0	\$ 0	\$ 0	\$ 8,548,575
Licenses and Permits	2,004	0	0	0	2,004
Charges for Current Services	77,874	0	0	673,154	751,028
Other Local Revenues	464,658	0	8,308	7,298	480,264
State of Tennessee	25,515,576	0	0	25,546	25,541,122
Federal Government	302,244	5,523,282	0	1,837,932	7,663,458
Other Governments and Citizens Groups	105,608	0	0	0	105,608
<b>Total Revenues</b>	<b>\$ 35,016,539</b>	<b>\$ 5,523,282</b>	<b>\$ 8,308</b>	<b>\$ 2,543,930</b>	<b>\$ 43,092,059</b>
<u>Expenditures</u>					
Current:					
Instruction	\$ 19,222,206	\$ 4,805,328	\$ 0	\$ 0	\$ 24,027,534
Support Services	10,479,322	411,449	0	13,675	10,904,446
Operation of Non-Instructional Services	1,829,804	348,937	0	2,654,258	4,832,999
Capital Outlay	101,900	0	0	0	101,900
Debt Service:					
Principal on Debt	158,708	0	0	0	158,708
Interest on Debt	22,879	0	0	0	22,879
Other Debt Service	3,717,745	0	0	0	3,717,745
Capital Projects	0	0	4,052,144	0	4,052,144
<b>Total Expenditures</b>	<b>\$ 35,532,564</b>	<b>\$ 5,565,714</b>	<b>\$ 4,052,144</b>	<b>\$ 2,667,933</b>	<b>\$ 47,818,355</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (516,025)	\$ (42,432)	\$ (4,043,836)	\$ (124,003)	\$ (4,726,296)
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 16,673	\$ 0	\$ 0	\$ 37,287	\$ 53,960
Transfers In	0	200,000	0	0	200,000
Transfers Out	(200,000)	0	0	0	(200,000)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (183,327)</b>	<b>\$ 200,000</b>	<b>\$ 0</b>	<b>\$ 37,287</b>	<b>\$ 53,960</b>
Net Change in Fund Balances	\$ (699,352)	\$ 157,568	\$ (4,043,836)	\$ (86,716)	\$ (4,672,336)
Fund Balance, July 1, 2010	3,691,025	79,275	4,938,911	895,293	9,604,504
Fund Balance, June 30, 2011	\$ 2,991,673	\$ 236,843	\$ 895,075	\$ 808,577	\$ 4,932,168

Exhibit I-5

Claiborne County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
Discretely Presented Claiborne County School Department  
For the Year Ended June 30, 2011

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ (4,672,336)
(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	\$ 4,728,939	
Less: current-year depreciation expense	<u>(1,295,422)</u>	3,433,517
(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, 2011	\$ 394,668	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(336,223)</u>	58,445
(3) The issuance of long-term debt (e.g., other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Add: principal payments on other loans		158,708
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in other postemployment benefits liability		(48,706)
(5) Internal service funds are used by management to charge the cost of employee health benefits to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities.		<u>(59,739)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (1,130,111)</u>

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

Exhibit I-6

Claiborne County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual (Budgetary Basis) and Budget  
 Discretely Presented Claiborne County School Department  
 General Purpose School Fund  
 For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original		
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 8,548,575	\$ 0	\$ 8,548,575	\$ 8,593,476	\$ 8,616,030	\$ (67,455)
Licenses and Permits	2,004	0	2,004	2,550	2,550	(546)
Charges for Current Services	77,874	0	77,874	150,000	105,640	(27,766)
Other Local Revenues	464,658	0	464,658	175,000	304,449	160,209
State of Tennessee	25,515,576	0	25,515,576	25,232,236	25,560,620	(45,044)
Federal Government	302,244	0	302,244	306,630	345,804	(43,560)
Other Governments and Citizens Groups	105,608	0	105,608	0	107,595	(1,987)
Total Revenues	\$ 35,016,539	\$ 0	\$ 35,016,539	\$ 34,459,892	\$ 35,042,688	\$ (26,149)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 15,107,100	\$ 0	\$ 15,107,100	\$ 15,239,587	\$ 15,180,686	\$ 73,586
Special Education Program	2,812,888	0	2,812,888	2,848,219	2,933,383	120,495
Vocational Education Program	1,161,517	0	1,161,517	1,177,656	1,177,656	16,139
Adult Education Program	140,701	0	140,701	118,864	174,213	33,512
<u>Support Services</u>						
Attendance	97,365	0	97,365	98,990	101,490	4,125
Health Services	100,501	0	100,501	100,650	100,650	149
Other Student Support	237,927	0	237,927	257,539	257,539	19,612
Regular Instruction Program	927,301	0	927,301	950,728	953,228	25,927
Alternative Instruction Program	741,957	0	741,957	743,921	743,921	1,964
Special Education Program	264,080	0	264,080	287,235	292,235	28,155
Vocational Education Program	108,628	0	108,628	109,000	111,500	2,872
Adult Programs	29,632	0	29,632	97,173	97,794	68,162

(Continued)

Exhibit I-6

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	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	\$ 8,774	\$ 0	\$ 8,774	\$ 0	\$ 8,774	\$ 0
Board of Education	1,147,514	0	1,147,514	1,170,666	1,205,666	58,152
Director of Schools	317,012	0	317,012	352,850	345,293	28,281
Office of the Principal	1,049,209	0	1,049,209	1,066,392	1,066,392	17,183
Fiscal Services	169,964	0	169,964	0	169,964	0
Operation of Plant	2,189,208	0	2,189,208	2,207,849	2,239,849	50,641
Maintenance of Plant	811,540	3,920	815,460	899,434	946,107	130,647
Transportation	2,152,437	0	2,152,437	2,295,347	2,329,847	177,410
Central and Other	126,273	0	126,273	129,000	177,368	51,095
<u>Operation of Non-Instructional Services</u>						
Community Services	727,089	0	727,089	475,545	774,966	47,877
Early Childhood Education	1,102,715	0	1,102,715	1,102,719	1,102,719	4
<u>Capital Outlay</u>						
Regular Capital Outlay	101,900	192,668	294,568	314,620	314,620	20,052
<u>Principal on Debt</u>						
Education	158,708	0	158,708	358,711	158,711	3
Interest on Debt						
Education	22,879	0	22,879	2,339,289	23,179	300
<u>Other Debt Service</u>						
Education	3,717,745	0	3,717,745	2,000	3,918,110	200,365
Total Expenditures	\$ 35,532,564	\$ 196,588	\$ 35,729,152	\$ 34,743,984	\$ 36,905,860	\$ 1,176,708
Excess (Deficiency) of Revenues Over Expenditures	\$ (516,025)	\$ (196,588)	\$ (712,613)	\$ (284,092)	\$ (1,863,172)	\$ 1,150,559

(Continued)

Exhibit I-6

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 16,673	\$ 0	\$ 16,673	\$ 0	\$ 16,673	\$ 0
Transfers Out	(200,000)	0	(200,000)	(162,407)	(200,000)	0
Total Other Financing Sources (Uses)	\$ (183,327)	\$ 0	\$ (183,327)	\$ (162,407)	\$ (183,327)	\$ 0
Net Change in Fund Balance	\$ (699,352)	\$ (196,588)	\$ (895,940)	\$ (446,499)	\$ (2,046,499)	\$ 1,150,559
Fund Balance, July 1, 2010	3,691,025	0	3,691,025	446,499	2,046,499	1,644,526
Fund Balance, June 30, 2011	\$ 2,991,673	\$ (196,588)	\$ 2,795,085	\$ 0	\$ 0	\$ 2,795,085

Exhibit I-7

Claiborne County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Claiborne County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 5,523,282	\$ 4,942,719	\$ 7,379,103	\$ (1,855,821)
Total Revenues	\$ 5,523,282	\$ 4,942,719	\$ 7,379,103	\$ (1,855,821)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 3,210,318	\$ 2,903,569	\$ 4,303,894	\$ 1,093,576
Special Education Program	1,528,514	1,486,508	2,022,321	493,807
Vocational Education Program	66,496	65,621	66,707	211
<u>Support Services</u>				
Health Services	2,525	3,000	3,000	475
Other Student Support	193,436	219,723	240,843	47,407
Regular Instruction Program	202,968	410,647	456,535	253,567
Special Education Program	8,737	11,490	11,490	2,753
Vocational Education Program	3,783	4,875	3,789	6
<u>Operation of Non-Instructional Services</u>				
Community Services	348,937	50,000	350,000	1,063
Total Expenditures	\$ 5,565,714	\$ 5,155,433	\$ 7,458,579	\$ 1,892,865
Excess (Deficiency) of Revenues Over Expenditures	\$ (42,432)	\$ (212,714)	\$ (79,476)	\$ 37,044
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 200,000	\$ 213,800	\$ 213,950	\$ (13,950)
Transfers Out	0	(1,086)	(13,950)	13,950
Total Other Financing Sources (Uses)	\$ 200,000	\$ 212,714	\$ 200,000	\$ 0
Net Change in Fund Balance	\$ 157,568	\$ 0	\$ 120,524	\$ 37,044
Fund Balance, July 1, 2010	79,275	0	79,476	(201)
Fund Balance, June 30, 2011	\$ 236,843	\$ 0	\$ 200,000	\$ 36,843

Exhibit I-8

Claiborne County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Claiborne County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 673,154	\$ 0	\$ 673,154	\$ 863,000	\$ 863,000	\$ (189,846)
Other Local Revenues	7,298	0	7,298	10,000	10,000	(2,702)
State of Tennessee	25,546	0	25,546	26,000	26,000	(454)
Federal Government	1,837,932	0	1,837,932	1,604,899	1,749,298	88,634
Total Revenues	\$ 2,543,930	\$ 0	\$ 2,543,930	\$ 2,503,899	\$ 2,648,298	\$ (104,368)
<u>Expenditures</u>						
<u>Support Services</u>						
Fiscal Services	\$ 13,675	\$ 0	\$ 13,675	\$ 0	\$ 13,675	\$ 0
<u>Operation of Non-Instructional Services</u>						
Food Service	2,654,258	(164,110)	2,490,148	2,490,224	2,671,910	181,762
Total Expenditures	\$ 2,667,933	\$ (164,110)	\$ 2,503,823	\$ 2,490,224	\$ 2,685,585	\$ 181,762
Excess (Deficiency) of Revenues Over Expenditures	\$ (124,003)	\$ 164,110	\$ 40,107	\$ 13,675	\$ (37,287)	\$ 77,394
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 37,287	\$ 0	\$ 37,287	\$ 0	\$ 37,287	\$ 0
Transfers Out	0	0	0	(13,675)	0	0
Total Other Financing Sources (Uses)	\$ 37,287	\$ 0	\$ 37,287	\$ (13,675)	\$ 37,287	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ (86,716)	\$ 164,110	\$ 77,394	\$ 0	\$ 0	\$ 77,394
Fund Balance, July 1, 2010	895,293	(164,110)	731,183	0	0	731,183
Fund Balance, June 30, 2011	\$ 808,577	\$ 0	\$ 808,577	\$ 0	\$ 0	\$ 808,577

Exhibit I-9

Claiborne County, Tennessee  
Statement of Net Assets  
Discretely Presented Claiborne County School Department  
Proprietary Fund  
June 30, 2011

Governmental  
 Activities -  
 Internal  
 Service Fund  


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 Employee  
 Insurance -  
 Health  


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ASSETS

Current Assets:

Cash in Bank	\$ 563,564
Total Assets	<u>\$ 563,564</u>

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 329,932
Total Liabilities	<u>\$ 329,932</u>

NET ASSETS

Unrestricted	<u><u>\$ 233,632</u></u>
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Exhibit I-10

Claiborne County, Tennessee  
Statement of Revenues, Expenses, and Changes  
in Net Assets  
Discretely Presented Claiborne County School Department  
Proprietary Fund  
For the Year Ended June 30, 2011

	Governmental Activities - Internal Service Fund Employee Insurance - Health
<u>Operating Revenues</u>	
<u>Charges for Current Services</u>	
Self-Insurance Premiums/Contributions	\$ 3,579,030
Total Operating Revenues	<u>\$ 3,579,030</u>
<u>Operating Expenses</u>	
Handling Charges and Administrative Costs	\$ 191,119
Other Contracted Services	3,000
Excess Risk Insurance	349,947
Medical Claims	3,094,869
Other Charges	160
Total Operating Expenses	<u>\$ 3,639,095</u>
Operating Income (Loss)	<u>\$ (60,065)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 326
Total Nonoperating Revenues (Expenses)	<u>\$ 326</u>
Changes in Net Assets	\$ (59,739)
Net Assets, July 1, 2010	<u>293,371</u>
Net Assets, June 30, 2011	<u><u>\$ 233,632</u></u>

Exhibit I-11

Claiborne County, Tennessee  
Statement of Cash Flows  
Discretely Presented Claiborne County School Department  
Proprietary Fund  
For the Year Ended June 30, 2011

	Governmental Activities - Internal Service Fund <hr/> Employee Insurance - Health <hr/>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 3,579,030
Payments for Excess Risk Insurance	(349,947)
Payments for Medical Claims	(2,974,261)
Payments for Administrative Costs	(194,279)
Net Cash Provided By (Used In) Operating Activities	<hr/> \$ 60,543 <hr/>
<u>Cash Flows from Investment Activities</u>	
Interest on Investments	\$ 326
Net Cash Provided By (Used In) Investing Activities	<hr/> \$ 326 <hr/>
Net Increase (Decrease) in Cash	\$ 60,869
Cash, July 1, 2010	<hr/> 502,695 <hr/>
Cash, June 30, 2011	<hr/> <hr/> \$ 563,564 <hr/> <hr/>
<u>Reconciliation of Operating Income to Net Cash Provided By (Used In)</u>	
<u>Operating Activities</u>	
Operating Income (Loss)	\$ (60,065)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
Increase (Decrease) in Accounts Payable	<hr/> 120,608 <hr/>
Net Cash Provided By (Used In) Operating Activities	<hr/> \$ 60,543 <hr/> <hr/>

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## MISCELLANEOUS SCHEDULES

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Exhibit J-1

Claiborne County, Tennessee  
Schedule of Changes in Long-term Notes, Other Loans, and Bonds  
Primary Government and Discretely Presented Claiborne County School Department  
For the Year Ended June 30, 2011

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Adjusted Outstanding 7-1-10	Paid and/or Matured During Period 6-30-11
<u>PRIMARY GOVERNMENT</u>						
<u>NOTES PAYABLE</u>						
Payable through General Debt Service Fund						
Capital Outlay - Sanitation Truck and Buses	\$ 490,250	4.38 %	12-12-07	12-26-10	\$ 170,542	\$ 0
Capital Outlay - Buses	151,500	3.69	8-1-08	8-1-11	102,818	50,478
Total Payable through General Debt Service Fund					\$ 273,360	\$ 52,340
Payable through Solid Waste/Sanitation Fund						
Capital Outlay - Land	100,000	0	8-20-07	9-1-10	25,000	0
Total Payable through Solid Waste/Sanitation Fund					\$ 25,000	\$ 0
Total Notes Payable					\$ 298,360	\$ 52,340
<u>OTHER LOANS PAYABLE</u>						
Payable through General Debt Service Fund						
Montgomery County Public Building Authority:						
Various Construction Projects	1,000,000	Variable	10-2-01	5-25-11	\$ 134,000	\$ 0
Various Construction Projects	1,244,297	Variable	5-23-02	5-25-11	166,768	0
Sevier County Public Building Authority:						
Judicial Complex	6,225,000	3.25 to 4.65	9-2-04	6-1-24	5,000,000	4,725,000
Total Other Loans Payable					\$ 5,300,768	\$ 4,725,000

(Continued)

Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Paid and/or		
						Matured During Period	Outstanding 6-30-11	
<u>PRIMARY GOVERNMENT (CONT.)</u>								
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School Refunding Bonds, Series 2007	\$ 4,485,000	4 %	12-19-07	5-1-21	\$ 4,485,000	\$ 0	\$ 4,485,000	
School Refunding Bonds, Series 2009	2,425,000	2.0 to 3.15	11-12-09	4-1-18	2,425,000	0	2,425,000	
School Bonds, Series 2010	5,010,000	1.0 to 5.3	5-12-10	6-1-25	5,010,000	245,000	4,765,000	
Refunding Judicial and Series 1998, Series 2010A	3,370,000	2.5 to 4.125	3-30-10	4-1-30	3,370,000	0	3,370,000	
Refunding Highway, Series 2010A	3,235,000	2.5 to 4.125	3-30-10	4-1-30	3,235,000	430,000	2,805,000	
Refunding Schools, Series 2010A	27,900,000	2.5 to 4.125	3-30-10	4-1-30	27,900,000	200,000	27,700,000	
Refunding Hospital, Series 2010A	4,130,000	2.5 to 4.125	3-30-10	4-1-30	4,130,000	96,891	4,033,109	
General Obligation and Hospital Revenue, Series 2010A	985,000	2.5 to 4.125	3-30-10	4-1-30	985,000	23,109	961,891	
Refunding Series 2010B - Hospital	1,075,000	3.9	3-30-10	4-1-20	1,075,000	95,000	980,000	
Total Bonds Payable					\$ 52,615,000	\$ 1,090,000	\$ 51,525,000	

DISCRETELY PRESENTED CLAIBORNE COUNTY SCHOOL DEPARTMENT

<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Purpose School Fund</u>								
Powell Valley Electric Cooperative:								
Ball Field Lighting Project at Schools	70,000	7.69	8-31-03	1-31-11	\$ 6,609	\$ 6,609	\$ 0	
Ball Field Lighting Project at Schools	70,000	7.69	9-1-03	2-28-11	7,591	7,591	0	
HVAC System at Claiborne County High School	450,000	0	12-11-03	12-11-13	196,875	56,250	140,625	
HVAC System at Cumberland Gap High School	202,409	0	12-11-03	12-11-13	88,554	25,301	63,253	
Ball Field Lighting Project at Schools	70,000	7.69	3-1-04	8-31-11	13,342	11,692	1,650	
Ball Field Lighting Project at Schools	210,000	7.69	4-1-04	9-30-11	42,842	34,854	7,988	
Ball Field Lighting Project at Schools	147,722	7	5-1-07	4-30-22	127,729	7,221	120,508	
Ball Field Lighting Project at Schools	188,010	7	5-1-07	4-30-22	162,564	9,190	153,374	
Total Other Loans Payable					\$ 646,106	\$ 158,708	\$ 487,398	

Exhibit J-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 52,340	\$ 1,932	\$ 54,272
Total	\$ 52,340	\$ 1,932	\$ 54,272

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2012	\$ 275,000	\$ 196,006	\$ 471,006
2013	300,000	186,381	486,381
2014	300,000	175,131	475,131
2015	325,000	163,881	488,881
2016	325,000	151,531	476,531
2017	350,000	138,532	488,532
2018	350,000	124,532	474,532
2019	375,000	110,532	485,532
2020	375,000	94,782	469,782
2021	400,000	78,844	478,844
2022	425,000	61,344	486,344
2023	450,000	42,218	492,218
2024	475,000	21,968	496,968
Total	\$ 4,725,000	\$ 1,545,682	\$ 6,270,682

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 2,155,000	\$ 2,009,102	\$ 4,164,102
2013	2,530,000	1,949,292	4,479,292
2014	2,520,000	1,879,067	4,399,067
2015	2,545,000	1,807,518	4,352,518
2016	2,570,000	1,714,492	4,284,492
2017	2,705,000	1,618,190	4,323,190

(Continued)

Exhibit J-2

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

PRIMARY GOVERNMENT (CONT.)

Year Ending June 30	Bonds (Cont.)		
	Principal	Interest	Total
2018	\$ 2,260,000	\$ 1,495,624	\$ 3,755,624
2019	2,270,000	1,393,172	3,663,172
2020	2,355,000	1,306,046	3,661,046
2021	2,350,000	1,210,968	3,560,968
2022	2,520,000	1,115,443	3,635,443
2023	2,625,000	1,010,819	3,635,819
2024	2,740,000	901,093	3,641,093
2025	3,345,000	786,031	4,131,031
2026	2,960,000	645,731	3,605,731
2027	3,075,000	527,331	3,602,331
2028	3,205,000	404,331	3,609,331
2029	3,330,000	276,131	3,606,131
2030	3,465,000	142,931	3,607,931
Total	\$ 51,525,000	\$ 22,193,312	\$ 73,718,312

DISCRETELY PRESENTED CLAIBORNE  
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2012	\$ 108,787	\$ 18,725	\$ 127,512
2013	100,421	17,343	117,764
2014	61,011	15,978	76,989
2015	21,697	14,516	36,213
2016	23,266	12,947	36,213
2017	24,947	11,266	36,213
2018	26,751	9,462	36,213
2019	28,684	7,529	36,213
2020	30,758	5,455	36,213
2021	32,981	3,232	36,213
2022	28,095	878	28,973
Total	\$ 487,398	\$ 117,331	\$ 604,729

Exhibit J-3

Claiborne County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented School Department  
For the Year Ended June 30, 2011

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Debt retirement	\$ 216
Solid Waste/Sanitation	General Debt Service	"	68,896
Highway/Public Works	General Debt Service	"	711,571
Highway/Public Works	General	Bookkeeper's salary	<u>43,000</u>
Total Transfers Primary Government			<u>\$ 823,683</u>
<u>DISCRETELY PRESENTED CLAIBORNE</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Cash flow	<u>\$ 200,000</u>
Total Transfers Discretely Presented Claiborne County School Department			<u>\$ 200,000</u>

Claiborne County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Claiborne County School Department  
For the Year Ended June 30, 2011

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor Joe Tyler Duncan (7-1-10 through 7-25-10)	Section 8-24-102, TCA, and County Commission	\$ 12,819	\$ 50,000	Ohio Casualty Insurance Company
David Mundy (7-26-10 through 8-16-10)	Section 8-24-102, TCA, and County Commission	5,128		
Jack Daniels (8-17-10 through 6-30-11)	Section 8-24-102, TCA, and County Commission	71,784	50,000	RLI Insurance Company
Road Superintendent	Section 8-24-102, TCA	67,927	100,000	Ohio Casualty Insurance Company
Director of Schools:				
Eddie Shoffner (7-1-10 through 9-7-10)	State Board of Education and Claiborne County Board of Education	57,521	25,000	Western Surety Company
Connie Holdway (9-11-10 through 6-30-11)		48,148	25,000	"
Trustee	Section 8-24-102, TCA	61,751	1,751,000	"
Assessor of Property	Section 8-24-102, TCA	61,751	10,000	"
County Clerk	Section 8-24-102, TCA	61,751	50,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	61,751	50,000	"
Clerk and Master	Section 8-24-102, TCA and Chancery Court Judge	61,751	50,000	"
Register	Section 8-24-102, TCA	61,751	25,000	"
Sheriff	Section 8-24-102, TCA, and County Commission	78,527	25,000	Ohio Casualty Insurance Company
Director of Finance	Board of County Commissioners	55,000	50,000	Western Surety Company
Employee Blanket Bonds:				
Public Employee Dishonesty - County Departments			150,000	Local Government Property and Casualty Fund
Public Employee Dishonesty - School Departments			150,000	Indiana Insurance Company

- (1) Does not include \$236,746 received pursuant to a contract modification after being removed as director of schools.
- (2) Includes a \$1,750 chief executive officer training supplement and \$375 for serving as secretary to the board.
- (3) Includes a chief executive officer training supplement of \$1,000.
- (4) Does not include special commissioner fees of \$69,049.
- (5) Includes a supplement of \$10,000 for serving as workhouse superintendent and \$600 for a law enforcement training supplement.

Exhibit J-5

Claiborne County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2011

	Special Revenue Funds				Debt Service Fund			Capital Projects Funds			Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/Industrial Park				
							Highway Capital Projects				
<u>Local Taxes</u>											
<u>County Property Taxes</u>											
Current Property Tax	\$ 3,969,803	\$ 953,369	\$ 0	\$ 0	\$ 46,843	\$ 281,098	\$ 0	\$ 653,080	\$ 5,904,193		
Trustee's Collections - Prior Year	216,381	38,016	0	0	2,164	12,005	0	0	268,566		
Trustee's Collections - Bankruptcy	1,749	332	0	0	17	105	0	0	2,203		
Circuit/Clerk & Master Collections - Prior Years	106,126	24,071	0	13,980	1,204	7,138	0	13,910	166,429		
Interest and Penalty	36,405	7,190	0	0	375	2,238	0	927	47,135		
Payments in-Lieu-of Taxes - T.V.A.	703	162	0	0	7	48	0	111	1,031		
Payments in-Lieu-of Taxes - Other	40,842	9,423	0	0	463	2,778	0	6,455	59,961		
<u>County Local Option Taxes</u>											
Hotel/Motel Tax	0	0	0	0	0	0	24,877	0	24,877		
Wheel Tax	0	0	0	0	0	713,687	0	0	713,687		
Litigation Tax - General	110,281	0	0	0	0	0	0	0	110,281		
Litigation Tax - Special Purpose	9	0	0	0	0	0	0	0	9		
Litigation Tax - Jail, Workhouse, or Courthouse	23,388	0	0	0	0	0	0	0	23,388		
Mineral Severance Tax	0	0	0	0	36,562	0	0	0	36,562		
<u>Statutory Local Taxes</u>											
Bank Excise Tax	99,347	0	0	0	0	0	0	0	99,347		
Wholesale Beer Tax	63,625	0	0	0	0	0	0	0	63,625		
Beer Privilege Tax	2,027	0	0	0	0	0	0	0	2,027		
Coal Severance Tax	0	0	0	0	127,233	0	0	0	127,233		
Interstate Telecommunications Tax	1,531	0	0	0	0	0	0	0	1,531		
Other Statutory Local Taxes	0	0	0	0	25,684	0	0	0	25,684		
<b>Total Local Taxes</b>	<b>\$ 4,672,217</b>	<b>\$ 1,032,563</b>	<b>\$ 0</b>	<b>\$ 13,980</b>	<b>\$ 240,552</b>	<b>\$ 1,019,097</b>	<b>\$ 24,877</b>	<b>\$ 674,483</b>	<b>\$ 7,677,769</b>		
<u>Licenses and Permits</u>											
<u>Licenses</u>											
Marriage Licenses	\$ 142	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 142		
Permits	238	0	0	0	0	0	0	0	238		
Beer Permits	8,280	0	0	0	0	0	0	0	8,280		
Building Permits	0	0	0	0	0	0	0	0	0		
<b>Total Licenses and Permits</b>	<b>\$ 8,660</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 8,660</b>		

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund		Capital Projects Funds			Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/Industrial Park			Highway Capital Projects	
							Development/Industrial Park	Highway Capital Projects	Highway Capital Projects		
<u>Fines, Forfeitures, and Penalties</u>											
<u>Circuit Court</u>											
Fines	\$ 60,225	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 60,225
Officers Costs	55,904	0	0	0	0	0	0	0	0	0	55,904
Drug Control Fines	0	0	62,935	0	0	0	0	0	0	0	62,935
Jail Fees	25,405	0	0	0	0	0	0	0	0	0	25,405
DUI Treatment Fines	6,378	0	0	0	0	0	0	0	0	0	6,378
Data Entry Fee - Circuit Court	4,962	0	0	0	0	0	0	0	0	0	4,962
Courtroom Security Fee	1,960	0	0	0	0	0	0	0	0	0	1,960
<u>General Sessions Court</u>											
Game and Fish Fines	274	0	0	0	0	0	0	0	0	0	274
Drug Control Fines	0	0	14,659	0	0	0	0	0	0	0	14,659
<u>Juvenile Court</u>											
Fines	6,077	0	0	0	0	0	0	0	0	0	6,077
Officers Costs	3,428	0	0	0	0	0	0	0	0	0	3,428
Data Entry Fee - Juvenile Court	352	0	0	0	0	0	0	0	0	0	352
<u>Chancery Court</u>											
Officers Costs	3,323	0	0	0	0	0	0	0	0	0	3,323
Data Entry Fee - Chancery Court	2,544	0	0	0	0	0	0	0	0	0	2,544
Other Fines, Forfeitures, and Penalties											
Proceeds from Confiscated Property	0	0	2,048	0	0	0	0	0	0	0	2,048
Total Fines, Forfeitures, and Penalties	\$ 170,832	\$ 0	\$ 79,642	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 250,474
<u>Charges for Current Services</u>											
<u>General Service Charges</u>											
Tipping Fees	\$ 0	\$ 385,171	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 385,171
<u>Fees</u>											
Copy Fees	243	0	0	0	0	0	0	0	0	0	243
Telephone Commissions	59,899	0	0	0	0	0	0	0	0	0	59,899
Vending Machine Collections	1,023	0	0	0	0	0	0	0	0	0	1,023
Constitutional Officers' Fees and Commissions	0	0	0	490,316	0	0	0	0	0	0	490,316
Special Commissioner Fees/Special Master Fees	0	0	0	69,049	0	0	0	0	0	0	69,049

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Fund		Capital Projects Funds			Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Highway Capital Projects			
							Development/ Industrial Park	Highway Capital Projects	Highway Capital Projects	
<u>Charges for Current Services (Cont.)</u>										
<u>Fees (Cont.)</u>										
Data Processing Fee - Register	\$ 9,904	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,904
Data Processing Fee - Sheriff	5,089	0	0	0	0	0	0	0	0	5,089
Sexual Offender Registration Fees - Sheriff	4,200	0	0	0	0	0	0	0	0	4,200
Total Charges for Current Services	\$ 80,358	\$ 385,171	\$ 0	\$ 559,365	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,024,894
<u>Other Local Revenues</u>										
<u>Recurring Items</u>										
Investment Income	\$ 144,080	\$ 20,500	\$ 0	\$ 0	\$ 0	\$ 7,131	\$ 0	\$ 0	\$ 0	\$ 171,711
Lease/Rentals	1,800	0	0	0	1,100	0	0	0	0	2,900
Sale of Recycled Materials	0	19,835	0	0	0	0	0	0	0	19,835
Miscellaneous Refunds	5,508	7,564	0	0	34,957	269	0	0	0	48,298
<u>Nonrecurring Items</u>										
Sale of Property	500	0	0	0	0	0	0	0	0	500
Damages Recovered from Individuals	726	0	0	0	0	0	0	0	0	726
Contributions and Gifts	183,639	0	0	0	0	4,162,682	0	0	0	4,346,321
Total Other Local Revenues	\$ 336,253	\$ 47,899	\$ 0	\$ 0	\$ 36,057	\$ 4,170,082	\$ 0	\$ 0	\$ 0	\$ 4,590,291
<u>Fees Received from County Officials</u>										
<u>Excess Fees</u>										
County Clerk	\$ 62,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 62,000
Trustee	239,000	0	0	0	0	0	0	0	0	239,000
<u>Fees in-Lieu-of Salary</u>										
Circuit Court Clerk	115,133	0	0	0	0	0	0	0	0	115,133
General Sessions Court Clerk	152,057	0	0	0	0	0	0	0	0	152,057
Clerk and Master	125,741	0	0	0	0	0	0	0	0	125,741
Juvenile Court Clerk	16,061	0	0	0	0	0	0	0	0	16,061
Sheriff	10,302	0	0	0	0	0	0	0	0	10,302
Total Fees Received from County Officials	\$ 720,294	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 720,294

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Debt Service Fund			Capital Projects Funds			Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/Industrial Park		Highway Capital Projects			
<u>State of Tennessee</u>												
<u>General Government Grants</u>												
Other General Government Grants	\$ 0	\$ 10,270	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,270
Public Safety Grants												
Law Enforcement Training Programs	17,400	0	0	0	0	0	0	0	0	0	0	17,400
Health and Welfare Grants	193,161	0	0	0	0	0	0	0	0	0	0	193,161
<u>Public Works Grants</u>												
Litter Program	21,337	0	0	0	0	0	0	0	0	0	0	21,337
<u>Other State Revenues</u>												
Income Tax	18,801	0	0	0	0	0	0	0	0	0	0	18,801
Beer Tax	18,724	0	0	0	0	0	0	0	0	0	0	18,724
Alcoholic Beverage Tax	51,973	0	0	0	0	0	0	0	0	0	0	51,973
Mixed Drink Tax	1,761	0	0	0	0	0	0	0	0	0	0	1,761
State Revenue Sharing - T.V.A.	318,388	73,460	0	0	3,611	21,660	0	50,322	0	0	0	467,441
Contracted Prisoner Boarding	1,427,443	0	0	0	0	0	0	0	0	0	0	1,427,443
Gasoline and Motor Fuel Tax	0	0	0	0	1,712,102	0	0	0	0	0	0	1,712,102
Petroleum Special Tax	0	0	0	0	23,982	0	0	0	0	0	0	23,982
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	0	0	0	0	15,164
State Shared Sales Tax - Cities	2,357	0	0	0	0	0	0	0	0	0	0	2,357
Other State Grants	2,155	21,840	0	0	0	0	0	0	0	0	0	23,995
Other State Revenues	0	0	114	0	0	0	0	0	0	0	0	114
Total State of Tennessee	\$ 2,088,664	\$ 105,570	\$ 114	\$ 0	\$ 1,739,695	\$ 21,660	\$ 0	\$ 50,322	\$ 0	\$ 0	\$ 0	\$ 4,006,025
<u>Federal Government</u>												
<u>Federal Through State</u>												
Community Development	\$ 143,931	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 143,931
Homeland Security Grants	84,300	0	0	0	0	0	0	0	0	0	0	84,300
ARRA Grant # 1	64,131	0	0	0	0	0	0	0	0	0	0	64,131
Other Federal through State	389,223	0	0	0	0	0	0	0	0	0	0	389,223
<u>Direct Federal Revenue</u>												
Other Direct Federal Revenue	13,000	0	0	0	0	0	0	0	0	0	0	13,000
Total Federal Government	\$ 694,585	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 694,585

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Fund		Capital Projects Funds			Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Highway Capital Projects		
Other Governments and Citizens Groups										
<u>Other Governments</u>										
Contributions	\$ 2,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,000
Contracted Services	2,299	0	0	0	0	0	0	0	0	2,299
Total Other Governments and Citizens Groups	\$ 4,299	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,299
Total	\$ 8,776,162	\$ 1,571,203	\$ 79,756	\$ 573,345	\$ 2,016,304	\$ 5,210,839	\$ 24,877	\$ 724,805	\$ 18,977,291	

Exhibit J-6

Claiborne County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Claiborne County School Department  
For the Year Ended June 30, 2011

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 5,698,714	\$ 0	\$ 0	\$ 0	\$ 5,698,714
Trustee's Collections - Prior Year	262,258	0	0	0	262,258
Trustee's Collections - Bankruptcy	2,134	0	0	0	2,134
Circuit/Clerk & Master Collections - Prior Years	141,335	0	0	0	141,335
Interest and Penalty	45,572	0	0	0	45,572
Payments in-Lieu-of Taxes - T.V.A.	944	0	0	0	944
Payments in-Lieu-of Taxes - Other	54,878	0	0	0	54,878
<u>County Local Option Taxes</u>					
Local Option Sales Tax	2,213,439	0	0	0	2,213,439
<u>Statutory Local Taxes</u>					
Coal Severance Tax	127,233	0	0	0	127,233
Interstate Telecommunications Tax	2,068	0	0	0	2,068
Total Local Taxes	\$ 8,548,575	\$ 0	\$ 0	\$ 0	\$ 8,548,575
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 2,004	\$ 0	\$ 0	\$ 0	\$ 2,004
Total Licenses and Permits	\$ 2,004	\$ 0	\$ 0	\$ 0	\$ 2,004
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Other	\$ 77,874	\$ 0	\$ 0	\$ 0	\$ 77,874
Lunch Payments - Children	0	0	315,380	0	315,380
Lunch Payments - Adults	0	0	78,015	0	78,015
Income from Breakfast	0	0	125,204	0	125,204
A la carte Sales	0	0	35,368	0	35,368
<u>Other Charges for Services</u>					
Other Charges for Services	0	0	119,187	0	119,187
Total Charges for Current Services	\$ 77,874	\$ 0	\$ 673,154	\$ 0	\$ 751,028
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 6,597	\$ 8,308	\$ 14,905
Lease/Rentals	200	0	0	0	200
Refund of Telecommunication & Internet Fees (E-Rate)	91,598	0	0	0	91,598
Retirees' Insurance Payments	202,632	0	0	0	202,632
Miscellaneous Refunds	157,378	0	701	0	158,079
<u>Nonrecurring Items</u>					
Contributions and Gifts	12,850	0	0	0	12,850
Total Other Local Revenues	\$ 464,658	\$ 0	\$ 7,298	\$ 8,308	\$ 480,264
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 8,774	\$ 0	\$ 0	\$ 0	\$ 8,774
<u>State Education Funds</u>					
Basic Education Program	20,761,802	0	0	0	20,761,802
Basic Education Program - ARRA	2,446,063	0	0	0	2,446,063
Early Childhood Education	1,102,715	0	0	0	1,102,715

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
School Food Service	\$ 0	\$ 0	\$ 25,546	\$ 0	\$ 25,546
Driver Education	11,712	0	0	0	11,712
Other State Education Funds	208,845	0	0	0	208,845
Coordinated School Health - ARRA	94,972	0	0	0	94,972
Internet Connectivity - ARRA	13,921	0	0	0	13,921
Family Resource Centers - ARRA	33,285	0	0	0	33,285
Statewide Student Management System (SSMS) - ARRA	11,892	0	0	0	11,892
Career Ladder Program	234,402	0	0	0	234,402
Career Ladder - Extended Contract - ARRA	86,429	0	0	0	86,429
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	427,804	0	0	0	427,804
Other State Grants	44,360	0	0	0	44,360
Safe Schools - ARRA	28,600	0	0	0	28,600
Total State of Tennessee	\$ 25,515,576	\$ 0	\$ 25,546	\$ 0	\$ 25,541,122
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,252,394	\$ 0	\$ 1,252,394
USDA - Commodities	0	0	144,399	0	144,399
Breakfast	0	0	420,427	0	420,427
USDA - Other	0	0	20,712	0	20,712
Adult Education State Grant Program	127,800	0	0	0	127,800
Vocational Education - Basic Grants to States	0	97,289	0	0	97,289
Title I Grants to Local Education Agencies	0	2,113,653	0	0	2,113,653
Special Education - Grants to States	27,664	1,480,398	0	0	1,508,062
Special Education Preschool Grants	0	47,920	0	0	47,920
Safe and Drug-free Schools - State Grants	0	348,953	0	0	348,953
Rural Education	0	71,423	0	0	71,423
Eisenhower Professional Development State Grants	0	363,424	0	0	363,424
Race to the Top - ARRA	0	426,131	0	0	426,131
Other Federal through State	146,780	574,091	0	0	720,871
Total Federal Government	\$ 302,244	\$ 5,523,282	\$ 1,837,932	\$ 0	\$ 7,663,458
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contracted Services	\$ 105,608	\$ 0	\$ 0	\$ 0	\$ 105,608
Total Other Governments and Citizens Groups	\$ 105,608	\$ 0	\$ 0	\$ 0	\$ 105,608
Total	\$ 35,016,539	\$ 5,523,282	\$ 2,543,930	\$ 8,308	\$ 43,092,059

Exhibit J-7

Claiborne County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2011

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	65,000	
Social Security		3,959	
State Retirement		1,899	
Employer Medicare		926	
Audit Services		8,959	
Dues and Memberships		1,700	
Workers' Compensation Insurance		999	
Total County Commission			\$ 83,442

Board of Equalization

Board and Committee Members Fees	\$	5,375	
Travel		123	
Total Board of Equalization			5,498

Beer Board

Board and Committee Members Fees	\$	1,200	
Total Beer Board			1,200

Budget and Finance Committee

Board and Committee Members Fees	\$	26,625	
Social Security		1,628	
State Retirement		979	
Medical Insurance		707	
Unemployment Compensation		20	
Employer Medicare		407	
Workers' Compensation Insurance		207	
Total Budget and Finance Committee			30,573

County Mayor/Executive

County Official/Administrative Officer	\$	89,730	
Secretary(ies)		26,917	
Social Security		7,163	
State Retirement		5,928	
Medical Insurance		5,215	
Unemployment Compensation		592	
Employer Medicare		1,675	
Communication		7,530	
Dues and Memberships		1,662	
Operating Lease Payments		1,667	
Travel		1,813	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Office Supplies	\$	1,868	
Premiums on Corporate Surety Bonds		28	
Workers' Compensation Insurance		2,159	
Office Equipment		1,447	
		<hr/>	
Total County Mayor/Executive	\$		155,394

County Attorney

County Official/Administrative Officer	\$	36,600	
Clerical Personnel		5,250	
Social Security		2,212	
State Retirement		2,090	
Medical Insurance		4,987	
Unemployment Compensation		162	
Employer Medicare		517	
Dues and Memberships		500	
Workers' Compensation Insurance		525	
		<hr/>	
Total County Attorney			52,843

Election Commission

County Official/Administrative Officer	\$	55,576	
Clerical Personnel		26,914	
Other Salaries and Wages		1,036	
Election Commission		7,125	
Election Workers		52,808	
In-Service Training		11,298	
Social Security		7,367	
State Retirement		4,710	
Medical Insurance		5,045	
Unemployment Compensation		775	
Employer Medicare		1,711	
Communication		5,783	
Operating Lease Payments		2,154	
Rentals		150	
Other Contracted Services		32,166	
Office Supplies		3,710	
Workers' Compensation Insurance		1,321	
Office Equipment		1,260	
Other Equipment		2,000	
		<hr/>	
Total Election Commission			222,909

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds

Social Security	\$	7,114	
State Retirement		6,786	
Medical Insurance		11,440	
Unemployment Compensation		324	
Employer Medicare		1,664	
Communication		2,711	
Dues and Memberships		518	
Operating Lease Payments		2,578	
Maintenance and Repair Services - Office Equipment		8,854	
Office Supplies		4,102	
Premiums on Corporate Surety Bonds		75	
Workers' Compensation Insurance		1,692	
Office Equipment		3,750	
Total Register of Deeds			\$ 51,608

Development

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

County Buildings

Custodial Personnel	\$	33,008
Maintenance Personnel		17,798
Social Security		3,063
State Retirement		1,322
Medical Insurance		8,022
Unemployment Compensation		616
Employer Medicare		716
Communication		6,216
Maintenance and Repair Services - Buildings		44,769
Maintenance and Repair Services - Vehicles		280
Postal Charges		32,457
Rentals		1,860
Custodial Supplies		5,044
Electricity		55,278
Gasoline		2,072
Office Supplies		17,637
Utilities		12,566
Water and Sewer		8,315
Other Supplies and Materials		819
Workers' Compensation Insurance		733

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Other Charges	\$ 1,999	
Motor Vehicles	5,900	
Total County Buildings		\$ 260,490

Preservation of Records

Clerical Personnel	\$ 3,390	
Part-time Personnel	1,091	
Other Salaries and Wages	260	
Social Security	256	
Unemployment Compensation	74	
Employer Medicare	60	
Communication	1,416	
Operating Lease Payments	1,552	
Other Contracted Services	3,171	
Office Supplies	2,239	
Total Preservation of Records		13,509

Finance

Accounting and Budgeting

Supervisor/Director	\$ 55,000	
Accountants/Bookkeepers	204,243	
Social Security	15,283	
State Retirement	14,597	
Life Insurance	162	
Medical Insurance	18,482	
Dental Insurance	164	
Unemployment Compensation	1,120	
Employer Medicare	4,054	
Communication	5,483	
Data Processing Services	1,524	
Maintenance Agreements	4,485	
Travel	1,192	
Other Contracted Services	12,463	
Data Processing Supplies	508	
Office Supplies	3,374	
Other Supplies and Materials	302	
Premiums on Corporate Surety Bonds	100	
Workers' Compensation Insurance	700	
Other Charges	529	
Office Equipment	1,074	
Total Accounting and Budgeting		344,839

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office

County Official/Administrative Officer	\$	61,751	
Secretary(ies)		29,907	
Clerical Personnel		23,644	
Other Salaries and Wages		21,328	
In-Service Training		1,297	
Social Security		8,076	
State Retirement		7,800	
Medical Insurance		15,019	
Unemployment Compensation		486	
Employer Medicare		1,889	
Audit Services		14,440	
Communication		3,427	
Dues and Memberships		1,475	
Operating Lease Payments		252	
Travel		899	
Office Supplies		1,322	
Other Supplies and Materials		740	
Premiums on Corporate Surety Bonds		200	
Workers' Compensation Insurance		2,025	
Office Equipment		5,053	
Total Property Assessor's Office			\$ 201,030

Reappraisal Program

Assistant(s)	\$	27,362	
Laborers		22,047	
In-Service Training		1,450	
Social Security		2,839	
State Retirement		2,821	
Medical Insurance		9,974	
Unemployment Compensation		324	
Employer Medicare		664	
Communication		1,200	
Data Processing Services		4,435	
Operating Lease Payments		1,173	
Travel		1,400	
Office Supplies		2,149	
Workers' Compensation Insurance		716	
Office Equipment		1,600	
Total Reappraisal Program			80,154

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office

Social Security	\$	9,621	
State Retirement		9,050	
Medical Insurance		15,056	
Unemployment Compensation		648	
Employer Medicare		2,250	
Communication		4,196	
Data Processing Services		13,654	
Dues and Memberships		603	
Operating Lease Payments		1,515	
Legal Notices, Recording, and Court Costs		228	
Maintenance Agreements		9,995	
Office Supplies		1,961	
Premiums on Corporate Surety Bonds		3,028	
Workers' Compensation Insurance		2,348	
Office Equipment		4,845	
Total County Trustee's Office			\$ 78,998

County Clerk's Office

Social Security	\$	13,884	
State Retirement		13,022	
Medical Insurance		25,021	
Unemployment Compensation		1,204	
Employer Medicare		3,247	
Communication		6,327	
Dues and Memberships		468	
Operating Lease Payments		1,882	
Maintenance Agreements		14,953	
Office Supplies		1,833	
Premiums on Corporate Surety Bonds		98	
Workers' Compensation Insurance		3,346	
Total County Clerk's Office			85,285

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,751
Deputy(ies)		20,222
Secretary(ies)		29,907
Clerical Personnel		81,183
Jury and Witness Expense		8,789
Social Security		11,640

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

State Retirement	\$	9,309	
Medical Insurance		19,237	
Unemployment Compensation		997	
Employer Medicare		2,722	
Communication		4,837	
Dues and Memberships		468	
Operating Lease Payments		6,548	
Maintenance Agreements		11,646	
Postal Charges		7,078	
Office Supplies		9,733	
Premiums on Corporate Surety Bonds		98	
Workers' Compensation Insurance		2,849	
Total Circuit Court			\$ 289,014

General Sessions Court

Judge(s)	\$	143,290	
Secretary(ies)		21,236	
Social Security		10,144	
State Retirement		8,383	
Medical Insurance		4,999	
Unemployment Compensation		264	
Employer Medicare		2,372	
Communication		1,900	
Travel		500	
Other Contracted Services		9,000	
Office Supplies		591	
Periodicals		591	
Workers' Compensation Insurance		1,793	
Office Equipment		500	
Total General Sessions Court			205,563

Chancery Court

County Official/Administrative Officer	\$	61,751	
Assistant(s)		27,187	
Secretary(ies)		30,445	
Clerical Personnel		44,859	
Social Security		9,785	
State Retirement		6,406	
Medical Insurance		20,072	
Unemployment Compensation		680	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Employer Medicare	\$	2,288	
Communication		5,552	
Dues and Memberships		166	
Operating Lease Payments		2,150	
Maintenance Agreements		11,475	
Office Supplies		3,489	
Premiums on Corporate Surety Bonds		115	
Workers' Compensation Insurance		2,438	
Office Equipment		1,434	
Total Chancery Court			\$ 230,292

District Attorney General

Secretary(ies)	\$	23,891	
Social Security		1,457	
State Retirement		1,334	
Medical Insurance		1,770	
Unemployment Compensation		207	
Employer Medicare		341	
Workers' Compensation Insurance		355	
Total District Attorney General			29,355

Office of Public Defender

Contributions	\$	38,224	
Total Office of Public Defender			38,224

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,927	
Assistant(s)		30,658	
Deputy(ies)		924,351	
Investigator(s)		32,105	
Lieutenant(s)		30,576	
Salary Supplements		17,400	
Secretary(ies)		11,896	
School Resource Officer		70,777	
Overtime Pay		4,543	
Social Security		71,858	
State Retirement		52,993	
Medical Insurance		131,530	
Unemployment Compensation		7,220	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Employer Medicare	\$ 16,806	
Communication	34,468	
Dues and Memberships	2,100	
Operating Lease Payments	4,994	
Maintenance and Repair Services - Buildings	7,230	
Maintenance and Repair Services - Equipment	6,730	
Maintenance and Repair Services - Vehicles	45,957	
Travel	5,519	
Tuition	4,340	
Other Contracted Services	800	
Gasoline	194,847	
Law Enforcement Supplies	5,131	
Office Supplies	16,358	
Tires and Tubes	5,443	
Uniforms	15,185	
Other Supplies and Materials	5,093	
Premiums on Corporate Surety Bonds	75	
Workers' Compensation Insurance	74,058	
Communication Equipment	10,636	
Law Enforcement Equipment	25,805	
Motor Vehicles	199,650	
Total Sheriff's Department		\$ 2,135,059

Administration of the Sexual Offender Registry

Other Contracted Services	\$ 1,600	
Total Administration of the Sexual Offender Registry		1,600

Workhouse

County Official/Administrative Officer	\$ 10,000
Supervisor/Director	38,540
Medical Personnel	30,576
Guards	970,103
Maintenance Personnel	32,448
Other Salaries and Wages	63,211
Social Security	68,962
State Retirement	41,051
Medical Insurance	117,954
Unemployment Compensation	9,553
Employer Medicare	16,128
Communication	25,387

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse (Cont.)

Operating Lease Payments	\$	2,895	
Maintenance and Repair Services - Buildings		9,127	
Medical and Dental Services		272,953	
Travel		7,709	
Tuition		2,910	
Other Contracted Services		52,000	
Custodial Supplies		53,193	
Drugs and Medical Supplies		79,040	
Electricity		99,269	
Food Supplies		408,758	
Natural Gas		28,487	
Office Supplies		5,746	
Uniforms		11,102	
Water and Sewer		31,698	
Other Supplies and Materials		56,209	
Workers' Compensation Insurance		77,981	
Other Charges		29,258	
Total Workhouse			\$ 2,652,248

Juvenile Services

Social Workers	\$	35,700	
Social Security		2,192	
State Retirement		2,033	
Medical Insurance		930	
Unemployment Compensation		162	
Employer Medicare		513	
Communication		1,325	
Travel		416	
Other Contracted Services		5,915	
Other Supplies and Materials		325	
Total Juvenile Services			49,511

Fire Prevention and Control

Contributions	\$	131,500	
Total Fire Prevention and Control			131,500

Civil Defense

Supervisor/Director	\$	29,400	
Social Security		1,823	
State Retirement		1,679	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Medical Insurance	\$	58	
Unemployment Compensation		162	
Employer Medicare		426	
Communication		2,922	
Dues and Memberships		485	
Maintenance and Repair Services - Vehicles		1,218	
Travel		556	
Other Contracted Services		3,496	
Gasoline		2,227	
Office Supplies		715	
Workers' Compensation Insurance		426	
Other Equipment		<u>75,579</u>	
Total Civil Defense			\$ 121,172

Rescue Squad

Contributions	\$	<u>18,000</u>	
Total Rescue Squad			18,000

Other Emergency Management

Contributions	\$	<u>15,227</u>	
Total Other Emergency Management			15,227

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	<u>44,817</u>	
Total County Coroner/Medical Examiner			44,817

Public Health and Welfare

Local Health Center

Clerical Personnel	\$	21,903	
Custodial Personnel		10,686	
Social Security		1,959	
State Retirement		1,247	
Medical Insurance		58	
Unemployment Compensation		327	
Employer Medicare		458	
Communication		8,014	
Contracts with Government Agencies		36,055	
Contracts with Private Agencies		5,183	
Operating Lease Payments		2,306	
Maintenance and Repair Services - Buildings		8,626	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Postal Charges	\$	4,356	
Travel		498	
Other Contracted Services		349	
Custodial Supplies		1,811	
Office Supplies		3,009	
Utilities		14,981	
Workers' Compensation Insurance		476	
Office Equipment		205	
Total Local Health Center			\$ 122,507

Ambulance/Emergency Medical Services

Contributions	\$	165,000	
Motor Vehicles		190,000	
Total Ambulance/Emergency Medical Services			355,000

Other Local Health Services

Medical Personnel	\$	132,483	
Social Security		7,921	
State Retirement		5,345	
Medical Insurance		19,948	
Unemployment Compensation		1,074	
Employer Medicare		1,852	
Travel		2,264	
Other Contracted Services		2,550	
Other Supplies and Materials		6,696	
Workers' Compensation Insurance		2,113	
Other Construction		102,070	
Total Other Local Health Services			284,316

Sanitation Education/Information

Laborers	\$	22,712	
Clerical Personnel		5,200	
Social Security		1,666	
State Retirement		1,594	
Medical Insurance		29	
Unemployment Compensation		187	
Employer Medicare		390	
Communication		566	
Maintenance and Repair Services - Vehicles		309	
Gasoline		6,879	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Education/Information (Cont.)

Instructional Supplies and Materials	\$ 3,360	
Uniforms	84	
Other Supplies and Materials	634	
Workers' Compensation Insurance	402	
Total Sanitation Education/Information		\$ 44,012

Social, Cultural, and Recreational Services

Adult Activities

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

Senior Citizens Assistance

Laborers	\$ 4,700	
Communication	6,154	
Contributions	10,000	
Maintenance and Repair Services - Buildings	5,467	
Printing, Stationery, and Forms	135	
Other Contracted Services	1,678	
Electricity	7,276	
Gasoline	4,014	
Water and Sewer	609	
Food Service Equipment	120	
Office Equipment	10,800	
Total Senior Citizens Assistance		50,953

Libraries

Clerical Personnel	\$ 47,767	
Part-time Personnel	9,979	
Social Security	3,383	
State Retirement	2,719	
Medical Insurance	9,974	
Unemployment Compensation	504	
Employer Medicare	791	
Contributions	18,548	
Office Equipment	3,209	
Total Libraries		96,874

Agriculture and Natural Resources

Agriculture Extension Service

Communication	\$ 4,227	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Contracts with Other Public Agencies	\$	83,538	
Dues and Memberships		590	
Travel		259	
Other Charges		3,153	
Total Agriculture Extension Service			\$ 91,767

Soil Conservation

Secretary(ies)	\$	21,000	
Social Security		1,198	
State Retirement		1,187	
Medical Insurance		4,987	
Unemployment Compensation		162	
Employer Medicare		280	
Contributions		12,000	
Workers' Compensation Insurance		304	
Total Soil Conservation			41,118

Other Operations

Industrial Development

Contracts with Other Public Agencies	\$	20,000	
Total Industrial Development			20,000

Housing and Urban Development

Other Construction	\$	285,544	
Total Housing and Urban Development			285,544

Other Economic and Community Development

Assistant(s)	\$	30,647	
Social Security		1,820	
State Retirement		595	
Medical Insurance		3,202	
Unemployment Compensation		280	
Employer Medicare		426	
Communication		2,421	
Travel		5,038	
Workers' Compensation Insurance		396	
Other Charges		1,900	
Total Other Economic and Community Development			46,725

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services

County Official/Administrative Officer	\$	8,610	
Social Security		534	
Unemployment Compensation		155	
Employer Medicare		125	
Travel		1,055	
Office Supplies		1,109	
Workers' Compensation Insurance		122	
Total Veterans' Services			\$ 11,710

Other Charges

Contributions	\$	45,812	
Dues and Memberships		1,596	
Legal Services		23,230	
Legal Notices, Recording, and Court Costs		6,157	
Trustee's Commission		101,111	
Vehicle and Equipment Insurance		145,504	
Liability Claims		1,648	
Other Charges		5,101	
Total Other Charges			330,159

Employee Benefits

Medical Insurance	\$	8,016	
Unemployment Compensation		128	
Other Charges		4,899	
Total Employee Benefits			13,043

Miscellaneous

Tax Relief Program	\$	37,841	
Total Miscellaneous			37,841

Highways

Highway and Bridge Maintenance

Crushed Stone	\$	23,957	
Total Highway and Bridge Maintenance			23,957

Total General Fund \$ 9,503,519

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Foremen	\$ 50,797	
Equipment Operators	60,579	
Truck Drivers	48,525	
Secretary(ies)	27,176	
Attendants	244,381	
Board and Committee Members Fees	6,875	
Social Security	26,494	
State Retirement	21,466	
Medical Insurance	59,130	
Unemployment Compensation	3,961	
Employer Medicare	6,196	
Communication	10,544	
Contracts with Private Agencies	561,343	
Evaluation and Testing	5,295	
Operating Lease Payments	8,400	
Maintenance and Repair Services - Vehicles	14,131	
Postal Charges	264	
Travel	51	
Permits	4,100	
Other Contracted Services	9,552	
Crushed Stone	3,021	
Diesel Fuel	44,504	
Electricity	11,895	
Fertilizer, Lime, and Seed	215	
Gasoline	4,552	
Lubricants	2,523	
Office Supplies	1,558	
Tires and Tubes	8,058	
Water and Sewer	434	
Other Supplies and Materials	3,103	
Trustee's Commission	25,072	
Vehicle and Equipment Insurance	19,411	
Workers' Compensation Insurance	25,667	
Site Development	10,201	
Other Equipment	131,128	
Total Waste Pickup		\$ 1,460,602

Principal on Debt

General Government

Principal on Notes	\$ 25,000	
Total General Government		<u>25,000</u>

Total Solid Waste/Sanitation Fund \$ 1,485,602

(Continued)

Exhibit J-7

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

Drug Control Fund

Public Safety

Drug Enforcement

Communication	\$	810	
Confidential Drug Enforcement Payments		22,500	
Maintenance and Repair Services - Equipment		4,875	
Maintenance and Repair Services - Vehicles		1,250	
Travel		1,261	
Law Enforcement Supplies		300	
Other Supplies and Materials		750	
Trustee's Commission		735	
Law Enforcement Equipment		15,974	
Motor Vehicles		36,159	
Total Drug Enforcement			<u>\$ 84,614</u>

Total Drug Control Fund \$ 84,614

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	118,846	
Total Register of Deeds			\$ 118,846

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	161,461	
Total County Trustee's Office			161,461

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	234,937	
Total County Clerk's Office			234,937

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	69,049	
Constitutional Officers' Operating Expenses		17,088	
Total Chancery Court			<u>86,137</u>

Total Constitutional Officers - Fees Fund 601,381

(Continued)

Exhibit J-7

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	67,927	
Secretary(ies)		25,127	
Social Security		5,607	
State Retirement		5,058	
Medical Insurance		5,025	
Disability Insurance		501	
Unemployment Compensation		270	
Employer Medicare		1,166	
Dues and Memberships		2,788	
Legal Services		430	
Legal Notices, Recording, and Court Costs		403	
Postal Charges		311	
Travel		385	
Office Supplies		586	
Total Administration			\$ 115,584

Highway and Bridge Maintenance

Laborers	\$	439,533	
Social Security		27,992	
State Retirement		21,667	
Medical Insurance		72,059	
Disability Insurance		3,422	
Unemployment Compensation		6,212	
Employer Medicare		6,174	
Other Contracted Services		38,829	
Asphalt - Hot Mix		18,497	
Crushed Stone		186,474	
Pipe - Metal		14,822	
Road Signs		1,022	
Wood Products		1,791	
Other Supplies and Materials		2,808	
Total Highway and Bridge Maintenance			841,302

Operation and Maintenance of Equipment

Mechanic(s)	\$	29,272	
Social Security		681	
State Retirement		1,506	
Medical Insurance		19	
Disability Insurance		161	
Unemployment Compensation		96	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Rentals	\$	7,200	
Diesel Fuel		53,693	
Equipment and Machinery Parts		64,689	
Garage Supplies		591	
Gasoline		28,307	
Lubricants		9,219	
Tires and Tubes		9,843	
Other Supplies and Materials		1,752	
Total Operation and Maintenance of Equipment			\$ 207,029

Other Charges

Communication	\$	6,824	
Electricity		5,329	
Water and Sewer		906	
Building and Contents Insurance		1,270	
Liability Insurance		18,083	
Premiums on Corporate Surety Bonds		228	
Trustee's Commission		20,677	
Vehicle and Equipment Insurance		36,242	
Total Other Charges			89,559

Employee Benefits

Workers' Compensation Insurance	\$	52,824	
Total Employee Benefits			52,824

Capital Outlay

Bridge Construction	\$	3,000	
Highway Equipment		5,130	
Total Capital Outlay			8,130

Total Highway/Public Works Fund \$ 1,314,428

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	215,000	
Principal on Notes		221,020	
Principal on Other Loans		410,267	
Total General Government			\$ 846,287

(Continued)

Exhibit J-7

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

General Debt Service Fund (Cont.)

Principal on Debt (Cont.)

Highways and Streets

Principal on Bonds	\$ 430,000	
Principal on Other Loans	165,501	
Total Highways and Streets	<u>595,501</u>	\$ 595,501

Education

Principal on Bonds	\$ 445,000	
Total Education		445,000

Interest on Debt

General Government

Interest on Bonds	\$ 364,452	
Interest on Notes	3,106	
Interest on Other Loans	214,052	
Total General Government		581,610

Highways and Streets

Principal on Bonds	\$ 114,116	
Total Highways and Streets		114,116

Education

Interest on Bonds	\$ 1,568,070	
Interest on Notes	8,074	
Interest on Other Loans	368,452	
Total Education		1,944,596

Other Debt Service

General Government

Trustee's Commission	\$ 6,188	
Other Charges	14,225	
Total General Government		20,413

Education

Derivative Swap Agreement - Termination Fee	\$ 1,421,275	
Other Charges	2,000	
Total Education	<u>1,423,275</u>	

Total General Debt Service Fund \$ 5,970,798

(Continued)

Exhibit J-7

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

<u>Community Development/Industrial Park Fund</u>		
<u>Other Operations</u>		
<u>Industrial Development</u>		
Contributions	\$ 24,628	
Trustee's Commission	249	
Total Industrial Development		<u>\$ 24,877</u>
Total Community Development/Industrial Park Fund		\$ 24,877
<u>Highway Capital Projects Fund</u>		
<u>Highways</u>		
<u>Other Charges</u>		
Trustee's Commission	\$ 13,044	
Total Other Charges		\$ 13,044
<u>Capital Projects</u>		
<u>Highway and Street Capital Projects</u>		
Asphalt - Hot Mix	\$ 193,912	
Highway Equipment	137,000	
Total Highway and Street Capital Projects		<u>330,912</u>
Total Highway Capital Projects Fund		<u>343,956</u>
Total Governmental Funds - Primary Government		<u>\$ 19,329,175</u>

Exhibit J-8

Claiborne County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Claiborne County School Department  
For the Year Ended June 30, 2011

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 10,112,515	
Career Ladder Program	142,988	
Career Ladder Extended Contracts	71,500	
Educational Assistants	601,329	
Certified Substitute Teachers	208,914	
Social Security	645,956	
State Retirement	958,341	
Life Insurance	39,729	
Medical Insurance	1,418,566	
Dental Insurance	40,366	
Unemployment Compensation	12,345	
Employer Medicare	153,592	
Other Fringe Benefits	44,281	
Tuition	3,948	
Instructional Supplies and Materials	123,097	
Textbooks	331,708	
Other Supplies and Materials	7,627	
Other Charges	566	
Regular Instruction Equipment	189,732	
Total Regular Instruction Program		\$ 15,107,100

Special Education Program

Teachers	\$ 1,607,038
Career Ladder Program	21,249
Educational Assistants	103,590
Speech Pathologist	121,287
Other Salaries and Wages	167,330
Certified Substitute Teachers	34,080
Social Security	123,304
State Retirement	177,991
Life Insurance	7,449
Medical Insurance	305,196
Dental Insurance	6,540
Unemployment Compensation	3,845
Employer Medicare	28,838
Contracts with Private Agencies	22,779
Maintenance and Repair Services - Equipment	7,881
Tuition	5,046
Instructional Supplies and Materials	1,983

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Textbooks	\$	1,833	
Other Supplies and Materials		14,418	
Special Education Equipment		51,211	
Total Special Education Program			\$ 2,812,888

Vocational Education Program

Teachers	\$	851,207	
Career Ladder Program		11,670	
Certified Substitute Teachers		19,296	
Social Security		51,487	
State Retirement		75,500	
Life Insurance		3,348	
Medical Insurance		115,091	
Dental Insurance		2,927	
Unemployment Compensation		688	
Employer Medicare		12,436	
Instructional Supplies and Materials		13,110	
Other Supplies and Materials		408	
Other Charges		4,349	
Total Vocational Education Program			1,161,517

Adult Education Program

Teachers	\$	78,982	
Career Ladder Program		1,000	
Other Salaries and Wages		17,456	
Social Security		4,965	
State Retirement		6,983	
Life Insurance		300	
Medical Insurance		8,277	
Dental Insurance		276	
Unemployment Compensation		378	
Employer Medicare		1,334	
Instructional Supplies and Materials		20,750	
Total Adult Education Program			140,701

Support Services

Attendance

Supervisor/Director	\$	55,554	
Career Ladder Program		1,000	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Clerical Personnel	\$	20,501	
Social Security		4,493	
State Retirement		6,289	
Life Insurance		159	
Medical Insurance		5,700	
Dental Insurance		177	
Unemployment Compensation		182	
Employer Medicare		1,051	
Travel		1,920	
Other Supplies and Materials		339	
Total Attendance			\$ 97,365

Health Services

Medical Personnel	\$	35,037	
Social Security		2,153	
State Retirement		3,171	
Life Insurance		162	
Medical Insurance		3,696	
Dental Insurance		151	
Unemployment Compensation		86	
Employer Medicare		504	
Travel		1,081	
Other Contracted Services		54,460	
Total Health Services			100,501

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		83,010	
Social Security		4,963	
State Retirement		7,603	
Life Insurance		330	
Medical Insurance		15,092	
Dental Insurance		303	
Unemployment Compensation		46	
Employer Medicare		1,161	
Evaluation and Testing		16,445	
Travel		4,704	
Other Contracted Services		101,704	
Other Supplies and Materials		1,566	
Total Other Student Support			237,927

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	234,017	
Career Ladder Program		13,500	
Librarians		392,108	
Other Salaries and Wages		26,785	
Social Security		36,698	
State Retirement		53,194	
Life Insurance		2,001	
Medical Insurance		66,790	
Dental Insurance		1,753	
Unemployment Compensation		559	
Employer Medicare		9,082	
Travel		3,621	
Other Contracted Services		6,925	
Library Books/Media		59,969	
In Service/Staff Development		16,805	
Other Charges		3,494	
Total Regular Instruction Program			\$ 927,301

Alternative Instruction Program

Other Salaries and Wages	\$	587,246	
Social Security		34,704	
State Retirement		53,209	
Life Insurance		1,937	
Medical Insurance		54,561	
Dental Insurance		1,930	
Unemployment Compensation		254	
Employer Medicare		8,116	
Total Alternative Instruction Program			741,957

Special Education Program

Supervisor/Director	\$	66,164
Career Ladder Program		2,583
Psychological Personnel		76,069
Secretary(ies)		21,607
Other Salaries and Wages		538
Social Security		10,241
State Retirement		14,699
Life Insurance		496
Medical Insurance		8,542

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Dental Insurance	\$	448	
Unemployment Compensation		140	
Employer Medicare		2,395	
Maintenance and Repair Services - Equipment		2,401	
Travel		28,310	
Other Contracted Services		10,362	
Other Supplies and Materials		1,867	
In Service/Staff Development		13,342	
Other Charges		3,876	
Total Special Education Program	\$		264,080

Vocational Education Program

Supervisor/Director	\$	64,224	
Career Ladder Program		1,000	
Clerical Personnel		20,848	
Social Security		5,042	
State Retirement		7,093	
Life Insurance		159	
Medical Insurance		7,238	
Dental Insurance		151	
Unemployment Compensation		169	
Employer Medicare		1,179	
Other Supplies and Materials		180	
Other Charges		1,345	
Total Vocational Education Program			108,628

Adult Programs

Supervisor/Director	\$	14,860	
Other Salaries and Wages		6,259	
Social Security		1,235	
State Retirement		1,259	
Life Insurance		11	
Medical Insurance		475	
Dental Insurance		13	
Unemployment Compensation		86	
Employer Medicare		289	
Travel		5,145	
Total Adult Programs			29,632

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Programs

On-Behalf Payments to OPEB	\$ 8,774	
Total Other Programs		\$ 8,774

Board of Education

Secretary to Board	\$ 1,750	
Board and Committee Members Fees	11,900	
Social Security	632	
State Retirement	565	
Life Insurance	1,037	
Medical Insurance	30,029	
Dental Insurance	1,062	
Unemployment Compensation	100	
Employer Medicare	187	
Audit Services	9,875	
Dues and Memberships	14,130	
Legal Services	12,419	
Travel	2,881	
Other Contracted Services	2,900	
Liability Insurance	163,986	
Premiums on Corporate Surety Bonds	100	
Trustee's Commission	218,668	
Workers' Compensation Insurance	130,731	
Other Charges	544,562	
Total Board of Education		1,147,514

Director of Schools

County Official/Administrative Officer	\$ 102,544
Career Ladder Program	2,750
Secretary(ies)	30,460
Other Salaries and Wages	59,394
Social Security	11,851
State Retirement	16,690
Life Insurance	329
Medical Insurance	8,643
Dental Insurance	313
Unemployment Compensation	353
Employer Medicare	2,772
Communication	56,756
Dues and Memberships	2,051

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Postal Charges	\$	4,082	
Travel		2,759	
Other Contracted Services		5,810	
Office Supplies		4,163	
In Service/Staff Development		1,949	
Other Charges		1,935	
Administration Equipment		1,408	
Total Director of Schools			\$ 317,012

Office of the Principal

Principals	\$	699,957	
Career Ladder Program		12,850	
Assistant Principals		127,067	
Social Security		44,648	
State Retirement		73,355	
Life Insurance		2,003	
Medical Insurance		75,478	
Dental Insurance		1,877	
Unemployment Compensation		284	
Employer Medicare		11,690	
Total Office of the Principal			1,049,209

Fiscal Services

Contributions	\$	169,964	
Total Fiscal Services			169,964

Operation of Plant

Custodial Personnel	\$	454,588	
Social Security		27,545	
State Retirement		24,806	
Unemployment Compensation		3,534	
Employer Medicare		6,553	
Disposal Fees		68,288	
Other Contracted Services		20,442	
Custodial Supplies		112,484	
Electricity		1,266,018	
Fuel Oil		12,670	
Natural Gas		79,191	
Water and Sewer		113,073	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Other Supplies and Materials	\$ 16	
Total Operation of Plant		\$ 2,189,208

Maintenance of Plant

Supervisor/Director	\$ 20,565	
Maintenance Personnel	407,863	
Social Security	24,200	
State Retirement	22,192	
Medical Insurance	1,540	
Dental Insurance	25	
Unemployment Compensation	2,006	
Employer Medicare	6,196	
Maintenance and Repair Services - Buildings	104,672	
Maintenance and Repair Services - Equipment	220,911	
Other Charges	1,370	
Total Maintenance of Plant		811,540

Transportation

Supervisor/Director	\$ 20,565	
Mechanic(s)	58,335	
Bus Drivers	493,678	
Other Salaries and Wages	20,408	
Social Security	37,524	
State Retirement	33,447	
Life Insurance	65,820	
Medical Insurance	456,990	
Dental Insurance	22,603	
Unemployment Compensation	2,886	
Employer Medicare	8,776	
Contracts with Vehicle Owners	407,829	
Other Contracted Services	27,594	
Garage Supplies	2,044	
Gasoline	182,845	
Tires and Tubes	14,752	
Vehicle Parts	41,877	
Other Charges	5,126	
Transportation Equipment	249,338	
Total Transportation		2,152,437

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other

Communication	\$	16,783	
Other Contracted Services		87,828	
Data Processing Supplies		21,662	
Total Central and Other			\$ 126,273

Operation of Non-Instructional Services

Community Services

Other Salaries and Wages	\$	451,146	
Social Security		26,831	
State Retirement		33,858	
Life Insurance		599	
Medical Insurance		13,769	
Dental Insurance		506	
Unemployment Compensation		1,430	
Employer Medicare		6,483	
Travel		18,232	
Other Contracted Services		3,750	
Instructional Supplies and Materials		46,785	
Other Supplies and Materials		65,966	
Other Charges		30,069	
Other Equipment		27,665	
Total Community Services			727,089

Early Childhood Education

Other Salaries and Wages	\$	693,436	
Social Security		40,627	
State Retirement		54,573	
Life Insurance		2,237	
Medical Insurance		82,611	
Dental Insurance		2,031	
Unemployment Compensation		1,685	
Employer Medicare		9,585	
Travel		4,094	
Other Supplies and Materials		142,943	
Other Charges		12,527	
Other Equipment		56,366	
Total Early Childhood Education			1,102,715

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Capital Outlay

Regular Capital Outlay

Building Improvements	\$ 81,851	
Site Development	2,500	
Other Capital Outlay	17,549	
Total Regular Capital Outlay		\$ 101,900

Principal on Debt

Education

Principal on Other Loans	\$ 158,708	
Total Education		158,708

Interest on Debt

Education

Interest on Other Loans	\$ 22,879	
Total Education		22,879

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 3,717,745	
Total Education		<u>3,717,745</u>

Total General Purpose School Fund \$ 35,532,564

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 1,668,067	
Educational Assistants	404,006	
Other Salaries and Wages	152,202	
Certified Substitute Teachers	34,747	
Social Security	135,845	
State Retirement	179,647	
Life Insurance	6,996	
Medical Insurance	180,794	
Dental Insurance	6,131	
Unemployment Compensation	7,292	
Employer Medicare	31,765	
Instructional Supplies and Materials	161,626	
Other Charges	1,255	
Regular Instruction Equipment	239,945	
Total Regular Instruction Program		\$ 3,210,318

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$	392,829	
Educational Assistants		752,133	
Social Security		69,804	
State Retirement		75,764	
Life Insurance		1,846	
Medical Insurance		39,888	
Dental Insurance		1,425	
Unemployment Compensation		6,923	
Employer Medicare		16,325	
Contracts with Private Agencies		104,929	
Instructional Supplies and Materials		41,825	
Other Supplies and Materials		15,117	
Special Education Equipment		9,706	
Total Special Education Program			\$ 1,528,514

Vocational Education Program

Other Salaries and Wages	\$	7,988	
Social Security		495	
State Retirement		500	
Employer Medicare		116	
Other Contracted Services		7,611	
Instructional Supplies and Materials		20,845	
Other Charges		1,947	
Vocational Instruction Equipment		26,994	
Total Vocational Education Program			66,496

Support Services

Health Services

Other Supplies and Materials	\$	2,525	
Total Health Services			2,525

Other Student Support

Other Salaries and Wages	\$	40,303	
Social Security		2,454	
State Retirement		3,562	
Life Insurance		98	
Medical Insurance		2,156	
Dental Insurance		88	
Unemployment Compensation		97	

(Continued)

Exhibit J-8

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

<u>School Federal Projects Fund (Cont.)</u>		
<u>Support Services (Cont.)</u>		
<u>Other Student Support (Cont.)</u>		
Employer Medicare	\$	574
Travel		34,685
Other Supplies and Materials		41,668
In Service/Staff Development		46,804
Other Charges		20,947
Total Other Student Support		<u>193,436</u>
	\$	
<u>Regular Instruction Program</u>		
Supervisor/Director	\$	94,872
Secretary(ies)		30,485
Clerical Personnel		24,741
Certified Substitute Teachers		550
Social Security		7,491
State Retirement		9,282
Life Insurance		159
Medical Insurance		4,620
Dental Insurance		353
Unemployment Compensation		339
Employer Medicare		2,116
Travel		6,202
Other Supplies and Materials		9,663
In Service/Staff Development		9,060
Regular Instruction Equipment		3,035
Total Regular Instruction Program		<u>202,968</u>
<u>Special Education Program</u>		
Travel	\$	3,092
Other Supplies and Materials		2,848
Other Charges		2,797
Total Special Education Program		<u>8,737</u>
<u>Vocational Education Program</u>		
Travel	\$	1,414
Other Charges		370
Other Equipment		1,999
Total Vocational Education Program		<u>3,783</u>

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Operation of Non-Instructional Services

Community Services

Other Salaries and Wages	\$	266,570	
Social Security		16,528	
State Retirement		21,140	
Unemployment Compensation		523	
Employer Medicare		3,866	
Travel		3,844	
Other Supplies and Materials		14,668	
Other Charges		21,798	
Total Community Services			\$ 348,937

Total School Federal Projects Fund

\$ 5,565,714

Central Cafeteria Fund

Support Services

Fiscal Services

Contributions	\$	13,675	
Total Fiscal Services			\$ 13,675

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	49,897
Clerical Personnel		44,796
Cafeteria Personnel		868,759
Other Salaries and Wages		14,175
Social Security		59,023
State Retirement		52,524
Life Insurance		162
Medical Insurance		3,696
Dental Insurance		101
Unemployment Compensation		6,835
Employer Medicare		13,989
Communication		9,244
Maintenance and Repair Services - Equipment		64,720
Postal Charges		484
Travel		5,626
Other Contracted Services		19,794
Food Preparation Supplies		56,157
Food Supplies		992,715
Office Supplies		14,295

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Uniforms	\$	7,140	
USDA - Commodities		144,399	
Other Supplies and Materials		26,573	
In Service/Staff Development		661	
Other Charges		2,799	
Food Service Equipment		195,694	
Total Food Service			<u>\$ 2,654,258</u>

Total Central Cafeteria Fund \$ 2,667,933

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Building Improvements	\$	4,052,144	
Total Education Capital Projects			<u>\$ 4,052,144</u>

Total Education Capital Projects Fund 4,052,144

Total Governmental Funds - Claiborne County School Department \$ 47,818,355

Exhibit J-9

Claiborne County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2011

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,565,547
Total Cash Receipts	<u>\$ 1,565,547</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,549,892
Trustee's Commission	15,655
Total Cash Disbursements	<u>\$ 1,565,547</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2010	<u>0</u>
 Cash Balance, June 30, 2011	 <u><u>\$ 0</u></u>

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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*

October 31, 2011

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Claiborne County, Tennessee, as of and for the year ended June 30, 2011, which collectively comprise Claiborne County's basic financial statements and have issued our report thereon dated October 31, 2011. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Claiborne County Hospital and Nursing Home, the Claiborne County Industrial Development Board, and the Claiborne County Emergency Communications District, which were not available from other auditors as of the date of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting: 11.01 and 11.03. 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.

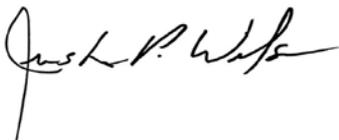
#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Claiborne County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 11.02.

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

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

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury

JPW/yu



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

REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

October 31, 2011

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Claiborne County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Claiborne County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Claiborne County's management. Our responsibility is to express an opinion on Claiborne County's compliance based on our audit.

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

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

In our opinion, Claiborne County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

#### Internal Control Over Compliance

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

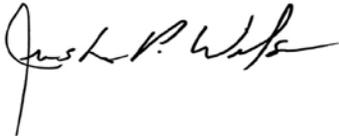
#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Claiborne County as of and for the year ended June 30, 2011, and have issued our report thereon dated October 31, 2011. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Claiborne County Hospital and Nursing Home, the Claiborne County Industrial Development Board, and the Claiborne County Emergency Communications District, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The 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 financial statements. Such information is the responsibility of

management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu

Claiborne County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Fiscal Year Ended June 30, 2011

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	\$ 144,399 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	420,427
National School Lunch Program	10.555	N/A	1,252,394 (3)
Summer Food Service Program for Children	10.559	N/A	20,712
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	(2)	107,070
Passed-through State Department of Economic and Community Development:			
Rural Business Enterprise Grants	10.769	N/A	8,589
Total U.S. Department of Agriculture			<u>\$ 1,953,591</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Housing Development Agency:			
Community Development Block Grants/State's Program	14.228	N/A	\$ 143,931
Home Investment Partnerships Program	14.239	N/A	68,634
Total U.S. Department of Housing and Urban Development			<u>\$ 212,565</u>
Bureau of Land Management, Department of Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	<u>\$ 18,419</u>
Total Bureau of Land Management, Department of Interior			<u>\$ 18,419</u>
U.S. Department of Energy:			
Passed-through State Department of Economic and Community Development:			
Energy Efficiency and Conservation Block Grant (EECBG), Recovery Act	81.128	N/A	<u>\$ 64,131</u>
Total U.S. Department of Energy			<u>\$ 64,131</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,545,963
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	583,115
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,139,561
Special Education - Grants to States, Recovery Act	84.391	N/A	375,449
Special Education - Preschool Grants	84.173	N/A	40,200
Special Education - Preschool Grants, Recovery Act	84.392	N/A	9,706
Career and Technical Education - Basic Grants to States	84.048	N/A	97,289
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	18
Even Start - State Educational Agencies	84.213	(2)	99,995
Twenty-first Century Community Learning Centers	84.287	(2)	375,421
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	5,543
Education Technology State Grants, Recovery Act	84.386	(2)	8,221
Rural Education	84.358	N/A	72,858
Improving Teacher Quality State Grants	84.367	N/A	348,935
Homeless Education Disaster Assistance Program, Recovery Act	84.383	N/A	350
Education Jobs Fund	84.410	N/A	564,618
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	2,446,063
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	269,099

(Continued)

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

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 (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	\$ 426,131
Passed-through State Department of Health:			
ARRA-Emergency Contingency Funds for Temporary Assistance for Needy Families (TANF) State Program	93.714	N/A	46,785
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	<u>127,800</u>
Total U.S. Department of Education			<u>\$ 8,583,120</u>
U.S. Department of Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401		<u>\$ 12,000</u>
Total U.S. Department of Election Assistance Commission			<u>\$ 12,000</u>
U.S. Department of Homeland Security:			
Passed-through State Department of the Military:			
Homeland Security Cluster:			
Homeland Security Grant Program	97.067	(2)	<u>\$ 84,300</u>
Total U.S. Department of Homeland Security			<u>\$ 84,300</u>
Total Expenditures of Federal Awards			<u>\$ 10,928,126</u>

State Grants		Contract Number	
Lottery for Education: Preschool - State Department of Education	N/A	(2)	\$ 1,102,715
Lottery for Education: After School Programs - State Department of Education	N/A	(2)	200,297
Litter Grant - State Department of Transportation	N/A	(2)	21,337
Recycling Grant - State Department of Environment and Conservation	N/A	(2)	21,840
Driver's Education - State Department of Education	N/A	(2)	11,712
High School That Works - State Department of Education	N/A	(2)	5,994
Child Care Assistance - State Department of Human Services	N/A	(2)	44,360
Health Department Grants - State Department of Health Services	N/A	(2)	<u>193,161</u>
Total State Grants			<u>\$ 1,601,416</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 \$1,396,793.

Claiborne County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2011

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. Presented below is a finding from the Annual Financial Report for Claiborne County, Tennessee, for the year ended June 30, 2010, which has not been corrected.

**OTHER FINDING**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.02	156	Duties were not segregated adequately in the Offices of County Clerk; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff

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**CLAIBORNE COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2011**

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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, each major fund and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Claiborne County disclosed significant deficiencies in internal control. None of those deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559); Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); Special Education Cluster: Special Education – Grants to States, Special Education – Grants to States, Recovery Act, Special Education – Preschool Grants, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.391, 84.173, and 84.392); Improving Teacher Quality State Grants (CFDA No. 84.367); Education Jobs Fund (CFDA No. 84.410); State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act (84.395); and the Stabilization Cluster: State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act, and State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397) were determined to be major programs.
8. A \$327,843 threshold was used to distinguish between Type A and Type B federal programs.
9. Claiborne County did not qualify as a low-risk auditee.

## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

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; however, management did not provide responses for inclusion in this report.

### **OFFICES OF COUNTY CLERK, REGISTER, AND CLERK AND MASTER**

#### **FINDING 11.01      **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER****

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

Multiple employees operated from the same cash drawer in the Offices of County Clerk, Register, and Clerk and Master. Sound internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the official would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management decision by the official resulting in a loss of control over assets. Since management was not aware of its importance, the officials did not obtain separate cash drawers until we brought it to their attention. The officials have now assigned separate cash drawers for each employee receiving cash.

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### **OFFICES OF COUNTY MAYOR; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; AND SHERIFF**

#### **FINDING 11.02      **ACCRUED LEAVE BALANCES EXCEEDED THE MAXIMUM LEAVE PROVIDED BY THE COUNTY'S PERSONNEL POLICY****

(Noncompliance Under *Government Auditing Standards*)

During our review of employees' leave, we noted that several employees in the Offices of County Mayor; Circuit, General Sessions, and Juvenile Courts Clerk; and Sheriff had accrued compensatory and vacation leave balances exceeding the maximum balance established by the county's personnel policy. County policy for compensatory leave states, "The maximum hours that an employee may accrue is 100 hours at the discretion of the county official or department head. Any employee reaching this maximum shall not work any additional overtime until the employee's compensatory time falls below the maximum." County policy for vacation leave states, "Vacation time may be accumulated and carried forward to the next year in an amount not to exceed five days. Any days exceeding the five-day limit will be lost if not used prior to the end of the current employment year." These deficiencies can be attributed to the failure of management to adequately monitor

employees' leave balances. Allowing employees to accrue excess leave balances violates the county's leave policy resulting in excess employee compensation.

**RECOMMENDATION**

Management should monitor employees' leave balances to ensure compliance with the county's personnel policy.

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**OTHER FINDING AND RECOMMENDATION**

**FINDING 11.03**      **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER; AND SHERIFF**  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

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

**RECOMMENDATION**

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

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**BEST PRACTICE**

**CLAIBORNE COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE**

Claiborne County does not have an Audit Committee. Sound business practices dictate that establishing an Audit Committee would significantly improve management oversight and accountability. The absence of an Audit Committee has been a management decision by the County Commission. The Division of County Audit strongly believes that an Audit Committee is a best practice that should be adopted to assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks.

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

There were no findings and questioned costs for federal awards.

**CLAIBORNE COUNTY, TENNESSEE**  
**AUDITEE REPORTING RESPONSIBILITIES**  
**For the Year Ended June 30, 2011**

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

**Director of Schools – Summary Schedule of Prior-Year's Findings**

**FINDINGS 10.01 and 10.03**

Claiborne County has reimbursed the Title II-A federal funds totaling \$12,241.95 to the State of Tennessee. Additionally, General Purpose School funds of \$12,295 have been used to reimburse the Title II-A program at the county level. These checks were paid in June 2010, and accompanying letters were submitted to Robert W. Greene, Deputy Director of Education, State of Tennessee. After these corrective actions were taken, the previously frozen Title II-A funds were released by the State of Tennessee. Therefore, we consider this corrective action effective and complete.