
ANNUAL FINANCIAL REPORT JEFFERSON COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2011



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

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

JEFFERSON COUNTY, TENNESSEE

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Audit Highlights
Annual Financial Report
Jefferson County, Tennessee
For the Year Ended June 30, 2011

Scope

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF FINANCE DIRECTOR

- ◆ Material audit adjustments were required for proper financial statement presentation.
- ◆ Expenditures exceeded appropriations.

OFFICE OF CLERK AND MASTER

- ◆ Duties were not segregated adequately.
- ◆ Multiple employees operated from the same cash drawer.
- ◆ The office had deficiencies in computer system backup procedures.

OFFICE OF REGISTER

- ◆ Multiple employees operated from the same cash drawer.
-

OFFICE OF SHERIFF

- ◆ The office had deficiencies in the sale of confiscated weapons.
-

JEFFERSON COUNTY

- ◆ The Solid Waste Disposal Fund had a deficit in unrestricted net assets.
- ◆ Jefferson County has a material recurring audit finding.

INTRODUCTORY SECTION

Jefferson County Officials

June 30, 2011

Officials

Alan Palmieri, County Mayor
Charles Tipton, Road Superintendent
Dr. Charles Edmonds, Director of Schools
Ginger Franklin, Trustee
Susan Gass, Assessor of Property
R.E. Farrar, III, County Clerk
Penny Murphy, Circuit and General Sessions Courts Clerk
Nancy Humbard, Clerk and Master
Ed Stiner, Register
Bud McCoig, Sheriff
Darrell Helton, Finance Director

Board of County Commissioners

Marty Mills, Chairman	Todd Kesterson
Anna Barreiro	Clark Maples
Randall Baxley	Tommy Musick
Robert Beeler	Jimmy Patterson
Rob Blevins	John Scarlett
James Carmichael	Barbara Sheets
Dennis Cureton	Sammy Solomon
Terry Dockery	Donnie Tabor
Daniel Estes	Robert Tucker
Roger Griffith	Russell Turner
David Hubbard	

Financial Management Committee

Roger Griffith, Chairman	Alan Palmieri, County Mayor
Rob Blevins	Dr. Charles Edmonds, Director of Schools
James Carmichael	Charles Tipton, Road Superintendent
Robert Tucker	

Board of Education

Anne Marie Potts, Chairman	Michael Phagan
Randy Bradley	Maurice Solomon
Bill Jarnigan	Jim Vines
Annette Loy	

Jefferson County Officials (Cont.)

Highway Commission

Mike Wolfenbarger, Chairman
Paul Condry
Wayne Elmore
Lynn Henry

G.W. Loy, Jr.
Doug Quarles
John Turner

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

February 15, 2012

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jefferson County, Tennessee, as of and for the year ended June 30, 2011, which collectively comprise Jefferson County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Jefferson County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Jefferson County Nursing Home, which represent 14.2 percent and 12.1 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Jefferson County Nursing Home, is based on the report of other auditors.

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

The financial statements of the Jefferson County Emergency Communications District, a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units financial statements referred to above do not include amounts for the Jefferson County 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, based on our audit and the report of other auditors, and except for the effects of not including the financial statements of the Jefferson County 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 Jefferson 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, the business-type activities, each major fund, and the aggregate remaining fund information of Jefferson 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 February 15, 2012, on our consideration of Jefferson County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

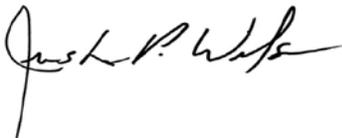
As described in Note V.C., Jefferson County has adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

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 88 through 96 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jefferson County's 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 Jefferson County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Jefferson County School Department (a discretely presented component unit), and the miscellaneous schedules 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/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government		Total	Component Units		
	Governmental Activities	Business-type Activities		Jefferson County School Department	Jefferson County Nursing Home	
<u>ASSETS</u>						
Cash and Cash Equivalents	\$ 86,221	\$ 25	\$ 86,246	\$ 9,954,196	\$ 556,536	
Equity in Pooled Cash and Investments	19,909,250	133,977	20,043,227	23,487,395	0	
Inventories	0	0	0	0	30,820	
Accounts Receivable	1,879,067	60,749	1,939,816	1,767	880,036	
Allowance for Uncollectibles	(464,372)	(3,871)	(468,243)	0	(40,545)	
Due from Other Governments	928,065	0	928,065	3,131,926	0	
Due from Component Units	79,776	0	79,776	0	0	
Internal Balances	207,855	(207,855)	0	0	0	
Property Taxes Receivable	17,960,905	0	17,960,905	7,787,247	0	
Allowance for Uncollectible Property Taxes	(865,606)	0	(865,606)	(375,298)	0	
Prepaid Expenses	47,380	0	47,380	0	7,315	
Unamortized Discount on Debt	271,057	0	271,057	0	0	
Deferred Charges - Debt Issuance Cost	729,711	0	729,711	0	170,158	
Accrued Interest Receivable	0	0	0	57,736	0	
Restricted Assets:						
Restricted Investment - Bond Proceeds	0	0	0	0	1,649,689	
Other Restricted Assets	0	0	0	0	16,727	
Assets Not Depreciated:						
Land	1,473,861	461,930	1,935,791	1,481,960	7,181	
Construction in Progress	146,119	0	146,119	2,664,883	204,137	
Assets Net of Accumulated Depreciation:						
Landfill Facilities and Developments	0	98,947	98,947	0	0	
Buildings and Improvements	16,386,982	23,150	16,410,132	15,979,638	6,612,690	
Machinery and Equipment	0	1,045,804	1,045,804	665,321	765,950	
Other Capital Assets	1,988,842	0	1,988,842	1,918,368	4,700	
Infrastructure	83,159,479	0	83,159,479	0	0	
Total Assets	\$ 143,924,592	\$ 1,612,856	\$ 145,537,448	\$ 66,755,139	\$ 10,865,394	
<u>LIABILITIES</u>						
Accounts Payable	\$ 239,539	\$ 3,671	\$ 243,210	\$ 153,198	\$ 305,062	
Accrued Payroll	61,245	11,482	72,727	227,566	348,880	
Accrued Interest Payable	179,460	1,496	180,956	0	27,146	

(Continued)

Exhibit A

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

	Primary Government		Total	Component Units		
	Governmental Activities	Business-type Activities		Jefferson County School Department	Jefferson County Nursing Home	
<u>LIABILITIES (CONT.)</u>						
Payroll Deductions Payable	\$ 158,798	\$ 0	\$ 158,798	\$ 1,776,656	\$ 21,712	
Contracts Payable	0	0	0	2,042,217	52,314	
Retainage Payable	0	0	0	15,187	0	
Claims and Judgments Payable	54,930	0	54,930	0	0	
Due to Primary Government	0	0	0	79,776	0	
Due to the State of Tennessee	22,165	8,018	30,183	0	0	
Other Current Liabilities	4,439	0	4,439	0	66,198	
Deferred Revenue - Property Taxes	16,421,774	0	16,421,774	7,119,930	0	
Noncurrent Liabilities:						
Due Within One Year	3,353,648	107,457	3,461,105	253,843	167,179	
Due in More Than One Year	67,283,126	5,067,836	72,350,962	5,258,432	7,458,719	
Total Liabilities	\$ 87,779,124	\$ 5,199,960	\$ 92,979,084	\$ 16,926,805	\$ 8,447,210	
<u>NET ASSETS</u>						
Invested in Capital Assets, Net of Related Debt	\$ 91,422,416	\$ 1,373,404	\$ 92,795,820	\$ 0	\$ 1,534,289	
Invested in Capital Assets Restricted for:	0	0	0	22,710,170	0	
General Government	261,515	0	261,515	0	0	
Finance	56,041	0	56,041	0	0	
Administration of Justice	415,638	0	415,638	0	0	
Public Safety	265,222	0	265,222	0	0	
Public Health and Welfare	439,523	0	439,523	0	0	
Social, Cultural, and Recreational Services	79,385	0	79,385	0	0	
Highway/Public Works	2,239,860	0	2,239,860	0	0	
Education	0	0	0	1,562,465	0	
Debt Service	5,189,996	0	5,189,996	0	0	
Capital Projects	688,903	0	688,903	24,311,704	0	
Other Purposes	0	0	0	0	16,727	
Unrestricted	(44,913,031)	(4,960,508)	(49,873,539)	1,243,995	867,168	
Total Net Assets (Deficit)	\$ 56,145,468	\$ (3,587,104)	\$ 52,558,364	\$ 49,828,334	\$ 2,418,184	

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

Exhibit B

Jefferson County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues					Component Units				
	Charges for Expenses	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	Jefferson County School Department	Jefferson County Nursing Home		
General Revenues:										
Taxes:										
Property Taxes Levied for General Purposes				\$ 13,931,991	\$ 0	\$ 13,931,991	\$ 7,336,476	\$ 0		
Property Taxes Levied for Debt Service				2,932,861	0	2,932,861	0	0		
Local Option Sales Taxes				1,073,136	0	1,073,136	4,829,496	0		
Hotel/Motel Tax				194,671	0	194,671	0	0		
Wheel Tax				1,069,723	0	1,069,723	0	0		
Litigation Tax - General				89,111	0	89,111	0	0		
Litigation Tax - Special Purpose				8,864	0	8,864	0	0		
Litigation Tax - Jail, Workhouse, or Courthouse				150,466	0	150,466	0	0		
Business Tax				398,680	0	398,680	0	0		
Adequate Facilities Tax				251,759	0	251,759	0	0		
Wholesale Beer Tax				126,462	0	126,462	12,153	0		
Interstate Telecommunications Tax				0	0	0	5,014	0		
Grants and Contributions Not Restricted to Specific Programs				488,335	0	488,335	34,202,520	0		
Unrestricted Investment Income				275,706	0	275,706	16,430	19,297		
Miscellaneous				256,548	0	256,548	31,232	0		
Total General Revenues				\$ 21,248,313	\$ 0	\$ 21,248,313	\$ 46,433,321	\$ 19,297		
Transfers				\$ 4,833	\$ (4,833)	\$ 0	\$ 0	\$ 0		
Change in Net Assets				\$ (22,351,523)	\$ (67,249)	\$ (22,418,772)	\$ 25,216,337	\$ (143,636)		
Net Assets (Deficit), July 1, 2010				78,496,991	(3,519,855)	74,977,136	24,611,997	2,561,820		
Net Assets (Deficit), June 30, 2011				\$ 56,145,468	\$ (3,587,104)	\$ 52,558,364	\$ 49,828,334	\$ 2,418,184		

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

Exhibit C-1

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

	Major Funds			Nonmajor	Total
	Highway /		General	Other	
	General	Public Works	Debt Service	Governmental Funds	
<u>ASSETS</u>					
Cash	\$ 18,799	\$ 0	\$ 0	\$ 67,422	\$ 86,221
Equity in Pooled Cash and Investments	4,895,295	1,993,797	8,393,663	4,535,486	19,818,241
Accounts Receivable	1,866,112	358	0	2,300	1,868,770
Allowance for Uncollectibles	(464,372)	0	0	0	(464,372)
Due from Other Governments	384,963	346,573	196,529	0	928,065
Due from Other Funds	103,235	0	256,427	0	359,662
Due from Component Units	79,776	0	0	0	79,776
Property Taxes Receivable	10,158,168	2,386,414	2,904,309	2,512,014	17,960,905
Allowance for Uncollectible Property Taxes	(484,236)	(115,010)	(145,296)	(121,064)	(865,606)
Prepaid Items	0	0	47,380	0	47,380
Total Assets	\$ 16,557,740	\$ 4,612,132	\$ 11,653,012	\$ 6,996,158	\$ 39,819,042

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>					
Accounts Payable	\$ 178,926	\$ 24,126	\$ 0	\$ 30,304	\$ 233,356
Accrued Payroll	538	49,247	0	11,460	61,245
Payroll Deductions Payable	158,798	0	0	0	158,798
Claims and Judgments Payable	54,930	0	0	0	54,930
Due to Other Funds	0	50,367	0	101,440	151,807
Due to State of Tennessee	22,165	0	0	0	22,165
Other Current Liabilities	4,439	0	0	0	4,439
Deferred Revenue - Current Property Taxes	9,301,844	2,181,914	2,641,264	2,296,752	16,421,774
Deferred Revenue - Delinquent Property Taxes	323,990	77,922	102,528	82,021	586,461
Other Deferred Revenues	1,306,370	194,497	104,921	0	1,605,788
Total Liabilities	\$ 11,352,000	\$ 2,578,073	\$ 2,848,713	\$ 2,521,977	\$ 19,300,763

<u>Fund Balances</u>					
Nonspendable:					
Prepaid Items	\$ 0	\$ 0	\$ 47,380	\$ 0	\$ 47,380
Restricted:					
Restricted for General Government	24,475	0	0	175,524	199,999
Restricted for Finance	7,242	0	0	48,799	56,041
Restricted for Administration of Justice	415,638	0	0	0	415,638
Restricted for Public Safety	64,179	0	0	167,043	231,222
Restricted for Public Health and Welfare	136,155	0	0	303,368	439,523
Restricted for Social, Cultural, and Recreational Services	79,385	0	0	0	79,385
Restricted for Highways/Public Works	0	2,034,059	0	0	2,034,059
Restricted for Debt Service	0	0	5,162,007	0	5,162,007
Restricted for Capital Projects	0	0	0	1,777,859	1,777,859
Committed:					
Committed for Public Health and Welfare	0	0	0	1,929	1,929
Committed for Other Operations	0	0	0	1,999,659	1,999,659
Committed for Debt Service	0	0	3,594,912	0	3,594,912

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor	Total
	Highway /		Other	Govern- mental	
	General	Public Works	Debt Service		
<u>LIABILITIES AND FUND BALANCES (CONT.)</u>					
<u>Fund Balances (Cont.)</u>					
Assigned:					
Assigned for General Government	\$ 522,990	\$ 0	\$ 0	\$ 0	\$ 522,990
Assigned for Finance	11,163	0	0	0	11,163
Assigned for Administration of Justice	789	0	0	0	789
Assigned for Public Safety	194,592	0	0	0	194,592
Assigned for Public Health and Welfare	24,344	0	0	0	24,344
Assigned for Social, Cultural, and Recreational Services	8,591	0	0	0	8,591
Assigned for Other Operations	412,760	0	0	0	412,760
Assigned for Other Purposes	40,000	0	0	0	40,000
Unassigned	3,263,437	0	0	0	3,263,437
Total Fund Balances	<u>\$ 5,205,740</u>	<u>\$ 2,034,059</u>	<u>\$ 8,804,299</u>	<u>\$ 4,474,181</u>	<u>\$ 20,518,279</u>
Total Liabilities and Fund Balances	<u>\$ 16,557,740</u>	<u>\$ 4,612,132</u>	<u>\$ 11,653,012</u>	<u>\$ 6,996,158</u>	<u>\$ 39,819,042</u>

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

Exhibit C-2

Jefferson County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 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)		\$ 20,518,279
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,473,861	
Add: construction in progress	146,119	
Add: buildings and improvements net of accumulated depreciation	16,386,982	
Add: other capital assets net of accumulated depreciation	1,988,842	
Add: infrastructure net of accumulated depreciation	<u>83,159,479</u>	103,155,283
(2) An internal service fund is used by management to charge the cost of employee dental and vision programs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		95,123
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (2,350,000)	
Less: other loans payable	(33,445,000)	
Less: bonds payable	(33,915,000)	
Add: deferred amount on refunding	62,100	
Add: deferred charges - debt issuance costs	729,711	
Less: other deferred revenue - premium on debt	(86,031)	
Add: deferred discount on debt	271,057	
Less: accrued interest on bonds, capital leases, and other loans	(179,460)	
Less: compensated absences payable	(568,175)	
Less: other postemployment benefits liability	<u>(334,668)</u>	(69,815,466)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>2,192,249</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 56,145,468</u>

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

Exhibit C-3

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Capital Projects - Education	Other Governmental Funds	Governmental Funds	Other Governmental Funds	
<u>Revenues</u>								
Local Taxes	\$ 10,240,280	\$ 2,247,238	\$ 5,269,492	\$ 0	\$ 2,388,923	\$ 0	\$ 20,145,933	
Licenses and Permits	245,033	0	0	0	0	0	245,033	
Fines, Forfeitures, and Penalties	264,740	0	0	0	56,364	0	321,104	
Charges for Current Services	3,341,742	40,196	0	0	942,570	0	4,324,508	
Other Local Revenues	477,285	2,022	770,344	0	19,472	0	1,269,123	
Fees Received from County Officials	1,135,115	0	0	0	0	0	1,135,115	
State of Tennessee	1,648,049	2,044,265	0	0	0	0	3,692,314	
Federal Government	330,779	0	438,758	0	0	0	769,537	
Other Governments and Citizens Groups	166,161	0	0	0	0	0	166,161	
<u>Total Revenues</u>	<u>\$ 17,849,184</u>	<u>\$ 4,333,721</u>	<u>\$ 6,478,594</u>	<u>\$ 0</u>	<u>\$ 3,407,329</u>	<u>\$ 0</u>	<u>\$ 32,068,828</u>	
<u>Expenditures</u>								
Current:								
General Government	\$ 1,847,001	\$ 0	\$ 0	\$ 0	\$ 206,414	\$ 0	\$ 2,053,415	
Finance	1,839,583	0	0	0	699,282	0	2,538,865	
Administration of Justice	1,440,240	0	0	0	1,047	0	1,441,287	
Public Safety	6,241,557	0	0	0	53,144	0	6,294,701	
Public Health and Welfare	4,524,499	0	0	0	1,575,071	0	6,099,570	
Social, Cultural, and Recreational Services	575,855	0	0	0	0	0	575,855	
Agriculture and Natural Resources	134,601	0	0	0	0	0	134,601	
Other Operations	1,060,522	0	0	0	0	0	1,060,522	
Highways	0	3,605,514	0	0	0	0	3,605,514	
Support Services	1,018	0	0	0	0	0	1,018	
Debt Service:								
Principal on Debt	156,847	0	3,990,000	0	0	0	4,146,847	
Interest on Debt	5,086	0	2,381,295	0	0	0	2,386,381	
Other Debt Service	0	0	88,297	0	0	0	88,297	
Capital Projects	0	0	0	26,595,000	619,445	0	27,214,445	
<u>Total Expenditures</u>	<u>\$ 17,826,809</u>	<u>\$ 3,605,514</u>	<u>\$ 6,459,592</u>	<u>\$ 26,595,000</u>	<u>\$ 3,154,403</u>	<u>\$ 0</u>	<u>\$ 57,641,318</u>	

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Capital Projects - Education	Other Governmental Funds		
Excess (Deficiency) of Revenues Over Expenditures	\$ 22,375	\$ 728,207	\$ 19,002	\$ (26,595,000)	\$ 252,926	\$	\$ (25,572,490)
Other Financing Sources (Uses)							
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 16,000,000	\$ 0	\$	\$ 16,000,000
Other Loans Issued	0	0	0	10,595,000	0	0	10,595,000
Insurance Recovery	112,888	0	0	0	14,033		126,921
Transfers In	103,185	0	0	0	101,900		205,085
Transfers Out	(101,900)	(50,367)	0	0	(47,985)		(200,252)
Total Other Financing Sources (Uses)	\$ 114,173	\$ (50,367)	\$ 0	\$ 26,595,000	\$ 67,948	\$	\$ 26,726,754
Net Change in Fund Balances	\$ 136,548	\$ 677,840	\$ 19,002	\$ 0	\$ 320,874	\$	\$ 1,154,264
Fund Balance, July 1, 2010	5,069,192	1,356,219	8,785,297	0	4,153,307		19,364,015
Fund Balance, June 30, 2011	\$ 5,205,740	\$ 2,034,059	\$ 8,804,299	\$ 0	\$ 4,474,181	\$	\$ 20,518,279

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

Exhibit C-4

Jefferson County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 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)		\$ 1,154,264
(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	\$ 338,728	
Less: current-year depreciation expense	<u>(2,211,254)</u>	(1,872,526)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.		
Add: assets donated and capitalized	\$ 739,000	
Less: book value of assets disposed	<u>(636,906)</u>	102,094
(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	\$ 2,192,249	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(1,617,854)</u>	574,395
(4) The issuance of long-term debt (e.g., bonds, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:		
Less: other loan proceeds	\$ (10,595,000)	
Less: bond proceeds	(16,000,000)	
Add: change in discount on debt issues	148,264	
Add: change in premium on debt issues	3,901	
Add: change in deferred debt issuance costs	167,411	
Add: principal payments on bonds	250,000	
Add: principal payments on notes	1,880,000	
Add: principal payments on other loans	1,860,000	
Add: principal payments on capital leases	156,847	
Less: change in deferred amount on refunding debt	<u>(7,689)</u>	(22,136,266)
(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	\$ (72,013)	
Change in compensated absences payable	33,605	
Change in other postemployment benefits liability	<u>(148,711)</u>	(187,119)

(Continued)

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

(6) An internal service fund is used by management to charge the cost of employee dental and vision benefits to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities.	<u>\$ 13,635</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$ (22,351,523)</u>

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

Exhibit D-1

Jefferson County, Tennessee
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business-type Activities - Major Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Employee Insurance - Dental and Vision Fund
	<u> </u>	<u> </u>
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 25	\$ 0
Equity in Pooled Cash and Investments	133,977	91,009
Accounts Receivable	60,749	10,297
Allowance for Uncollectibles	(3,871)	0
Due from Other Funds	74,981	0
Total Current Assets	<u>\$ 265,861</u>	<u>\$ 101,306</u>
Noncurrent Assets:		
Capital Assets:		
Assets Not Depreciated:		
Land	\$ 461,930	\$ 0
Assets Net of Accumulated Depreciation:		
Landfill Facilities and Development	98,947	0
Buildings and Improvements	23,150	0
Machinery and Equipment	1,045,804	0
Total Noncurrent Assets	<u>\$ 1,629,831</u>	<u>\$ 0</u>
Total Assets	<u>\$ 1,895,692</u>	<u>\$ 101,306</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	\$ 3,671	\$ 6,183
Accrued Payroll	11,482	0
Accrued Interest Payable	1,496	0
Due to Other Funds	282,836	0
Due to the State of Tennessee	8,018	0
Current Portion of Long-term Liabilities	107,457	0
Total Current Liabilities	<u>\$ 414,960</u>	<u>\$ 6,183</u>
Noncurrent Liabilities:		
Due in More Than One Year	\$ 5,067,836	\$ 0
Total Noncurrent Liabilities	<u>\$ 5,067,836</u>	<u>\$ 0</u>
Total Liabilities	<u>\$ 5,482,796</u>	<u>\$ 6,183</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 1,373,404	\$ 0
Unrestricted	<u>(4,960,508)</u>	<u>95,123</u>
Net Assets (Deficit)	<u>\$ (3,587,104)</u>	<u>\$ 95,123</u>

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

Jefferson County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Business-type Activities - Major Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Employee Insurance - Dental and Vision Fund
<u>Operating Revenues</u>		
Tipping Fees	\$ 1,212,065	\$ 0
Lease/Rentals	885	0
Sale of Recycled Materials	221,153	0
Miscellaneous Refunds	1,500	0
Other State Grants	14,471	0
Self-Insurance Premiums/Contributions	0	123,455
Total Operating Revenues	<u>\$ 1,450,074</u>	<u>\$ 123,455</u>
<u>Operating Expenses</u>		
<u>Cost of Sales and Services</u>		
Supervisor/Director	\$ 29,159	\$ 0
Accountants/Bookkeepers	38,395	0
Longevity Pay	14,300	0
Laborers	396,195	0
Board and Committee Members Fees	4,320	0
Social Security	29,594	0
State Retirement	65,561	0
Life Insurance	1,019	0
Medical Insurance	111,689	0
Dental Insurance	1,500	0
Unemployment Compensation	475	0
Employer Medicare	6,921	0
Data Processing Services	4,180	0
Engineering Services	232	0
Evaluation and Testing	7,900	0
Janitorial Services	1,478	0
Maintenance and Repair Services - Equipment	100,667	0
Postal Charges	191	0
Rentals	72	0
Travel	575	0
Other Contracted Services	31,772	0
Crushed Stone	42,554	0
Diesel Fuel	107,581	0
Gasoline	16,740	0
Lubricants	11,511	0

(Continued)

Exhibit D-2

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

	Business-type Activities - Major Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Employee Insurance - Dental and Vision Fund
<u>Operating Expenses (Cont.)</u>		
<u>Cost of Sales and Services (Cont.)</u>		
Office Supplies	\$ 2,974	\$ 0
Pipe	2,722	0
Propane Gas	1,076	0
Utilities	14,988	0
Chemicals	9,877	0
Other Supplies and Materials	18,212	0
Building and Contents Insurance	7,438	0
Liability Insurance	4,124	0
Trustee's Commission	11,315	0
Workers' Compensation Insurance	23,100	0
Depreciation	124,807	0
Surcharge	31,991	0
Landfill Closure/Postclosure Care Costs	218,770	0
Other Charges	4,532	0
Solid Waste Equipment	549	0
Handling Charges and Administrative Costs	0	13,415
Other Self-Insured Claims	0	96,405
Total Operating Expenses	<u>\$ 1,501,056</u>	<u>\$ 109,820</u>
Operating Income (Loss)	<u>\$ (50,982)</u>	<u>\$ 13,635</u>
<u>Nonoperating Revenues (Expenses)</u>		
Interest on Note	<u>\$ (11,434)</u>	<u>\$ 0</u>
Total Nonoperating Revenues (Expenses)	<u>\$ (11,434)</u>	<u>\$ 0</u>
Income (Loss) Before Contributions and Transfers	\$ (62,416)	\$ 13,635
Transfers In	21,576	0
Transfers Out	<u>(26,409)</u>	<u>0</u>
Change in Net Assets	\$ (67,249)	\$ 13,635
Net Assets (Deficit), July 1, 2010	<u>(3,519,855)</u>	<u>81,488</u>
Net Assets (Deficit), June 30, 2011	<u><u>\$ (3,587,104)</u></u>	<u><u>\$ 95,123</u></u>

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

Exhibit D-3

Jefferson County, Tennessee
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	Business-type Major Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Employee Insurance - Dental and Vision Fund
	<u>Fund</u>	<u>Fund</u>
<u>Cash Flows from Operating Activities</u>		
Receipts from Customers and Users	\$ 1,191,347	\$ 0
Receipts from Recycled Materials	221,153	0
Receipts from Other Operating Grants	14,471	0
Receipts for Self-Insurance Premiums	0	123,509
Payments to Employees and Board Members	(482,518)	0
Payments for Fringe Benefits	(214,235)	0
Payments to Suppliers	(372,809)	0
Payments to Others	(164,492)	0
Payments for Claims	0	(93,541)
Payments for Administrative Costs	0	(13,389)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 192,917</u>	<u>\$ 16,579</u>
<u>Cash Flows from Capital and Related Financing Activities</u>		
Principal Paid on Internal Loan	\$ (80,000)	\$ 0
Interest Paid on Internal Loan	(11,902)	0
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (91,902)</u>	<u>\$ 0</u>
<u>Cash Flows from Noncapital Financing Activities</u>		
Transfers from Other Funds	\$ 21,576	\$ 0
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 21,576</u>	<u>\$ 0</u>
Increase (Decrease) in Cash	\$ 122,591	\$ 16,579
Cash, July 1, 2010	11,411	74,430
Cash, June 30, 2011	<u>\$ 134,002</u>	<u>\$ 91,009</u>

(Continued)

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

	Business-type Major Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Employee Insurance - Dental and Vision Fund
<u>Reconciliation of Net Operating Income (Loss)</u>		
<u>to Net Cash Provided By (Used In) Operating Activities</u>		
Operating Income (Loss)	\$ (50,982)	\$ 13,635
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	124,807	0
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(10,052)	53
Increase (Decrease) in Allowance for Uncollectibles	(1,899)	0
(Increase) Decrease in Due from Other Funds	(11,152)	0
Increase (Decrease) in Operating Accounts Payable	(43,358)	2,891
Increase (Decrease) in Accrued Payroll	(149)	0
Increase (Decrease) in Due to State of Tennessee	221	0
Increase (Decrease) in Compensated Absences	2,524	0
Increase (Decrease) in Landfill Closure/Postclosure Care Cost	182,957	0
Net Cash Provided By (Used In) Operating Activities	<u>\$ 192,917</u>	<u>\$ 16,579</u>
<u>Reconciliation of Cash with Statement of Net Assets</u>		
Cash Per Net Assets	\$ 25	\$ 0
Equity in Pooled Cash and Investments Per Net Assets	<u>133,977</u>	<u>91,009</u>
Cash, June 30, 2011	<u>\$ 134,002</u>	<u>\$ 91,009</u>

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

Exhibit E-1

Jefferson County, Tennessee
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Other Employee Benefit Trust Fund	
	<u>Flexible Benefits Fund</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash	\$ 0	\$ 1,979,485
Equity in Pooled Cash and Investments	4,956	1,655,846
Due from Other Governments	0	809,238
Property Taxes Receivable	0	1,104,005
Allowance for Uncollectible Property Taxes	0	(88,674)
	<u>0</u>	<u>(88,674)</u>
Total Assets	<u>\$ 4,956</u>	<u>\$ 5,459,900</u>
<u>LIABILITIES</u>		
Due to Component Units	\$ 0	\$ 1,647,833
Due to Other Taxing Units	0	1,832,582
Due to Litigants, Heirs, and Others	0	1,979,485
	<u>0</u>	<u>1,979,485</u>
Total Liabilities	<u>\$ 0</u>	<u>\$ 5,459,900</u>
<u>NET ASSETS</u>		
Funds Held in Trust for Employees	<u>\$ 4,956</u>	
Net Assets	<u>\$ 4,956</u>	

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

Exhibit E-2

Jefferson County, Tennessee
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2011

	Other Employee Benefit Trust Fund
	<u>Flexible Benefits Fund</u>
<u>DEDUCTIONS</u>	
Employee Benefits:	
Other Fringe Benefits	\$ 3,898
Total Deductions	<u>\$ 3,898</u>
Change in Net Assets	\$ (3,898)
Net Assets, July 1, 2010	<u>8,854</u>
Net Assets, June 30, 2011	<u><u>\$ 4,956</u></u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

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

Emergency Communications District were not available from other auditors in time for inclusion in this report.

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

Administrative Offices:

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

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

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

B. Government-wide and Fund Financial Statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses

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

Jefferson County issues all debt for the discretely presented Jefferson County School Department. Net debt issues totaling \$26,218,307 were contributed by the county to the School Department during the year ended June 30, 2011.

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

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

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

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

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

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

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

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

Jefferson County reports the following major governmental funds:

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

Highway/Public Works Fund – This 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.

Other Capital Projects – Education Fund – This fund accounts for debt issued by the county and contributed to the School Department.

Jefferson County reports the following major proprietary fund:

Solid Waste Disposal Fund – This fund accounts for the county’s solid waste landfill operations.

Additionally, Jefferson County reports the following fund types:

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

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

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

The discretely presented Jefferson County School Department reports the following major governmental 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 the receipt of contributions from Jefferson County for building construction and renovations.

Other Capital Projects Fund – QSCB – This fund is used to account for transactions related to the Qualified School Construction Bonds program.

Other Capital Projects Fund – RZEDB – This fund is used to account for transactions related to the Recovery Zone Economic Development Bonds program.

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

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

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

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

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

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

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 the 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 purposes of the Statement of Cash Flows, cash includes cash on hand and cash on deposit with the county trustee.

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Jefferson County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service and Other Special Revenue funds. Jefferson County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

2. Receivables and Payables

Activity between funds for unremitted current collections at the end of the fiscal year is referred to as due to/from other funds. Any residual balances outstanding between the governmental activities and

business-type activities are reported in the government-wide financial statements as internal balances.

All ambulance, property taxes, and solid waste receivables are shown with an allowance for uncollectibles. The ambulance and solid waste receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 2.56 percent of total taxes levied.

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

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

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

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

Most payables are disaggregated on the face of the financial statements. The Other Current Liabilities account totaling \$4,439 reflected on Exhibit C-1 represents employee payroll taxes and insurance. The Claims and Judgments payable account totaling \$54,930 is discussed in Note V.B. Risk Financing Activities.

Retainage payable represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaids are offset in the nonspendable fund balance account in governmental funds.

4. Capital Assets

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

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

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

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

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

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

5. Compensated Absences

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

It is the School Department's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide financial statements. A liability for vacation and sick pay is reported in the governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements. The School Department offers teachers a financial incentive for accumulated sick leave. This incentive is available to all teachers who leave the School Department in good standing with at least ten consecutive years of service. The incentive amount is \$25 for each accumulated day of sick leave. During the 2010-11 year, 13 employees received this incentive. The financial statements of this report reflect expenditures of \$36,038 in the General Purpose School Fund for the accumulated sick leave incentive payments. The liability for compensated absences included \$559,715 for accumulated sick leave commitments at June 30, 2011.

6. Long-term Obligations

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

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are

reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

7. Net Assets and Fund Equity

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

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

As of June 30, 2011, Jefferson County had \$56,810,000 in outstanding debt for capital purposes for the discretely presented Jefferson County School Department and the discretely presented Jefferson County Nursing Home. This debt is a liability of Jefferson County, but the capital assets acquired are reported in the financial statements of the component units. Therefore, Jefferson County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report 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. Assigned fund balance in the primary government's General Fund includes encumbrances (\$256,918), industrial development (\$412,760), scholarship assistance (\$40,000), and fund balance appropriated for use in the 2011-12 budget (\$505,551). Assigned fund balance in the School Department's General Purpose School Fund includes encumbrances (\$109,719), insurance recovery (\$30,280), and fund balance appropriated for use in the 2011-12 budget (\$806,297).

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 Jefferson County School Department

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

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

Primary Government

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

Discretely Presented Jefferson County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except for the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted and the Other Capital Projects and Other Capital Projects – Education funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end. A budget was not adopted for the Other Special Revenue Fund; however, no expenditures were incurred in that fund.

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

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

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

At June 30, 2011, Jefferson County and the Jefferson County School Department reported the following significant encumbrances.

Fund	Description	Amount
Primary Government:		
General	Sheriff's Vehicles	\$ 127,832
School Department:		
Education Capital Projects	Construction	1,490,859
Other Capital Projects Fund - QSCB	Construction	9,431,098
Other Capital Projects Fund - RZEDB	Construction	269,957

B. Net Assets Deficit/Fund Deficit

The county's Solid Waste Disposal Fund had a deficit of \$3,587,104 in net assets and a deficit of \$4,960,508 in unrestricted net assets at June 30, 2011. Further details related to liabilities recorded in this fund are disclosed in Note V.G. Landfill Closure/Postclosure Care Costs.

The School Department's Education Capital Projects Fund had a deficit of \$319,021 in unassigned fund balance. This deficit resulted from the recognition of liabilities for construction contracts for energy efficiency projects at county schools. Funding for these liabilities is expected to be provided through loans, grants, and rebates to be received subsequent to June 30, 2011.

C. Expenditures Exceeded Appropriations

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

<u>Fund/Major Category</u>	<u>Amount Overspent</u>
<u>Primary Government:</u>	
General:	
Board of Equalization	\$ 480
General Sessions Court	1,636
Drug Court	21,209
Victims Assistance Program	5,734
Other Local Welfare Services	152,416
Law Library:	
Other Finance	91
Drug Control:	
Other Finance	54
Highway/Public Works:	
Other Charges	248
General Debt Service:	
General Government	19,008
General Capital Projects:	
Other General Government Projects	374
 <u>Discretely Presented School Department:</u>	
General Purpose School:	
Other Student Support	116
School Federal Projects:	
Alternative Instruction Program	655
Adult Education Program	573

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

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

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

Investment Balances. As of June 30, 2011, Jefferson County had the following investments carried at fair value or cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Jefferson County and the discretely

presented Jefferson County School Department since both pool their deposits and investments through the county trustee.

Investments	Rating		Maturities	Fair Value or Cost
	Moody	S&P		
State Treasurer's Investment Pool	NR	NR	Daily	\$ 1,036,697
U.S. Treasury Bills	-	-	7-28-11	7,399,926
Sangamon County Illinois School District - Series B	NR	AA	2-1-12	101,248
Bridgeport Connecticut Unlimited Tax General Obligation Bonds - Series 2011-A	NR	SP1+	8-5-11	999,740
Dobbs Ferry New York General Obligation Public Improvement Bonds Bank Qualified - Series 2011	Aa2	NR	9-1-11	291,122
Goodlettsville Tennessee Unlimited Tax General Obligation Refunding Bonds Bank Qualified - Series 2011	Aa3	NR	9-1-11	235,592
Tulsa Oklahoma General Obligation Bonds - Series 2009B	Aa1	AA	10-1-11	388,461
Wisconsin Indianhead Technical General Obligation Bonds - 2008	Aaa	NR	10-1-11	352,831
Georgia State General Obligation Bonds - Series 2009B	Aaa	AAA	1-1-12	227,034
Pennsylvania State General Obligation Bonds - Second Series	Aa1	AA	1-1-12	358,491
Concord New Hampshire General Obligation Capital Improvement Bonds Bank Qualified - Series 2011	Aa1	AA	1-15-12	518,426
Lexington Massachusetts Municipal Purpose Loan	Aaa	NR	2-15-12	254,135
San Jancinto Texas Community College General Obligation Limited Tax Bonds - Series 2009	Aa2	AA	2-15-12	510,870
Spartanburg South Carolina School District Number 6 General Obligation Bonds - Bank Qualified	Aa1	NR	4-1-12	255,583
Mount Olive Township New Jersey Unlimited Tax General Obligation Refunding Bonds - Bank Qualified - Series 2011	NR	AA	4-15-12	275,119
Ridgeland Mississippi General Obligation Bonds - Series 2011	Aa2	NR	5-1-12	193,916

Investments (Cont.)	Rating			Maturities	Fair Value or Cost
	Moody	S&P			
East Windsor Township New Jersey Refunding - General Improvement Bonds	NR	AA		7-1-12	\$ 207,774
Saginaw County Michigan General Obligation Limited Tax Bonds - Series 2011	MIG1	SP1+		10-1-11	500,540
Mississippi State General Obligation Bonds - Series 2001	Aa2	AA		11-1-11	1,014,920
Cook County Illinois General Obligation Refunding Bonds - 2010	Aa3	AA		11-15-11	501,165
Connecticut State General Obligation Bonds - Series 2009A	Aa2	AA		3-1-12	766,042
Saginaw County Michigan General Obligation Limited Tax Bonds - Series 2011	MIG1	SP1+		4-1-12	495,355
Cook County Illinois General Obligation Refunding Bonds - 2010	Aa2	AA		11-15-12	<u>344,393</u>
Total					<u>\$ 17,229,380</u>

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Jefferson County has no investment policy that would further limit its investment choices. The ratings of Jefferson County's investments are reflected in the table presented in the "Investment Balances" section of this note.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Jefferson County places no limit on the amount the county may invest in one issuer. More than five percent of the county's investments are in the Bridgeport Connecticut Unlimited Tax General Obligation Bonds Series 2011A, 5.8 percent; Mississippi State General Obligation Bonds – Series 2001, 5.89 percent; and Saginaw County Michigan General Obligation Limited Tax Bonds – Series 2011, 5.78 percent.

B. 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	\$ 1,433,861	\$ 40,000	\$ 0	\$ 1,473,861
Construction in Progress	112,790	33,329	0	146,119
Total Capital Assets Not Depreciated	<u>\$ 1,546,651</u>	<u>\$ 73,329</u>	<u>\$ 0</u>	<u>\$ 1,619,980</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 19,690,392	\$ 9,150	\$ 0	\$ 19,699,542
Other Capital Assets Infrastructure	7,375,348 115,718,142	296,249 699,000	(14,000) (887,040)	7,657,597 115,530,102
Total Capital Assets Depreciated	<u>\$ 142,783,882</u>	<u>\$ 1,004,399</u>	<u>\$ (901,040)</u>	<u>\$ 142,887,241</u>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 2,819,942	\$ 492,618	\$ 0	\$ 3,312,560
Other Capital Assets Infrastructure	5,126,971 31,457,905	555,784 1,162,852	(14,000) (250,134)	5,668,755 32,370,623
Total Accumulated Depreciation	<u>\$ 39,404,818</u>	<u>\$ 2,211,254</u>	<u>\$ (264,134)</u>	<u>\$ 41,351,938</u>
Total Capital Assets Depreciated, Net	<u>\$ 103,379,064</u>	<u>\$ (1,206,855)</u>	<u>\$ (636,906)</u>	<u>\$ 101,535,303</u>
Governmental Activities Capital Assets, Net	<u>\$ 104,925,715</u>	<u>\$ (1,133,526)</u>	<u>\$ (636,906)</u>	<u>\$ 103,155,283</u>

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

Governmental Activities:

General Government	\$	20,739
Finance		5,440
Administration of Justice		446,225
Public Safety		154,703
Public Health and Welfare		287,339
Social, Cultural, and Recreational Services		6,450
Highways/Public Works		<u>1,290,358</u>

Total Depreciation Expense - Governmental Activities		<u>\$ 2,211,254</u>
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Business-type Activities:

	Balance 7-1-10	Increases	Balance 6-30-11
Capital Assets Not Depreciated:			
Land	\$ 461,930	\$ 0	\$ 461,930
Total Capital Assets Not Depreciated	<u>\$ 461,930</u>	<u>\$ 0</u>	<u>\$ 461,930</u>
Capital Assets Depreciated:			
Landfill Facilities and Development	\$ 458,228	\$ 0	\$ 458,228
Buildings and Improvements	289,940	0	289,940
Machinery and Equipment	2,973,213	0	2,973,213
Total Capital Assets Depreciated	<u>\$ 3,721,381</u>	<u>\$ 0</u>	<u>\$ 3,721,381</u>
Less Accumulated Depreciated For:			
Landfill Facilities and Development	\$ 350,510	\$ 8,771	\$ 359,281
Buildings and Improvements	252,128	14,662	266,790
Machinery and Equipment	1,826,036	101,373	1,927,409
Total Accumulated Depreciation	<u>\$ 2,428,674</u>	<u>\$ 124,806</u>	<u>\$ 2,553,480</u>
Total Capital Assets Depreciated, Net	<u>\$ 1,292,707</u>	<u>\$ (124,806)</u>	<u>\$ 1,167,901</u>
Business-type Activities Capital Assets, Net	<u>\$ 1,754,637</u>	<u>\$ (124,806)</u>	<u>\$ 1,629,831</u>

The business-type activities had no decreases in capital assets during the year. Depreciation expense totaling \$124,806 was charged to the Solid Waste Disposal Fund.

Discretely Presented Jefferson County School Department

Governmental Activities:

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 581,841	\$ 900,119	\$ 0	\$ 1,481,960
Construction in Progress	1,780,279	2,521,598	(1,636,994)	2,664,883
Total Capital Assets Not Depreciated	\$ 2,362,120	\$ 3,421,717	\$ (1,636,994)	\$ 4,146,843
Capital Assets Depreciated:				
Buildings and Improvements	\$ 37,238,956	\$ 661,775	\$ 0	\$ 37,900,731
Machinery and Equipment	1,448,923	421,142	(21,080)	1,848,985
Other Capital Assets	5,002,093	594,125	(538,063)	5,058,155
Total Capital Assets Depreciated	\$ 43,689,972	\$ 1,677,042	\$ (559,143)	\$ 44,807,871
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 20,966,924	\$ 954,169	\$ 0	\$ 21,921,093
Machinery and Equipment	1,065,752	129,803	(11,891)	1,183,664
Other Capital Assets	3,369,279	274,513	(504,005)	3,139,787
Total Accumulated Depreciation	\$ 25,401,955	\$ 1,358,485	\$ (515,896)	\$ 26,244,544
Total Capital Assets Depreciated, Net	\$ 18,288,017	\$ 318,557	\$ (43,247)	\$ 18,563,327
Governmental Activities Capital Assets, Net	\$ 20,650,137	\$ 3,740,274	\$ (1,680,241)	\$ 22,710,170

Decreases for construction in progress include \$1,400,345 due to construction projects, which were terminated and the previously capitalized costs expensed.

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

Governmental Activities:

Instruction	\$ 970,808
Support Services	322,301
Operation of Non-Instructional Services	<u>65,376</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,358,485</u>

C. Construction Commitments

At June 30, 2011, the Jefferson County School Department had uncompleted construction contracts of approximately \$11,191,914 for various construction renovation projects. Funding has been received or approved for these future expenditures.

D. 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	Highway/Public Works	\$ 50,367
General	Solid Waste Disposal	26,409
General	Nonmajor governmental	26,459
General Debt Service	Solid Waste Disposal	256,427
Solid Waste Disposal	Nonmajor governmental	74,981
Discretely Presented School Department:		
School Federal Projects	General Purpose School	533,241

The amount due to the General Debt Service Fund from the Solid Waste Disposal Fund represents an interfund loan that is to be repaid with a balloon payment of \$256,427 during the 2012 fiscal year.

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

Due to/from Primary Government and Component Unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Component Unit: School Department: General Purpose School	\$ 79,776

Interfund Transfers:

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

Primary Government

Transfers Out	Transfers In		
	General Fund	Solid Waste Disposal Fund	Nonmajor Governmental Fund
General Fund	\$ 0	\$ 0	\$ 101,900
Highway/Public Works Fund	50,367	0	0
Nonmajor governmental funds	26,409	21,576	0
Solid Waste Disposal Fund	26,409	0	0
Total	\$ 103,185	\$ 21,576	\$ 101,900

Discretely Presented Jefferson County School Department

Transfer Out	Transfer In
	General Purpose School Fund
School Federal Projects Fund	\$ 102,289

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

E. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 30 years for bonds, up to 11 years for notes, and up to 18 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 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	4 to 4.5 %	\$ 8,000,000	\$ 7,565,000
General Obligation Refunding Bonds	3.41	10,450,000	10,350,000
General Obligation - Recovery Zone			
Economic Development Bonds	3.69	16,000,000	16,000,000
Capital Outlay Notes	2.57	2,550,000	2,350,000
Other Loans - Refunding	Variable	13,305,000	11,700,000
Other Loans - Refunding	4 to 5	13,740,000	11,150,000
Other Loans - Qualified School Construction Bonds	0 (1)	10,595,000	10,595,000

(1) Interest rate of approximately 4.85 percent is offset by a federal interest subsidy, resulting in a net interest rate of zero percent.

In prior years, Jefferson County entered into loan agreements with the Sevier County Public Building Authority and the Blount County Public Building Authority. The following table summarizes those loan agreements outstanding as of June 30, 2011:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-11	Interest Type	Interest Rates as of 6-30-11	Other Fees on Variable Rate Debt
<u>Sevier County Public Building Authority</u>					
Local Government Public Improvement Bond - Refunding (V-G-1)	\$ 13,740,000	\$ 11,150,000	Fixed	4 to 5 %	N/A
Total		\$ 11,150,000			

Description (Cont.)	Original Amount of Loan Agreement	Outstanding Principal 6-30-11	Interest Type	Interest Rates as of 6-30-11	Other Fees on Variable Rate Debt
<u>Blount County Public</u>					
<u>Building Authority</u>					
Local Government Public					
Improvement Bond -					
Refunding (E-3-D)	\$ 13,305,000	\$ 11,700,000	Variable	0.1 %	.836
Total		<u>\$ 11,700,000</u>			
Total		<u>\$ 22,850,000</u>			

During the year, Jefferson County entered into a loan agreement with the Tennessee State School Board Authority. Under this loan agreement, the authority loaned Jefferson County \$10,595,000 for school construction. This loan earns interest monthly based upon the local government investment pool rate, which is netted against the annual principal payment. The county pays an annual administrative fee of \$8,476 under this agreement. The loan retirement schedule presented below also includes equal monthly payments of interest; however, the county will semi-annually receive a federal interest subsidy, which will offset these payments resulting in a zero percent interest rate.

The variable rate Blount County Public Building Authority loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, debt remarketing, administrative, etc.) in connection with variable rate loans. The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2011, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 260,000	\$ 1,734,712	\$ 1,994,712
2013	265,000	1,725,312	1,990,312
2014	275,000	1,715,712	1,990,712
2015	280,000	1,705,712	1,985,712
2016	290,000	1,695,512	1,985,512
2017-2021	6,730,000	8,147,786	14,877,786
2022-2026	5,550,000	6,644,088	12,194,088
2027-2031	1,680,000	6,095,231	7,775,231
2032-2036	2,105,000	5,691,724	7,796,724
2037-2040	16,480,000	2,815,215	19,295,215
Total	<u>\$ 33,915,000</u>	<u>\$ 37,971,004</u>	<u>\$ 71,886,004</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 200,000	\$ 57,450	\$ 257,450
2013	305,000	53,450	358,450
2014	310,000	47,350	357,350
2015	315,000	41,150	356,150
2016	320,000	34,062	354,062
2017-2021	900,000	67,076	967,076
Total	<u>\$ 2,350,000</u>	<u>\$ 300,538</u>	<u>\$ 2,650,538</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2012	\$ 2,495,926	\$ 1,152,450	\$ 106,325	\$ 3,754,701
2013	2,681,111	1,108,725	101,433	3,891,269
2014	2,771,111	1,042,505	96,373	3,909,989
2015	2,881,111	973,288	91,104	3,945,503
2016	2,966,111	900,876	85,417	3,952,404
2017-2021	11,160,556	3,409,798	332,584	14,902,938
2022-2026	7,700,560	2,757,833	142,111	10,600,504
2027-2028	788,514	564,231	10,598	1,363,343
Total	<u>\$ 33,445,000</u>	<u>\$ 11,909,706</u>	<u>\$ 965,945</u>	<u>\$ 46,320,651</u>

There is \$8,804,299 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$660, based on the 2010 federal census. Debt per capita, including bonds, notes, and other loans totaled \$1,356, 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:

	Other Loans		
	Bonds	Notes	Other Loans
Balance, July 1, 2010	\$ 18,165,000	\$ 4,230,000	\$ 24,710,000
Additions	16,000,000	0	10,595,000
Deductions	(250,000)	(1,880,000)	(1,860,000)
Balance, June 30, 2011	<u>\$ 33,915,000</u>	<u>\$ 2,350,000</u>	<u>\$ 33,445,000</u>
Balance Due Within One Year	<u>\$ 260,000</u>	<u>\$ 200,000</u>	<u>\$ 2,495,926</u>

	Other Postemployment Benefits	Capital Leases	Compensated Absences
Balance, July 1, 2010	\$ 185,957	\$ 156,847	\$ 601,780
Additions	192,442	0	407,946
Deductions	(43,731)	(156,847)	(441,551)
Balance, June 30, 2011	<u>\$ 334,668</u>	<u>\$ 0</u>	<u>\$ 568,175</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 397,722</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 70,612,843
Add: Unamortized Premium on Debt	86,031
Less: Deferred Amount on Refunding	(62,100)
Less: Balance Due Within One Year	<u>(3,353,648)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 67,283,126</u>

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

Solid Waste Disposal Fund (enterprise fund)

Changes in Long-term Liabilities

Long-term liability activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2011, was as follows:

Business-type Activities:

	Compensated Absences	Closure/ Postclosure Care Costs
Balance, July 1, 2010	\$ 13,422	\$ 4,976,390
Additions	5,050	218,770
Deductions	(2,525)	(35,814)
Balance, June 30, 2011	<u>\$ 15,947</u>	<u>\$ 5,159,346</u>
Balance Due Within One Year	<u>\$ 2,329</u>	<u>\$ 105,128</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 5,175,293
Less: Balance Due Within One Year	<u>(107,457)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 5,067,836</u>

Discretely Presented Jefferson County School Department

Changes in Long-term Liabilities

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

Governmental Activities:

	<u>Compensated Absences</u>	<u>Termination Benefits</u>
Balance, July 1, 2010	\$ 694,303	\$ 60,284
Additions	180,640	79,123
Deductions	<u>(218,973)</u>	<u>(67,820)</u>
Balance, June 30, 2011	<u>\$ 655,970</u>	<u>\$ 71,587</u>
Balance Due Within One Year	<u>\$ 208,630</u>	<u>\$ 45,213</u>

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2010	\$ 3,699,632
Additions	1,872,790
Deductions	<u>(787,704)</u>
Balance, June 30, 2011	<u>\$ 4,784,718</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 5,512,275
Less: Balance Due Within One Year	<u>(253,843)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 5,258,432</u>

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Jefferson County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state’s Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2011, were \$167,121 and \$36,900, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

G. Internal Financing

In-lieu-of issuing debt with financial institutions, Jefferson County chose to internally finance one project with idle county funds. During a prior year, the county loaned \$501,427 of idle funds from the General Debt Service Fund to the Solid Waste Disposal Fund to purchase equipment. The balance of \$256,427 is reflected as Due from Other Funds in the General Debt Service Fund and as Due to Other Funds in the Solid Waste Disposal Fund.

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

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date
Capital Outlay Note Series 2009 (Solid Waste)	\$ 501,427	3.5 %	5-1-09	5-1-12
	Outstanding 7-1-10	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-11
Capital Outlay Note Series 2009 (Solid Waste)	\$ 336,427	\$ 0	\$ (80,000)	\$ 256,427

H. Short-term Debt

Jefferson County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the Solid Waste/Sanitation Fund. These notes were necessary because funds were not available to meet current operating expenses. Short-term debt activity for the year ended June 30, 2011, was as follows:

	Balance 7-1-10	Issued	Paid	Balance 6-30-11
Tax Anticipation Notes	\$ 0	\$ 400,000	\$ (400,000)	\$ 0

V. OTHER INFORMATION

A. Risk Management

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

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

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

included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

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

Employee Insurance - Dental and Vision Funds

	Beginning of Fiscal Year Liability	Current-Year Claims and Estimates	Payments	Balance at Fiscal Year-end
<u>Primary Government</u>				
2009-2010	\$ 2,272	\$ 93,075	\$ 93,245	2,102
2010-2011	2,102	96,406	93,541	4,967
<u>Discretely Presented School Department</u>				
2009-2010	41,359	279,302	282,933	37,728
2010-2011	37,728	278,914	282,709	33,933

B. Risk Financing Activities

Jefferson County and several other counties, cities, and local government entities were members of the Local Government Insurance Cooperative (LOGIC) for workers' compensation insurance for one or more policy years in 1996-97, 1997-98, and 1999-2000. LOGIC obtained excess coverage insurance from Reliance Insurance Company for claims that exceeded specific amounts. Reliance Insurance Company is now insolvent and is being liquidated in the State of Pennsylvania. The insolvency of Reliance Insurance Company has left the LOGIC members exposed to significant claim liabilities for their policy years. In 2003, the LOGIC board of directors assessed its members

certain amounts for each member's share of outstanding claims unpaid by Reliance Insurance Company. In 2009, the LOGIC board of directors made a second assessment of its members. Jefferson County's share of this second assessment totaled \$54,930. Jefferson County has recorded a liability for this amount in the General Fund. However, Jefferson County disputes the claim and has not yet paid the assessment.

C. 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. Jefferson County and the Jefferson County School Department have implemented provisions of this statement in the financial statements of this report for their governmental funds.

D. Subsequent Events

The County Commission approved the issuance of internal bond anticipation notes from the General Debt Service Fund for the Solid Waste Disposal Fund not to exceed \$902,000 for the purchase of landfill equipment (\$202,000) and to construct a new cell at the landfill (\$700,000). The county had issued \$201,700 of this amount as of the date of this report.

The County Commission approved the issuance of a three-year capital outlay extension note not to exceed \$260,000 for the landfill to extend an internal note previously issued in the 2008-09 fiscal year.

The County Commission approved bond anticipation notes not to exceed \$1.6 million for the construction of a new E-911 facility.

The County Commission approved the issuance of \$23,750,000 in general obligation bonds for renovation of the Jefferson County High School.

The county borrowed, on behalf of the School Department, \$2,465,120 in zero percent interest energy efficiency capital outlay notes for the installation of energy efficient lighting.

The Jefferson County School Board approved setting the maximum cost for construction of a ninth grade academy at \$13,706,272 and also approved

\$227,360 for construction of a water line for the new elementary school. These projects will be funded from proceeds of Recovery Zone Economic Development Bonds, which were issued during the 2010-11 year.

E. Contingent Liabilities

Community Tectonics Architects has filed a claim against the Jefferson County School Department for fees it claims are due and owed. Community Tectonics claims that it had a valid contract to perform work for the School Department; however, the Jefferson County School Board has taken the position that the contract has expired and is not valid. An arbitrator has been chosen by the parties, and dates have been set for the presentation of proof. If the arbitrator finds against the School Department, any award of damages could be as high as \$300,000 plus attorney fees. The county has not recorded any liability for the claim in its financial statements pending the outcome of the arbitration.

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

F. Changes in Administration

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

Finance Director Mike Long resigned December 31, 2010. County Mayor Alan Palmieri and Director of Schools Dr. Charles Edmonds served as interim finance directors until Darrell Helton was hired as finance director on February 3, 2011.

G. Landfill Closure/Postclosure Care Costs

Jefferson County has active permits on file with the State Department of Environment and Conservation for two sanitary landfills and a demolition landfill. The county has provided financial assurances for estimated closure and postclosure liabilities as required by the State of Tennessee. These financial assurances are on file with the Department of Environment and Conservation.

State and federal laws and regulations require Jefferson County to place a final cover on its sanitary landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the

Solid Waste Disposal Fund reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$5,159,347 reported as landfill closure and postclosure care liability at June 30, 2011, represents the cumulative amount reported to date based on the use of 48 percent of the estimated capacity of the operating Patterson landfill site (\$3,217,926) and postclosure care costs for the Highway 92 landfill site, which closed in 1993 (\$1,941,421). The amounts reported as closure/postclosure liability at June 30, 2011, are based on what it would cost to perform all closure and postclosure care costs in 2011. The county will recognize the remaining estimated costs of closure and postclosure as the remaining estimated capacity is filled. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The county expects to close the Patterson landfill site in the year 2032.

H. Joint Ventures

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

The Fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Fourth Judicial District; Sevier, Jefferson, Grainger, and Cocke counties and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a Board of Directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Jefferson County made no contributions to the DTF for the year ended June 30, 2011, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

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

I. Jointly Governed Organization

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

J. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Plan Description

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

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the

PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy

Jefferson County has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 14.38 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 \$2,867,275 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 entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a 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 six 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	\$2,867,275	100%	\$0
6-30-10	2,754,575	100	0
6-30-09	2,746,747	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 82.86 percent funded. The actuarial accrued liability for benefits was \$49 million, and the actuarial value of assets was \$41 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$8 million. The covered payroll (annual payroll of active employees covered by the plan) was \$19 million, and the ratio of the UAAL to the covered payroll was 43.85 percent.

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

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

SCHOOL TEACHERS

Plan Description

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the 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 \$2,227,031, \$1,544,825, and \$1,544,925, respectively, equal to the required contributions for each year.

2. Deferred Compensation

Jefferson County offers its employees an optional deferred compensation plan established pursuant to IRC Section 457. The discretely presented Jefferson County School Department offers its employees an optional deferred compensation plan established pursuant to IRC Section 403(b). All costs of administering and funding these programs are the responsibility of plan participants. The Section 457 and Section 403(b) plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Sections 457 and 403(b) establish participation, contribution, and withdrawal provisions for the plans.

K. Pledges of Future Revenues

In August 2008, the citizens of Jefferson County voted to increase the local option sales tax from 2.25 to 2.75 percent. The county pledged all additional sales tax collections generated from the half-cent increase in the unincorporated areas of the county and half of the additional sales tax collections in the cities within the county to be used for the reduction and retirement of school indebtedness. Jefferson County had outstanding debt for school purposes of \$49,245,000 at June 30, 2011. That debt carries the general obligation pledge of the government in addition to the specific pledge of the one-half cent sales tax revenue.

L. Other Postemployment Benefits (OPEB)

Plan Description

Jefferson County and the School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)*, for teachers and Section 8-27-207, *TCA*, for local governments. In previous fiscal years, prior to reaching the age of 65, all members had the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. However, as of January 1, 2010, the insurance plan structure was changed, and as a result all members now have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2011, Jefferson County contributed \$43,731 for postemployment health care premiums, and the Jefferson County School Department recognized contributions totaling \$787,704 for postemployment health care.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	\$ 1,864,000	\$ 192,000
Interest on the NPO	166,482	8,368
Adjustment to the ARC	(157,692)	(7,926)
Annual OPEB cost	\$ 1,872,790	\$ 192,442
Amount of contribution	(787,704)	(43,731)
Increase/decrease in NPO	\$ 1,085,086	\$ 148,711
Net OPEB obligation, 7-1-10	3,699,632	185,957
Net OPEB obligation, 6-30-11	\$ 4,784,718	\$ 334,668

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Local Education Group	\$ 1,844,506	27 %	\$ 2,592,503
6-30-10	"	1,858,160	40	3,699,632
6-30-11	"	1,872,790	42	4,784,718
6-30-09	Local Government Group	79,687	72	44,415
6-30-10	"	185,106	24	185,957
6-30-11	"	192,442	23	334,668

Funded Status and Funding Progress

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

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-10	7-1-10
Actuarial accrued liability (AAL)	\$ 13,949,000	\$ 1,383,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 13,949,000	\$ 1,383,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 28,319,030	\$ 10,288,624
UAAL as a % of covered payroll	49.26%	13.44%

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 for the Local Education Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare cost trend rate for the Local Government Plan was ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

M. Termination Benefits

The School Department offers an early retirement incentive program in accordance with contract provisions. This plan is available to employees who retire from the school system in the year they reach age 60 or have 30 years of creditable service with the Tennessee Consolidated Retirement System and have a minimum of ten years of employment with the School Department. The plan gives teachers who have met the above requirements an option of receiving \$9,500 divided into two equal annual payments or \$10,500 divided into three equal annual payments. During the 2010-11 year, 18 employees participated in the program. The financial statements of this report reflect expenditures of \$67,820 in the General Purpose School Fund for the retirement incentive payments. A non-discounted long-term liability of \$71,587 is reflected on the government-wide Statement of Net Assets for retirement incentives. Of that amount, \$45,213 is due within one year.

N. Office of Central Accounting, Budgeting, and Purchasing

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

O. Purchasing Law

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

VI. OTHER NOTES – DISCRETELY PRESENTED JEFFERSON COUNTY NURSING HOME

A. Summary of Significant Accounting Policies

Jefferson County Nursing Home is a political subdivision of Jefferson County. The nursing home provides long-term health care primarily for the citizens of the county. It is governed, operated and controlled by a five-member board of commissioners who are appointed by the Board of County Commissioners of the county. The county is legally obligated to assume the nursing home's debt in the event of default and is legally obligated to provide financial support, making Jefferson County financially accountable for the nursing home. Therefore, the nursing home is a discrete component unit of Jefferson County for financial reporting purposes.

1. Basis of Presentation

The nursing home utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual basis. Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the nursing home has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB) and predecessor standard setting organizations, including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

2. Inventories

Inventories are stated at the lower of cost, determined on the first-in, first-out (FIFO) basis, or market (net realizable value).

3. Cash, Cash Equivalents, and Investments

For the purpose of the Statement of Cash Flows, cash and cash equivalents are defined as cash on hand or in banks and investments with original maturities at the date of purchase of less than three months, excluding assets limited as to use.

All of the nursing home's cash and cash equivalents and certificates of deposit are covered by federal depository insurance or collateralized by securities held by the financial institutions' trust department in the nursing home's name.

4. Fair Value Measurements

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, fair value accounting standards establish a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity including quoted market prices in active markets for identical assets (Level 1), or significant other observable inputs (Level 2) and the reporting entity's own assumptions about market participant assumptions (Level 3). The nursing home did not have any fair value measurements using significant unobservable inputs (Level 3) as of June 30, 2011.

Financial Assets

The carrying amount of financial assets, consisting of cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable, accrued expenses, and current portions of long-term debt approximate their fair value due to their relatively short maturities. Long-term debt is carried at amortized cost, which approximates fair value.

Non-financial Assets

The nursing home's non-financial assets, which include property and equipment, are not required to be measured at fair value on a recurring basis. However, if certain triggering events occur, or if an annual impairment test is required and the nursing home is required to evaluate the non-financial instrument for impairment, a resulting asset impairment would require that the non-financial asset be recorded at the fair value. During the year ended June 30, 2011, the nursing home did not measure any non-financial assets at fair-value or recognize any amounts in the Statements of Activities related to changes in fair value for non-financial assets.

5. Property and Equipment

Property and equipment acquisitions are recorded at cost. The nursing home capitalizes purchases that cost a minimum of \$500 and have a useful life greater than two years. Assets are depreciated on a straight-line basis over their estimated useful lives as follows: land improvements 10-12 years; buildings and improvements 10-40 years; equipment 4-20 years, and transportation equipment 5-7 years.

6. Patient Service Revenue

The nursing home has agreements with third-party payors that provide for payments to the nursing home at amounts different from its established rates. Payment arrangements include prospectively determined per diem rates per day and discounted charges. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Patient service revenue is higher by positive contractual adjustments of approximately \$533,000 for the year ended June 30, 2011.

7. Costs of Borrowing

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Interest costs of \$1,695 were capitalized during year ended June 30, 2011.

8. **Pension Plan**

Nursing home employees are covered under the Tennessee Consolidated Retirement System, a defined benefit plan. The nursing home's costs are charged to expense and funded annually.

9. **Compensated Absences**

The nursing home provides its full-time employees with paid days off for holiday, vacation, sick, and bereavement absences. The vacation paid days off begin accruing after one year of service and are based on the following table. Such days may be taken only after the employee has earned them. There is no limit on the amount of earned days, which may be carried forward if not taken in the year earned. Such liabilities have been accrued in the accompanying balance sheet.

<u>Years of Service</u>	<u>Days Earned Per Year</u>
1 - 10	10
11 - 20	15
20 or more	20

10. **Risk Management**

The nursing home is exposed to various risks of loss from medical malpractice; torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; and natural disasters. Commercial insurance is purchased for claims arising from such matters. The nursing home insures for employee health claims through a county plan administered by the State of Tennessee.

11. **Net Assets**

All resources that are not restricted by donors are included in unrestricted net assets. Resources temporarily restricted by donors for specific purposes are reported as temporarily restricted net assets. When specific purposes are achieved, either through passage of a stipulated time or the purpose for restriction is accomplished, they are classified to unrestricted net assets and reported in the Statement of Revenues, Expenses, and Changes in Net Assets. Resources temporarily restricted by donors for additions to land, buildings, and equipment are initially reported as temporarily restricted net assets and are transferred to unrestricted net assets when expended. Donor-imposed restrictions, which stipulate that the resources be maintained permanently, are reported as permanently restricted net assets. Investment income for the permanently restricted net assets is classified as either temporarily restricted or unrestricted based on the

intent of the donor. As of June 30, 2011, there were no permanently restricted net assets, while there were temporarily restricted net assets restricted for employee scholarships.

12. Income Taxes

The nursing home as a political subdivision of the county is exempt from federal income taxes pursuant to Section 115 of the Internal Revenue Code.

13. Long-lived Assets

Management evaluates the recoverability of its investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

14. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

15. Events Occurring After Reporting Date

The nursing home has evaluated events and transactions that occurred between June 30, 2011, and November 4, 2011, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

B. Restricted Assets

Cash in the employee scholarship fund is available to provide scholarships to qualifying employees. Certain donations received are designated to be used for higher education of employees. Deposits to the fund come from private donations and monthly interest earned. The only withdrawals made are to award \$2,000 scholarships to qualifying employees. Scholarships awarded are subject to board approval. A minimum account balance of \$10,000 is maintained. No employees received a scholarship during the year ended June 30, 2011.

The county issued \$8,000,000 in general obligation bonds to fund construction of an addition to the nursing home. The net proceeds from those bonds of \$7,900,000 were deposited into an investment account with Morgan

Keegan & Company, Inc., by Ginger Franklin, Jefferson County trustee. As construction progresses, draws are requested by the trustee, and, upon receipt, the county finance officer forwards the funds to the nursing home. The remaining bond proceeds are primarily invested in municipal bonds and federal agency obligations. As of June 30, 2011, the investments consisted of cash totaling \$158,455, state and municipal bonds of \$101,248, and U.S. federal agency securities of \$1,389,986.

Cash held in the construction contract retainage account represents a trust account established for the benefit of the construction contractor to set aside funds for the future payment of retainage withheld until earned by the contractor under the terms of the contract.

C. Third-party Reimbursement Programs

The nursing home receives revenue under various third-party reimbursement programs, which include Medicare, Medicaid, and other third-party payors. Contractual adjustments under third-party reimbursement programs represent the difference between the nursing home's billings at its established rates and the amounts reimbursed by third-party payors. They also include any differences between estimated third-party reimbursement settlements for prior years and subsequent tentative or final settlements. There were no adjustments to revenue resulting from tentative or final settlements to estimated reimbursement amounts for the year ended June 30, 2011.

1. Medicare

The nursing home is paid for substantially all services rendered to Medicare program beneficiaries for skilled nursing care under prospectively determined case-mix rates. Those rates vary according to a classification system that is based on a medical assessment of the rehabilitation needed, extensive of services needed, and other factors. The patient is often responsible for a portion of the fee. For the patient portion of fees not collected after normal collection efforts, the nursing home is reimbursed for such uncollected fees with the filing of an annual cost report.

2. Medicaid

The Medicaid program reimburses the nursing home for the cost of skilled nursing or routine care services rendered to Medicaid beneficiaries at a prospective rate, which is based on the lower of the reimbursable cost of services rendered or a reimbursement cap set by Medicaid for each level of service. The reimbursement cap is expressed as a per diem.

3. Commercial Payors

The nursing home has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the nursing home under these agreements includes prospectively determined rates per day and discounts from established rates.

4. Concentrations

The nursing home grants credit to patients and generally does not require collateral or other security in extending credit; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans or policies. At June 30, 2011, the nursing home had net receivables from the federal government (Medicare) of approximately \$248,000 and from Medicaid of approximately \$277,000. Medicare comprised 31 percent and Medicaid comprised 48 percent of net patient service revenue for the year ended June 30, 2011.

D. Inventories

A summary of inventories as of June 30, 2011, was as follows:

	<u>2011</u>
Food	\$ 13,374
Medical Supplies	9,018
Housekeeping Supplies	2,850
Maintenance Supplies	<u>5,578</u>
Total	<u>\$ 30,820</u>

E. Property and Equipment

The major classifications and changes in property and equipment as of and for the year ended June 30, 2011, are as follows:

	Balance			Balance
	7-1-10	Increases	Decreases	6-30-11
Land	\$ 7,181	\$ 0	\$ 0	\$ 7,181
Land Improvements	100,307	65,113	0	165,420
Building and Improvements	8,459,503	267,867	0	8,727,370
Machinery and Equipment	1,869,133	6,262	(136,658)	1,738,737
Transportation Equipment	76,326	23,840	0	100,166
Total	<u>\$ 10,512,450</u>	<u>\$ 363,082</u>	<u>(136,658)</u>	<u>\$ 10,738,874</u>
Less Allowance for Depreciation and Amortization				
Land Improvements	\$ (47,377)	\$ (3,530)	0	\$ (50,907)
Buildings and Improvements	(2,038,005)	(191,188)	0	(2,229,193)
Machinery and Equipment	(1,070,579)	(105,372)	123,610	(1,052,341)
Transportation Equipment	(5,640)	(14,972)	0	(20,612)
Total	<u>\$ (3,161,601)</u>	<u>\$ (315,062)</u>	<u>\$ 123,610</u>	<u>\$ (3,353,053)</u>
	\$ 7,350,849	\$ 48,020	\$ (13,048)	\$ 7,385,821
Construction in Progress	<u>0</u>	<u>204,137</u>	<u>0</u>	<u>204,137</u>
Total	<u>\$ 7,350,849</u>	<u>\$ 252,157</u>	<u>\$ (13,048)</u>	<u>\$ 7,589,958</u>

The nursing home is in the process of making renovations to the original facility. The remaining commitment under a construction contract is \$1,211,976, as of June 30, 2011.

F. Long-term Debt

A schedule of changes in the nursing home's long-term debt as of and for the year ended June 30, 2011 is as follows:

	Balance		Balance
	7-1-10	Reductions	6-30-11
General Obligation			
Bonds - 2007	\$ 7,715,000	\$ (150,000)	\$ 7,565,000
Bond Premium	69,086	(8,188)	60,898
Total	<u>\$ 7,784,086</u>	<u>\$ (158,188)</u>	<u>\$ 7,625,898</u>

	Amounts Due Within One Year
	<u> </u>
General Obligation Bonds - 2007	\$ 160,000
Bond Premium	<u>7,179</u>
Total	<u>\$ 167,179</u>

Jefferson County issued \$8,000,000 in General Obligation Bonds, Series 2007, dated December 21, 2007, to fund a 25-bed addition to the nursing home. The bonds are direct general obligations of Jefferson County payable from ad valorem taxes levied upon all taxable property within Jefferson County without limitation as to rate or amount. The full faith and credit of Jefferson County is irrevocably pledged to pay principal, redemption premiums, if any, and interest on the bonds. However, because the debt was incurred specifically for the addition to the nursing home and the nursing home is expected to repay the debt in full, the bond transactions are reported on the nursing home's financial statements.

The bonds were issued at a premium totaling \$92,631. The bond premium is amortized over the life of the bonds and reported as interest income. The unamortized premium is reported on the balance sheet as an addition to the face amount of the bonds. Premium amortization for the fiscal year ended June 30, 2011, totaled \$8,188.

Expenses related to the bond issue included the underwriter's discount totaling \$63,631, the bond insurance premium totaling \$69,000, and costs of issuance totaling \$60,000. These expenses are reported as bond issuance costs on the nursing home's balance sheet and amortized over the life of the bonds. The amortization totaled \$6,421 for the year ended June 30, 2011.

The coupon rates range from four to 4.4 percent with interest payable in semi-annual payments on June 1 and December 1, and annual principal installments ranging from \$140,000 to \$480,000 each June 1. The final principal installment is due June 1, 2037.

Fiscal Year Ended June 30	Bond			Estimated Interest	Total Payments
	Premium Amortization	Principal			
2012	\$ 7,179	\$ 160,000	\$	\$ 331,181	\$ 491,181
2013	6,171	165,000		324,781	489,781
2014	5,186	175,000		318,181	493,181
2015	4,200	180,000		311,181	491,181
2016	3,236	190,000		303,981	493,981
2017-2021	9,763	1,080,000		876,406	1,956,406
2022-2026	10,717	1,350,000		867,906	2,217,906
2027-2031	10,348	1,680,000		781,281	2,461,281
2032-2036	3,909	2,105,000		391,724	2,496,724
2032-2037	189	480,000		21,120	501,120
Total	\$ 60,898	\$ 7,565,000	\$	\$ 4,527,742	\$ 12,092,742

G. Pension Plan

Certain employees of the nursing home 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, Chapter 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the nursing home 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/>.

The nursing home is a political subdivision of the county. The Jefferson County Annual Financial Report should be read to obtain the aggregated information related to funding policy and schedule of pension plan funding progress. For the year ended June 30, 2011, the nursing home's annual pension costs were approximately \$584,000.

H. Commitments and Contingencies

The nursing home leases various equipment under short-term operating lease agreements. Rent expense totaled \$5,748 in 2011.

The nursing home maintains commercial insurance on an occurrence basis for medical malpractice liabilities. Insurance coverages are \$1,000,000 individually and \$3,000,000 in the aggregate annually. The State of Tennessee maintains litigation settlement limitations for governmental entities, which are less than the nursing home's insurance coverages. Management intends to maintain insurance coverages in the future. The nursing home could be involved in litigation arising in the ordinary course of business; however, management is of the opinion that insurance coverages are adequate to cover any future potential losses on asserted claims. Management is unaware of any incidents, which would ultimately result in a loss in excess of the nursing home's insurance coverages.

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

Management continues to implement policies, procedures, and compliance overview organizational structure to enforce and monitor compliance with the Health Insurance Portability and Accountability Act of 1996 and other government statues and regulations. The nursing home's compliance with such laws and regulations is subject to future government review and interpretations, as well as regulatory actions, which are unknown or unasserted at this time.

The Centers for Medicare and Medicaid Services (CMS) have implemented a Recovery Audit Contractors (RAC) program. The purpose of the program is to reduce improper Medicare payments through the detection and recovery of overpayments. CMS has engaged subcontractors to perform these audits and compensates them on a contingency basis on the amount of overpayments that are recovered. While management believes that all Medicare billings are

proper and adequate support is maintained, certain aspects of Medicare billing, coding, and support are subject to interpretation and may be viewed differently by the RAC auditors. As the amount of any recovery is unknown, management has not recorded any reserves related to the RAC audit.

The nursing home has entered into a letter of credit agreement with a bank whereby it can borrow up to \$500,000 for cash flow purposes. The line of credit would have matured on August 31, 2011, but was extended through August 31, 2012. No amounts have been borrowed from the line of credit. The interest rate for amounts borrowed is variable and would have been 6.25 percent at June 30, 2011.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Jefferson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 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	\$ 10,240,280	\$ 0	\$ 0	\$ 10,240,280	\$ 10,178,414	\$ 10,178,414	\$	61,866
Licenses and Permits	245,033	0	0	245,033	283,850	283,850		(38,817)
Fines, Forfeitures, and Penalties	264,740	0	0	264,740	323,200	323,200		(58,460)
Charges for Current Services	3,341,742	0	0	3,341,742	3,506,000	3,506,000		(164,258)
Other Local Revenues	477,285	0	0	477,285	511,333	513,067		(35,782)
Fees Received from County Officials	1,135,115	0	0	1,135,115	1,155,000	1,155,000		(19,885)
State of Tennessee	1,648,049	0	0	1,648,049	1,680,287	1,730,342		(82,293)
Federal Government	330,779	0	0	330,779	301,209	320,079		10,700
Other Governments and Citizens Groups	166,161	0	0	166,161	154,000	154,000		12,161
Total Revenues	\$ 17,849,184	\$ 0	\$ 0	\$ 17,849,184	\$ 18,093,293	\$ 18,163,952	\$	(314,768)

<u>Expenditures</u>								
<u>General Government</u>								
County Commission	\$ 250,017	\$ 0	\$ 0	\$ 250,017	\$ 257,772	\$ 257,772	\$	7,755
Board of Equalization	2,980	0	0	2,980	2,500	2,500		(480)
County Mayor/Executive	226,174	(181)	547	226,540	248,500	249,975		23,435
Election Commission	302,230	(1,158)	0	301,072	360,866	363,078		62,006
Register of Deeds	48,798	0	0	48,798	53,519	53,519		4,721
Codes Compliance	104,396	(75)	524	104,845	104,606	106,081		1,236
County Buildings	607,463	(8,365)	10,073	609,171	629,542	640,194		31,023
Other Facilities	290,902	(5,296)	6,295	291,901	418,378	426,659		134,758
Other General Administration	35	0	0	35	5,000	5,000		4,965
Preservation of Records	14,006	0	0	14,006	10,100	14,600		594
<u>Finance</u>								
Accounting and Budgeting	709,925	(39)	2,886	712,772	749,496	758,344		45,572

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original		
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Property Assessor's Office	\$ 340,493	\$ 0	\$ 0	\$ 340,493	\$ 345,440	\$ 348,390	\$ 7,897
Reappraisal Program	101,435	(353)	416	101,498	109,439	110,914	9,416
County Trustee's Office	57,396	(1,067)	150	56,479	58,172	58,172	1,693
County Clerk's Office	103,658	(521)	0	103,137	110,340	110,340	7,203
Data Processing	137,020	(2,268)	7,711	142,463	156,643	157,380	14,917
Other Finance	389,656	0	0	389,656	413,381	413,381	23,725
<u>Administration of Justice</u>							
Circuit Court	679,297	(250)	0	679,047	696,709	707,169	28,122
General Sessions Court	275,612	0	0	275,612	273,238	273,976	(1,636)
Drug Court	21,209	0	0	21,209	0	0	(21,209)
Chancery Court	207,527	0	0	207,527	215,644	217,119	9,592
Juvenile Court	250,861	(447)	789	251,203	258,117	261,067	9,864
Victims Assistance Programs	5,734	0	0	5,734	0	0	(5,734)
<u>Public Safety</u>							
Sheriff's Department	2,830,760	(20,394)	189,198	2,999,564	2,942,053	3,051,143	51,579
Wheel Tax Officer	13,910	0	0	13,910	14,896	14,896	986
Jail	2,591,379	(38,416)	4,539	2,557,502	2,480,180	2,623,400	65,898
Workhouse	191,418	0	0	191,418	209,961	212,173	20,755
Inspection and Regulation	100,500	(387)	855	100,968	106,722	108,197	7,229
Public Safety Grant Programs	113,590	0	0	113,590	230,000	230,000	116,410
Other Public Safety	400,000	0	0	400,000	400,000	400,000	0
<u>Public Health and Welfare</u>							
Local Health Center	193,869	(171)	73	193,771	259,191	259,467	65,696
Rabies and Animal Control	88,536	(900)	1,300	88,936	104,545	106,020	17,084

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	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>							
Ambulance/Emergency Medical Services	\$ 3,860,434	\$ (14,463)	\$ 20,333	\$ 3,866,304	\$ 3,884,870	\$ 3,936,803	\$ 70,499
Aid to Dependent Children	4,766	0	0	4,766	5,000	5,000	234
Other Local Welfare Services	152,416	0	0	152,416	0	0	(152,416)
Sanitation Education/Information	63,402	(600)	1,224	64,026	62,100	64,773	747
Other Public Health and Welfare	161,076	(442)	1,414	162,048	166,748	168,959	6,911
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	211,322	(8,320)	4,200	207,202	199,706	210,400	3,198
Libraries	356,533	(10,450)	4,391	350,474	353,404	384,488	34,014
Other Social, Cultural, and Recreational	8,000	0	0	8,000	30,000	26,176	18,176
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	98,470	0	0	98,470	101,905	101,905	3,435
Soil Conservation	36,131	0	0	36,131	35,653	36,257	126
<u>Other Operations</u>							
Veterans' Services	46,861	(273)	0	46,588	44,053	52,112	5,524
Contributions to Other Agencies	1,004,944	0	0	1,004,944	1,001,498	1,021,498	16,554
ARRA Grant No. 2	8,717	(8,717)	0	0	0	0	0
<u>Support Services</u>							
Other Programs	1,018	0	0	1,018	0	1,018	0
<u>Principal on Debt</u>							
General Government	156,847	0	0	156,847	186,846	156,847	0
<u>Interest on Debt</u>							
General Government	5,086	0	0	5,086	9,232	5,087	1
Total Expenditures	\$ 17,826,809	\$ (123,553)	\$ 256,918	\$ 17,960,174	\$ 18,305,965	\$ 18,712,249	\$ 752,075

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 22,375	\$ 123,553	\$ (256,918)	\$ (110,990)	\$ (212,672)	\$ (548,297)	\$ 437,307
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 112,888	\$ 0	\$ 0	\$ 112,888	\$ 0	\$ 60,564	\$ 52,324
Transfers In	103,185	0	0	103,185	103,185	103,185	0
Transfers Out	(101,900)	0	0	(101,900)	0	(101,900)	0
Total Other Financing Sources (Uses)	\$ 114,173	\$ 0	\$ 0	\$ 114,173	\$ 103,185	\$ 61,849	\$ 52,324
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 136,548	\$ 123,553	\$ (256,918)	\$ 3,183	\$ (109,487)	\$ (486,448)	\$ 489,631
	5,069,192	(123,553)	0	4,945,639	3,744,323	3,744,323	1,201,316
Fund Balance, June 30, 2011	\$ 5,205,740	\$ 0	\$ (256,918)	\$ 4,948,822	\$ 3,634,836	\$ 3,257,875	\$ 1,690,947

Exhibit F-2

Jefferson County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Highway/Public Works Fund
 For the Year Ended June 30, 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	Original	Final	
<u>Revenues</u>								
Local Taxes	\$ 2,247,238	\$ 0	\$ 0	\$ 2,247,238	\$ 2,245,000	\$ 2,245,000	\$ 2,238	
Charges for Current Services	40,196	0	0	40,196	25,000	25,000	15,196	
Other Local Revenues	2,022	0	0	2,022	1,000	1,000	1,022	
State of Tennessee	2,044,265	0	0	2,044,265	1,993,221	1,993,221	51,044	
Total Revenues	\$ 4,333,721	\$ 0	\$ 0	\$ 4,333,721	\$ 4,264,221	\$ 4,264,221	\$ 69,500	
<u>Expenditures</u>								
<u>Highways</u>								
Administration	\$ 242,507	\$ (42)	\$ 13	\$ 242,478	\$ 302,801	\$ 248,997	\$ 6,519	
Highway and Bridge Maintenance	1,867,409	(49,291)	532	1,818,650	2,181,506	2,221,024	402,374	
Operation and Maintenance of Equipment	756,421	(1,003)	101	755,519	852,883	850,353	94,834	
Quarry Operations	556,519	(154)	0	556,365	649,671	652,249	95,884	
Asphalt Plant Operations	19,244	(350)	0	18,894	32,400	32,400	13,506	
Other Charges	91,500	0	0	91,500	91,252	91,252	(248)	
Employee Benefits	71,914	0	0	71,914	71,914	71,914	0	
Total Expenditures	\$ 3,605,514	\$ (50,840)	\$ 646	\$ 3,555,320	\$ 4,182,427	\$ 4,168,189	\$ 612,869	
Excess (Deficiency) of Revenues Over Expenditures	\$ 728,207	\$ 50,840	\$ (646)	\$ 778,401	\$ 81,794	\$ 96,032	\$ 682,369	
<u>Other Financing Sources (Uses)</u>								
Transfers Out	\$ (50,367)	\$ 0	\$ 0	\$ (50,367)	\$ 0	\$ (50,367)	\$ 0	
Total Other Financing Sources (Uses)	\$ (50,367)	\$ 0	\$ 0	\$ (50,367)	\$ 0	\$ (50,367)	\$ 0	
Net Change in Fund Balance	\$ 677,840	\$ 50,840	\$ (646)	\$ 728,034	\$ 81,794	\$ 45,665	\$ 682,369	
Fund Balance, July 1, 2010	1,356,219	(50,840)	0	1,305,379	1,275,217	1,275,217	30,162	
Fund Balance, June 30, 2011	\$ 2,034,059	\$ 0	\$ (646)	\$ 2,033,413	\$ 1,357,011	\$ 1,320,882	\$ 712,531	

Exhibit F-3

Jefferson County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Jefferson 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	\$ 40,628	\$ 49,034	\$ 8,406	82.86 %	\$ 19,168	43.85 %
7-1-07	36,292	43,105	6,813	84.19	17,085	39.88

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

Exhibit F-4

Jefferson County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Jefferson County School Department
June 30, 2011

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-07	\$ 0	\$ 610	\$ 610	0 %	\$ 9,892	6.2 %
"	7-1-09	0	1,294	1,294	0	10,228	12.7
"	7-1-10	0	1,383	1,383	0	10,289	13.4
<u>DISCRETELY PRESENTED JEFFERSON COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-07	0	13,251	13,251	0	27,285	48.6
"	7-1-09	0	13,840	13,840	0	28,815	48
"	7-1-10	0	13,949	13,949	0	28,319	49.3

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

A. BUDGETARY INFORMATION

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

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

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

At June 30, 2011, Jefferson County reported the following significant encumbrance in the General Fund:

Fund	Description	Amount
General	Sheriff's Vehicles	\$ 127,832

B. EXPENDITURES EXCEEDED APPROPRIATIONS

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

<u>Funds/Major Category</u>	<u>Amount Overspent</u>
General:	
Board of Equalization	\$ 480
General Sessions Court	1,636
Drug Court	21,209
Victims Assistance Programs	5,734
Other Local Welfare Services	152,416
Highway/Public Works:	
Other Charges	248

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

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

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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

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

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

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

Other Special Revenue Fund – The Other Special Revenue Fund is used to account for the county's share of revenues generated under the joint venture hospital lease.

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

Capital Projects Funds

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.

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

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

Exhibit G-1

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

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Other Special Revenue
\$	0 \$	0 \$	0 \$	0 \$	0 \$
	154,651	4,018	410,418	191,925	1,999,659
	0	0	0	0	0
	0	0	1,884,011	0	0
	0	0	(90,798)	0	0
	<u>154,651</u>	<u>4,018</u>	<u>2,203,631</u>	<u>191,925</u>	<u>1,999,659</u>

ASSETS

Cash	0
Equity in Pooled Cash and Investments	154,651
Accounts Receivable	4,018
Property Taxes Receivable	0
Allowance for Uncollectible Property Taxes	0
Total Assets	<u>154,651</u>

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>					
Accounts Payable	0	0	1,404	28,900	0
Accrued Payroll	0	0	11,460	0	0
Due to Other Funds	0	0	101,390	0	0
Deferred Revenue - Current Property Taxes	0	0	1,722,564	0	0
Deferred Revenue - Delinquent Property Taxes	0	0	61,516	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>1,898,334</u>	<u>28,900</u>	<u>0</u>
<u>Fund Balances</u>					
Restricted:					
Restricted for General Government	154,651	0	0	0	0
Restricted for Finance	0	0	0	0	0
Restricted for Public Safety	0	4,018	0	163,025	0
Restricted for Public Health and Welfare	0	0	303,368	0	0
Restricted for Capital Projects	0	0	0	0	0
Committed:					
Committed for Public Health and Welfare	0	0	1,929	0	0
Committed for Other Operations	0	0	0	0	1,999,659
Total Fund Balances	<u>154,651</u>	<u>4,018</u>	<u>305,297</u>	<u>163,025</u>	<u>1,999,659</u>
Total Liabilities and Fund Balances	<u>154,651</u>	<u>4,018</u>	<u>2,203,631</u>	<u>191,925</u>	<u>1,999,659</u>

(Continued)

Exhibit G-1

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

	Special Revenue Funds		Capital Projects Funds			Total Nonmajor Governmental Funds
	(Cont.)		General Capital Projects	Other Capital Projects	Total	
Constitutional Officers - Fees						
\$ 67,422	\$ 67,422	\$ 0	\$ 0	\$ 0	\$ 0	\$ 67,422
Equity in Pooled Cash and Investments	0	2,760,671	665,354	1,109,461	1,774,815	4,535,486
Accounts Receivable	2,300	2,300	0	0	0	2,300
Property Taxes Receivable	0	1,884,011	628,003	0	628,003	2,512,014
Allowance for Uncollectible Property Taxes	0	(90,798)	(30,266)	0	(30,266)	(121,064)
Total Assets	\$ 69,722	\$ 4,623,606	\$ 1,263,091	\$ 1,109,461	\$ 2,372,552	\$ 6,996,158

ASSETS

Cash	\$ 67,422
Equity in Pooled Cash and Investments	0
Accounts Receivable	2,300
Property Taxes Receivable	0
Allowance for Uncollectible Property Taxes	0
Total Assets	\$ 69,722

LIABILITIES AND FUND BALANCES

Liabilities						
Accounts Payable	\$ 0	\$ 30,304	\$ 0	\$ 0	\$ 0	\$ 30,304
Accrued Payroll	0	11,460	0	0	0	11,460
Due to Other Funds	50	101,440	0	0	0	101,440
Deferred Revenue - Current Property Taxes	0	1,722,564	574,188	0	574,188	2,296,752
Deferred Revenue - Delinquent Property Taxes	0	61,516	20,505	0	20,505	82,021
Total Liabilities	\$ 50	\$ 1,927,284	\$ 594,693	\$ 0	\$ 594,693	\$ 2,521,977
Fund Balances						
Restricted:						
Restricted for General Government	\$ 20,873	\$ 175,524	\$ 0	\$ 0	\$ 0	\$ 175,524
Restricted for Finance	48,799	48,799	0	0	0	48,799
Restricted for Public Safety	0	167,043	0	0	0	167,043
Restricted for Public Health and Welfare	0	303,368	0	0	0	303,368
Restricted for Capital Projects	0	0	668,398	1,109,461	1,777,859	1,777,859
Committed:						
Committed for Public Health and Welfare	0	1,929	0	0	0	1,929
Committed for Other Operations	0	1,999,659	0	0	0	1,999,659
Total Fund Balances	\$ 69,672	\$ 2,696,322	\$ 668,398	\$ 1,109,461	\$ 1,777,859	\$ 4,474,181
Total Liabilities and Fund Balances	\$ 69,722	\$ 4,623,606	\$ 1,263,091	\$ 1,109,461	\$ 2,372,552	\$ 6,996,158

Jefferson 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				
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Other Special Revenue
<u>Revenues</u>					
Local Taxes	\$ 41,002	\$ 8,864	\$ 1,768,244	\$ 0	\$ 0
Fines, Forfeitures, and Penalties	0	0	0	56,364	0
Charges for Current Services	0	0	0	0	0
Other Local Revenues	0	0	0	1,001	16,812
Total Revenues	\$ 41,002	\$ 8,864	\$ 1,768,244	\$ 57,365	\$ 16,812
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	420	91	0	554	0
Administration of Justice	0	0	0	0	0
Public Safety	0	10,554	0	42,590	0
Public Health and Welfare	0	0	1,575,071	0	0
Capital Projects	0	0	0	0	0
Total Expenditures	\$ 420	\$ 10,645	\$ 1,575,071	\$ 43,144	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 40,582	\$ (1,781)	\$ 193,173	\$ 14,221	\$ 16,812
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 0	\$ 0	\$ 14,033	\$ 0	\$ 0
Transfers In	0	0	0	0	0
Transfers Out	0	0	(26,409)	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ (12,376)	\$ 0	\$ 0
Net Change in Fund Balances	\$ 40,582	\$ (1,781)	\$ 180,797	\$ 14,221	\$ 16,812
Fund Balance, July 1, 2010	114,069	5,799	124,500	148,804	1,982,847
Fund Balance, June 30, 2011	\$ 154,651	\$ 4,018	\$ 305,297	\$ 163,025	\$ 1,999,659

(Continued)

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

	Special Revenue Funds (Cont.)		Capital Projects Funds			Total Nonmajor Governmental Funds
	Constituti- onal Officers - Fees	Total	General Capital Projects	Other Capital Projects	Total	
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 1,818,110	\$ 570,813	\$ 0	\$ 570,813	\$ 2,388,923
Fines, Forfeitures, and Penalties	0	56,364	0	0	0	56,364
Charges for Current Services	942,570	942,570	0	0	0	942,570
Other Local Revenues	159	17,972	1,500	0	1,500	19,472
Total Revenues	\$ 942,729	\$ 2,835,016	\$ 572,313	\$ 0	\$ 572,313	\$ 3,407,329
<u>Expenditures</u>						
Current:						
General Government	\$ 206,414	\$ 206,414	\$ 0	\$ 0	\$ 0	\$ 206,414
Finance	698,217	699,282	0	0	0	699,282
Administration of Justice	1,047	1,047	0	0	0	1,047
Public Safety	0	53,144	0	0	0	53,144
Public Health and Welfare	0	1,575,071	0	0	0	1,575,071
Capital Projects	0	0	586,116	33,329	619,445	619,445
Total Expenditures	\$ 905,678	\$ 2,534,958	\$ 586,116	\$ 33,329	\$ 619,445	\$ 3,154,403
Excess (Deficiency) of Revenues Over Expenditures	\$ 37,051	\$ 300,058	\$ (13,803)	\$ (33,329)	\$ (47,132)	\$ 252,926
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 0	\$ 14,033	\$ 0	\$ 0	\$ 0	\$ 14,033
Transfers In	0	0	101,900	0	101,900	101,900
Transfers Out	0	(26,409)	(21,576)	0	(21,576)	(47,985)
Total Other Financing Sources (Uses)	\$ 0	\$ (12,376)	\$ 80,324	\$ 0	\$ 80,324	\$ 67,948
Net Change in Fund Balances	\$ 37,051	\$ 287,682	\$ 66,521	\$ (33,329)	\$ 33,192	\$ 320,874
Fund Balance, July 1, 2010	32,621	2,408,640	601,877	1,142,790	1,744,667	4,153,307
Fund Balance, June 30, 2011	\$ 69,672	\$ 2,696,322	\$ 668,398	\$ 1,109,461	\$ 1,777,859	\$ 4,474,181

Exhibit G-3

Jefferson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Courthouse and Jail Maintenance Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 41,002	\$ 0	\$ 34,874	\$ 6,128
Total Revenues	\$ 41,002	\$ 0	\$ 34,874	\$ 6,128
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 420	\$ 0	\$ 448	\$ 28
Total Expenditures	\$ 420	\$ 0	\$ 448	\$ 28
Excess (Deficiency) of Revenues Over Expenditures	\$ 40,582	\$ 0	\$ 34,426	\$ 6,156
Net Change in Fund Balance	\$ 40,582	\$ 0	\$ 34,426	\$ 6,156
Fund Balance, July 1, 2010	114,069	0	0	114,069
Fund Balance, June 30, 2011	\$ 154,651	\$ 0	\$ 34,426	\$ 120,225

Exhibit G-4

Jefferson County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Law Library 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	\$ 8,864 \$	0 \$	0 \$	8,864 \$	10,820 \$	10,820 \$	(1,956)
Total Revenues	\$ 8,864 \$	0 \$	0 \$	8,864 \$	10,820 \$	10,820 \$	(1,956)
<u>Expenditures</u>							
<u>Finance</u>							
Other Finance	\$ 91 \$	0 \$	0 \$	91 \$	0 \$	0 \$	(91)
<u>Public Safety</u>							
Jail	10,554	(1,695)	951	9,810	10,820	10,820	1,010
Total Expenditures	\$ 10,645 \$	(1,695) \$	951 \$	9,901 \$	10,820 \$	10,820 \$	919
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,781) \$	1,695 \$	(951) \$	(1,037) \$	0 \$	0 \$	(1,037)
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ (1,781) \$	1,695 \$	(951) \$	(1,037) \$	0 \$	0 \$	(1,037)
	5,799	(1,695)	0	4,104	0	0	4,104
Fund Balance, June 30, 2011	\$ 4,018 \$	0 \$	(951) \$	3,067 \$	0 \$	0 \$	3,067

Exhibit G-5

Jefferson 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)	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	\$ 1,768,244 \$	0 \$	1,768,244 \$	1,771,600 \$	1,771,600 \$	(3,356)
Total Revenues	\$ 1,768,244 \$	0 \$	1,768,244 \$	1,771,600 \$	1,771,600 \$	(3,356)
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Waste Pickup	\$ 1,575,071 \$	818 \$	1,575,889 \$	1,658,194 \$	1,654,151 \$	78,262
Total Expenditures	\$ 1,575,071 \$	818 \$	1,575,889 \$	1,658,194 \$	1,654,151 \$	78,262
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	\$ 193,173 \$	(818) \$	192,355 \$	113,406 \$	117,449 \$	74,906
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 14,033 \$	0 \$	14,033 \$	0 \$	13,517 \$	516
Transfers Out	(26,409)	0	(26,409)	0	(26,409)	0
Total Other Financing Sources (Uses)	\$ (12,376) \$	0 \$	(12,376) \$	0 \$	(12,892) \$	516
Net Change in Fund Balance	\$ 180,797 \$	(818) \$	179,979 \$	113,406 \$	104,557 \$	75,422
Fund Balance, July 1, 2010	124,500	0	124,500	117,285	117,285	7,215
Fund Balance, June 30, 2011	\$ 305,297 \$	(818) \$	304,479 \$	230,691 \$	221,842 \$	82,637

Exhibit G-6

Jefferson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 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>							
Fines, Forfeitures, and Penalties	\$ 56,364	\$ 0	\$ 0	\$ 56,364	\$ 50,500	\$ 50,500	\$ 5,864
Other Local Revenues	1,001	0	0	1,001	0	0	1,001
Total Revenues	\$ 57,365	\$ 0	\$ 0	\$ 57,365	\$ 50,500	\$ 50,500	\$ 6,865
<u>Expenditures</u>							
<u>Finance</u>							
Other Finance	\$ 554	\$ 0	\$ 0	\$ 554	\$ 500	\$ 500	\$ (54)
<u>Public Safety</u>							
Drug Enforcement	42,590	(4,671)	1,277	39,196	50,000	50,000	10,804
Total Expenditures	\$ 43,144	\$ (4,671)	\$ 1,277	\$ 39,750	\$ 50,500	\$ 50,500	\$ 10,750
Excess (Deficiency) of Revenues Over Expenditures	\$ 14,221	\$ 4,671	\$ (1,277)	\$ 17,615	\$ 0	\$ 0	\$ 17,615
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 14,221	\$ 4,671	\$ (1,277)	\$ 17,615	\$ 0	\$ 0	\$ 17,615
	148,804	(4,671)	0	144,133	144,133	144,133	0
Fund Balance, June 30, 2011	\$ 163,025	\$ 0	\$ (1,277)	\$ 161,748	\$ 144,133	\$ 144,133	\$ 17,615

Exhibit G-7

Jefferson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Capital Projects Fund
For the Year Ended June 30, 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	\$ 570,813	\$ 0	\$ 0	\$ 570,813	\$ 587,750	\$ 587,750	\$ (16,937)
Other Local Revenues	1,500	0	0	1,500	0	1,500	0
Total Revenues	\$ 572,313	\$ 0	\$ 0	\$ 572,313	\$ 587,750	\$ 589,250	\$ (16,937)
<u>Expenditures</u>							
<u>Capital Projects</u>							
Other General Government Projects	\$ 162,625	\$ (18,430)	\$ 12,244	\$ 156,439	\$ 542,115	\$ 156,065	\$ (374)
Highway and Street Capital Projects	35,941	(21,941)	30,100	44,100	74,000	74,000	29,900
Education Capital Projects	387,550	0	0	387,550	0	387,550	0
Total Expenditures	\$ 586,116	\$ (40,371)	\$ 42,344	\$ 588,089	\$ 616,115	\$ 617,615	\$ 29,526
Excess (Deficiency) of Revenues Over Expenditures	\$ (13,803)	\$ 40,371	\$ (42,344)	\$ (15,776)	\$ (28,365)	\$ (28,365)	\$ 12,589
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 101,900	\$ 0	\$ 0	\$ 101,900	\$ 101,900	\$ 101,900	\$ 0
Transfers Out	(21,576)	0	0	(21,576)	0	(21,576)	0
Total Other Financing Sources (Uses)	\$ 80,324	\$ 0	\$ 0	\$ 80,324	\$ 101,900	\$ 80,324	\$ 0
Net Change in Fund Balance	\$ 66,521	\$ 40,371	\$ (42,344)	\$ 64,548	\$ 73,535	\$ 51,959	\$ 12,589
Fund Balance, July 1, 2010	601,877	(40,371)	0	561,506	187,081	187,081	374,425
Fund Balance, June 30, 2011	\$ 668,398	\$ 0	\$ (42,344)	\$ 626,054	\$ 260,616	\$ 239,040	\$ 387,014

Major Governmental Fund

General Debt Service Fund

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.

Exhibit H

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,269,492	\$ 5,121,000	\$ 5,121,000	\$ 148,492
Other Local Revenues	770,344	904,081	904,081	(133,737)
Federal Government	438,758	0	213,325	225,433
Total Revenues	<u>\$ 6,478,594</u>	<u>\$ 6,025,081</u>	<u>\$ 6,238,406</u>	<u>\$ 240,188</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 810,000	\$ 1,885,156	\$ 901,900	\$ 91,900
Education	3,180,000	5,198,256	3,494,742	314,742
<u>Interest on Debt</u>				
General Government	504,043	0	983,256	479,213
Education	1,877,252	0	1,913,050	35,798
<u>Other Debt Service</u>				
General Government	88,297	65,500	69,289	(19,008)
Total Expenditures	<u>\$ 6,459,592</u>	<u>\$ 7,148,912</u>	<u>\$ 7,362,237</u>	<u>\$ 902,645</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 19,002</u>	<u>\$ (1,123,831)</u>	<u>\$ (1,123,831)</u>	<u>\$ 1,142,833</u>
Net Change in Fund Balance	\$ 19,002	\$ (1,123,831)	\$ (1,123,831)	\$ 1,142,833
Fund Balance, July 1, 2010	<u>8,785,297</u>	<u>8,601,890</u>	<u>8,601,890</u>	<u>183,407</u>
Fund Balance, June 30, 2011	<u>\$ 8,804,299</u>	<u>\$ 7,478,059</u>	<u>\$ 7,478,059</u>	<u>\$ 1,326,240</u>

Fiduciary Funds

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

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

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

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

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

Exhibit I-1

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

	Agency Funds					Total
	Cities - Sales Tax	Cities - Property Tax	Constitu- tional Officers - Agency	Other Agency		
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 1,979,485	\$ 0	\$ 1,979,485	
Equity in Pooled Cash and Investments	0	8,013	0	1,647,833	1,655,846	
Due from Other Governments	809,238	0	0	0	809,238	
Property Taxes Receivable	0	1,104,005	0	0	1,104,005	
Allowance for Uncollectible Property Taxes	0	(88,674)	0	0	(88,674)	
Total Assets	<u>\$ 809,238</u>	<u>\$ 1,023,344</u>	<u>\$ 1,979,485</u>	<u>\$ 1,647,833</u>	<u>\$ 5,459,900</u>	
<u>LIABILITIES</u>						
Due to Component Units	\$ 0	\$ 0	\$ 0	\$ 1,647,833	\$ 1,647,833	
Due to Other Taxing Units	809,238	1,023,344	0	0	1,832,582	
Due to Litigants, Heirs, and Others	0	0	1,979,485	0	1,979,485	
Total Liabilities	<u>\$ 809,238</u>	<u>\$ 1,023,344</u>	<u>\$ 1,979,485</u>	<u>\$ 1,647,833</u>	<u>\$ 5,459,900</u>	

Exhibit I-2

Jefferson 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	\$ 4,359,920	\$ 4,359,920	\$ 0
Due from Other Governments	734,092	809,238	734,092	809,238
Total Assets	\$ 734,092	\$ 5,169,158	\$ 5,094,012	\$ 809,238
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 734,092	\$ 5,169,158	\$ 5,094,012	\$ 809,238
Total Liabilities	\$ 734,092	\$ 5,169,158	\$ 5,094,012	\$ 809,238
<u>Cities - Property Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 27,271	\$ 980,024	\$ 999,282	\$ 8,013
Property Taxes Receivable	849,633	1,104,005	849,633	1,104,005
Allowance for Uncollectible Property Taxes	(60,739)	(88,674)	(60,739)	(88,674)
Total Assets	\$ 816,165	\$ 1,995,355	\$ 1,788,176	\$ 1,023,344
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 816,165	1,995,355	\$ 1,788,176	\$ 1,023,344
Total Liabilities	\$ 816,165	\$ 1,995,355	\$ 1,788,176	\$ 1,023,344
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 2,454,190	\$ 9,281,569	\$ 9,756,274	\$ 1,979,485
Total Assets	\$ 2,454,190	\$ 9,281,569	\$ 9,756,274	\$ 1,979,485
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 2,454,190	\$ 9,281,569	\$ 9,756,274	\$ 1,979,485
Total Liabilities	\$ 2,454,190	\$ 9,281,569	\$ 9,756,274	\$ 1,979,485

(Continued)

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 2,271,161	\$ 9,711	\$ 633,039	\$ 1,647,833
Total Assets	\$ 2,271,161	\$ 9,711	\$ 633,039	\$ 1,647,833
<u>Liabilities</u>				
Due to Component Units	\$ 2,271,161	\$ 9,711	\$ 633,039	\$ 1,647,833
Total Liabilities	\$ 2,271,161	\$ 9,711	\$ 633,039	\$ 1,647,833
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 2,454,190	\$ 9,281,569	\$ 9,756,274	\$ 1,979,485
Equity in Pooled Cash and Investments	2,298,432	5,349,655	5,992,241	1,655,846
Due from Other Governments	734,092	809,238	734,092	809,238
Property Taxes Receivable	849,633	1,104,005	849,633	1,104,005
Allowance for Uncollectible Property Taxes	(60,739)	(88,674)	(60,739)	(88,674)
Total Assets	\$ 6,275,608	\$ 16,455,793	\$ 17,271,501	\$ 5,459,900
<u>Liabilities</u>				
Due to Component Units	\$ 2,271,161	\$ 9,711	\$ 633,039	\$ 1,647,833
Due to Other Taxing Units	1,550,257	7,164,513	6,882,188	1,832,582
Due to Litigants, Heirs, and Others	2,454,190	9,281,569	9,756,274	1,979,485
Total Liabilities	\$ 6,275,608	\$ 16,455,793	\$ 17,271,501	\$ 5,459,900

Jefferson County School Department

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

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

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

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 general building construction and renovations of the School Department.

Other Capital Projects Fund – QSCB – The Education Capital Projects Fund – QSCB is used to account for transactions related to the Qualified School Construction Bonds program.

Other Capital Projects Fund – RZEDB – The Education Capital Projects Fund – RZEDB is used to account for transactions related to the Recovery Zone Economic Development Bonds program.

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

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

Exhibit J-1

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

Functions/Programs	Program Revenues			Charges for Services	Expenses	Net (Expense) Revenue and Changes in Net Assets Total
	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities			
Governmental Activities:						
Instruction	\$ 0	\$ 5,594,788	\$ 26,605,857	\$ 0	\$ 35,764,604	\$ (3,563,959)
Support Services	0	204,021	0	0	18,016,401	(17,812,380)
Operation of Non-Instructional Services	3,360,050	0	0	1,133,261	4,333,956	159,355
Total Governmental Activities	\$ 9,158,859	\$ 26,605,857	\$ 26,605,857	\$ 1,133,261	\$ 58,114,961	\$ (21,216,984)
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes						\$ 7,336,476
Local Option Sales Taxes						4,829,496
Wholesale Beer Tax						12,153
Interstate Telecommunications Tax						5,014
Grants and Contributions Not Restricted for Specific Programs						34,202,520
Unrestricted Investment Income						16,430
Miscellaneous						31,232
Total General Revenues						\$ 46,433,321
Change in Net Assets						\$ 25,216,337
Net Assets, July 1, 2010						24,611,997
Net Assets, June 30, 2011						\$ 49,828,334

Exhibit J-2

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

	Major Funds					Nonmajor Fund		Total Governmental Funds
	General Purpose School	School Federal Projects	Education Capital Projects	Other Capital Projects - QSCB	Other Capital Projects - RZEDB	Central Cafeteria Fund		
Cash	\$ 0	\$ 0	\$ 0	\$ 9,909,969	\$ 0	\$ 0	\$ 0	9,909,969
Equity in Pooled Cash and Investments	5,510,470	550,858	989,447	0	15,092,935	1,078,389	0	23,222,099
Accounts Receivable	151	0	0	0	0	1,616	0	1,767
Due from Other Governments	2,477,980	653,946	0	0	0	0	0	3,131,926
Due from Other Funds	0	533,241	0	0	0	0	0	533,241
Property Taxes Receivable	7,787,247	0	0	0	0	0	0	7,787,247
Allowance for Uncollectible Property Taxes	(375,298)	0	0	0	0	0	0	(375,298)
Accrued Interest Receivable	0	0	0	0	57,736	0	0	57,736
Total Assets	\$ 15,400,550	\$ 1,738,045	\$ 989,447	\$ 9,909,969	\$ 15,150,671	\$ 1,080,005	\$ 0	44,268,687

LIABILITIES AND FUND BALANCES

Liabilities								
Accounts Payable	\$ 113,189	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,076	\$ 0	119,265
Accrued Payroll	6,539	221,027	0	0	0	0	0	227,566
Payroll Deductions Payable	1,491,191	229,185	0	0	0	56,280	0	1,776,656
Contracts Payable	0	0	1,308,468	325,581	408,168	0	0	2,042,217
Retainage Payable	0	0	0	15,187	0	0	0	15,187
Due to Other Funds	533,241	0	0	0	0	0	0	533,241
Due to Primary Government	79,776	0	0	0	0	0	0	79,776
Deferred Revenue - Current Property Taxes	7,119,930	0	0	0	0	0	0	7,119,930
Deferred Revenue - Delinquent Property Taxes	254,271	0	0	0	0	0	0	254,271
Other Deferred Revenues	671,341	0	0	0	0	0	0	671,341
Total Liabilities	\$ 10,269,478	\$ 450,212	\$ 1,308,468	\$ 340,768	\$ 408,168	\$ 62,356	\$ 0	12,839,450

(Continued)

Exhibit J-2

Jefferson County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Jefferson County School Department (Cont.)

	Major Funds					Nonmajor Fund		Total Governmental Funds
	General Purpose School	School Federal Projects	Education Capital Projects	Other Capital Projects - QSCB	Other Capital Projects - RZEDB	Central Cafeteria Fund		
\$ 6,983 \$ 537,833 \$ 0 \$ 0 \$ 0 \$ 0 \$ 1,017,649 \$ 1,562,465								
0 0 0 9,569,201 14,742,503 0 24,311,704								
141,626 750,000 0 0 0 0 891,626								
\$ 946,296 \$ 0 \$ 0 \$ 0 \$ 0 \$ 0 \$ 946,296								
4,036,167 0 (319,021) 0 0 0 3,717,146								
<u>\$ 5,131,072 \$ 1,287,833 \$ (319,021) \$ 9,569,201 \$ 14,742,503 \$ 1,017,649 \$ 31,429,237</u>								
\$ 15,400,550 \$ 1,738,045 \$ 989,447 \$ 9,909,969 \$ 15,150,671 \$ 1,080,005 \$ 44,268,687								

LIABILITIES AND FUND BALANCES (CONT.)

Fund Balances

Restricted:

Restricted for Education

Restricted for Capital Projects

Committed:

Committed for Education

Assigned:

Assigned for Education

Unassigned

Total Fund Balances

Total Liabilities and Fund Balances

Exhibit J-3

Jefferson County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
Discretely Presented Jefferson County School Department
June 30, 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 J-2)		\$ 31,429,237
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,481,960	
Add: construction in progress	2,664,883	
Add: buildings and improvements net of accumulated depreciation	15,979,638	
Add: machinery and equipment net of accumulated depreciation	665,321	
Add: other capital assets net of accumulated depreciation	<u>1,918,368</u>	22,710,170
(2) An internal service fund is used by management to charge the cost of employee dental and vision benefits to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		275,590
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: compensated absences payable	\$ (655,970)	
Less: termination benefits	(71,587)	
Less: other postemployment benefits liability	<u>(4,784,718)</u>	(5,512,275)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>925,612</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 49,828,334</u>

Exhibit J-4

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

	Major Funds					Nonmajor Fund		Total Governmental Funds
	General Purpose School	School Federal Projects	Education Capital Projects	Other Capital Projects - QSCB	Other Capital Projects - RZEDB	Central Cafeteria Fund		
<u>Revenues</u>								
Local Taxes	\$ 12,132,234	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,132,234
Licenses and Permits	2,366	0	0	0	0	0	0	2,366
Charges for Current Services	226,725	0	0	0	0	906,536	0	1,133,261
Other Local Revenues	47,357	0	0	14,547	0	3,309	0	65,213
State of Tennessee	33,442,001	0	0	0	0	35,483	0	33,477,484
Federal Government	418,070	6,895,303	0	0	0	2,408,211	0	9,721,584
Other Governments and Citizens Groups	0	267	387,550	10,500,657	15,717,650	0	0	26,606,124
Total Revenues	\$ 46,268,753	\$ 6,895,570	\$ 387,550	\$ 10,515,204	\$ 15,717,650	\$ 3,353,539	\$ 0	\$ 83,138,266
<u>Expenditures</u>								
Current:								
Instruction	\$ 28,261,461	\$ 4,431,366	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 32,692,827
Support Services	16,504,687	1,861,521	0	0	0	0	0	18,366,208
Operation of Non-Instructional Services	973,921	0	0	0	0	3,325,665	0	4,299,586
Capital Projects	0	0	1,929,557	946,003	975,147	0	0	3,850,707
Total Expenditures	\$ 45,740,069	\$ 6,292,887	\$ 1,929,557	\$ 946,003	\$ 975,147	\$ 3,325,665	\$ 0	\$ 59,209,328
Excess (Deficiency) of Revenues Over Expenditures	\$ 528,684	\$ 602,683	\$ (1,542,007)	\$ 9,569,201	\$ 14,742,503	\$ 27,874	\$ 0	\$ 23,928,938
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 62,910	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 62,910
Transfers In	102,289	0	0	0	0	0	0	102,289
Transfers Out	0	(102,289)	0	0	0	0	0	(102,289)
Total Other Financing Sources (Uses)	\$ 165,199	\$ (102,289)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 62,910
Net Change in Fund Balances	\$ 693,883	\$ 500,394	\$ (1,542,007)	\$ 9,569,201	\$ 14,742,503	\$ 27,874	\$ 0	\$ 23,991,848
Fund Balance, July 1, 2010	4,437,189	787,439	1,222,986	0	0	989,775	0	7,437,389
Fund Balance, June 30, 2011	\$ 5,131,072	\$ 1,287,833	\$ (319,021)	\$ 9,569,201	\$ 14,742,503	\$ 1,017,649	\$ 0	\$ 31,429,237

Exhibit J-5

Jefferson County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Jefferson County School Department
For the Year Ended June 30, 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 J-4)		\$ 23,991,848
(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	\$ 4,862,110	
Less: current-year depreciation expense	<u>(1,358,485)</u>	3,503,625
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: book value of assets disposed	\$ (43,247)	
Less: previously capitalized costs expensed upon termination of construction contract	<u>(1,400,345)</u>	(1,443,592)
(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	\$ 925,612	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(732,580)</u>	193,032
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	\$ 38,333	
Change in termination benefits	(11,303)	
Change in other postemployment benefits liability	<u>(1,085,086)</u>	(1,058,056)
(5) Internal service funds are used by management to charge the cost of employee dental and vision benefits to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities.		<u>29,480</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 25,216,337</u>

Exhibit J-6

Jefferson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Jefferson County School Department
General Purpose School Fund
For the Year Ended June 30, 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	\$ 12,132,234	\$ 0	0	\$ 12,132,234	\$ 11,959,900	\$ 11,959,900	\$ 172,334
Licenses and Permits	2,366	0	0	2,366	2,400	2,400	(34)
Charges for Current Services	226,725	0	0	226,725	269,467	285,167	(58,442)
Other Local Revenues	47,357	0	0	47,357	100,100	110,600	(63,243)
State of Tennessee	33,442,001	0	0	33,442,001	33,366,264	33,632,760	(190,759)
Federal Government	418,070	0	0	418,070	743,208	462,721	(44,651)
Total Revenues	\$ 46,268,753	\$ 0	0	\$ 46,268,753	\$ 46,441,339	\$ 46,453,548	\$ (184,795)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 23,995,182	\$ (28,036)	41,093	\$ 24,008,239	\$ 25,311,777	\$ 24,626,199	\$ 617,960
Alternative Instruction Program	171,019	0	2,797	173,816	224,244	233,052	59,236
Special Education Program	2,628,135	0	773	2,628,908	2,686,825	2,648,021	19,113
Vocational Education Program	1,335,023	0	0	1,335,023	1,372,620	1,350,949	15,926
Adult Education Program	132,102	0	0	132,102	150,357	171,006	38,904
<u>Support Services</u>							
Attendance	24,280	0	0	24,280	25,036	25,331	1,051
Health Services	374,758	(14)	0	374,744	394,598	394,853	20,109
Other Student Support	1,469,929	(592)	0	1,469,337	1,455,776	1,469,221	(116)
Regular Instruction Program	1,740,894	(2,554)	2,430	1,740,770	1,919,120	1,808,260	67,490
Alternative Instruction Program	77,050	0	339	77,389	97,268	96,757	19,368
Special Education Program	486,546	0	0	486,546	513,182	513,613	27,067
Vocational Education Program	283,759	0	0	283,759	303,072	302,035	18,276
Adult Programs	103,718	0	0	103,718	88,115	130,287	26,569

(Continued)

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	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>Support Services (Cont.)</u>							
Other Programs	\$ 204,021	\$ 0	\$ 0	\$ 204,021	\$ 0	\$ 204,021	\$ 0
Board of Education	526,198	(9,000)	0	517,198	559,206	555,206	38,008
Director of Schools	284,091	(388)	0	283,703	295,073	297,621	13,918
Office of the Principal	3,025,007	0	6,190	3,031,197	3,107,594	3,074,357	43,160
Fiscal Services	386,333	0	0	386,333	386,333	386,333	0
Human Services/Personnel	63,598	0	0	63,598	64,094	64,880	1,282
Operation of Plant	3,600,230	0	0	3,600,230	3,710,927	3,710,927	110,697
Maintenance of Plant	1,150,415	(10,513)	29,413	1,169,315	1,291,195	1,416,653	247,338
Transportation	2,703,860	(24,781)	21,854	2,700,933	2,769,815	2,760,318	59,385
<u>Operation of Non-Instructional Services</u>							
Food Service	16,803	0	0	16,803	0	21,037	4,234
Community Services	182,487	(7,453)	4,830	179,864	226,967	242,667	62,803
Early Childhood Education	774,631	(44,360)	0	730,271	762,105	762,106	31,835
Total Expenditures	\$ 45,740,069	\$ (127,691)	\$ 109,719	\$ 45,722,097	\$ 47,715,299	\$ 47,265,710	\$ 1,543,613
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 528,684	\$ 127,691	\$ (109,719)	\$ 546,656	\$ (1,273,960)	\$ (812,162)	\$ 1,358,818
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 62,910	\$ 0	\$ 0	\$ 62,910	\$ 0	\$ 0	\$ 62,910
Transfers In	102,289	0	0	102,289	127,867	127,867	(25,578)
Total Other Financing Sources (Uses)	\$ 165,199	\$ 0	\$ 0	\$ 165,199	\$ 127,867	\$ 127,867	\$ 37,332
Net Change in Fund Balance	\$ 693,883	\$ 127,691	\$ (109,719)	\$ 711,855	\$ (1,146,093)	\$ (684,295)	\$ 1,396,150
Fund Balance, July 1, 2010	4,437,189	(127,691)	0	4,309,498	4,903,089	4,903,089	(593,591)
Fund Balance, June 30, 2011	\$ 5,131,072	\$ 0	\$ (109,719)	\$ 5,021,353	\$ 3,756,996	\$ 4,218,794	\$ 802,559

Exhibit J-7

Jefferson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Jefferson County School Department
School Federal Projects Fund
For the Year Ended June 30, 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>						
Federal Government	\$ 6,895,303	0	\$ 6,895,303	\$ 5,359,274	\$ 7,241,281	\$ (345,978)
Other Governments and Citizens Groups	267	0	267	0	0	267
Total Revenues	\$ 6,895,570	0	\$ 6,895,570	\$ 5,359,274	\$ 7,241,281	\$ (345,711)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 2,515,326	(27,363)	\$ 2,487,963	\$ 2,295,838	\$ 3,019,613	\$ 531,650
Alternative Instruction Program	82,873	0	82,873	83,800	82,218	(655)
Special Education Program	1,683,385	(1,682)	1,681,703	1,568,879	1,816,861	135,158
Vocational Education Program	145,955	(1,464)	144,491	93,700	164,264	19,773
Adult Education Program	3,827	0	3,827	0	3,254	(573)
<u>Support Services</u>						
Attendance	71	0	71	0	98	27
Health Services	3,937	0	3,937	500	4,792	855
Other Student Support	261,944	(1,347)	260,597	212,441	284,142	23,545
Regular Instruction Program	1,039,410	(1,112)	1,038,298	569,376	1,122,675	84,377
Alternative Instruction Program	19,435	0	19,435	16,200	20,780	1,345
Special Education Program	335,646	0	335,646	386,635	397,178	61,532
Vocational Education Program	11,924	0	11,924	4,925	13,063	1,139
Adult Programs	2,168	0	2,168	0	3,219	1,051
Office of the Principal	93,962	0	93,962	0	101,632	7,670
Operation of Plant	15,441	0	15,441	0	15,588	147
Maintenance of Plant	6,183	0	6,183	0	6,786	603
Transportation	71,400	0	71,400	23,456	76,099	4,699
Total Expenditures	\$ 6,292,887	(32,968)	\$ 6,259,919	\$ 5,255,750	\$ 7,132,262	\$ 872,343

(Continued)

Exhibit J-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 602,683	\$ 32,968	\$ 635,651	\$ 103,524	\$ 109,019	\$ 526,632
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 141,788	\$ 4,738	\$ (4,738)
Transfers Out	(102,289)	0	(102,289)	(245,312)	(113,757)	11,468
Total Other Financing Sources (Uses)	\$ (102,289)	\$ 0	\$ (102,289)	\$ (103,524)	\$ (109,019)	\$ 6,730
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 500,394	\$ 32,968	\$ 533,362	\$ 0	\$ 0	\$ 533,362
	787,439	(32,968)	754,471	754,470	754,470	1
Fund Balance, June 30, 2011	\$ 1,287,833	\$ 0	\$ 1,287,833	\$ 754,470	\$ 754,470	\$ 533,363

Exhibit J-8

Jefferson County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discretely Presented Jefferson County School Department
 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	\$ 906,536	0	\$ 906,536	\$ 1,074,500	\$ 1,074,500	\$ (167,964)
Other Local Revenues	3,309	0	3,309	2,100	2,100	1,209
State of Tennessee	35,483	0	35,483	35,000	35,000	483
Federal Government	2,408,211	0	2,408,211	2,025,000	2,276,361	131,850
Total Revenues	\$ 3,353,539	0	\$ 3,353,539	\$ 3,136,600	\$ 3,387,961	\$ (34,422)
<u>Expenditures</u>						
Operation of Non-Instructional Services						
Food Service	\$ 3,325,665	(123,833)	\$ 3,201,832	\$ 3,634,109	\$ 3,885,470	\$ 683,638
Total Expenditures	\$ 3,325,665	(123,833)	\$ 3,201,832	\$ 3,634,109	\$ 3,885,470	\$ 683,638
Excess (Deficiency) of Revenues Over Expenditures	\$ 27,874	123,833	\$ 151,707	(497,509)	\$ (497,509)	\$ 649,216
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 27,874	123,833	\$ 151,707	(497,509)	\$ (497,509)	\$ 649,216
	989,775	(123,833)	865,942	497,509	497,509	368,433
Fund Balance, June 30, 2011	\$ 1,017,649	0	\$ 1,017,649	0	0	\$ 1,017,649

Exhibit J-9

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

	Governmental Activities - Internal Service Fund
	<u>Employee Insurance - Dental and Vision Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 44,227
Equity in Pooled Cash and Investments	<u>265,296</u>
Total Current Assets	<u>\$ 309,523</u>
Total Assets	<u>\$ 309,523</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 33,933
Total Current Liabilities	<u>\$ 33,933</u>
Total Liabilities	<u>\$ 33,933</u>
<u>NET ASSETS</u>	
Unrestricted	<u>\$ 275,590</u>
Net Assets	<u>\$ 275,590</u>

Exhibit J-10

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

	Governmental Activities - Internal Service Fund
	<u>Employee Insurance - Dental and Vision Fund</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums/Contributions	\$ 333,219
Total Operating Revenues	<u>\$ 333,219</u>
<u>Operating Expenses</u>	
Handling Charges and Administrative Costs	\$ 24,825
Other Self-Insured Claims	278,914
Total Operating Expenses	<u>\$ 303,739</u>
Operating Income (Loss)	<u>\$ 29,480</u>
Changes in Net Assets	\$ 29,480
Net Assets, July 1, 2010	<u>246,110</u>
Net Assets, June 30, 2011	<u><u>\$ 275,590</u></u>

Exhibit J-11

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

	Governmental Activities - Internal Service Fund
	<u>Employee Insurance - Dental and Vision Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 333,219
Payments for Claims	(282,709)
Payments for Administrative Costs	<u>(24,825)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 25,685</u>
Increase (Decrease) in Cash	\$ 25,685
Cash, July 1, 2010	<u>283,838</u>
Cash, June 30, 2011	<u><u>\$ 309,523</u></u>
<u>Reconciliation of Operating Income (Loss)</u> <u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 29,480
Adjustment to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
Increase (Decrease) in Accounts Payable	<u>(3,795)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 25,685</u></u>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash per Net Assets	\$ 44,227
Equity in Pooled Cash and Investments per Net Assets	<u>265,296</u>
Cash, June 30, 2011	<u><u>\$ 309,523</u></u>

Exhibit J-12

Jefferson County, Tennessee
Statement of Fiduciary Net Assets
Discretely Presented Jefferson County School Department
Fiduciary Fund
June 30, 2011

	<u>Other Employee Benefit Trust Fund</u> <u>Flexible Benefits Fund</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 10,936
Total Assets	<u>\$ 10,936</u>
<u>NET ASSETS</u>	
Funds Held in Trust for Employees	<u>\$ 10,936</u>
Total Net Assets	<u><u>\$ 10,936</u></u>

Exhibit J-13

Jefferson County, Tennessee
Statement of Changes in Fiduciary Net Assets
Discretely Presented Jefferson County School Department
Fiduciary Fund
For the Year Ended June 30, 2011

	Other Employee Benefit Trust Fund <hr/> Flexible Benefits Fund <hr/>
<u>DEDUCTIONS</u>	
Employee Benefits	
Other Fringe Benefits	\$ 10,338
Total Deductions	<hr/> \$ 10,338
Change in Net Assets	\$ (10,338)
Net Assets, July 1, 2010	<hr/> 21,274
Net Assets, June 30, 2011	<hr/> <hr/> \$ 10,936

MISCELLANEOUS SCHEDULES

Exhibit K-1

Jefferson County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds
For the Year Ended June 30, 2011

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-11
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School Pre-Construction	\$ 3,368,000	3.1 %	5-5-08	6-1-11	\$ 1,680,000	0	\$ 1,680,000	0
School Building Program - Series 2009	1,250,000	2.57	10-20-09	6-1-17	1,250,000	0	100,000	1,150,000
E-911 CO Note - Series 2009	1,300,000	2.57	10-20-09	6-1-21	1,300,000	0	100,000	1,200,000
Total Payable through General Debt Service Fund					\$ 4,230,000	0	\$ 1,880,000	\$ 2,350,000
Total Notes Payable					\$ 4,230,000	0	\$ 1,880,000	\$ 2,350,000
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Local Government Public Improvement (E-3-D)	13,305,000	Variable	7-31-08	6-1-26	\$ 12,260,000	0	\$ 560,000	\$ 11,700,000
Local Government Public Improvement (V-G-1)	13,740,000	4 to 5	12-10-08	6-1-19	12,450,000	0	1,300,000	11,150,000
Qualified School Construction Bonds	10,595,000	0 (1)	10-7-10	8-1-27	0	10,595,000	0	10,595,000
Total Payable through General Debt Service Fund					\$ 24,710,000	10,595,000	\$ 1,860,000	\$ 33,445,000
Total Other Loans Payable					\$ 24,710,000	10,595,000	\$ 1,860,000	\$ 33,445,000
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through General Fund</u>								
Patrol Cars	233,601	5.2	6-27-08	6-27-11	\$ 80,661	0	\$ 80,661	0
Patrol Cars	227,900	4	5-1-09	6-1-11	76,186	0	76,186	0
Total Payable through General Fund					\$ 156,847	0	\$ 156,847	0
Total Capital Leases Payable					\$ 156,847	0	\$ 156,847	0

(Continued)

Exhibit K-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-11
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Nursing Home	\$ 8,000,000	4 to 4.5 %	12-21-07	6-1-37	\$ 7,715,000	\$ 0	\$ 150,000	\$ 7,565,000
School Refunding Bonds - Series 2009	10,450,000	3.41	10-20-09	6-1-23	10,450,000	0	100,000	10,350,000
General Obligation Bonds - Series 2010- RZEDB	16,000,000	3.69	12-10-10	6-1-40	0	16,000,000	0	16,000,000
Total Payable through General Debt Service Fund					<u>\$ 18,165,000</u>	<u>\$ 16,000,000</u>	<u>\$ 250,000</u>	<u>\$ 33,915,000</u>
Total Bonds Payable					<u>\$ 18,165,000</u>	<u>\$ 16,000,000</u>	<u>\$ 250,000</u>	<u>\$ 33,915,000</u>

(1) Interest rate of approximately 4.85 percent is offset by a federal interest subsidy, resulting in a net interest rate of zero percent.

Exhibit K-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 200,000	\$ 57,450	\$ 257,450
2013	305,000	53,450	358,450
2014	310,000	47,350	357,350
2015	315,000	41,150	356,150
2016	320,000	34,062	354,062
2017	370,000	26,063	396,063
2018	125,000	15,888	140,888
2019	130,000	12,325	142,325
2020	135,000	8,425	143,425
2021	140,000	4,375	144,375
Total	\$ 2,350,000	\$ 300,538	\$ 2,650,538

Year Ending June 30	Other Loans			
	Principal	Interest (1)	Other Fees	Total
2012	\$ 2,495,926	\$ 1,152,450	\$ 106,325	\$ 3,754,701
2013	2,681,111	1,108,725	101,433	3,891,269
2014	2,771,111	1,042,505	96,373	3,909,989
2015	2,881,111	973,288	91,104	3,945,503
2016	2,966,111	900,876	85,417	3,952,404
2017	3,061,111	821,667	79,521	3,962,299
2018	3,186,111	736,998	73,416	3,996,525
2019	1,831,111	641,708	66,893	2,539,712
2020	1,516,111	611,511	59,951	2,187,573
2021	1,566,112	597,916	52,801	2,216,829
2022	1,616,112	583,526	45,232	2,244,870
2023	1,666,112	568,341	37,245	2,271,698
2024	1,716,112	552,362	28,840	2,297,314
2025	1,766,112	535,587	20,017	2,321,716
2026	936,112	518,018	10,776	1,464,905
2027	726,190	513,645	8,476	1,248,311
2028	62,324	50,586	2,122	115,032
Total	\$ 33,445,000	\$ 11,909,706	\$ 965,945	\$ 46,320,651

(Continued)

Exhibit K-2

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 260,000	\$ 1,734,712	\$ 1,994,712
2013	265,000	1,725,312	1,990,312
2014	275,000	1,715,712	1,990,712
2015	280,000	1,705,712	1,985,712
2016	290,000	1,695,512	1,985,512
2017	300,000	1,684,662	1,984,662
2018	305,000	1,672,912	1,977,912
2019	1,715,000	1,660,187	3,375,187
2020	2,175,000	1,601,762	3,776,762
2021	2,235,000	1,528,262	3,763,262
2022	2,320,000	1,452,687	3,772,687
2023	2,385,000	1,371,631	3,756,631
2024	270,000	1,285,556	1,555,556
2025	280,000	1,273,406	1,553,406
2026	295,000	1,260,806	1,555,806
2027	310,000	1,247,531	1,557,531
2028	320,000	1,233,581	1,553,581
2029	335,000	1,219,581	1,554,581
2030	350,000	1,204,925	1,554,925
2031	365,000	1,189,613	1,554,613
2032	385,000	1,173,644	1,558,644
2033	400,000	1,156,800	1,556,800
2034	420,000	1,139,200	1,559,200
2035	440,000	1,120,720	1,560,720
2036	460,000	1,101,360	1,561,360
2037	3,530,000	1,081,120	4,611,120
2038	4,175,000	857,938	5,032,938
2039	4,325,000	581,344	4,906,344
2040	4,450,000	294,813	4,744,813
Total	\$ 33,915,000	\$ 37,971,004	\$ 71,886,004

(1) Includes interest requirements on Qualified School Construction Bonds, Series 2010, before federal interest rate subsidy.

Exhibit K-3

Jefferson County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Jefferson County 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 Capital Projects	Litigation tax	\$ 101,900
Solid Waste/Sanitation	General	Indirect costs	26,409
General Capital Projects	Solid Waste/Disposal	Capital outlay purchase	21,576
Highway/Public Works	General	Indirect costs	50,367
Solid Waste/Disposal	General	Indirect costs	26,409
Total Transfers Primary Government			<u>\$ 226,661</u>
<u>DISCRETELY PRESENTED JEFFERSON</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 102,289</u>
Total Transfers Discretely Presented Jefferson County School Department			<u>\$ 102,289</u>

Exhibit K-4

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 81,816 (1)	\$ 50,000	Hartford Fire Insurance Company
Road Superintendent	Section 8-24-102, TCA	77,921 (2)	100,000	"
Director of Schools (3)	State Board of Education and County Board of Education	96,500	150,000	State Automobile Mutual Insurance Company Tennessee Risk Management Trust
Trustee	Section 8-24-102, TCA	70,838 (4)	1,900,000	Hartford Fire Insurance Company
Assessor of Property	Section 8-24-102, TCA	70,838 (4)	10,000	State Automobile Mutual Insurance Company
Finance Director:				
Mike Long (7-1-10 through 12-31-10)	County Commission	43,646	150,000	Tennessee Risk Management Trust
Darrell Helton (2-3-11 through 6-30-11)	County Commission	32,718	150,000	"
County Clerk	Section 8-24-102, TCA	70,838 (4)	50,000	Hartford Fire Insurance Company
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	70,838 (4)	50,000	"
Clerk and Master	Section 8-24-102, TCA	70,838 (4)	50,000	State Automobile Mutual Insurance Company
Register:				
Sarah Webb (7-1-10 through 8-31-10)	Section 8-24-102, TCA	12,954 (4)	25,000	Hartford Fire Insurance Company
Ed Stiner (9-1-10 through 6-30-11)	Section 8-24-102, TCA	57,884	25,000	"
Sheriff:				
David Davenport (7-1-10 through 8-31-10)	Section 8-24-102, TCA	14,249 (2)	25,000	"
Bud McCoig (9-1-10 through 6-30-11)	Section 8-24-102, TCA	63,672	25,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments			150,000	Tennessee Risk Management Trust
Public Employee Dishonesty - School Department			150,000	"

(1) Includes a retroactive salary of \$1,590 for April-June 2010, based on the 2010 census.
 (2) Includes a retroactive salary of \$1,514 for April-June 2010, based on the 2010 census.
 (3) In addition to Dr. Charles Edmonds annual salary of \$96,500, Connie Campbell, the former interim director of schools, was paid \$7,920 on her contract that ran through July 31, 2010.
 (4) Includes a retroactive salary of \$1,376 for April-June 2010, based on the 2010 census.

Exhibit K-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 8,757,302	\$ 0	\$ 0	\$ 1,671,912	\$ 0
Trustee's Collections - Prior Year	325,253	0	0	48,573	0
Circuit/Clerk & Master Collections - Prior Years	139,236	0	0	29,468	0
Interest and Penalty	56,125	0	0	9,987	0
Pick-up Taxes	17,070	0	0	3,205	0
Payments in-Lieu-of Taxes - Local Utilities	16,693	0	0	3,170	0
Payments in-Lieu-of Taxes - Other	52	0	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0	0	0
Hotel/Motel Tax	194,671	0	0	0	0
Wheel Tax	0	0	0	0	0
Litigation Tax - General	89,111	0	0	0	0
Litigation Tax - Special Purpose	0	0	8,864	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	109,464	41,002	0	0	0
Business Tax	398,680	0	0	0	0
Adequate Facilities/Development Tax	0	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	10,161	0	0	1,929	0
Wholesale Beer Tax	126,462	0	0	0	0
Total Local Taxes	\$ 10,240,280	\$ 41,002	\$ 8,864	\$ 1,768,244	\$ 0
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,335	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	56,823	0	0	0	0
<u>Permits</u>					
Beer Permits	475	0	0	0	0
Building Permits	128,820	0	0	0	0
Other Permits	57,580	0	0	0	0
Total Licenses and Permits	\$ 245,033	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 4,494	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	6,757	0	0	0	0	0
Drug Control Fines	0	0	0	0	0	11,514
Drug Court Fees	749	0	0	0	0	0
Jail Fees	3,384	0	0	0	0	0
DUI Treatment Fines	1,045	0	0	0	0	0
Data Entry Fee - Circuit Court	626	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	71,854	0	0	0	0	0
Officers Costs	65,891	0	0	0	0	0
Game and Fish Fines	2,043	0	0	0	0	0
Drug Control Fines	0	0	0	0	0	39,635
Drug Court Fees	12,839	0	0	0	0	0
Jail Fees	44,998	0	0	0	0	0
DUI Treatment Fines	9,278	0	0	0	0	0
Data Entry Fee - General Sessions Court	7,720	0	0	0	0	0
Courtroom Security Fee	1,826	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	8,791	0	0	0	0	0
Officers Costs	6,297	0	0	0	0	0
Data Entry Fee - Juvenile Court	640	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	2,789	0	0	0	0	0
Data Entry Fee - Chancery Court	2,248	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Victims Assistance Assessments	10,471	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	0	5,215
Total Fines, Forfeitures, and Penalties	\$ 264,740	\$ 0	\$ 0	\$ 0	\$ 0	\$ 56,364

(Continued)

Exhibit K-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Patient Charges	\$ 3,237,760	\$ 0	\$ 0	\$ 0	\$ 0
Other General Service Charges	2,225	0	0	0	0
<u>Fees</u>					
Copy Fees	2,688	0	0	0	0
Library Fees	15,050	0	0	0	0
Greenbelt Late Application Fee	50	0	0	0	0
Telephone Commissions	53,254	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0
Data Processing Fee - Register	15,072	0	0	0	0
Data Processing Fee - Sheriff	8,340	0	0	0	0
Sexual Offender Registration Fees - Sheriff	6,441	0	0	0	0
Data Processing Fee - County Clerk	862	0	0	0	0
Total Charges for Current Services	\$ 3,341,742	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	0	0	0	0	0
Sale of Materials and Supplies	13,799	0	0	0	0
Commissary Sales	31,853	0	0	0	0
Miscellaneous Refunds	32,180	0	0	0	1,001
<u>Nonrecurring Items</u>					
Sale of Equipment	7,534	0	0	0	0
Sale of Property	1,500	0	0	0	0
Contributions and Gifts	1,500	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	388,919	0	0	0	0
Total Other Local Revenues	\$ 477,285	\$ 0	\$ 0	\$ 0	\$ 1,001

(Continued)

Exhibit K-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control
<u>Fees Received from County Officials</u>					
<u>Excess Fees</u>					
Register	\$ 11,229	\$ 0	\$ 0	\$ 0	\$ 0
Trustee	572,900	0	0	0	0
<u>Fees in-Lieu-of Salary</u>					
Circuit Court Clerk	101,654	0	0	0	0
General Sessions Court Clerk	281,499	0	0	0	0
Clerk and Master	110,045	0	0	0	0
Juvenile Court Clerk	39,778	0	0	0	0
Sheriff	18,010	0	0	0	0
Total Fees Received from County Officials	\$ 1,135,115	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 11,700	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	11,939	0	0	0	0
On-Behalf Contributions for OPEB	1,018	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	22,800	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	126,147	0	0	0	0
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	0
Litter Program	35,242	0	0	0	0
<u>Other State Revenues</u>					
Emergency Hospital - Prisoners	41,569	0	0	0	0
Contracted Prisoner Boarding	1,354,915	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0
Other State Grants	24,010	0	0	0	0
Other State Revenues	3,545	0	0	0	0
Total State of Tennessee	\$ 1,648,049	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-5

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control
<u>Federal Government</u>					
<u>Federal Through State</u>					
Homeland Security Grants	\$ 114,702	\$ 0	\$ 0	\$ 0	\$ 0
Other Federal through State	198,422	0	0	0	0
<u>Direct Federal Revenue</u>					
Tax Credit Bond Rebate	0	0	0	0	0
Other Direct Federal Revenue	17,655	0	0	0	0
Total Federal Government	\$ 330,779	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 165,246	\$ 0	\$ 0	\$ 0	\$ 0
<u>Citizens Groups</u>					
Donations	50	0	0	0	0
<u>Other</u>					
Other	865	0	0	0	0
Total Other Governments and Citizens Groups	\$ 166,161	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 17,849,184	\$ 41,002	\$ 8,864	\$ 1,768,244	\$ 57,365

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Total	
	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works	Debt Service Fund		
	\$	0 \$	2,117,755 \$	2,786,518 \$	557,303 \$	15,890,790
<u>County Property Taxes</u>						
Current Property Tax	0	0	65,717	45,716	5,715	490,974
Trustee's Collections - Prior Year	0	0	39,867	30,306	3,533	242,410
Circuit/Clerk & Master Collections - Prior Years	0	0	13,343	10,824	1,598	91,877
Interest and Penalty	0	0	4,097	5,035	964	30,371
Pick-up Taxes	0	0	4,015	5,283	1,057	30,218
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	0	0	52
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	1,061,113	0	1,061,113
Hotel/Motel Tax	0	0	0	0	0	194,671
Wheel Tax	0	0	0	1,069,723	0	1,069,723
Litigation Tax - General	0	0	0	0	0	89,111
Litigation Tax - Special Purpose	0	0	0	0	0	8,864
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	150,466
Business Tax	0	0	0	0	0	398,680
Adequate Facilities/Development Tax	0	0	0	251,759	0	251,759
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	2,444	3,215	643	18,392
Wholesale Beer Tax	0	0	0	0	0	126,462
Total Local Taxes	0 \$	0 \$	2,247,238 \$	5,269,492 \$	570,813 \$	20,145,933
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	0	0	0	0	0	1,335
Cable TV Franchise	0	0	0	0	0	56,823
<u>Permits</u>						
Beer Permits	0	0	0	0	0	475
Building Permits	0	0	0	0	0	128,820
Other Permits	0	0	0	0	0	57,580
Total Licenses and Permits	0 \$	0 \$	0 \$	0 \$	0 \$	245,033

(Continued)

Exhibit K-5

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

	Special Revenue Funds			Highway / Public Works	Debt Service Fund		Capital Projects Fund		Total
	Other Special Revenue	Constitu- tional Officers - Fees			General Debt Service	General Capital Projects			
<u>Circuit Court</u>									
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	4,494
Officers Costs	0	0	0	0	0	0	0	0	6,757
Drug Control Fines	0	0	0	0	0	0	0	0	11,514
Drug Court Fees	0	0	0	0	0	0	0	0	749
Jail Fees	0	0	0	0	0	0	0	0	3,384
DUI Treatment Fines	0	0	0	0	0	0	0	0	1,045
Data Entry Fee - Circuit Court	0	0	0	0	0	0	0	0	626
<u>General Sessions Court</u>									
Fines	0	0	0	0	0	0	0	0	71,854
Officers Costs	0	0	0	0	0	0	0	0	65,891
Game and Fish Fines	0	0	0	0	0	0	0	0	2,043
Drug Control Fines	0	0	0	0	0	0	0	0	39,635
Drug Court Fees	0	0	0	0	0	0	0	0	12,839
Jail Fees	0	0	0	0	0	0	0	0	44,998
DUI Treatment Fines	0	0	0	0	0	0	0	0	9,278
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	0	0	7,720
Courtroom Security Fee	0	0	0	0	0	0	0	0	1,826
<u>Juvenile Court</u>									
Fines	0	0	0	0	0	0	0	0	8,791
Officers Costs	0	0	0	0	0	0	0	0	6,297
Data Entry Fee - Juvenile Court	0	0	0	0	0	0	0	0	640
<u>Chancery Court</u>									
Officers Costs	0	0	0	0	0	0	0	0	2,789
Data Entry Fee - Chancery Court	0	0	0	0	0	0	0	0	2,248
<u>Judicial District Drug Program</u>									
Victims Assistance Assessments	0	0	0	0	0	0	0	0	10,471
<u>Other Fines, Forfeitures, and Penalties</u>									
Proceeds from Confiscated Property	0	0	0	0	0	0	0	0	5,215
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 321,104

(Continued)

Exhibit K-5

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

	Special Revenue Funds			Highway / Public Works	Debt Service Fund		Capital Projects Fund		Total
	Other Special Revenue	Constitu- tional Officers - Fees	General Debt Service		General Debt Service	General Capital Projects			
Charges for Current Services									
<u>General Service Charges</u>									
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,237,760
Other General Service Charges	0	0	40,196	0	0	0	0	0	42,421
<u>Fees</u>									
Copy Fees	0	0	0	0	0	0	0	0	2,688
Library Fees	0	0	0	0	0	0	0	0	15,050
Greenbelt Late Application Fee	0	0	0	0	0	0	0	0	50
Telephone Commissions	0	0	0	0	0	0	0	0	53,254
Constitutional Officers' Fees and Commissions	0	942,570	0	0	0	0	0	0	942,570
Data Processing Fee - Register	0	0	0	0	0	0	0	0	15,072
Data Processing Fee - Sheriff	0	0	0	0	0	0	0	0	8,340
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	0	0	6,441
Data Processing Fee - County Clerk	0	0	0	0	0	0	0	0	862
Total Charges for Current Services	\$ 0	\$ 942,570	\$ 40,196	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,324,508
<u>Other Local Revenues</u>									
<u>Recurring Items</u>									
Investment Income	\$ 12,812	\$ 159	\$ 0	\$ 0	\$ 262,735	\$ 0	\$ 0	\$ 0	\$ 275,706
Lease/Rentals	4,000	0	0	0	0	0	0	0	4,000
Sale of Materials and Supplies	0	0	0	0	0	0	0	0	13,799
Commissary Sales	0	0	0	0	0	0	0	0	31,853
Miscellaneous Refunds	0	0	2,022	0	20,428	0	0	0	55,631
<u>Nonrecurring Items</u>									
Sale of Equipment	0	0	0	0	0	0	0	0	7,534
Sale of Property	0	0	0	0	0	0	0	0	1,500
Contributions and Gifts	0	0	0	0	0	0	1,500	0	3,000
<u>Other Local Revenues</u>									
Other Local Revenues	0	0	0	0	487,181	0	0	0	876,100
Total Other Local Revenues	\$ 16,812	\$ 159	\$ 2,022	\$ 0	\$ 770,344	\$ 1,500	\$ 0	\$ 0	\$ 1,269,123

(Continued)

Exhibit K-5

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

	Special Revenue Funds			Highway / Public Works	Debt Service Fund		Capital Projects Fund		Total
	Other Special Revenue	Constitu- tional Officers - Fees	General Debt Service		General Debt Service	General Capital Projects			
<u>Fees Received from County Officials</u>									
<u>Excess Fees</u>									
Register	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	11,229
Trustee	0	0	0	0	0	0	0	0	572,900
<u>Fees in-Lieu-of Salary</u>									
Circuit Court Clerk	0	0	0	0	0	0	0	0	101,654
General Sessions Court Clerk	0	0	0	0	0	0	0	0	281,499
Clerk and Master	0	0	0	0	0	0	0	0	110,045
Juvenile Court Clerk	0	0	0	0	0	0	0	0	39,778
Sheriff	0	0	0	0	0	0	0	0	18,010
Total Fees Received from County Officials	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	1,135,115
<u>State of Tennessee</u>									
<u>General Government Grants</u>									
Juvenile Services Program	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	11,700
Aging Programs	0	0	0	0	0	0	0	0	11,939
On-Behalf Contributions for OPEB	0	0	0	0	0	0	0	0	1,018
<u>Public Safety Grants</u>									
Law Enforcement Training Programs	0	0	0	0	0	0	0	0	22,800
<u>Health and Welfare Grants</u>									
Health Department Programs	0	0	0	0	0	0	0	0	126,147
<u>Public Works Grants</u>									
State Aid Program	0	0	359,388	0	0	0	0	0	359,388
Litter Program	0	0	0	0	0	0	0	0	35,242
<u>Other State Revenues</u>									
Emergency Hospital - Prisoners	0	0	0	0	0	0	0	0	41,569
Contracted Prisoner Boarding	0	0	0	0	0	0	0	0	1,354,915
Gasoline and Motor Fuel Tax	0	0	1,652,269	0	0	0	0	0	1,652,269
Petroleum Special Tax	0	0	32,608	0	0	0	0	0	32,608
Registrar's Salary Supplement	0	0	0	0	0	0	0	0	15,164
Other State Grants	0	0	0	0	0	0	0	0	24,010
Other State Revenues	0	0	0	0	0	0	0	0	3,545
Total State of Tennessee	\$ 0 \$	0 \$	2,044,265 \$	0 \$	0 \$	0 \$	0 \$	0 \$	3,692,314

(Continued)

Exhibit K-5

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

	Special Revenue Funds			Highway / Public Works	Debt Service Fund	Capital Projects Fund	Total
	Other Special Revenue	Constitu- tional Officers - Fees	General Debt Service Projects				
<u>Federal Government</u>							
<u>Federal Through State</u>							
Homeland Security Grants	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	114,702
Other Federal through State	0	0	0	0	0	0	198,422
<u>Direct Federal Revenue</u>							
Tax Credit Bond Rebate	0	0	0	438,758	0	0	438,758
Other Direct Federal Revenue	0	0	0	0	0	0	17,655
Total Federal Government	\$ 0 \$	0 \$	0 \$	438,758 \$	0 \$	0 \$	769,537
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	165,246
<u>Citizens Groups</u>							
Donations	0	0	0	0	0	0	50
<u>Other</u>							
Other	0	0	0	0	0	0	865
Total Other Governments and Citizens Groups	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	166,161
Total	\$ 16,812 \$	942,729 \$	4,333,721 \$	6,478,594 \$	572,313 \$	32,068,828	

Exhibit K-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Other Capital Projects - QSCB	Other Capital Projects - RZEDB	Total
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 6,910,569	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,910,569
Trustee's Collections - Prior Year	211,438	0	0	0	0	0	211,438
Circuit/Clerk & Master Collections - Prior Years	127,991	0	0	0	0	0	127,991
Interest and Penalty	42,312	0	0	0	0	0	42,312
Pick-up Taxes	13,342	0	0	0	0	0	13,342
Payments in-Lieu-of Taxes - T.V.A.	13,297	0	0	0	0	0	13,297
Payments in-Lieu-of Taxes - Local Utilities	13,101	0	0	0	0	0	13,101
<u>County Local Option Taxes</u>							
Local Option Sales Tax	4,775,043	0	0	0	0	0	4,775,043
<u>Statutory Local Taxes</u>							
Bank Excise Tax	7,974	0	0	0	0	0	7,974
Wholesale Beer Tax	12,153	0	0	0	0	0	12,153
Interstate Telecommunications Tax	5,014	0	0	0	0	0	5,014
Total Local Taxes	\$ 12,132,234	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,132,234
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Marriage Licenses	\$ 2,366	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,366
Total Licenses and Permits	\$ 2,366	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,366
<u>Charges for Current Services</u>							
<u>Education Charges</u>							
Lunch Payments - Children	\$ 0	\$ 0	\$ 553,625	\$ 0	\$ 0	\$ 0	\$ 553,625
Lunch Payments - Adults	0	0	72,480	0	0	0	72,480
Income from Breakfast	0	0	74,261	0	0	0	74,261
A la carte Sales	0	0	200,771	0	0	0	200,771
Receipts from Individual Schools	47,179	0	0	0	0	0	47,179
Community Service Fees - Children	179,546	0	0	0	0	0	179,546
<u>Other Charges for Services</u>							
Other Charges for Services	0	0	5,399	0	0	0	5,399
Total Charges for Current Services	\$ 226,725	\$ 0	\$ 906,536	\$ 0	\$ 0	\$ 0	\$ 1,133,261

(Continued)

Exhibit K-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Other Capital Projects - QSCB	Other Capital Projects - RZIEDB	Total
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	0 \$	0 \$	1,883 \$	0 \$	14,547 \$	0 \$	16,430
Miscellaneous Refunds	7,721	0	0	0	0	0	7,721
<u>Nonrecurring Items</u>							
Sale of Equipment	22,075	0	1,426	0	0	0	23,501
Damages Recovered from Individuals	10	0	0	0	0	0	10
Contributions and Gifts	16,900	0	0	0	0	0	16,900
<u>Other Local Revenues</u>	651	0	0	0	0	0	651
Other Local Revenues	47,357 \$	0 \$	3,309 \$	0 \$	14,547 \$	0 \$	65,213
Total Other Local Revenues							
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
On-Behalf Contributions for OPEB	204,021 \$	0 \$	0 \$	0 \$	0 \$	0 \$	204,021
<u>State Education Funds</u>							
Basic Education Program	27,636,698	0	0	0	0	0	27,636,698
Basic Education Program - ARRA	3,057,303	0	0	0	0	0	3,057,303
Early Childhood Education	759,086	0	0	0	0	0	759,086
School Food Service	0	0	35,483	0	0	0	35,483
Driver Education	24,673	0	0	0	0	0	24,673
Other State Education Funds	32,852	0	0	0	0	0	32,852
Coordinated School Health - ARRA	110,000	0	0	0	0	0	110,000
Internet Connectivity - ARRA	22,023	0	0	0	0	0	22,023
Family Resource Centers - ARRA	119,318	0	0	0	0	0	119,318
Statewide Student Management System (SSMS) - ARRA	18,546	0	0	0	0	0	18,546
Career Ladder Program	257,134	0	0	0	0	0	257,134
<u>Other State Revenues</u>							
Income Tax	158,690	0	0	0	0	0	158,690
Beer Tax	68,712	0	0	0	0	0	68,712
State Revenue Sharing - T.V.A.	938,892	0	0	0	0	0	938,892
Safe Schools - ARRA	34,053	0	0	0	0	0	34,053
Total State of Tennessee	33,442,001 \$	0 \$	35,483 \$	0 \$	0 \$	0 \$	33,477,484

(Continued)

Exhibit K-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Other Capital Projects - QSCB	Other Capital Projects - RZEDB	Total
<u>Federal Government</u>							
<u>Federal Through State</u>							
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,633,976	\$ 0	\$ 0	\$ 0	\$ 1,633,976
USDA - Commodities	0	0	251,361	0	0	0	251,361
Breakfast	0	0	522,874	0	0	0	522,874
Adult Education State Grant Program	117,176	0	0	0	0	0	117,176
Vocational Education - Basic Grants to States	0	132,074	0	0	0	0	132,074
Title I Grants to Local Education Agencies	0	2,255,779	0	0	0	0	2,255,779
Special Education - Grants to States	12,644	1,943,421	0	0	0	0	1,956,065
Special Education Preschool Grants	0	75,255	0	0	0	0	75,255
English Language Acquisition Grants	0	31,108	0	0	0	0	31,108
Safe and Drug-free Schools - State Grants	0	1,684	0	0	0	0	1,684
Eisenhower Professional Development State Grants	0	378,213	0	0	0	0	378,213
Job Training Partnership Act	170,733	0	0	0	0	0	170,733
Race-to-the-Top - ARRA	0	365,546	0	0	0	0	365,546
Other Federal through State	64,362	1,712,223	0	0	0	0	1,776,585
<u>Direct Federal Revenue</u>	53,155	0	0	0	0	0	53,155
ROTC Reimbursement	418,070	6,895,303	2,408,211	0	0	0	9,721,584
Total Federal Government	\$ 418,070	\$ 6,895,303	\$ 2,408,211	\$ 0	\$ 0	\$ 0	\$ 9,721,584
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 0	\$ 0	\$ 0	\$ 387,550	\$ 10,500,657	\$ 15,717,650	\$ 26,605,857
Contracted Services	0	267	0	0	0	0	267
Total Other Governments and Citizens Groups	\$ 0	\$ 267	\$ 0	\$ 387,550	\$ 10,500,657	\$ 15,717,650	\$ 26,606,124
Total	\$ 46,268,753	\$ 6,895,570	\$ 3,353,539	\$ 387,550	\$ 10,515,204	\$ 15,717,650	\$ 83,138,266

Exhibit K-7

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

General Fund

General Government

County Commission

Medical Personnel	\$	22,000	
Part-time Personnel		10,230	
Board and Committee Members Fees		90,600	
Social Security		6,251	
Unemployment Compensation		100	
Employer Medicare		1,462	
Advertising		3,706	
Audit Services		13,288	
Dues and Memberships		7,550	
Legal Services		55,962	
Travel		324	
Other Contracted Services		36,545	
Office Supplies		698	
Office Equipment		1,301	
Total County Commission			\$ 250,017

Board of Equalization

Board and Committee Members Fees	\$	2,980	
Total Board of Equalization			2,980

County Mayor/Executive

County Official/Administrative Officer	\$	81,816	
Longevity Pay		800	
Other Salaries and Wages		61,808	
Social Security		8,618	
State Retirement		20,595	
Life Insurance		220	
Medical Insurance		26,985	
Dental Insurance		450	
Unemployment Compensation		180	
Employer Medicare		2,015	
Advertising		150	
Communication		2,954	
Pauper Burials		1,200	
Travel		209	
Gasoline		1,553	
Office Supplies		2,155	
Other Charges		14,119	
Office Equipment		347	
Total County Mayor/Executive			226,174

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

Supervisor/Director	\$	63,754	
Clerical Personnel		75,709	
Part-time Personnel		690	
Longevity Pay		1,100	
Election Commission		6,675	
Election Workers		39,778	
Social Security		9,671	
State Retirement		19,952	
Life Insurance		296	
Medical Insurance		31,842	
Dental Insurance		600	
Unemployment Compensation		387	
Employer Medicare		2,262	
Advertising		3,820	
Communication		1,032	
Dues and Memberships		4,425	
Maintenance Agreements		8,533	
Postal Charges		3,871	
Printing, Stationery, and Forms		4,314	
Travel		5,569	
Other Contracted Services		1,365	
Office Supplies		2,402	
Other Charges		117	
Data Processing Equipment		14,066	
Total Election Commission			\$ 302,230

Register of Deeds

County Official/Administrative Officer	\$	2,295	
Social Security		142	
Life Insurance		197	
Medical Insurance		19,843	
Dental Insurance		450	
Unemployment Compensation		258	
Employer Medicare		33	
Communication		536	
Data Processing Services		22,268	
Maintenance Agreements		1,510	
Data Processing Supplies		309	
Office Supplies		837	
Other Charges		120	
Total Register of Deeds			48,798

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Codes Compliance

Supervisor/Director	\$	44,852	
Clerical Personnel		26,738	
Longevity Pay		1,500	
Social Security		4,455	
State Retirement		10,337	
Life Insurance		148	
Medical Insurance		13,176	
Dental Insurance		300	
Unemployment Compensation		180	
Employer Medicare		1,042	
Communication		799	
Travel		285	
Gasoline		489	
Other Charges		95	
Total Codes Compliance			\$ 104,396

County Buildings

Supervisor/Director	\$	38,984
Custodial Personnel		70,226
Maintenance Personnel		85,790
Longevity Pay		4,500
Social Security		11,875
State Retirement		27,856
Life Insurance		519
Medical Insurance		50,083
Dental Insurance		900
Unemployment Compensation		689
Employer Medicare		2,777
Communication		14,164
Maintenance Agreements		23,618
Maintenance and Repair Services - Buildings		96,933
Maintenance and Repair Services - Office Equipment		747
Pest Control		6,660
Postal Charges		40,726
Other Contracted Services		5,285
Custodial Supplies		10,679
Electricity		34,555
Gasoline		6,329
Natural Gas		16,576
Office Supplies		1,905

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Uniforms	\$	2,774	
Water and Sewer		21,989	
Building and Contents Insurance		19,946	
Vehicle and Equipment Insurance		2,762	
Other Charges		4,740	
Office Equipment		1,195	
Other Equipment		1,681	
Total County Buildings			\$ 607,463

Other Facilities

Supervisor/Director	\$	38,479	
Mechanic(s)		42,621	
Longevity Pay		1,600	
Overtime Pay		1,637	
In-Service Training		220	
Social Security		4,944	
State Retirement		11,235	
Life Insurance		171	
Medical Insurance		18,732	
Dental Insurance		50	
Unemployment Compensation		247	
Employer Medicare		1,156	
Communication		4,531	
Maintenance Agreements		318	
Maintenance and Repair Services - Equipment		431	
Other Contracted Services		2,008	
Gasoline		2,363	
Office Supplies		1,133	
Tires and Tubes		37,676	
Uniforms		2,502	
Utilities		8,586	
Vehicle Parts		106,221	
Other Charges		535	
Data Processing Equipment		830	
Office Equipment		278	
Other Equipment		2,398	
Total Other Facilities			290,902

Other General Administration

Other Charges	\$	35	
Total Other General Administration			35

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Preservation of Records

Communication	\$	4	
Maintenance and Repair Services - Office Equipment		1,884	
Travel		170	
Other Contracted Services		6,000	
Office Supplies		3,813	
Data Processing Equipment		2,135	
Total Preservation of Records			\$ 14,006

Finance

Accounting and Budgeting

Supervisor/Director	\$	76,364	
Deputy(ies)		45,223	
Longevity Pay		9,000	
Other Salaries and Wages		338,951	
In-Service Training		175	
Social Security		28,333	
State Retirement		60,182	
Life Insurance		849	
Medical Insurance		76,883	
Dental Insurance		1,662	
Unemployment Compensation		1,155	
Employer Medicare		6,626	
Communication		6,281	
Maintenance and Repair Services - Equipment		9,422	
Rentals		21,000	
Travel		1,742	
Other Contracted Services		1,888	
Data Processing Supplies		12,347	
Office Supplies		3,473	
Utilities		5,695	
Other Charges		1,206	
Data Processing Equipment		16	
Office Equipment		1,452	
Total Accounting and Budgeting			709,925

Property Assessor's Office

County Official/Administrative Officer	\$	70,838	
Assessment Personnel		104,385	
Secretary(ies)		33,380	
Longevity Pay		2,000	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Social Security	\$	12,730	
State Retirement		29,937	
Life Insurance		370	
Medical Insurance		39,199	
Dental Insurance		600	
Unemployment Compensation		360	
Employer Medicare		2,977	
Audit Services		17,400	
Communication		649	
Data Processing Services		18,964	
Maintenance Agreements		4,351	
Travel		130	
Office Supplies		1,041	
Other Supplies and Materials		204	
Furniture and Fixtures		496	
Office Equipment		482	
Total Property Assessor's Office			\$ 340,493

Reappraisal Program

Assessment Personnel	\$	32,604	
Clerical Personnel		32,604	
Social Security		3,619	
State Retirement		9,203	
Life Insurance		158	
Medical Insurance		17,489	
Dental Insurance		300	
Unemployment Compensation		180	
Employer Medicare		846	
Postal Charges		10	
Gasoline		3,035	
Vehicle and Equipment Insurance		1,003	
Other Charges		25	
Data Processing Equipment		312	
Office Equipment		47	
Total Reappraisal Program			101,435

County Trustee's Office

Life Insurance	\$	205	
Medical Insurance		24,076	
Dental Insurance		450	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Unemployment Compensation	\$	298	
Communication		1,416	
Data Processing Services		9,992	
Legal Notices, Recording, and Court Costs		374	
Maintenance Agreements		11,685	
Gasoline		161	
Office Supplies		6,502	
Other Charges		44	
Data Processing Equipment		2,193	
Total County Trustee's Office			\$ 57,396

County Clerk's Office

Life Insurance	\$	684	
Medical Insurance		61,898	
Dental Insurance		1,350	
Unemployment Compensation		778	
Communication		2,295	
Dues and Memberships		450	
Maintenance Agreements		14,197	
Travel		674	
Office Supplies		16,315	
Other Charges		30	
Data Processing Equipment		4,987	
Total County Clerk's Office			103,658

Data Processing

Supervisor/Director	\$	50,604	
Social Security		3,137	
State Retirement		7,190	
Life Insurance		74	
Medical Insurance		6,430	
Unemployment Compensation		90	
Employer Medicare		734	
Communication		1,142	
Other Contracted Services		27,557	
Office Supplies		665	
Other Supplies and Materials		1,012	
Other Charges		870	
Data Processing Equipment		954	
Other Equipment		36,561	
Total Data Processing			137,020

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Other Finance

Other Contracted Services	\$	20,000	
Liability Insurance		63,881	
Premiums on Corporate Surety Bonds		9,842	
Trustee's Commission		232,997	
Workers' Compensation Insurance		60,101	
Liability Claims		<u>2,835</u>	
Total Other Finance	\$		389,656

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	70,838	
Deputy(ies)		38,978	
Clerical Personnel		247,765	
Longevity Pay		8,700	
Jury and Witness Expense		9,902	
Social Security		21,915	
State Retirement		51,889	
Life Insurance		739	
Medical Insurance		76,424	
Dental Insurance		1,200	
Unemployment Compensation		810	
Employer Medicare		5,125	
Communication		1,636	
Legal Notices, Recording, and Court Costs		20	
Maintenance Agreements		22,778	
Postal Charges		8,996	
Travel		300	
Maintenance and Repair Services - Records		3,000	
Other Contracted Services		57,200	
Data Processing Supplies		2,756	
Electricity		26,954	
Library Books/Media		179	
Natural Gas		5,396	
Office Supplies		12,052	
Other Charges		210	
Data Processing Equipment		250	
Office Equipment		<u>3,285</u>	
Total Circuit Court			679,297

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court

County Official/Administrative Officer	\$	148,012	
Secretary(ies)		32,512	
Longevity Pay		1,200	
Other Salaries and Wages		260	
Other Per Diem and Fees		19,296	
Social Security		9,387	
State Retirement		26,045	
Life Insurance		111	
Medical Insurance		16,758	
Dental Insurance		150	
Unemployment Compensation		98	
Employer Medicare		2,572	
Communication		153	
Dues and Memberships		335	
Maintenance Agreements		714	
Postal Charges		400	
Travel		1,254	
Electricity		11,552	
Library Books/Media		1,782	
Natural Gas		2,313	
Office Supplies		632	
Other Charges		76	
Total General Sessions Court			\$ 275,612

Drug Court

Contracts with Government Agencies	\$	21,209	
Total Drug Court			21,209

Chancery Court

County Official/Administrative Officer	\$	70,838	
Assistant(s)		34,938	
Deputy(ies)		33,380	
Longevity Pay		3,000	
Social Security		8,570	
State Retirement		20,268	
Life Insurance		196	
Medical Insurance		19,390	
Dental Insurance		450	
Unemployment Compensation		270	
Employer Medicare		2,004	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Advertising	\$	941	
Communication		479	
Dues and Memberships		749	
Maintenance Agreements		8,000	
Travel		170	
Office Supplies		2,363	
Data Processing Equipment		1,521	
Total Chancery Court			\$ 207,527

Juvenile Court

Youth Service Officer(s)	\$	98,493	
Attendants		35,359	
Longevity Pay		3,300	
In-Service Training		600	
Social Security		8,233	
State Retirement		19,375	
Life Insurance		296	
Medical Insurance		26,399	
Dental Insurance		450	
Unemployment Compensation		360	
Employer Medicare		1,925	
Communication		1,884	
Contracts with Government Agencies		18,590	
Legal Services		779	
Maintenance Agreements		4,571	
Postal Charges		1,476	
Travel		2,768	
Drug Treatment		472	
Electricity		15,402	
Gasoline		2,441	
Natural Gas		3,083	
Office Supplies		3,976	
Uniforms		511	
Other Charges		118	
Total Juvenile Court			250,861

Victims Assistance Programs

Remittance of Revenue Collected	\$	5,734	
Total Victims Assistance Programs			5,734

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	77,921	
Assistant(s)		71,701	
Deputy(ies)		1,031,468	
Detective(s)		130,341	
Secretary(ies)		59,424	
Part-time Personnel		218,148	
Longevity Pay		20,300	
Overtime Pay		14,404	
In-Service Training		33,923	
Social Security		102,818	
State Retirement		187,423	
Life Insurance		3,124	
Medical Insurance		286,853	
Dental Insurance		4,711	
Unemployment Compensation		6,000	
Employer Medicare		24,046	
Other Fringe Benefits		37,621	
Communication		61,690	
Data Processing Services		41,570	
Maintenance Agreements		22,117	
Maintenance and Repair Services - Equipment		9,746	
Maintenance and Repair Services - Vehicles		24,952	
Postal Charges		1,920	
Travel		10,463	
Other Contracted Services		9,484	
Gasoline		173,736	
Instructional Supplies and Materials		213	
Library Books/Media		387	
Office Supplies		12,170	
Uniforms		23,286	
Liability Insurance		37,429	
Vehicle and Equipment Insurance		11,631	
Workers' Compensation Insurance		44,691	
Other Charges		8,227	
Other Equipment		26,822	
Total Sheriff's Department			\$ 2,830,760

Wheel Tax Officer

Part-time Personnel	\$	11,676
Social Security		724

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Wheel Tax Officer (Cont.)

Unemployment Compensation	\$	90	
Employer Medicare		169	
Travel		136	
Office Supplies		860	
Office Equipment		255	
Total Wheel Tax Officer			\$ 13,910

Jail

Medical Personnel	\$	39,119	
Guards		914,016	
Cafeteria Personnel		56,627	
Part-time Personnel		37,944	
Longevity Pay		15,500	
In-Service Training		2,853	
Social Security		67,251	
State Retirement		140,141	
Life Insurance		2,866	
Medical Insurance		264,345	
Dental Insurance		4,203	
Unemployment Compensation		4,249	
Employer Medicare		15,728	
Other Fringe Benefits		36,035	
Maintenance Agreements		34,495	
Maintenance and Repair Services - Buildings		42,926	
Medical and Dental Services		207,357	
Other Contracted Services		1,735	
Custodial Supplies		55,801	
Electricity		138,619	
Food Supplies		360,702	
Natural Gas		34,182	
Uniforms		13,011	
Water and Sewer		47,424	
Building and Contents Insurance		22,556	
Other Charges		4,775	
Other Equipment		26,919	
Total Jail			2,591,379

Workhouse

Guards	\$	82,403	
Social Security		5,196	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse (Cont.)

State Retirement	\$	7,635	
Life Insurance		268	
Medical Insurance		24,496	
Dental Insurance		338	
Unemployment Compensation		421	
Employer Medicare		1,215	
Other Fringe Benefits		1,944	
Maintenance and Repair Services - Buildings		7,206	
Electricity		29,806	
Natural Gas		13,543	
Water and Sewer		16,947	
Total Workhouse			\$ 191,418

Inspection and Regulation

Supervisor/Director	\$	41,004	
Clerical Personnel		20,804	
Longevity Pay		600	
Social Security		3,299	
State Retirement		8,801	
Life Insurance		148	
Medical Insurance		19,509	
Dental Insurance		300	
Unemployment Compensation		180	
Employer Medicare		771	
Communication		796	
Dues and Memberships		200	
Gasoline		3,045	
Office Supplies		1,043	
Total Inspection and Regulation			100,500

Public Safety Grant Programs

Instructional Supplies and Materials	\$	113,590	
Total Public Safety Grant Programs			113,590

Other Public Safety

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

(Continued)

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

General Fund (Cont.)

Public Health and Welfare

Local Health Center

Clerical Personnel	\$	85,097	
Longevity Pay		2,000	
Social Security		5,227	
State Retirement		9,466	
Life Insurance		225	
Medical Insurance		19,655	
Dental Insurance		300	
Unemployment Compensation		465	
Employer Medicare		1,222	
Communication		3,341	
Contracts with Government Agencies		35,580	
Travel		2,517	
Drugs and Medical Supplies		1,800	
Utilities		21,217	
Other Charges		5,757	
Total Local Health Center			\$ 193,869

Rabies and Animal Control

Part-time Personnel	\$	1,990	
Other Salaries and Wages		49,208	
In-Service Training		200	
Social Security		3,152	
State Retirement		6,902	
Life Insurance		148	
Medical Insurance		12,922	
Dental Insurance		300	
Unemployment Compensation		180	
Employer Medicare		737	
Communication		2,664	
Medical and Dental Services		60	
Gasoline		9,764	
Vehicle and Equipment Insurance		181	
Other Equipment		128	
Total Rabies and Animal Control			88,536

Ambulance/Emergency Medical Services

Assistant(s)	\$	137,435
Supervisor/Director		56,662
Medical Personnel		1,500
Clerical Personnel		69,420

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Attendants	\$ 1,576,282	
Part-time Personnel	220,309	
Longevity Pay	36,500	
Other Salaries and Wages	23,647	
In-Service Training	18,403	
Social Security	132,473	
State Retirement	270,395	
Life Insurance	3,352	
Medical Insurance	347,448	
Dental Insurance	5,463	
Unemployment Compensation	5,919	
Employer Medicare	30,981	
Other Fringe Benefits	70,470	
Communication	15,869	
Maintenance Agreements	8,459	
Maintenance and Repair Services - Equipment	12,682	
Postal Charges	8,854	
Travel	772	
Tuition	3,080	
Diesel Fuel	142,600	
Drugs and Medical Supplies	176,222	
Electricity	11,965	
Natural Gas	5,070	
Office Supplies	8,835	
Uniforms	22,566	
Water and Sewer	1,376	
Other Supplies and Materials	7,819	
Building and Contents Insurance	2,349	
Liability Insurance	15,257	
Refunds	30,743	
Vehicle and Equipment Insurance	7,798	
Workers' Compensation Insurance	101,282	
Other Charges	10,803	
Data Processing Equipment	10,500	
Furniture and Fixtures	3,994	
Motor Vehicles	204,691	
Other Equipment	40,189	
Total Ambulance/Emergency Medical Services		\$ 3,860,434

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Aid to Dependent Children

Other Charges	\$ 4,766	
Total Aid to Dependent Children		\$ 4,766

Other Local Welfare Services

Other Contracted Services	\$ 49,422	
Other Construction	102,994	
Total Other Local Welfare Services		152,416

Sanitation Education/Information

Guards	\$ 32,452	
Longevity Pay	800	
Social Security	2,027	
State Retirement	4,695	
Life Insurance	74	
Medical Insurance	6,421	
Dental Insurance	150	
Unemployment Compensation	90	
Employer Medicare	474	
Communication	337	
Gasoline	7,247	
Instructional Supplies and Materials	8,362	
Other Supplies and Materials	92	
Vehicle and Equipment Insurance	181	
Total Sanitation Education/Information		63,402

Other Public Health and Welfare

Supervisor/Director	\$ 47,183	
Longevity Pay	1,900	
Other Salaries and Wages	57,876	
Social Security	6,625	
State Retirement	15,120	
Life Insurance	222	
Medical Insurance	19,194	
Dental Insurance	300	
Unemployment Compensation	270	
Employer Medicare	1,549	
Communication	1,035	
Postal Charges	295	
Travel	882	
Gasoline	5,008	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Public Health and Welfare (Cont.)

Office Supplies	\$	951	
Chemicals		518	
Office Equipment		1,500	
Other Equipment		648	
Total Other Public Health and Welfare			\$ 161,076

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Assistant(s)	\$	86,941	
Supervisor/Director		31,747	
Salary Supplements		5,100	
Longevity Pay		4,400	
Social Security		7,864	
State Retirement		17,179	
Life Insurance		419	
Medical Insurance		39,016	
Dental Insurance		900	
Unemployment Compensation		540	
Employer Medicare		1,839	
Advertising		1,200	
Communication		2,013	
Maintenance Agreements		366	
Postal Charges		200	
Travel		1,795	
Office Supplies		2,262	
Vehicle and Equipment Insurance		361	
Office Equipment		7,180	
Total Senior Citizens Assistance			211,322

Libraries

Librarians	\$	148,398	
Part-time Personnel		56,504	
Longevity Pay		6,000	
In-Service Training		166	
Social Security		12,319	
State Retirement		21,681	
Life Insurance		408	
Medical Insurance		47,625	
Dental Insurance		900	
Unemployment Compensation		1,034	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Employer Medicare	\$	2,883	
Communication		918	
Maintenance and Repair Services - Equipment		1,644	
Library Books/Media		14,270	
Periodicals		2,891	
Utilities		1,901	
Other Supplies and Materials		3,028	
Building and Contents Insurance		963	
Other Charges		22,270	
Data Processing Equipment		2,511	
Other Equipment		8,219	
Total Libraries			\$ 356,533

Other Social, Cultural, and Recreational

Other Charges	\$	8,000	
Total Other Social, Cultural, and Recreational			8,000

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	60,042	
Part-time Personnel		9,860	
Social Security		4,334	
State Retirement		3,841	
Unemployment Compensation		95	
Employer Medicare		1,014	
Other Fringe Benefits		4,300	
Communication		6,198	
Dues and Memberships		340	
Travel		5,668	
Electricity		2,237	
Water and Sewer		235	
Other Charges		306	
Total Agriculture Extension Service			98,470

Soil Conservation

Secretary(ies)	\$	24,032	
Social Security		1,490	
State Retirement		3,369	
Life Insurance		74	
Medical Insurance		6,351	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation (Cont.)

Unemployment Compensation	\$	97	
Employer Medicare		348	
Dues and Memberships		<u>370</u>	
Total Soil Conservation	\$		36,131

Other Operations

Veterans' Services

Other Salaries and Wages	\$	30,104	
Social Security		1,843	
State Retirement		4,242	
Life Insurance		74	
Medical Insurance		6,421	
Dental Insurance		150	
Unemployment Compensation		90	
Employer Medicare		431	
Communication		1,571	
Postal Charges		133	
Travel		635	
Other Contracted Services		450	
Office Supplies		497	
Data Processing Equipment		<u>220</u>	
Total Veterans' Services			46,861

Contributions to Other Agencies

Contributions	\$	<u>1,004,944</u>	
Total Contributions to Other Agencies			1,004,944

ARRA Grant No. 2

Other Supplies and Materials	\$	<u>8,717</u>	
Total ARRA Grant No. 2			8,717

Support Services

Other Programs

On-Behalf Payments to OPEB	\$	<u>1,018</u>	
Total Other Programs			1,018

Principal on Debt

General Government

Principal on Capital Leases	\$	<u>156,847</u>	
Total General Government			156,847

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Interest on Debt

General Government

Interest on Capital Leases	\$ 5,086	
Total General Government	<u>5,086</u>	\$ 5,086

Total General Fund \$ 17,826,809

Courthouse and Jail Maintenance Fund

Finance

Other Finance

Trustee's Commission	\$ 420	
Total Other Finance	<u>420</u>	\$ 420

Total Courthouse and Jail Maintenance Fund 420

Law Library Fund

Finance

Other Finance

Trustee's Commission	\$ 91	
Total Other Finance	<u>91</u>	\$ 91

Public Safety

Jail

Other Contracted Services	\$ 10,554	
Total Jail	<u>10,554</u>	<u>10,554</u>

Total Law Library Fund 10,645

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Supervisor/Director	\$ 29,159
Longevity Pay	8,500
Other Salaries and Wages	323,466
Social Security	21,205
State Retirement	45,127
Life Insurance	612
Medical Insurance	66,270
Dental Insurance	750
Unemployment Compensation	397
Employer Medicare	4,959
Contracts with Private Agencies	12,000

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Waste Pickup (Cont.)

Maintenance and Repair Services - Vehicles	\$	118,553	
Postal Charges		299	
Rentals		5,013	
Travel		679	
Disposal Fees		740,982	
Diesel Fuel		44,608	
Gasoline		12,251	
Lubricants		3,294	
Office Supplies		74	
Tires and Tubes		14,483	
Utilities		19,619	
Other Supplies and Materials		15,945	
Building and Contents Insurance		71	
Trustee's Commission		34,963	
Vehicle and Equipment Insurance		7,419	
Workers' Compensation Insurance		24,688	
Other Charges		2,253	
Interest on Other Loans		2,182	
Solid Waste Equipment		15,250	
Total Waste Pickup			\$ 1,575,071
Total Solid Waste/Sanitation Fund			\$ 1,575,071

Drug Control Fund

Finance

Other Finance

Trustee's Commission	\$	554	
Total Other Finance			\$ 554

Public Safety

Drug Enforcement

Other Charges	\$	38,742	
Other Equipment		3,848	
Total Drug Enforcement			42,590

Total Drug Control Fund 43,144

(Continued)

Exhibit K-7

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

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$ 206,414	
Total Register of Deeds		\$ 206,414

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 188,957	
Total County Trustee's Office		188,957

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 509,260	
Total County Clerk's Office		509,260

Administration of Justice

Circuit Court

Constitutional Officers' Operating Expenses	\$ 88	
Total Circuit Court		88

General Sessions Court

Constitutional Officers' Operating Expenses	\$ 352	
Total General Sessions Court		352

Chancery Court

Constitutional Officers' Operating Expenses	\$ 226	
Total Chancery Court		226

Juvenile Court

Constitutional Officers' Operating Expenses	\$ 381	
Total Juvenile Court		<u>381</u>

Total Constitutional Officers - Fees Fund \$ 905,678

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 77,921
Accountants/Bookkeepers	43,012
Clerical Personnel	25,476
Longevity Pay	1,300
Board and Committee Members Fees	17,520
Social Security	10,028

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

State Retirement	\$	21,067	
Life Insurance		205	
Medical Insurance		23,074	
Dental Insurance		150	
Unemployment Compensation		54	
Employer Medicare		2,345	
Communication		8,083	
Data Processing Services		704	
Dues and Memberships		2,851	
Legal Notices, Recording, and Court Costs		158	
Postal Charges		152	
Other Contracted Services		3,139	
Office Supplies		1,583	
Other Charges		2,938	
Office Equipment		747	
Total Administration			\$ 242,507

Highway and Bridge Maintenance

Laborers	\$	1,016,153	
Longevity Pay		32,000	
Social Security		64,374	
State Retirement		142,773	
Life Insurance		2,050	
Medical Insurance		210,589	
Dental Insurance		2,600	
Unemployment Compensation		930	
Employer Medicare		15,055	
Rentals		11,690	
Asphalt - Liquid		219,520	
Other Road Supplies		103,624	
Pipe - Metal		9,848	
Road Signs		14,299	
Salt		5,289	
Other Supplies and Materials		16,615	
Total Highway and Bridge Maintenance			1,867,409

Operation and Maintenance of Equipment

Mechanic(s)	\$	191,230
Longevity Pay		4,300
Social Security		11,819

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

State Retirement	\$	26,514	
Life Insurance		382	
Medical Insurance		41,482	
Dental Insurance		538	
Unemployment Compensation		165	
Employer Medicare		2,764	
Maintenance and Repair Services - Equipment		188,629	
Diesel Fuel		62,691	
		<hr/>	
Total Operation and Maintenance of Equipment	\$		756,421

Quarry Operations

Electricity	\$	11,079	
		<hr/>	
Total Quarry Operations			556,519

Operation and Maintenance of Equipment

Gasoline	\$	114,208	
Lubricants		26,912	
Natural Gas		35,484	
Tires and Tubes		34,390	
Water and Sewer		545	
Other Supplies and Materials		14,368	
		<hr/>	
Total Operation and Maintenance of Equipment			756,421

Quarry Operations

Laborers	\$	259,071	
Longevity Pay		7,100	
Social Security		16,031	
State Retirement		37,493	
Life Insurance		579	
Medical Insurance		64,248	
Dental Insurance		900	
Unemployment Compensation		222	
Employer Medicare		3,749	
Maintenance and Repair Services - Equipment		26,810	
Electricity		122,256	
Other Charges		6,981	
		<hr/>	
Total Quarry Operations			556,519

Asphalt Plant Operations

Maintenance and Repair Services - Equipment	\$	16,644	
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(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Asphalt Plant Operations (Cont.)

Other Contracted Services	\$ 2,600	
Total Asphalt Plant Operations		\$ 19,244

Other Charges

Building and Contents Insurance	\$ 6,983	
Liability Insurance	7,010	
Trustee's Commission	61,748	
Vehicle and Equipment Insurance	15,759	
Total Other Charges		91,500

Employee Benefits

Workers' Compensation Insurance	\$ 71,914	
Total Employee Benefits		71,914

Total Highway/Public Works Fund \$ 3,605,514

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 150,000	
Principal on Notes	100,000	
Principal on Other Loans	560,000	
Total General Government		\$ 810,000

Education

Principal on Bonds	\$ 100,000	
Principal on Notes	1,780,000	
Principal on Other Loans	1,300,000	
Total Education		3,180,000

Interest on Debt

General Government

Interest on Bonds	\$ 337,181	
Interest on Notes	33,076	
Interest on Other Loans	133,786	
Total General Government		504,043

Education

Interest on Bonds	\$ 820,587
Interest on Notes	80,455

(Continued)

Exhibit K-7

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

General Debt Service Fund (Cont.)

Interest on Debt (Cont.)

Education (Cont.)

Interest on Other Loans	\$ 976,210	
Total Education		\$ 1,877,252

Other Debt Service

General Government

Trustee's Commission	\$ 81,613	
Other Debt Service	6,684	
Total General Government		<u>88,297</u>

Total General Debt Service Fund \$ 6,459,592

General Capital Projects Fund

Capital Projects

Other General Government Projects

Trustee's Commission	\$ 11,323	
Building Improvements	100,606	
Data Processing Equipment	<u>50,696</u>	
Total Other General Government Projects		\$ 162,625

Highway and Street Capital Projects

Highway Equipment	\$ 35,941	
Total Highway and Street Capital Projects		35,941

Education Capital Projects

Contributions	\$ 387,550	
Total Education Capital Projects		<u>387,550</u>

Total General Capital Projects Fund 586,116

Other Capital Projects Fund

Capital Projects

Public Safety Projects

Other Contracted Services	\$ 25,841	
Building Construction	4,250	
Site Development	<u>3,238</u>	
Total Public Safety Projects		\$ <u>33,329</u>

Total Other Capital Projects Fund 33,329

(Continued)

Exhibit K-7

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

<u>Other Capital Projects Education Fund</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Contributions	\$ 26,218,307	
Underwriter's Discount	166,037	
Other Debt Issuance Charges	<u>210,656</u>	
Total Education Capital Projects		<u>\$ 26,595,000</u>
Total Other Capital Projects Education Fund		<u>\$ 26,595,000</u>
Total Governmental Funds - Primary Government		<u><u>\$ 57,641,318</u></u>

Exhibit K-8

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 16,274,116	
Career Ladder Program	180,511	
Career Ladder Extended Contracts	65,000	
Educational Assistants	221,414	
Longevity Pay	8,306	
Other Salaries and Wages	58,037	
Certified Substitute Teachers	113,825	
Non-certified Substitute Teachers	243,820	
Social Security	1,005,136	
State Retirement	1,076,179	
Life Insurance	28,800	
Medical Insurance	3,024,497	
Dental Insurance	63,939	
Employer Medicare	237,594	
Maintenance and Repair Services - Equipment	41,167	
Other Contracted Services	39,695	
Instructional Supplies and Materials	352,911	
Textbooks	536,384	
Fee Waivers	148,189	
Other Charges	5,000	
Regular Instruction Equipment	270,662	
Total Regular Instruction Program		\$ 23,995,182

Alternative Instruction Program

Teachers	\$ 104,928	
Educational Assistants	9,932	
Social Security	6,507	
State Retirement	7,577	
Life Insurance	289	
Medical Insurance	38,719	
Dental Insurance	828	
Employer Medicare	1,522	
Instructional Supplies and Materials	717	
Total Alternative Instruction Program		171,019

Special Education Program

Teachers	\$ 1,428,595
Career Ladder Program	8,932
Career Ladder Extended Contracts	2,000

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Homebound Teachers	\$	9,502	
Educational Assistants		114,058	
Speech Pathologist		376,022	
Other Salaries and Wages		3,463	
Social Security		114,709	
State Retirement		133,082	
Life Insurance		3,908	
Medical Insurance		376,370	
Dental Insurance		8,532	
Employer Medicare		26,827	
Instructional Supplies and Materials		8,835	
Special Education Equipment		13,300	
Total Special Education Program			\$ 2,628,135

Vocational Education Program

Teachers	\$	960,828	
Career Ladder Program		7,000	
Career Ladder Extended Contracts		1,000	
Longevity Pay		213	
Other Salaries and Wages		11,197	
Certified Substitute Teachers		1,960	
Non-certified Substitute Teachers		4,482	
Social Security		57,678	
State Retirement		63,545	
Life Insurance		1,591	
Medical Insurance		162,530	
Dental Insurance		2,658	
Employer Medicare		13,498	
Instructional Supplies and Materials		43,000	
Vocational Instruction Equipment		3,843	
Total Vocational Education Program			1,335,023

Adult Education Program

Teachers	\$	54,130
Longevity Pay		831
Other Salaries and Wages		32,829
Social Security		5,367
State Retirement		8,315
Medical Insurance		12,539

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program (Cont.)

Employer Medicare	\$	1,255	
Instructional Supplies and Materials		16,836	
Total Adult Education Program			\$ 132,102

Support Services

Attendance

Other Salaries and Wages	\$	5,082	
Social Security		303	
Employer Medicare		74	
Travel		275	
Other Contracted Services		18,546	
Total Attendance			24,280

Health Services

Medical Personnel	\$	224,022	
Longevity Pay		4,577	
Other Salaries and Wages		8,711	
Social Security		13,460	
State Retirement		31,690	
Life Insurance		809	
Medical Insurance		84,111	
Dental Insurance		1,566	
Employer Medicare		3,148	
Travel		1,303	
Drugs and Medical Supplies		1,147	
Other Supplies and Materials		14	
In Service/Staff Development		200	
Total Health Services			374,758

Other Student Support

Career Ladder Program	\$	6,000	
Guidance Personnel		824,757	
Career Ladder Extended Contracts		15,000	
Assessment Personnel		48,492	
Clerical Personnel		19,341	
Longevity Pay		4,831	
Other Salaries and Wages		42,758	
Social Security		56,748	
State Retirement		59,364	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Life Insurance	\$	1,656	
Medical Insurance		178,751	
Dental Insurance		4,992	
Employer Medicare		13,800	
Other Fringe Benefits		2,100	
Evaluation and Testing		45,378	
Travel		13,241	
Other Contracted Services		81,636	
Other Supplies and Materials		14,684	
Workers' Compensation Insurance		1,399	
In Service/Staff Development		10,155	
Other Charges		21,491	
Other Equipment		3,355	
Total Other Student Support			\$ 1,469,929

Regular Instruction Program

Supervisor/Director	\$	250,400	
Career Ladder Program		9,750	
Career Ladder Extended Contracts		6,000	
Librarians		451,383	
Materials Supervisor		7,501	
Instructional Computer Personnel		51,000	
Secretary(ies)		117,228	
Clerical Personnel		68,396	
Longevity Pay		10,225	
Other Salaries and Wages		231,758	
Non-certified Substitute Teachers		290	
Social Security		71,554	
State Retirement		108,199	
Life Insurance		1,892	
Medical Insurance		203,395	
Dental Insurance		4,998	
Employer Medicare		16,825	
Travel		20,708	
Other Contracted Services		1,130	
Other Supplies and Materials		30,649	
In Service/Staff Development		61,861	
Other Charges		4,962	
Other Equipment		10,790	
Total Regular Instruction Program			1,740,894

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Alternative Instruction Program

Supervisor/Director	\$	31,255	
Secretary(ies)		16,084	
Social Security		2,924	
State Retirement		4,277	
Life Insurance		98	
Medical Insurance		8,374	
Dental Insurance		286	
Employer Medicare		684	
Communication		2,600	
Other Contracted Services		1,215	
Office Supplies		657	
Other Charges		718	
Other Equipment		7,878	
Total Alternative Instruction Program			\$ 77,050

Special Education Program

Supervisor/Director	\$	76,138	
Career Ladder Program		3,000	
Assessment Personnel		49,789	
Secretary(ies)		31,381	
Longevity Pay		5,162	
Other Salaries and Wages		158,896	
Social Security		19,479	
State Retirement		34,201	
Life Insurance		523	
Medical Insurance		46,162	
Dental Insurance		1,533	
Employer Medicare		4,555	
Maintenance and Repair Services - Equipment		35	
Travel		5,440	
Other Contracted Services		50,161	
Instructional Supplies and Materials		91	
Total Special Education Program			486,546

Vocational Education Program

Supervisor/Director	\$	134,297
Career Ladder Program		2,000
Secretary(ies)		43,327
Clerical Personnel		11,166

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

Longevity Pay	\$	992	
Social Security		11,052	
State Retirement		14,995	
Life Insurance		274	
Medical Insurance		33,306	
Dental Insurance		600	
Employer Medicare		2,573	
Communication		2,086	
Maintenance and Repair Services - Equipment		936	
Travel		6,944	
Other Contracted Services		8,346	
Other Supplies and Materials		6,586	
Other Charges		500	
Other Equipment		<u>3,779</u>	
Total Vocational Education Program			\$ 283,759

Adult Programs

Supervisor/Director	\$	58,205	
Social Security		3,556	
State Retirement		3,040	
Medical Insurance		5,946	
Employer Medicare		832	
Travel		433	
In Service/Staff Development		1,525	
Other Charges		7,080	
Other Equipment		<u>23,101</u>	
Total Adult Programs			103,718

Other Programs

On-Behalf Payments to OPEB	\$	<u>204,021</u>	
Total Other Programs			204,021

Board of Education

Board and Committee Members Fees	\$	7,300	
Social Security		391	
Unemployment Compensation		29,502	
Employer Medicare		106	
Dues and Memberships		9,457	
Legal Services		54,015	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Travel	\$	2,121	
Other Contracted Services		6,158	
Liability Insurance		17,340	
Trustee's Commission		264,853	
Workers' Compensation Insurance		125,202	
Other Charges		9,753	
Total Board of Education			\$ 526,198

Director of Schools

County Official/Administrative Officer	\$	104,420	
Secretary(ies)		75,394	
Longevity Pay		2,873	
Social Security		11,479	
State Retirement		25,966	
Life Insurance		142	
Medical Insurance		12,296	
Dental Insurance		416	
Employer Medicare		2,685	
Communication		9,180	
Postal Charges		9,582	
Travel		620	
Other Contracted Services		16,188	
Office Supplies		5,620	
Other Charges		4,041	
Administration Equipment		3,189	
Total Director of Schools			284,091

Office of the Principal

Principals	\$	658,473	
Career Ladder Program		15,250	
Career Ladder Extended Contracts		3,000	
Assistant Principals		649,362	
Secretary(ies)		615,129	
Clerical Personnel		80,670	
Longevity Pay		24,283	
Social Security		119,318	
State Retirement		179,490	
Life Insurance		3,476	
Medical Insurance		379,108	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Dental Insurance	\$	8,013	
Employer Medicare		27,965	
Communication		61,636	
Travel		1,543	
Other Contracted Services		166,683	
Other Supplies and Materials		5,848	
Other Charges		6,000	
Administration Equipment		19,760	
Total Office of the Principal			\$ 3,025,007

Fiscal Services

Other Charges	\$	386,333	
Total Fiscal Services			386,333

Human Services/Personnel

Supervisor/Director	\$	43,569	
Longevity Pay		300	
Social Security		2,478	
State Retirement		6,308	
Life Insurance		68	
Medical Insurance		8,459	
Dental Insurance		200	
Employer Medicare		580	
Advertising		175	
Dues and Memberships		230	
Other Supplies and Materials		739	
In Service/Staff Development		492	
Total Human Services/Personnel			63,598

Operation of Plant

Guards	\$	132,119	
Custodial Personnel		748,312	
Longevity Pay		38,367	
Social Security		54,661	
State Retirement		114,774	
Life Insurance		2,683	
Medical Insurance		235,430	
Dental Insurance		4,998	
Employer Medicare		12,953	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Other Contracted Services	\$	317,845	
Custodial Supplies		168,243	
Electricity		1,298,699	
Natural Gas		169,793	
Water and Sewer		101,718	
Building and Contents Insurance		199,422	
Other Charges		213	
Total Operation of Plant			\$ 3,600,230

Maintenance of Plant

Supervisor/Director	\$	53,156	
Maintenance Personnel		314,466	
Longevity Pay		12,500	
Social Security		23,136	
State Retirement		54,662	
Life Insurance		735	
Medical Insurance		75,964	
Dental Insurance		1,783	
Employer Medicare		5,411	
Communication		3,647	
Maintenance and Repair Services - Buildings		158,156	
Maintenance and Repair Services - Equipment		95,977	
Other Contracted Services		90,542	
General Construction Materials		1,059	
Other Supplies and Materials		227,066	
Other Charges		13,655	
Maintenance Equipment		18,500	
Total Maintenance of Plant			1,150,415

Transportation

Supervisor/Director	\$	55,825	
Foremen		48,720	
Mechanic(s)		144,237	
Bus Drivers		1,127,053	
Longevity Pay		4,500	
Social Security		85,506	
State Retirement		56,548	
Life Insurance		441	
Medical Insurance		50,674	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Dental Insurance	\$	1,133	
Employer Medicare		19,796	
Contracts with Public Carriers		2,000	
Maintenance and Repair Services - Vehicles		27,974	
Medical and Dental Services		7,793	
Other Contracted Services		22,558	
Diesel Fuel		244,492	
Equipment and Machinery Parts		805	
Garage Supplies		7,628	
Gasoline		60,968	
Lubricants		10,544	
Tires and Tubes		36,111	
Vehicle Parts		95,037	
Other Charges		10,762	
Administration Equipment		70,183	
Transportation Equipment		512,572	
Total Transportation			\$ 2,703,860

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	798	
Accountants/Bookkeepers		927	
Cafeteria Personnel		12,649	
Social Security		867	
State Retirement		1,359	
Employer Medicare		203	
Total Food Service			16,803

Community Services

Supervisor/Director	\$	82,706
Longevity Pay		1,500
Other Salaries and Wages		50,898
Social Security		8,336
State Retirement		6,167
Life Insurance		91
Medical Insurance		5,683
Dental Insurance		267
Employer Medicare		1,950
Travel		707

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Food Supplies	\$	10,948	
Other Supplies and Materials		6,907	
Other Charges		4,901	
Other Equipment		1,426	
Total Community Services			\$ 182,487

Early Childhood Education

Supervisor/Director	\$	7,502	
Teachers		290,822	
Clerical Personnel		4,800	
Educational Assistants		112,377	
Longevity Pay		3,415	
Other Salaries and Wages		1,350	
Non-certified Substitute Teachers		7,700	
Social Security		24,181	
State Retirement		38,532	
Life Insurance		1,046	
Medical Insurance		113,861	
Dental Insurance		2,599	
Employer Medicare		5,655	
Contracts with Other Public Agencies		34,891	
Travel		389	
Other Contracted Services		45,520	
Instructional Supplies and Materials		38,745	
In Service/Staff Development		2,805	
Other Charges		5,405	
Other Equipment		33,036	
Total Early Childhood Education			774,631

Total General Purpose School Fund \$ 45,740,069

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	559,936
Educational Assistants		631,006
Other Salaries and Wages		14,899
Social Security		69,755
State Retirement		552,485

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Life Insurance	\$	3,896	
Medical Insurance		365,730	
Dental Insurance		7,392	
Employer Medicare		16,355	
Other Contracted Services		7,000	
Instructional Supplies and Materials		37,230	
Regular Instruction Equipment		249,642	
Total Regular Instruction Program			\$ 2,515,326

Alternative Instruction Program

Teachers	\$	1,574	
Educational Assistants		131	
Social Security		97	
State Retirement		161	
Employer Medicare		23	
Other Contracted Services		21,000	
Instructional Supplies and Materials		6,841	
Other Supplies and Materials		1,807	
Other Equipment		51,239	
Total Alternative Instruction Program			82,873

Special Education Program

Teachers	\$	193,415	
Educational Assistants		512,204	
Speech Pathologist		5,686	
Other Salaries and Wages		22,058	
Non-certified Substitute Teachers		9,065	
Social Security		43,551	
State Retirement		139,456	
Life Insurance		2,915	
Medical Insurance		260,835	
Dental Insurance		5,215	
Employer Medicare		10,186	
Other Contracted Services		26,082	
Instructional Supplies and Materials		97,154	
Other Supplies and Materials		20,195	
Other Charges		2,978	
Special Education Equipment		332,390	
Total Special Education Program			1,683,385

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Teachers	\$	14,612	
Other Salaries and Wages		168	
Social Security		874	
State Retirement		25,939	
Employer Medicare		204	
Other Contracted Services		10,000	
Instructional Supplies and Materials		10,326	
Other Supplies and Materials		4,706	
Vocational Instruction Equipment		79,126	
Total Vocational Education Program			\$ 145,955

Adult Education Program

Teachers	\$	711	
Other Salaries and Wages		492	
Social Security		74	
State Retirement		2,533	
Employer Medicare		17	
Total Adult Education Program			3,827

Support Services

Attendance

Other Salaries and Wages	\$	55	
Social Security		3	
State Retirement		12	
Employer Medicare		1	
Total Attendance			71

Health Services

Medical Personnel	\$	3,201	
Social Security		186	
State Retirement		506	
Employer Medicare		44	
Total Health Services			3,937

Other Student Support

Guidance Personnel	\$	12,278	
Clerical Personnel		293	
Other Salaries and Wages		95,470	
Social Security		6,357	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

State Retirement	\$	53,977	
Employer Medicare		950	
Evaluation and Testing		16,913	
Travel		22,319	
Other Contracted Services		6,763	
Other Supplies and Materials		10,288	
In Service/Staff Development		7,085	
Other Charges		26,724	
Regular Instruction Equipment		876	
Other Equipment		1,651	
Total Other Student Support			\$ 261,944

Regular Instruction Program

Supervisor/Director	\$	130,975	
Librarians		6,750	
Instructional Computer Personnel		765	
Clerical Personnel		39,770	
Other Salaries and Wages		538,182	
Certified Substitute Teachers		560	
Non-certified Substitute Teachers		742	
Social Security		39,534	
State Retirement		65,578	
Life Insurance		732	
Medical Insurance		85,986	
Dental Insurance		2,420	
Employer Medicare		9,886	
Travel		495	
Other Contracted Services		7,000	
Instructional Supplies and Materials		2,171	
In Service/Staff Development		98,975	
Other Charges		1,139	
Other Equipment		7,750	
Total Regular Instruction Program			1,039,410

Alternative Instruction Program

Supervisor/Director	\$	809	
Secretary(ies)		239	
Social Security		65	
State Retirement		2,122	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Alternative Instruction Program (Cont.)

Employer Medicare	\$	15	
Other Contracted Services		11,823	
Other Equipment		4,362	
Total Alternative Instruction Program			\$ 19,435

Special Education Program

Psychological Personnel	\$	136,091	
Assessment Personnel		747	
Other Salaries and Wages		49,589	
Social Security		11,137	
State Retirement		21,835	
Life Insurance		274	
Medical Insurance		25,157	
Dental Insurance		600	
Employer Medicare		2,605	
Maintenance and Repair Services - Equipment		905	
Travel		7,934	
Other Contracted Services		29,767	
Other Supplies and Materials		2,471	
In Service/Staff Development		46,534	
Total Special Education Program			335,646

Vocational Education Program

Supervisor/Director	\$	1,691	
Secretary(ies)		382	
Social Security		119	
State Retirement		3,881	
Employer Medicare		28	
Travel		4,510	
Other Supplies and Materials		1,313	
Total Vocational Education Program			11,924

Adult Programs

Supervisor/Director	\$	723	
Social Security		44	
State Retirement		1,391	
Employer Medicare		10	
Total Adult Programs			2,168

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Office of the Principal

Principals	\$	7,765	
Assistant Principals		7,935	
Secretary(ies)		9,113	
Clerical Personnel		1,176	
Social Security		1,519	
State Retirement		66,098	
Employer Medicare		356	
Total Office of the Principal			\$ 93,962

Operation of Plant

Guards	\$	1,699	
Custodial Personnel		10,973	
Social Security		753	
State Retirement		1,837	
Employer Medicare		179	
Total Operation of Plant			15,441

Maintenance of Plant

Maintenance Personnel	\$	5,006	
Social Security		305	
State Retirement		801	
Employer Medicare		71	
Total Maintenance of Plant			6,183

Transportation

Bus Drivers	\$	63,723	
Social Security		3,944	
State Retirement		2,811	
Employer Medicare		922	
Total Transportation			71,400

Total School Federal Projects Fund \$ 6,292,887

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	55,047
Accountants/Bookkeepers		61,778
Cafeteria Personnel		838,300

(Continued)

Exhibit K-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Longevity Pay	\$	24,395	
Other Salaries and Wages		9,730	
In-Service Training		1,195	
Social Security		60,260	
State Retirement		94,162	
Life Insurance		2,469	
Medical Insurance		230,756	
Dental Insurance		4,781	
Employer Medicare		13,106	
Communication		6,281	
Maintenance and Repair Services - Equipment		20,448	
Transportation - Other than Students		25,794	
Travel		4,500	
Other Contracted Services		70,698	
Food Supplies		1,194,187	
Office Supplies		10,000	
USDA - Commodities		251,361	
Other Supplies and Materials		143,629	
In Service/Staff Development		7,000	
Other Charges		4	
Food Service Equipment		195,784	
Total Food Service			\$ 3,325,665
Total Central Cafeteria Fund			\$ 3,325,665

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Advertising	\$	704	
Architects		333,038	
Other Contracted Services		1,208,265	
Building Improvements		387,550	
Total Education Capital Projects			\$ 1,929,557
Total Education Capital Projects Fund			1,929,557

(Continued)

Exhibit K-8

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

Other Capital Projects - QSCB Fund

Capital Projects

Education Capital Projects

Architects	\$	595,015	
Engineering Services		15,098	
Land		<u>335,890</u>	
Total Education Capital Projects			<u>\$ 946,003</u>

Total Other Capital Projects - QSCB Fund \$ 946,003

Other Capital Projects RZEDB Fund

Capital Projects

Education Capital Projects

Architects	\$	396,018	
Engineering Services		14,900	
Land		<u>564,229</u>	
Total Education Capital Projects			<u>\$ 975,147</u>

Total Other Capital Projects - RZEDB Fund 975,147

Total Governmental Funds - Jefferson County School Department \$ 59,209,328

Exhibit K-9

Jefferson County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2011

	Cities - Sales Tax	Cities - Property Tax	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 899,574	\$ 899,574
Trustee's Collections - Prior Years	0	46,549	46,549
Circuit/Clerk and Master Collections - Prior Years	0	24,764	24,764
Interest and Penalty	0	9,137	9,137
Local Option Sales Tax	4,359,920	0	4,359,920
Total Cash Receipts	<u>\$ 4,359,920</u>	<u>\$ 980,024</u>	<u>\$ 5,339,944</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 4,316,321	\$ 979,930	\$ 5,296,251
Trustee's Commission	43,599	19,352	62,951
Total Cash Disbursements	<u>\$ 4,359,920</u>	<u>\$ 999,282</u>	<u>\$ 5,359,202</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ (19,258)	\$ (19,258)
Cash Balance, July 1, 2010	0	27,271	27,271
Cash Balance, June 30, 2011	<u>\$ 0</u>	<u>\$ 8,013</u>	<u>\$ 8,013</u>

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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

February 15, 2012

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jefferson County, Tennessee, as of and for the year ended June 30, 2011, which collectively comprise Jefferson County's basic financial statements and have issued our report thereon dated February 15, 2012. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Jefferson County Emergency Communications District, which were not available from other auditors as of the date of this report. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Jefferson County Nursing Home, as described in our report on Jefferson County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Jefferson County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of

expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jefferson County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Jefferson County's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 11.01, 11.08, and 11.09.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 11.03, 11.04, 11.06, and 11.07(A,B).

Compliance and Other Matters

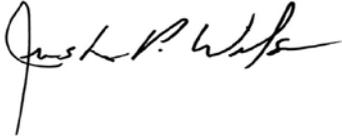
As part of obtaining reasonable assurance about whether Jefferson County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 11.02, 11.05, and 11.07(C).

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

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

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, Highway Commission, Board of Education, others within Jefferson County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
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

February 15, 2012

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

To the County Mayor and Board of County Commissioners:

Compliance

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

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

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

In our opinion, Jefferson County complied, in all material respects, with the requirements referred to above that 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 Jefferson County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Jefferson County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jefferson County's internal control over compliance.

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

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

Schedule of Expenditures of Federal Awards

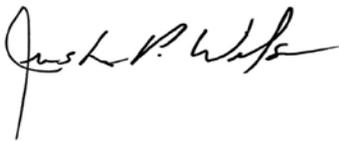
We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jefferson County as of and for the year ended June 30, 2011, and have issued our report thereon dated February 15, 2012. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Jefferson County Emergency Communications District, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements 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.

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

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, Highway Commission, Board of Education, others within Jefferson County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

Jefferson County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 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	\$ 251,361 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	522,874
National School Lunch Program	10.555	N/A	1,633,976 (3)
Total U.S. Department of Agriculture			<u>\$ 2,408,211</u>
U.S. Department of Housing and Urban Development:			
Passed-through East Tennessee Human Resource Agency:			
Home Investment Partnership Program	14.239	N/A	\$ 152,977
Total U.S. Department of Housing and Urban Development			<u>\$ 152,977</u>
U.S. Department of Justice:			
Direct Program:			
Public Safety Partnership and Community Policing Grants	16.710	N/A	\$ 1,401
Total U.S. Department of Justice			<u>\$ 1,401</u>
U.S. Department of Labor:			
Passed-through State Department of Labor and Workforce Development:			
WIA Dislocated Workers, Recovery Act	17.260	(2)	\$ 23,925
Total U.S. Department of Labor			<u>\$ 23,925</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	Z-11-GHS160	\$ 4,990
Total U.S. Department of Transportation			<u>\$ 4,990</u>
U.S. Department of Military:			
Passed-through State Department of Military:			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	34101-3306	\$ 6,312
Total U.S. Department of Military			<u>\$ 6,312</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	\$ 93,251
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	1,883,523
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	399,887
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,607,655
Special Education - Preschool Grants	84.173	N/A	48,714
Special Education - Grants to States, Recovery Act	84.391	N/A	350,093
Special Education - Preschool Grants, Recovery Act	84.392	N/A	26,428
Career and Technical Education - Basic Grants to States	84.048	N/A	133,537
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	1,683
Twenty-first Century Community Learning Centers	84.287	(2)	89,474
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	6,155
Education Technology State Grants, Recovery Act	84.386	(2)	9,312

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont.):			
English Language Acquisition Grants	84.365	N/A	\$ 32,455
Improving Teacher Quality State Grants	84.367	N/A	363,350
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization (SFSF) - Education State Grants, Recovery Act	84.394	(2)	3,057,303
State Fiscal Stabilization (SFSF) - Government Services, Recovery Act	84.397	(2)	387,472
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	365,546
Education Jobs Fund	84.410	S410A100043	1,090,008
Total U.S. Department of Education			<u>\$ 9,945,846</u>
U.S. Department of Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ 14,000
Total U.S. Department of Election Assistance Commission			<u>\$ 14,000</u>
U.S. Department of Health and Human Services:			
Passed-through East Tennessee Human Resource Agency:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 31,445
Passed-through State Department of Education:			
ARRA - Emergency Contingency Fund for Temporary Assistance of Needy Families (TANF) State Program	93.714	N/A	64,362
Total U.S. Department of Health and Human Services			<u>\$ 95,807</u>
U.S. Department of Homeland Security:			
Passed-through State Department of the Military:			
Disaster Grants - Public Assistance	97.036	(2)	\$ 41,401
Emergency Management Performance Grants	97.042	(2)	34,000
Homeland Security Grant Program	97.067	(2)	108,391
Total U.S. Department of Homeland Security			<u>\$ 183,792</u>
Total Expenditures of Federal Awards			<u>\$ 12,837,261</u>
<u>State Grants</u>			
		<u>Contract Number</u>	
Juvenile Services Program - State Commission on Children and Youth	N/A	(2)	\$ 11,700
Aging Programs - East Tennessee Human Resource Agency	N/A	(2)	11,939
Law Enforcement Training Programs - State Department of Safety	N/A	(2)	22,800
Health Department Programs - State Department of Health	N/A	Z-10-219804	126,147
Litter Program - State Department of Transportation	N/A	45-500-4077-04	35,242
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	14,471

(Continued)

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

<u>State Grants (Cont.)</u>		<u>Contract Number</u>	<u>Expenditures</u>
Early Childhood Education Pilot Project - State Department of Education	N/A	(2)	\$ 759,086
Driver's Education - State Department of Education	N/A	(2)	24,673
Adult Basic Education - State Department of Education	N/A	(2)	28,757
Connect TN - State Department of Education	N/A	(2)	4,040
Disaster Grants - Public Assistance - State Department of Military	N/A	2870	6,900
Rural Libraries Computer Grant - State Department of Economic and Community Development	N/A	2593	<u>14,034</u>
Total State Grants			<u>\$ 1,059,789</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 \$1,885,337.

Jefferson 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 are findings from the Annual Financial Report for Jefferson County, Tennessee, for the year ended June 30, 2010, which have not been corrected.

OFFICE OF FINANCE DIRECTOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.01	194	Expenditures exceeded appropriations

OTHER FINDINGS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.05	196	The Solid Waste Disposal Fund had a deficit in unrestricted net assets
10.06	197	Jefferson County has a material recurring audit finding
10.07	198	Duties were not adequately segregated in the Office of Clerk and Master

JEFFERSON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2011

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Jefferson County disclosed significant deficiencies in internal control. Three of these conditions were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Jefferson County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, and National School Lunch Program (CFDA Nos. 10.553 and 10.555); the Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Education Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants, Special Education – Grants to States, Recovery Act, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.173, 84.391, and 84.392); the State Fiscal Stabilization Cluster: State Fiscal Stabilization Fund – Education State Grants, Recovery Act and State Fiscal Stabilization Fund – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397); and the Education Jobs Fund (CFDA No. 84.410) were determined to be major programs.
8. A \$385,118 threshold was used to distinguish between Type A and Type B federal programs.
9. Jefferson County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The clerk and master and register provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF FINANCE DIRECTOR

FINDING 11.01 **MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION**
(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2011, the General, Solid Waste/Sanitation, Highway/Public Works, General Debt Service, and Solid Waste Disposal funds of the primary government, and the General Purpose School, School Federal Projects, Education Capital Projects, Other Capital Projects – QSCB, and Other Capital Projects – RZEDB funds of the discretely presented Jefferson County School Department, general ledgers were not materially correct, and multiple audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Jefferson County to have adequate internal controls over the maintenance of its accounting records. Therefore, the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. Although it is permissible for us, as the external auditors, to assist the county in preparing its financial statements, it is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes. This deficiency is the result of management's failure to record material contractual obligations and the failure to identify and correct material posting errors. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

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

FINDING 11.02 **EXPENDITURES EXCEEDED APPROPRIATIONS**
(Noncompliance Under *Government Auditing Standards*)

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

<u>Fund/Major Category</u>	<u>Amount Overspent</u>
General:	
Board of Equalization	\$ 480
General Sessions Court	1,636
Drug Court	21,209
Victim Assistance Programs	5,734
Other Local Welfare Services	152,416
Law Library:	
Trustee's Commission	91
Drug Control:	
Trustee's Commission	54
Highway/Public Works:	
Other Charges	248
General Debt Service:	
Other Debt Service - General Government	19,008
General Capital Projects:	
Other General Government Projects	374
General Purpose School:	
Other Student Support	116
School Federal Projects:	
Alternative Instruction Program	655
Adult Education Program	573

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

RECOMMENDATION

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

OFFICE OF CLERK AND MASTER

FINDING 11.03 DUTIES WERE NOT SEGREGATED ADEQUATELY
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Duties were not segregated adequately among the official and employees in the Office of Clerk and Master. The official and employee responsible for maintaining accounting records in this office were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decision based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year report.

RECOMMENDATION

The clerk and master should segregate duties to the extent possible using available resources.

MANAGEMENT'S RESPONSE – CLERK AND MASTER

Due to the size of my staff, segregation of duties is difficult to accomplish. I will continue to make changes in the receipting, depositing, and/or disbursing of funds where possible. Effective immediately, management will not receipt any funds or prepare any deposits at the end of the day, unless absolutely necessary due to limited staff, and management will personally make all deposits on Monday, Wednesday, and Friday of each week. Also, the reconciliation of bank statements performed by the designated employee will be reviewed by and signed off on by management.

FINDING 11.04 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 Office of 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.

RECOMMENDATION

The clerk and master should assign each employee their own cash drawer.

MANAGEMENT'S RESPONSE – CLERK AND MASTER

This item has been corrected. Everyone in the office has a separate cash drawer, which remains locked when employees are away from their desk. All drawers are emptied at night, and funds for deposit are placed in the safe.

FINDING 11.05 **THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES** (Noncompliance Under *Government Auditing Standards*)

System backups were not regularly stored off-site. Section 10-7-121, *Tennessee Code Annotated*, provides that records required to be retained by any government official may be maintained on a computer or removable storage media as long as certain standards are met. One of these standards requires that all data generated and stored within the computer system be copied to storage media daily, and media more than one week old be stored at an off-site location. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process.

RECOMMENDATION

Backups should be rotated off-site on a weekly basis. Some possibilities for an off-site storage location would be another county office building with a fireproof vault or a safe-deposit box at a local bank.

MANAGEMENT'S RESPONSE – CLERK AND MASTER

Management will immediately implement a plan to conform to the audit recommendations. Due to a change in staff at the County Mayor's Office, there was a breakdown in the previous backup procedures. While we had been taking weekly tapes off-site, it may not have been on a regular basis, and we did not indicate on our backup log if tapes were taken off-site. As of July 1, 2011, the office converted to a new software, and the backup process is handled in a different way. A weekly tape will be sent off-site, and a monthly tape will be mailed to the software vendor.

OFFICE OF REGISTER

FINDING 11.06 **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 Office of Register. 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 register 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.

RECOMMENDATION

The register should assign each employee their own cash drawer.

MANAGEMENT'S RESPONSE – REGISTER

To comply with this recommendation, I wrote a cash-handling policy for the office and gave a copy to the auditors and each employee in the Register's Office. Also, I purchased cash boxes for all people handling money and immediately implemented the new cash-handling policy, which emphasized employees handle their own cash.

I was elected in 2010 and accepted the Register's Office after it was audited by the State of Tennessee. The office had been run for decades with only one cash box due to the small amount of money that is normally handled in the office. Also, to my understanding, the checks and balances of the computer program from BIS was to safeguard the security of the office and were in place during that time. My predecessor had never had a cash-handling policy written or multiple cash boxes for each employee. Being new, I accepted the office as given on September 1, 2010.

With that said, I agree that any office should have a cash-handling policy, and also agree that these offices need individual cash boxes.

OFFICE OF SHERIFF

FINDING 11.07 **THE OFFICE HAD DEFICIENCIES IN THE SALE OF CONFISCATED WEAPONS**

(A. and B. – Internal Control – Significant Deficiency Under *Government Auditing Standards*; C. – Noncompliance Under *Government Auditing Standards*)

The following deficiencies were noted related to the sale of confiscated weapons. This finding has been discussed with the district attorney general.

- A. The Sheriff's Department sold two weapons they confiscated in 2007; however, prior to the sale, the department did not confirm the court case's disposition on the weapons. The court eventually ordered the confiscated weapons to be returned to the defendant. Ultimately, the department purchased two similar weapons using a store credit totaling \$323.67 from Craig's Firearms Company to replace the weapons sold and returned the new weapons to the defendant.

- B. In 2007, the Sheriff's Department received an in-store credit of \$6,205 from Craig's Firearms Company from the sale of numerous confiscated weapons. The Sheriff's Department used this store credit to make various purchases; however, invoices were not on file to support \$782.48 of the credit used.

- C. Our investigation revealed that it is the practice of Craig's Firearms Company to only provide in-store credit for weapons it purchases, and that the Sheriff's Department has participated in this practice. Section 39-17-1317, *Tennessee Code Annotated (TCA)*, provides that any weapon declared contraband be sold in a public sale or used for legitimate law enforcement purposes at the discretion of the court by written order. Also, the use of an in-store credit to purchase products for the Sheriff's Department violates provisions of Section 5-9-401, *TCA*. This statute provides that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies."

RECOMMENDATION

Prior to the sale of confiscated weapons, the Sheriff's Department should confirm the court's disposition on each case. Contraband weapons should be disposed of through a public sale or used for legitimate law enforcement purposes as required by state statute. All expenditures made for the Sheriff's Department should be through the county's budgetary process supported by detailed documentation.

JEFFERSON COUNTY

FINDING 11.08 THE SOLID WASTE DISPOSAL FUND HAD A DEFICIT IN UNRESTRICTED NET ASSETS

(Internal Control – Material Weakness Under *Government Auditing Standards*)

The Solid Waste Disposal Fund had a deficit of \$4,960,508 in unrestricted net assets at June 30, 2011, an increase of \$22,443 from the previous year. This deficit primarily resulted from the recognition of liabilities in the financial statements for closure and postclosure care costs associated with closing the county’s landfill and monitoring the landfill for 30 years after its closure. The \$5,159,347 reported as landfill closure and postclosure care liability at June 30, 2011, represents the cumulative amount reported to date based on 48 percent of the estimated capacity of the Patterson Landfill Site (\$3,217,926) and postclosure care costs of the Highway 92 Landfill Site (\$1,941,420). Generally accepted accounting principles and state statutes require that such costs be reflected in the financial statements. This deficiency exists because of the failure of management to correct the finding noted in prior-year audit reports and resulted in inadequate financing to fund the liability.

RECOMMENDATION

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

FINDING 11.09 JEFFERSON COUNTY HAS A MATERIAL RECURRING AUDIT FINDING

(Internal Control – Material Weakness Under *Government Auditing Standards*)

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

<u>Finding Numbers</u>	<u>Description</u>
11.08, 10.06, 09.08	The Solid Waste Disposal Fund had a deficit in unrestricted net assets.

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

Standards. The responsibilities and duties of an Audit Committee are to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

RECOMMENDATION

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

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

There were no findings and questioned costs for federal programs.

JEFFERSON COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
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There were audit findings relative to federal awards presented in the prior-year's Schedule of Findings and Questioned Costs. There were no audit findings relative to federal awards presented in the current-year's Schedule of Findings and Questioned Costs.

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

FINDINGS 10.02 AND 10.08

Jefferson County Finance Department established a cost center to recognize the expenditures related to the ARRA Funds. The cost center is designated as account number 602.