
ANNUAL FINANCIAL REPORT JEFFERSON COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2013



ANNUAL FINANCIAL REPORT
JEFFERSON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2013

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

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

JEFFERSON COUNTY, TENNESSEE

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Audit Highlights
Annual Financial Report
Jefferson County, Tennessee
For the Year Ended June 30, 2013

Scope

We have audited the basic financial statements of Jefferson County as of and for the year ended June 30, 2013.

Results

Our report on the financial statements of Jefferson County is unmodified.

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

Findings

The following are summaries of the audit findings:

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The School Federal Projects Fund had a deficit unassigned fund balance at June 30, 2013.
- ◆ Expenditures exceeded appropriations in the Transportation major category of the General Purpose School Fund.

OFFICE OF COUNTY CLERK

- ◆ Usernames and passwords were shared by employees.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ The clerk had not determined costs associated with the delinquent collection procedures.

JEFFERSON COUNTY

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

INTRODUCTORY SECTION

Jefferson County Officials

June 30, 2013

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 of Deeds
Bud McCoig, Sheriff
Darrell Helton, Finance Director

Board of County Commissioners

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

Board of Education

Anne Marie Potts, Chairman	Ralph Lowery
Randy Bradley	Jonathan Rogers
Judy Cavanah	Jim Vines
Bill Jarnigan	

Highway Commission

Mike Wolfenbarger, Chairman	Lynn Henry
Paul Condry	Doug Quarles
Wayne Elmore	John Turner
Bruce Frazier	

Jefferson County Officials (Cont.)

Financial Management Committee

Dennis Cureton, Chairman
Daniel Estes
Ginger Franklin, Trustee
Roger Griffith

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

Audit Committee

Marty Mills, Chairman
Daniel Estes
Roger Griffith

Joe Mack High
Garry Jett

FINANCIAL SECTION



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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 10.8 percent, 3.8 percent, and 13.2 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Also, we did not audit the financial statements of the Jefferson County Emergency Communications District, which represent .9 percent, 1.2 percent, and 1.4 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Jefferson County Nursing Home and the Jefferson County Emergency Communications District, is based solely on the

reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position 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 June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note V.C., Jefferson County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60 *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position*, which became effective for the year ended June 30, 2013. Jefferson County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

We draw attention to Note I.D.10. to the financial statements. Prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the

implementation of GASB Statement No. 65, debt issuance costs become period costs. A restatement totaling \$682,851 has been recorded to recognize accumulated unamortized debt issuance costs on the government-wide financial statements.

We draw attention to Note I.D.11. to a prior-period adjustment totaling \$7,240,000 that increased governmental activities net position of the primary government because both the primary government and the Jefferson County Nursing Home component unit had been reflecting the same bonded debt on each of their balance sheets. The debt was issued by Jefferson County and the Jefferson County Nursing Home is repaying the county for the debt retirement as the payments become due.

Other Matters

Required Supplementary Information

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 schedules of funding progress – pension plan and other postemployment benefits plan on pages 106 - 109 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.

Supplementary and Other Information

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

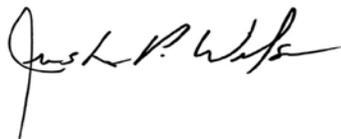
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, the General Debt Service Fund, and the General Capital Projects Fund, combining and individual fund financial statements of the Jefferson County School Department (a discretely presented component unit), and 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, the General Debt Service Fund, and the General Capital Projects Fund, combining and individual fund financial statements of the Jefferson County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2014, on our consideration of Jefferson County's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jefferson County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 30, 2014

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Jefferson County, Tennessee
Statement of Net Position
June 30, 2013

	Primary Government		Component Units			
	Governmental Activities	Business-type Activities	Total	Jefferson County School Department	Jefferson County Nursing Home	Emergency Communications District
ASSETS						
Cash and Cash Equivalents	\$ 134,965	\$ 25	\$ 134,990	\$ 27,243	\$ 1,053,359	\$ 591,023
Equity in Pooled Cash and Investments	21,753,111	219,894	21,973,005	28,060,496	0	0
Inventories	0	0	0	0	34,715	0
Accounts Receivable	2,049,838	115,834	2,165,672	108,297	915,809	72,480
Allowance for Uncollectibles	(580,713)	(20,300)	(601,013)	0	(4,742)	0
Due from Other Governments	917,506	0	917,506	1,856,729	0	0
Due from Component Unit	7,240,000	0	7,240,000	0	0	0
Due from Primary Government	0	0	0	12,343	0	0
Internal Balances	229,221	(229,221)	0	0	0	0
Property Taxes Receivable	17,393,975	0	17,393,975	9,580,066	0	0
Allowance for Uncollectible Property Taxes	(833,815)	0	(833,815)	(412,276)	0	0
Prepaid Expenses	144,368	0	144,368	0	20,419	25,797
Unamortized Discount on Debt	386,315	0	386,315	0	0	0
Restricted Assets:						
Other Restricted Assets	0	0	0	0	14,758	0
Capital Assets:						
Assets Not Depreciated:						
Land	1,473,861	461,930	1,935,791	1,577,366	7,181	0
Construction in Progress	0	0	0	17,398,726	0	0
Assets Net of Accumulated Depreciation:						
Landfill Facilities and Developments	0	87,753	87,753	0	0	0
Buildings and Improvements	17,598,509	6,722	17,605,231	25,216,374	7,388,404	0
Machinery and Equipment	0	1,249,156	1,249,156	728,757	1,116,733	222,898
Other Capital Assets	2,390,333	0	2,390,333	2,378,288	4,700	0
Infrastructure	81,660,436	0	81,660,436	0	0	0
Total Assets	\$ 151,967,910	\$ 1,891,793	\$ 153,859,703	\$ 86,532,409	\$ 10,551,336	\$ 912,198

DEFERRED OUTFLOWS OF RESOURCES

Deferred Charge on Refunding	\$ 47,793	\$ 0	\$ 47,793	\$ 0	\$ 0	\$ 0
Deferred Charges - Debt Issuance Cost	0	0	0	0	157,316	0
Total Deferred Outflows of Resources	\$ 47,793	\$ 0	\$ 47,793	\$ 0	\$ 157,316	\$ 0

LIABILITIES

Accounts Payable	\$ 381,621	\$ 32,825	\$ 414,446	\$ 321,264	\$ 278,760	\$ 73,110
Accrued Payroll	89,319	21,529	110,848	189,244	407,884	0

(Continued)

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

	Primary Government		Total	Component Units			
	Governmental Activities	Business-type Activities		Jefferson County School Department	Jefferson County Nursing Home	Emergency Communications District	
<u>LIABILITIES (CONT.)</u>							
Accrued Interest Payable	\$ 221,690	\$ 2,045	\$ 223,735	\$ 0	\$ 26,080	\$ 0	0
Payroll Deductions Payable	169,619	0	169,619	1,925,554	16,090	0	0
Contracts Payable	79,654	0	79,654	1,158,775	0	0	0
Retainage Payable	8,614	0	8,614	60,155	0	0	0
Accrued Leave - Current	0	0	0	0	0	17,319	0
Claims and Judgments Payable	56,303	0	56,303	0	0	0	0
Due to Component Units	12,343	0	12,343	0	0	0	0
Due to Primary Government	0	0	0	0	7,240,000	0	0
Due to the State of Tennessee	30,362	6,346	36,708	0	0	0	0
Other Current Liabilities	4,439	0	4,439	42,232	91,987	18,277	0
Noncurrent Liabilities:							
Due Within One Year	3,919,671	111,451	4,031,122	221,280	5,186	0	0
Due in More Than One Year	83,233,456	5,339,988	88,573,444	8,103,964	42,362	0	0
Total Liabilities	\$ 88,207,091	\$ 5,514,184	\$ 93,721,275	\$ 12,022,468	\$ 8,108,349	\$ 108,706	0
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Deferred Current Property Taxes	\$ 15,979,000	\$ 0	\$ 15,979,000	\$ 8,915,819	\$ 0	\$ 0	0
Total Deferred Inflows of Resources	\$ 15,979,000	\$ 0	\$ 15,979,000	\$ 8,915,819	\$ 0	\$ 0	0
<u>NET POSITION</u>							
Net Investment in Capital Assets	\$ 91,371,996	\$ 1,517,434	\$ 92,889,430	\$ 47,299,511	\$ 1,224,770	\$ 149,788	0
Restricted for:							
General Government	360,901	0	360,901	0	0	0	0
Finance	105,302	0	105,302	0	0	0	0
Administration of Justice	565,781	0	565,781	0	0	0	0
Public Safety	244,961	0	244,961	0	0	0	0
Public Health and Welfare	841,266	0	841,266	0	0	0	0
Social, Cultural, and Recreational Services	48,453	0	48,453	0	0	0	0
Highway/Public Works	2,603,836	0	2,603,836	0	0	0	0
Education	0	0	0	1,197,563	0	0	0
Capital Projects	523,407	0	523,407	18,899,746	0	0	0
Other Purposes	0	0	0	0	14,758	0	0
Unrestricted	(48,836,291)	(5,139,825)	(53,976,116)	(1,802,698)	1,360,775	653,704	0
Total Net Position	\$ 47,829,612	\$ (3,622,391)	\$ 44,207,221	\$ 65,594,122	\$ 2,600,303	\$ 803,492	0

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 Position									
	Program Revenues					Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Business-type Activities	Total	Jefferson County School Department	Jefferson County Nursing Home	Emergency Communications District	
General Revenues:										
Taxes:										
Property Taxes Levied for General Purposes					\$ 14,148,673	\$ 14,148,673	\$ 7,429,850	\$ 0	\$ 0	0
Property Taxes Levied for Debt Service					2,998,060	2,998,060	0	0	0	0
Local Option Sales Taxes					1,095,719	1,095,719	4,931,093	0	0	0
Hotel/Motel Tax					253,543	253,543	0	0	0	0
Wheel Tax					1,057,002	1,057,002	0	0	0	0
Litigation Tax - General					94,512	94,512	0	0	0	0
Litigation Tax - Special Purpose					11,053	11,053	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse					158,702	158,702	0	0	0	0
Business Tax					405,618	405,618	0	0	0	0
Adequate Facilities Tax					254,102	254,102	0	0	0	0
Wholesale Beer Tax					120,528	120,528	2,026	0	0	0
Interstate Telecommunications Tax					0	0	7,499	0	0	0
Grants and Contributions Not Restricted to Specific Programs					1,027,462	1,027,462	34,493,404	0	433,612	0
Unrestricted Investment Income					176,317	176,317	92,284	8,845	398	0
Miscellaneous					49,407	49,407	157,254	0	1,596	0
Gain on Sale of Capital Assets					0	0	12,219	0	0	0
Total General Revenues					\$ 21,850,698	\$ 21,850,698	\$ 47,125,629	\$ 8,845	\$ 435,606	0
Transfers					(209,237)	209,237	0	0	0	0
Change in Net Position					(17,911,427)	(70,661)	\$ 16,576,831	\$ 403,867	\$ 141,154	0
Net Position, July 1, 2012					59,183,890	(3,551,730)	49,017,291	2,196,436	662,338	0
Prior-period Adjustment - See Note I.D.11.					7,240,000	0	0	0	0	0
Restatement - See Note I.D.10.					(682,851)	0	0	0	0	0
Net Position, June 30, 2013					\$ 47,829,612	(3,622,391)	\$ 44,207,221	\$ 2,600,303	\$ 803,492	0

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

Jefferson County, Tennessee
 Balance Sheet
 Governmental Funds
 June 30, 2013

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other	Governmental Funds	
ASSETS							
Cash	\$ 15,128	\$ 0	\$ 0	\$ 0	\$ 0	\$ 119,837	\$ 134,965
Equity in Pooled Cash and Investments	5,815,567	2,387,733	7,656,341	739,179	5,021,813	5,021,813	21,620,633
Accounts Receivable	2,035,361	815	563	0	3,076	0	2,039,815
Allowance for Uncollectibles	(580,713)	0	0	0	0	0	(580,713)
Due from Other Governments	339,268	308,445	196,671	0	73,122	0	917,506
Due from Other Funds	50	0	288,127	0	0	0	288,177
Property Taxes Receivable	10,056,012	2,389,975	2,432,224	628,941	1,886,823	0	17,393,975
Allowance for Uncollectible Property Taxes	(471,763)	(112,751)	(130,616)	(29,671)	(89,014)	(89,014)	(833,815)
Prepaid Items	0	3,553	120,670	0	20,145	0	144,368
Total Assets	\$ 17,208,910	\$ 4,977,770	\$ 10,563,980	\$ 1,338,449	\$ 7,035,802	\$ 7,035,802	\$ 41,124,911

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other	Governmental Funds	
LIABILITIES							
Accounts Payable	\$ 101,161	\$ 33,611	\$ 0	\$ 223,750	\$ 21,045	\$ 0	\$ 379,567
Accrued Payroll	3,039	68,792	0	0	17,488	0	89,319
Payroll Deductions Payable	169,619	0	0	0	0	0	169,619
Contracts Payable	0	0	0	0	79,654	0	79,654
Retainage Payable	0	0	0	0	8,614	0	8,614
Claims and Judgments Payable	56,303	0	0	0	0	0	56,303
Due to Other Funds	0	0	0	0	58,956	0	58,956
Due to Component Units	0	0	0	12,343	0	0	12,343
Due to State of Tennessee	30,123	0	0	0	239	0	30,362
Other Current Liabilities	4,439	0	0	0	0	0	4,439
Total Liabilities	\$ 364,684	\$ 102,403	\$ 0	\$ 236,093	\$ 185,996	\$ 185,996	\$ 889,176

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	\$ 9,263,189	\$ 2,200,007	\$ 2,200,007	\$ 578,949	\$ 1,736,848	\$ 15,979,000
Deferred Delinquent Property Taxes	256,724	61,744	81,241	16,249	48,745	464,703
Other Deferred/Unavailable Revenue	1,225,230	157,522	101,031	0	0	1,483,783
Total Deferred Inflows of Resources	\$ 10,745,143	\$ 2,419,273	\$ 2,382,279	\$ 595,198	\$ 1,785,593	\$ 17,927,486

FUND BALANCES

Nonspendable:	\$ 0	\$ 3,553	\$ 120,670	\$ 0	\$ 20,145	\$ 144,368
Prepaid Items						
Restricted:						
Restricted for General Government	47,919	0	0	0	264,237	312,156

(Continued)

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

	Major Funds						Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General		Capital Projects	Other Governmental Funds	Total Governmental Funds		
			Debt Service	Other					
FUND BALANCES (Cont.)									
Restricted (Cont.):									
Restricted for Finance	\$ 5,614	\$ 0	\$ 0	\$ 0	\$ 0	\$ 99,688	\$ 0	\$ 105,302	
Restricted for Administration of Justice	563,892	0	0	0	0	1,889	0	565,781	
Restricted for Public Safety	90,432	0	0	0	0	149,252	0	239,684	
Restricted for Public Health and Welfare	158,511	0	0	0	0	682,755	0	841,266	
Restricted for Social, Cultural, and Recreational Services	48,453	0	0	0	0	0	0	48,453	
Restricted for Highways/Public Works	0	2,452,541	0	0	0	0	0	2,452,541	
Restricted for Capital Projects	0	0	0	0	507,158	0	0	507,158	
Committed:									
Committed for Public Health and Welfare	0	0	0	0	0	6,521	0	6,521	
Committed for Other Operations	0	0	0	0	0	3,856,964	0	3,856,964	
Committed for Debt Service	0	0	8,061,031	0	0	0	0	8,061,031	
Assigned:									
Assigned for General Government	983,911	0	0	0	0	0	0	983,911	
Assigned for Finance	7,029	0	0	0	0	0	0	7,029	
Assigned for Administration of Justice	5,763	0	0	0	0	0	0	5,763	
Assigned for Public Safety	43,028	0	0	0	0	0	0	43,028	
Assigned for Public Health and Welfare	47,535	0	0	0	0	0	0	47,535	
Assigned for Social, Cultural, and Recreational Services	701	0	0	0	0	0	0	701	
Assigned for Other Operations	666,303	0	0	0	0	0	0	666,303	
Unassigned	3,429,992	0	0	0	0	(17,238)	0	3,412,754	
Total Fund Balances	\$ 6,099,083	\$ 2,456,094	\$ 8,181,701	\$ 507,158	\$ 5,064,213	\$ 5,064,213	\$ 0	\$ 22,308,249	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 17,208,910	\$ 4,977,770	\$ 10,563,980	\$ 1,338,449	\$ 7,035,802	\$ 7,035,802	\$ 0	\$ 41,124,911	

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 Position
June 30, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 22,308,249
(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: buildings and improvements net of accumulated depreciation	17,598,509	
Add: other capital assets net of accumulated depreciation	2,390,333	
Add: infrastructure net of accumulated depreciation	<u>81,660,436</u>	103,123,139
(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 position.		140,447
(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	\$ (1,845,000)	
Less: other loans payable	(30,546,845)	
Less: bonds payable	(53,285,000)	
Add: bonds paid by Nursing Home for the primary government	7,240,000	
Add: deferred amount on refunding	47,793	
Less: unamortized premium on debt	(369,238)	
Add: unamortized discount on debt	396,315	
Less: accrued interest on bonds, capital leases, and other loans	(221,690)	
Less: compensated absences payable	(537,761)	
Less: other postemployment benefits liability	<u>(569,283)</u>	(79,690,709)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,948,486</u>
Net position of governmental activities (Exhibit A)		<u>\$ 47,829,612</u>

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

Jefferson County, Tennessee
 Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2013

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other		
					Governmental Funds	Funds	
Revenues							
Local Taxes	\$ 10,517,809	\$ 2,288,290	\$ 5,413,838	\$ 603,696	\$ 1,862,644	\$ 20,686,277	
Licenses and Permits	285,678	0	0	0	0	285,678	
Fines, Forfeitures, and Penalties	309,633	0	0	0	48,779	358,412	
Charges for Current Services	3,412,129	65,426	899	0	967,101	4,445,555	
Other Local Revenues	557,702	871	654,641	0	764,100	1,977,314	
Fees Received from County Officials	1,500,971	0	0	0	0	1,500,971	
State of Tennessee	2,158,813	1,821,037	0	0	7,020	3,986,870	
Federal Government	635,352	5,805	456,250	0	263,222	1,360,629	
Other Governments and Citizens Groups	113,779	0	0	0	52,374	166,153	
Total Revenues	\$ 19,491,866	\$ 4,181,429	\$ 6,525,628	\$ 603,696	\$ 3,965,240	\$ 34,767,859	
Expenditures							
Current:							
General Government	\$ 2,039,075	\$ 0	\$ 0	\$ 0	\$ 228,559	\$ 2,267,634	
Finance	1,981,256	0	0	0	720,611	2,701,867	
Administration of Justice	1,584,721	0	0	0	133	1,584,854	
Public Safety	6,829,610	0	0	0	118,302	6,947,912	
Public Health and Welfare	4,881,350	0	0	0	1,520,436	6,401,786	
Social, Cultural, and Recreational Services	588,381	0	0	0	10,797	599,178	
Agriculture and Natural Resources	133,893	0	0	0	0	133,893	
Other Operations	1,088,022	0	0	0	0	1,088,022	
Highways	0	3,956,410	0	0	0	3,956,410	
Debt Service:							
Principal on Debt	0	0	3,433,631	0	0	3,433,631	
Interest on Debt	0	0	3,171,513	0	0	3,171,513	
Other Debt Service	0	0	96,915	0	0	96,915	
Capital Projects	0	0	698,587	21,081,388	1,117,850	22,897,825	
Total Expenditures	\$ 19,126,308	\$ 3,956,410	\$ 7,400,646	\$ 21,081,388	\$ 3,716,688	\$ 55,281,440	
Excess (Deficiency) of Revenues Over Expenditures	\$ 365,558	\$ 225,019	\$ (875,018)	\$ (20,477,692)	\$ 248,552	\$ (20,513,581)	
Other Financing Sources (Uses)							
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 19,895,000	\$ 0	\$ 19,895,000	
Premiums on Debt Issued	0	0	0	296,771	0	296,771	
Insurance Recovery	41,786	0	0	0	7,621	49,407	
Transfers In	225,000	0	513,646	88,429	787,439	1,614,514	
Transfers Out	(602,075)	0	(787,439)	(434,237)	0	(1,823,751)	
Total Other Financing Sources (Uses)	\$ (335,289)	\$ 0	\$ (273,793)	\$ 19,845,963	\$ 795,060	\$ 20,031,941	

(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	General Capital Projects	Other		
					Governmental Funds	Governmental Funds	
Net Change in Fund Balances	\$ 30,269	\$ 225,019	\$ (1,148,811)	\$ (631,729)	\$ 1,043,612	\$ (481,640)	
Fund Balance, July 1, 2012	6,068,814	2,231,075	9,330,512	1,138,887	4,020,601	22,789,889	
Fund Balance, June 30, 2013	\$ 6,099,083	\$ 2,456,094	\$ 8,181,701	\$ 507,158	\$ 5,064,213	\$ 22,308,249	

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, 2013

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)		\$ (481,640)
(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	\$ 1,652,056	
Less: current-year depreciation expense	<u>(2,335,481)</u>	(683,425)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: book value of assets disposed		(71,239)
(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, 2013	\$ 1,948,486	
Less: deferred delinquent property taxes and other deferred June 30, 2012	<u>(1,875,090)</u>	73,396
(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 position. Also, governmental funds report the effect of 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: bond proceeds	\$ (19,895,000)	
Add: change in unamortized discount on debt issues	145,884	
Less: change in unamortized premium on debt issues	(287,109)	
Add: principal payments on bonds	265,000	
Add: principal payments on notes	305,000	
Add: principal payments on other loans	2,863,631	
Less: change in deferred amount on refunding debt	<u>(6,970)</u>	(16,609,564)
(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	\$ (47,601)	
Change in compensated absences payable	3,974	
Change in other postemployment benefits liability	<u>(116,915)</u>	(160,542)

(Continued)

Exhibit C-4

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

(6) An internal service fund is used by management to charge the cost of employee dental and vision benefits to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities.	<u>\$ 21,587</u>
Change in net position of governmental activities (Exhibit B)	<u><u>\$ (17,911,427)</u></u>

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

Exhibit C-5

Jefferson County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 10,517,809	\$ 0	\$ 0	\$ 10,517,809	\$ 10,179,000	\$ 10,179,000	\$ 338,809
Licenses and Permits	285,678	0	0	285,678	266,750	266,750	18,928
Fines, Forfeitures, and Penalties	309,633	0	0	309,633	345,850	354,654	(45,021)
Charges for Current Services	3,412,129	0	0	3,412,129	3,504,500	3,504,500	(92,371)
Other Local Revenues	557,702	0	0	557,702	37,000	507,225	50,477
Fees Received from County Officials	1,500,971	0	0	1,500,971	1,247,500	1,247,500	253,471
State of Tennessee	2,158,813	0	0	2,158,813	1,797,413	1,894,994	263,819
Federal Government	635,352	0	0	635,352	697,646	721,163	(85,811)
Other Governments and Citizens Groups	113,779	0	0	113,779	154,000	154,000	(40,221)
Total Revenues	\$ 19,491,866	\$ 0	\$ 0	\$ 19,491,866	\$ 18,229,659	\$ 18,829,786	\$ 662,080

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 221,866	\$ 0	\$ 0	\$ 221,866	\$ 258,983	\$ 258,983	\$ 37,117
Board of Equalization	700	0	0	700	2,500	2,500	1,800
County Mayor/Executive	217,368	(262)	387	217,493	249,093	249,093	31,600
Election Commission	295,618	(195)	357	295,780	322,312	322,312	26,532
Register of Deeds	44,175	0	0	44,175	47,766	47,766	3,591
Codes Compliance	107,947	(162)	189	107,974	109,236	109,236	1,262
County Buildings	777,565	(9,915)	13,762	781,412	746,419	814,946	33,534
Other Facilities	361,395	(10,186)	6,036	357,245	478,206	478,206	120,961
Other General Administration	750	0	0	750	2,500	2,500	1,750
Preservation of Records	11,691	(114)	0	11,577	18,075	18,075	6,498
<u>Finance</u>							
Accounting and Budgeting	657,624	(449)	0	657,175	681,306	684,306	27,131
Property Assessor's Office	457,898	(7)	546	458,437	504,741	505,491	47,054
Reappraisal Program	371	(371)	0	0	0	0	0
County Trustee's Office	58,935	(200)	3,412	62,147	63,922	63,922	1,775
County Clerk's Office	107,704	(170)	2,830	110,364	113,721	113,721	3,357

(Continued)

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original		
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Data Processing	\$ 107,548	\$ (738)	241	\$ 107,051	\$ 125,305	\$ 125,305	\$ 18,254
Other Finance	591,176	0	0	591,176	584,474	596,929	5,753
<u>Administration of Justice</u>							
Circuit Court	779,477	(3,140)	5,554	781,891	839,011	839,011	57,120
General Sessions Court	286,189	0	0	286,189	292,954	293,269	7,080
Drug Court	29,487	0	0	29,487	26,650	26,650	(2,837)
Chancery Court	208,969	0	0	208,969	217,089	217,089	8,120
Juvenile Court	250,122	(371)	209	249,960	273,348	273,368	23,408
Other Administration of Justice	900	0	0	900	1,500	1,500	600
Victims Assistance Programs	29,577	0	0	29,577	20,000	28,804	(773)
<u>Public Safety</u>							
Sheriff's Department	3,198,668	(86,702)	37,491	3,149,457	3,207,715	3,241,453	91,996
Wheel Tax Officer	14,215	0	0	14,215	15,004	15,004	789
Administration of the Sexual Offender Registry	3,230	0	0	3,230	10,000	10,000	6,770
Jail	2,678,522	(16,079)	5,246	2,667,689	2,497,814	2,775,225	107,536
Workhouse	357,719	0	0	357,719	372,142	372,142	14,423
Inspection and Regulation	121,824	(467)	291	121,648	106,162	128,600	6,952
Public Safety Grant Programs	21,820	0	0	21,820	100,000	100,000	78,180
Other Public Safety	433,612	0	0	433,612	433,612	433,612	0
<u>Public Health and Welfare</u>							
Local Health Center	196,448	(266)	0	196,182	219,775	219,775	23,593
Rabies and Animal Control	101,533	(8,175)	957	94,315	105,496	105,496	11,181
Ambulance/Emergency Medical Services	4,290,938	(27,603)	19,883	4,283,218	4,147,982	4,398,147	114,929
Aid to Dependent Children	4,942	0	0	4,942	5,000	5,000	58
Sanitation Education/Information	67,023	(874)	820	66,969	67,174	68,508	1,539
Postclosure Care Costs	33,036	0	0	33,036	0	31,050	(1,986)
Other Public Health and Welfare	187,430	(553)	25,875	212,752	172,752	219,524	6,772

(Continued)

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	\$ 215,230	\$ 0	\$ 0	\$ 215,230	\$ 208,727	\$ 216,449	\$ 1,219
Libraries	373,151	(4,744)	701	369,108	379,370	388,020	18,912
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	96,645	0	0	96,645	107,072	107,072	10,427
Soil Conservation	37,248	0	0	37,248	38,559	38,559	1,311
<u>Other Operations</u>							
Veterans' Services	51,954	0	0	51,954	53,630	53,630	1,676
Contributions to Other Agencies	1,034,695	0	0	1,034,695	944,997	1,034,695	0
Employee Benefits	1,373	0	0	1,373	0	1,373	0
Total Expenditures	\$ 19,126,308	\$ (171,743)	\$ 124,787	\$ 19,079,352	\$ 19,172,094	\$ 20,036,316	\$ 936,964
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 365,558	\$ 171,743	\$ (124,787)	\$ 412,514	\$ (942,435)	\$ (1,206,530)	\$ 1,619,044
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 41,786	\$ 0	\$ 0	\$ 41,786	\$ 10,000	\$ 45,583	\$ (3,797)
Transfers In	225,000	0	0	225,000	460,660	242,382	(17,382)
Transfers Out	(602,075)	0	0	(602,075)	(513,646)	(602,075)	0
Total Other Financing Sources	\$ (335,289)	\$ 0	\$ 0	\$ (335,289)	\$ (42,986)	\$ (314,110)	\$ (21,179)
Net Change in Fund Balance	\$ 30,269	\$ 171,743	\$ (124,787)	\$ 77,225	\$ (985,421)	\$ (1,520,640)	\$ 1,597,865
Fund Balance, July 1, 2012	6,068,814	(171,743)	0	5,897,071	6,617,604	6,617,604	(720,533)
Fund Balance, June 30, 2013	\$ 6,099,083	\$ 0	\$ (124,787)	\$ 5,974,296	\$ 5,632,183	\$ 5,096,964	\$ 877,332

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

Exhibit C-6

Jefferson County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 2,288,290	\$ 0	\$ 0	\$ 2,288,290	\$ 2,254,000	\$ 2,254,000	\$ 34,290
Charges for Current Services	65,426	0	0	65,426	45,000	45,000	20,426
Other Local Revenues	871	0	0	871	500	500	371
State of Tennessee	1,821,037	0	0	1,821,037	1,840,433	1,840,433	(19,396)
Federal Government	5,805	0	0	5,805	0	0	5,805
Total Revenues	\$ 4,181,429	\$ 0	\$ 0	\$ 4,181,429	\$ 4,139,933	\$ 4,139,933	\$ 41,496
Expenditures							
Highways							
Administration	\$ 254,868	(10)	10	254,868	264,992	257,493	2,625
Highway and Bridge Maintenance	2,036,764	(1,846)	13,135	2,048,053	2,241,743	2,207,316	159,263
Operation and Maintenance of Equipment	772,088	(201)	127,091	898,978	902,714	1,103,144	204,166
Quarry Operations	654,323	0	4,027	658,350	720,788	730,144	71,794
Asphalt Plant Operations	62,108	0	0	62,108	32,600	62,108	0
Other Charges	95,514	0	0	95,514	100,009	100,112	4,598
Employee Benefits	80,745	0	0	80,745	78,216	80,745	0
Total Expenditures	\$ 3,956,410	(2,057)	144,263	\$ 4,098,616	\$ 4,341,062	\$ 4,541,062	\$ 442,446
Excess (Deficiency) of Revenues Over Expenditures	\$ 225,019	\$ 2,057	(144,263)	\$ 82,813	(201,129)	(401,129)	\$ 483,942
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ 225,019	\$ 2,057	(144,263)	\$ 82,813	(201,129)	(401,129)	\$ 483,942
Fund Balance, July 1, 2012	2,231,075	(2,057)	0	2,229,018	2,238,875	2,238,875	(9,857)
Fund Balance, June 30, 2013	\$ 2,456,094	\$ 0	(144,263)	\$ 2,311,831	\$ 2,037,746	\$ 1,837,746	\$ 474,085

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

Exhibit D-1

Jefferson County, Tennessee
Statement of Net Position
Proprietary Funds
June 30, 2013

	Business-type Activities - Major Enterprise Fund	Governmental Activities - Internal Service Fund
	Solid Waste Disposal Fund	Employee Insurance - Dental and Vision Fund
	<hr/>	<hr/>
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 25	\$ 0
Equity in Pooled Cash and Investments	219,894	132,478
Accounts Receivable	115,834	10,023
Allowance for Uncollectibles	(20,300)	0
Due from Other Funds	58,906	0
Total Current Assets	<hr/> \$ 374,359	<hr/> \$ 142,501
Noncurrent Assets:		
Capital Assets:		
Assets Not Depreciated:		
Land	\$ 461,930	\$ 0
Assets Net of Accumulated Depreciation:		
Landfill Facilities and Development	87,753	0
Buildings and Improvements	6,722	0
Machinery and Equipment	1,249,156	0
Total Noncurrent Assets	<hr/> \$ 1,805,561	<hr/> \$ 0
Total Assets	<hr/> \$ 2,179,920	<hr/> \$ 142,501
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	\$ 32,825	\$ 0
Claims Payable	0	2,054
Accrued Payroll	21,529	0
Accrued Interest Payable	2,045	0
Due to Other Funds	288,127	0
Due to the State of Tennessee	6,346	0
Current Portion of Long-term Liabilities	111,451	0
Total Current Liabilities	<hr/> \$ 462,323	<hr/> \$ 2,054
Noncurrent Liabilities:		
Due in More Than One Year	\$ 5,339,988	\$ 0
Total Noncurrent Liabilities	<hr/> \$ 5,339,988	<hr/> \$ 0
Total Liabilities	<hr/> \$ 5,802,311	<hr/> \$ 2,054
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 1,517,434	\$ 0
Unrestricted	<hr/> (5,139,825)	<hr/> 140,447
Total Net Position	<hr/> \$ (3,622,391)	<hr/> \$ 140,447

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

Exhibit D-2

Jefferson County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2013

	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	\$ 983,826	\$ 0
Lease/Rentals	873	0
Sale of Recycled Materials	154,182	0
Miscellaneous Refunds	2,164	0
Other Local Revenues	27,797	0
Self-Insurance Premiums/Contributions	0	119,187
Total Operating Revenues	<u>\$ 1,168,842</u>	<u>\$ 119,187</u>
<u>Operating Expenses</u>		
<u>Cost of Sales and Services</u>		
Supervisor/Director	\$ 29,608	\$ 0
Accountants/Bookkeepers	41,990	0
Part-time Personnel	7,370	0
Longevity Pay	13,750	0
Laborers	381,464	0
Board and Committee Members Fees	4,320	0
Social Security	29,100	0
State Retirement	68,102	0
Life Insurance	868	0
Medical Insurance	113,400	0
Dental Insurance	1,350	0
Unemployment Compensation	563	0
Employer Medicare	6,806	0
Data Processing Services	4,558	0
Engineering Services	25,168	0
Evaluation and Testing	13,968	0
Janitorial Services	1,677	0
Maintenance and Repair Services - Equipment	95,254	0
Postal Charges	273	0
Rentals	72	0
Travel	801	0
Other Contracted Services	23,933	0
Crushed Stone	34,274	0
Diesel Fuel	139,251	0
Fertilizer, Lime, and Seed	832	0
Gasoline	14,706	0
Lubricants	8,469	0

(Continued)

Exhibit D-2

Jefferson County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
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	\$ 3,484	\$ 0
Pipe	22,309	0
Propane Gas	767	0
Small Tools	1,088	0
Tires and Tubes	1,307	0
Utilities	11,673	0
Other Supplies and Materials	13,393	0
Building and Contents Insurance	8,089	0
Liability Insurance	4,486	0
Trustee's Commission	9,524	0
Workers' Compensation Insurance	27,111	0
Depreciation	125,891	0
Surcharge	26,550	0
Landfill Closure/Postclosure Care Costs	101,401	0
Other Charges	1,777	0
Solid Waste Equipment	23,432	0
Handling Charges and Administrative Costs	0	13,584
Other Self-Insured Claims	0	84,016
Total Operating Expenses	<u>\$ 1,444,209</u>	<u>\$ 97,600</u>
Operating Income (Loss)	<u>\$ (275,367)</u>	<u>\$ 21,587</u>
<u>Nonoperating Revenues (Expenses)</u>		
Interest on Note	\$ (4,531)	\$ 0
Total Nonoperating Revenues (Expenses)	<u>\$ (4,531)</u>	<u>\$ 0</u>
Income (Loss) Before Contributions and Transfers	\$ (279,898)	\$ 21,587
Transfers In	209,237	0
Change in Net Position	<u>\$ (70,661)</u>	<u>\$ 21,587</u>
Net Position, July 1, 2012	<u>(3,551,730)</u>	<u>118,860</u>
Net Position, June 30, 2013	<u><u>\$ (3,622,391)</u></u>	<u><u>\$ 140,447</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, 2013

	Business-type Activities - Major Enterprise Fund	Governmental Activities - Internal Service 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	\$ 951,420	\$ 0
Receipts from Recycled Materials	154,182	0
Receipts for Self-Insurance Premiums	0	119,058
Payments to Employees and Board Members	(473,521)	0
Payments for Fringe Benefits	(220,189)	0
Payments to Suppliers	(348,210)	0
Payments to Others	(183,156)	0
Payments for Claims	0	(86,351)
Payments for Administrative Costs	0	(14,758)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (119,474)</u>	<u>\$ 17,949</u>
<u>Cash Flows from Capital and Related Financing Activities</u>		
Acquisition and Construction of Capital Assets	\$ (215,737)	\$ 0
Transfer from Primary Government for Capital Asset Purchase	209,237	0
Principal Paid on Internal Loan	(85,000)	0
Interest Paid on Internal Loan	(4,708)	0
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (96,208)</u>	<u>\$ 0</u>
Increase (Decrease) in Cash	\$ (215,682)	\$ 17,949
Cash, July 1, 2012	<u>435,601</u>	<u>114,529</u>
Cash, June 30, 2013	<u>\$ 219,919</u>	<u>\$ 132,478</u>

(Continued)

Exhibit D-3

Jefferson County, Tennessee
Statement of Cash Flows
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>Reconciliation of Net Operating Income (Loss)</u>		
<u>to Net Cash Provided By (Used In) Operating Activities</u>		
Operating Income (Loss)	\$ (275,367)	\$ 21,587
Adjustments to Reconcile Net Operating Income (Loss)		
to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	125,891	0
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(22,955)	(129)
Increase (Decrease) in Allowance for Uncollectibles	14,439	0
(Increase) Decrease in Due from Other Funds	(54,724)	0
Increase (Decrease) in Operating Accounts Payable	24,708	(3,509)
Increase (Decrease) in Accrued Payroll	1,172	0
Increase (Decrease) in Due to Other Funds (non-loan portion)	(2,679)	0
Increase (Decrease) in Due to State of Tennessee	(461)	0
Increase (Decrease) in Compensated Absences	3,809	0
Increase (Decrease) in Landfill Closure/Postclosure Care Cost	66,693	0
Net Cash Provided By (Used In) Operating Activities	<u>\$ (119,474)</u>	<u>\$ 17,949</u>
<u>Reconciliation of Cash With Statement of Net Position</u>		
Cash Per Net Position	\$ 25	\$ 0
Equity in Pooled Cash and Investments Per Net Position	<u>219,894</u>	<u>132,478</u>
Cash, June 30, 2013	<u>\$ 219,919</u>	<u>\$ 132,478</u>

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

Exhibit E-1

Jefferson County, Tennessee
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	Other Employee Benefit Trust Fund	
	<u>Flexible Benefits Fund</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash	\$ 0	\$ 1,205,452
Equity in Pooled Cash and Investments	4,956	13,116
Accounts Receivable	0	18,108
Due from Other Governments	0	806,480
Property Taxes Receivable	0	1,182,976
Allowance for Uncollectible Property Taxes	0	(79,235)
	<u>0</u>	<u>(79,235)</u>
Total Assets	<u>\$ 4,956</u>	<u>\$ 3,146,897</u>
<u>LIABILITIES</u>		
Due to Other Taxing Units	\$ 0	\$ 1,923,337
Due to Litigants, Heirs, and Others	0	1,223,560
	<u>0</u>	<u>1,223,560</u>
Total Liabilities	<u>\$ 0</u>	<u>\$ 3,146,897</u>
<u>NET POSITION</u>		
Net Position Held in Trust for Employees	<u>\$ 4,956</u>	
Net Position	<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 Position
Fiduciary Funds
For the Year Ended June 30, 2013

	Other Employee Benefit Trust Fund
	<u>Flexible Benefits Fund</u>
Change in Net Position	\$ 0
Net Position, July 1, 2012	<u>4,956</u>
Net Position, June 30, 2013	<u><u>\$ 4,956</u></u>

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

JEFFERSON COUNTY, TENNESSEE
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JEFFERSON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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 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 Jefferson County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. 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 Position 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 \$20,917,533 were contributed by the county to the School Department during the year ended June 30, 2013.

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, deferred outflow of resources, liabilities, deferred inflow of resources, 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.

General Capital Projects Fund – This fund accounts for general capital expenditures of the county and, in the current year, includes debt issued by Jefferson County and contributed to the Jefferson County School Department for construction and renovation projects.

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. This fund has become inactive.

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.

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

Other Capital Projects Fund – JCHS – This fund is used to account for transactions related to the renovation of Jefferson County High School.

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

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

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. This fund has become inactive.

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.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

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 position 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 are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. 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. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. 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 2.49 percent of total taxes levied.

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 a deferred inflow of resources 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 as a deferred inflow of resources 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 Claims and Judgments payable account totaling \$56,303 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. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased. 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 primary government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than two years. The School Department defines capital assets as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of more

than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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	15 - 40
Machinery and Equipment	3 - 15
Other Capital Assets	5 - 25
Infrastructure	99

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources, (expense/expenditure) until then. The primary government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental

funds balance sheet. These revenues are from the following sources: current property taxes, delinquent property taxes, and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. 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 2012-13 year, 15 employees received this incentive. The financial statements of this report reflect expenditures of \$51,564 in the General Purpose School Fund for the accumulated sick leave incentive payments. The liability for compensated absences included \$527,700 for accumulated sick leave commitments at June 30, 2013.

7. 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 Position. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner 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.

8. Net Position and Fund Balance

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

- a. Net investment in capital assets – 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 position – Consists of net position 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 position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2013, Jefferson County had \$74,171,845 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 position with no corresponding increase in the county's capital assets.

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.

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, and shall remain binding unless removed in the same manner.

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 makes assignments for the general government. The Board of Education makes assignments for the School Department. Assigned fund balance in the primary government's General

Fund includes encumbrances (\$124,787), industrial development (\$666,303), and fund balance appropriated for use in the 2013-14 budget (\$963,180). Assigned fund balance in the School Department's General Purpose School Fund consists primarily of amounts assigned for encumbrances (\$1,102,704), school buses (\$72,000), construction projects at the high school (\$1,010,000), and fund balance appropriated for use in the 2013-14 budget (\$1,017,007).

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.

9. Minimum Fund Balance Policy

To provide management with appropriate guidelines and direction to assist in making sound decisions related to managing the fund balance of certain governmental funds, the following minimum fund balance policy exists:

General Fund – 15 percent of subsequent year appropriations in unassigned fund balance.

General Debt Service Fund – 50 percent of subsequent year's debt service requirement.

10. Restatement

Prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however with the implementation of GASB Statement No. 65, debt issuance costs become period costs. A restatement totaling \$682,851 has been recorded to recognize accumulated unamortized debt issuance costs on the government-wide financial statements.

11. Prior-period Adjustment

A prior-period adjustment totaling \$7,240,000 increased governmental activities net position of the primary government because both the primary government and the Jefferson County Nursing Home component unit had been reflecting the same bonded debt on each of their balance sheets. The debt was issued by Jefferson County and the Jefferson County Nursing Home is repaying the county for the debt retirement as the payments become due.

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 Position

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 Position.

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 Position.

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 position 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 position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

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 capital project funds (except for the General Capital Projects Fund), 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, the only expenditure in this fund was for trustee commissions on revenue received 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, 2013, Jefferson County and the Jefferson County School Department reported the following significant encumbrances.

Fund	Description	Amount
Primary Government:		
Highway/Public Works	Highway Equipment	\$ 126,932
Discretely Presented School		
Department:		
General Purpose School	School Buses	439,923

B. Net Position Deficit/Fund Deficit

The county's Solid Waste Disposal Fund had a deficit of \$3,622,391 in total net position and a deficit of \$5,139,825 in unrestricted net position at June 30, 2013. Further details related to liabilities recorded in this fund are disclosed in Note V.F. Landfill Closure/Postclosure Care Costs.

The county's Other Capital Projects Fund – CDBG had a negative unassigned fund balance of \$17,238 at June 30, 2013. This negative unassigned fund balance resulted from the timing difference between incurring expenditures and requesting reimbursement. The negative balance was liquidated when revenues were requested and recognized after June 30, 2013.

The School Federal Projects Fund (special revenue fund) of the discretely presented Jefferson County School Department had a negative unassigned fund balance of \$63,249 at June 30, 2013. This negative unassigned fund balance resulted from expenditures exceeding restricted, committed, and assigned balances. The negative unassigned fund balance was liquidated when revenues were recognized after June 30, 2013.

C. Expenditures Exceeded Appropriations

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

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
Primary Government:	
General:	
Drug Court	\$ 2,837
Victims Assistance Program	773
Postclosure Care Costs	1,986
Discretely Presented School Department:	
General Purpose School:	
Transportation	255,271

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 position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position 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, 2013, Jefferson County had the following investments carried at fair value or amortized 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		Maturity	Fair Value or Cost
	Moody	S&P		
State Treasurer's Investment Pool	NR	NR	11 to 138*	\$ 2,068,191
U.S. Treasury Bills	N/A	N/A	7-5-13	1,200,000
U.S. Treasury Bills	N/A	N/A	7-11-13	899,991
Federal National Mortgage Assoc.	Aaa	AA+	7-15-14	248,543
Adams 12 Five Star Schools Colorado General Obligation Bonds - 2006B	Aa2	AA-	12-15-13	199,014
Cedar Hill Texas Independent School District Refunding Bonds	NR	AA-	2-15-14	348,936
Copperas Cove Texas Independent School District Refunding Bonds	Aaa	NR	8-15-13	449,586
El Paso County Colorado School District General Obligation Bond - 2006	Aa2	NR	12-15-13	279,026
Georgetown Massachusetts General Obligation Quality Energy Conservation Bonds	Aa2	NR	12-15-13	129,083
Madison Wisconsin General Obligation Promisory Notes - 2012B	Aaa	NR	10-1-13	614,834
North Hempstead New York Various Purpose Bonds - Series 2012	Aa1	NR	10-1-13	557,413
San Jacinto Texas Community College District General Obligation Ltd. Bonds - 2009	Aa2	AA	2-15-15	240,925
Anna Texas Independent School District Refunding Bonds - Series 2013	NR	AAA	8-15-13	140,004
Arkansas State College Savings General Obligation Bonds - 1993	Aa1	AA	6-1-14	154,044
Arlington Texas Independent School District Refunding Bonds - Series 2013	Aaa	AAA	2-15-15	494,780
Bangor Maine General Obligation Bonds - 2013	Aa2	AA	11-1-14	149,819
Bend Oregon Metropolitan Park and Recreation District General Obligation Bonds - Series 2013	Aa3	Aa3	6-1-14	769,884
Burleson Texas Independent School District General Obligation School Building Bonds - 2009	Aa3	NR	8-1-13	249,875
Coppell Texas Independent School District General Obligation Refunding School Bonds - 2009	NR	AA	8-15-14	198,490

Investments (Cont.)	Rating		Maturity	Fair Value or Cost
	Moody	S&P		
Frisco Texas Independent School District School Building Refunding Bonds - Series 2012B	Aaa	AAA	8-15-14	\$ 248,720
Henderson Kentucky General Obligation Bonds - Series 2013A	Aa3	Aa3	11-1-13	409,656
Hilliard Ohio School District General Obligation School Improvement Bonds - Series 2006A	Aa1	AA	12-1-13	299,334
Kennedale Texas Independent School District Refunding Bonds - Series 2013	NR	AAA	8-15-13	134,947
Lamar County Texas Certificate of Obligation - 1999	Aa3	NR	9-1-14	404,637
Leander Texas Independent School District Refunding Bonds - Series 2010A	NR	AAA	8-15-13	199,946
Lubbock Texas General Obligation Refunding Bonds - 2013	Aa2	AA+	2-15-14	869,147
Oregon State General Obligation Bonds For Community College Projects - Series 2013J	Aa1	AA+	8-1-13	334,997
Oregon State General Obligation Bonds For Community College Projects - Series 2013J	Aa1	AA+	8-1-14	229,758
Park Ridge Illinois Recreation and Park District General Obligation Park Bonds - Series 2013B	NR	AA+	12-1-14	310,391
San Jacinto Texas Community College District General Obligation Bonds - Series 2009	Aa2	AA	2-15-14	198,432
Tennessee Housing Development Agency Residential Finance Program Revenue Bonds - Series 2013-1A	Aa1	AA+	1-1-15	398,140
Washington State General Obligation Bonds, Motor Vehicle Fuel Tax - Series 2005F	Aa1	AA+	12-1-14	217,719
West Chester Pennsylvania General Obligation Bonds - Series 2013	NR	AA	11-15-13	<u>235,016</u>
Total				<u>\$ 13,883,278</u>

* Weighted average maturity (days)

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 Bend Oregon Metropolitan Park and Recreation District General Obligation Bonds - Series 2013, 5.5 percent, and the Lubbock Texas General Obligation Refunding Bonds - 2013, 6.3 percent.

B. Capital Assets

Capital assets activity for the year ended June 30, 2013, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 1,473,861	\$ 0	\$ 0	\$ 1,473,861
Construction in Progress	1,747,542	489,355	(2,236,897)	0
Total Capital Assets Not Depreciated	\$ 3,221,403	\$ 489,355	\$ (2,236,897)	\$ 1,473,861
Capital Assets Depreciated:				
Buildings and Improvements	\$ 19,699,542	\$ 2,236,897	\$ 0	\$ 21,936,439
Other Capital Assets	7,145,748	897,381	0	8,043,129
Infrastructure	115,998,267	265,320	(102,960)	116,160,627
Total Capital Assets Depreciated	\$ 142,843,557	\$ 3,399,598	\$ (102,960)	\$ 146,140,195

Governmental Activities (Cont.):

	Balance			Balance
	7-1-12	Increases	Decreases	6-30-13
Less Accumulated				
Depreciated For:				
Buildings and Improvements	\$ 3,805,274	\$ 532,656	\$ 0	\$ 4,337,930
Other Capital Assets	5,033,468	619,328	0	5,652,796
Infrastructure	33,348,415	1,183,497	(31,721)	34,500,191
Total Accumulated				
Depreciation	\$ 42,187,157	\$ 2,335,481	\$ (31,721)	\$ 44,490,917
Total Capital Assets				
Depreciated, Net	\$ 100,656,400	\$ 1,064,117	\$ (71,239)	\$ 101,649,278
Governmental Activities				
Capital Assets, Net	\$ 103,877,803	\$ 1,553,472	\$ (2,308,136)	\$ 103,123,139

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

Governmental Activities:

General Government	\$ 19,331
Finance	597
Administration of Justice	443,583
Public Safety	204,854
Public Health and Welfare	351,608
Social, Cultural, and Recreational Services	6,450
Highways/Public Works	1,309,058
Total Depreciation Expense - Governmental Activities	<u>\$ 2,335,481</u>

Business-type Activities:

	Balance		Balance
	7-1-12	Increases	6-30-13
Capital Assets Not Depreciated:			
Land	\$ 461,930	\$ 0	\$ 461,930
Total Capital Assets Not Depreciated	\$ 461,930	\$ 0	\$ 461,930

Business-type Activities (Cont.):

	Balance 7-1-12	Increases	Balance 6-30-13
Capital Assets Depreciated:			
Landfill Facilities and Development	\$ 458,228	\$ 0	\$ 458,228
Buildings and Improvements	289,940	0	289,940
Machinery and Equipment	3,190,113	215,737	3,405,850
Total Capital Assets Depreciated	<u>\$ 3,938,281</u>	<u>\$ 215,737</u>	<u>\$ 4,154,018</u>
Less Accumulated Depreciated For:			
Landfill Facilities and Development	\$ 365,414	\$ 5,061	\$ 370,475
Buildings and Improvements	281,413	1,805	283,218
Machinery and Equipment	2,037,669	119,025	2,156,694
Total Accumulated Depreciation	<u>\$ 2,684,496</u>	<u>\$ 125,891</u>	<u>\$ 2,810,387</u>
Total Capital Assets Depreciated, Net	<u>\$ 1,253,785</u>	<u>\$ 89,846</u>	<u>\$ 1,343,631</u>
Business-type Activities Capital Assets, Net	<u>\$ 1,715,715</u>	<u>\$ 89,846</u>	<u>\$ 1,805,561</u>

The business-type activities had no decreases in capital assets during the year. Depreciation expense totaling \$125,891 was charged to the Solid Waste Disposal Fund.

Discretely Presented Jefferson County School Department

Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 1,577,366	\$ 0	\$ 0	\$ 1,577,366
Construction in Progress	18,465,229	10,479,821	(11,546,324)	17,398,726
Total Capital Assets Not Depreciated	\$ 20,042,595	\$ 10,479,821	\$ (11,546,324)	\$ 18,976,092
Capital Assets Depreciated:				
Buildings and Improvements	\$ 37,995,687	\$ 11,275,615	\$ (28,660)	\$ 49,242,642
Machinery and Equipment	1,826,660	347,629	0	2,174,289
Other Capital Assets	5,407,636	650,132	(370,880)	5,686,888
Total Capital Assets Depreciated	\$ 45,229,983	\$ 12,273,376	\$ (399,540)	\$ 57,103,819
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 22,856,839	\$ 1,196,369	\$ (26,940)	\$ 24,026,268
Machinery and Equipment	1,286,081	159,451	0	1,445,532
Other Capital Assets	3,362,535	316,945	(370,880)	3,308,600
Total Accumulated Depreciation	\$ 27,505,455	\$ 1,672,765	\$ (397,820)	\$ 28,780,400
Total Capital Assets Depreciated, Net	\$ 17,724,528	\$ 10,600,611	\$ (1,720)	\$ 28,323,419
Governmental Activities Capital Assets, Net	\$ 37,767,123	\$ 21,080,432	\$ (11,548,044)	\$ 47,299,511

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

Governmental Activities:

Instruction	\$ 1,080,607
Support Services	512,489
Operation of Non-Instructional Services	<u>79,669</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,672,765</u>

C. Construction Commitments

At June 30, 2013, Jefferson County had uncompleted construction contracts in the following funds for various construction and renovation projects.

<u>Fund</u>	<u>Amount</u>
School Department:	
Other Capital Projects Fund - Recovery Zone	
Economic Development Bonds	\$ 722,570
Other Capital Projects Fund - Jefferson County	
High School	21,042,858

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, 2013, was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 50
General Debt Service	Solid Waste Disposal	288,127
Solid Waste Disposal	Nonmajor governmental	58,906

The amount due to the General Debt Service Fund from the Solid Waste Disposal Fund represents interfund loans that are to be repaid with a payment of \$86,427 in May 2014 and a payment of \$201,700 in October 2014.

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>
Component Unit:		
School Department:	Primary Government:	
Nonmajor Governmental	General Capital Projects	\$ 12,343

Interfund Transfers:

Interfund transfers for the year ended June 30, 2013, consisted of the following amounts:

Primary Government

Transfers In	Transfers Out		
	General Fund	General Debt Service Fund	General Capital Projects Fund
General Fund	\$ 0	\$ 0	\$ 225,000
General Debt Service	513,646	0	0
General Capital Projects	88,429	0	0
Nonmajor governmental funds	0	787,439	0
Solid Waste Disposal	0	0	209,237
Total	\$ 602,075	\$ 787,439	\$ 434,237

Discretely Presented Jefferson County School Department

Transfer Out	Transfer In General Purpose School Fund
Nonmajor governmental fund	\$ 61,902

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 Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

Jefferson County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. 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, 2013, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes and other loans outstanding as of June 30, 2013, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-13
General Obligation Bonds	2.54 to 4.5 %	6-1-37	\$ 27,895,000	\$ 27,135,000
General Obligation Refunding Bonds	3.41	6-1-23	10,450,000	10,150,000
General Obligation - Recovery Zone Economic Development Bonds	3.69	6-1-40	16,000,000	16,000,000
Capital Outlay Notes	2.57	6-1-21	2,550,000	1,845,000
Other Loans - Refunding	Variable	6-1-26	13,305,000	10,510,000
Other Loans - Refunding	4 to 5	6-1-19	13,740,000	8,375,000
Other Loans - Qualified School Construction Bonds	0 (1)	8-1-27	10,595,000	9,382,962
Other Loans - Energy Efficient Schools Initiative	2.5	3-1-24	2,506,325	2,278,883

(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, 2013:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-13	Interest Type	Interest Rates as of 6-30-13	Other Fees on Variable Rate Debt
<u>Sevier County Public</u>					
<u>Building Authority</u>					
Local Government Public					
Improvement Bond -					
Refunding (V-G-1)	\$ 13,740,000	\$ 8,375,000	Fixed	4 to 5 %	N/A
Total		<u>\$ 8,375,000</u>			
<u>Blount County Public</u>					
<u>Building Authority</u>					
Local Government Public					
Improvement Bond -					
Refunding (E-3-D)	13,305,000	\$ 10,510,000	Variable	0.7	.25%
Total		<u>\$ 10,510,000</u>			
Total		<u>\$ 18,885,000</u>			

The variable rate Blount County Public Building Authority loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent. Prior to May 7, 2013, the variable rate was determined daily or weekly, depending on the particular program. Jefferson County amended its variable rate debt instrument and beginning May 7, 2013, the tax-exempt variable rate is determined monthly. In addition, the county pays various other fees (trustee, debt remarketing, administrative, etc.) in connection with the variable rate loan. The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2013, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2014	\$ 275,000	\$ 2,271,447	\$ 2,546,447
2015	730,000	2,224,316	2,954,316
2016	815,000	2,200,616	3,015,616
2017	825,000	2,174,016	2,999,016
2018	930,000	2,146,516	3,076,516
2019-2023	14,445,000	9,679,999	24,124,999
2024-2028	5,985,000	7,937,118	13,922,118
2029-2033	7,460,000	7,008,262	14,468,262
2034-2038	13,045,000	5,545,138	18,590,138
2039-2040	8,775,000	876,159	9,651,159
Total	<u>\$ 53,285,000</u>	<u>\$ 42,063,587</u>	<u>\$ 95,348,587</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
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
2019-2021	405,000	25,125	430,125
Total	<u>\$ 1,845,000</u>	<u>\$ 189,638</u>	<u>\$ 2,034,638</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2014	\$ 2,958,239	\$ 1,006,959	\$ 34,856	\$ 4,000,054
2015	3,072,979	938,420	33,275	4,044,674
2016	3,162,827	867,008	31,568	4,061,403
2017	3,262,795	788,894	29,798	4,081,487
2018	3,392,895	705,403	27,966	4,126,264
2019-2023	9,310,634	2,871,801	108,329	12,290,764
2024-2028	5,386,476	2,136,887	46,294	7,569,657
Total	<u>\$ 30,546,845</u>	<u>\$ 9,315,372</u>	<u>\$ 312,086</u>	<u>\$ 40,174,303</u>

There is \$8,181,701 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, and other loans totaled \$1,667, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2013, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2012	\$ 33,655,000	\$ 2,150,000	\$ 33,410,476
Additions	19,895,000	0	0
Reductions	(265,000)	(305,000)	(2,863,631)
Balance, June 30, 2013	<u>\$ 53,285,000</u>	<u>\$ 1,845,000</u>	<u>\$ 30,546,845</u>
Balance Due Within One Year	<u>\$ 275,000</u>	<u>\$ 310,000</u>	<u>\$ 2,958,239</u>

Governmental Activities (Cont.)

	Other Postemployment Benefits	Compensated Absences
Balance, July 1, 2012	\$ 452,368	\$ 541,735
Additions	141,888	499,046
Reductions	(24,973)	(503,020)
	<hr/>	<hr/>
Balance, June 30, 2013	\$ 569,283	\$ 537,761
	<hr/>	<hr/>
Balance Due Within One Year	\$ 0	\$ 376,432
	<hr/>	<hr/>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 86,783,889
Less: Balance Due Within One Year	(3,919,671)
Less: Unamortized Premium on Debt	369,238
	<hr/>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$ 83,233,456
	<hr/>

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 Obligations

Long-term obligations activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2013, was as follows:

Business-type Activities:

	Compensated Absences	Closure/ Postclosure Care Costs
Balance, July 1, 2012	\$ 9,319	\$ 5,371,619
Additions	11,804	101,401
Reductions	(7,996)	(34,708)
	<hr/>	<hr/>
Balance, June 30, 2013	\$ 13,127	\$ 5,438,312
	<hr/>	<hr/>
Balance Due Within One Year	\$ 2,724	\$ 108,727
	<hr/>	<hr/>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 5,451,439
Less: Balance Due Within One Year	<u>(111,451)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 5,339,988</u>

Discretely Presented Jefferson County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Jefferson County School Department for the year ended June 30, 2013, was as follows:

Governmental Activities:

	<u>Compensated Absences</u>	<u>Termination Benefits</u>
Balance, July 1, 2012	\$ 662,453	\$ 60,284
Additions	121,532	123,798
Reductions	<u>(144,111)</u>	<u>(86,479)</u>
Balance, June 30, 2013	<u>\$ 639,874</u>	<u>\$ 97,603</u>
Balance Due Within One Year	<u>\$ 164,944</u>	<u>\$ 56,336</u>

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2012	\$ 6,199,328
Additions	2,145,754
Reductions	<u>(757,315)</u>
Balance, June 30, 2013	<u>\$ 7,587,767</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 8,325,244
Less: Balance Due Within One Year	<u>(221,280)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 8,103,964</u>

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

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, 2013, were \$185,951 and \$55,507, 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 various projects with idle county funds. During the previous year, the county issued Capital Outlay Note Series 2012 and loaned \$171,427 of idle funds from the General Debt Service Fund to the Solid Waste Disposal Fund to purchase equipment. In the previous fiscal year, the county also loaned \$201,700 of idle funds under Bond Anticipation Note Series 2011A from the General Debt Service Fund to the Solid Waste Disposal Fund to purchase equipment. The balance of \$288,127 due on these notes 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

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date
<u>Due to General Debt Service</u>				
<u>Fund from Solid Waste</u>				
<u>Disposal Fund</u>				
Capital Outlay Note Series 2012 (Solid Waste)	\$ 171,427	1.25 %	5-1-12	5-1-14
Bond Anticipation Note - Series 2011A (Solid Waste)	201,700	1.25	10-4-11	10-4-13
	Outstanding 7-1-12	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-13
<u>Due to General Debt Service</u>				
<u>Fund from Solid Waste</u>				
<u>Disposal Fund</u>				
Capital Outlay Note Series 2012 (Solid Waste)	\$ 171,427	\$ 0	\$ (85,000)	\$ 86,427
Bond Anticipation Note - Series 2011A (Solid Waste)	201,700	0	0	201,700
Total	\$ 373,127	\$ 0	\$ (85,000)	\$ 288,127

Internally reported bond anticipation notes (\$787,439) and capital outlay notes (\$698,587) were also borrowed from the General Debt Service Fund to provide funds for construction costs of the discretely presented Emergency Communications District and School Department, respectively. For external reporting, these transactions were recognized as a transfer to the Other Capital Projects Fund – ECD (\$787,439) and as a contribution to the School Department’s Other Capital Projects – RZEDB Fund (\$698,587) in the current year. Repayment of the notes is being provided by annual transfers of tax credit bond rebate revenues from the General Fund. These internally reported notes receivable of the General Debt Service Fund that are to be retired from the General Debt Service Fund from tax credit bond rebate revenues are summarized below:

	Outstanding 7-1-12	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-13
Emergency Communications District Improvements	\$ 0	\$ 787,439	\$ 512,826	\$ 274,613
School Department Improvements	0	698,587	0	698,587
Total	\$ 0	\$ 1,486,026	\$ 512,826	\$ 973,200

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>				
2011-2012	\$ 4,967	\$ 85,072	\$ 85,650	4,389
2012-2013	4,389	84,016	86,351	2,054
<u>Discretely Presented School Department</u>				
2011-2012	33,933	249,588	247,598	35,923
2012-2013	35,923	302,744	287,990	50,677

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, including interest, totaled \$56,303. 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 Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position* became effective for the year ended June 30, 2013. Jefferson County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and no. 62*, which have an effective date of June 30, 2014.

GASB Statement No. 60 provides accounting and financial reporting guidance related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The standard establishes criteria for determining whether a SCA exists, how to account for SCAs, and requires certain disclosures associated with a SCA.

GASB Statement No. 61 amends Statements No. 14 and No. 34 and modifies certain requirements for inclusion of component units in the financial reporting entity to ensure that the reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. Statement No. 61 also clarifies the criteria for blending component units and presenting business-type component units.

GASB Statement No. 62 incorporates into GASB's literature the provisions in Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedure issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. The option to use subsequent FASB guidance has been removed.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources that were introduced and defined by Concepts Statement No. 4, *Elements of Financial Statements*. Previous financial reporting standards did not include guidance for reporting

those financial statement elements, which are distinct from assets and liabilities. In addition, the previous Statement of Net Assets was renamed to Statement of Financial Position.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66 resolves conflicting guidance by removing the provision that limits fund based reporting of an entity's risk financing activities to the General Fund and the internal service fund type. Under Statement No. 66 decisions about fund type classifications are based on the nature of the activity to be reported as required by Statements No. 54 and No. 34. This statement also modifies guidance on operating lease payments, purchased loans, and servicing fees related to mortgage loans.

D. Subsequent Event

On July 15, 2013, the County Commission approved the extension of Bond Anticipation Note Series 2011A (Solid Waste) to October 2014. This internal loan is discussed in Note IV.G. and had a maturity date of October 4, 2013.

E. Contingent Liabilities

Jefferson County and the discretely presented Jefferson County School Department are involved in several 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. 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 \$5,438,312 reported as landfill closure and postclosure care liability at June 30, 2013, represents the cumulative amount reported to date based on the use of 49 percent of the estimated capacity of the operating Patterson landfill site (\$3,463,799) and postclosure care costs for the Highway 92 landfill site, which closed in 1993 (\$1,974,513). The amounts reported as closure/postclosure liability at June 30, 2013, are based on what it would cost to perform all closure and postclosure care costs in 2013. The county will recognize the remaining estimated costs of closure and postclosure as the remaining estimated capacity is filled. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The county expects to close the Patterson landfill site in the year 2032.

G. Joint Ventures

Primary Government

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. Effective October 1, 2011, this lease was assigned by St. Mary's Health Systems, Inc., to Jefferson County HMA, LLC, of which, obligations are guaranteed by Knoxville HMA Holdings, LLC. The county and the 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. Currently, the county receives \$62,500 per month from the lease.

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, 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, 2013, 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

Discretely Presented School Department

The discretely presented School Department began participating in the Northeast Tennessee Cooperative (NETCO) during the fiscal year. The cooperative was established through a contractual agreement between the Boards of Education of Jefferson County and various other counties and cities in the upper East Tennessee area. The cooperative was authorized through Chapter 49 of *Tennessee Code Annotated*, and was established to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each member's school food service systems. The cooperative has contracted with a coordinating district (Johnson City School System) and a service provider to provide this service. NETCO is governed by a representative committee, including one representative from each of the member districts and an executive council, consisting of the chair, vice chair, secretary, treasurer, and a member-at-large from the representative committee.

Complete financial statements for NETCO can be obtained from its administrative office at the following address:

Administrative Office:

Northeast Tennessee Cooperative
100 East Maple Street
P.O. Box 1517
Johnson City, TN 37605

H. Jointly Governed Organizations

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

In October 2012, amended and restated formation documents were filed with the Secretary of State's Office for the Jefferson Memorial Foundation, Inc. Previously, St. Mary's Health System, which leased hospital operations from the county and Jefferson City, was the sole member of the foundation and provided oversight of certain funds held to benefit community health programs in the city and county. The hospital is jointly owned by the county and Jefferson City as discussed in Note V.G. With the change in the formation documents, the county and city became the sole members of the foundation. A board, with three members appointed by the county and three members appointed by the city, now oversees the foundation funds.

I. 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, 2013, was 14.78 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, 2013, the county's annual pension cost of \$2,965,340 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) 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, 2011, was four years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-13	\$2,965,340	100%	\$0
6-30-12	2,849,254	100	0
6-30-11	2,867,275	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 92.07 percent funded. The actuarial accrued liability for benefits was \$55.58 million, and the actuarial value of assets was \$51.17 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$4.41 million. The covered payroll (annual payroll of active employees covered by the plan) was \$19.86 million, and the ratio of the UAAL to the covered payroll was 22.21 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.

SCHOOL TEACHERS

Plan Description

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

provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

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, 2013, was 8.88 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, 2013, 2012, and 2011, were \$2,209,929, \$2,225,117, and \$2,227,031, 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 Section 457 and 403(b) establish participation, contribution, and withdrawal provisions for the plans.

J. 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 \$66,931,845 at June 30, 2013. That debt carries the general obligation pledge of the government in addition to the specific pledge of the one-half cent sales tax revenue.

K. Other Postemployment Benefits (OPEB)

Plan Description

Jefferson County and the School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)*, for teachers and Section 8-27-207, *TCA*, for local governments. Prior to reaching the age of 65, all members have the option of choosing 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 a 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, 2013, Jefferson County contributed \$24,973 for postemployment health care premiums, and the Jefferson County School Department recognized contributions totaling \$757,315 for postemployment health care.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	\$ 2,161,000	\$ 143,000
Interest on the NOPEBO	247,973	18,095
Adjustment to the ARC	(263,219)	(19,207)
Annual OPEB cost	\$ 2,145,754	\$ 141,888
Amount of contribution	(757,315)	(24,973)
Increase/decrease in NOPEBO	\$ 1,388,439	\$ 116,915
Net OPEB obligation, 7-1-12	6,199,328	452,368
Net OPEB obligation, 6-30-13	\$ 7,587,767	\$ 569,283

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-11	Local Education Group	\$ 1,872,790	42 %	\$ 4,784,718
6-30-12	"	2,130,233	34	6,199,328
6-30-13	"	2,145,754	35	7,587,767
6-30-11	Local Government Group	192,442	23	334,668
6-30-12	"	141,176	17	452,368
6-30-13	"	141,888	18	569,283

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-11	7-1-11
Actuarial accrued liability (AAL)	\$ 16,205,000	\$ 936,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 16,205,000	\$ 936,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 28,415,086	\$ 10,342,983
UAAL as a % of covered payroll	57.03%	9.05%

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, 2011, actuarial valuation for the Local Government Plan and the Local Education Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.75 percent for the fiscal year 2013. The trend rate will decrease to 8.25 percent in fiscal year 2014 and then be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a 2.5 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, 2007.

L. Termination Benefits

The School Department offers an early retirement incentive program in accordance with contract provisions. Prior to March 1, 2013, this plan was available to employees who retired from the school system in the year they reached age 60 or had 30 years of creditable service with the Tennessee Consolidated Retirement System and had a minimum of ten years of employment with the School Department. Currently, the plan is available to employees who retire from the school system between the ages of 57 and 62, and have a minimum of ten years employment in the Jefferson County School System. Prior to March 1, 2013, the plan gave teachers who 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. Currently, the plan gives teachers who have met the above requirements, \$5,000 divided into three equal annual payments for 10-20 years of service in the Jefferson County School System or \$10,000 divided into three equal annual payments for 21 or more years of service in the Jefferson County School System. During the 2012-13 year, 23 employees participated in the program. The financial

statements of this report reflect expenditures of \$86,479 in the General Purpose School Fund for the retirement incentive payments. A non-discounted long-term liability of \$97,603 is reflected on the government-wide Statement of Net Position for retirement incentives. Of that amount, \$56,336 is due within one year.

M. 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.

N. Purchasing Law

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

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, which is an economic resources measurement focus approach to accounting. In December 2010, Governmental Accounting Standards Board (GASB) issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. In June 2011, GASB issued

Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position*. GASB 62 and 63 were effective for periods beginning after December 15, 2011. GASB 62 makes the *Accounting Standards Codification* the sole source of authoritative accounting technical literature for governmental entities in the United States of America.

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 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, 2013.

Financial Assets

The carrying amount of financial assets, consisting of cash and cash equivalents, patient 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, 2013, 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 \$5,000 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 reduced by contractual adjustments of approximately \$113,000 for the year ended June 30, 2013.

7. Operating Activities

The nursing home defines operating activities as reported on the Statements of Revenues, Expenses, and Changes in Net Position as those that generally result from exchange transactions, such as payments for providing services and payments for goods and services received. Non-exchange transactions, including investment income and interest expense, are considered non-operating revenue and expenses.

8. 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 \$17,505 were capitalized during the year ended June 30, 2013.

9. 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.

10. 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 number of earned days that can be carried forward if not taken in the year earned. Such liabilities have been accrued in the accompanying Statement of Net Position.

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

11. 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 discussed in Note VI.H.

12. Net Position

All resources that are not restricted by donors are included in unrestricted net position. Resources temporarily restricted by donors for specific purposes are reported as restricted component of net position - expendable. 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 position and

reported in the Statement of Revenues, Expenses, and Changes in Net Position. Resources temporarily restricted by donors for additions to land, buildings, and equipment are initially reported as restricted component of net position - expendable and are transferred to unrestricted net position when expended. Donor-imposed restrictions, which stipulate that the resources be maintained permanently, are reported as restricted component of net position – unexpendable. Investment income for the restricted component of net position - unexpendable is classified as either restricted component of net position – expendable or unrestricted based on the intent of the donor. As of June 30, 2013, there were no restricted component of net position – unexpendable, while there was a restricted component of net position – expendable restricted for employee scholarships as discussed in Note 3.

The nursing home first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

13. 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.

14. 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.

15. 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.

16. Performance Indicator

Excess of revenue over (under) expenses reflected in the accompanying statements of revenues, expenses, and changes in net position is a performance indicator.

17. Adoption of New Accounting Pronouncements

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement amends accounting standards relating to the application of FASB Statements that do not contradict GASB pronouncements and incorporates into the GASB authoritative literature certain accounting and financial reporting guidance to bring all authoritative literature together in one place.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and identifies net position as the residual of all other elements presented in a statement of financial position.

These amendments were effective for financial statements for fiscal years beginning after December 15, 2011. Therefore, the nursing home adopted these standards at the beginning of fiscal year 2013. The adoption of these accounting standards did not have a material impact on the nursing home's financial statements.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities and is effective for financial statements for fiscal years beginning after December 15, 2012. Therefore, the nursing home expects to adopt these standards at the beginning of fiscal year 2014.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement relates to accounting and financial reporting for government combinations and disposals of government operations and is effective for financial statements for fiscal years beginning after December 15, 2013. Therefore the nursing home expects to adopt these standards at the beginning of fiscal year 2015.

In March 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This statement relates to accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees and is effective for financial statements for fiscal years

beginning after June 15, 2013. Therefore, the nursing home expects to adopt these standards at the beginning of fiscal year 2014.

The nursing home is currently assessing the impact of adopting these accounting standards.

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. One employee received a \$2,000 scholarship during year ended June 30, 2013.

The county issued \$8,000,000 in general obligation bonds to fund construction of an addition to the nursing home as described in Note VI.7. The net proceeds from those bonds of \$7,900,000 were deposited into an investment account with Morgan Keegan & Company, Inc., by the Jefferson County Trustee. As construction progressed, draws were requested by the trustee, and, upon receipt, the county finance officer forwarded the funds to the nursing home. There were no bond proceeds remaining at June 30, 2013.

Cash held in the construction contract retainage account at June 30, 2012, represented 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. The funds were paid to the contractor during the year ended June 30, 2013.

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, 2013.

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. Credit 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, 2013, the nursing home had net receivables from the federal government (Medicare) of approximately \$410,000 and from Medicaid of approximately \$267,000. Medicare comprised 28 percent and Medicaid comprised 48 percent of net patient service revenue for the year ended June 30, 2013.

D. Inventories

A summary of inventories as of June 30, 2013, was as follows:

	<u>2013</u>
Food	\$ 13,612
Medical Supplies	10,863
Housekeeping Supplies	2,859
Maintenance Supplies	<u>7,381</u>
Total	<u>\$ 34,715</u>

E. Property and Equipment

The net investment in capital assets as of June 30, 2013, is as follows:

	<u>2013</u>
Property and Equipment, Net	\$ 8,512,318
Current Portion of Long-term Debt	(180,186)
Long-term Debt, Excluding Current Portion	<u>(7,107,362)</u>
 Total	 <u><u>\$ 1,224,770</u></u>

The major classifications and changes in property and equipment as of and for the year ended June 30, 2013, are as follows:

	<u>Balance</u>			<u>Balance</u>
	7-1-12	Increases	Decreases	6-30-13
Land	\$ 7,181	\$ 0	\$ 0	\$ 7,181
Land Improvements	186,428	44,139	0	230,567
Building and Improvements	8,795,052	1,043,959	(3,232)	9,835,779
Machinery and Equipment	1,901,045	325,853	(18,305)	2,208,593
Transportation Equipment	100,166	0	0	100,166
Total	<u>\$ 10,989,872</u>	<u>\$ 1,413,951</u>	<u>\$ (21,537)</u>	<u>\$ 12,382,286</u>
Less Allowance for Depreciation and Amortization:				
Land Improvements	\$ (58,973)	\$ (10,250)	\$ 0	\$ (69,223)
Buildings and Improvements	(2,394,275)	(214,531)	87	(2,608,719)
Machinery and Equipment	(1,017,276)	(140,218)	17,852	(1,139,642)
Transportation Equipment	(36,498)	(15,886)	0	(52,384)
Total	<u>\$ (3,507,022)</u>	<u>\$ (380,885)</u>	<u>\$ 17,939</u>	<u>\$ (3,869,968)</u>
Net	\$ 7,482,850	\$ 1,033,066	\$ (3,598)	\$ 8,512,318
Construction in Progress	1,292,788	(1,292,788)	0	0
Total	<u><u>\$ 8,775,638</u></u>	<u><u>\$ (259,722)</u></u>	<u><u>\$ (3,598)</u></u>	<u><u>\$ 8,512,318</u></u>

Reconciliation of additions/transfers above to the Statement of Cash Flows for the year ended June 30, 2013, is as follows:

	<u>2013</u>
Additions/transfers above including construction in progress	\$ 121,163
Construction costs payable at June 30, 2012	140,178
Interest capitalized, included as interest paid on long-term debt on statements of cash flows	(17,505)
Construction costs payable at June 30, 2011	<u>0</u>
Purchases of property and equipment per Statement of Cash Flows	<u>\$ 243,836</u>

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, 2013, is as follows:

	Balance 7-1-12	Reductions	Balance 6-30-13	Amounts Due Within One Year
General Obligation Bonds - 2007	\$ 7,405,000	\$ (165,000)	\$ 7,240,000	\$ 175,000
Bond Premium	53,719	(6,171)	47,548	5,186
Total	<u>\$ 7,458,719</u>	<u>\$ (171,171)</u>	<u>\$ 7,287,548</u>	<u>\$ 180,186</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, 2013, totaled \$6,171.

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 of \$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, 2013.

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.

A summary of future maturities and interest of long-term debt as of June 30, 2013, is as follows:

Fiscal Year Ending June 30	Bond Premium Amortization	Principal	Estimated Interest	Total Payments
2014	\$ 5,186	\$ 175,000	\$ 318,000	\$ 493,000
2015	4,200	180,000	311,000	491,000
2016	3,236	190,000	304,000	494,000
2017	2,271	200,000	296,000	496,000
2018	1,799	205,000	288,000	493,000
2019-2023	9,774	1,180,000	1,292,000	2,472,000
2024-2028	11,455	1,475,000	1,001,000	2,476,000
2029-2033	7,731	1,835,000	645,000	2,480,000
2034-2037	1,896	1,800,000	202,000	2,002,000
Total	<u>\$ 47,548</u>	<u>\$ 7,240,000</u>	<u>\$ 4,657,000</u>	<u>\$ 11,897,000</u>

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, Chapters 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 nursing home's funding policy and schedule of pension plan funding progress have not been included within the financial statements as these amounts are aggregated with 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, 2013, the nursing home's annual pension costs were approximately \$575,000.

H. Commitments and Contingencies

The nursing home leases various equipment under short-term operating lease agreements. Rent expense totaled \$10,885 in 2013.

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.

Healthcare Industry

The delivery of personal health care services entails an inherent risk of liability. Participants in the health care services industry have become subject to an increasing number of lawsuits alleging negligence or related legal theories, many of which involve large claims and result in the incurrence of significant exposure and defense costs. 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 also maintains insurance for general liability, director and officer liability and property.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently government activity has increased with respect to investigations and/or allegations concerning possible violations of fraud and abuse statutes and/or regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as repayments for patient services previously billed. Management believes the nursing home is in compliance with fraud and abuse statutes, as well as other applicable government laws and regulations.

Healthcare Reform

In March 2010, Congress adopted comprehensive health care insurance legislation, the Patient Care Protection and Affordable Care Act and the Health Care and Education Reconciliation Act (collectively, the "Health Care Reform Legislation"). The Health Care Reform Legislation, among other matters, is designed to expand access to health care coverage to substantially all citizens through a combination of public program expansion and private industry health insurance. Provisions of the Health Care Reform Legislation become effective at various dates over the next several years, and a number of additional steps are required to implement these requirements. Due to the complexity of the Health Care Reform Legislation, reconciliation and implementation of the legislation continues to be under consideration by lawmakers, and it is not certain as to what changes may be made in the future regarding health care policies. Changes to existing Medicaid coverage and payments are also expected to occur as a result of this legislation. While the full impact of the Health Care Reform Legislation is not yet fully known, changes to policies regarding reimbursement, universal health insurance, and managed competition may materially impact the nursing home's operations.

I. Functional expenses

The following is a summary of management's functional classification of

operating expenses:

	<u>2013</u>
Healthcare Services	\$ 8,608,955
General and Administrative	<u>2,493,206</u>
Total	<u>\$ 11,102,161</u>

VII. OTHER NOTES – DISCRETELY PRESENTED JEFFERSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Summary of Significant Accounting Policies

The Jefferson County E-911 is a 911 service, which receives telephone requests for emergency services and provides for the dispatch of appropriate emergency service units. Jefferson County E-911 is a component unit of another governmental entity. Jefferson County is the primary government in whose financial reporting entity Jefferson County E-911 is included. The district receives a significant portion of its income from the tax revenues of Jefferson County. Also, Jefferson County's legislative body approves board members, debt issues, telephone surcharge rate changes, and annual budgets of the Jefferson County E-911.

The criteria for including organizations as component units within a county's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the county appoints a voting majority of the organization's board
- the county is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the county.
- there is a fiscal dependency by the organization on the county

1. Basis of Presentation

The financial statements of the district have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The district applies all Governmental Accounting Standards Board (GASB) pronouncements. The more significant accounting policies of the district are described below.

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

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

2. Method of Accounting

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

3. Net Position

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

4. Cash and Cash Equivalents

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

5. Budgetary Principles

Prior to the beginning of the fiscal year, the Board of Directors adopts an annual budget. All revisions must be approved by the board. All annual appropriations lapse at fiscal year end. Budgetary control is at the line-item level.

The district prepares its budget on a basis of accounting that differs from accounting principles generally accepted in the United States of America (GAAP). The major difference between the budgetary basis of accounting and GAAP is that encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP). At June 30, 2013, the district had no encumbrances.

6. Capital Assets

Capital assets owned by the district are recorded at cost, or if contributed property, at their fair market value at the time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. Depreciation has been calculated on each class of depreciable property using the straight-line method.

7. Use of Estimates

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

8. Operating and Non-Operating Revenues

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

9. Restricted and Unrestricted Resources

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

10. Recently Issued and Adopted Accounting Pronouncements

Implementation of GASB Statement No. 62 – During the fiscal year ended June 30, 2013, the district implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance, included in certain FASB and AICPA pronouncements issued prior to November 30, 1989, which does not conflict with or contradict GASB pronouncements.

Implementation of GASB Statement No. 63 – During the fiscal year ended June 30, 2013, the district implemented GASB Statement No.

63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which establishes guidance for reporting the balance sheets and statements of revenues, expenses, and changes in net position.

Implementation of GASB Statement No. 65 – During the fiscal year ended June 30, 2013, the district implemented GASB Statement No. 65, *Items Previously Reported as Asset and Liabilities*, which establishes accounting and financial reporting standards that reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Implementation of these new GASB Statements had no significant impact on the district’s financial statements.

B. Cash, Cash Equivalents, and Deposits

Cash consisted of the following at June 30, 2013:

Cash in Bank \$ 591,023

At June 30, 2013, all of the district’s deposits were either insured by federal depository insurance or guaranteed by bank participation in the Tennessee Bank Collateral Pool. Investment policies of the district follow state law and bond requirements prohibiting investments that are not secured or issued by the U.S. Government.

C. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2013, was as follows:

	Balance			Balance		Depreciation
	7-1-12	Increases	Decreases	6-30-13	Rates	
Capital Assets Being Depreciated:						
Leasehold Improvements	\$ 23,765	\$ 0	\$ (23,765)	\$ 0		5 - 20%
Office Equipment and Furniture	91,171	2,046	(85,153)	8,064		14.3 - 33.3
Operating Equipment	588,660	0	(392,244)	196,416		14.3 - 20
Communication Equipment	270,386	164,498	(172,749)	262,135		14.3 - 20
Vehicle	22,778	25,019	0	47,797		
Total Capital Assets Being Depreciated	<u>\$ 996,760</u>	<u>\$ 191,563</u>	<u>\$ (673,911)</u>	<u>\$ 514,412</u>		

	Balance		Balance	
	7-1-12	Increases	Decreases	6-30-13
Less Accumulated Depreciation For:				
Leasehold Improvements	\$ (23,766)	\$ 0	\$ 23,766	\$ 0
Office Equipment and Furniture	(81,489)	(8,555)	84,972	(5,072)
Operating Equipment	(436,911)	(38,957)	287,323	(188,545)
Communication Equipment	(225,722)	(10,487)	166,094	(70,115)
Vehicle	(22,778)	(5,004)	0	(27,782)
Total Accumulated Depreciation	\$ (790,666)	\$ (63,003)	\$ 562,155	\$ (291,514)
Total Capital Assets Being Depreciated, Net	\$ 206,094	\$ 128,560	\$ (111,756)	\$ 222,898
Total Net Capital Assets, Excluding Plant Acquisition Adjustments	\$ 206,094	\$ 128,560	\$ (111,756)	\$ 222,898

Depreciation charged to expense totaled \$63,003 for the year ended June 30, 2013.

During the fiscal year ended June 30, 2013, the district moved to a new physical location constructed by the primary government and abandoned undepreciated leasehold improvements and significant office and operating equipment. The items retired were replaced with more technically advanced communication and other operating equipment. This caused the district to absorb a one-time loss on undepreciated capital assets totaling \$111,756.

D. Compensated Absences

The vacation year is a calendar year beginning January 1 and ending December 31. Regular full-time employees accrue one day of vacation per month. After five years of service, employees accrue one and one-half days of vacation per month. Employees on vacation are paid at the regular rate of pay during such leave. Employees may accrue annual vacation leave up to a maximum of 30 days. Unpaid vacation leave totaled \$17,319 for the year ended June 30, 2013.

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

E. Retirement Commitments

Plan Description

Employees of Jefferson County E-911 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). The TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service, or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the Jefferson County E-911 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 E-911 requires employees to contribute five percent of their earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 5.66 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the district is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2013, Jefferson County E-911's annual pension cost of \$28,916 to the TCRS was equal to the district's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include

(a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) 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 district's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was one year. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-13	\$ 28,916	100%	\$ 0
6-30-12	26,705	100	0
6-30-11	25,190	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 97.96 percent funded. The actuarial accrued liability for benefits was \$.42 million, and the actuarial value of assets was \$.41 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.01 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.37 million, and the ratio of the UAAL to the covered payroll was 2.34 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.

F. Risk Management

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Jefferson County, Tennessee

Schedule of Funding Progress – Pension Plan

Primary Government and Discretely Presented Jefferson County School Department

June 30, 2013

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen 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)
7-1-11	\$ 51,171	\$ 55,581	\$ 4,410	92.07 %	\$ 19,859	22.21 %
7-1-09	40,628	42,291	1,663	96.07	19,168	8.67
7-1-07	36,292	38,366	2,074	94.59	17,085	12.14

Exhibit F-2

Jefferson County, Tennessee

Schedule of Funding Progress – Pension Plan

Discretely Presented Jefferson County Emergency Communications District

June 30, 2013

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Liability (AAL) Frozen 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)
7-1-11	\$ 412	\$ 421	\$ 9	97.96 %	\$ 368	2.34 %
7-1-09	260	260	0	100	336	0
7-1-07	171	171	0	100	347	0

Exhibit F-3

Jefferson County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Jefferson County School Department
June 30, 2013

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (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	7-1-09	\$ 0	\$ 1,294	\$ 1,294	0 %	\$ 10,228	12.7 %
"	7-1-10	0	1,383	1,383	0	10,289	13.4
"	7-1-11	0	936	936	0	10,343	9.1
<u>DISCRETELY PRESENTED JEFFERSON COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	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
"	7-1-11	0	16,205	16,205	0	28,415	57

JEFFERSON COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2013

BUDGETARY INFORMATION

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

**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.

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

Other Capital Projects Fund - CDBG – The Other Capital Projects Fund - CDBG is used to account for grant proceeds used for water line extension on behalf of the New Market Utility District.

Exhibit G-1

Jefferson County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2013

	Special Revenue Funds							Capital Projects Fund		Total Nonmajor Governmental Funds
	Courtthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Total	Other Capital Projects - CDBG		
\$	0	0	0	0	0	119,837	119,837	0	0	119,837
Equity in Pooled Cash and Investments	241,062	1,889	754,962	152,528	3,856,964	0	5,007,405	14,408	0	5,021,813
Accounts Receivable	0	0	0	0	3,076	0	3,076	0	0	3,076
Due from Other Governments	0	0	0	0	0	0	0	73,122	0	73,122
Property Taxes Receivable	0	0	1,886,823	0	0	0	1,886,823	0	0	1,886,823
Allowance for Uncollectible Property Taxes	0	0	(89,014)	0	0	0	(89,014)	0	0	(89,014)
Prepaid Items	0	0	20,145	0	0	0	20,145	0	0	20,145
Total Assets	241,062	1,889	2,572,916	152,528	3,856,964	122,913	6,948,272	87,530	0	7,035,802

ASSETS

LIABILITIES

Accounts Payable	0	0	1,269	3,276	0	0	4,545	16,500	0	21,045
Accrued Payroll	0	0	17,488	0	0	0	17,488	0	0	17,488
Contracts Payable	0	0	0	0	0	0	0	79,654	0	79,654
Retainage Payable	0	0	0	0	0	0	0	8,614	0	8,614
Due to Other Funds	0	0	58,906	0	0	50	58,956	0	0	58,956
Due to State of Tennessee	0	0	239	0	0	0	239	0	0	239
Total Liabilities	0	0	77,902	3,276	0	50	81,228	104,768	0	185,996

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	0	0	1,736,848	0	0	0	1,736,848	0	0	1,736,848
Deferred Delinquent Property Taxes	0	0	48,745	0	0	0	48,745	0	0	48,745
Total Deferred Inflows of Resources	0	0	1,785,593	0	0	0	1,785,593	0	0	1,785,593

FUND BALANCES

Nonspendable:	0	0	20,145	0	0	0	20,145	0	0	20,145
Prepaid Items	0	0	0	0	0	0	0	0	0	0
Restricted:	241,062	0	0	0	0	23,175	264,237	0	0	264,237
Restricted for General Government	0	0	0	0	0	99,688	99,688	0	0	99,688
Restricted for Finance	0	0	0	0	0	0	0	0	0	0
Restricted for Administration of Justice	0	1,889	0	0	0	1,889	1,889	0	0	1,889
Restricted for Public Safety	0	0	0	149,252	0	0	149,252	0	0	149,252
Restricted for Public Health and Welfare	0	0	682,755	0	0	0	682,755	0	0	682,755
Committed:	0	0	6,521	0	0	0	6,521	0	0	6,521
Committed for Public Health and Welfare	0	0	6,521	0	0	0	6,521	0	0	6,521

(Continued)

	Special Revenue Funds							Capital Projects Fund	Other Capital Projects - CDBG	Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitu- tional Officers - Fees	Total			
\$	0	0	0	0	3,856,964	0	0	0	0	3,856,964
\$	241,062	1,889	709,421	149,252	3,856,964	122,863	0	(17,238)	(17,238)	5,064,213
\$	241,062	1,889	2,572,916	152,528	3,856,964	122,913	0	87,530	87,530	7,035,802

FUND BALANCES (Cont.)

Committed (Cont.):
 Committed for Other Operations
 Unassigned
 Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Jefferson County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2013

	Special Revenue Funds					Other Special Revenue
	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control		
<u>Revenues</u>						
Local Taxes	\$ 44,024	\$ 11,053	\$ 1,807,567	\$ 0	\$ 0	0
Fines, Forfeitures, and Penalties	0	0	0	48,779	0	0
Charges for Current Services	0	0	0	0	0	0
Other Local Revenues	0	0	0	0	0	763,387
State of Tennessee	0	0	7,020	0	0	0
Federal Government	0	0	0	24,750	0	0
Other Governments and Citizens Groups	0	0	0	0	0	0
Total Revenues	\$ 44,024	\$ 11,053	\$ 1,814,587	\$ 73,529	\$ 0	\$ 763,387
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Finance	439	0	0	0	0	7,623
Administration of Justice	0	0	0	0	0	0
Public Safety	0	950	0	117,352	0	0
Public Health and Welfare	0	0	1,520,436	0	0	0
Social, Cultural, and Recreational Services	0	10,797	0	0	0	0
Capital Projects	0	0	0	0	0	0
Total Expenditures	\$ 439	\$ 11,747	\$ 1,520,436	\$ 117,352	\$ 0	\$ 7,623
Excess (Deficiency) of Revenues Over Expenditures	\$ 43,585	\$ (694)	\$ 294,151	\$ (43,823)	\$ 0	\$ 755,764
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 0	\$ 0	\$ 7,621	\$ 0	\$ 0	0
Transfers In	0	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 7,621	\$ 0	\$ 0	0
Net Change in Fund Balances	\$ 43,585	\$ (694)	\$ 301,772	\$ (43,823)	\$ 0	\$ 755,764
Fund Balance, July 1, 2012	197,477	2,583	407,649	193,075	0	3,101,200
Fund Balance, June 30, 2013	\$ 241,062	\$ 1,889	\$ 709,421	\$ 149,252	\$ 0	\$ 3,856,964

(Continued)

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

	Special Revenue Fund		Capital Projects Funds				Total Nonmajor Governmental Funds
	Constituti- onal Officers - Fees	Total	Other Capital Projects - ECD	Other Capital Projects - CDBG	Total		
Revenues							
Local Taxes	\$ 0	\$ 1,862,644	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,862,644
Fines, Forfeitures, and Penalties	0	48,779	0	0	0	0	48,779
Charges for Current Services	967,101	967,101	0	0	0	0	967,101
Other Local Revenues	71	763,458	642	0	642	642	764,100
State of Tennessee	0	7,020	0	0	0	0	7,020
Federal Government	0	24,750	0	238,472	238,472	238,472	263,222
Other Governments and Citizens Groups	0	0	0	52,374	52,374	52,374	52,374
Total Revenues	\$ 967,172	\$ 3,673,752	\$ 642	\$ 290,846	\$ 291,488	\$ 3,965,240	
Expenditures							
Current:							
General Government	\$ 228,559	\$ 228,559	\$ 0	\$ 0	\$ 0	\$ 0	\$ 228,559
Finance	712,549	720,611	0	0	0	0	720,611
Administration of Justice	133	133	0	0	0	0	133
Public Safety	0	118,302	0	0	0	0	118,302
Public Health and Welfare	0	1,520,436	0	0	0	0	1,520,436
Social, Cultural, and Recreational Services	0	10,797	0	0	0	0	10,797
Capital Projects	0	0	809,766	308,084	1,117,850	1,117,850	
Total Expenditures	\$ 941,241	\$ 2,598,838	\$ 809,766	\$ 308,084	\$ 1,117,850	\$ 3,716,688	
Excess (Deficiency) of Revenues Over Expenditures	\$ 25,931	\$ 1,074,914	\$ (809,124)	\$ (17,238)	\$ (826,362)	\$ 248,552	
Other Financing Sources (Uses)							
Insurance Recovery	\$ 0	\$ 7,621	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,621
Transfers In	0	0	787,439	0	787,439	787,439	787,439
Total Other Financing Sources (Uses)	\$ 0	\$ 7,621	\$ 787,439	\$ 0	\$ 787,439	\$ 795,060	
Net Change in Fund Balances Fund Balance, July 1, 2012	\$ 25,931	\$ 1,082,535	\$ (21,685)	\$ (17,238)	\$ (38,923)	\$ 1,043,612	
	96,932	3,998,916	21,685	0	21,685	4,020,601	
Fund Balance, June 30, 2013	\$ 122,863	\$ 5,081,451	\$ 0	\$ (17,238)	\$ (17,238)	\$ 5,064,213	

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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 44,024	\$ 40,000	\$ 40,000	\$ 4,024
Total Revenues	\$ 44,024	\$ 40,000	\$ 40,000	\$ 4,024
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 439	\$ 450	\$ 450	\$ 11
Total Expenditures	\$ 439	\$ 450	\$ 450	\$ 11
Excess (Deficiency) of Revenues Over Expenditures	\$ 43,585	\$ 39,550	\$ 39,550	\$ 4,035
Net Change in Fund Balance	\$ 43,585	\$ 39,550	\$ 39,550	\$ 4,035
Fund Balance, July 1, 2012	197,477	39,550	39,550	157,927
Fund Balance, June 30, 2013	\$ 241,062	\$ 79,100	\$ 79,100	\$ 161,962

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 11,053 \$	0 \$	0 \$	11,053 \$	7,500 \$	7,500 \$	3,553
Total Revenues	\$ 11,053 \$	0 \$	0 \$	11,053 \$	7,500 \$	7,500 \$	3,553
<u>Expenditures</u>							
<u>Finance</u>							
Other Finance	\$ 0 \$	0 \$	0 \$	0 \$	100 \$	0 \$	0
Public Safety							
Jail	950	(950)	0	0	11,399	0	0
<u>Social, Cultural, and Recreational Services</u>							
Libraries	10,797	0	1,000	11,797	0	12,784	987
Total Expenditures	\$ 11,747 \$	(950) \$	1,000 \$	11,797 \$	11,499 \$	12,784 \$	987
Excess (Deficiency) of Revenues Over Expenditures	\$ (694) \$	950 \$	(1,000) \$	(744) \$	(3,999) \$	(5,284) \$	4,540
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0 \$	0 \$	0 \$	0 \$	3,999 \$	3,999 \$	(3,999)
Total Other Financing Sources	\$ 0 \$	0 \$	0 \$	0 \$	3,999 \$	3,999 \$	(3,999)
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ (694) \$	950 \$	(1,000) \$	(744) \$	0 \$	(1,285) \$	541
	2,583	(950)	0	1,633	0	1,285	348
Fund Balance, June 30, 2013	\$ 1,889 \$	0 \$	(1,000) \$	889 \$	0 \$	0 \$	889

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, 2013

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 1,807,567 \$	0 \$	1,807,567 \$	1,779,500 \$	1,779,500 \$	28,067
State of Tennessee	7,020	0	7,020	0	0	7,020
Total Revenues	\$ 1,814,587 \$	0 \$	1,814,587 \$	1,779,500 \$	1,779,500 \$	35,087
<u>Expenditures</u>						
Public Health and Welfare	\$ 1,520,436 \$	50,442 \$	1,570,878 \$	1,771,277 \$	1,771,277 \$	200,399
Waste Pickup	\$ 1,520,436 \$	50,442 \$	1,570,878 \$	1,771,277 \$	1,771,277 \$	200,399
Total Expenditures	\$ 294,151 \$	(50,442) \$	243,709 \$	8,223 \$	8,223 \$	235,486
Excess (Deficiency) of Revenues Over Expenditures	\$ 7,621 \$	0 \$	7,621 \$	0 \$	0 \$	7,621
<u>Other Financing Sources (Uses)</u>	\$ 7,621 \$	0 \$	7,621 \$	0 \$	0 \$	7,621
Insurance Recovery	\$ 301,772 \$	(50,442) \$	251,330 \$	8,223 \$	8,223 \$	243,107
Total Other Financing Sources	407,649	0	407,649	394,344	394,344	13,305
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ 709,421 \$	(50,442) \$	658,979 \$	402,567 \$	402,567 \$	256,412
Fund Balance, June 30, 2013						

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 48,779 \$	0 \$	0 \$	48,779 \$	56,000 \$	56,000 \$	(7,221)
Federal Government	24,750	0	0	24,750	0	33,000	(8,250)
Total Revenues	\$ 73,529 \$	0 \$	0 \$	73,529 \$	56,000 \$	89,000 \$	(15,471)
<u>Expenditures</u>							
Public Safety							
Drug Enforcement	\$ 117,352 \$	(31,506) \$	1,219 \$	87,065 \$	70,000 \$	103,000 \$	15,935
Total Expenditures	\$ 117,352 \$	(31,506) \$	1,219 \$	87,065 \$	70,000 \$	103,000 \$	15,935
Excess (Deficiency) of Revenues Over Expenditures	\$ (43,823) \$	31,506 \$	(1,219) \$	(13,536) \$	(14,000) \$	(14,000) \$	464
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ (43,823) \$	31,506 \$	(1,219) \$	(13,536) \$	(14,000) \$	(14,000) \$	464
	193,075	(31,506)	0	161,569	14,000	14,000	147,569
Fund Balance, June 30, 2013	\$ 149,252 \$	0 \$	(1,219) \$	148,033 \$	0 \$	0 \$	148,033

Major Governmental Funds

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.

General Capital Projects Fund

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

Exhibit H-1

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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,413,838	\$ 5,255,500	\$ 5,255,500	\$ 158,338
Charges for Current Services	899	0	0	899
Other Local Revenues	654,641	175,000	693,675	(39,034)
Federal Government	456,250	0	456,250	0
Total Revenues	<u>\$ 6,525,628</u>	<u>\$ 5,430,500</u>	<u>\$ 6,405,425</u>	<u>\$ 120,203</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 875,000	\$ 875,000	\$ 875,000	\$ 0
Education	2,558,631	2,560,052	2,591,615	32,984
<u>Interest on Debt</u>				
General Government	568,755	909,608	909,608	340,853
Education	2,602,758	2,950,450	3,271,766	669,008
<u>Other Debt Service</u>				
General Government	96,915	85,500	97,094	179
<u>Capital Projects</u>				
Education Capital Projects	698,587	0	698,587	0
Total Expenditures	<u>\$ 7,400,646</u>	<u>\$ 7,380,610</u>	<u>\$ 8,443,670</u>	<u>\$ 1,043,024</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (875,018)</u>	<u>\$ (1,950,110)</u>	<u>\$ (2,038,245)</u>	<u>\$ 1,163,227</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 513,646	\$ 1,753,428	\$ 1,777,292	\$ (1,263,646)
Transfers Out	(787,439)	0	(787,439)	0
Total Other Financing Sources	<u>\$ (273,793)</u>	<u>\$ 1,753,428</u>	<u>\$ 989,853</u>	<u>\$ (1,263,646)</u>
Net Change in Fund Balance	\$ (1,148,811)	\$ (196,682)	\$ (1,048,392)	\$ (100,419)
Fund Balance, July 1, 2012	<u>9,330,512</u>	<u>9,265,039</u>	<u>9,265,039</u>	<u>65,473</u>
Fund Balance, June 30, 2013	<u>\$ 8,181,701</u>	<u>\$ 9,068,357</u>	<u>\$ 8,216,647</u>	<u>\$ (34,946)</u>

Exhibit H-2

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 603,696	\$ 0	\$ 0	\$ 603,696	\$ 591,100	\$ 591,100	\$ 12,596
Total Revenues	\$ 603,696	\$ 0	\$ 0	\$ 603,696	\$ 591,100	\$ 591,100	\$ 12,596
<u>Expenditures</u>							
<u>Capital Projects</u>							
Other General Government Projects	\$ 404,474	\$ 0	\$ 93,150	\$ 497,624	\$ 1,724,324	\$ 525,665	\$ 28,041
Highway and Street Capital Projects	108,000	(108,000)	0	0	0	0	0
Education Capital Projects	20,568,914	0	0	20,568,914	0	21,181,193	612,279
Total Expenditures	\$ 21,081,388	\$ (108,000)	\$ 93,150	\$ 21,066,538	\$ 1,724,324	\$ 21,706,858	\$ 640,320
Excess (Deficiency) of Revenues Over Expenditures	\$ (20,477,692)	\$ 108,000	\$ (93,150)	\$ (20,462,842)	\$ (1,133,224)	\$ (21,115,758)	\$ 652,916
<u>Other Financing Sources (Uses)</u>							
Bonds Issued	\$ 19,895,000	\$ 0	\$ 0	\$ 19,895,000	\$ 0	\$ 19,895,000	\$ 0
Premiums on Debt Issued	296,771	0	0	296,771	0	296,771	0
Transfers In	88,429	0	0	88,429	410,000	410,000	(321,571)
Transfers Out	(434,237)	0	0	(434,237)	0	(434,237)	0
Total Other Financing Sources	\$ 19,845,963	\$ 0	\$ 0	\$ 19,845,963	\$ 410,000	\$ 20,167,534	\$ (321,571)
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ (631,729)	\$ 108,000	\$ (93,150)	\$ (616,879)	\$ (723,224)	\$ (948,224)	\$ 331,345
Fund Balance, July 1, 2012	1,138,887	(108,000)	0	1,030,887	1,062,772	1,062,772	(31,885)
Fund Balance, June 30, 2013	\$ 507,158	\$ 0	\$ (93,150)	\$ 414,008	\$ 339,548	\$ 114,548	\$ 299,460

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, 2013

	<u>Agency Funds</u>			Total
	Cities - Sales Tax	Cities - Property Tax	Constitu- tional Officers - Agency	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,205,452	\$ 1,205,452
Equity in Pooled Cash and Investments	0	13,116	0	13,116
Accounts Receivable	0	0	18,108	18,108
Due from Other Governments	806,480	0	0	806,480
Property Taxes Receivable	0	1,182,976	0	1,182,976
Allowance for Uncollectible Property Taxes	0	(79,235)	0	(79,235)
Total Assets	<u>\$ 806,480</u>	<u>\$ 1,116,857</u>	<u>\$ 1,223,560</u>	<u>\$ 3,146,897</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 806,480	\$ 1,116,857	\$ 0	\$ 1,923,337
Due to Litigants, Heirs, and Others	0	0	1,223,560	1,223,560
Total Liabilities	<u>\$ 806,480</u>	<u>\$ 1,116,857</u>	<u>\$ 1,223,560</u>	<u>\$ 3,146,897</u>

Exhibit I-2

Jefferson County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2013

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 4,597,090	\$ 4,597,090	\$ 0
Due from Other Governments	807,977	806,480	807,977	806,480
Total Assets	\$ 807,977	\$ 5,403,570	\$ 5,405,067	\$ 806,480
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 807,977	\$ 5,403,570	\$ 5,405,067	\$ 806,480
Total Liabilities	\$ 807,977	\$ 5,403,570	\$ 5,405,067	\$ 806,480
<u>Cities - Property Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 32,895	\$ 1,067,627	\$ 1,087,406	\$ 13,116
Property Taxes Receivable	1,143,621	1,182,976	1,143,621	1,182,976
Allowance for Uncollectible Property Taxes	(55,927)	(79,235)	(55,927)	(79,235)
Total Assets	\$ 1,120,589	\$ 2,171,368	\$ 2,175,100	\$ 1,116,857
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,120,589	2,171,368	\$ 2,175,100	\$ 1,116,857
Total Liabilities	\$ 1,120,589	\$ 2,171,368	\$ 2,175,100	\$ 1,116,857
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,537,910	\$ 9,498,131	\$ 9,830,589	\$ 1,205,452
Accounts Receivable	0	18,108	0	18,108
Total Assets	\$ 1,537,910	\$ 9,516,239	\$ 9,830,589	\$ 1,223,560
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,537,910	\$ 9,516,239	\$ 9,830,589	\$ 1,223,560
Total Liabilities	\$ 1,537,910	\$ 9,516,239	\$ 9,830,589	\$ 1,223,560

(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	\$ 172,191	\$ 4,289	\$ 176,480	\$ 0
Total Assets	<u>\$ 172,191</u>	<u>\$ 4,289</u>	<u>\$ 176,480</u>	<u>\$ 0</u>
<u>Liabilities</u>				
Due to Component Units	<u>\$ 172,191</u>	<u>\$ 4,289</u>	<u>\$ 176,480</u>	<u>\$ 0</u>
Total Liabilities	<u>\$ 172,191</u>	<u>\$ 4,289</u>	<u>\$ 176,480</u>	<u>\$ 0</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,537,910	\$ 9,498,131	\$ 9,830,589	\$ 1,205,452
Equity in Pooled Cash and Investments	205,086	5,669,006	5,860,976	13,116
Accounts Receivable	0	18,108	0	18,108
Due from Other Governments	807,977	806,480	807,977	806,480
Property Taxes Receivable	1,143,621	1,182,976	1,143,621	1,182,976
Allowance for Uncollectible Property Taxes	(55,927)	(79,235)	(55,927)	(79,235)
Total Assets	<u>\$ 3,638,667</u>	<u>\$ 17,095,466</u>	<u>\$ 17,587,236</u>	<u>\$ 3,146,897</u>
<u>Liabilities</u>				
Due to Component Units	\$ 172,191	\$ 4,289	\$ 176,480	\$ 0
Due to Other Taxing Units	1,928,566	7,574,938	7,580,167	1,923,337
Due to Litigants, Heirs, and Others	1,537,910	9,516,239	9,830,589	1,223,560
Total Liabilities	<u>\$ 3,638,667</u>	<u>\$ 17,095,466</u>	<u>\$ 17,587,236</u>	<u>\$ 3,146,897</u>

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, four 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.

Other Capital Projects Fund – JCHS – The Education Capital Projects Fund – JCHS is used to account for transactions related to the renovations at Jefferson County High School.

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, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 36,077,010	\$ 0	\$ 3,803,711	\$ 20,917,533	\$ (11,355,766)
Support Services	19,569,830	0	241,458	0	(19,328,372)
Operation of Non-Instructional Services	4,539,374	1,112,206	3,562,508	0	135,340
Total Governmental Activities	\$ 60,186,214	\$ 1,112,206	\$ 7,607,677	\$ 20,917,533	\$ (30,548,798)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 7,429,850
Local Option Sales Taxes					4,931,093
Wholesale Beer Tax					2,026
Interstate Telecommunications Tax					7,499
Grants and Contributions Not Restricted for Specific Programs					34,493,404
Unrestricted Investment Income					92,284
Miscellaneous					157,254
Gain on Sale of Capital Assets					12,219
Total General Revenues					\$ 47,125,629
Change in Net Position					\$ 16,576,831
Net Position, July 1, 2012					49,017,291
Net Position, June 30, 2013					\$ 65,594,122

Exhibit J-2

Jefferson County, Tennessee
 Balance Sheet - Governmental Funds
 Discretely Presented Jefferson County School Department
 June 30, 2013

	Major Funds			Nonmajor	Total
	General Purpose School	Other Capital Projects - RZEDB	Other Capital Projects - JCHS	Other Governmental Funds	
ASSETS					
Equity in Pooled Cash and Investments	\$ 5,389,823	\$ 1,099,419	\$ 18,981,772	\$ 2,209,359	\$ 27,680,373
Accounts Receivable	108,117	0	0	180	108,297
Due from Other Governments	1,585,688	0	0	271,041	1,856,729
Due from Primary Government	0	0	0	12,343	12,343
Property Taxes Receivable	9,580,066	0	0	0	9,580,066
Allowance for Uncollectible Property Taxes	(412,276)	0	0	0	(412,276)
Total Assets	\$ 16,251,418	\$ 1,099,419	\$ 18,981,772	\$ 2,492,923	\$ 38,825,532
LIABILITIES					
Accounts Payable	\$ 204,523	\$ 15,584	\$ 22,658	\$ 27,822	\$ 270,587
Accrued Payroll	1,983	0	0	187,261	189,244
Payroll Deductions Payable	1,624,781	0	0	300,773	1,925,554
Contracts Payable	0	377,021	780,833	921	1,158,775
Retainage Payable	0	19,843	40,312	0	60,155
Other Current Liabilities	42,232	0	0	0	42,232
Total Liabilities	\$ 1,873,519	\$ 412,448	\$ 843,803	\$ 516,777	\$ 3,646,547
DEFERRED INFLOWS OF RESOURCES					
Deferred Current Property Taxes	\$ 8,915,819	\$ 0	\$ 0	\$ 0	\$ 8,915,819
Deferred Delinquent Property Taxes	201,479	0	0	0	201,479
Other Deferred/Unavailable Revenue	676,202	0	0	77,032	753,234
Total Deferred Inflows of Resources	\$ 9,793,500	\$ 0	\$ 0	\$ 77,032	\$ 9,870,532
FUND BALANCES					
Restricted:					
Restricted for Education	\$ 46,223	\$ 0	\$ 0	\$ 1,137,557	\$ 1,183,780
Restricted for Capital Projects	0	686,971	18,137,969	74,806	18,899,746
Committed:					
Committed for Education	211,210	0	0	750,000	961,210
Assigned:					
Assigned for Education	3,246,991	0	0	0	3,246,991
Unassigned	1,079,975	0	0	(63,249)	1,016,726
Total Fund Balances	\$ 4,584,399	\$ 686,971	\$ 18,137,969	\$ 1,899,114	\$ 25,308,453
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 16,251,418	\$ 1,099,419	\$ 18,981,772	\$ 2,492,923	\$ 38,825,532

Exhibit J-3

Jefferson County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
Discretely Presented Jefferson County School Department
June 30, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$ 25,308,453
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,577,366	
Add: construction in progress	17,398,726	
Add: buildings and improvements net of accumulated depreciation	25,216,374	
Add: machinery and equipment net of accumulated depreciation	728,757	
Add: other capital assets net of accumulated depreciation	<u>2,378,288</u>	47,299,511
(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 position.		356,689
(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	\$ (639,874)	
Less: termination benefits	(97,603)	
Less: other postemployment benefits liability	<u>(7,587,767)</u>	(8,325,244)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>954,713</u>
Net position of governmental activities (Exhibit A)		<u>\$ 65,594,122</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, 2013

	Major Funds			Nonmajor	Total
	General Purpose School	Other	Other	Funds	
		Capital Projects - RZEDB	Capital Projects - JCHS	Other Governmental Funds	
Revenues					
Local Taxes	\$ 12,424,337	\$ 0	\$ 0	\$ 0	\$ 12,424,337
Licenses and Permits	2,764	0	0	0	2,764
Charges for Current Services	267,278	0	0	844,928	1,112,206
Other Local Revenues	209,579	90,426	0	1,908	301,913
State of Tennessee	34,182,792	0	0	37,243	34,220,035
Federal Government	389,717	0	0	7,375,305	7,765,022
Other Governments and Citizens Groups	0	698,587	19,841,802	377,144	20,917,533
Total Revenues	\$ 47,476,467	\$ 789,013	\$ 19,841,802	\$ 8,636,528	\$ 76,743,810
Expenditures					
Current:					
Instruction	\$ 29,980,642	\$ 0	\$ 0	\$ 3,099,977	\$ 33,080,619
Support Services	18,047,546	0	0	1,760,335	19,807,881
Operation of Non-Instructional Services	939,183	0	0	3,520,729	4,459,912
Capital Projects	0	8,314,298	1,703,833	967,479	10,985,610
Total Expenditures	\$ 48,967,371	\$ 8,314,298	\$ 1,703,833	\$ 9,348,520	\$ 68,334,022
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,490,904)	\$ (7,525,285)	\$ 18,137,969	\$ (711,992)	\$ 8,409,788
Other Financing Sources (Uses)					
Insurance Recovery	\$ 47,501	\$ 0	\$ 0	\$ 0	\$ 47,501
Transfers In	61,902	0	0	0	61,902
Transfers Out	0	0	0	(61,902)	(61,902)
Total Other Financing Sources (Uses)	\$ 109,403	\$ 0	\$ 0	\$ (61,902)	\$ 47,501
Net Change in Fund Balances	\$ (1,381,501)	\$ (7,525,285)	\$ 18,137,969	\$ (773,894)	\$ 8,457,289
Fund Balance, July 1, 2012	5,965,900	8,212,256	0	2,673,008	16,851,164
Fund Balance, June 30, 2013	\$ 4,584,399	\$ 686,971	\$ 18,137,969	\$ 1,899,114	\$ 25,308,453

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, 2013

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)		\$ 8,457,289
(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	\$ 11,206,873	
Less: current-year depreciation expense	<u>(1,672,765)</u>	9,534,108
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: book value of capital assets disposed		(1,720)
(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, 2013	\$ 954,713	
Less: deferred delinquent property taxes and other deferred June 30, 2012	<u>(982,979)</u>	(28,266)
(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	\$ 22,579	
Change in termination benefits	(37,319)	
Change in other postemployment benefits liability	<u>(1,388,439)</u>	(1,403,179)
(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>18,599</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 16,576,831</u>

Jefferson County, Tennessee
 Combining Balance Sheet - Nonmajor Governmental Funds
 Discretely Presented Jefferson County School Department
 June 30, 2013

	Special Revenue Funds			Capital	Total
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	
\$	921,019	1,224,956	2,145,975	63,384	2,209,359
	0	180	180	0	180
	271,041	0	271,041	0	271,041
	0	0	0	12,343	12,343
\$	1,192,060	1,225,136	2,417,196	75,727	2,492,923

ASSETS

Equity in Pooled Cash and Investments	
Accounts Receivable	
Due from Other Governments	
Due from Primary Government	
Total Assets	

LIABILITIES

Accounts Payable	868	26,954	27,822	0	27,822
Accrued Payroll	187,261	0	187,261	0	187,261
Payroll Deductions Payable	240,148	60,625	300,773	0	300,773
Contracts Payable	0	0	0	921	921
Total Liabilities	428,277	87,579	515,856	921	516,777

DEFERRED INFLOWS OF RESOURCES

Other Deferred/Unavailable Revenue	77,032	0	77,032	0	77,032
Total Deferred Inflows of Resources	77,032	0	77,032	0	77,032

FUND BALANCES

Restricted:					
Restricted for Education	0	1,137,557	1,137,557	0	1,137,557
Restricted for Capital Projects	0	0	0	74,806	74,806
Committed:					
Committed for Education	750,000	0	750,000	0	750,000
Unassigned	(63,249)	0	(63,249)	0	(63,249)
Total Fund Balances	686,751	1,137,557	1,824,308	74,806	1,899,114

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

\$	1,192,060	1,225,136	2,417,196	75,727	2,492,923
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Exhibit J-7

Jefferson County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Jefferson County School Department
For the Year Ended June 30, 2013

	Special Revenue Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	Other Capital Projects - QSCB	Total	
<u>Revenues</u>							
Charges for Current Services	\$ 0	\$ 844,928	\$ 844,928	\$ 0	\$ 0	\$ 0	\$ 844,928
Other Local Revenues	0	1,628	1,628	50	230	280	1,908
State of Tennessee	0	37,243	37,243	0	0	0	37,243
Federal Government	4,856,785	2,518,520	7,375,305	0	0	0	7,375,305
Other Governments and Citizens Groups	0	0	0	377,144	0	377,144	377,144
Total Revenues	\$ 4,856,785	\$ 3,402,319	\$ 8,259,104	\$ 377,194	\$ 230	\$ 377,424	\$ 8,636,528
<u>Expenditures</u>							
Current:							
Instruction	\$ 3,099,977	0	3,099,977	0	0	0	3,099,977
Support Services	1,760,335	0	1,760,335	0	0	0	1,760,335
Operation of Non-Instructional Services	0	3,520,729	3,520,729	0	0	0	3,520,729
Capital Projects	0	0	0	588,801	378,678	967,479	967,479
Total Expenditures	\$ 4,860,312	\$ 3,520,729	\$ 8,381,041	\$ 588,801	\$ 378,678	\$ 967,479	\$ 9,348,520
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,527)	\$ (118,410)	\$ (121,937)	\$ (211,607)	\$ (378,448)	\$ (590,055)	\$ (711,992)
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (61,902)	0	(61,902)	0	0	0	(61,902)
Total Other Financing Sources (Uses)	\$ (61,902)	0	(61,902)	0	0	0	(61,902)
Net Change in Fund Balances	\$ (65,429)	\$ (118,410)	\$ (183,839)	\$ (211,607)	\$ (378,448)	\$ (590,055)	\$ (773,894)
Fund Balance, July 1, 2012	752,180	1,255,967	2,008,147	286,413	378,448	664,861	2,673,008
Fund Balance, June 30, 2013	\$ 686,751	\$ 1,137,557	\$ 1,824,308	\$ 74,806	\$ 0	\$ 74,806	\$ 1,899,114

Exhibit J-8

Jefferson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Jefferson County School Department
General Purpose School Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 12,424,337	\$ 0	\$ 0	\$ 12,424,337	\$ 12,492,693	\$ 12,492,693	\$ (68,356)
Licenses and Permits	2,764	0	0	2,764	2,400	2,400	364
Charges for Current Services	267,278	0	0	267,278	262,533	262,533	4,745
Other Local Revenues	209,579	0	0	209,579	113,000	212,316	(2,737)
State of Tennessee	34,182,792	0	0	34,182,792	33,658,740	33,946,766	236,026
Federal Government	389,717	0	0	389,717	438,525	371,831	17,886
Total Revenues	\$ 47,476,467	\$ 0	\$ 0	\$ 47,476,467	\$ 46,967,891	\$ 47,288,539	\$ 187,928
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 25,264,631	\$ (116,797)	\$ 261	\$ 25,148,095	\$ 25,475,199	\$ 25,428,188	\$ 280,093
Alternative Instruction Program	179,218	(184)	2,500	181,534	196,049	187,141	5,607
Special Education Program	2,960,240	(11,341)	2,925	2,951,824	3,040,134	2,984,093	32,269
Vocational Education Program	1,530,407	(1,752)	2,724	1,531,379	1,479,448	1,534,616	3,237
Adult Education Program	46,146	(2,243)	0	43,903	80,444	47,973	4,070
<u>Support Services</u>							
Attendance	167,372	0	0	167,372	150,965	170,003	2,631
Health Services	368,086	(907)	0	367,179	417,033	383,229	16,050
Other Student Support	1,627,536	(8,328)	3,414	1,622,622	1,681,969	1,685,464	62,842
Regular Instruction Program	1,923,036	(4,112)	467	1,919,391	1,820,350	1,927,374	7,983
Alternative Instruction Program	123,076	(241)	0	122,835	124,422	126,510	3,675
Special Education Program	409,974	0	0	409,974	420,046	420,046	10,072
Vocational Education Program	258,015	0	0	258,015	286,207	270,337	12,322
Adult Programs	89,081	(93)	0	88,988	121,417	97,726	8,738
Other Programs	241,458	0	0	241,458	0	241,458	0
Board of Education	574,010	(116)	0	573,894	568,135	590,763	16,869
Director of Schools	297,859	0	0	297,859	301,762	300,657	2,798
Office of the Principal	3,204,368	(5,272)	5,746	3,204,842	3,139,445	3,207,306	2,464

(Continued)

Exhibit J-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Fiscal Services	\$ 367,533	\$ 0	\$ 0	\$ 367,533	\$ 367,533	\$ 367,533	\$ 0
Human Services/Personnel	115,679	0	0	115,679	109,823	116,090	411
Operation of Plant	4,122,576	(58,200)	77,215	4,141,591	3,677,495	4,228,816	87,225
Maintenance of Plant	1,385,899	(113,799)	494,188	1,766,288	1,432,079	1,804,029	37,741
Transportation	2,771,988	(392,925)	498,661	2,877,724	2,343,167	2,622,453	(255,271)
<u>Operation of Non-Instructional Services</u>							
Community Services	182,094	(4,409)	0	177,685	223,520	238,520	60,835
Early Childhood Education	757,089	(23,918)	14,603	747,774	765,730	762,105	14,331
Total Expenditures	\$ 48,967,371	\$ (744,637)	\$ 1,102,704	\$ 49,325,438	\$ 48,222,372	\$ 49,742,430	\$ 416,992
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,490,904)	\$ 744,637	\$ (1,102,704)	\$ (1,848,971)	\$ (1,254,481)	\$ (2,453,891)	\$ 604,920
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 47,501	\$ 0	\$ 0	\$ 47,501	\$ 0	\$ 43,194	\$ 4,307
Transfers In	61,902	0	0	61,902	164,851	73,851	(11,949)
Total Other Financing Sources	\$ 109,403	\$ 0	\$ 0	\$ 109,403	\$ 164,851	\$ 117,045	\$ (7,642)
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ (1,381,501)	\$ 744,637	\$ (1,102,704)	\$ (1,739,568)	\$ (1,089,630)	\$ (2,336,846)	\$ 597,278
Fund Balance, June 30, 2013	5,965,900	(744,637)	0	5,221,263	5,557,108	5,557,108	(335,845)
Fund Balance, June 30, 2012	\$ 4,584,399	\$ 0	\$ (1,102,704)	\$ 3,481,695	\$ 4,467,478	\$ 3,220,262	\$ 261,433

Exhibit J-9

Jefferson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Jefferson County School Department
School Federal Projects Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 4,856,785	\$ 0	\$ 4,856,785	\$ 4,422,418	\$ 5,283,975	\$ (427,190)
Total Revenues	\$ 4,856,785	\$ 0	\$ 4,856,785	\$ 4,422,418	\$ 5,283,975	\$ (427,190)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 1,799,499	\$ (2,458)	\$ 1,797,041	\$ 1,281,806	\$ 1,863,685	\$ 66,644
Special Education Program	1,213,842	(788)	1,213,054	1,233,141	1,287,511	74,457
Vocational Education Program	86,636	0	86,636	86,956	86,956	320
<u>Support Services</u>						
Other Student Support	221,754	(535)	221,219	209,000	230,352	9,133
Regular Instruction Program	1,154,783	(3,981)	1,150,802	1,132,856	1,327,803	177,001
Special Education Program	301,038	(6,188)	294,850	338,851	335,851	41,001
Vocational Education Program	1,190	0	1,190	1,190	1,190	0
Transportation	81,570	0	81,570	80,019	86,833	5,263
Total Expenditures	\$ 4,860,312	\$ (13,950)	\$ 4,846,362	\$ 4,363,819	\$ 5,220,181	\$ 373,819
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,527)	\$ 13,950	\$ 10,423	\$ 58,599	\$ 63,794	\$ (53,371)
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (61,902)	\$ 0	\$ (61,902)	\$ (61,100)	\$ (66,292)	\$ 4,390
Total Other Financing Sources	\$ (61,902)	\$ 0	\$ (61,902)	\$ (61,100)	\$ (66,292)	\$ 4,390

(Continued)

Exhibit J-9

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ (65,429) 752,180	\$ 13,950 (13,950)	(51,479) 738,230	(2,501) 752,180	(2,498) 752,180	\$ (48,981) (13,950)
Fund Balance, June 30, 2013	\$ 686,751	\$ 0	686,751	749,679	749,682	\$ (62,931)

Exhibit J-10

Jefferson County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual and Budget
 Discretely Presented Jefferson County School Department
 Central Cafeteria Fund
 For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 844,928	\$ 1,028,010	\$ 1,028,010	\$ (183,082)
Other Local Revenues	1,628	1,600	1,600	28
State of Tennessee	37,243	36,000	36,000	1,243
Federal Government	2,518,520	2,609,117	2,609,117	(90,597)
Total Revenues	<u>\$ 3,402,319</u>	<u>\$ 3,674,727</u>	<u>\$ 3,674,727</u>	<u>\$ (272,408)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 3,520,729	\$ 4,207,393	\$ 4,207,393	\$ 686,664
Total Expenditures	<u>\$ 3,520,729</u>	<u>\$ 4,207,393</u>	<u>\$ 4,207,393</u>	<u>\$ 686,664</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (118,410)</u>	<u>\$ (532,666)</u>	<u>\$ (532,666)</u>	<u>\$ 414,256</u>
Net Change in Fund Balance	\$ (118,410)	\$ (532,666)	\$ (532,666)	\$ 414,256
Fund Balance, July 1, 2012	<u>1,255,967</u>	<u>532,666</u>	<u>532,666</u>	<u>723,301</u>
Fund Balance, June 30, 2013	<u>\$ 1,137,557</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,137,557</u>

Exhibit J-11

Jefferson County, Tennessee
Statement of Net Position
Discretely Presented Jefferson County School Department
Proprietary Fund
June 30, 2013

Governmental
 Activities -
 Internal
 Service Fund

 Employee
 Insurance -
 Dental and
 Vision
 Fund

ASSETS

Current Assets:

Cash		\$	27,243
Equity in Pooled Cash and Investments			380,123
Total Current Assets		<hr/>	\$ 407,366
Total Assets		<hr/>	\$ 407,366

LIABILITIES

Current Liabilities:

Accounts Payable		\$	50,677
Total Current Liabilities		<hr/>	\$ 50,677
Total Liabilities		<hr/>	\$ 50,677

NET POSITION

Unrestricted		\$	356,689
Net Position		<hr/> <hr/>	\$ 356,689

Exhibit J-12

Jefferson County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Jefferson County School Department
Proprietary Fund
For the Year Ended June 30, 2013

	Governmental Activities - Internal Service Fund
	<u>Employee Insurance - Dental and Vision Fund</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums/Contributions	\$ 347,242
Total Operating Revenues	<u>\$ 347,242</u>
<u>Operating Expenses</u>	
Handling Charges and Administrative Costs	\$ 25,899
Other Self-Insured Claims	302,744
Total Operating Expenses	<u>\$ 328,643</u>
Operating Income (Loss)	<u>\$ 18,599</u>
Changes in Net Position	\$ 18,599
Net Position, July 1, 2012	<u>338,090</u>
Net Position, June 30, 2013	<u><u>\$ 356,689</u></u>

Exhibit J-13

Jefferson County, Tennessee
Statement of Cash Flows
Discretely Presented Jefferson County School Department
Proprietary Fund
For the Year Ended June 30, 2013

	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	\$ 347,242
Payments for Claims	(287,990)
Payments for Administrative Costs	(25,899)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 33,353</u>
Increase (Decrease) in Cash	\$ 33,353
Cash, July 1, 2012	<u>374,013</u>
Cash, June 30, 2013	<u><u>\$ 407,366</u></u>
<u>Reconciliation of Operating Income (Loss)</u> <u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 18,599
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>14,754</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 33,353</u></u>
<u>Reconciliation of Cash With Statement of Net Position</u>	
Cash Per Net Position	\$ 27,243
Equity in Pooled Cash and Investments Per Net Position	<u>380,123</u>
Cash, June 30, 2013	<u><u>\$ 407,366</u></u>

Exhibit J-14

Jefferson County, Tennessee
Statement of Fiduciary Net Position
Discretely Presented Jefferson County School Department
Fiduciary Fund
June 30, 2013

	<u>Other Employee Benefit Trust Fund</u> <u>Flexible Benefits Fund</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 14,451
Total Assets	<u>\$ 14,451</u>
<u>NET POSITION</u>	
Funds Held in Trust for Employees	<u>\$ 14,451</u>
Total Net Position	<u><u>\$ 14,451</u></u>

Exhibit J-15

Jefferson County, Tennessee
Statement of Changes in Fiduciary Net Position
Discretely Presented Jefferson County School Department
Fiduciary Fund
For the Year Ended June 30, 2013

	<u>Other Employee Benefit Trust Fund</u> <u>Flexible Benefits Fund</u>
Change in Net Position	\$ 0
Net Position, July 1, 2012	<u>14,451</u>
Net Position, June 30, 2013	<u><u>\$ 14,451</u></u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Jefferson County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
For the Year Ended June 30, 2013

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-13
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School Building Program - Series 2009	\$ 1,250,000	2.57 %	10-20-09	6-1-17	\$ 1,050,000	\$ 0	\$ 200,000	\$ 850,000
E-911 CO Note - Series 2009	1,300,000	2.57	10-20-09	6-1-21	1,100,000	0	105,000	995,000
Total Payable through General Debt Service Fund	\$ 2,550,000				\$ 2,150,000	\$ 0	\$ 305,000	\$ 1,845,000
Total Notes Payable	\$ 2,550,000				\$ 2,150,000	\$ 0	\$ 305,000	\$ 1,845,000
<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	\$ 11,115,000	\$ 0	\$ 605,000	\$ 10,510,000
Local Government Public Improvement (V-G-1)	13,740,000	4 to 5	12-10-08	6-1-19	9,790,000	0	1,415,000	8,375,000
Qualified School Construction Bonds	10,595,000	0 (1)	10-7-10	8-1-27	10,044,073	0	661,111	9,382,962
Energy Efficient Schools Initiative Loan, Series 2011	2,506,325	2.5	11-2-11	3-1-24	2,461,403	0	182,520	2,278,883
Total Payable through General Debt Service Fund	\$ 33,410,476				\$ 33,410,476	\$ 0	\$ 2,863,631	\$ 30,546,845
Total Other Loans Payable	\$ 33,410,476				\$ 33,410,476	\$ 0	\$ 2,863,631	\$ 30,546,845
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Nursing Home (Retired by Nursing Home Component Unit)	8,000,000	4 to 4.5	12-21-07	6-1-37	\$ 7,405,000	\$ 0	\$ 165,000	\$ 7,240,000
School Refunding Bonds - Series 2009	10,450,000	3.41	10-20-09	6-1-23	10,250,000	0	100,000	10,150,000
General Obligation Bonds - Series 2010- RZEDB	16,000,000	3.69	12-10-10	6-1-40	16,000,000	0	0	16,000,000
General Obligation Bonds - Series 2012	9,900,000	2.62	9-10-12	6-1-36	0	9,900,000	0	9,900,000
General Obligation Bonds - Series 2013	9,995,000	2.54	4-10-13	6-1-36	0	9,995,000	0	9,995,000
Total Payable through General Debt Service Fund	\$ 33,655,000				\$ 33,655,000	\$ 19,895,000	\$ 265,000	\$ 53,285,000
Total Bonds Payable	\$ 33,655,000				\$ 33,655,000	\$ 19,895,000	\$ 265,000	\$ 53,285,000

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

Exhibit K-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
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	\$ 1,845,000	\$ 189,638	\$ 2,034,638

Year Ending June 30	Other Loans			
	Principal	Interest (1)	Other Fees	Total
2014	\$ 2,958,239	\$ 1,006,959	\$ 34,856	\$ 4,000,054
2015	3,072,979	938,420	33,275	4,044,674
2016	3,162,827	867,008	31,568	4,061,403
2017	3,262,795	788,894	29,798	4,081,487
2018	3,392,895	705,403	27,966	4,126,264
2019	2,043,127	611,589	26,008	2,680,724
2020	1,733,491	583,166	23,925	2,340,582
2021	1,788,988	571,428	21,779	2,382,195
2022	1,844,628	559,181	19,507	2,423,316
2023	1,900,400	546,437	17,110	2,463,947
2024	1,895,739	533,287	14,588	2,443,614
2025	1,766,112	523,719	11,940	2,301,771
2026	936,112	515,653	9,166	1,460,931
2027	726,190	513,645	8,476	1,248,311
2028	62,323	50,583	2,124	115,030
Total	\$ 30,546,845	\$ 9,315,372	\$ 312,086	\$ 40,174,303

(Continued)

Exhibit K-2

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

Year Ending June 30	Bonds		Total
	Principal	Interest	
2014	\$ 275,000	\$ 2,271,447	\$ 2,546,447
2015	730,000	2,224,316	2,954,316
2016	815,000	2,200,616	3,015,616
2017	825,000	2,174,016	2,999,016
2018	930,000	2,146,516	3,076,516
2019	2,375,000	2,115,041	4,490,041
2020	2,865,000	2,033,466	4,898,466
2021	2,955,000	1,935,866	4,890,866
2022	3,075,000	1,845,891	4,920,891
2023	3,175,000	1,749,735	4,924,735
2024	1,095,000	1,647,860	2,742,860
2025	1,140,000	1,619,210	2,759,210
2026	1,195,000	1,589,410	2,784,410
2027	1,250,000	1,557,460	2,807,460
2028	1,305,000	1,523,178	2,828,178
2029	1,365,000	1,486,524	2,851,524
2030	1,425,000	1,446,898	2,871,898
2031	1,485,000	1,404,435	2,889,435
2032	1,560,000	1,359,331	2,919,331
2033	1,625,000	1,311,074	2,936,074
2034	1,700,000	1,259,800	2,959,800
2035	1,780,000	1,202,920	2,982,920
2036	1,860,000	1,143,360	3,003,360
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	294,815	4,744,815
Total	\$ 53,285,000	\$ 42,063,587	\$ 95,348,587

(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, 2013

From Fund	To Fund	Purpose	Amount
<u>PRIMARY GOVERNMENT</u>			
General	General Capital Projects	Litigation Tax	\$ 88,429
"	General Debt Service	QSCB Tax Rebate	513,646
General Debt Service	Other Capital Projects - ECD	E911 Construction Costs	787,439
General Capital Projects	Solid Waste Disposal	Capital Outlay Purchase	209,237
General Capital Projects	General	EMS Equipment	<u>225,000</u>
Total Transfers Primary Government			<u>\$ 1,823,751</u>
<u>DISCRETELY PRESENTED JEFFERSON COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect Costs	<u>\$ 61,902</u>
Total Transfers Discretely Presented Jefferson County School Department			<u>\$ 61,902</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, 2013

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 82,140	\$ 50,000	Hartford Fire Insurance Company
Road Superintendent	Section 8-24-102, TCA	77,629	100,000	"
Director of Schools	State Board of Education and County Board of Education	107,500 (1)	150,000	Tennessee Risk Management Trust
Trustee	Section 8-24-102, TCA	70,572	1,900,000	Hartford Fire Insurance Company
Assessor of Property	Section 8-24-102, TCA	70,572	10,000	"
Finance Director	County Commission	82,000	150,000	Tennessee Risk Management Trust
County Clerk	Section 8-24-102, TCA	70,572	50,000	Hartford Fire Insurance Company
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	70,572	50,000	"
Clerk and Master	Section 8-24-102, TCA	70,572	50,000	State Automobile Mutual Insurance Company
Register of Deeds	Section 8-24-102, TCA	70,572	25,000	Hartford Fire Insurance Company
Sheriff	Section 8-24-102, TCA	77,629 (2)	25,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments			150,000	Tennessee Risk Management Trust
Public Employee Dishonesty - School Department			150,000	"

(1) Includes a CEO training supplement of \$1,000.

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

Exhibit K-5

Jefferson County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2013

	Special Revenue Funds							Highway / Public Works
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitu- tional Officers - Fees	
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 8,872,804	\$ 0	\$ 0	\$ 1,690,914	\$ 0	\$ 0	\$ 0	\$ 2,134,453
Trustee's Collections - Prior Year	333,172	0	0	55,889	0	0	0	78,167
Trustee's Collections - Bankruptcy	1,863	0	0	350	0	0	0	443
Circuit/Clerk & Master Collections - Prior Years	220,335	0	0	42,058	0	0	0	51,684
Interest and Penalty	53,613	0	0	9,756	0	0	0	12,649
Pick-up Taxes	16,925	0	0	2,874	0	0	0	3,603
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	0	0	0	38
Payments in-Lieu-of Taxes - Local Utilities	15,272	0	0	2,898	0	0	0	3,671
Payments in-Lieu-of Taxes - Other	52	0	0	0	0	0	0	0
<u>County Local Option Taxes</u>								
Local Option Sales Tax	0	0	0	0	0	0	0	0
Hotel/Motel Tax	253,543	0	0	0	0	0	0	0
Wheel Tax	0	0	0	0	0	0	0	0
Litigation Tax - General	94,512	0	0	0	0	0	0	0
Litigation Tax - Special Purpose	0	0	11,053	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	114,678	44,024	0	0	0	0	0	0
Business Tax	405,618	0	0	0	0	0	0	0
Adequate Facilities/Development Tax	0	0	0	0	0	0	0	0
<u>Statutory Local Taxes</u>								
Bank Excise Tax	14,894	0	0	2,828	0	0	0	3,582
Wholesale Beer Tax	120,528	0	0	0	0	0	0	0
Total Local Taxes	\$ 10,517,809	\$ 44,024	\$ 11,053	\$ 1,807,567	\$ 0	\$ 0	\$ 0	\$ 2,288,290
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Marriage Licenses	\$ 1,366	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	70,460	0	0	0	0	0	0	0
<u>Permits</u>								
Beer Permits	1,588	0	0	0	0	0	0	0
Building Permits	144,598	0	0	0	0	0	0	0
Other Permits	67,666	0	0	0	0	0	0	0
Total Licenses and Permits	\$ 285,678	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>								
Circuit Court	\$ 2,916	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fines								

(Continued)

Exhibit K-5

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

	Special Revenue Funds							Constituti- onal Officers - Fees	Highway / Public Works
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Other Special Revenue			
<u>Fines, Forfeitures, and Penalties (Cont.)</u>									
<u>Circuit Court (Cont.)</u>									
Officers Costs	\$ 12,144	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Drug Control Fines	0	0	0	0	12,354	0	0	0	0
Drug Court Fees	3,127	0	0	0	0	0	0	0	0
Jail Fees	1,997	0	0	0	0	0	0	0	0
DUI Treatment Fines	88	0	0	0	0	0	0	0	0
Data Entry Fee - Circuit Court	3,978	0	0	0	0	0	0	0	0
Courtroom Security Fee	11	0	0	0	0	0	0	0	0
<u>General Sessions Court</u>									
Fines	72,419	0	0	0	0	0	0	0	0
Fines for Littering	142	0	0	0	0	0	0	0	0
Officers Costs	57,831	0	0	0	0	0	0	0	0
Game and Fish Fines	2,235	0	0	0	0	0	0	0	0
Drug Control Fines	0	0	0	0	20,885	0	0	0	0
Drug Court Fees	15,043	0	0	0	457	0	0	0	0
Jail Fees	57,240	0	0	0	0	0	0	0	0
DUI Treatment Fines	10,420	0	0	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	15,435	0	0	0	0	0	0	0	0
Courtroom Security Fee	1,428	0	0	0	0	0	0	0	0
<u>Juvenile Court</u>									
Fines	8,188	0	0	0	0	0	0	0	0
Officers Costs	7,493	0	0	0	0	0	0	0	0
Data Entry Fee - Juvenile Court	1,138	0	0	0	0	0	0	0	0
<u>Chancery Court</u>									
Officers Costs	294	0	0	0	0	0	0	0	0
Data Entry Fee - Chancery Court	3,329	0	0	0	0	0	0	0	0
<u>Judicial District Drug Program</u>									
Victims Assistance Assessments	32,737	0	0	0	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>									
Proceeds from Confiscated Property	0	0	0	0	15,083	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 309,633	\$ 0	\$ 0	\$ 0	\$ 48,779	\$ 0	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Patient Charges	\$ 3,280,792	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other General Service Charges	2,600	0	0	0	0	0	0	0	65,426

(Continued)

Exhibit K-5

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

	Special Revenue Funds							Highway / Public Works
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitu- tional Officers - Fees	
<u>Charges for Current Services (Cont.)</u>								
<u>Fees</u>								
Copy Fees	\$ 1,428	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Library Fees	12,251	0	0	0	0	0	0	0
Telephone Commissions	79,580	0	0	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0	967,101	0
Data Processing Fee - Registrar	19,578	0	0	0	0	0	0	0
Data Processing Fee - Sheriff	7,374	0	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	8,100	0	0	0	0	0	0	0
Data Processing Fee - County Clerk	426	0	0	0	0	0	0	0
Total Charges for Current Services	\$ 3,412,129	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 967,101	\$ 65,426
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,987	\$ 71	\$ 0
Lease/Rentals	1,800	0	0	0	0	752,000	0	0
Commissary Sales	33,181	0	0	0	0	0	0	0
Sale of Maps	5,921	0	0	0	0	0	0	0
Miscellaneous Refunds	136,975	0	0	0	0	0	0	871
Expenditure Credits	8,778	0	0	0	0	0	0	0
<u>Nonrecurring Items</u>								
Contributions and Gifts	2,200	0	0	0	0	0	0	0
Other Local Revenues	368,847	0	0	0	0	0	0	0
Total Other Local Revenues	\$ 557,702	\$ 0	\$ 0	\$ 0	\$ 0	\$ 763,987	\$ 71	\$ 871
<u>Fees Received from County Officials</u>								
<u>Excess Fees</u>								
County Clerk	\$ 20,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Trustee	606,736	0	0	0	0	0	0	0
<u>Fees in-Lieu-of Salary</u>								
Circuit Court Clerk	288,374	0	0	0	0	0	0	0
General Sessions Court Clerk	382,024	0	0	0	0	0	0	0
Clerk and Master	140,260	0	0	0	0	0	0	0
Juvenile Court Clerk	39,561	0	0	0	0	0	0	0
Sheriff	24,016	0	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 1,500,971	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-5

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

	Special Revenue Funds								Highway / Public Works
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitu- tional Officers - Fees		
<u>State of Tennessee</u>									
General Government Grants	\$ 7,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Juvenile Services Program	9,904	0	0	0	0	0	0	0	0
Aging Programs									
Public Safety Grants	22,800	0	0	0	0	0	0	0	0
Law Enforcement Training Programs									
Health and Welfare Grants									
Health Department Programs	124,260	0	0	0	0	0	0	0	0
Public Works Grants									
State Aid Program	0	0	0	0	0	0	0	0	141,077
Litter Program	57,977	0	0	0	0	0	0	0	0
Other State Revenues									
Emergency Hospital - Prisoners	151,583	0	0	0	0	0	0	0	0
Contracted Prisoner Boarding	1,757,005	0	0	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0	0	1,503,995
Petroleum Special Tax	0	0	0	0	0	0	0	0	175,965
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	0	0
Other State Grants	4,000	0	0	7,020	0	0	0	0	0
Other State Revenues	9,120	0	0	0	0	0	0	0	0
Total State of Tennessee	\$ 2,158,813	\$ 0	\$ 0	\$ 7,020	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,821,037
<u>Federal Government</u>									
Federal Through State									
Community Development	0	0	0	0	0	0	0	0	0
Civil Defense Reimbursement	35,500	0	0	0	0	0	0	0	0
Disaster Relief	0	0	0	0	0	0	0	0	5,805
Homeland Security Grants	21,820	0	0	0	0	0	0	0	0
Other Federal through State	29,446	0	0	0	24,750	0	0	0	0
Direct Federal Revenue									
Tax Credit Bond Rebate	513,646	0	0	0	0	0	0	0	0
Other Direct Federal Revenue	34,940	0	0	0	0	0	0	0	0
Total Federal Government	\$ 635,352	\$ 0	\$ 0	\$ 0	\$ 24,750	\$ 0	\$ 0	\$ 0	\$ 5,805
<u>Other Governments and Citizens Groups</u>									
Other Governments									
Contributions	\$ 112,070	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Citizens Groups									
Donations	570	0	0	0	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds							Highway / Public Works
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitu- tional Officers - Fees	
Other Governments and Citizens Groups (Cont.)								
Other	\$ 1,139	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Governments and Citizens Groups	\$ 113,779	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 19,491,866	\$ 44,024	\$ 11,053	\$ 1,814,587	\$ 73,529	\$ 763,987	\$ 967,172	\$ 4,181,429

(Continued)

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

	Debt Service Fund		Capital Projects Funds				Total
	General Debt Service	General Capital Projects	Other Capital Projects - ECD	Other Capital Projects - CDBG			
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	2,810,475	561,701	0	0	0	16,070,347	
Trustee's Collections - Prior Year	94,630	20,570	0	0	0	582,428	
Trustee's Collections - Bankruptcy	564	117	0	0	0	3,337	
Circuit/Clerk & Master Collections - Prior Years	70,186	14,019	0	0	0	398,282	
Interest and Penalty	15,624	3,252	0	0	0	94,894	
Pick-up Taxes	5,257	958	0	0	0	29,617	
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	0	38	
Payments in-Lieu-of Taxes - Local Utilities	4,830	2,136	0	0	0	28,807	
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	52	
<u>County Local Option Taxes</u>							
Local Option Sales Tax	1,096,455	0	0	0	0	1,096,455	
Hotel/Motel Tax	0	0	0	0	0	253,543	
Wheel Tax	1,057,002	0	0	0	0	1,057,002	
Litigation Tax - General	0	0	0	0	0	94,512	
Litigation Tax - Special Purpose	0	0	0	0	0	11,053	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	158,702	
Business Tax	0	0	0	0	0	405,618	
Adequate Facilities/Development Tax	254,102	0	0	0	0	254,102	
<u>Statutory Local Taxes</u>							
Bank Excise Tax	4,713	943	0	0	0	26,960	
Wholesale Beer Tax	0	0	0	0	0	120,528	
Total Local Taxes	5,413,838	603,696	0	0	0	20,686,277	
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Marriage Licenses	0	0	0	0	0	1,366	
Cable TV Franchise	0	0	0	0	0	70,460	
<u>Permits</u>							
Beer Permits	0	0	0	0	0	1,588	
Building Permits	0	0	0	0	0	144,598	
Other Permits	0	0	0	0	0	67,666	
Total Licenses and Permits	0	0	0	0	0	285,678	
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	0	0	0	0	0	2,916	

(Continued)

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

	Debt Service Fund		Capital Projects Funds				Total
	General Debt Service	General Capital Projects	Other Capital Projects - ECD	Other Capital Projects - CDBG	Other Capital Projects - CDBG	Other Capital Projects - CDBG	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Circuit Court (Cont.)</u>							
Officers Costs	0	0	0	0	0	0	12,144
Drug Control Fines	0	0	0	0	0	0	12,354
Drug Court Fees	0	0	0	0	0	0	3,127
Jail Fees	0	0	0	0	0	0	1,997
DUI Treatment Fines	0	0	0	0	0	0	88
Data Entry Fee - Circuit Court	0	0	0	0	0	0	3,978
Courtroom Security Fee	0	0	0	0	0	0	11
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	0	72,419
Fines for Littering	0	0	0	0	0	0	142
Officers Costs	0	0	0	0	0	0	57,831
Game and Fish Fines	0	0	0	0	0	0	2,235
Drug Control Fines	0	0	0	0	0	0	20,885
Drug Court Fees	0	0	0	0	0	0	15,500
Jail Fees	0	0	0	0	0	0	57,240
DUI Treatment Fines	0	0	0	0	0	0	10,420
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	15,435
Courtroom Security Fee	0	0	0	0	0	0	1,428
<u>Juvenile Court</u>							
Fines	0	0	0	0	0	0	8,188
Officers Costs	0	0	0	0	0	0	7,493
Data Entry Fee - Juvenile Court	0	0	0	0	0	0	1,138
<u>Chancery Court</u>							
Officers Costs	0	0	0	0	0	0	294
Data Entry Fee - Chancery Court	0	0	0	0	0	0	3,329
<u>Judicial District Drug Program</u>							
Victims Assistance Assessments	0	0	0	0	0	0	32,737
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	0	15,083
Total Fines, Forfeitures, and Penalties	0	0	0	0	0	0	358,412
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Patient Charges	0	0	0	0	0	0	3,280,792
Other General Service Charges	899	0	0	0	0	0	68,925

(Continued)

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

	Debt Service Fund	Capital Projects Funds				Total
	General Debt Service	General Capital Projects	Other Capital Projects - ECD	Other Capital Projects - CDBG		
<u>Charges for Current Services (Cont.)</u>						
<u>Fees</u>						
Copy Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,428
Library Fees	0	0	0	0	0	12,251
Telephone Commissions	0	0	0	0	0	79,580
Constitutional Officers' Fees and Commissions	0	0	0	0	0	967,101
Data Processing Fee - Registrar	0	0	0	0	0	19,578
Data Processing Fee - Sheriff	0	0	0	0	0	7,374
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	8,100
Data Processing Fee - County Clerk	0	0	0	0	0	426
Total Charges for Current Services	\$ 899	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,445,555
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 164,859	\$ 0	\$ 0	\$ 0	\$ 0	\$ 176,317
Lease/Rentals	0	0	0	0	0	753,800
Commissary Sales	0	0	0	0	0	33,181
Sale of Maps	0	0	0	0	0	5,921
Miscellaneous Refunds	0	0	642	0	0	138,488
Expenditure Credits	0	0	0	0	0	8,778
<u>Nonrecurring Items</u>						
Contributions and Gifts	0	0	0	0	0	2,200
<u>Other Local Revenues</u>						
Other Local Revenues	489,782	0	0	0	0	858,629
Total Other Local Revenues	\$ 654,641	\$ 0	\$ 642	\$ 0	\$ 0	\$ 1,977,314
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,000
Trustee	0	0	0	0	0	606,736
<u>Fees in-Lieu-of Salary</u>						
Circuit Court Clerk	0	0	0	0	0	288,374
General Sessions Court Clerk	0	0	0	0	0	382,024
Clerk and Master	0	0	0	0	0	140,260
Juvenile Court Clerk	0	0	0	0	0	39,561
Sheriff	0	0	0	0	0	24,016
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,500,971

(Continued)

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

	Debt Service Fund		Capital Projects Funds				Total
	General Debt Service	General Capital Projects	Other Capital Projects - ECD	Other Capital Projects - CDBG	Other Capital Projects - CDBG		
<u>State of Tennessee</u>							
General Government Grants	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	7,000	
Juvenile Services Program	0	0	0	0	0	9,904	
Aging Programs							
Public Safety Grants							
Law Enforcement Training Programs	0	0	0	0	0	22,800	
Health and Welfare Grants							
Health Department Programs	0	0	0	0	0	124,260	
Public Works Grants							
State Aid Program	0	0	0	0	0	141,077	
Litter Program	0	0	0	0	0	57,977	
Other State Revenues							
Emergency Hospital - Prisoners	0	0	0	0	0	151,583	
Contracted Prisoner Boarding	0	0	0	0	0	1,757,005	
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,503,995	
Petroleum Special Tax	0	0	0	0	0	175,965	
Registrar's Salary Supplement	0	0	0	0	0	15,164	
Other State Grants	0	0	0	0	0	11,020	
Other State Revenues	0	0	0	0	0	9,120	
Total State of Tennessee	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	3,986,870	
<u>Federal Government</u>							
Federal Through State							
Community Development	\$ 0 \$	0 \$	0 \$	238,472 \$	0 \$	238,472	
Civil Defense Reimbursement	0	0	0	0	0	35,500	
Disaster Relief	0	0	0	0	0	5,805	
Homeland Security Grants	0	0	0	0	0	21,820	
Other Federal through State	0	0	0	0	0	54,196	
Direct Federal Revenue							
Tax Credit Bond Rebate	456,250	0	0	0	0	969,896	
Other Direct Federal Revenue	0	0	0	0	0	34,940	
Total Federal Government	\$ 456,250 \$	0 \$	0 \$	238,472 \$	0 \$	1,360,629	
<u>Other Governments and Citizens Groups</u>							
Other Governments	\$ 0 \$	0 \$	0 \$	0 \$	52,374 \$	164,444	
Contributions							
Citizens Groups							
Donations	0	0	0	0	0	570	

(Continued)

Exhibit K-5

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

	Debt Service Fund		Capital Projects Funds				Total
	General Debt Service	General Capital Projects	General Capital Projects - ECD	Other Capital Projects - CDBG	Other Capital Projects - CDBG	Other Capital Projects - CDBG	
Other Governments and Citizens Groups (Cont.)							
Other	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,139
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 52,374	\$ 166,153
Total	\$ 6,525,628	\$ 603,696	\$ 642	\$ 290,846	\$ 34,767,859		

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, 2013

	Special Revenue Funds			Capital Projects Funds					Total
	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Other Capital Projects - QSCB	Other Capital Projects - RZEDB	Other Capital Projects - JCHS		
<u>Local Taxes</u>									
<u>County Property Taxes</u>									
Current Property Tax	\$ 6,976,349	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,976,349	
Trustee's Collections - Prior Year	243,624	0	0	0	0	0	0	243,624	
Trustee's Collections - Bankruptcy	1,572	0	0	0	0	0	0	1,572	
Circuit/Clerk & Master Collections - Prior Years	168,652	0	0	0	0	0	0	168,652	
Interest and Penalty	40,326	0	0	0	0	0	0	40,326	
Pick-up Taxes	13,277	0	0	0	0	0	0	13,277	
Payments in-Lieu-of-Taxes - T.V.A.	13,297	0	0	0	0	0	0	13,297	
Payments in-Lieu-of-Taxes - Local Utilities	11,978	0	0	0	0	0	0	11,978	
<u>County Local Option Taxes</u>									
Local Option Sales Tax	4,934,048	0	0	0	0	0	0	4,934,048	
Statutory Local Taxes									
Bank Excise Tax	11,689	0	0	0	0	0	0	11,689	
Wholesale Beer Tax	2,026	0	0	0	0	0	0	2,026	
Interstate Telecommunications Tax	7,499	0	0	0	0	0	0	7,499	
Total Local Taxes	\$ 12,424,337	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,424,337	
<u>Licenses and Permits</u>									
<u>Licenses</u>									
Marriage Licenses	\$ 2,764	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,764	
Total Licenses and Permits	\$ 2,764	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,764	
<u>Charges for Current Services</u>									
<u>Education Charges</u>									
Lunch Payments - Children	\$ 0	\$ 0	\$ 514,219	\$ 0	\$ 0	\$ 0	\$ 0	\$ 514,219	
Lunch Payments - Adults	0	0	61,388	0	0	0	0	61,388	
Income from Breakfast	0	0	66,598	0	0	0	0	66,598	
A la carte Sales	0	0	184,207	0	0	0	0	184,207	
Receipts from Individual Schools	67,680	0	0	0	0	0	0	67,680	
Community Service Fees - Children	199,598	0	0	0	0	0	0	199,598	
Other Charges for Services									
Other Charges for Services	0	0	18,516	0	0	0	0	18,516	
Total Charges for Current Services	\$ 267,278	\$ 0	\$ 844,928	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,112,206	

(Continued)

Exhibit K-6

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

	Special Revenue Funds				Capital Projects Funds				Total
	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Other Capital Projects - QSCB	Other Capital Projects - RZEDB	Other Capital Projects - JCHS		
<u>Other Local Revenues</u>									
<u>Recurring Items</u>									
Investment Income	\$ 0	\$ 0	\$ 1,628	\$ 0	\$ 230	\$ 90,426	\$ 0	\$ 92,284	
Refund of Telecommunication & Internet Fees (E-Rate)	80,283	0	0	0	0	0	0	80,283	
Miscellaneous Refunds	107,130	0	0	50	0	0	0	107,180	
<u>Nonrecurring Items</u>									
Sale of Equipment	13,939	0	0	0	0	0	0	13,939	
Damages Recovered from Individuals	853	0	0	0	0	0	0	853	
Contributions and Gifts	7,000	0	0	0	0	0	0	7,000	
<u>Other Local Revenues</u>									
Other Local Revenues	374	0	0	0	0	0	0	374	
Total Other Local Revenues	\$ 209,579	\$ 0	\$ 1,628	\$ 50	\$ 230	\$ 90,426	\$ 0	\$ 301,913	
<u>State of Tennessee</u>									
<u>General Government Grants</u>									
On-Behalf Contributions for OPEB	\$ 241,458	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 241,458	
<u>State Education Funds</u>									
Basic Education Program	31,318,892	0	0	0	0	0	0	31,318,892	
Early Childhood Education	761,276	0	0	0	0	0	0	761,276	
School Food Service	0	0	37,243	0	0	0	0	37,243	
Other State Education Funds	248,466	0	0	0	0	0	0	248,466	
Career Ladder Program	212,460	0	0	0	0	0	0	212,460	
Career Ladder - Extended Contract	76,000	0	0	0	0	0	0	76,000	
<u>Other State Revenues</u>									
Income Tax	236,905	0	0	0	0	0	0	236,905	
Beer Tax	26,118	0	0	0	0	0	0	26,118	
Alcoholic Beverage Tax	60,114	0	0	0	0	0	0	60,114	
State Revenue Sharing - T.V.A.	997,527	0	0	0	0	0	0	997,527	
Other State Grants	3,576	0	0	0	0	0	0	3,576	
Total State of Tennessee	\$ 34,182,792	\$ 0	\$ 37,243	\$ 0	\$ 0	\$ 0	\$ 0	\$ 34,220,035	
<u>Federal Government</u>									
<u>Federal Through State</u>									
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,728,589	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,728,589	
USDA - Commodities	0	0	200,104	0	0	0	0	200,104	
Breakfast	0	0	589,827	0	0	0	0	589,827	
Adult Education State Grant Program	70,655	0	0	0	0	0	0	70,655	

(Continued)

Exhibit K-6

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

	Special Revenue Funds			Capital Projects Funds				Total
	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Other Capital Projects - QSCB	Other Capital Projects - RZEDB	Other Capital Projects - JCHS	
<u>Federal Government (Cont.)</u>								
<u>Federal Through State (Cont.)</u>								
Vocational Education - Basic Grants to States	\$ 0	\$ 117,207	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 117,207
Title I Grants to Local Education Agencies	0	1,803,321	0	0	0	0	0	1,803,321
Special Education - Grants to States	24,858	1,581,594	0	0	0	0	0	1,606,452
Special Education Preschool Grants	4,067	50,743	0	0	0	0	0	54,810
English Language Acquisition Grants	0	36,620	0	0	0	0	0	36,620
Eisenhower Professional Development State Grants	0	301,940	0	0	0	0	0	301,940
Job Training Partnership Act	112,193	0	0	0	0	0	0	112,193
Race-to-the-Top - ARRA	0	435,351	0	0	0	0	0	435,351
Other Federal through State	117,798	530,009	0	0	0	0	0	647,807
<u>Direct Federal Revenue</u>								
ROTC Reimbursement	60,146	0	0	0	0	0	0	60,146
Total Federal Government	\$ 389,717	\$ 4,856,785	\$ 2,518,520	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,765,022
<u>Other Governments and Citizens Groups</u>								
Other Governments Contributions	\$ 0	\$ 0	\$ 0	\$ 377,144	\$ 0	\$ 698,587	\$ 19,841,802	\$ 20,917,533
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 377,144	\$ 0	\$ 698,587	\$ 19,841,802	\$ 20,917,533
Total	\$ 47,476,467	\$ 4,856,785	\$ 3,402,319	\$ 377,194	\$ 230	\$ 789,013	\$ 19,841,802	\$ 76,743,810

Exhibit K-7

Jefferson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2013

General Fund

General Government

County Commission

Medical Personnel	\$	21,000	
Part-time Personnel		15,325	
Board and Committee Members Fees		90,239	
Social Security		6,484	
Unemployment Compensation		153	
Employer Medicare		1,516	
Advertising		4,983	
Audit Services		15,422	
Dues and Memberships		7,125	
Legal Services		26,215	
Other Contracted Services		32,955	
Office Supplies		449	
Total County Commission			\$ 221,866

Board of Equalization

Board and Committee Members Fees	\$	700	
Total Board of Equalization			700

County Mayor/Executive

County Official/Administrative Officer	\$	82,140	
Longevity Pay		600	
Other Salaries and Wages		64,480	
Social Security		8,792	
State Retirement		20,407	
Life Insurance		181	
Medical Insurance		25,230	
Dental Insurance		450	
Unemployment Compensation		306	
Employer Medicare		2,056	
Advertising		31	
Communication		1,560	
Dues and Memberships		12	
Pauper Burials		2,400	
Gasoline		1,917	
Office Supplies		1,864	
Other Charges		2,742	
Office Equipment		2,200	
Total County Mayor/Executive			217,368

Election Commission

Supervisor/Director	\$	63,515	
Clerical Personnel		57,895	
Part-time Personnel		13,118	
Longevity Pay		1,100	
Election Commission		8,175	
Election Workers		41,832	
Social Security		9,233	
State Retirement		18,095	
Life Insurance		205	
Medical Insurance		24,920	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Dental Insurance	\$	450	
Unemployment Compensation		580	
Employer Medicare		2,159	
Advertising		4,843	
Communication		907	
Data Processing Services		96	
Dues and Memberships		3,825	
Maintenance Agreements		14,136	
Postal Charges		5,174	
Printing, Stationery, and Forms		2,762	
Travel		10,447	
Other Contracted Services		8,000	
Electricity		1,220	
Office Supplies		2,603	
Water and Sewer		137	
Other Charges		191	
Total Election Commission			\$ 295,618

Register of Deeds

Life Insurance	\$	222	
Medical Insurance		21,504	
Dental Insurance		488	
Unemployment Compensation		503	
Communication		53	
Data Processing Services		17,379	
Maintenance Agreements		1,510	
Data Processing Supplies		1,153	
Office Supplies		793	
Other Charges		120	
Office Equipment		450	
Total Register of Deeds			44,175

Codes Compliance

Supervisor/Director	\$	45,354	
Clerical Personnel		26,787	
Longevity Pay		1,900	
Social Security		4,511	
State Retirement		10,936	
Life Insurance		137	
Medical Insurance		14,807	
Dental Insurance		300	
Unemployment Compensation		306	
Employer Medicare		1,055	
Communication		456	
Gasoline		1,088	
Office Supplies		310	
Total Codes Compliance			107,947

County Buildings

Supervisor/Director	\$	39,954	
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(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Custodial Personnel	\$	70,930	
Maintenance Personnel		84,141	
Longevity Pay		5,200	
Social Security		12,142	
State Retirement		29,573	
Life Insurance		455	
Medical Insurance		50,946	
Dental Insurance		900	
Unemployment Compensation		1,106	
Employer Medicare		2,840	
Communication		43,275	
Maintenance Agreements		79,918	
Maintenance and Repair Services - Buildings		154,336	
Pest Control		7,510	
Postal Charges		48,689	
Other Contracted Services		8,185	
Custodial Supplies		16,154	
Electricity		33,466	
Gasoline		6,036	
Natural Gas		16,115	
Office Supplies		3,608	
Uniforms		3,839	
Water and Sewer		19,091	
Building and Contents Insurance		26,706	
Vehicle and Equipment Insurance		3,003	
Other Charges		8,689	
Office Equipment		758	
Total County Buildings			\$ 777,565

Other Facilities

Supervisor/Director	\$	38,822
Mechanic(s)		57,096
Longevity Pay		2,000
Overtime Pay		1,075
In-Service Training		378
Social Security		5,854
State Retirement		14,112
Life Insurance		205
Medical Insurance		24,540
Dental Insurance		150
Unemployment Compensation		408
Employer Medicare		1,369
Communication		2,032
Maintenance and Repair Services - Equipment		866
Other Contracted Services		1,608
Gasoline		5,695
Office Supplies		816
Tires and Tubes		41,237
Uniforms		3,568
Utilities		7,148

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Other Facilities (Cont.)

Vehicle Parts	\$	134,279	
Other Charges		522	
Data Processing Equipment		916	
Other Equipment		16,699	
Total Other Facilities			\$ 361,395

Other General Administration

Contributions	\$	750	
Total Other General Administration			750

Preservation of Records

Communication	\$	4	
Maintenance and Repair Services - Office Equipment		982	
Office Supplies		1,847	
Data Processing Equipment		883	
Office Equipment		7,975	
Total Preservation of Records			11,691

Finance

Accounting and Budgeting

Assistant(s)	\$	41,000	
Supervisor/Director		82,000	
Deputy(ies)		50,155	
Part-time Personnel		14,865	
Longevity Pay		6,700	
Other Salaries and Wages		224,955	
Social Security		25,091	
State Retirement		57,859	
Life Insurance		678	
Medical Insurance		81,880	
Dental Insurance		1,338	
Unemployment Compensation		1,934	
Employer Medicare		5,874	
Communication		1,258	
Maintenance Agreements		9,591	
Rentals		23,250	
Travel		361	
Other Contracted Services		4,062	
Data Processing Supplies		9,257	
Office Supplies		4,332	
Utilities		6,137	
Other Charges		459	
Data Processing Equipment		1,978	
Office Equipment		2,610	
Total Accounting and Budgeting			657,624

Property Assessor's Office

County Official/Administrative Officer	\$	70,572	
Assessment Personnel		206,774	
Clerical Personnel		4,480	

(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.)

Longevity Pay	\$	3,300	
Social Security		17,338	
State Retirement		41,442	
Life Insurance		479	
Medical Insurance		55,809	
Dental Insurance		900	
Unemployment Compensation		994	
Employer Medicare		4,055	
Audit Services		11,875	
Communication		107	
Data Processing Services		25,540	
Maintenance Agreements		5,576	
Travel		586	
Gasoline		2,515	
Office Supplies		1,019	
Other Supplies and Materials		1,364	
Other Charges		173	
Office Equipment		3,000	
Total Property Assessor's Office			\$ 457,898

Reappraisal Program

Gasoline	\$	371	
Total Reappraisal Program			371

County Trustee's Office

Life Insurance	\$	196	
Medical Insurance		26,540	
Dental Insurance		488	
Unemployment Compensation		596	
Communication		1,442	
Data Processing Services		10,025	
Legal Notices, Recording, and Court Costs		370	
Maintenance Agreements		13,836	
Travel		1,396	
Gasoline		181	
Office Supplies		2,099	
Other Charges		194	
Data Processing Equipment		1,572	
Total County Trustee's Office			58,935

County Clerk's Office

Life Insurance	\$	741	
Medical Insurance		71,887	
Dental Insurance		1,625	
Unemployment Compensation		1,363	
Communication		1,117	
Dues and Memberships		150	
Maintenance Agreements		14,612	
Travel		112	
Office Supplies		14,754	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Other Charges	\$	240	
Data Processing Equipment		1,103	
Total County Clerk's Office			\$ 107,704

Data Processing

Supervisor/Director	\$	51,865	
Longevity Pay		300	
Social Security		3,234	
State Retirement		7,705	
Life Insurance		68	
Medical Insurance		7,208	
Unemployment Compensation		153	
Employer Medicare		756	
Communication		942	
Other Contracted Services		28,257	
Gasoline		1,551	
Office Supplies		506	
Other Supplies and Materials		617	
Other Charges		1,823	
Data Processing Equipment		1,531	
Other Equipment		1,032	
Total Data Processing			107,548

Other Finance

Legal Notices, Recording, and Court Costs	\$	2,837	
Other Contracted Services		61,752	
Judgments		11,743	
Liability Insurance		73,487	
Premiums on Corporate Surety Bonds		730	
Trustee's Commission		240,424	
Workers' Compensation Insurance		80,880	
Liability Claims		3,500	
Tax Relief Program		115,823	
Total Other Finance			591,176

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	70,572	
Deputy(ies)		27,057	
Clerical Personnel		283,511	
Longevity Pay		8,400	
Jury and Witness Expense		6,783	
Social Security		23,499	
State Retirement		56,136	
Life Insurance		740	
Medical Insurance		88,946	
Dental Insurance		1,350	
Unemployment Compensation		1,530	
Employer Medicare		5,496	
Communication		3,013	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Legal Notices, Recording, and Court Costs	\$	224	
Maintenance Agreements		21,145	
Postal Charges		6,527	
Travel		105	
Maintenance and Repair Services - Records		3,000	
Other Contracted Services		39,315	
Data Processing Supplies		692	
Electricity		26,400	
Library Books/Media		30	
Natural Gas		9,342	
Office Supplies		12,846	
Other Charges		367	
Data Processing Equipment		80,540	
Office Equipment		1,911	
Total Circuit Court			\$ 779,477

General Sessions Court

County Official/Administrative Officer	\$	153,225	
Secretary(ies)		32,706	
Longevity Pay		1,400	
Other Per Diem and Fees		19,296	
Social Security		9,055	
State Retirement		27,669	
Life Insurance		103	
Medical Insurance		17,832	
Dental Insurance		238	
Unemployment Compensation		153	
Employer Medicare		2,637	
Communication		64	
Dues and Memberships		440	
Maintenance Agreements		792	
Travel		1,601	
Electricity		11,599	
Library Books/Media		1,902	
Natural Gas		4,004	
Office Supplies		495	
Other Charges		517	
Office Equipment		461	
Total General Sessions Court			286,189

Drug Court

Contracts with Government Agencies	\$	29,487	
Total Drug Court			29,487

Chancery Court

County Official/Administrative Officer	\$	70,572	
Assistant(s)		35,192	
Deputy(ies)		33,595	
Longevity Pay		3,000	
Social Security		8,493	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

State Retirement	\$	21,026	
Life Insurance		180	
Medical Insurance		20,885	
Dental Insurance		450	
Unemployment Compensation		459	
Employer Medicare		1,986	
Advertising		1,043	
Communication		416	
Dues and Memberships		355	
Maintenance Agreements		7,651	
Travel		892	
Other Contracted Services		80	
Office Supplies		2,694	
Total Chancery Court			\$ 208,969

Juvenile Court

Youth Service Officer(s)	\$	99,097	
Attendants		35,624	
Longevity Pay		4,100	
In-Service Training		600	
Social Security		8,178	
State Retirement		20,504	
Life Insurance		274	
Medical Insurance		30,146	
Dental Insurance		450	
Unemployment Compensation		612	
Employer Medicare		1,913	
Communication		2,006	
Contracts with Government Agencies		12,885	
Legal Services		707	
Maintenance Agreements		4,930	
Travel		1,536	
Electricity		14,802	
Gasoline		1,965	
Natural Gas		5,410	
Office Supplies		3,803	
Uniforms		385	
Other Charges		195	
Total Juvenile Court			250,122

Other Administration of Justice

Evaluation and Testing	\$	900	
Total Other Administration of Justice			900

Victims Assistance Programs

Remittance of Revenue Collected	\$	29,577	
Total Victims Assistance Programs			29,577

(Continued)

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	77,629	
Assistant(s)		86,443	
Deputy(ies)		1,029,300	
Detective(s)		146,087	
Secretary(ies)		62,192	
Part-time Personnel		224,748	
Longevity Pay		19,300	
Overtime Pay		24,101	
In-Service Training		27,905	
Social Security		105,457	
State Retirement		212,405	
Life Insurance		2,996	
Medical Insurance		321,874	
Dental Insurance		5,212	
Unemployment Compensation		10,122	
Employer Medicare		24,663	
Other Fringe Benefits		42,732	
Communication		59,650	
Data Processing Services		10,465	
Dues and Memberships		2,780	
Maintenance Agreements		27,009	
Maintenance and Repair Services - Equipment		10,531	
Maintenance and Repair Services - Vehicles		15,696	
Postal Charges		1,849	
Travel		5,746	
Other Contracted Services		4,408	
Gasoline		226,237	
Instructional Supplies and Materials		3,091	
Library Books/Media		609	
Office Supplies		10,830	
Uniforms		28,073	
Liability Insurance		40,708	
Vehicle and Equipment Insurance		12,649	
Workers' Compensation Insurance		55,998	
Other Charges		5,254	
Motor Vehicles		197,138	
Other Equipment		56,781	
Total Sheriff's Department	\$		3,198,668

Wheel Tax Officer

Part-time Personnel	\$	11,446	
Social Security		710	
Unemployment Compensation		155	
Employer Medicare		166	
Travel		93	
Office Supplies		693	
Office Equipment		952	
Total Wheel Tax Officer			14,215

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Administration of the Sexual Offender Registry

Contracts with Government Agencies	\$ 3,230	
Total Administration of the Sexual Offender Registry		\$ 3,230

Jail

Medical Personnel	\$ 39,477	
Guards	903,267	
Cafeteria Personnel	51,188	
Part-time Personnel	57,772	
Longevity Pay	19,200	
In-Service Training	2,652	
Social Security	67,641	
State Retirement	149,508	
Life Insurance	2,608	
Medical Insurance	292,092	
Dental Insurance	4,021	
Unemployment Compensation	7,012	
Employer Medicare	15,819	
Other Fringe Benefits	34,563	
Medical and Dental Services	276,203	
Other Contracted Services	238	
Custodial Supplies	67,363	
Electricity	135,980	
Food Supplies	380,722	
Natural Gas	47,970	
Uniforms	7,301	
Water and Sewer	51,231	
Building and Contents Insurance	24,545	
Other Charges	17,027	
Other Equipment	23,122	
Total Jail		2,678,522

Workhouse

Guards	\$ 172,962	
Social Security	10,951	
State Retirement	21,052	
Life Insurance	527	
Medical Insurance	61,209	
Dental Insurance	1,117	
Unemployment Compensation	1,792	
Employer Medicare	2,561	
Other Fringe Benefits	6,982	
Electricity	30,347	
Natural Gas	16,382	
Water and Sewer	23,268	
Other Equipment	8,569	
Total Workhouse		357,719

Inspection and Regulation

Supervisor/Director	\$ 41,410	
Clerical Personnel	22,775	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Inspection and Regulation (Cont.)

Social Security	\$	3,723	
State Retirement		9,480	
Life Insurance		137	
Medical Insurance		14,695	
Unemployment Compensation		306	
Employer Medicare		871	
Communication		1,061	
Dues and Memberships		428	
Gasoline		2,589	
Instructional Supplies and Materials		873	
Office Supplies		369	
Other Charges		170	
Data Processing Equipment		499	
Motor Vehicles		22,438	
Total Inspection and Regulation			\$ 121,824

Public Safety Grant Programs

Instructional Supplies and Materials	\$	21,820	
Total Public Safety Grant Programs			21,820

Other Public Safety

Contributions	\$	433,612	
Total Other Public Safety			433,612

Public Health and Welfare

Local Health Center

Clerical Personnel	\$	80,207	
Longevity Pay		2,600	
Social Security		4,905	
State Retirement		10,047	
Life Insurance		205	
Medical Insurance		21,575	
Dental Insurance		450	
Unemployment Compensation		643	
Employer Medicare		1,147	
Communication		3,921	
Contracts with Government Agencies		40,422	
Travel		2,588	
Drugs and Medical Supplies		450	
Utilities		20,380	
Other Charges		6,908	
Total Local Health Center			196,448

Rabies and Animal Control

Longevity Pay	\$	400	
Other Salaries and Wages		49,918	
Social Security		3,088	
State Retirement		6,350	
Life Insurance		137	
Medical Insurance		14,540	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Dental Insurance	\$	300	
Unemployment Compensation		445	
Employer Medicare		722	
Communication		2,015	
Gasoline		11,164	
Vehicle and Equipment Insurance		196	
Other Equipment		12,258	
Total Rabies and Animal Control			\$ 101,533

Ambulance/Emergency Medical Services

Assistant(s)	\$	107,742	
Supervisor/Director		58,074	
Clerical Personnel		93,150	
Attendants		1,483,881	
Part-time Personnel		348,074	
Longevity Pay		38,100	
Overtime Pay		21,033	
Other Salaries and Wages		20,716	
In-Service Training		17,600	
Social Security		136,708	
State Retirement		273,890	
Life Insurance		3,010	
Medical Insurance		375,341	
Dental Insurance		5,275	
Unemployment Compensation		10,246	
Employer Medicare		31,972	
Other Fringe Benefits		68,992	
Communication		27,553	
Maintenance Agreements		15,773	
Maintenance and Repair Services - Equipment		9,346	
Postal Charges		6,002	
Travel		760	
Tuition		4,250	
Diesel Fuel		174,053	
Drugs and Medical Supplies		216,304	
Electricity		21,777	
Natural Gas		7,262	
Office Supplies		8,349	
Uniforms		23,590	
Water and Sewer		3,036	
Other Supplies and Materials		11,974	
Building and Contents Insurance		3,758	
Liability Insurance		17,926	
Refunds		25,455	
Vehicle and Equipment Insurance		9,161	
Workers' Compensation Insurance		111,634	
Other Charges		11,030	
Data Processing Equipment		2,080	
Furniture and Fixtures		5,334	
Motor Vehicles		194,126	
Other Equipment		286,601	
Total Ambulance/Emergency Medical Services			4,290,938

(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	\$ 4,942	
Total Aid to Dependent Children		\$ 4,942

Sanitation Education/Information

Guards	\$ 32,644	
Longevity Pay	1,000	
Social Security	2,051	
State Retirement	4,969	
Life Insurance	68	
Medical Insurance	7,088	
Dental Insurance	150	
Unemployment Compensation	153	
Employer Medicare	480	
Communication	315	
Gasoline	7,393	
Instructional Supplies and Materials	10,434	
Other Supplies and Materials	82	
Vehicle and Equipment Insurance	196	
Total Sanitation Education/Information		67,023

Postclosure Care Costs

Other Charges	\$ 33,036	
Total Postclosure Care Costs		33,036

Other Public Health and Welfare

Supervisor/Director	\$ 47,743	
Longevity Pay	2,500	
Other Salaries and Wages	58,085	
Social Security	6,698	
State Retirement	16,000	
Life Insurance	205	
Medical Insurance	21,075	
Dental Insurance	388	
Unemployment Compensation	459	
Employer Medicare	1,567	
Communication	2,222	
Postal Charges	280	
Travel	1,179	
Gasoline	5,795	
Office Supplies	495	
Chemicals	686	
Refunds	375	
Motor Vehicles	21,513	
Office Equipment	165	
Total Other Public Health and Welfare		187,430

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Assistant(s)	\$ 89,194
Supervisor/Director	31,921

(Continued)

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Senior Citizens Assistance (Cont.)

Salary Supplements	\$	5,100	
Longevity Pay		5,700	
Social Security		8,023	
State Retirement		18,262	
Life Insurance		350	
Medical Insurance		42,769	
Dental Insurance		812	
Unemployment Compensation		981	
Employer Medicare		1,876	
Communication		2,631	
Maintenance Agreements		366	
Travel		1,897	
Other Contracted Services		2,730	
Office Supplies		2,226	
Vehicle and Equipment Insurance		392	
Total Senior Citizens Assistance	\$		215,230

Libraries

Librarians	\$	132,532	
Part-time Personnel		78,280	
Longevity Pay		7,000	
In-Service Training		756	
Social Security		12,961	
State Retirement		20,609	
Life Insurance		373	
Medical Insurance		48,968	
Dental Insurance		738	
Unemployment Compensation		2,141	
Employer Medicare		3,045	
Communication		926	
Maintenance and Repair Services - Equipment		1,482	
Travel		336	
Library Books/Media		28,120	
Periodicals		3,130	
Utilities		1,858	
Other Supplies and Materials		2,576	
Other Charges		17,943	
Data Processing Equipment		5,978	
Other Equipment		3,399	
Total Libraries			373,151

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	58,065	
Part-time Personnel		11,450	
Social Security		4,310	
State Retirement		6,866	
Unemployment Compensation		142	
Employer Medicare		1,008	
Other Fringe Benefits		1,202	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Communication	\$	4,972	
Data Processing Services		927	
Dues and Memberships		1,135	
Printing, Stationery, and Forms		594	
Travel		3,208	
Electricity		1,995	
Instructional Supplies and Materials		417	
Natural Gas		5	
Water and Sewer		260	
Other Charges		89	
Total Agriculture Extension Service			\$ 96,645

Soil Conservation

Secretary(ies)	\$	23,828	
Longevity Pay		300	
Social Security		1,489	
State Retirement		3,564	
Life Insurance		68	
Medical Insurance		6,898	
Dental Insurance		150	
Unemployment Compensation		153	
Employer Medicare		348	
Dues and Memberships		450	
Total Soil Conservation			37,248

Other Operations

Veterans' Services

Supervisor/Director	\$	32,800	
Longevity Pay		400	
Social Security		2,035	
State Retirement		4,904	
Life Insurance		68	
Medical Insurance		7,088	
Dental Insurance		150	
Unemployment Compensation		153	
Employer Medicare		476	
Communication		1,765	
Postal Charges		25	
Travel		1,111	
Office Supplies		246	
Data Processing Equipment		733	
Total Veterans' Services			51,954

Contributions to Other Agencies

Contributions	\$	1,034,695	
Total Contributions to Other Agencies			1,034,695

Employee Benefits

Workers' Compensation Insurance	\$	1,373	
Total Employee Benefits			1,373

Total General Fund \$ 19,126,308

(Continued)

Exhibit K-7

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

Courthouse and Jail Maintenance Fund

Finance

Other Finance

Trustee's Commission	\$ 439	
Total Other Finance		\$ 439

Total Courthouse and Jail Maintenance Fund \$ 439

Law Library Fund

Public Safety

Jail

Other Contracted Services	\$ 950	
Total Jail		\$ 950

Social, Cultural, and Recreational Services

Libraries

Library Books/Media	\$ 10,687	
Trustee's Commission	110	
Total Libraries		10,797

Total Law Library Fund 11,747

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Supervisor/Director	\$ 29,608	
Part-time Personnel	40,132	
Longevity Pay	12,050	
Other Salaries and Wages	314,801	
Social Security	24,417	
State Retirement	52,324	
Life Insurance	713	
Medical Insurance	90,988	
Dental Insurance	750	
Unemployment Compensation	631	
Employer Medicare	5,705	
Contracts with Private Agencies	12,600	
Maintenance and Repair Services - Vehicles	54,676	
Postal Charges	317	
Rentals	7,187	
Disposal Fees	673,785	
Diesel Fuel	38,800	
Gasoline	10,893	
Lubricants	4,758	
Office Supplies	450	
Tires and Tubes	21,859	
Utilities	18,973	
Other Supplies and Materials	18,818	
Building and Contents Insurance	81	
Trustee's Commission	35,781	
Vehicle and Equipment Insurance	9,791	
Workers' Compensation Insurance	30,335	
Other Charges	4,772	
Solid Waste Equipment	4,441	
Total Waste Pickup		\$ 1,520,436

Total Solid Waste/Sanitation Fund 1,520,436

(Continued)

Exhibit K-7

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

Drug Control Fund

Public Safety

Drug Enforcement

Trustee's Commission	\$	516	
Other Charges		52,129	
Other Equipment		64,707	
Total Drug Enforcement			\$ 117,352

Total Drug Control Fund \$ 117,352

Other Special Revenue Fund

Finance

Other Finance

Trustee's Commission	\$	7,623	
Total Other Finance			\$ 7,623

Total Other Special Revenue Fund 7,623

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	228,559	
Total Register of Deeds			\$ 228,559

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	196,454	
Total County Trustee's Office			196,454

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	516,095	
Total County Clerk's Office			516,095

Administration of Justice

Juvenile Court

Constitutional Officers' Operating Expenses	\$	133	
Total Juvenile Court			133

Total Constitutional Officers - Fees Fund 941,241

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	77,629	
Accountants/Bookkeepers		43,728	
Clerical Personnel		25,652	
Longevity Pay		1,800	
Board and Committee Members Fees		17,535	
Social Security		10,305	
State Retirement		21,941	
Life Insurance		205	
Medical Insurance		23,912	
Dental Insurance		150	

(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.)

Unemployment Compensation	\$	72	
Employer Medicare		2,410	
Communication		12,132	
Data Processing Services		776	
Dues and Memberships		2,851	
Legal Notices, Recording, and Court Costs		1,291	
Postal Charges		226	
Travel		30	
Other Contracted Services		3,928	
Office Supplies		2,374	
Other Charges		5,405	
Office Equipment		516	
Total Administration			\$ 254,868

Highway and Bridge Maintenance

Laborers	\$	1,000,993	
Longevity Pay		30,000	
Social Security		64,483	
State Retirement		148,674	
Life Insurance		2,123	
Medical Insurance		260,380	
Dental Insurance		3,112	
Unemployment Compensation		1,325	
Employer Medicare		15,087	
Rentals		12,462	
Asphalt - Liquid		440,725	
Other Road Supplies		12,577	
Pipe - Metal		20,291	
Road Signs		20,130	
Other Supplies and Materials		4,402	
Total Highway and Bridge Maintenance			2,036,764

Operation and Maintenance of Equipment

Mechanic(s)	\$	170,050	
Longevity Pay		3,100	
Social Security		10,684	
State Retirement		25,352	
Life Insurance		336	
Medical Insurance		42,222	
Dental Insurance		300	
Unemployment Compensation		204	
Employer Medicare		2,499	
Maintenance and Repair Services - Equipment		171,316	
Diesel Fuel		91,100	
Gasoline		130,055	
Lubricants		18,042	
Natural Gas		59,142	
Tires and Tubes		32,602	
Water and Sewer		529	
Other Supplies and Materials		14,555	
Total Operation and Maintenance of Equipment			772,088

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Quarry Operations

Laborers	\$	280,627	
Longevity Pay		5,300	
Social Security		17,737	
State Retirement		38,345	
Life Insurance		573	
Medical Insurance		72,063	
Dental Insurance		850	
Unemployment Compensation		345	
Employer Medicare		4,148	
Explosive and Drilling Services		30,189	
Maintenance and Repair Services - Equipment		36,513	
Electricity		159,009	
Other Charges		8,624	
Total Quarry Operations			\$ 654,323

Asphalt Plant Operations

Maintenance and Repair Services - Equipment	\$	59,508	
Other Contracted Services		2,600	
Total Asphalt Plant Operations			62,108

Other Charges

Building and Contents Insurance	\$	7,595	
Liability Insurance		7,624	
Trustee's Commission		62,725	
Vehicle and Equipment Insurance		17,570	
Total Other Charges			95,514

Employee Benefits

Workers' Compensation Insurance	\$	80,745	
Total Employee Benefits			80,745

Total Highway/Public Works Fund \$ 3,956,410

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	165,000	
Principal on Notes		105,000	
Principal on Other Loans		605,000	
Total General Government			\$ 875,000

Education

Principal on Bonds	\$	100,000	
Principal on Notes		200,000	
Principal on Other Loans		2,258,631	
Total Education			2,558,631

Interest on Debt

General Government

Interest on Bonds	\$	324,782	
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(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.)

General Government (Cont.)

Interest on Notes	\$	29,076	
Interest on Other Loans		214,897	
Total General Government			\$ 568,755

Education

Interest on Bonds	\$	1,586,493	
Interest on Notes		24,374	
Interest on Other Loans		991,891	
Total Education			2,602,758

Other Debt Service

General Government

Trustee's Commission	\$	85,190	
Other Debt Service		11,725	
Total General Government			96,915

Capital Projects

Education Capital Projects

Contributions	\$	698,587	
Total Education Capital Projects			698,587

Total General Debt Service Fund \$ 7,400,646

General Capital Projects Fund

Capital Projects

Other General Government Projects

Trustee's Commission	\$	11,921	
Building Improvements		357,302	
Data Processing Equipment		29,492	
Maintenance Equipment		5,759	
Total Other General Government Projects			\$ 404,474

Highway and Street Capital Projects

Highway Equipment	\$	108,000	
Total Highway and Street Capital Projects			108,000

Education Capital Projects

Contributions	\$	20,218,946	
Underwriter's Discount		170,068	
Other Debt Issuance Charges		179,900	
Total Education Capital Projects			20,568,914

Total General Capital Projects Fund 21,081,388

Other Capital Projects Fund - ECD

Capital Projects

Public Safety Projects

Architects	\$	22,549	
Building Construction		787,217	
Total Public Safety Projects			\$ 809,766

Total Other Capital Projects Fund - ECD 809,766

(Continued)

Exhibit K-7

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

<u>Other Capital Projects Fund - CDBG</u>			
<u>Capital Projects</u>			
<u>Public Health and Welfare Projects</u>			
Consultants	\$	16,500	
Engineering Services		67,000	
Other Construction		<u>224,584</u>	
Total Public Health and Welfare Projects			<u>\$ 308,084</u>
Total Other Capital Projects Fund - CDBG			<u>\$ 308,084</u>
Total Governmental Funds - Primary Government			<u>\$ 55,281,440</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, 2013

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	16,570,465	
Career Ladder Program		145,352	
Career Ladder Extended Contracts		53,800	
Educational Assistants		213,068	
Longevity Pay		9,108	
Other Salaries and Wages		56,633	
Certified Substitute Teachers		162,474	
Non-certified Substitute Teachers		229,833	
Social Security		1,011,997	
State Retirement		1,506,639	
Life Insurance		28,643	
Medical Insurance		3,230,269	
Dental Insurance		64,456	
Employer Medicare		240,498	
Maintenance and Repair Services - Equipment		44,108	
Other Contracted Services		54,797	
Instructional Supplies and Materials		310,005	
Textbooks		486,530	
Fee Waivers		150,000	
Other Charges		4,000	
Regular Instruction Equipment		612,905	
Other Equipment		79,051	
Total Regular Instruction Program	\$		25,264,631

Alternative Instruction Program

Teachers	\$	111,756	
Educational Assistants		8,948	
Social Security		6,914	
State Retirement		11,246	
Life Insurance		274	
Medical Insurance		34,211	
Dental Insurance		1,000	
Employer Medicare		1,617	
Instructional Supplies and Materials		2,252	
Other Supplies and Materials		1,000	
Total Alternative Instruction Program			179,218

Special Education Program

Teachers	\$	1,639,549	
Career Ladder Program		8,000	
Career Ladder Extended Contracts		3,500	
Homebound Teachers		4,028	
Educational Assistants		114,714	
Speech Pathologist		345,252	
Social Security		124,484	
State Retirement		191,708	
Life Insurance		4,078	
Medical Insurance		433,634	
Dental Insurance		9,896	

(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.)

Employer Medicare	\$	29,212	
Other Fringe Benefits		2,198	
Instructional Supplies and Materials		11,250	
Special Education Equipment		38,737	
Total Special Education Program			\$ 2,960,240

Vocational Education Program

Teachers	\$	1,072,693	
Career Ladder Program		7,000	
Longevity Pay		356	
Other Salaries and Wages		11,477	
Certified Substitute Teachers		1,085	
Non-certified Substitute Teachers		3,850	
Social Security		64,148	
State Retirement		97,091	
Life Insurance		1,733	
Medical Insurance		195,852	
Dental Insurance		3,546	
Employer Medicare		15,009	
Instructional Supplies and Materials		43,000	
Vocational Instruction Equipment		13,567	
Total Vocational Education Program			1,530,407

Adult Education Program

Teachers	\$	24,189	
Other Salaries and Wages		13,802	
Social Security		2,353	
State Retirement		2,808	
Life Insurance		51	
Dental Insurance		150	
Employer Medicare		550	
Instructional Supplies and Materials		2,243	
Total Adult Education Program			46,146

Support Services

Attendance

Supervisor/Director	\$	77,574	
Career Ladder Program		3,550	
Career Ladder Extended Contracts		2,000	
Other Salaries and Wages		43,246	
Social Security		5,426	
State Retirement		7,333	
Life Insurance		68	
Medical Insurance		6,119	
Dental Insurance		200	
Employer Medicare		1,818	
Travel		1,000	
Other Contracted Services		19,038	
Total Attendance			167,372

(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.)

Health Services

Medical Personnel	\$	207,916	
Longevity Pay		3,629	
Other Salaries and Wages		15,882	
Social Security		13,445	
State Retirement		29,877	
Life Insurance		821	
Medical Insurance		89,280	
Dental Insurance		1,283	
Employer Medicare		3,144	
Travel		1,004	
Other Supplies and Materials		1,260	
In Service/Staff Development		545	
Total Health Services			\$ 368,086

Other Student Support

Career Ladder Program	\$	5,000	
Guidance Personnel		895,400	
Career Ladder Extended Contracts		4,000	
Assessment Personnel		53,840	
Clerical Personnel		17,991	
Longevity Pay		4,904	
Other Salaries and Wages		67,145	
Social Security		60,896	
State Retirement		98,101	
Life Insurance		1,720	
Medical Insurance		203,211	
Dental Insurance		5,226	
Employer Medicare		14,242	
Other Fringe Benefits		9,015	
Evaluation and Testing		35,742	
Travel		11,296	
Other Contracted Services		81,942	
Other Supplies and Materials		6,667	
In Service/Staff Development		9,664	
Other Charges		32,736	
Other Equipment		8,798	
Total Other Student Support			1,627,536

Regular Instruction Program

Supervisor/Director	\$	135,500	
Career Ladder Program		6,792	
Librarians		513,533	
Medical Personnel		1,099	
Materials Supervisor		8,743	
Assessment Personnel		107,416	
Instructional Computer Personnel		114,401	
Secretary(ies)		120,307	
Clerical Personnel		44,641	
Longevity Pay		11,929	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Other Salaries and Wages	\$	270,321	
Certified Substitute Teachers		55	
Social Security		80,806	
State Retirement		149,455	
Life Insurance		2,081	
Medical Insurance		203,331	
Dental Insurance		4,601	
Employer Medicare		18,952	
Communication		2,088	
Postal Charges		750	
Travel		26,290	
Other Contracted Services		989	
Other Supplies and Materials		30,152	
In Service/Staff Development		55,017	
Other Charges		2,026	
Other Equipment		11,761	
Total Regular Instruction Program			\$ 1,923,036

Alternative Instruction Program

Supervisor/Director	\$	57,363	
Career Ladder Extended Contracts		2,000	
Secretary(ies)		16,632	
Longevity Pay		323	
Social Security		4,528	
State Retirement		7,776	
Life Insurance		137	
Medical Insurance		14,251	
Dental Insurance		600	
Employer Medicare		1,059	
Communication		2,391	
Travel		396	
Other Contracted Services		1,878	
Office Supplies		1,989	
Other Charges		479	
Other Equipment		11,274	
Total Alternative Instruction Program			123,076

Special Education Program

Supervisor/Director	\$	77,678	
Career Ladder Program		3,790	
Assessment Personnel		51,769	
Secretary(ies)		14,272	
Other Salaries and Wages		132,886	
Social Security		15,721	
State Retirement		31,823	
Life Insurance		410	
Medical Insurance		46,959	
Dental Insurance		1,200	
Employer Medicare		3,884	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Other Fringe Benefits	\$	2,467	
Travel		6,957	
Other Contracted Services		20,158	
Total Special Education Program			\$ 409,974

Vocational Education Program

Supervisor/Director	\$	139,738	
Career Ladder Program		2,000	
Secretary(ies)		33,830	
Longevity Pay		1,158	
Social Security		10,052	
State Retirement		16,697	
Life Insurance		208	
Medical Insurance		28,698	
Dental Insurance		608	
Employer Medicare		2,351	
Communication		2,027	
Maintenance and Repair Services - Equipment		405	
Travel		6,137	
Other Contracted Services		8,536	
Other Supplies and Materials		2,479	
In Service/Staff Development		517	
Other Charges		525	
Other Equipment		2,049	
Total Vocational Education Program			258,015

Adult Programs

Supervisor/Director	\$	60,125	
Other Salaries and Wages		3,734	
Social Security		3,901	
State Retirement		5,891	
Life Insurance		89	
Medical Insurance		5,929	
Dental Insurance		259	
Employer Medicare		912	
Other Contracted Services		4,270	
Other Supplies and Materials		165	
In Service/Staff Development		3,806	
Total Adult Programs			89,081

Other Programs

On-Behalf Payments to OPEB	\$	241,458	
Total Other Programs			241,458

Board of Education

Board and Committee Members Fees	\$	8,200	
Social Security		360	
Unemployment Compensation		13,392	
Employer Medicare		119	

(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.)

Audit Services	\$	12,000	
Dues and Memberships		23,013	
Legal Services		20,866	
Travel		3,780	
Other Contracted Services		8,826	
Judgments		32,000	
Trustee's Commission		279,882	
Workers' Compensation Insurance		169,592	
Other Charges		1,980	
Total Board of Education			\$ 574,010

Director of Schools

County Official/Administrative Officer	\$	107,500	
Secretary(ies)		76,398	
Longevity Pay		1,500	
Social Security		11,445	
State Retirement		26,849	
Life Insurance		119	
Medical Insurance		13,295	
Dental Insurance		383	
Employer Medicare		2,716	
Communication		9,930	
Postal Charges		5,372	
Travel		1,500	
Other Contracted Services		19,721	
Office Supplies		4,584	
Other Supplies and Materials		8,347	
Administration Equipment		8,200	
Total Director of Schools			297,859

Office of the Principal

Principals	\$	740,525	
Career Ladder Program		9,556	
Assistant Principals		638,622	
Secretary(ies)		576,050	
Clerical Personnel		91,819	
Longevity Pay		26,299	
Social Security		121,038	
State Retirement		219,827	
Life Insurance		3,471	
Medical Insurance		411,569	
Dental Insurance		9,046	
Employer Medicare		28,370	
Communication		65,000	
Travel		1,502	
Other Contracted Services		217,638	
Other Supplies and Materials		20,460	
Other Charges		3,576	
Administration Equipment		20,000	
Total Office of the Principal			3,204,368

(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.)

Fiscal Services

Other Charges	\$ 367,533	
Total Fiscal Services		\$ 367,533

Human Services/Personnel

Supervisor/Director	\$ 44,008	
Secretary(ies)	35,235	
Longevity Pay	500	
Social Security	4,516	
State Retirement	11,778	
Life Insurance	131	
Medical Insurance	15,884	
Dental Insurance	382	
Employer Medicare	1,056	
Advertising	160	
Dues and Memberships	230	
Other Supplies and Materials	1,541	
In Service/Staff Development	258	
Total Human Services/Personnel		115,679

Operation of Plant

Supervisor/Director	\$ 73,819	
Guards	103,877	
Custodial Personnel	734,745	
Longevity Pay	32,254	
Other Salaries and Wages	55,473	
Social Security	56,308	
State Retirement	126,358	
Life Insurance	2,857	
Medical Insurance	256,282	
Dental Insurance	5,580	
Employer Medicare	14,084	
Other Contracted Services	531,587	
Custodial Supplies	168,498	
Electricity	1,266,130	
Natural Gas	229,495	
Water and Sewer	128,961	
Building and Contents Insurance	332,087	
Other Charges	4,181	
Total Operation of Plant		4,122,576

Maintenance of Plant

Supervisor/Director	\$ 53,685
Maintenance Personnel	328,232
Longevity Pay	11,600
Social Security	24,182
State Retirement	54,231
Life Insurance	810
Medical Insurance	73,240
Dental Insurance	1,916

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Employer Medicare	\$	5,655	
Communication		3,468	
Maintenance and Repair Services - Buildings		280,147	
Maintenance and Repair Services - Equipment		129,616	
Other Contracted Services		112,251	
Other Supplies and Materials		222,330	
Other Charges		21,835	
Maintenance Equipment		62,701	
Total Maintenance of Plant			\$ 1,385,899

Transportation

Supervisor/Director	\$	56,368	
Mechanic(s)		163,000	
Bus Drivers		1,023,140	
Clerical Personnel		21,269	
Longevity Pay		4,800	
Other Salaries and Wages		17,351	
Social Security		77,907	
State Retirement		58,358	
Life Insurance		463	
Medical Insurance		53,989	
Dental Insurance		1,174	
Employer Medicare		18,443	
Maintenance and Repair Services - Vehicles		26,288	
Medical and Dental Services		8,708	
Other Contracted Services		30,235	
Diesel Fuel		337,541	
Garage Supplies		6,101	
Gasoline		72,330	
Lubricants		9,918	
Tires and Tubes		58,162	
Vehicle Parts		96,168	
Other Charges		10,727	
Transportation Equipment		619,548	
Total Transportation			2,771,988

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	81,825	
Longevity Pay		1,500	
Other Salaries and Wages		53,051	
Social Security		8,433	
State Retirement		7,938	
Life Insurance		68	
Medical Insurance		6,119	
Dental Insurance		200	
Employer Medicare		1,972	
Communication		1,454	
Travel		200	

(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	\$	9,432	
Other Supplies and Materials		6,068	
Other Charges		2,471	
Other Equipment		1,363	
Total Community Services			\$ 182,094

Early Childhood Education

Supervisor/Director	\$	8,743	
Teachers		270,726	
Clerical Personnel		9,316	
Educational Assistants		124,482	
Longevity Pay		4,127	
Other Salaries and Wages		1,140	
Non-certified Substitute Teachers		7,302	
Social Security		23,806	
State Retirement		39,011	
Life Insurance		1,053	
Medical Insurance		114,679	
Dental Insurance		2,717	
Employer Medicare		5,568	
Contracts with Other Public Agencies		93,846	
Travel		348	
Other Contracted Services		1,804	
Instructional Supplies and Materials		20,919	
In Service/Staff Development		2,117	
Other Charges		4,021	
Other Equipment		21,364	
Total Early Childhood Education			757,089

Total General Purpose School Fund \$ 48,967,371

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	167,899	
Educational Assistants		571,277	
Longevity Pay		31,379	
Other Salaries and Wages		18,690	
Certified Substitute Teachers		4,595	
Non-certified Substitute Teachers		5,280	
Social Security		46,998	
State Retirement		103,767	
Life Insurance		3,280	
Medical Insurance		344,855	
Dental Insurance		6,897	
Employer Medicare		10,992	
Instructional Supplies and Materials		99,627	
Other Charges		3,998	
Regular Instruction Equipment		379,965	
Total Regular Instruction Program			\$ 1,799,499

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$	93,366	
Homebound Teachers		405	
Educational Assistants		500,860	
Non-certified Substitute Teachers		3,258	
Social Security		36,636	
State Retirement		84,371	
Life Insurance		2,938	
Medical Insurance		303,097	
Dental Insurance		5,398	
Employer Medicare		8,568	
Other Fringe Benefits		26,327	
Other Contracted Services		54,510	
Instructional Supplies and Materials		30,215	
Other Supplies and Materials		19,866	
Other Charges		15,741	
Special Education Equipment		28,286	
Total Special Education Program			\$ 1,213,842

Vocational Education Program

Teachers	\$	19,663	
Social Security		1,219	
State Retirement		1,746	
Life Insurance		34	
Medical Insurance		5,259	
Dental Insurance		100	
Employer Medicare		285	
Instructional Supplies and Materials		615	
Vocational Instruction Equipment		57,715	
Total Vocational Education Program			86,636

Support Services

Other Student Support

Other Salaries and Wages	\$	108,499	
Social Security		6,727	
State Retirement		13,300	
Employer Medicare		1,574	
Evaluation and Testing		18,885	
Travel		30,618	
Other Contracted Services		3,891	
Other Supplies and Materials		8,362	
In Service/Staff Development		6,158	
Other Charges		17,788	
Other Equipment		5,952	
Total Other Student Support			221,754

Regular Instruction Program

Supervisor/Director	\$	69,945	
Clerical Personnel		39,309	
Other Salaries and Wages		622,793	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Certified Substitute Teachers	\$	3,325	
Non-certified Substitute Teachers		5,500	
Social Security		38,800	
State Retirement		59,272	
Life Insurance		787	
Medical Insurance		94,571	
Dental Insurance		2,449	
Employer Medicare		10,165	
Travel		11,355	
Other Contracted Services		38,830	
Food Supplies		8,153	
Other Supplies and Materials		28,498	
In Service/Staff Development		74,543	
Other Charges		25,538	
Other Equipment		20,950	
Total Regular Instruction Program			\$ 1,154,783

Special Education Program

Psychological Personnel	\$	145,544	
Other Salaries and Wages		48,117	
Social Security		11,288	
State Retirement		20,126	
Life Insurance		279	
Medical Insurance		34,230	
Dental Insurance		616	
Employer Medicare		2,640	
Other Fringe Benefits		640	
Maintenance and Repair Services - Equipment		560	
Travel		3,644	
Other Contracted Services		5,153	
In Service/Staff Development		28,201	
Total Special Education Program			301,038

Vocational Education Program

Travel	\$	1,190	
Total Vocational Education Program			1,190

Transportation

Bus Drivers	\$	56,889	
Other Salaries and Wages		14,809	
Social Security		4,445	
State Retirement		4,387	
Employer Medicare		1,040	
Total Transportation			81,570

Total School Federal Projects Fund \$ 4,860,312

(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

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	46,134	
Accountants/Bookkeepers		61,977	
Cafeteria Personnel		873,112	
Longevity Pay		21,069	
Other Salaries and Wages		18,350	
In-Service Training		2,147	
Social Security		60,236	
State Retirement		95,380	
Life Insurance		2,422	
Medical Insurance		240,245	
Dental Insurance		5,431	
Employer Medicare		14,406	
Communication		9,276	
Maintenance and Repair Services - Equipment		19,504	
Transportation - Other than Students		8,862	
Travel		3,510	
Other Contracted Services		181,500	
Food Supplies		1,432,745	
Office Supplies		8,824	
USDA - Commodities		200,104	
Other Supplies and Materials		165,030	
In Service/Staff Development		11,041	
Food Service Equipment		39,424	
Total Food Service			\$ 3,520,729

Total Central Cafeteria Fund \$ 3,520,729

Education Capital Projects Fund

Capital Projects

Other General Government Projects

Building Improvements	\$	360,960	
Total Other General Government Projects			\$ 360,960

Education Capital Projects

Architects	\$	5,197	
Other Contracted Services		921	
Furniture and Fixtures		189,169	
Other Equipment		32,554	
Total Education Capital Projects			227,841

Total Education Capital Projects Fund 588,801

Other Capital Projects Fund - QSCB

Capital Projects

Education Capital Projects

Architects	\$	356,113	
Other Equipment		22,565	
Total Education Capital Projects			\$ 378,678

Total Other Capital Projects Fund - QSCB 378,678

(Continued)

Exhibit K-8

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

<u>Other Capital Projects Fund - RZEDB</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Architects	\$	58,886
Building Construction		7,880,783
Other Equipment		374,629
Total Education Capital Projects		<u>\$ 8,314,298</u>
Total Other Capital Projects Fund - RZEDB		\$ 8,314,298
<u>Other Capital Projects Fund - JCHS</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Other Contracted Services	\$	1,690,617
Other Equipment		13,216
Total Education Capital Projects		<u>\$ 1,703,833</u>
Total Other Capital Projects Fund - JCHS		<u>1,703,833</u>
Total Governmental Funds - Jefferson County School Department		<u>\$ 68,334,022</u>

Exhibit K-9

Jefferson County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2013

	Cities - Sales Tax	Cities - Property Tax	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 990,204	\$ 990,204
Trustee's Collections - Prior Years	0	42,707	42,707
Circuit/Clerk and Master Collections - Prior Years	0	26,356	26,356
Interest and Penalty	0	8,360	8,360
Local Option Sales Tax	4,597,090	0	4,597,090
Total Cash Receipts	\$ 4,597,090	\$ 1,067,627	\$ 5,664,717
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 4,551,118	\$ 1,066,317	\$ 5,617,435
Trustee's Commission	45,972	21,089	67,061
Total Cash Disbursements	\$ 4,597,090	\$ 1,087,406	\$ 5,684,496
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ (19,779)	\$ (19,779)
Cash Balance, July 1, 2012	0	32,895	32,895
Cash Balance, June 30, 2013	\$ 0	\$ 13,116	\$ 13,116

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT 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***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2013, and the related notes to the financial statements, which collectively comprise Jefferson County's basic financial statements, and have issued our report thereon dated January 30, 2014. Our report includes a reference to other auditors who audited the financial statements of the Jefferson County Nursing Home and the Jefferson County Emergency Communications District, as described in our report on Jefferson County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Jefferson County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of Jefferson County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or

significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and 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 a 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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 2013-005 and 2013-006.

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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2013-001 and 2013-003.

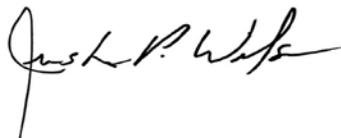
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jefferson County's financial statements are free from 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: 2013-002 and 2013-004.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jefferson County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 30, 2014

JPW/yu



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

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Jefferson County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Jefferson County's major federal programs for the year ended June 30, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Jefferson County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Jefferson County's compliance.

Opinion on Each Major Federal Program

In our opinion, Jefferson County complied, in all material respects, with the types of compliance 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, 2013.

Report on Internal Control Over Compliance

Management of Jefferson County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jefferson County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we

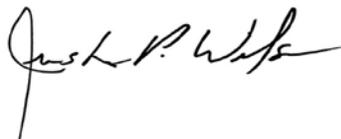
consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2013, and the related notes to the financial statements, which collectively comprise Jefferson County's basic financial statements. We issued our report thereon dated January 30, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 30, 2014

JPW/yu

Jefferson County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2013

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 Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 589,827
National School Lunch Program	10.555	N/A	1,728,589 (4)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	200,104 (4)
Total U.S. Department of Agriculture			<u>\$ 2,518,520</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	33268	\$ 238,472
Total U.S. Department of Housing and Urban Development			<u>\$ 238,472</u>
U.S. Department of Justice:			
Passed-through Tennessee Bureau of Investigation:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	(2)	\$ 798
Passed-through Tennessee Supreme Court:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	(2)	4,000 (5)
Passed-through State Department of Finance and Administration:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	(2)	24,750 (5)
Total U.S. Department of Justice			<u>\$ 29,548</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	Z-12-GH5152	\$ 10,827
Total U.S. Department of Transportation			<u>\$ 10,827</u>
U.S. Institute of Museum and Library Services:			
Passed-through State Library and Archives:			
Grants to States	45.310	(2)	\$ 1,665
Total U.S. Institute of Museum and Library Services			<u>\$ 1,665</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	\$ 78,846
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	2,368,939
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,606,452
Special Education - Preschool Grants	84.173	N/A	54,811
Career and Technical Education - Basic Grants to States	84.048	N/A	117,207
Twenty-first Century Community Learning Centers	84.287	N/A	149,547
English Language Acquisition Grants	84.365	N/A	36,620
Improving Teacher Quality State Grants	84.367	N/A	212,236

(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.):			
Passed-through State Department of Education (Cont.):			
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	\$ 405,323
Total U.S. Department of Education			<u>\$ 5,029,981</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)	\$ 27,085
Total U.S. Department of Health and Human Services			<u>\$ 27,085</u>
Executive Office of the President:			
Direct Program:			
High Intensity Drug Trafficking Areas Program	95.001	G12AP001A	\$ 10,011
Total Executive Office of the President			<u>\$ 10,011</u>
U.S. Department of Homeland Security:			
Passed-through State Department of the Military:			
Emergency Management Performance Grants	97.042	34101-22310	\$ 1,500
Homeland Security Grant Program	97.067	(3)	21,821
Total U.S. Department of Homeland Security			<u>\$ 23,321</u>
Total Expenditures of Federal Awards			<u>\$ 7,889,430</u>

State Grants

		<u>Contract Number</u>	
Health Department Programs - State Department of Health	N/A	GG-133848	\$ 124,260
Litter Program - State Department of Transportation	N/A	45-500-4079-04	57,977
Used Oil Grant - State Department of Environment and Conservation	N/A	(2)	7,021
Adult Basic Education - State Department of Education	N/A	(2)	12,886
Early Childhood Education Pilot Project - State Department of Education	N/A	(2)	761,276
Coordinated School Health - State Department of Education	N/A	(2)	124,823
Family Resource Center - State Department of Education	N/A	(2)	56,364
Safe Schools Act of 1998 - State Department of Education	N/A	(2)	54,393
Total State Grants			<u>\$ 1,199,000</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) Contract No. 34101-9503: \$16,239; Contract No. 34101-05842: \$5,582.
- (4) Total for CFDA No. 10.555 is \$1,928,693.
- (5) Total for CFDA No. 16.738 is \$28,750.

Jefferson County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2013

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, 2012, which have not been corrected.

OFFICE OF COUNTY CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.04	214	Usernames and passwords were shared by employees

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.05	215	The clerk had not determined costs associated with delinquent collections

JEFFERSON COUNTY

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.07	217	The Solid Waste Disposal Fund had a deficit in unrestricted net position
12.08	217	Jefferson County has a material recurring audit finding

JEFFERSON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Jefferson County is unmodified.
2. The audit of the financial statements of Jefferson County disclosed significant deficiencies in internal control. Two of these conditions were considered to be material weaknesses.
3. The audit disclosed one instance of noncompliance that was material to the financial statements of Jefferson County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified 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), Title I Grants to Local Educational Agencies (CFDA No. 84.010), the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), and the State Fiscal Stabilization Fund – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Jefferson County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response; however, management did not provide responses for inclusion in this report.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2013-001 **THE SCHOOL FEDERAL PROJECTS FUND HAD A DEFICIT UNASSIGNED FUND BALANCE AT JUNE 30, 2013**

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

The School Federal Projects Fund had a deficit unassigned fund balance of \$63,249 at June 30, 2013. This deficit resulted from the deferral of grant revenues of \$77,032 that were not received within the period of availability. In addition, expenditure reimbursements of \$17,962 were not recognized as revenue because the reimbursement was not requested until July 19, 2013. These deficiencies were the result of a lack of management oversight.

RECOMMENDATION

Management should liquidate the deficit unassigned fund balance and should request expenditure reimbursements from grant programs in a timely manner.

FINDING 2013-002 **EXPENDITURES EXCEEDED APPROPRIATIONS IN THE TRANSPORTATION MAJOR CATEGORY OF THE GENERAL PURPOSE SCHOOL FUND**

(Material Noncompliance Under *Government Auditing Standards*)

Expenditures exceeded appropriations in the Transportation major appropriation category (the legal level of control) of the General Purpose School Fund by \$255,271. 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 for 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 resulted from the recognition of encumbrances for school buses totaling \$439,923 without a corresponding amendment to appropriations. Funding for bus purchases will be provided in the fiscal year ending June 30, 2014, by using \$72,000 of assigned fund balance and through other appropriations.

RECOMMENDATION

Management should ensure that expenditures are held within appropriations approved by the Board of Education and County Commission.

OFFICE OF COUNTY CLERK

FINDING 2013-003

USERNAMES AND PASSWORDS WERE SHARED BY EMPLOYEES

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

Although each employee had been assigned a unique username and password for accessing the office's accounting software, employees also used a shared username and password when processing transactions. If inappropriate activity were to occur, the employee responsible for this activity would not be easily identified because of the shared username. Sound business practices dictate that each transaction be identified to the individual creating the transaction. This deficiency was the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The shared username and password should be removed from the application. Each employee should access the application using his or her unique username and password to ensure transactions are properly identified to that employee.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 2013-004

THE CLERK HAD NOT DETERMINED COSTS ASSOCIATED WITH THE DELINQUENT COLLECTION PROCEDURES

(Noncompliance Under *Government Auditing Standards*)

During the previous fiscal year, the circuit and general sessions courts clerk established in-house collection procedures as authorized by Section 40-24-105 (d), *Tennessee Code Annotated*. This section provides that after fines, costs, or litigation taxes have been in default for at least six months, the clerk may establish in-house collection procedures to collect such fines, costs, and litigation taxes. This statute also provides that the clerk may retain up to 50 percent of the fines, costs, and litigation taxes to "defray the costs of the collections."

The clerk did not determine the costs associated with the in-house collection procedures. Therefore, the clerk had no method to determine costs associated with the in-house collection process and what amount should be remitted to the original agency. The clerk's failure to document the cost of the in-house delinquent collections could result in certain

litigation taxes being diverted to the county that should have been paid to the state. It should be noted, that the clerk remitted delinquent cost collections of \$66,523 from Circuit Court and \$86,836 from General Sessions Court to the county trustee during the fiscal year. This finding has been transmitted to the Tennessee Department of Revenue. This finding is the result in the failure of management to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The clerk should document the actual costs associated with the in-house collection procedures, and the clerk should retain only such amounts as authorized by statute. Any amounts collected in excess of the costs of the in-house collections procedures should be paid to the appropriate agency.

JEFFERSON COUNTY

FINDING 2013-005

THE SOLID WASTE DISPOSAL FUND HAD A DEFICIT IN UNRESTRICTED NET POSITION

(Internal Control – Material Weakness Under Government Auditing Standards)

The Solid Waste Disposal Fund had a deficit of \$5,139,825 in unrestricted net position at June 30, 2013, an increase of \$245,507 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 \$5,438,312 reported as landfill closure and postclosure care liability at June 30, 2013, represents the cumulative amount reported to date based on 49 percent of the estimated capacity of the Patterson Landfill Site (\$3,463,799) and postclosure care costs of the Highway 92 Landfill Site (\$1,974,513). Generally accepted accounting principles and state statutes require that such costs be reflected in the financial statements. This deficiency exists because of the failure of management to correct the finding noted in the prior-year audit report and results in inadequate financing to fund the liability.

RECOMMENDATION

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

FINDING 2013-006

**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>
2013-005, 12.07, 11.08	The Solid Waste Disposal Fund had a deficit in unrestricted net position

The recurring nature of the above-noted finding indicates that management is either unwilling or unable to address the deficiency. Jefferson County has established an Audit Committee to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

RECOMMENDATION

Jefferson County should work with its Audit Committee to correct the above-noted material weakness in internal control.

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

There were no findings and questioned costs for federal programs.

**JEFFERSON COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2013**

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