

ANNUAL FINANCIAL REPORT
CLAIBORNE COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2015



DIVISION OF LOCAL GOVERNMENT AUDIT



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FOR THE YEAR ENDED JUNE 30, 2015

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

MARK TREECE, CPA, CGFM
Audit Manager

AMY SOSVILLE, CPA, CGFM
Auditor 4

VERNA DAVIS
KRISTINE GALITZA, CPA
PHILIP TOBY, CGFM
DOUG SANDIDGE, CISA, CFE
State Auditors

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

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Summary of Audit Findings

Annual Financial Report
Claiborne County, Tennessee
For the Year Ended June 30, 2015

Scope

We have audited the basic financial statements of Claiborne County, Tennessee, as of and for the year ended June 30, 2015.

Results

Our report on the governmental activities and the aggregate discretely presented component units is qualified. Our report for each major fund, the aggregate remaining fund information, and the budgetary comparisons of the General, Solid Waste/Sanitation, and Highway/Public Works funds is unmodified.

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

Findings

The following is a summary of the audit findings:

OFFICES OF COUNTY MAYOR, HIGHWAY SUPERINTENDENT, AND FINANCE DIRECTOR

- ◆ All eligible employees do not participate in the Tennessee Consolidated Retirement System.

OFFICES OF COUNTY MAYOR, SHERIFF, AND FINANCE DIRECTOR

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

OFFICES OF COUNTY CLERK, CLERK AND MASTER, REGISTER OF DEEDS, AND SHERIFF

- ◆ Duties were not segregated adequately.

INTRODUCTORY SECTION

Claiborne County Officials
June 30, 2015

Officials

Jack Daniels, County Mayor
Ronald Pittman, Road Superintendent
Connie Holdway, Director of Schools
Alice Alexander, Trustee
Kay Sandifer, Assessor of Property
Evelyn Hill, County Clerk
Jackie Rosenbalm, Circuit, General Sessions, and Juvenile Courts Clerk
Frances Cardwell, Clerk and Master
Kimberly Harmon-Reece, Register of Deeds
David Ray, Sheriff
Sam Owens, Finance Director

Board of County Commissioners

David Mundy, Chairman	
Ann Bowling	Billy Johnson
Zachary Bunch	Bill Keck
Mike Campbell	Danny Longworth
Joan Cosby	Steve Mason
Mitchell Cosby	Shawn Peters
Nicholas Epperson	Gary Poore
Dennis Estes	Anthony Rowe
James Hatmaker	Whitt Shuford
Juanita Honeycutt	Aimee Upton
William Jessie	Charlton Vass

Board of Education

Shannon England, Chairman	Sam Owens
Linda Fultz	Dot Patterson
Michael Jo Gray	Brian Pendleton
Neta Munsey	

Financial Management Committee

Jack Daniels, County Mayor	Mike Campbell
Ronald Pittman, Road Superintendent	Juanita Honeycutt
Connie Holdway, Director of Schools	Danny Longworth
	David Mundy

Audit Committee

Mike Campbell
Joan Cosby
Mitchell Cosby

Aimee Upton
Charlton Vass

FINANCIAL 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**

Independent Auditor's Report

Claiborne County Mayor and
Board of County Commissioners
Claiborne 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Claiborne County, Tennessee, as of and for the year ended June 30, 2015, 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 Claiborne County Economic and Community Development Board. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Claiborne County Economic and Community Development Board is based solely on the report of the other auditors. We were unable to determine the Claiborne County Economic and Community Development Board's respective percentage of the assets, net position, and revenues of the aggregate discretely presented component units because the Claiborne County Emergency Communications District, a component unit requiring discrete presentation, was not included in the county's financial statements. 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.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Aggregate Discretely Presented Component Units	Qualified
General Fund	Unmodified
Solid Waste/Sanitation Fund	Unmodified
Other Special Revenue Fund	Unmodified
Highway/Public Works Fund	Unmodified
General Debt Service Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinions on Governmental Activities and the Aggregated Discretely Presented Component Units

As discussed in Note III.B. to the financial statements, Claiborne County did not comply with mandatory membership requirements of the Tennessee Consolidated Retirement System, which are established by state statute. Consequently, the net pension liability (asset) established by the actuary and recorded in the financial statements for the agent pension plan administered by the Tennessee Consolidated Retirement System does not include a liability for the current and former employees who have been illegally excluded from the pension system. The agent plan

includes employees of the primary government as well as non-certified employees of the discretely presented Claiborne County School Department. The amount by which this departure would affect the assets, deferred outflows, liabilities, deferred inflows, net position, pension income, and expenses of the governmental activities has not been determined. Because non-certified employees of the discretely presented School Department are included in the agent plan, any adjustment necessary to reported plan amounts due to noncompliance by the primary government may also affect the allocation of reported plan amounts between the primary government and the discretely presented School Department. The amount of such adjustment, if any, that would have been required to assets, deferred outflows, liabilities, deferred inflows, net position, pension income, and expenses of the aggregate discretely presented component units, had the primary government complied with the statutory membership requirements of the Tennessee Consolidated Retirement System, has not been determined.

Qualified Opinions

In our opinion, except for the matter described in the “Basis for Qualified Opinions on Governmental Activities and the Aggregate Discretely Presented Component Units” paragraph above, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate discretely presented component units of Claiborne County, Tennessee, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information, of Claiborne County, Tennessee, as of June 30, 2015, and the respective changes in financial position for the year then ended, and the respective budgetary comparisons for the General, Solid Waste/Sanitation, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Claiborne County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* also became effective during the year; however, Claiborne County elected to early implement this statement during the prior year. Our opinion is not modified with respect to this matter.

Emphasis of Matter

We draw attention to Note I.D.9. to the financial statements, which describes a prior-period adjustment to the governmental activities and the Other Special Revenue Fund totaling \$187,495. This adjustment was due to the overstatement of liabilities for self-insured health claims, which were acquired at the time of the sale/lease of the Claiborne County Hospital and Nursing Home during the previous fiscal year. Our opinion is not modified with respect to this matter.

We draw attention to Note I.D.10. to the financial statements, which describes a restatement to decrease the beginning governmental activities net position totaling \$620,706 and a decrease to the beginning governmental activities of the discretely presented Claiborne County School Department's net position totaling \$7,594,764 on the Government-wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

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 schedule of changes in the county's net pension liability and related ratios, schedule of county contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress - other postemployment benefit(s) plan(s) on pages 92—98 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 Claiborne County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Claiborne County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Claiborne County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management

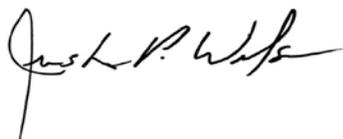
and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing 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 and the General Debt Service Fund, combining and individual fund financial statements of the Claiborne County School Department (a discretely presented component unit), and miscellaneous schedules are 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 September 30, 2015, on our consideration of Claiborne 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 Claiborne County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 30, 2015

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Claiborne County, Tennessee
Statement of Net Position
June 30, 2015

	<u>Component Units</u>		
	<u>Primary Governmental Activities</u>	<u>Claiborne County School Department</u>	<u>Claiborne County Economic and Community Development Board</u>
<u>ASSETS</u>			
Cash	\$ 108,268	\$ 678,660	\$ 0
Equity in Pooled Cash and Investments	3,756,019	3,064,194	712,539
Accounts Receivable	243,825	33,104	0
Allowance for Uncollectibles	(5,882)	0	0
Due from Other Governments	622,071	1,199,168	0
Due from Component Units	195,482	0	0
Property Taxes Receivable	7,012,483	6,899,377	115,851
Allowance for Uncollectible Property Taxes	(411,371)	(404,735)	(3,615)
Restricted Assets:			
Other Restricted Assets	1,919,704	0	0
Net Pension Asset - Cost Share Plan	0	76,728	0
Net Pension Asset - Agent Plan	773,173	1,780,239	0
Capital Assets:			
Assets Not Depreciated:			
Land	1,054,592	1,184,296	253,675
Construction in Progress	79,459	0	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	20,202,915	34,125,219	272,616
Other Capital Assets	2,376,375	1,908,131	0
Infrastructure - Roads, Streets, and Bridges	19,462,985	0	0
Total Assets	<u>\$ 57,390,098</u>	<u>\$ 50,544,381</u>	<u>\$ 1,351,066</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
Deferred Charge on Refunding	\$ 22,345	\$ 0	\$ 0
Pension Changes in Experience	0	186,277	0
Pension Contributions - Subsequent to Measurement Date	236,564	1,931,230	0
Total Deferred Outflow of Resources	<u>\$ 258,909</u>	<u>\$ 2,117,507</u>	<u>\$ 0</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 437,524	\$ 629,317	\$ 0
Accrued Payroll	121,352	1,908	0
Payroll Deductions Payable	0	11,755	0
Accrued Interest Payable	341,328	0	0
Due to Primary Government	0	195,482	0
Noncurrent Liabilities:			
Due Within One Year	3,349,806	0	0
Due in More Than One Year	39,908,297	337,909	0
Total Liabilities	<u>\$ 44,158,307</u>	<u>\$ 1,176,371</u>	<u>\$ 0</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 6,407,464	\$ 6,304,118	\$ 103,609
Pension Changes in Experience	394,458	908,244	0
Pension Changes in Investment Earnings	905,663	8,407,211	0
Pension Other Deferrals	0	35,032	0
Total Deferred Inflows of Resources	<u>\$ 7,707,585</u>	<u>\$ 15,654,605</u>	<u>\$ 103,609</u>

(Continued)

Exhibit A

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

	<u>Component Units</u>		
	<u>Primary Government Governmental Activities</u>	<u>Claiborne County School Department</u>	<u>Claiborne County Economic and Community Development Board</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 36,136,018	\$ 37,217,646	\$ 526,291
Restricted for:			
General Government	53,793	0	0
Finance	107,868	0	0
Administration of Justice	53,938	0	0
Public Safety	154,412	0	0
Public Health and Welfare	181,529	0	0
Highways	616,201	0	0
Debt Service	249,001	0	0
Education	0	12,526	0
Capital Projects	4,925	1,324	0
Other Purposes	2,062,492	0	0
Unrestricted	<u>(33,837,062)</u>	<u>(1,400,584)</u>	<u>721,166</u>
Total Net Position	<u>\$ 5,783,115</u>	<u>\$ 35,830,912</u>	<u>\$ 1,247,457</u>

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

Exhibit B

Claiborne County, Tennessee
 Statement of Activities
 For the Year Ended June 30, 2015

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							Claiborne County Economic and Community Development Board
	Program Revenues			Primary Government Total Governmental Activities	Claiborne County School Department	Component Units		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			Claiborne County Economic and Community Development Board	Claiborne County Economic and Community Development Board	
Primary Government:								
Governmental Activities:								
General Government	\$ 2,035,069	\$ 209,396	\$ 15,164	\$ 0	\$ (1,810,509)	\$ 0	\$ 0	0
Finance	1,327,850	743,882	0	0	(583,968)	0	0	0
Administration of Justice	913,477	664,695	0	0	(248,782)	0	0	0
Public Safety	5,640,536	1,609,929	21,000	56,418	(3,953,189)	0	0	0
Public Health and Welfare	3,777,818	367,031	421,303	25,350	(2,964,134)	0	0	0
Social, Cultural, and Recreational Services	158,689	0	20,043	0	(138,646)	0	0	0
Agriculture and Natural Resources	129,954	0	0	0	(129,954)	0	0	0
Highways	2,872,754	1,200	1,746,321	965,194	(160,039)	0	0	0
Interest on Long-term Debt	1,501,911	0	0	0	(1,501,911)	0	0	0
Total Primary Government	\$ 18,358,058	\$ 3,596,133	\$ 2,223,831	\$ 1,046,962	\$ (11,491,132)	\$ 0	\$ 0	0
Component Units:								
School Department	\$ 42,071,823	\$ 406,761	\$ 5,861,894	\$ 36,900	\$ 0	\$ (35,766,268)	\$ 0	0
Economic and Community Development Board	68,028	0	0	0	0	0	0	(68,028)
Total Component Units	\$ 42,139,851	\$ 406,761	\$ 5,861,894	\$ 36,900	\$ 0	\$ (35,766,268)	\$ (68,028)	(68,028)

(Continued)

Exhibit B

Claiborne 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 Government Total Governmental Activities	Claiborne County Economic and Community Development Board
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 5,138,381	\$ 6,583,719
Property Taxes Levied for Solid Waste/Sanitation					1,258,911	0
Property Taxes Levied for Highways					53,838	0
Property Taxes Levied for Debt Service					161,064	0
Property Taxes Levied for Highway Capital Projects					105,227	0
Local Option Sales Taxes					0	2,505,503
Wheel Tax					732,054	0
Coal Severance Tax					376,952	389,421
General Litigation Tax					114,189	0
Wholesale Beer Tax					51,037	0
Mineral Severance Tax					27,180	0
Hotel/Motel Tax					32,929	0
Other Taxes					185,170	2,928
Grants and Contributions Not Restricted to Specific Programs					4,120,270	26,923,190
Unrestricted Investment Income					52,017	2,670
Miscellaneous					172,330	382,130
Pension Income					93,758	287,521
Gain on Disposal of Capital Assets					0	5,785
Total General Revenues					\$ 12,675,307	\$ 37,082,867
Change in Net Position						
Net Position, July 1, 2014					\$ 1,184,175	\$ 1,316,599
Prior-period Adjustment - See Note I.D.9.					5,032,151	42,109,077
Prior-period Restatement - See Note I.D.10.					187,495	0
					(620,706)	(7,594,764)
Net Position, June 30, 2015					\$ 5,783,115	\$ 35,830,912
						\$ 1,247,457

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

Exhibit C-1

Claiborne County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2015

	Major Funds					General Debt Service
	General	Solid Waste / Sanitation	Other Special Revenue	Highway / Public Works	General	
ASSETS						
Cash	\$ 0	\$ 400	\$ 0	\$ 0	\$ 0	0
Equity in Pooled Cash and Investments	2,400,757	344,430	0	430,248	501,340	0
Accounts Receivable	11,831	59,153	172,841	0	0	0
Allowance for Uncollectibles	0	(5,882)	0	0	0	0
Due from Other Governments	209,810	40	0	412,221	0	0
Due from Other Funds	0	0	0	0	93,738	0
Property Taxes Receivable	5,361,156	1,314,840	0	56,553	169,657	0
Allowance for Uncollectible Property Taxes	(314,499)	(77,132)	0	(3,318)	(9,953)	0
Restricted Assets:						
Other Restricted Assets	0	0	1,919,704	0	0	0
Total Assets	\$ 7,669,055	\$ 1,635,849	\$ 2,092,545	\$ 895,704	\$ 754,782	
Accounts Payable	\$ 220,024	\$ 61,028	\$ 30,053	\$ 116,685	\$ 9,434	0
Accrued Payroll	85,885	10,602	0	24,865	0	0
Due to Other Funds	93,738	0	0	0	0	0
Total Liabilities	\$ 399,647	\$ 71,630	\$ 30,053	\$ 141,550	\$ 9,434	
DEFERRED INFLOWS OF RESOURCES						
Deferred Current Property Taxes	\$ 4,898,610	\$ 1,201,399	\$ 0	\$ 51,673	\$ 155,019	0
Deferred Delinquent Property Taxes	130,300	31,956	0	1,375	4,123	0
Other Deferred/Unavailable Revenue	15,222	20,345	172,841	156,217	0	0
Total Deferred Inflows of Resources	\$ 5,044,132	\$ 1,253,700	\$ 172,841	\$ 209,265	\$ 159,142	

(Continued)

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

	Major Funds					General Debt Service
	General	Solid Waste / Sanitation	Other Special Revenue	Highway / Public Works		
\$ 53,793 \$	0 \$	0 \$	0 \$	0 \$	0	0
0	0	0	0	0	0	0
53,938	0	0	0	0	0	0
77,348	0	0	0	0	0	0
129,228	0	0	0	0	0	0
0	0	0	0	460,193	0	0
0	0	0	0	0	0	586,206
0	0	0	0	0	0	0
0	0	1,889,651	0	0	0	0
0	310,519	0	0	0	0	0
0	0	0	0	84,696	0	0
383,575	0	0	0	0	0	0
1,527,394	0	0	0	0	0	0
<u>\$ 2,225,276 \$</u>	<u>310,519 \$</u>	<u>1,889,651 \$</u>	<u>544,889 \$</u>	<u>895,704 \$</u>	<u>586,206</u>	<u>586,206</u>
\$ 7,669,055 \$	1,635,849 \$	2,092,545 \$	895,704 \$	754,782		

FUND BALANCES

Restricted:

- Restricted for General Government
- Restricted for Finance
- Restricted for Administration of Justice
- Restricted for Public Safety
- Restricted for Public Health and Welfare
- Restricted for Highways/Public Works
- Restricted for Debt Service
- Restricted for Capital Projects
- Restricted for Other Purposes

Committed:

- Committed for Public Health and Welfare
- Committed for Highways/Public Works

Assigned:

- Assigned for Other Operations
- Unassigned

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

(Continued)

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

	Nonmajor Funds	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 107,868	\$	108,268
Equity in Pooled Cash and Investments	79,244		3,756,019
Accounts Receivable	0		243,825
Allowance for Uncollectibles	0		(5,882)
Due from Other Governments	0		622,071
Due from Other Funds	0		93,738
Property Taxes Receivable	110,277		7,012,483
Allowance for Uncollectible Property Taxes	(6,469)		(411,371)
Restricted Assets:			
Other Restricted Assets	0		1,919,704
Total Assets	<u>\$ 290,920</u>	<u>\$</u>	<u>13,338,855</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 300	\$	437,524
Accrued Payroll	0		121,352
Due to Other Funds	0		93,738
Total Liabilities	<u>\$ 300</u>	<u>\$</u>	<u>652,614</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 100,763	\$	6,407,464
Deferred Delinquent Property Taxes	2,680		170,434
Other Deferred/Unavailable Revenue	0		364,625
Total Deferred Inflows of Resources	<u>\$ 103,443</u>	<u>\$</u>	<u>6,942,523</u>

(Continued)

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

	Nonmajor Funds	Other Govern- mental Funds	Total Governmental Funds
<u>FUND BALANCES</u>			
Restricted:			
Restricted for General Government	0	\$	53,793
Restricted for Finance	107,868		107,868
Restricted for Administration of Justice	0		53,938
Restricted for Public Safety	77,064		154,412
Restricted for Public Health and Welfare	0		129,228
Restricted for Highways/Public Works	0		460,193
Restricted for Debt Service	0		586,206
Restricted for Capital Projects	2,245		2,245
Restricted for Other Purposes	0		1,889,651
Committed:			
Committed for Public Health and Welfare	0		310,519
Committed for Highways/Public Works	0		84,696
Assigned:			
Assigned for Other Operations	0		383,575
Unassigned	0		1,527,394
Total Fund Balances	<u>\$ 187,177</u>	<u>\$</u>	<u>5,743,718</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 290,920</u>	<u>\$</u>	<u>13,338,855</u>

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

Claiborne County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2015

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)		\$	5,743,718
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,054,592	
Add: construction in progress		79,459	
Add: infrastructure net of accumulated depreciation		19,462,985	
Add: buildings and improvements net of accumulated depreciation		20,202,915	
Add: other capital assets net of accumulated depreciation		<u>2,376,375</u>	43,176,326
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(561,778)	
Less: capital leases payable		(324,488)	
Less: bonds payable		(40,270,000)	
Less: other loans payable		(195,482)	
Add: due from component unit for loans payable		195,482	
Add: deferred amount on refunding		22,345	
Less: compensated absences payable		(310,739)	
Less: landfill closure/postclosure care costs		(972,417)	
Less: accrued interest on bonds, notes, and other loans		(341,328)	
Less: other deferred revenue - premium on debt		<u>(623,199)</u>	(43,381,604)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expenses in future years:			
Add: deferred outflows of resources related to pensions	\$	236,564	
Less: deferred inflows of resources related to pensions		<u>(1,300,121)</u>	(1,063,557)
(4) Net pension assets are not current financial resources and are therefore not reported in the governmental funds			773,173
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>535,059</u>
Net position of governmental activities (Exhibit A)		\$	<u>5,783,115</u>

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

Exhibit C-3

Claiborne County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	Major Funds				
	General	Solid Waste/ Sanitation	Other Special Revenue	Highway/ Public Works	General Debt Service
<u>Revenues</u>					
Local Taxes	\$ 5,647,583	\$ 1,286,001	\$ 0	\$ 530,838	\$ 893,593
Licenses and Permits	8,860	0	0	0	0
Fines, Forfeitures, and Penalties	134,714	0	0	0	0
Charges for Current Services	122,621	435,124	0	0	0
Other Local Revenues	310,253	20,792	119,797	2,525	3,088,078
Fees Received from County Officials	854,274	0	0	0	0
State of Tennessee	2,593,848	20,043	0	2,657,641	0
Federal Government	91,968	0	63,620	55,332	0
Total Revenues	\$ 9,764,121	\$ 1,761,960	\$ 183,417	\$ 3,246,336	\$ 3,981,671
<u>Expenditures</u>					
Current:					
General Government	\$ 1,105,272	\$ 0	\$ 17,533	\$ 0	\$ 0
Finance	924,986	0	0	0	0
Administration of Justice	888,629	0	0	0	0
Public Safety	5,425,890	0	0	0	0
Public Health and Welfare	398,164	1,812,885	258,330	0	0
Social, Cultural, and Recreational Services	161,458	0	0	0	0
Agriculture and Natural Resources	132,636	0	0	0	0
Other Operations	831,717	0	150,738	0	0
Highways	0	0	0	2,855,261	0
Debt Service:					
Principal on Debt	0	0	0	0	2,919,559
Interest on Debt	0	0	0	0	1,732,924
Other Debt Service	0	0	0	0	6,101
Capital Projects	140,000	0	741,553	0	0
Total Expenditures	\$ 10,008,752	\$ 1,812,885	\$ 1,168,154	\$ 2,855,261	\$ 4,658,584

(Continued)

Exhibit C-3

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

	Major Funds				
	General	Solid Waste / Sanitation	Other Special Revenue	Highway / Public Works	General Debt Service
Excess (Deficiency) of Revenues Over Expenditures	\$ (244,631) \$	(50,925) \$	(984,737) \$	391,075 \$	(676,913)
Other Financing Sources (Uses)					
Insurance Recovery	7,901 \$	0 \$	0 \$	67,500 \$	0
Transfers In	46,975	0	0	0	424,258
Transfers Out	0	0	0	(471,233)	0
Total Other Financing Sources (Uses)	\$ 54,876 \$	0 \$	0 \$	(403,733) \$	424,258
Net Change in Fund Balances	\$ (189,755) \$	(50,925) \$	(984,737) \$	(12,658) \$	(252,655)
Prior-period Adjustment	0	0	187,495	0	0
Fund Balance, July 1, 2014	2,415,031	361,444	2,686,893	557,547	838,861
Fund Balance, June 30, 2015	\$ 2,225,276 \$	310,519 \$	1,889,651 \$	544,889 \$	586,206

(Continued)

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

	Nonmajor Funds		Total Governmental Funds
	Other	Govern- mental Funds	
<u>Revenues</u>			
Local Taxes	\$ 133,642	\$	8,491,657
Licenses and Permits	0		8,860
Fines, Forfeitures, and Penalties	89,881		224,595
Charges for Current Services	451,123		1,008,868
Other Local Revenues	0		3,541,445
Fees Received from County Officials	0		854,274
State of Tennessee	0		5,271,532
Federal Government	0		210,920
<u>Total Revenues</u>	<u>\$ 674,646</u>	<u>\$</u>	<u>19,612,151</u>
<u>Expenditures</u>			
Current:			
General Government	0	\$	1,122,805
Finance	406,590		1,331,576
Administration of Justice	44,855		933,484
Public Safety	101,386		5,527,276
Public Health and Welfare	0		2,469,379
Social, Cultural, and Recreational Services	0		161,458
Agriculture and Natural Resources	0		132,636
Other Operations	0		982,455
Highways	0		2,855,261
Debt Service:			
Principal on Debt	0		2,919,559
Interest on Debt	0		1,732,924
Other Debt Service	0		6,101
Capital Projects	106,637		988,190
<u>Total Expenditures</u>	<u>\$ 659,468</u>	<u>\$</u>	<u>21,163,104</u>

(Continued)

Exhibit C-3

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

	Nonmajor Funds	Other Govern- mental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	\$ 15,178	\$	\$ (1,550,953)
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 0	\$	75,401
Transfers In	0		471,233
Transfers Out	0		(471,233)
Total Other Financing Sources (Uses)	<u>0</u>	<u>\$</u>	<u>75,401</u>
Net Change in Fund Balances	\$ 15,178	\$	\$ (1,475,552)
Prior-period Adjustment	0		187,495
Fund Balance, July 1, 2014	171,999		7,031,775
Fund Balance, June 30, 2015	<u>\$ 187,177</u>	<u>\$</u>	<u>5,743,718</u>

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

Exhibit C-4

Claiborne County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2015

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ (1,475,552)
(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	\$ 1,350,642	
Less: current-year depreciation expense	<u>(1,993,347)</u>	(642,705)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2015	\$ 535,059	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(677,038)</u>	(141,979)
(3) The issuance of long-term debt (e.g., bonds, notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net 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 net effect of these differences in the treatment of long-term debt and related items:		
Add: change in unamortized premium on debt issuances	\$ 220,850	
Add: principal payments on bonds	2,495,000	
Add: principal payments on notes	301,797	
Add: principal payments on capital leases	101,065	
Add: principal payment on other loans	21,697	
Less: principal payment on other loans contributed by the School Department	(21,697)	
Less: change in deferred amount on refunding debt	<u>(7,096)</u>	3,111,616
(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 accrued interest payable	\$ 17,259	
Change in compensated absences payable	(73,603)	
Change in landfill closure/postclosure care costs	58,817	
Change in net pension liability/asset	1,393,879	
Change in deferred outflows related to pensions	236,564	
Change in deferred inflows related to pension	<u>(1,300,121)</u>	332,795
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,184,175</u>

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

Exhibit C-5

Claiborne County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,647,583	\$ 5,881,121	\$ 5,399,921	\$ 247,662
Licenses and Permits	8,860	8,000	8,000	860
Fines, Forfeitures, and Penalties	134,714	141,500	141,500	(6,786)
Charges for Current Services	122,621	99,200	99,200	23,421
Other Local Revenues	310,253	84,000	325,255	(15,002)
Fees Received from County Officials	854,274	1,359,000	989,000	(134,726)
State of Tennessee	2,593,848	2,901,700	2,964,180	(370,332)
Federal Government	91,968	61,500	911,500	(819,532)
Total Revenues	<u>\$ 9,764,121</u>	<u>\$ 10,536,021</u>	<u>\$ 10,838,556</u>	<u>\$ (1,074,435)</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 154,681	\$ 161,560	\$ 161,560	\$ 6,879
Board of Equalization	5,000	7,125	7,125	2,125
Beer Board	0	1,200	1,200	1,200
Budget and Finance Committee	14,714	30,739	30,739	16,025
County Mayor/Executive	162,182	165,894	167,686	5,504
County Attorney	56,998	56,499	57,397	399
Election Commission	232,913	259,001	260,793	27,880
Register of Deeds	175,357	188,879	191,568	16,211
Development	4,577	5,000	5,000	423
Planning	6,459	27,623	27,623	21,164
County Buildings	268,042	253,818	272,027	3,985
Preservation of Records	24,349	23,506	28,402	4,053
<u>Finance</u>				
Accounting and Budgeting	424,938	446,049	449,634	24,696
Property Assessor's Office	224,582	231,705	235,290	10,708
Reappraisal Program	75,372	85,603	87,395	12,023
County Trustee's Office	93,614	263,293	102,795	9,181
County Clerk's Office	106,480	349,581	110,363	3,883
<u>Administration of Justice</u>				
Circuit Court	353,928	390,254	406,620	52,692
General Sessions Court	216,104	219,005	220,797	4,693
Chancery Court	255,389	255,958	265,101	9,712
District Attorney General	35,007	37,934	37,934	2,927
Office of Public Defender	28,201	28,219	28,219	18
<u>Public Safety</u>				
Sheriff's Department	2,307,561	2,338,555	2,429,656	122,095
Administration of the Sexual Offender Registry	550	3,000	3,000	2,450
Workhouse	2,754,769	2,664,977	2,755,118	349
Juvenile Services	50,629	54,615	55,511	4,882
Fire Prevention and Control	150,000	157,000	157,000	7,000
Civil Defense	97,284	112,827	113,723	16,439
Rescue Squad	22,000	22,000	22,000	0
Other Emergency Management	15,377	0	15,377	0
County Coroner/Medical Examiner	27,720	47,600	47,600	19,880
<u>Public Health and Welfare</u>				
Local Health Center	141,840	175,460	216,821	74,981
Rabies and Animal Control	20,000	20,000	20,000	0

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare (Cont.)</u>				
Other Local Health Services	\$ 189,279	\$ 195,306	\$ 199,787	\$ 10,508
Sanitation Education/Information	47,045	48,850	49,746	2,701
<u>Social, Cultural, and Recreational Services</u>				
Adult Activities	0	5,000	5,000	5,000
Senior Citizens Assistance	51,277	58,259	58,259	6,982
Libraries	110,181	111,150	112,942	2,761
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	82,777	118,327	118,327	35,550
Forest Service	2,000	2,000	2,000	0
Soil Conservation	47,859	47,417	48,316	457
<u>Other Operations</u>				
Industrial Development	53,513	55,000	55,000	1,487
Housing and Urban Development	172,087	1,038,060	1,438,060	1,265,973
Other Economic and Community Development	48,412	49,797	50,693	2,281
Veterans' Services	20,451	22,301	23,197	2,746
Other Charges	493,994	740,215	501,813	7,819
Employee Benefits	1,540	1,910	1,910	370
Miscellaneous	41,720	40,000	43,532	1,812
<u>Capital Projects</u>				
Public Safety Projects	140,000	140,000	140,000	0
Total Expenditures	<u>\$ 10,008,752</u>	<u>\$ 11,758,071</u>	<u>\$ 11,839,656</u>	<u>\$ 1,830,904</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (244,631)</u>	<u>\$ (1,222,050)</u>	<u>\$ (1,001,100)</u>	<u>\$ 756,469</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 7,901	\$ 8,000	\$ 8,000	\$ (99)
Transfers In	46,975	296,579	55,324	(8,349)
Total Other Financing Sources	<u>\$ 54,876</u>	<u>\$ 304,579</u>	<u>\$ 63,324</u>	<u>\$ (8,448)</u>
Net Change in Fund Balance	\$ (189,755)	\$ (917,471)	\$ (937,776)	\$ 748,021
Fund Balance, July 1, 2014	<u>2,415,031</u>	<u>2,700,000</u>	<u>2,700,000</u>	<u>(284,969)</u>
Fund Balance, June 30, 2015	<u>\$ 2,225,276</u>	<u>\$ 1,782,529</u>	<u>\$ 1,762,224</u>	<u>\$ 463,052</u>

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

Exhibit C-6

Claiborne County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,286,001	\$ 1,238,705	\$ 1,238,705	\$ 47,296
Charges for Current Services	435,124	380,000	380,000	55,124
Other Local Revenues	20,792	25,000	25,000	(4,208)
State of Tennessee	20,043	11,000	11,000	9,043
Total Revenues	<u>\$ 1,761,960</u>	<u>\$ 1,654,705</u>	<u>\$ 1,654,705</u>	<u>\$ 107,255</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 1,812,885	\$ 2,069,508	\$ 2,069,508	\$ 256,623
Total Expenditures	<u>\$ 1,812,885</u>	<u>\$ 2,069,508</u>	<u>\$ 2,069,508</u>	<u>\$ 256,623</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (50,925)</u>	<u>\$ (414,803)</u>	<u>\$ (414,803)</u>	<u>\$ 363,878</u>
Net Change in Fund Balance	\$ (50,925)	\$ (414,803)	\$ (414,803)	\$ 363,878
Fund Balance, July 1, 2014	<u>361,444</u>	<u>554,000</u>	<u>554,000</u>	<u>(192,556)</u>
Fund Balance, June 30, 2015	<u>\$ 310,519</u>	<u>\$ 139,197</u>	<u>\$ 139,197</u>	<u>\$ 171,322</u>

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

Exhibit C-7

Claiborne County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 530,838	\$ 588,350	\$ 588,350	\$ (57,512)
Other Local Revenues	2,525	26,400	26,400	(23,875)
State of Tennessee	2,657,641	3,307,867	3,607,867	(950,226)
Federal Government	55,332	35,000	35,000	20,332
Total Revenues	<u>\$ 3,246,336</u>	<u>\$ 3,957,617</u>	<u>\$ 4,257,617</u>	<u>\$ (1,011,281)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 129,895	\$ 135,526	\$ 135,526	\$ 5,631
Highway and Bridge Maintenance	1,349,655	1,419,311	1,717,783	368,128
Operation and Maintenance of Equipment	319,287	355,169	354,297	35,010
Other Charges	69,322	59,800	70,015	693
Employee Benefits	104,534	74,526	104,536	2
Capital Outlay	882,568	1,862,052	1,824,227	941,659
Total Expenditures	<u>\$ 2,855,261</u>	<u>\$ 3,906,384</u>	<u>\$ 4,206,384</u>	<u>\$ 1,351,123</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 391,075</u>	<u>\$ 51,233</u>	<u>\$ 51,233</u>	<u>\$ 339,842</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 67,500	\$ 70,000	\$ 70,000	\$ (2,500)
Transfers Out	(471,233)	(471,233)	(471,233)	0
Total Other Financing Sources	<u>\$ (403,733)</u>	<u>\$ (401,233)</u>	<u>\$ (401,233)</u>	<u>\$ (2,500)</u>
Net Change in Fund Balance	\$ (12,658)	\$ (350,000)	\$ (350,000)	\$ 337,342
Fund Balance, July 1, 2014	<u>557,547</u>	<u>462,000</u>	<u>462,000</u>	<u>95,547</u>
Fund Balance, June 30, 2015	<u>\$ 544,889</u>	<u>\$ 112,000</u>	<u>\$ 112,000</u>	<u>\$ 432,889</u>

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

Exhibit D

Claiborne County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2015

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 968,546
Equity in Pooled Cash and Investments	757,378
Accounts Receivable	86
Due from Other Governments	319,089
Property Tax Receivable	113,104
Allowance for Uncollectible Property Taxes	<u>(6,635)</u>
Total Assets	<u>\$ 2,151,568</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 316,061
Due to Litigants, Heirs, and Others	1,016,765
Other Current Liabilities	<u>818,742</u>
Total Liabilities	<u>\$ 2,151,568</u>

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

CLAIBORNE COUNTY, TENNESSEE
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CLAIBORNE COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

The Claiborne County School Department operates the public school system in the county, and the voters of Claiborne County elect its board. The School Department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Claiborne County Economic and Community Development Board (formerly known as the Industrial Development Board) is a non-profit corporation incorporated under the provisions of the State of Tennessee, and the Claiborne County Commission appoints its governing body. The board is funded primarily through the sale and lease of industrial park properties, property taxes, grants, and contributions. Before the issuance of most debt instruments, the board obtains the approval of the County Commission. The function of the board is to attract and promote new industry in the county.

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

issuance of most debt instruments, the district must obtain the County Commission's approval. The financial statements of the Claiborne County Emergency Communications District were not available from other auditors in time for inclusion in this report; however in our opinion, this omission is not material to the component units' opinion unit.

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

Administrative Offices:

Claiborne County Economic and Community
Development Board
3222 Highway 25 East
Suite 1
Tazewell, TN 37879

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net 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. However, the primary government of Claiborne County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Claiborne County School Department component unit only reports governmental activities in the government-wide financial statements.

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

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

Claiborne County issues most debt for the discretely presented Claiborne County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2015.

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

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

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

Fund financial statements of Claiborne County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, 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 category. Claiborne County has no proprietary funds to report. The Claiborne County School Department has one proprietary fund, an internal service fund.

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

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

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

The proprietary fund and fiduciary funds financial statements are reported using the economic resources measurement focus, except for agency funds, which have no measurement focus, and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Claiborne County reports the following major governmental funds:

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

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

Other Special Revenue Fund – This special revenue fund accounts for the proceeds from the sale and lease of assets of the Claiborne County Hospital and Nursing Home.

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

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

Additionally, Claiborne County reports the following fund types:

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

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

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

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

Additionally, the Claiborne 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.

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

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

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated

resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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 for the School Department's internal service fund, cash consists of demand deposits.

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Claiborne County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Income from these pooled investments is assigned to the General, Solid Waste/Sanitation, General Debt Service, and the School Department's Central Cafeteria and Education Capital Projects funds per percentages established in the budgetary process. Claiborne County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit 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. No investments were held at the balance sheet date.

2. **Receivables and Payables**

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

Property taxes and solid waste receivables are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 3.11 percent of total taxes levied. Solid waste receivables allowance for uncollectibles is based on historical collection data.

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.

3. Restricted Assets

Pursuant to terms of the transaction agreement governing the sale and lease of assets of the Claiborne County Hospital and Nursing Home, an escrow account was established to account for the net proceeds received by the county. The escrow account was established to limit access to the funds and to ensure that the funds are used for purposes specified in the agreement. The balance in that account at year end is reported as restricted assets in the Other Special Revenue Fund. See Note IV.D., for further discussion of the sale/lease and restrictions on the use of funds in the escrow account.

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 column on the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

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 government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are for pension changes in experience, deferred charge on refunding, as well as employer contributions made to the pension plan after the measurement date.

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, etc.) 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 items are from the following sources: current and delinquent property taxes, pension changes in experience, pension changes in investment earnings, pension other deferrals, and various receivables for revenues, which do not meet the availability criteria for governmental funds.

6. **Compensated Absences**

Primary Government

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

Discretely Presented Claiborne County School Department

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

7. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new 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, 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 (internal service 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.

On the government-wide Statement of Net Position (Exhibit A), the account Restricted for Other Purposes for the primary government (\$2,062,492) represents proceeds from the sale and lease of assets of the Claiborne County Hospital and Nursing Home, which are restricted for specific uses set forth in the transaction agreement.

As of June 30, 2015, Claiborne County had \$34,565,482 in outstanding debt for capital purposes for the discretely presented Claiborne County School Department. This debt is a liability of Claiborne County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Claiborne 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 then 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 has by resolution authorized the county’s Finance Committee to make assignments for the general government. The Board of Education makes assignments for the School Department. Assigned fund balance in the General Fund includes an amount of fund balance appropriated for use in the 2015-16 budget totaling \$383,575. Assigned fund balance in the discretely presented School Department’s General Purpose School Fund includes an amount of fund balance appropriated for use in the 2015-16 budget totaling \$196,984, an amount assigned for testing (\$1,282), and an amount assigned by the board for debt service (\$565,104).

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. Prior-period Adjustment

A prior-period adjustment of \$187,495 was made to Governmental Activities and the Other Special Revenue Fund. This adjustment was made to correct the liability for self-insured claims, which were acquired at the time operations of the Claiborne County Hospital and Nursing Home were discontinued.

10. Restatement

In prior years, the government was not required to recognize a liability for its defined benefit pension plans. However, with the implementation of GASB Statement No. 68, government employers are required to recognize a net pension liability in their Statement of Net Position. Therefore a restatement decreasing Claiborne County’s beginning net position by \$620,706 has been recognized on the Statement of Activities. In addition, a restatement decreasing the discretely presented School Department’s beginning net position by \$7,594,764 has been recognized in the Statement of Activities for liabilities of the pension agent plan (\$1,429,182) and the pension cost-sharing plan (\$6,165,582).

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Claiborne County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Claiborne County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Discretely Presented Claiborne County School Department

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

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 Claiborne County School Department

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

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

B. Noncompliance with Membership Requirements of the Tennessee Consolidated Retirement System

Claiborne County did not comply with mandatory membership requirements of the defined benefit retirement system in which the county participates. Auditors determined that 52 full-time employees of Claiborne County and six full-time employees of the Highway Department were eligible for participation, but were not participating in the Tennessee Consolidated Retirement System (TCRS). Title 8, Chapters 34-37 of *Tennessee Code Annotated (TCA)*, establish and govern the TCRS. These statutes require mandatory participation in the TCRS for all employees of participating employers after a probationary period. This is discussed further in the Schedule of Findings and Questioned Costs in the Single Audit Section of this report. This violation has caused the independent auditor to issue a qualified opinion on the financial statements of the governmental activities and the aggregate discretely presented component units.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Claiborne County and the Claiborne County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net 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.

The county had no pooled and nonpooled investments as of June 30, 2015.

B. Capital Assets

Capital assets activity for the year ended June 30, 2015, was as follows:

Primary Government

Governmental Activities

	Balance 7-1-14	Increases	Balance 6-30-15
Capital Assets Not Depreciated:			
Land	\$ 1,054,592	\$ 0	\$ 1,054,592
Construction in Progress	0	79,459	79,459
Total Capital Assets Not Depreciated	<u>\$ 1,054,592</u>	<u>\$ 79,459</u>	<u>\$ 1,134,051</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 33,530,808	\$ 28,513	\$ 33,559,321
Roads and Bridges	27,806,780	743,992	28,550,772
Other Capital Assets	5,135,841	498,678	5,634,519
Total Capital Assets Depreciated	<u>\$ 66,473,429</u>	<u>\$ 1,271,183</u>	<u>\$ 67,744,612</u>

Governmental Activities (Cont.)

	Balance 7-1-14	Increases	Balance 6-30-15
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 12,502,905	\$ 853,501	\$ 13,356,406
Roads and Bridges	8,414,808	672,979	9,087,787
Other Capital Assets	2,791,277	466,867	3,258,144
Total Accumulated Depreciation	<u>\$ 23,708,990</u>	<u>\$ 1,993,347</u>	<u>\$ 25,702,337</u>
Total Capital Assets Depreciated, Net	<u>\$ 42,764,439</u>	<u>\$ (722,164)</u>	<u>\$ 42,042,275</u>
Governmental Activities Capital Assets, Net	<u>\$ 43,819,031</u>	<u>\$ (642,705)</u>	<u>\$ 43,176,326</u>

There were no decreases in capital assets to report during the year ended June 30, 2015.

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

Governmental Activities:

General Government	\$ 312,506
Public Safety	194,215
Public Health and Welfare	597,963
Highways/Public Works	<u>888,663</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,993,347</u>

Discretely Presented Claiborne County School Department

Governmental Activities

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	<u>\$ 1,170,900</u>	<u>\$ 13,396</u>	<u>\$ 0</u>	<u>\$ 1,184,296</u>
Total Capital Assets Not Depreciated	<u>\$ 1,170,900</u>	<u>\$ 13,396</u>	<u>\$ 0</u>	<u>\$ 1,184,296</u>

Governmental Activities (Cont.)

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets				
Depreciated:				
Buildings and Improvements	\$ 52,178,072	\$ 112,311	\$ 0	\$ 52,290,383
Other Capital Assets	3,482,623	445,085	(164,852)	3,762,856
Total Capital Assets				
Depreciated	<u>\$ 55,660,695</u>	<u>\$ 557,396</u>	<u>\$ (164,852)</u>	<u>\$ 56,053,239</u>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 16,826,342	\$ 1,338,822	\$ 0	\$ 18,165,164
Other Capital Assets	1,806,041	213,536	(164,852)	1,854,725
Total Accumulated Depreciation	<u>\$ 18,632,383</u>	<u>\$ 1,552,358</u>	<u>\$ (164,852)</u>	<u>\$ 20,019,889</u>
Total Capital Assets Depreciated, Net	<u>\$ 37,028,312</u>	<u>\$ (994,962)</u>	<u>\$ 0</u>	<u>\$ 36,033,350</u>
Governmental Activities Capital Assets, Net	<u>\$ 38,199,212</u>	<u>\$ (981,566)</u>	<u>\$ 0</u>	<u>\$ 37,217,646</u>

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

Governmental Activities:

Instruction	\$ 1,338,822
Support Services	<u>213,536</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,552,358</u></u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General Debt Service	General	\$ 93,738

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

Due to/from Primary Government and Component Units:

The amount reflected on the government-wide financial statements as Due to Primary Government from the discretely presented School Department represents \$195,482 for debt issued by the primary government, which is being retired by the School Department. Of that amount, \$172,216 is not expected to be received within one year.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2015, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	General Fund	General Debt Service Fund
Highway Public/Works Fund	\$ 46,975	\$ 424,258

Discretely Presented Claiborne County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
General Purpose School Fund	\$ 0	\$ 100,000
Nonmajor Governmental Funds	6,755	0

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.

D. Sale/Lease of Claiborne County Hospital and Nursing Home

On March 25, 2014, the county entered into a transaction agreement with Claiborne Medical Center (CMC) related to the assets, liabilities, and operation of Claiborne County Hospital and Nursing Home. The agreement provided for the purchase of certain hospital and nursing home assets and liabilities by CMC, and an operating lease agreement for the land and

buildings associated with the hospital and nursing home. The combined sale and lease price was paid at the time of closing, and no other payments of rent are due during the entire lease term, including renewal terms. A portion of the proceeds from the sale/lease were used to defease outstanding county hospital and nursing home bonds as discussed in Note IV.F. Long-term Obligations. Pursuant to the agreement, the sale/lease proceeds were placed in an escrow account in the name of the county (see Note I.D.3. Restricted Assets). Disbursements are made from the escrow account to Claiborne County, CMC, or their designees for certain agreed upon healthcare related costs provided for in the transaction agreement. When escrow funds are no longer sufficient to cover such agreed upon costs, amounts due to CMC, pursuant to the agreement, shall be payable from the general revenues of the county.

The lease agreement for the land and buildings was effective April 1, 2014, for an initial term of ten years with automatic extension for three additional five-year extension terms, unless CMC gives written notice of non-renewal no less than 18 months prior to the expiration of the lease term or the renewal term, as applicable. At the end of the 3rd, 4th, and 5th years during the lease term, 25 percent of the then-existing balance of the escrow funds will be released to the county for deposit into a Healthcare Fund to be used exclusively for financial obligations of the county specified in the transaction agreement, and for the promotion and advancement of health-related needs of residents of Claiborne County. At the end of the ten-year term, any remaining balance in escrow will be released and deposited into the Healthcare Fund.

Terms of the transaction agreement included requirements for CMC to assume operations of the Claiborne County Ambulance Service with the county to provide, from the escrow account, \$165,000 per year, and one new ambulance per year in subsidy for the Ambulance Service operations. Upon exhaustion of the escrow funds and Healthcare Fund, the Ambulance Service subsidy shall be payable from general county revenues. CMC may elect to discontinue their operation of the Ambulance Service at any time during the lease term with 90 days' notice.

The carrying value of the leased property was \$11,202,925 at June 30, 2015. The original cost was \$20,684,144 and accumulated depreciation was \$9,481,219. There are no future minimum lease payments associated with this agreement.

E. Capital Leases

On September 25, 2012, Claiborne County entered into two lease-purchase agreements for highway equipment. The first agreement is for three years and requires total lease payments of \$235,295 plus interest of 3.2 percent. The second agreement is for four years and requires total lease payments of \$97,848 plus interest of 3.2 percent. Title to the equipment transfers to Claiborne County at the end of the lease period. The lease payments are made from the General Debt Service Fund.

On February 19, 2013, Claiborne County entered into a three-year lease-purchase agreement for highway equipment. The terms of the agreement require total lease payments of \$244,665 plus interest of 3.2 percent. These lease payments are being made through the General Debt Service Fund.

The assets acquired through capital leases are as follows:

Assets	Governmental Activities
Machinery and Equipment	\$ 577,808
Less: Accumulated Depreciation	<u>(162,035)</u>
Total Book Value	<u><u>\$ 415,773</u></u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2015, were as follows:

Year Ending June 30	Governmental Funds
2016	\$ 291,085
2017	<u>39,010</u>
Total Minimum Lease Payments	\$ <u>330,095</u>
Less: Amount Representing Interest	<u>(5,607)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 324,488</u></u>

F. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

Claiborne 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 debt. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 20 years for bonds, up to five years for notes,

and up to 15 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, 2015, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, other loans, and capital leases outstanding as of June 30, 2015, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-15
General Obligation Bonds	1 to 5.3 %	6-1-25	\$ 5,010,000	\$ 3,760,000
General Obligation Bonds - Refunding	2 to 4.125	4-1-30	45,350,000	36,510,000
Capital Outlay Notes	2.63 to 2.85	10-2-18	713,013	561,778
Other Loans Fixed Rate	7	4-30-22	335,732	195,482
Capital Leases	3.2	9-25-16	577,808	324,488

Included in amounts outstanding are various general obligation debts Claiborne County has issued for the benefit of the Claiborne County School Department component unit. The Claiborne County School Department contributes funds annually to the county to apply toward the retirement of debt based on budgetary appropriations. During the year, the School Department contributed \$3,084,343 to the county's General Debt Service Fund for retirement of those general obligation debt issues.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2015, including interest payments are presented in the following tables.

Year Ending June 30	Bonds		
	Principal	Interest	Total
2016	\$ 2,625,000	\$ 1,598,063	\$ 4,223,063
2017	2,760,000	1,507,541	4,267,541
2018	2,295,000	1,394,105	3,689,105
2019	2,415,000	1,302,148	3,717,148
2020	2,430,000	1,217,022	3,647,022
2021-2025	13,035,000	4,638,924	17,673,924
2026-2030	14,710,000	1,831,675	16,541,675
Total	\$ 40,270,000	\$ 13,489,478	\$ 53,759,478

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 138,982	\$ 15,732	\$ 154,714
2017	142,925	11,789	154,714
2018	147,033	7,681	154,714
2019	132,838	3,626	136,464
Total	\$ 561,778	\$ 38,828	\$ 600,606

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2016	\$ 23,266	\$ 12,947	\$ 36,213
2017	24,947	11,266	36,213
2018	26,751	9,462	36,213
2019	28,684	7,529	36,213
2020	30,758	5,455	36,213
2021-2022	61,076	4,110	65,186
Total	\$ 195,482	\$ 50,769	\$ 246,251

There is \$586,206 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, other loans, and capital leases totaled \$1,284, based on the 2010 federal census.

In addition to the annual contributions made by the School Department to the General Debt Service Fund, which are dependent upon budgetary appropriations discussed previously, the School Department has committed to service certain other debt issued by the county. The School Department is currently committed to contributing funds to service specific debt instruments issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the School Department and as Due from Component Units in the financial statements of the primary government.

Description of Indebtedness	Balance 6-30-15
<u>Other Loans Payable</u>	
<u>Contributions from the General Purpose School Fund</u>	
Ball field lighting projects at schools	\$ 195,482

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2015, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2014	\$ 42,765,000	\$ 863,575	\$ 217,179
Additions	0	0	0
Reductions	(2,495,000)	(301,797)	(21,697)
Balance, June 30, 2015	<u>\$ 40,270,000</u>	<u>\$ 561,778</u>	<u>\$ 195,482</u>
Balance Due Within One Year	<u>\$ 2,625,000</u>	<u>\$ 138,982</u>	<u>\$ 23,266</u>

	Capital Leases	Compensated Absences	Landfill Closure/ Postclosure Care Costs
Balance, July 1, 2014	\$ 425,553	\$ 237,136	\$ 1,031,234
Additions	0	220,049	0
Reductions	(101,065)	(146,446)	(58,817)
Balance, June 30, 2015	<u>\$ 324,488</u>	<u>\$ 310,739</u>	<u>\$ 972,417</u>
Balance Due Within One Year	<u>\$ 285,777</u>	<u>\$ 201,980</u>	<u>\$ 74,801</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 42,634,904
Less: Balance Due Within One Year	(3,349,806)
Add: Unamortized Premium on Debt	<u>623,199</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 39,908,297</u>

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

Defeasance of Prior Debt

In the prior year, Claiborne County defeased certain hospital refunding bonds by placing a portion of the proceeds received from the sale/lease of the Claiborne County Hospital and Nursing Home into an irrevocable trust to

provide for all future debt service payments on the debt. The trustee is empowered and required to pay all principal and interest on the defeased debt as originally scheduled. Accordingly, the trust accounts and the defeased debt are not included in the county's financial statements. At June 30, 2015, the following outstanding bonds were considered defeased:

	Amount	Call Date
Refunding Series 2010A - Hospital	\$ 3,615,000	4-1-20
Refunding Series 2010B - Hospital	580,000	4-1-20

Discretely Presented Claiborne County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Claiborne County School Department for the year ended June 30, 2015, was as follows:

Governmental Activities:

	Other Postemployment Benefits
Balance, July 1, 2014	\$ (11,339)
Additions	938,503
Reductions	<u>(589,255)</u>
Balance, July 1, 2015	<u>\$ 337,909</u>
Balance Due Within One Year	<u>\$ 0</u>

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

G. Pledges of Receivables and Future Revenues

In 2003, the County Commission of Claiborne County voted to levy a motor vehicle privilege tax. The county pledged the tax revenues for jail construction and ADA required renovations to the courthouse.

Proceeds of the tax are placed in the General Debt Service Fund and are currently being expended to retire principal and interest on debt associated with the construction of the judicial complex. During the year, revenues generated by the wheel tax totaled \$732,054, and principal and interest expenditures funded by the wheel tax totaled \$617,244. Since its inception,

wheel tax revenues have exceeded expenditures by \$539,226. That unexpended balance is included in restricted fund balance for debt service.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Claiborne County School Department. These payments are made by the state to the Medicare Supplement Plan. The plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2015, totaled \$9,650. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

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

Discretely Presented Claiborne County School Department

The School Department has chosen to establish the Employee Health Insurance Fund for risks associated with the employees' health insurance plan. The Employee Health Insurance Fund is accounted for as an internal service fund where assets are set aside for claim settlements. The School Department has purchased excess risk insurance coverage for claims exceeding \$95,000 per individual for non-para-professional employees. Excess risk insurance coverage has also been obtained for claims which exceed a minimum aggregate attachment point, with a maximum reimbursement of \$1,000,000 per claim year for para-professional employees and a separate \$1,000,000 maximum reimbursement for para-professional employees. Group life and accident insurance premiums paid to a private insurance company are also recorded in this fund.

All full-time certified employees and certain other employees of the Claiborne County School Department are eligible to participate. A premium charge is allocated to each fund that accounts for covered employees. This charge is based on actuarial estimates of the amounts needed to pay prior- and

current-year claims and to establish a reserve for catastrophic losses. That reserve was \$230,938 at June 30, 2015, and is reported as net position of the Employee Health Insurance Fund. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Employee Health Insurance Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. Claims liabilities include incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year-end
2013-2014	\$ 189,270	\$ 3,481,117	\$ (3,446,891)	\$ 223,496
2014-2015	223,496	3,644,324	(3,420,098)	447,722

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

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68* became effective for the year ended June 30, 2015.

GASB Statement No. 68, replaces the requirements of Statements No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this statement. This statement establishes standards for measuring and recognizing liabilities, deferred outflows/inflows, and expenses/expenditures.

GASB Statement No. 69, establishes accounting and financial reporting standards related to government combinations and disposals of government operations such as mergers, acquisitions, and transfer of operations.

Claiborne County early implemented provisions of this statement during the previous fiscal year.

GASB Statement No. 71, addresses issues related to contributions made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

C. Subsequent Event

On August 17, 2015, the county commission authorized an interfund loan from the General Fund to the Solid Waste/Sanitation Fund for \$120,000. The loan is to be repaid over the next two fiscal years at the rate of \$60,000 per year. This loan has not been issued as of the date of this report.

D. Contingent Liabilities

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

E. Changes in Administration

On August 31, 2014, Billy Ray Cheek, Jr., left the Office of Circuit, General Sessions, and Juvenile Courts Clerk and was succeeded by Jackie Rosenbalm.

Highway Superintendent Bill Fultz died on February 4, 2015. Ronald Pittman served as interim superintendent and was appointed by the County Commission on April 20, 2015, to finish the current term.

F. Landfill Closure/Postclosure Care Costs

Claiborne County has an active permit on file with the state Department of Environment and Conservation for a sanitary landfill. The county has provided financial assurances for estimated closure and postclosure liabilities as required by the State of Tennessee. These financial assurances are on file with the Department of Environment and Conservation.

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Claiborne County closed its sanitary landfill in 1998. The \$972,417 reported as postclosure care liability at June 30, 2015, represents amounts based on what it would cost to perform all postclosure care in 2015.

Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

G. Joint Venture

The Eighth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Eighth Judicial District; Campbell, Claiborne, Fentress, Scott, and Union counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by the Board of Directors, including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within the judicial district. Claiborne County made no contributions to the DTF for the year ended June 30, 2015, and does not have an equity interest in the joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

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

H. Jointly Governed Organization

The East Tennessee Regional Agribusiness Marketing Authority was established through Title 64 of *Tennessee Code Annotated*, and includes the counties of Claiborne, Cocke, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Sullivan, Unicoi, and Washington. The purpose of the authority is to establish and operate a market for agricultural products of the region through a food distribution center. The authority is governed by a board of directors consisting of the county mayors/executives of each county or their designee and one nonvoting member representing the Tennessee Department of Agriculture and the University of Tennessee's Agricultural Extension Service. An executive committee, consisting of the chairman, vice chairman, secretary, and treasurer of the board of directors, along with the center's manager as an ex-officio member, is in charge of daily operations of the center.

I. Retirement Commitments

Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Claiborne County and non-certified employees of the discretely presented Claiborne County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 30.28 percent and the non-certified employees of the discretely present School Department comprise 69.72 percent of the plan based on census data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	405
Inactive Employees Entitled to But Not Yet Receiving Benefits	752
Active Employees	459
Total	<u><u>1,616</u></u>

Not all eligible employees of the primary government participated in this plan. See Note III.B. for further discussion of this matter and the effect on the independent auditor's report.

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Claiborne County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Claiborne County were \$507,844 based on a rate of 5.52 percent of pensionable payroll. By law, employer contributions are required to be paid. The TCRS may intercept Claiborne County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Claiborne County's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Claiborne County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2013	\$ 45,138,702	\$ 42,174,919	\$ 2,963,783
Changes for the year:			
Service Cost	\$ 1,439,339	\$ 0	\$ 1,439,339
Interest	3,355,422	0	3,355,422
Differences Between Expected and Actual Experience	(1,736,936)	0	(1,736,936)
Contributions-Employer	0	913,895	(913,895)
Contributions-Employees	0	857,440	(857,440)
Net Investment Income	0	6,829,354	(6,829,354)
Benefit Payments, Including Refunds of Employee Contributions	(3,678,157)	(3,678,157)	0
Administrative Expense	0	(25,669)	25,669
Other Changes	0	0	0
Net Changes	\$ (620,332)	\$ 4,896,863	\$ (5,517,195)
Balance, June 30, 2014	\$ 44,518,370	\$ 47,071,782	\$ (2,553,412)

Allocation of Agent Plan Changes in the Net Pension Liability (Asset)

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	30.28%	\$ 13,480,163	\$ 14,253,336	\$ (773,173)
School Department	69.72%	31,038,207	32,818,446	(1,780,239)
Total		<u>\$ 44,518,370</u>	<u>\$ 47,071,782</u>	<u>\$ (2,553,412)</u>

Sensitivity of the Net Position Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Claiborne County calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Claiborne County			
Net Pension Liability	\$ 2,063,168	\$ (2,553,412)	\$ (6,329,686)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

Pension Income. For the year ended June 30, 2015, Claiborne County recognized pension income of \$309,636.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, Claiborne County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 0	\$ 1,302,702
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,990,962
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	<u>507,844</u>	<u>N/A</u>
Total	<u>\$ 507,844</u>	<u>\$ 4,293,664</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2014,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Allocation of Agent Plan Deferred Outflows of Resources and Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 236,564	\$ 1,300,121
School Department	<u>271,280</u>	<u>2,993,543</u>
Total	<u>\$ 507,844</u>	<u>\$ 4,293,664</u>

Amounts reported as deferred outflows of resources; with the exception of contributions after the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ 1,181,975
2017	(1,181,975)
2018	(1,181,975)
2019	(747,741)
2020	0
Thereafter	0

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Discretely Presented Claiborne County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Claiborne County and non-certified employees of the discretely presented Claiborne County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 30.28 percent and the non-certified employees of the discretely present School Department comprise 69.72 percent of the plan based on census data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Claiborne County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members of the Teachers Retirement Plan are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability

benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except for in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015, to the Teacher Retirement Plan were \$33,489, which is four percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities. Since the measurement date is June 30, 2014, which is prior to the July 1, 2014, inception of the Teacher Retirement Plan, there is no net pension liability to report at June 30, 2015.

Pension Expense. Since the measurement date is June 30, 2014, the Claiborne County School Department did not recognize any pension expense at June 30, 2015.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Claiborne County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	\$ 33,489	N/A

The Claiborne County School Department’s employer contributions of \$33,489 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction of net pension liability in the year ending June 30, 2016.

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the Claiborne County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefits plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member’s highest five consecutive year average compensation and the member’s years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and

beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEA) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Claiborne County School Department for the year ended June 30, 2015, to the Teacher Legacy Pension Plan were \$1,626,461, which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Assets. At June 30, 2015, the Claiborne County School Department reported an asset of \$76,728 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Claiborne County School Department's proportion of the net pension asset was based on the Claiborne County School Department's employer contribution to the pension plan during the year ended June 30, 2014, relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014, measurement date, the Claiborne County School Department's portion was 0.472187 percent. The proportion measured as of June 30, 2013, was 0.474670 percent.

Pension Income. For the year ended June 30, 2015, the Claiborne County School Department recognized a pension income of \$71,643.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Claiborne County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 186,277	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	6,321,912
Changes in Proportion and Differences Between LEA's Contributions and Proportionate Share of Contributions LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	0	35,032
	<u>1,626,461</u>	<u>N/A</u>
Total	<u>\$ 1,812,738</u>	<u>\$ 6,356,944</u>

The Claiborne County School Department's employer contributions of \$1,626,461 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (1,555,271)
2017	(1,555,271)
2018	(1,555,271)
2019	(1,555,271)
2020	25,207
Thereafter	25,207

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial Assumptions. The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	%	Percentage Target Allocations	%
U.S. Equity Developed Market	6.46	%	33	%
International Equity Emerging Market	6.26		17	
International Equity Private Equity and Strategic Lending	6.40		5	
U.S. Fixed Income Real Estate	4.61		8	
Real Estate	0.98		29	
Short-term Securities	4.73		7	
	0.00		1	
Total			100	%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the four factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Position Liability (Asset) to Changes in the Discount Rate. The following presents Claiborne County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Claiborne County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability \$ 12,941,071 \$ (76,728) \$ (10,584,055)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

J. Other Postemployment Benefits (OPEB)

Discretely Presented School Department

Plan Description

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

The Board of Education has joined with the Tennessee School Board Association (TSBA) GASB 45 Trust. The TSBA GASB 45 Trust is set up to fund a portion of the OPEB liability. As of June 30, 2015, the Claiborne County Board of Education has not placed any funds with TSBA GASB 45 Trust.

Funding Policy

The premium requirements of plan members are established by and may be amended by the Board of Education. The plan is self-insured and financed on a pay-as-you-go basis. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The School Department develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums. Eligible employees must be age 60 with ten years of service or any age with 30 years of service until attainment of age 65 when they become eligible for Medicare. The School Department pays 100 percent of the single coverage for retirees with a minimum of 30 years of service and a reduced percentage, depending on years of service for those with a minimum of 20 years but less than 30 years. Retirees are responsible for costs related to other covered family members. The School Department also provides \$30,000 of life insurance coverage on retirees until age 65. Retirees are responsible for the costs if life insurance coverage is continued beyond this age.

Annual OPEB Cost and Net OPEB Obligation

	<u>Education Plan</u>
ARC	\$ 938,281
Interest on the NOPEBO	(340)
Adjustment to the ARC	562
Annual OPEB cost	<u>\$ 938,503</u>
Less amount of contribution	<u>(589,255)</u>
Increase/decrease in NOPEBO	\$ 349,248
Net OPEB obligation, 7-1-14	<u>(11,339)</u>
 Net OPEB obligation, 6-30-15	 <u><u>\$ 337,909</u></u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-13	Education	\$ 660,280	111	% \$ 50,653
6-30-14	"	633,312	109	(11,339)
6-30-15	"	938,503	63	337,909

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2014, was as follows:

	<u>Education Plan</u>
Actuarial valuation date	7-1-14
Actuarial accrued liability (AAL)	\$ 11,601,764
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 11,601,764
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 23,541,159
UAAL as a % of covered payroll	49%

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, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a three percent discount rate and an annual health care cost trend rate of ten percent for fiscal year 2014. The trend will be reduced by decrements to an ultimate rate of five percent by fiscal year 2025. The unfunded actuarial accrued liability is being amortized on a closed basis as a level dollar amount over a 30-year period beginning with July 1, 2008.

K. Office of Central Accounting, Budgeting, and Purchasing

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

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

VI. OTHER NOTES – DISCRETELY PRESENTED CLAIBORNE COUNTY ECONOMIC AND COMMUNITY DEVELOPMENT BOARD

A. Nature of Activities and Significant Accounting Policies

1. Reporting Entity

Claiborne County Economic and Community Development Board is formed under the authority contained in Section 7-53-101, *Tennessee Code Annotated*, and is vested with all the powers granted therein. The purpose of the organization of the Claiborne County Economic and Community Development Board is to acquire, own, lease, and

dispose of properties and thus promote industry and develop trade by inducing manufacturing, industrial, governmental, and commercial enterprise to locate in or remain in Claiborne County.

Claiborne County Economic and Community Development Board is governed by a board of nine members appointed by the County Commission of Claiborne County, Tennessee. There are no organizations requiring consideration for inclusion in the Claiborne County Economic and Community Development Board's financial reporting entity.

The Claiborne County Economic and Community Development Board is determined to be a component unit of Claiborne County, Tennessee, the primary government. Claiborne County governments provides substantial financial support to the Claiborne County Economic and Community Development Board thus meeting the fiscal dependency and financial benefit check. Claiborne County Board of County Commissioners appoints the voting majority of Claiborne County Economic and Community Development Board of Directors.

2. Accounting Policies

The financial statements of Claiborne County Economic and Community Development Board have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the Claiborne County Economic and Community Development Board accounting policies are described below.

3. Basis of Presentation – Government-wide Financial Statements

Claiborne County Economic and Community Development Board follows provisions of Governmental Accounting Standards Board for external financial reporting for all state and local government entities, which includes a Statement of Net Position and a Statement of Activities showing the change in net position. These standards require the classification of the net position into three components – net investment in capital assets, restricted, and unrestricted. The classifications are defined as follows:

- Investment in capital assets – This component of net position consists of capital assets, including capital restricted assets, net bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The investment in capital assets will also include deferred outflows of resources and deferred inflows of resources

that are attributable to the acquisition, construction, or improvement of those assets or related debt. If there are significant unspent related debt proceeds or deferred inflows of resources at year-end, the portion of the debt or deferred inflows of resources attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component (restricted or unrestricted) as the unspent proceeds.

- Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Claiborne County Economic and Community Development Board basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

4. **Basis of Presentation – Governmental Fund Financial Statements**

Governmental fund financial statements of the Claiborne County Economic and Community Development Board are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures. Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund – The General Fund is the only fund of the Claiborne County Economic and Community Development Board and is always classified as a major fund. All activities of the Claiborne County Economic and Community Development Board are accounted for in the General Fund.

5. **Measurement Focus**

Measurement focus is a term used to describe which transactions are recorded within the various financial statements.

On the government-wide Statement of Net Position and the Statement of Activities governmental activities are presented using the economic resources measurement focus. Accordingly, all of the Claiborne County Economic and Community Development Board's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position.

In the fund financial statements, the current financial resources measurement focus or economic resources measurement focus is used as appropriate. All governmental funds utilize a current financial resources measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

6. **Basis of Accounting**

Basis of accounting refers to when transactions are recorded, regardless of the measurement focus applied.

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred or economic asset used. These types of transactions reported as program revenues for the Claiborne County Economic and Community Development Board are reported in three categories: (1) charges for services; (2) operating grants and contributions; and (3) capital grants and contributions. Revenues, expenses, gains, losses, assets, and

liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. Rental income, while susceptible to accrual, is recorded as revenue when received because amounts are not materially different. Investment earnings are recorded when earned since they are measurable and available. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

7. Restricted Assets

When applicable, the Claiborne County Economic and Community Development Board elects to use restricted assets before unrestricted assets when the situation arises where either can be used.

8. Governmental Fund Balance

If the Claiborne County Economic and Community Development Board has an expenditure that is incurred for purposes of multiple account classification, the Claiborne County Economic and Community Development Board's policy is to apply the expenditures in the following order: nonspendable fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including nonspendable amounts). Then any remaining fund balance amounts for the nongeneral funds are classified.

It is possible for the nongeneral funds to have a negative assigned fund balance when nonspendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the nongeneral fund.

Equity is classified as fund balance and displayed in the following five components, if applicable:

Nonspendable – Such as fund balance associated with inventories, prepaids, long-term loans, and notes receivable. Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Consists of fund balance for which constraints are placed thereon by outside sources or external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates, less any related liabilities.

Committed – Amounts that can only be used for specific purposes determined by a formal action of the Claiborne County Economic and Community Development Board of Directors.

Assigned – fund balance classification intended to be used by the government for specific purposes but does not meet the criteria to be classified as restricted or committed. Board approval is required to assign fund balances.

Unassigned – fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications.

B. Sales-type Lease Receivable and Associated Debt

Claiborne County Economic and Community Development Board entered into a sales-type lease agreement with Walters State Community College Foundation with payments starting August 2010 through September 2019. The total sales-type lease receivable as of June 30, 2015, was zero. The sales-type lease receivable of \$530,322 was paid in full during the fiscal year ended June 30, 2015. The present value used to compute interest income on this sales-type lease was 2.25 percent. The amount of income recognized in the Statement of Activities for the audit period is \$6,591 for interest income on this transaction. Claiborne County Economic and Community Development Board borrowed \$740,000 through Powell Valley Electric, a TVA interest-free loan to be paid back starting October 2011 at \$7,708 per month. As of June 30, 2015, nothing was owed on this loan. The amount paid on this loan for the fiscal year ended June 30, 2015, was \$485,603, which paid this loan in full. The proceeds of this loan were used for improvements to property owned by Claiborne County Economic and Community Development Board used at Walters State's campus. The ownership of this property was transferred to Walters State Community College Foundation.

C. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Claiborne County Economic and Community Development Board's deposits may not be returned to it. All deposits of Claiborne County Economic and Community Development Board are on deposit with the trustee of Claiborne County, Tennessee, and the trustee follows collateralization requirements of state statutes.

D. Investments

State statutes authorize the Claiborne County Economic and Community Development Board to invest in obligations of the United States Treasury, agencies, instrumentalities and obligations guaranteed as to principal and interest by the United States or any of its agencies, repurchase agreements, the Tennessee local government investment pool, certificates of deposit at state and federally-chartered banks and savings and loan associations, and money market funds approved by the state director of finance. The trustee of Claiborne County, Tennessee, handles all investments for Claiborne County, Tennessee.

E. Property Taxes Receivable

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 3.12 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 deferred inflow of resources as of June 30.

Property taxes receivable would be recorded for tax revenues considered available. 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.

F. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflow 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/expenditures) until then.

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.

G. Estimates

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

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, and similar items) are reported in the government-wide type activity. 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 or transfer.

Buildings are depreciated on the straight-line basis over 25 years.

Capital assets activity for the period ended June 30, 2015, was as follows:

Governmental-type Activities:

Capital Assets Being Depreciated:

	<u>Beginning</u>	<u>Additions</u>	<u>Depreciation</u>	<u>Ending</u>
Land	\$ 253,675	\$ 0	\$ 0	\$ 253,675
Buildings	494,169	0	0	494,169
Accumulated Depreciation	<u>(208,882)</u>	0	<u>(12,671)</u>	<u>(221,553)</u>
Total Capital Outlay	<u>\$ 538,962</u>	<u>\$ 0</u>	<u>\$ (12,671)</u>	<u>\$ 526,291</u>

I. Long-term Debt

Claiborne County Economic and Community Development Board has the following long-term debt as of June 30, 2015:

	<u>Beginning</u>		<u>Ending</u>
	<u>Balance</u>	<u>Debt</u>	<u>Balance</u>
	<u>7-1-14</u>	<u>Issued</u>	<u>6-30-15</u>
		<u>Retired</u>	
Notes Payable-Powell Valley Electric	\$ 485,603	\$ 0	\$ 485,603
			0

J. At-Risk Activities

Claiborne County Economic and Community Development Board covers its at-risk activities with insurance policies under Claiborne County Government.

K. Related-party Transactions

There were no related-party transactions during the year.

L. Budget

Claiborne County Economic and Community Development Board's budget operation was generally sound for the year. The budget is adopted and controlled by the directors of the Claiborne County Economic and Community Development Board. The control level is by the board of directors. No budget is presented for the year ended June 30, 2015.

M. Official Change of Name

The Claiborne County Industrial Board voted to change the name of the Industrial Development Board of Claiborne County, Tennessee to Claiborne County Economic and Community Development Board on October 10, 2014. The Board of County Commissioners for Claiborne County, Tennessee, passed a resolution on October 20, 2014, approving the name change of The Industrial Development Board of Claiborne County, Tennessee to Claiborne County Economic and Community Development Board.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Claiborne County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	<u>2014</u>
Total Pension Liability (Asset)	
Service Cost	\$ 1,439,339
Interest	3,355,422
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	(1,736,936)
Changes in Assumptions	0
Benefit Payments, Including Refunds of Employee Contributions	<u>(3,678,157)</u>
Net Change in Total Pension Liability (Asset)	\$ (620,332)
Total Pension Liability (Asset), Beginning	<u>45,138,702</u>
 Total Pension Liability (Asset), Ending (a)	 <u>\$ 44,518,370</u>
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 913,895
Contributions - Employee	857,440
Net Investment Income	6,829,354
Benefit Payments, Including Refunds of Employee Contributions	(3,678,157)
Administrative Expense	<u>(25,669)</u>
Net Change in Plan Fiduciary Net Position	\$ 4,896,863
Plan Fiduciary Net Position, Beginning	<u>42,174,919</u>
 Plan Fiduciary Net Position, Ending (b)	 <u>\$ 47,071,782</u>
 Net Pension Liability (Asset), Ending (a - b)	 <u>\$ (2,553,412)</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	105.74%
Covered Employee Payroll	\$ 16,892,704
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	15.12%

Note: ten years of data will be presented when available.

Note: data presented includes primary government and non-certified employees of the discretely presented School Department.

Exhibit E-2

Claiborne County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 913,895	\$ 507,844
Less Contributions in Relation to the Actuarially Determined Contribution	(913,895)	(507,844)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
 Covered Employee Payroll	 \$ 16,829,704	 \$ 12,208,633
Contributions as a Percentage of Covered Employee Payroll	5.41%	4.16%

Note: ten years of data will be presented when available.

Note: data presented includes primary government and non-certified employees of the discretely presented School Department.

Exhibit E-3

Claiborne County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Retirement Plan of TCRS
Discretely Presented Claiborne County School Department
For the Fiscal Year Ended June 30

	<u>2015</u>
Actuarially Determined Contribution	\$ 20,931
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(33,489)</u>
Contribution Deficiency (Excess)	<u>\$ (12,558)</u>
Covered Employee Payroll	\$ 669,788
Contributions as a Percentage of Covered Employee Payroll	5.00%

Note: ten years of data will be presented when available.

Exhibit E-4

Claiborne County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Legacy Pension Plan of TCRS
Discretely Presented Claiborne County School Department
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 1,645,756	\$ 1,626,461
Less Contributions in Relation to the Actuarially Determined Contribution	(1,645,756)	(1,626,461)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
 Covered Employee Payroll	 \$ 18,533,289	 \$ 18,391,584
 Contributions as a Percentage of Covered Employee Payroll	 8.88%	 8.84%

Note: ten years of data will be presented when available.

Exhibit E-5

Claiborne County, Tennessee
Schedule of Proportionate Share of the Net Pension Asset
in the Teacher Legacy Pension Plan of TCRS
Discretely Presented Claiborne County School Department
For the Fiscal Year Ended June 30 *

	<u>2014</u>
School Department's Proportion of the Net Pension Asset	0.472187%
School Department's Proportionate Share of the Net Pension Asset	\$ 76,728
Covered Employee Payroll	\$ 18,533,289
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	0.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%

* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit E-6

Claiborne County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Claiborne County School Department
June 30, 2015

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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)
Education	7-1-10	\$ 0	\$ 6,928	\$ 6,928	0 %	\$ 17,959	39 %
"	7-1-12	0	7,246	7,246	0	18,128	40
"	7-1-14	0	11,602	11,602	0	23,541	49

CLAIBORNE COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	5 Years
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

Capital Projects Fund

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.

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

Exhibit F-1

Claiborne County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	Drug Control	Constitutional Officers - Fees	Total	Highway Capital Projects		
\$	0 \$	107,868 \$	107,868 \$	0 \$		107,868
	77,364	0	77,364	1,880		79,244
	0	0	0	110,277		110,277
	0	0	0	(6,469)		(6,469)
\$	77,364 \$	107,868 \$	185,232 \$	105,688 \$		290,920

ASSETS

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

LIABILITIES

Accounts Payable	300 \$	0 \$	300 \$	0 \$	300
Total Liabilities	300 \$	0 \$	300 \$	0 \$	300

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	0 \$	0 \$	0 \$	100,763 \$	100,763
Deferred Delinquent Property Taxes	0	0	0	2,680	2,680
Total Deferred Inflows of Resources	0 \$	0 \$	0 \$	103,443 \$	103,443

FUND BALANCES

Restricted:					
Restricted for Finance	0 \$	107,868 \$	107,868 \$	0 \$	107,868
Restricted for Public Safety	77,064	0	77,064	0	77,064
Restricted for Capital Projects	0	0	0	2,245	2,245
Total Fund Balances	77,064 \$	107,868 \$	184,932 \$	2,245 \$	187,177
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	77,364 \$	107,868 \$	185,232 \$	105,688 \$	290,920

Exhibit F-2

Claiborne County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	Drug Control	Constitutional Officers - Fees	Total	Highway Capital Projects	Total	
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 26,360	\$ 26,360	\$ 107,282	\$ 133,642	
Fines, Forfeitures, and Penalties	89,881	0	89,881	0	89,881	
Charges for Current Services	0	451,123	451,123	0	451,123	
Total Revenues	\$ 89,881	\$ 477,483	\$ 567,364	\$ 107,282	\$ 674,646	
<u>Expenditures</u>						
Current:						
Finance	\$ 0	\$ 406,590	\$ 406,590	\$ 0	\$ 406,590	
Administration of Justice	0	44,855	44,855	0	44,855	
Public Safety	101,386	0	101,386	0	101,386	
Capital Projects	0	0	0	106,637	106,637	
Total Expenditures	\$ 101,386	\$ 451,445	\$ 552,831	\$ 106,637	\$ 659,468	
Excess (Deficiency) of Revenues Over Expenditures	\$ (11,505)	\$ 26,038	\$ 14,533	\$ 645	\$ 15,178	
Net Change in Fund Balances	\$ (11,505)	\$ 26,038	\$ 14,533	\$ 645	\$ 15,178	
Fund Balance, July 1, 2014	88,569	81,830	170,399	1,600	171,999	
Fund Balance, June 30, 2015	\$ 77,064	\$ 107,868	\$ 184,932	\$ 2,245	\$ 187,177	

Exhibit F-3

Claiborne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 89,881	\$ 31,000	\$ 31,000	\$ 58,881
Total Revenues	\$ 89,881	\$ 31,000	\$ 31,000	\$ 58,881
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 101,386	\$ 151,500	\$ 151,500	\$ 50,114
Total Expenditures	\$ 101,386	\$ 151,500	\$ 151,500	\$ 50,114
Excess (Deficiency) of Revenues Over Expenditures	\$ (11,505)	\$ (120,500)	\$ (120,500)	\$ 108,995
Net Change in Fund Balance	\$ (11,505)	\$ (120,500)	\$ (120,500)	\$ 108,995
Fund Balance, July 1, 2014	88,569	207,510	207,510	(118,941)
Fund Balance, June 30, 2015	\$ 77,064	\$ 87,010	\$ 87,010	\$ (9,946)

Exhibit F-4

Claiborne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway Capital Projects Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 107,282	\$ 110,200	\$ 110,200	\$ (2,918)
Total Revenues	<u>\$ 107,282</u>	<u>\$ 110,200</u>	<u>\$ 110,200</u>	<u>\$ (2,918)</u>
<u>Expenditures</u>				
<u>Capital Projects</u>				
Highway and Street Capital Projects	\$ 106,637	\$ 110,200	\$ 110,200	\$ 3,563
Total Expenditures	<u>\$ 106,637</u>	<u>\$ 110,200</u>	<u>\$ 110,200</u>	<u>\$ 3,563</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 645</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 645</u>
Net Change in Fund Balance	\$ 645	\$ 0	\$ 0	\$ 645
Fund Balance, July 1, 2014	1,600	2,300	2,300	(700)
Fund Balance, June 30, 2015	<u>\$ 2,245</u>	<u>\$ 2,300</u>	<u>\$ 2,300</u>	<u>\$ (55)</u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

Claiborne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 893,593	\$ 964,500	\$ 964,500	\$ (70,907)
Other Local Revenues	3,088,078	3,000	3,087,343	735
Total Revenues	<u>\$ 3,981,671</u>	<u>\$ 967,500</u>	<u>\$ 4,051,843</u>	<u>\$ (70,172)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 425,000	\$ 726,798	\$ 425,000	\$ 0
Highways and Streets	852,862	551,092	852,863	1
Education	1,641,697	1,620,000	1,641,697	0
<u>Interest on Debt</u>				
General Government	192,244	216,828	192,244	0
Highways and Streets	98,034	73,167	98,034	0
Education	1,442,646	1,428,134	1,442,646	0
<u>Other Debt Service</u>				
General Government	6,101	4,400	6,544	443
Total Expenditures	<u>\$ 4,658,584</u>	<u>\$ 4,620,419</u>	<u>\$ 4,659,028</u>	<u>\$ 444</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (676,913)</u>	<u>\$ (3,652,919)</u>	<u>\$ (607,185)</u>	<u>\$ (69,728)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 424,258	\$ 3,472,401	\$ 424,258	\$ 0
Total Other Financing Sources	<u>\$ 424,258</u>	<u>\$ 3,472,401</u>	<u>\$ 424,258</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (252,655)	\$ (180,518)	\$ (182,927)	\$ (69,728)
Fund Balance, July 1, 2014	838,861	844,528	844,528	(5,667)
Fund Balance, June 30, 2015	<u>\$ 586,206</u>	<u>\$ 664,010</u>	<u>\$ 661,601</u>	<u>\$ (75,395)</u>

Fiduciary Funds

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

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

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

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

District Attorney General Fund – The District Attorney General Fund is used to account for restricted revenue held for the benefit of the Office of the District Attorney General.

Exhibit H-1

Claiborne County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2015

	Agency Funds					Total
	Cities - Sales Tax	Constitu- tional Officers - Agency	Other Agency	District Attorney General		
<u>ASSETS</u>						
Cash	\$ 0	\$ 968,546	\$ 0	\$ 0	\$ 0	\$ 968,546
Equity in Pooled Cash and Investments	0	0	712,273	45,105		757,378
Accounts Receivable	0	86	0	0		86
Due from Other Governments	316,061	0	0	3,028		319,089
Property Taxes Receivable	0	0	113,104	0		113,104
Allowance for Uncollectible Property Taxes	0	0	(6,635)	0		(6,635)
Total Assets	<u>\$ 316,061</u>	<u>\$ 968,632</u>	<u>\$ 818,742</u>	<u>\$ 48,133</u>	<u>\$ 0</u>	<u>\$ 2,151,568</u>
<u>LIABILITIES</u>						
Due to Other Taxing Units	\$ 316,061	\$ 0	\$ 0	\$ 0	\$ 0	\$ 316,061
Due to Litigants, Heirs, and Others	0	968,632	0	48,133		1,016,765
Other Current Liabilities	0	0	818,742	0		818,742
Total Liabilities	<u>\$ 316,061</u>	<u>\$ 968,632</u>	<u>\$ 818,742</u>	<u>\$ 48,133</u>	<u>\$ 0</u>	<u>\$ 2,151,568</u>

Exhibit H-2

Claiborne County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2015

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,790,341	\$ 1,790,341	\$ 0
Due from Other Governments	311,442	316,061	311,442	316,061
Total Assets	\$ 311,442	\$ 2,106,402	\$ 2,101,783	\$ 316,061
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 311,442	\$ 2,106,402	\$ 2,101,783	\$ 316,061
Total Liabilities	\$ 311,442	\$ 2,106,402	\$ 2,101,783	\$ 316,061
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,055,322	\$ 7,365,455	\$ 7,452,231	\$ 968,546
Accounts Receivable	198	86	198	86
Total Assets	\$ 1,055,520	\$ 7,365,541	\$ 7,452,429	\$ 968,632
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,055,520	\$ 7,365,541	\$ 7,452,429	\$ 968,632
Total Liabilities	\$ 1,055,520	\$ 7,365,541	\$ 7,452,429	\$ 968,632
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 206,836	\$ 1,047,022	\$ 541,585	\$ 712,273
Accounts Receivable	1,000	0	1,000	0
Property Taxes Receivable	113,577	113,104	113,577	113,104
Allowance for Uncollectible Property Taxes	(6,015)	(6,635)	(6,015)	(6,635)
Total Assets	\$ 315,398	\$ 1,153,491	\$ 650,147	\$ 818,742
<u>Liabilities</u>				
Accounts Payable	\$ 1,375	\$ 0	\$ 1,375	\$ 0
Other Current Liabilities	314,023	1,153,491	648,772	818,742
Total Liabilities	\$ 315,398	\$ 1,153,491	\$ 650,147	\$ 818,742

(Continued)

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>District Attorney General</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 61,549	\$ 16,444	\$ 45,105
Due from Other Governments	0	3,028	0	3,028
Total Assets	\$ 0	\$ 64,577	\$ 16,444	\$ 48,133
<u>Liabilities</u>				
Due to Litigants, Heirs and Others	\$ 0	\$ 64,577	\$ 16,444	\$ 48,133
Total Liabilities	\$ 0	\$ 64,577	\$ 16,444	\$ 48,133
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,055,322	\$ 7,365,455	\$ 7,452,231	\$ 968,546
Equity in Pooled Cash and Investments	206,836	2,898,912	2,348,370	757,378
Accounts Receivable	1,198	86	1,198	86
Due from Other Governments	311,442	319,089	311,442	319,089
Property Taxes Receivable	113,577	113,104	113,577	113,104
Allowance for Uncollectible Property Taxes	(6,015)	(6,635)	(6,015)	(6,635)
Total Assets	\$ 1,682,360	\$ 10,690,011	\$ 10,220,803	\$ 2,151,568
<u>Liabilities</u>				
Accounts Payable	\$ 1,375	\$ 0	\$ 1,375	\$ 0
Due to Other Taxing Units	311,442	2,106,402	2,101,783	316,061
Due to Litigants, Heirs, and Others	1,055,520	7,430,118	7,468,873	1,016,765
Other Current Liabilities	314,023	1,153,491	648,772	818,742
Total Liabilities	\$ 1,682,360	\$ 10,690,011	\$ 10,220,803	\$ 2,151,568

Claiborne County School Department

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

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

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

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

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

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

Exhibit I-1

Claiborne County, Tennessee
Statement of Activities
Discretely Presented Claiborne County School Department
For the Year Ended June 30, 2015

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	\$ 23,021,128	\$ 93,886	\$ 2,580,928	\$ 16,900	\$ (20,329,414)
Support Services	14,546,078	0	156,939	0	(14,389,139)
Operation of Non-instructional Services	4,504,617	312,875	3,124,027	20,000	(1,047,715)
Total Governmental Activities	\$ 42,071,823	\$ 406,761	\$ 5,861,894	\$ 36,900	\$ (35,766,268)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 6,583,719
Local Option Sales Taxes					2,505,503
Coal Severance Tax					389,421
Other Taxes					2,928
Grants and Contributions Not Restricted for Specific Programs					26,923,190
Unrestricted Investment Income					2,670
Miscellaneous					382,130
Pension Income					287,521
Gain on Disposal of Capital Assets					5,785
Total General Revenues					\$ 37,082,867
Change in Net Position					\$ 1,316,599
Net Position, July 1, 2014					42,109,077
Restatement - Pension Liability					(7,594,764)
Net Position, June 30, 2015					\$ 35,830,912

Exhibit I-2

Claiborne County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Claiborne County School Department
June 30, 2015

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 2,678,945	\$ 385,249	\$ 3,064,194
Accounts Receivable	33,104	0	33,104
Due from Other Governments	1,064,256	134,912	1,199,168
Property Taxes Receivable	6,899,377	0	6,899,377
Allowance for Uncollectible Property Taxes	(404,735)	0	(404,735)
Total Assets	<u>\$ 10,270,947</u>	<u>\$ 520,161</u>	<u>\$ 10,791,108</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 111,264	\$ 70,331	\$ 181,595
Accrued Payroll	1,908	0	1,908
Payroll Deductions Payable	11,755	0	11,755
Total Liabilities	<u>\$ 124,927</u>	<u>\$ 70,331</u>	<u>\$ 195,258</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 6,304,118	\$ 0	\$ 6,304,118
Deferred Delinquent Property Taxes	167,684	0	167,684
Other Deferred/Unavailable Revenue	215,015	0	215,015
Total Deferred Inflows of Resources	<u>\$ 6,686,817</u>	<u>\$ 0</u>	<u>\$ 6,686,817</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 12,526	\$ 0	\$ 12,526
Restricted for Capital Projects	0	1,324	1,324
Committed:			
Committed for Education	0	448,506	448,506
Assigned:			
Assigned for Education	198,266	0	198,266
Assigned for Debt Service	565,104	0	565,104
Unassigned	2,683,307	0	2,683,307
Total Fund Balances	<u>\$ 3,459,203</u>	<u>\$ 449,830</u>	<u>\$ 3,909,033</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,270,947</u>	<u>\$ 520,161</u>	<u>\$ 10,791,108</u>

Claiborne County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
Discretely Presented Claiborne County School Department
June 30, 2015

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 3,909,033
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,184,296	
Add: buildings and improvements net of accumulated depreciation	34,125,219	
Add: other capital assets net of accumulated depreciation	<u>1,908,131</u>	37,217,646
(2) Internal service funds are used by management to charge the cost of employee health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		230,938
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: contributions due to the primary government for other loans payable	\$ (195,482)	
Less: other postemployment benefits liability	<u>(337,909)</u>	(533,391)
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expenses in future years:		
Add: deferred outflows of resources related to pensions	\$ 2,117,507	
Less: deferred inflows of resources related to pensions	<u>(9,350,487)</u>	(7,232,980)
(5) Net pension assets are not current financial resources and are therefore not reported in the governmental funds.		1,856,967
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>382,699</u>
Net position of governmental activities (Exhibit A)		<u>\$ 35,830,912</u>

Exhibit I-4

Claiborne County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Claiborne County School Department
For the Year Ended June 30, 2015

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	
	Purpose	Govern-	Total
	School	mental	Governmental
		Funds	Funds
<u>Revenues</u>			
Local Taxes	\$ 9,685,734	\$ 0	\$ 9,685,734
Licenses and Permits	2,242	0	2,242
Charges for Current Services	93,886	254,541	348,427
Other Local Revenues	466,392	7,973	474,365
State of Tennessee	26,124,393	25,805	26,150,198
Federal Government	263,021	6,191,002	6,454,023
Other Governments and Citizens Groups	58,334	0	58,334
Total Revenues	\$ 36,694,002	\$ 6,479,321	\$ 43,173,323
<u>Expenditures</u>			
Current:			
Instruction	\$ 20,448,846	\$ 2,863,462	\$ 23,312,308
Support Services	11,354,271	449,992	11,804,263
Operation of Non-instructional Services	1,216,398	3,247,066	4,463,464
Capital Outlay	127,980	0	127,980
Debt Service:			
Other Debt Service	3,085,443	0	3,085,443
Capital Projects	0	34,609	34,609
Total Expenditures	\$ 36,232,938	\$ 6,595,129	\$ 42,828,067
Excess (Deficiency) of Revenues Over Expenditures	\$ 461,064	\$ (115,808)	\$ 345,256
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 96,288	\$ 0	\$ 96,288
Transfers In	6,755	100,000	106,755
Transfers Out	(100,000)	(6,755)	(106,755)
Total Other Financing Sources (Uses)	\$ 3,043	\$ 93,245	\$ 96,288
Net Change in Fund Balances	\$ 464,107	\$ (22,563)	\$ 441,544
Fund Balance, July 1, 2014	2,995,096	472,393	3,467,489
Fund Balance, June 30, 2015	\$ 3,459,203	\$ 449,830	\$ 3,909,033

Claiborne County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Claiborne County School Department
For the Year Ended June 30, 2015

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ 441,544
<p>(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:</p>		
Add: capital assets purchased in the current period	\$ 570,792	
Less: current-year depreciation expense	<u>(1,552,358)</u>	(981,566)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2015	\$ 382,699	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(455,774)</u>	(73,075)
<p>(3) The contributions of long-term debt (e.g., notes, bonds, leases) by the primary government provide current financial resources to governmental funds, while the contributions by the School Department of the principal of long-term debt consume the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Add: principal contributions on other loans to the primary government		21,697
<p>(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.</p>		
Change in other postemployment benefits liability	\$ (349,248)	
Change in net pension liability / asset	9,451,731	
Change in deferred outflows related to pensions	2,117,507	
Change in deferred inflows related to pensions	<u>(9,350,487)</u>	1,869,503
<p>(5) Internal service funds are used by management to charge the cost of employee health benefits to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities.</p>		
		<u>38,496</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,316,599</u>

Claiborne County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Claiborne County School Department
June 30, 2015

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects</u>	<u>Nonmajor</u>
	<u>Federal</u>	<u>Cafeteria</u>		<u>Education</u>	<u>Governmental</u>
	<u>Projects</u>			<u>Capital</u>	<u>Funds</u>
				<u>Projects</u>	
Equity in Pooled Cash and Investments	\$ 285,014	\$ 98,911	\$ 383,925	\$ 1,324	\$ 385,249
Due from Other Governments	134,912	0	134,912	0	134,912
Total Assets	\$ 419,926	\$ 98,911	\$ 518,837	\$ 1,324	\$ 520,161
<u>LIABILITIES</u>					
Accounts Payable	\$ 69,926	\$ 405	\$ 70,331	\$ 0	\$ 70,331
Total Liabilities	\$ 69,926	\$ 405	\$ 70,331	\$ 0	\$ 70,331
<u>FUND BALANCES</u>					
Restricted:	\$ 0	\$ 0	\$ 0	\$ 1,324	\$ 1,324
Restricted for Capital Projects					
Committed:					
Committed for Education	350,000	98,506	448,506	0	448,506
Total Fund Balances	\$ 350,000	\$ 98,506	\$ 448,506	\$ 1,324	\$ 449,830
Total Liabilities and Fund Balances	\$ 419,926	\$ 98,911	\$ 518,837	\$ 1,324	\$ 520,161

Exhibit I-7

Claiborne County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Claiborne County School Department
For the Year Ended June 30, 2015

	Special Revenue Funds			Total	Capital Projects Fund		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria			Education Capital Projects		
<u>Revenues</u>							
Charges for Current Services	\$ 0	\$ 254,541	\$ 254,541	\$ 0	\$ 254,541		
Other Local Revenues	0	7,973	7,973	0	7,973		
State of Tennessee	0	25,805	25,805	0	25,805		
Federal Government	3,853,348	2,337,654	6,191,002	0	6,191,002		
Total Revenues	\$ 3,853,348	\$ 2,625,973	\$ 6,479,321	\$ 0	\$ 6,479,321		
<u>Expenditures</u>							
Current:							
Instruction	\$ 2,863,462	\$ 0	\$ 2,863,462	\$ 0	\$ 2,863,462		
Support Services	449,992	0	449,992	0	449,992		
Operation of Non-instructional Services	542,015	2,705,051	3,247,066	0	3,247,066		
Capital Projects	0	0	0	34,609	34,609		
Total Expenditures	\$ 3,855,469	\$ 2,705,051	\$ 6,560,520	\$ 34,609	\$ 6,595,129		
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,121)	\$ (79,078)	\$ (81,199)	\$ (34,609)	\$ (115,808)		
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 100,000	\$ 100,000	\$ 0	\$ 100,000		
Transfers Out	(6,755)	0	(6,755)	0	(6,755)		
Total Other Financing Sources (Uses)	\$ (6,755)	\$ 100,000	\$ 93,245	\$ 0	\$ 93,245		
Net Change in Fund Balances	\$ (8,876)	\$ 20,922	\$ 12,046	\$ (34,609)	\$ (22,563)		
Fund Balance, July 1, 2014	358,876	77,584	436,460	35,933	472,393		
Fund Balance, June 30, 2015	\$ 350,000	\$ 98,506	\$ 448,506	\$ 1,324	\$ 449,830		

Exhibit I-8

Claiborne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Claiborne County School Department
General Purpose School Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 9,685,734	\$ 9,473,000	\$ 9,012,490	\$ 673,244
Licenses and Permits	2,242	2,550	2,550	(308)
Charges for Current Services	93,886	198,000	158,503	(64,617)
Other Local Revenues	466,392	256,760	432,813	33,579
State of Tennessee	26,124,393	25,755,629	26,156,159	(31,766)
Federal Government	263,021	274,341	287,872	(24,851)
Other Governments and Citizens Groups	58,334	0	71,615	(13,281)
Total Revenues	\$ 36,694,002	\$ 35,960,280	\$ 36,122,002	\$ 572,000
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 15,855,644	\$ 16,212,259	\$ 16,313,593	\$ 457,949
Special Education Program	3,228,917	3,344,634	3,337,015	108,098
Vocational Education Program	1,176,491	1,188,986	1,188,986	12,495
Adult Education Program	187,794	196,843	226,843	39,049
<u>Support Services</u>				
Attendance	154,815	155,591	155,591	776
Health Services	329,388	235,131	330,131	743
Other Student Support	168,614	148,467	174,467	5,853
Regular Instruction Program	916,494	961,923	1,006,641	90,147
Alternative Instruction Program	691,403	748,555	748,555	57,152
Special Education Program	311,091	270,081	312,506	1,415
Vocational Education Program	80,963	82,262	82,262	1,299
Adult Programs	90,117	90,781	91,581	1,464
Other Programs	9,650	0	9,650	0
Board of Education	1,563,993	1,617,108	1,617,108	53,115
Director of Schools	333,204	369,073	369,073	35,869
Office of the Principal	1,265,390	1,267,424	1,269,974	4,584
Fiscal Services	241,255	0	241,255	0
Operation of Plant	1,978,421	2,322,406	2,322,406	343,985
Maintenance of Plant	811,014	756,401	852,691	41,677
Transportation	2,238,868	2,083,884	2,303,884	65,016
Central and Other	169,591	179,000	179,000	9,409
<u>Operation of Non-Instructional Services</u>				
Community Services	410,569	686,797	436,193	25,624
Early Childhood Education	805,829	810,099	808,560	2,731
<u>Capital Outlay</u>				
Regular Capital Outlay	127,980	204,620	204,620	76,640
<u>Principal on Debt</u>				
Education	0	1,641,776	0	0
<u>Interest on Debt</u>				
Education	0	1,445,284	0	0
<u>Other Debt Service</u>				
Education	3,085,443	2,500	3,150,386	64,943
Total Expenditures	\$ 36,232,938	\$ 37,021,885	\$ 37,732,971	\$ 1,500,033

(Continued)

Exhibit I-8

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 461,064	\$ (1,061,605)	\$ (1,610,969)	\$ 2,072,033
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 96,288	\$ 0	\$ 96,290	\$ (2)
Transfers In	6,755	15,336	6,591	164
Transfers Out	(100,000)	(250,000)	(100,000)	0
Total Other Financing Sources	\$ 3,043	\$ (234,664)	\$ 2,881	\$ 162
Net Change in Fund Balance	\$ 464,107	\$ (1,296,269)	\$ (1,608,088)	\$ 2,072,195
Fund Balance, July 1, 2014	2,995,096	2,623,598	2,623,598	371,498
Fund Balance, June 30, 2015	\$ 3,459,203	\$ 1,327,329	\$ 1,015,510	\$ 2,443,693

Exhibit I-9

Claiborne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Claiborne County School Department
School Federal Projects Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 3,853,348	\$ 4,095,259	\$ 4,387,140	\$ (533,792)
Total Revenues	\$ 3,853,348	\$ 4,095,259	\$ 4,387,140	\$ (533,792)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,703,651	\$ 1,715,275	\$ 1,958,069	\$ 254,418
Special Education Program	1,103,278	1,217,588	1,288,906	185,628
Vocational Education Program	56,533	56,512	56,534	1
<u>Support Services</u>				
Other Student Support	45,273	62,034	52,722	7,449
Regular Instruction Program	288,979	288,333	345,413	56,434
Special Education Program	111,860	114,294	131,645	19,785
Vocational Education Program	3,880	3,880	3,880	0
<u>Operation of Non-instructional Services</u>				
Community Services	542,015	630,751	543,213	1,198
Total Expenditures	\$ 3,855,469	\$ 4,088,667	\$ 4,380,382	\$ 524,913
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,121)	\$ 6,592	\$ 6,758	\$ (8,879)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (6,755)	\$ (6,591)	\$ (6,755)	\$ 0
Total Other Financing Sources	\$ (6,755)	\$ (6,591)	\$ (6,755)	\$ 0
Net Change in Fund Balance	\$ (8,876)	\$ 1	\$ 3	\$ (8,879)
Fund Balance, July 1, 2014	358,876	358,876	358,876	0
Fund Balance, June 30, 2015	\$ 350,000	\$ 358,877	\$ 358,879	\$ (8,879)

Exhibit I-10

Claiborne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Claiborne County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 254,541	\$ 305,000	\$ 305,000	\$ (50,459)
Other Local Revenues	7,973	11,500	11,500	(3,527)
State of Tennessee	25,805	26,000	26,000	(195)
Federal Government	2,337,654	2,234,000	2,264,100	73,554
Total Revenues	\$ 2,625,973	\$ 2,576,500	\$ 2,606,600	\$ 19,373
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 2,705,051	\$ 2,576,500	\$ 2,706,600	\$ 1,549
Total Expenditures	\$ 2,705,051	\$ 2,576,500	\$ 2,706,600	\$ 1,549
Excess (Deficiency) of Revenues Over Expenditures	\$ (79,078)	\$ 0	\$ (100,000)	\$ 20,922
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 100,000	\$ 8,745	\$ 100,000	\$ 0
Transfers Out	0	(8,745)	0	0
Total Other Financing Sources	\$ 100,000	\$ 0	\$ 100,000	\$ 0
Net Change in Fund Balance	\$ 20,922	\$ 0	\$ 0	\$ 20,922
Fund Balance, July 1, 2014	77,584	0	0	77,584
Fund Balance, June 30, 2015	\$ 98,506	\$ 0	\$ 0	\$ 98,506

Exhibit I-11

Claiborne County, Tennessee
Statement of Net Position
Discretely Presented Claiborne County School Department
Proprietary Fund
June 30, 2015

Governmental
Activities -
Internal
Service Fund

Employee
Insurance -
Health

ASSETS

Current Assets:

Cash in Bank	\$ 678,660
Total Assets	<u>\$ 678,660</u>

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 447,722
Total Liabilities	<u>\$ 447,722</u>

NET POSITION

Unrestricted	<u>\$ 230,938</u>
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Exhibit I-12

Claiborne County, Tennessee
Statement of Revenues, Expenses, and Changes
in Net Position
Discretely Presented Claiborne County School Department
Proprietary Fund
For the Year Ended June 30, 2015

	Governmental Activities - Internal Service Fund Employee Insurance - Health
<u>Operating Revenues</u>	
<u>Charges for Current Services</u>	
Self-Insurance Premiums/Contributions	\$ 4,398,993
Total Operating Revenues	<u>\$ 4,398,993</u>
<u>Operating Expenses</u>	
Handling Charges and Administrative Costs	\$ 189,244
Other Contracted Services	3,500
Excess Risk Insurance	379,120
Medical Claims	3,644,324
Other Charges	144,962
Total Operating Expenses	<u>\$ 4,361,150</u>
Operating Income (Loss)	<u>\$ 37,843</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 653
Total Nonoperating Revenues (Expenses)	<u>\$ 653</u>
Changes in Net Position	\$ 38,496
Net Position, July 1, 2014	<u>192,442</u>
Net Position, June 30, 2015	<u><u>\$ 230,938</u></u>

Exhibit I-13

Claiborne County, Tennessee
Statement of Cash Flows
Discretely Presented Claiborne County School Department
Proprietary Fund
For the Year Ended June 30, 2015

	Governmental Activities - Internal Service Fund Employee Insurance - Health
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 4,398,993
Payments for Excess Risk Insurance	(379,120)
Payments for Medical Claims	(3,420,098)
Payments for Administrative Costs	(189,244)
Payments for Other Contracted Services	(3,500)
Payments for Other Charges	(144,962)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 262,069</u>
<u>Cash Flows from Investment Activities</u>	
Interest on Investments	\$ 653
Net Cash Provided By (Used In) Investing Activities	<u>\$ 653</u>
Net Increase (Decrease) in Cash	\$ 262,722
Cash, July 1, 2014	<u>415,938</u>
Cash, June 30, 2015	<u><u>\$ 678,660</u></u>
<u>Reconciliation of Operating Income to Net Cash Provided By (Used In)</u>	
<u>Operating Activities</u>	
Operating Income (Loss)	\$ 37,843
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
Increase (Decrease) in Accounts Payable	<u>224,226</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 262,069</u></u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Claiborne County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds
For the Year Ended June 30, 2015

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Paid and/or		
						Matured During Period	Outstanding 6-30-15	
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Capital Outlay - Highway Projects	\$ 500,000	3 %	12-7-11	12-7-14	\$ 166,666	\$ 166,666	\$ 0	
Capital Outlay - Highway Equipment	128,013	2.63	10-2-13	10-2-18	111,909	24,694	87,215	
Capital Outlay - Highway Projects 2014	585,000	2.85	10-2-13	10-2-18	585,000	110,437	474,563	
Total Notes Payable					\$ 863,575	\$ 301,797	\$ 561,778	
OTHER LOANS PAYABLE								
<u>Payable by Contributions from the School Department through the</u>								
<u>General Purpose School Fund to the General Debt Service Fund</u>								
Powell Valley Electric Cooperative:								
Ball Field Lighting Project at Schools	147,722	7	5-1-07	4-30-22	\$ 95,559	\$ 9,547	\$ 86,012	
Ball Field Lighting Project at Schools	188,010	7	5-1-07	4-30-22	121,620	12,150	109,470	
Total Other Loans Payable					\$ 217,179	\$ 21,697	\$ 195,482	
CAPITAL LEASES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Highway Equipment - Grader	235,295	3.2	9-25-12	9-25-15	\$ 165,767	\$ 41,512	\$ 124,255	
Highway Equipment - Backhoe	97,848	3.2	9-25-12	9-25-16	71,132	15,951	55,181	
Highway Equipment - Grader	244,665	3.2	2-19-13	2-19-16	188,654	43,602	145,052	
Total Capital Leases Payable					\$ 425,553	\$ 101,065	\$ 324,488	

(Continued)

Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Paid and/or		
						Matured During Period	Outstanding 6-30-15	
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
School Refunding Bonds, Series 2007	\$ 4,485,000	4	12-19-07	5-1-21	\$ 4,110,000	\$ 0	\$ 4,110,000	
School Refunding Bonds, Series 2009	2,425,000	2 to 3.15	11-12-09	4-1-18	1,955,000	380,000	1,575,000	
School Bonds, Series 2010	5,010,000	1 to 5.3	5-12-10	6-1-25	4,025,000	265,000	3,760,000	
Refunding Judicial and Series 1998, Series 2010A	3,370,000	2.5 to 4.125	3-30-10	4-1-30	3,230,000	0	3,230,000	
Refunding Highway, Series 2010A	3,235,000	2.5 to 4.125	3-30-10	4-1-30	1,405,000	450,000	955,000	
Refunding Schools, Series 2010A	27,900,000	2.5 to 4.125	3-30-10	4-1-30	24,925,000	975,000	23,950,000	
Refunding Series 2012 - Judicial Complex	3,935,000	2	7-26-12	6-30-22	3,115,000	425,000	2,690,000	
Total Bonds Payable					\$ 42,765,000	\$ 2,495,000	\$ 40,270,000	

Exhibit J-2

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

Year Ending June 30	Notes		Total
	Principal	Interest	
2016	\$ 138,982	\$ 15,732	\$ 154,714
2017	142,925	11,789	154,714
2018	147,033	7,681	154,714
2019	132,838	3,626	136,464
Total	\$ 561,778	\$ 38,828	\$ 600,606

Year Ending June 30	Other Loans		Total
	Principal	Interest	
2016	\$ 23,266	\$ 12,947	\$ 36,213
2017	24,947	11,266	36,213
2018	26,751	9,462	36,213
2019	28,684	7,529	36,213
2020	30,758	5,455	36,213
2021	32,981	3,232	36,213
2022	28,095	878	28,973
Total	\$ 195,482	\$ 50,769	\$ 246,251

Year Ending June 30	Capital Leases		Total
	Principal	Interest	
2016	\$ 285,777	\$ 5,308	\$ 291,085
2017	38,711	299	39,010
Total	\$ 324,488	\$ 5,607	\$ 330,095

(Continued)

Exhibit J-2

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

Year Ending June 30	Bonds		Total
	Principal	Interest	
2016	\$ 2,625,000	\$ 1,598,063	\$ 4,223,063
2017	2,760,000	1,507,541	4,267,541
2018	2,295,000	1,394,105	3,689,105
2019	2,415,000	1,302,148	3,717,148
2020	2,430,000	1,217,022	3,647,022
2021	2,545,000	1,126,262	3,671,262
2022	2,455,000	1,029,587	3,484,587
2023	2,410,000	930,463	3,340,463
2024	2,515,000	829,337	3,344,337
2025	3,110,000	723,275	3,833,275
2026	2,715,000	592,375	3,307,375
2027	2,820,000	483,775	3,303,775
2028	2,940,000	370,975	3,310,975
2029	3,055,000	253,375	3,308,375
2030	3,180,000	131,175	3,311,175
Total	\$ 40,270,000	\$ 13,489,478	\$ 53,759,478

Exhibit J-3

Claiborne County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Claiborne County School Department
For the Year Ended June 30, 2015

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Highway/Public Works	General Debt Service	Debt Retirement	\$ 424,258
"	General	Bookkeeper's Salary	46,975
Total Transfers Primary Government			<u>\$ 471,233</u>
<u>DISCRETELY PRESENTED CLAIBORNE</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	Central Cafeteria Fund	Operating Costs	\$ 100,000
School Federal Projects	General Purpose School	Indirect Costs	6,755
Total Transfers Discretely Presented Claiborne County School Department			<u>\$ 106,755</u>

Claiborne County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Claiborne County School Department
For the Year Ended June 30, 2015

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA, and County Commission	\$ 91,398	\$ 50,000	RLI Insurance Compnay
Road Superintendent:				
Bill Fultz (7-1-14 through 2-4-15)	Section 8-24-102, TCA	46,786	100,000	"
Ronald Pittman (2-5-15 through 6-30-15)	Section 8-24-102, TCA	27,842	100,000	"
Director of Schools	State Board of Education and Claiborne County Board of Education	102,980	(1)	(4)
Trustee	Section 8-24-102, TCA	67,843	1,751,700	Ohio Casualty Insurance Company
Assessor of Property	Section 8-24-102, TCA	67,843	50,000	RLI Insurance Company
County Clerk	Section 8-24-102, TCA	67,843	50,000	"
Circuit, General Sessions, and Juvenile Courts Clerk:				
Billy Ray Cheek, Jr. (7-1-14 through 8-31-14)	Section 8-24-102, TCA	13,047	50,000	"
Jackie Rosenbalm (9-1-14 through 6-30-15)	Section 8-24-102, TCA	54,796	50,000	"
Clerk and Master	Section 8-24-102, TCA	67,843	(2)	"
Register of Deeds	and Chancery Court Judge	67,843	25,000	"
Sheriff	Section 8-24-102, TCA, and County Commission	85,228	(3)	"
Director of Finance	Board of County Commissioners	65,920	(5)	"
Employee Blanket Bonds:				
Public Employee Dishonesty - County Departments			150,000	Local Government Property and Casualty Fund
Public Employee Dishonesty - School Departments			150,000	Tennessee Risk Management Trust

- (1) Includes a chief executive officer training supplement of \$2,000 and \$1,750 for serving as secretary to the board.
- (2) Does not include special commissioner fees of \$18,495.
- (3) Includes a supplement of \$10,000 for serving as workhouse superintendent and \$600 for a law enforcement training supplement.
- (4) Covered by the employee blanket bond.
- (5) Includes a three percent bonus (\$1,920) paid from the other salaries and wages line-item.

Claiborne County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2015

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 4,755,005	\$ 1,166,780	\$ 0	\$ 0	\$ 0	\$ 50,163
Trustee's Collections - Prior Year	189,348	43,879	0	0	0	1,940
Circuit/Clerk and Master Collections - Prior Years	190,412	46,554	0	0	26,360	1,876
Interest and Penalty	32,876	7,554	0	0	0	342
Payments in-Lieu-of Taxes - T.V.A.	1,007	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	19,464	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	86,600	21,234	0	0	0	913
<u>County Local Option Taxes</u>						
Hotel/Motel Tax	32,929	0	0	0	0	0
Wheel Tax	0	0	0	0	0	0
Litigation Tax - General	114,189	0	0	0	0	0
Litigation Tax - Special Purpose	5	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	25,583	0	0	0	0	0
Business Tax	95,958	0	0	0	0	0
Mixed Drink Tax	5,232	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	27,180
<u>Statutory Local Taxes</u>						
Bank Excise Tax	45,065	0	0	0	0	0
Wholesale Beer Tax	51,037	0	0	0	0	0
Beer Privilege Tax	760	0	0	0	0	0
Coal Severance Tax	0	0	0	0	0	376,952
Interstate Telecommunications Tax	2,113	0	0	0	0	0
Other Statutory Local Taxes	0	0	0	0	0	71,472
Total Local Taxes	\$ 5,647,583	\$ 1,286,001	\$ 0	\$ 0	\$ 26,360	\$ 530,838

(Continued)

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>Licenses and Permits</u>						
<u>Permits</u>						
Building Permits	8,860 \$	0 \$	0 \$	0 \$	0 \$	0
Total Licenses and Permits	8,860 \$	0 \$	0 \$	0 \$	0 \$	0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	40,126 \$	0 \$	0 \$	0 \$	0 \$	0
Officers Costs	44,100	0	0	0	0	0
Drug Control Fines	0	0	25,008	0	0	0
Jail Fees	14,488	0	0	0	0	0
Judicial Commissioner Fees	1,789	0	0	0	0	0
DUI Treatment Fines	7,118	0	0	0	0	0
Data Entry Fee - Circuit Court	1,280	0	200	0	0	0
Courtroom Security Fee	1,693	0	0	0	0	0
<u>General Sessions Court</u>						
Game and Fish Fines	718	0	0	0	0	0
Drug Control Fines	0	0	13,954	0	0	0
DUI Treatment Fines	902	0	0	0	0	0
Data Entry Fee - General Sessions Court	8,983	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	3,434	0	0	0	0	0
Officers Costs	2,445	0	0	0	0	0
Data Entry Fee - Juvenile Court	760	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	2,143	0	0	0	0	0
Data Entry Fee - Chancery Court	4,718	0	0	0	0	0
Courtroom Security Fee	17	0	0	0	0	0

(Continued)

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

	Special Revenue Funds					Highway / Public Works
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitu- tional - Officers - Fees	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0 \$	0 \$	50,719 \$	0 \$	0 \$	0
Total Fines, Forfeitures, and Penalties	134,714 \$	0 \$	89,881 \$	0 \$	0 \$	0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
<u> Tipping Fees</u>		435,124 \$	0 \$	0 \$	0 \$	0
<u> Fees</u>						
Copy Fees	220	0	0	0	0	0
Greenbelt Late Application Fee	150	0	0	0	0	0
Telephone Commissions	103,791	0	0	0	0	0
Vending Machine Collections	1,228	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	432,628	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	18,495	0
Data Processing Fee - Register	9,019	0	0	0	0	0
Data Processing Fee - Sheriff	4,463	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	3,750	0	0	0	0	0
Total Charges for Current Services	122,621 \$	435,124 \$	0 \$	0 \$	451,123 \$	0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	40,548 \$	5,797 \$	0 \$	1,937 \$	0 \$	0
Lease/Rentals	0	0	0	0	0	1,200
Sale of Recycled Materials	0	14,995	0	0	0	0
Miscellaneous Refunds	10,250	0	0	117,860	0	1,325

(Continued)

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>Other Local Revenues (Cont.)</u>						
<u>Nonrecurring Items</u>						
Sale of Property	17,700 \$	0 \$	0 \$	0 \$	0 \$	0
Contributions and Gifts	241,755	0	0	0	0	0
Total Other Local Revenues	310,253 \$	20,792 \$	0 \$	119,797 \$	0 \$	2,525
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	85,311 \$	0 \$	0 \$	0 \$	0 \$	0
Juvenile Court Clerk	14,798	0	0	0	0	0
Trustee	251,831	0	0	0	0	0
<u>Fees in-Lieu-of Salary</u>						
Circuit Court Clerk	82,756	0	0	0	0	0
General Sessions Court Clerk	161,980	0	0	0	0	0
Clerk and Master	136,033	0	0	0	0	0
Register	107,975	0	0	0	0	0
Sheriff	13,590	0	0	0	0	0
Total Fees Received from County Officials	854,274 \$	0 \$	0 \$	0 \$	0 \$	0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Other General Government Grants	0 \$	20,043 \$	0 \$	0 \$	0 \$	0
Public Safety Grants						
Law Enforcement Training Programs	21,000	0	0	0	0	0
Health and Welfare Grants						
Other Health and Welfare Grants	196,327	0	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds						Highway / Public Works
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitu- tional Officers - Fees		
<u>State of Tennessee (Cont.)</u>							
<u>Public Works Grants</u>							
Bridge Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 843,447	
State Aid Program	0	0	0	0	0	66,415	
Litter Program	34,705	0	0	0	0	0	
<u>Other State Revenues</u>							
Income Tax	38,111	0	0	0	0	0	
Beer Tax	18,055	0	0	0	0	0	
Alcoholic Beverage Tax	61,584	0	0	0	0	0	
State Revenue Sharing - T.V.A.	489,049	0	0	0	0	0	
Contracted Prisoner Boarding	1,588,126	0	0	0	0	0	
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,724,536	
Petroleum Special Tax	0	0	0	0	0	23,243	
Registrar's Salary Supplement	15,164	0	0	0	0	0	
State Shared Sales Tax - Cities	5,076	0	0	0	0	0	
Other State Grants	126,651	0	0	0	0	0	
Total State of Tennessee	\$ 2,593,848	\$ 20,043	\$ 0	\$ 0	\$ 0	\$ 2,657,641	
<u>Federal Government</u>							
<u>Federal Through State</u>							
Community Development	\$ 25,350	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Disaster Relief	0	0	0	0	0	55,332	
Homeland Security Grants	56,418	0	0	0	0	0	
<u>Direct Federal Revenue</u>							
Medicare	0	0	0	63,620	0	0	
Other Direct Federal Revenue	10,200	0	0	0	0	0	
Total Federal Government	\$ 91,968	\$ 0	\$ 0	\$ 63,620	\$ 0	\$ 55,332	
Total	\$ 9,764,121	\$ 1,761,960	\$ 89,881	\$ 183,417	\$ 477,483	\$ 3,246,336	

(Continued)

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

	Debt Service		Capital		Total
	Fund	Projects	Fund	Projects	
	General	Highway	Capital	Projects	
	Service				
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 150,779	\$ 97,876	\$		6,220,603
Trustee's Collections - Prior Year	1,940	3,434			240,541
Circuit/Clerk and Master Collections - Prior Years	4,688	3,573			273,463
Interest and Penalty	1,392	618			42,782
Payments in-Lieu-of Taxes - T.V.A.	0	0			1,007
Payments in-Lieu-of Taxes - Local Utilities	0	0			19,464
Payments in-Lieu-of Taxes - Other	2,740	1,781			113,268
<u>County Local Option Taxes</u>					
Hotel/Motel Tax	0	0			32,929
Wheel Tax	732,054	0			732,054
Litigation Tax - General	0	0			114,189
Litigation Tax - Special Purpose	0	0			5
Litigation Tax - Jail, Workhouse, or Courthouse	0	0			25,583
Business Tax	0	0			95,958
Mixed Drink Tax	0	0			5,232
Mineral Severance Tax	0	0			27,180
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	0			45,065
Wholesale Beer Tax	0	0			51,037
Beer Privilege Tax	0	0			760
Coal Severance Tax	0	0			376,952
Interstate Telecommunications Tax	0	0			2,113
Other Statutory Local Taxes	0	0			71,472
Total Local Taxes	\$ 893,593	\$ 107,282	\$	\$	8,491,657

(Continued)

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

	Debt Service Fund		Capital Projects Fund		Total
	General	Debt Service	Highway	Capital Projects	
<u>Licenses and Permits</u>					
<u>Permits</u>					
Building Permits		0 \$		0 \$	8,860
Total Licenses and Permits		0 \$		0 \$	8,860
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines		0 \$		0 \$	40,126
Officers Costs		0		0	44,100
Drug Control Fines		0		0	25,008
Jail Fees		0		0	14,488
Judicial Commissioner Fees		0		0	1,789
DUI Treatment Fines		0		0	7,118
Data Entry Fee - Circuit Court		0		0	1,480
Courtroom Security Fee		0		0	1,693
<u>General Sessions Court</u>					
Game and Fish Fines		0		0	718
Drug Control Fines		0		0	13,954
DUI Treatment Fines		0		0	902
Data Entry Fee - General Sessions Court		0		0	8,983
<u>Juvenile Court</u>					
Fines		0		0	3,434
Officers Costs		0		0	2,445
Data Entry Fee - Juvenile Court		0		0	760
<u>Chancery Court</u>					
Officers Costs		0		0	2,143
Data Entry Fee - Chancery Court		0		0	4,718
Courtroom Security Fee		0		0	17

(Continued)

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

	Debt Service Fund		Capital Projects Fund		Total
	General	Debt Service	Highway Capital	Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property		0 \$	0 \$	0 \$	50,719
Total Fines, Forfeitures, and Penalties		0 \$	0 \$	0 \$	224,595
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Tipping Fees		0 \$	0 \$	0 \$	435,124
<u>Fees</u>					
Copy Fees		0	0	0	220
Greenbelt Late Application Fee		0	0	0	150
Telephone Commissions		0	0	0	103,791
Vending Machine Collections		0	0	0	1,228
Constitutional Officers' Fees and Commissions		0	0	0	432,628
Special Commissioner Fees/Special Master Fees		0	0	0	18,495
Data Processing Fee - Register		0	0	0	9,019
Data Processing Fee - Sheriff		0	0	0	4,463
Sexual Offender Registration Fee - Sheriff		0	0	0	3,750
Total Charges for Current Services		0 \$	0 \$	0 \$	1,008,868
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income		3,735 \$	0 \$	0 \$	52,017
Lease/Rentals		0	0	0	1,200
Sale of Recycled Materials		0	0	0	14,995
Miscellaneous Refunds		0	0	0	129,435

(Continued)

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

	Debt Service Fund	General Debt Service	Capital Projects Fund Highway Capital Projects	Total
<u>Other Local Revenues (Cont.)</u>				
<u>Nonrecurring Items</u>				
Sale of Property	\$	0 \$	0 \$	17,700
Contributions and Gifts		3,084,343	0	3,326,098
Total Other Local Revenues	\$	3,088,078 \$	0 \$	3,541,445
<u>Fees Received from County Officials</u>				
<u>Excess Fees</u>				
County Clerk	\$	0 \$	0 \$	85,311
Juvenile Court Clerk		0	0	14,798
Trustee		0	0	251,831
<u>Fees in-Lieu-of Salary</u>				
Circuit Court Clerk		0	0	82,756
General Sessions Court Clerk		0	0	161,980
Clerk and Master		0	0	136,033
Register		0	0	107,975
Sheriff		0	0	13,590
Total Fees Received from County Officials	\$	0 \$	0 \$	854,274
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
Other General Government Grants	\$	0 \$	0 \$	20,043
Public Safety Grants				
Law Enforcement Training Programs		0	0	21,000
Health and Welfare Grants				
Other Health and Welfare Grants		0	0	196,327

(Continued)

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

	Debt Service Fund	Capital Projects Fund	Total
	General	Highway	
	Debt	Capital	
	Service	Projects	Total
<u>State of Tennessee (Cont.)</u>			
<u>Public Works Grants</u>			
Bridge Program	0 \$	0 \$	843,447
State Aid Program	0	0	66,415
Litter Program	0	0	34,705
<u>Other State Revenues</u>			
Income Tax	0	0	38,111
Beer Tax	0	0	18,055
Alcoholic Beverage Tax	0	0	61,584
State Revenue Sharing - T.V.A.	0	0	489,049
Contracted Prisoner Boarding	0	0	1,588,126
Gasoline and Motor Fuel Tax	0	0	1,724,536
Petroleum Special Tax	0	0	23,243
Registrar's Salary Supplement	0	0	15,164
State Shared Sales Tax - Cities	0	0	5,076
Other State Grants	0	0	126,651
Total State of Tennessee	0 \$	0 \$	5,271,532
<u>Federal Government</u>			
<u>Federal Through State</u>			
Community Development	0 \$	0 \$	25,350
Disaster Relief	0	0	55,332
Homeland Security Grants	0	0	56,418
<u>Direct Federal Revenue</u>			
Medicare	0	0	63,620
Other Direct Federal Revenue	0	0	10,200
Total Federal Government	0 \$	0 \$	210,920
Total	3,981,671 \$	107,282 \$	19,612,151

Claiborne County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Claiborne County School Department
For the Year Ended June 30, 2015

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria		
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 6,120,271	\$ 0	\$ 0	\$ 0	\$ 6,120,271
Trustee's Collections - Prior Year	236,660	0	0	0	236,660
Circuit/Clerk and Master Collections - Prior Years	243,989	0	0	0	243,989
Interest and Penalty	41,801	0	0	0	41,801
Payments in-Lieu-of Taxes - T.V.A.	968	0	0	0	968
Payments in-Lieu-of Taxes - Local Utilities	18,700	0	0	0	18,700
Payments in-Lieu-of Taxes - Other	111,420	0	0	0	111,420
<u>County Local Option Taxes</u>					
Local Option Sales Tax	2,519,576	0	0	0	2,519,576
Statutory Local Taxes					
Coal Severance Tax	389,421	0	0	0	389,421
Interstate Telecommunications Tax	2,928	0	0	0	2,928
Total Local Taxes	\$ 9,685,734	\$ 0	\$ 0	\$ 0	\$ 9,685,734
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	2,242	0	0	0	2,242
Total Licenses and Permits	\$ 2,242	\$ 0	\$ 0	\$ 0	\$ 2,242
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Other	93,886	0	0	0	93,886
Lunch Payments - Adults	0	0	0	69,935	69,935
A la carte Sales	0	0	0	57,270	57,270

(Continued)

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria		
<u>Charges for Current Services (Cont.)</u>					
<u>Other Charges for Services</u>					
Other Charges for Services	0 \$	0 \$	127,336 \$		127,336
Total Charges for Current Services	93,886 \$	0 \$	254,541 \$		348,427
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	0 \$	0 \$	2,017 \$		2,017
E-Rate Funding	84,433	0	0		84,433
Retirees' Insurance Payments	268,298	0	0		268,298
Miscellaneous Refunds	70,171	0	5,956		76,127
<u>Nonrecurring Items</u>					
Sale of Equipment	5,785	0	0		5,785
Contributions and Gifts	37,300	0	0		37,300
<u>Other Local Revenues</u>					
Other Local Revenues	405	0	0		405
Total Other Local Revenues	466,392 \$	0 \$	7,973 \$		474,365
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	9,650 \$	0 \$	0 \$		9,650
<u>State Education Funds</u>					
Basic Education Program	23,996,001	0	0		23,996,001
Early Childhood Education	807,367	0	0		807,367
School Food Service	0	0	25,805		25,805
Driver Education	6,600	0	0		6,600

(Continued)

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria		
State of Tennessee (Cont.)					
State Education Funds (Cont.)					
Other State Education Funds	\$ 620,107	\$ 0	\$ 0	\$ 0	\$ 620,107
Career Ladder Program	130,681	0	0	0	130,681
Career Ladder - Extended Contract	42,070	0	0	0	42,070
Other State Revenues					
State Revenue Sharing - T.V.A.	469,870	0	0	0	469,870
Other State Grants	42,047	0	0	0	42,047
Total State of Tennessee	\$ 26,124,393	\$ 0	\$ 25,805	\$ 0	\$ 26,150,198
Federal Government					
Federal Through State					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,583,381	\$ 0	\$ 1,583,381
USDA - Commodities	0	0	148,126	0	148,126
Breakfast	0	0	547,291	0	547,291
USDA - Other	0	0	58,856	0	58,856
USDA Food Service Equipment Grant	20,000	0	0	0	20,000
Adult Education State Grant Program	191,315	0	0	0	191,315
Vocational Education - Basic Grants to States	0	82,685	0	0	82,685
Title I Grants to Local Education Agencies	0	1,516,622	0	0	1,516,622
Special Education - Grants to States	34,806	1,184,819	0	0	1,219,625
Special Education Preschool Grants	0	32,413	0	0	32,413
Safe and Drug-free Schools - State Grants	0	393,193	0	0	393,193
Rural Education	0	75,438	0	0	75,438
Eisenhower Professional Development State Grants	0	284,161	0	0	284,161
Race to the Top - ARRA	0	122,747	0	0	122,747

(Continued)

Exhibit J-6

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria		
Federal Government (Cont.)					
Federal Through State (Cont.)					
Other Federal through State	\$ 16,900	\$ 161,270	\$ 0	\$ 0	\$ 178,170
Total Federal Government	\$ 263,021	\$ 3,855,348	\$ 2,337,654	\$	\$ 6,454,023
Other Governments and Citizens Groups					
Other Governments					
Contracted Services	\$ 58,334	\$ 0	\$ 0	\$ 0	\$ 58,334
Total Other Governments and Citizens Groups	\$ 58,334	\$ 0	\$ 0	\$ 0	\$ 58,334
Total	\$ 36,694,002	\$ 3,855,348	\$ 2,625,973	\$	\$ 43,175,323

Exhibit J-7

Claiborne County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2015

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	105,769	
Social Security		6,783	
Pensions		2,645	
Medical Insurance		26,534	
Employer Medicare		1,586	
Audit Services		9,664	
Dues and Memberships		1,700	
Total County Commission			\$ 154,681

Board of Equalization

Board and Committee Members Fees	\$	5,000	
Total Board of Equalization			5,000

Budget and Finance Committee

Board and Committee Members Fees	\$	13,581	
Social Security		597	
Pensions		396	
Employer Medicare		140	
Total Budget and Finance Committee			14,714

County Mayor/Executive

County Official/Administrative Officer	\$	91,398	
Secretary(ies)		26,917	
Other Salaries and Wages		898	
Social Security		7,254	
Pensions		6,579	
Medical Insurance		11,039	
Unemployment Compensation		109	
Employer Medicare		1,697	
Communication		4,539	
Dues and Memberships		3,296	
Operating Lease Payments		1,999	
Travel		1,944	
Office Supplies		1,507	
Premiums on Corporate Surety Bonds		114	
Workers' Compensation Insurance		1,792	
Office Equipment		1,100	
Total County Mayor/Executive			162,182

County Attorney

County Official/Administrative Officer	\$	38,430	
Clerical Personnel		5,250	
Other Salaries and Wages		1,153	
Social Security		2,381	
Pensions		2,185	
Medical Insurance		5,520	
Unemployment Compensation		126	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Attorney (Cont.)

Employer Medicare	\$	557	
Dues and Memberships		500	
Workers' Compensation Insurance		896	
Total County Attorney			\$ 56,998

Election Commission

County Official/Administrative Officer	\$	61,059	
Clerical Personnel		29,907	
Other Salaries and Wages		1,885	
Election Commission		10,500	
Election Workers		66,406	
In-service Training		7,689	
Social Security		7,300	
Pensions		5,070	
Medical Insurance		5,586	
Unemployment Compensation		463	
Employer Medicare		1,707	
Communication		9,606	
Operating Lease Payments		1,914	
Other Contracted Services		18,297	
Office Supplies		3,732	
Workers' Compensation Insurance		1,792	
Total Election Commission			232,913

Register of Deeds

County Official/Administrative Officer	\$	67,843	
Assistant(s)		29,907	
Secretary(ies)		27,187	
Other Salaries and Wages		1,713	
Social Security		7,679	
Pensions		6,990	
Medical Insurance		11,082	
Unemployment Compensation		252	
Employer Medicare		1,796	
Communication		2,820	
Dues and Memberships		698	
Operating Lease Payments		4,016	
Maintenance and Repair Services - Office Equipment		6,792	
Office Supplies		3,818	
Premiums on Corporate Surety Bonds		75	
Workers' Compensation Insurance		2,689	
Total Register of Deeds			175,357

Development

Contracts with Other Public Agencies	\$	4,577	
Total Development			4,577

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Planning

Board and Committee Members Fees	\$	6,000	
Social Security		372	
Employer Medicare		87	
Total Planning			\$ 6,459

County Buildings

Custodial Personnel	\$	38,366	
Maintenance Personnel		22,880	
Other Salaries and Wages		1,342	
Social Security		3,687	
Pensions		2,591	
Medical Insurance		11,601	
Unemployment Compensation		378	
Employer Medicare		862	
Communication		7,933	
Maintenance and Repair Services - Buildings		49,531	
Maintenance and Repair Services - Vehicles		7,820	
Postal Charges		29,240	
Rentals		1,200	
Custodial Supplies		5,053	
Electricity		60,692	
Gasoline		2,941	
Office Supplies		7,500	
Utilities		5,252	
Water and Sewer		5,520	
Other Supplies and Materials		964	
Workers' Compensation Insurance		2,689	
Total County Buildings			268,042

Preservation of Records

Clerical Personnel	\$	11,128	
Other Salaries and Wages		334	
Social Security		674	
Pensions		12	
Unemployment Compensation		63	
Employer Medicare		158	
Communication		1,389	
Operating Lease Payments		295	
Other Contracted Services		3,256	
Office Supplies		6,144	
Workers' Compensation Insurance		896	
Total Preservation of Records			24,349

Finance

Accounting and Budgeting

Supervisor/Director	\$	64,000	
Accountants/Bookkeepers		251,011	

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Other Salaries and Wages	\$	6,456	
Social Security		16,914	
Pensions		18,201	
Life Insurance		210	
Medical Insurance		24,782	
Dental Insurance		151	
Unemployment Compensation		767	
Employer Medicare		4,417	
Communication		7,760	
Data Processing Services		1,524	
Maintenance Agreements		4,751	
Travel		1,507	
Other Contracted Services		14,518	
Data Processing Supplies		276	
Office Supplies		3,072	
Premiums on Corporate Surety Bonds		338	
Workers' Compensation Insurance		3,585	
Other Charges		314	
Office Equipment		384	
Total Accounting and Budgeting			\$ 424,938

Property Assessor's Office

County Official/Administrative Officer	\$	67,843	
Secretary(ies)		29,907	
Clerical Personnel		23,644	
Other Salaries and Wages		23,574	
In-service Training		1,528	
Social Security		8,672	
Pensions		6,806	
Medical Insurance		20,253	
Unemployment Compensation		378	
Employer Medicare		2,028	
Audit Services		13,300	
Communication		3,758	
Data Processing Services		7,605	
Dues and Memberships		1,910	
Maintenance Agreements		3,000	
Travel		1,804	
Office Supplies		2,343	
Other Supplies and Materials		1,513	
Premiums on Corporate Surety Bonds		131	
Workers' Compensation Insurance		3,585	
Office Equipment		1,000	
Total Property Assessor's Office			224,582

Reappraisal Program

Assistant(s)	\$	27,362	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program (Cont.)

Laborers	\$	22,047	
Other Salaries and Wages		1,482	
In-service Training		772	
Social Security		3,056	
Pensions		2,809	
Medical Insurance		5,586	
Unemployment Compensation		252	
Employer Medicare		715	
Communication		1,200	
Data Processing Services		4,470	
Operating Lease Payments		266	
Travel		1,284	
Office Supplies		794	
Workers' Compensation Insurance		1,792	
Office Equipment		1,485	
Total Reappraisal Program	\$		75,372

County Trustee's Office

Other Salaries and Wages	\$	2,914	
Social Security		10,040	
Pensions		9,266	
Medical Insurance		22,111	
Unemployment Compensation		504	
Employer Medicare		2,348	
Communication		4,042	
Data Processing Services		9,925	
Dues and Memberships		613	
Operating Lease Payments		1,575	
Legal Notices, Recording, and Court Costs		339	
Maintenance Agreements		15,176	
Office Supplies		1,527	
Premiums on Corporate Surety Bonds		3,021	
Workers' Compensation Insurance		4,481	
Office Equipment		5,732	
Total County Trustee's Office			93,614

County Clerk's Office

Social Security	\$	14,117	
Pensions		11,874	
Medical Insurance		33,178	
Unemployment Compensation		891	
Employer Medicare		3,302	
Communication		9,107	
Dues and Memberships		478	
Operating Lease Payments		1,885	
Maintenance Agreements		16,047	
Office Supplies		8,333	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Premiums on Corporate Surety Bonds	\$	98	
Workers' Compensation Insurance		7,170	
Total County Clerk's Office			\$ 106,480

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	67,843	
Deputy(ies)		21,894	
Secretary(ies)		28,234	
Clerical Personnel		107,019	
Other Salaries and Wages		2,194	
Jury and Witness Expense		8,854	
Social Security		13,617	
Pensions		7,662	
Medical Insurance		29,430	
Unemployment Compensation		1,383	
Employer Medicare		3,185	
Communication		5,352	
Dues and Memberships		478	
Operating Lease Payments		7,864	
Maintenance Agreements		14,633	
Postal Charges		1,000	
Office Supplies		25,750	
Premiums on Corporate Surety Bonds		366	
Workers' Compensation Insurance		7,170	
Total Circuit Court			353,928

General Sessions Court

Judge(s)	\$	149,386	
Secretary(ies)		29,884	
Social Security		9,132	
Pensions		9,066	
Medical Insurance		8,750	
Unemployment Compensation		252	
Employer Medicare		2,572	
Communication		2,211	
Travel		500	
Other Contracted Services		700	
Office Supplies		574	
Periodicals		436	
Workers' Compensation Insurance		1,792	
Office Equipment		849	
Total General Sessions Court			216,104

Chancery Court

County Official/Administrative Officer	\$	67,843	
Assistant(s)		27,187	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Secretary(ies)	\$	30,445	
Clerical Personnel		45,724	
Other Salaries and Wages		3,101	
Social Security		10,413	
Pensions		8,368	
Medical Insurance		22,144	
Unemployment Compensation		504	
Employer Medicare		2,435	
Communication		6,428	
Dues and Memberships		518	
Operating Lease Payments		2,122	
Maintenance Agreements		12,416	
Travel		61	
Office Supplies		3,068	
Premiums on Corporate Surety Bonds		98	
Workers' Compensation Insurance		4,481	
Office Equipment		8,033	
Total Chancery Court			\$ 255,389

District Attorney General

Secretary(ies)	\$	27,407	
Other Salaries and Wages		822	
Social Security		1,695	
Pensions		294	
Medical Insurance		4,141	
Unemployment Compensation		252	
Employer Medicare		396	
Total District Attorney General			35,007

Office of Public Defender

Contributions	\$	28,201	
Total Office of Public Defender			28,201

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	74,628	
Assistant(s)		32,311	
Deputy(ies)		1,168,672	
Investigator(s)		30,445	
Lieutenant(s)		29,988	
Salary Supplements		20,400	
Secretary(ies)		9,915	
School Resource Officer		72,477	
Other Salaries and Wages		33,293	
Social Security		88,532	
Pensions		55,588	
Medical Insurance		184,456	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Unemployment Compensation	\$	6,024	
Employer Medicare		20,992	
Communication		29,469	
Dues and Memberships		2,106	
Operating Lease Payments		6,451	
Maintenance and Repair Services - Buildings		5,036	
Maintenance and Repair Services - Vehicles		51,573	
Travel		10,507	
Tuition		4,586	
Other Contracted Services		5,527	
Gasoline		188,659	
Law Enforcement Supplies		6,235	
Office Supplies		10,531	
Tires and Tubes		19,806	
Uniforms		9,416	
Other Supplies and Materials		7,498	
Premiums on Corporate Surety Bonds		75	
Workers' Compensation Insurance		91,101	
Communication Equipment		4,299	
Law Enforcement Equipment		26,965	
Total Sheriff's Department			\$ 2,307,561

Administration of the Sexual Offender Registry

Other Contracted Services	\$	550	
Total Administration of the Sexual Offender Registry			550

Workhouse

County Official/Administrative Officer	\$	10,000	
Supervisor/Director		43,762	
Medical Personnel		30,576	
Guards		1,045,562	
Maintenance Personnel		40,040	
Other Salaries and Wages		95,739	
Social Security		76,105	
Pensions		30,192	
Medical Insurance		153,236	
Unemployment Compensation		7,200	
Employer Medicare		17,799	
Communication		21,450	
Operating Lease Payments		1,672	
Maintenance and Repair Services - Buildings		6,736	
Medical and Dental Services		172,314	
Travel		7,167	
Tuition		2,550	
Other Contracted Services		48,000	
Custodial Supplies		31,031	
Drugs and Medical Supplies		57,659	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse (Cont.)

Electricity	\$	103,510	
Food Supplies		510,778	
Natural Gas		29,099	
Office Supplies		8,543	
Uniforms		10,411	
Water and Sewer		51,410	
Other Supplies and Materials		34,321	
Workers' Compensation Insurance		90,141	
Other Charges		17,766	
Total Workhouse			\$ 2,754,769

Juvenile Services

Social Workers	\$	35,700	
Other Salaries and Wages		1,071	
Social Security		2,221	
Pensions		2,029	
Medical Insurance		2,338	
Unemployment Compensation		126	
Employer Medicare		519	
Communication		2,271	
Travel		567	
Other Contracted Services		2,745	
Other Supplies and Materials		146	
Workers' Compensation Insurance		896	
Total Juvenile Services			50,629

Fire Prevention and Control

Contributions	\$	150,000	
Total Fire Prevention and Control			150,000

Civil Defense

Supervisor/Director	\$	39,000	
Part-time Personnel		11,128	
Other Salaries and Wages		1,504	
Social Security		3,165	
Pensions		2,229	
Medical Insurance		5,585	
Unemployment Compensation		189	
Employer Medicare		740	
Communication		7,608	
Dues and Memberships		210	
Maintenance and Repair Services - Vehicles		303	
Travel		378	
Other Contracted Services		10,073	
Gasoline		1,915	
Office Supplies		413	
Workers' Compensation Insurance		896	
Other Equipment		11,948	
Total Civil Defense			97,284

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Rescue Squad

Contributions	\$ 22,000	
Total Rescue Squad		\$ 22,000

Other Emergency Management

Contributions	\$ 15,377	
Total Other Emergency Management		15,377

County Coroner/Medical Examiner

Other Per Diem and Fees	\$ 21,000	
Other Contracted Services	6,720	
Total County Coroner/Medical Examiner		27,720

Public Health and Welfare

Local Health Center

Clerical Personnel	\$ 21,842	
Custodial Personnel	14,400	
Social Security	1,305	
Pensions	22	
Medical Insurance	3,640	
Unemployment Compensation	238	
Employer Medicare	305	
Communication	7,837	
Contracts with Government Agencies	36,055	
Contracts with Private Agencies	3,319	
Maintenance and Repair Services - Buildings	9,737	
Postal Charges	2,220	
Travel	141	
Other Contracted Services	401	
Custodial Supplies	2,975	
Instructional Supplies and Materials	15,476	
Office Supplies	1,777	
Utilities	16,047	
Workers' Compensation Insurance	896	
Office Equipment	3,207	
Total Local Health Center		141,840

Rabies and Animal Control

Contributions	\$ 20,000	
Total Rabies and Animal Control		20,000

Other Local Health Services

Medical Personnel	\$ 137,495	
Other Salaries and Wages	3,963	
Social Security	8,419	
Pensions	2,599	
Medical Insurance	22,144	
Unemployment Compensation	756	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Health Services (Cont.)

Employer Medicare	\$	1,969	
Travel		7,453	
Workers' Compensation Insurance		4,481	
Total Other Local Health Services			\$ 189,279

Sanitation Education/Information

Laborers	\$	24,461	
Clerical Personnel		4,700	
Other Salaries and Wages		734	
Social Security		1,844	
Pensions		286	
Medical Insurance		66	
Unemployment Compensation		143	
Employer Medicare		431	
Gasoline		5,284	
Instructional Supplies and Materials		8,200	
Workers' Compensation Insurance		896	
Total Sanitation Education/Information			47,045

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Laborers	\$	10,600	
Communication		4,140	
Contracts with Other Public Agencies		7,000	
Contributions		10,000	
Maintenance and Repair Services - Buildings		6,137	
Printing, Stationery, and Forms		259	
Other Contracted Services		445	
Electricity		7,113	
Gasoline		3,217	
Water and Sewer		1,790	
Food Service Equipment		79	
Office Equipment		497	
Total Senior Citizens Assistance			51,277

Libraries

Librarians	\$	29,859	
Attendants		21,840	
Part-time Personnel		15,334	
Other Salaries and Wages		1,949	
Social Security		4,056	
Pensions		2,954	
Medical Insurance		11,039	
Unemployment Compensation		409	
Employer Medicare		949	
Contributions		20,000	
Workers' Compensation Insurance		1,792	
Total Libraries			110,181

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture and Natural Resources

Agricultural Extension Service

Communication	\$	3,170	
Contracts with Other Public Agencies		76,350	
Dues and Memberships		651	
Other Charges		67	
Office Equipment		2,539	
Total Agricultural Extension Service			\$ 82,777

Forest Service

Contributions	\$	2,000	
Total Forest Service			2,000

Soil Conservation

Secretary(ies)	\$	21,000	
Other Salaries and Wages		630	
Social Security		1,209	
Pensions		1,195	
Medical Insurance		5,520	
Unemployment Compensation		126	
Employer Medicare		283	
Contributions		17,000	
Workers' Compensation Insurance		896	
Total Soil Conservation			47,859

Other Operations

Industrial Development

Contracts with Other Public Agencies	\$	20,000	
Contributions		33,513	
Total Industrial Development			53,513

Housing and Urban Development

Other Construction	\$	172,087	
Total Housing and Urban Development			172,087

Other Economic and Community Development

Assistant(s)	\$	29,317	
Other Salaries and Wages		880	
Social Security		1,710	
Pensions		1,667	
Medical Insurance		5,520	
Unemployment Compensation		126	
Employer Medicare		400	
Communication		2,254	
Travel		5,337	
Workers' Compensation Insurance		896	
Other Charges		305	
Total Other Economic and Community Development			48,412

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services

County Official/Administrative Officer	\$	15,048	
Other Salaries and Wages		451	
Social Security		961	
Unemployment Compensation		126	
Employer Medicare		225	
Communication		767	
Travel		798	
Office Supplies		1,179	
Workers' Compensation Insurance		896	
Total Veterans' Services			\$ 20,451

Other Charges

Contributions	\$	186,790	
Legal Notices, Recording, and Court Costs		44	
Trustee's Commission		116,364	
Vehicle and Equipment Insurance		183,304	
Other Charges		7,492	
Total Other Charges			493,994

Employee Benefits

Medical Insurance	\$	1,540	
Total Employee Benefits			1,540

Miscellaneous

Tax Relief Program	\$	41,720	
Total Miscellaneous			41,720

Capital Projects

Public Safety Projects

Motor Vehicles	\$	140,000	
Total Public Safety Projects			140,000

Total General Fund \$ 10,008,752

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Foremen	\$	57,950	
Equipment Operators		113,604	
Truck Drivers		51,918	
Secretary(ies)		30,043	
Attendants		241,383	
Other Salaries and Wages		14,553	
Board and Committee Members Fees		9,450	
Social Security		31,243	
Pensions		19,924	
Medical Insurance		63,155	

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Waste Pickup (Cont.)

Unemployment Compensation	\$	3,126	
Employer Medicare		7,307	
Communication		10,053	
Contracts with Private Agencies		535,302	
Engineering Services		30,033	
Evaluation and Testing		8,195	
Operating Lease Payments		2,400	
Maintenance and Repair Services - Vehicles		67,070	
Postal Charges		300	
Travel		980	
Permits		4,970	
Other Contracted Services		15,030	
Crushed Stone		4,786	
Diesel Fuel		46,292	
Electricity		14,854	
Fertilizer, Lime, and Seed		578	
Gasoline		2,173	
Lubricants		871	
Office Supplies		2,159	
Tires and Tubes		14,050	
Water and Sewer		573	
Other Supplies and Materials		1,285	
Trustee's Commission		29,257	
Vehicle and Equipment Insurance		11,706	
Workers' Compensation Insurance		40,817	
Site Development		87,113	
Other Equipment		238,382	
Total Waste Pickup			<u>\$ 1,812,885</u>

Total Solid Waste/Sanitation Fund \$ 1,812,885

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	15,000	
Maintenance and Repair Services - Vehicles		200	
Travel		3,924	
Tuition		1,785	
Other Supplies and Materials		12,695	
Trustee's Commission		886	
Law Enforcement Equipment		4,599	
Motor Vehicles		62,297	
Total Drug Enforcement			<u>\$ 101,386</u>

Total Drug Control Fund 101,386

(Continued)

Exhibit J-7

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

Other Special Revenue Fund

General Government

County Attorney

Legal Services	\$ 15,700	
Total County Attorney		\$ 15,700

Risk Management

Liability Insurance	\$ 1,833	
Total Risk Management		1,833

Public Health and Welfare

Ambulance/Emergency Medical Services

Contributions	\$ 258,330	
Total Ambulance/Emergency Medical Services		258,330

Other Operations

Miscellaneous

Unemployment Compensation	\$ 20,754	
Audit Services	25,500	
Legal Services	3,523	
Workers' Compensation Insurance	14,439	
Other Charges	86,522	
Total Miscellaneous		150,738

Capital Projects

Public Health and Welfare Projects

Building Improvements	\$ 741,553	
Total Public Health and Welfare Projects		<u>741,553</u>

Total Other Special Revenue Fund		\$ 1,168,154
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Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 164,978	
Total County Trustee's Office		\$ 164,978

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 241,612	
Total County Clerk's Office		241,612

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 18,495	
Constitutional Officers' Operating Expenses	26,360	
Total Chancery Court		<u>44,855</u>

Total Constitutional Officers - Fees Fund		451,445
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(Continued)

Exhibit J-7

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	74,628	
Secretary(ies)		27,248	
Other Salaries and Wages		811	
Social Security		6,257	
Pensions		5,664	
Medical Insurance		6,460	
Disability Insurance		240	
Unemployment Compensation		270	
Employer Medicare		1,463	
Dues and Memberships		2,788	
Legal Services		577	
Legal Notices, Recording, and Court Costs		408	
Travel		100	
Office Supplies		2,981	
Total Administration			\$ 129,895

Highway and Bridge Maintenance

Laborers	\$	655,459	
Other Salaries and Wages		12,558	
Social Security		40,277	
Pensions		24,583	
Life Insurance		5	
Medical Insurance		83,637	
Disability Insurance		3,953	
Unemployment Compensation		6,990	
Employer Medicare		9,420	
Other Contracted Services		151,031	
Asphalt - Hot Mix		162,835	
Crushed Stone		149,194	
Pipe - Metal		28,413	
Road Signs		3,913	
Wood Products		12,207	
Other Supplies and Materials		5,180	
Total Highway and Bridge Maintenance			1,349,655

Operation and Maintenance of Equipment

Mechanic(s)	\$	29,190	
Other Salaries and Wages		811	
Social Security		1,860	
Pensions		1,656	
Medical Insurance		66	
Disability Insurance		262	
Unemployment Compensation		270	
Employer Medicare		435	
Rentals		20,388	
Diesel Fuel		93,583	
Equipment and Machinery Parts		92,224	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Garage Supplies	\$	2,529	
Gasoline		39,953	
Lubricants		7,355	
Tires and Tubes		23,005	
Other Supplies and Materials		5,700	
Total Operation and Maintenance of Equipment			\$ 319,287

Other Charges

Communication	\$	3,057	
Electricity		6,760	
Water and Sewer		1,076	
Building and Contents Insurance		1,900	
Liability Insurance		10,176	
Premiums on Corporate Surety Bonds		613	
Trustee's Commission		23,291	
Vehicle and Equipment Insurance		22,449	
Total Other Charges			69,322

Employee Benefits

Workers' Compensation Insurance	\$	104,534	
Total Employee Benefits			104,534

Capital Outlay

Bridge Construction	\$	719,317	
Highway Equipment		77,533	
State Aid Projects		85,718	
Total Capital Outlay			882,568

Total Highway/Public Works Fund \$ 2,855,261

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	425,000	
Total General Government			\$ 425,000

Highways and Streets

Principal on Bonds	\$	450,000	
Principal on Notes		301,797	
Principal on Capital Leases		101,065	
Total Highways and Streets			852,862

Education

Principal on Bonds	\$	1,620,000	
Principal on Other Loans		21,697	
Total Education			1,641,697

(Continued)

Exhibit J-7

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

<u>General Debt Service Fund (Cont.)</u>		
<u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Bonds	\$ 192,244	
Total General Government		\$ 192,244
<u>Highways and Streets</u>		
Interest on Bonds	\$ 61,050	
Interest on Notes	24,840	
Interest on Capital Leases	12,144	
Total Highways and Streets		98,034
<u>Education</u>		
Interest on Bonds	\$ 1,428,134	
Interest on Other Loans	14,512	
Total Education		1,442,646
<u>Other Debt Service</u>		
<u>General Government</u>		
Trustee's Commission	\$ 3,166	
Other Debt Service	2,935	
Total General Government		6,101
Total General Debt Service Fund		\$ 4,658,584
<u>Highway Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Highway and Street Capital Projects</u>		
Crushed Stone	\$ 104,604	
Trustee's Commission	2,033	
Total Highway and Street Capital Projects		\$ 106,637
Total Highway Capital Projects Fund		106,637
Total Governmental Funds - Primary Government		<u>\$ 21,163,104</u>

Exhibit J-8

Claiborne County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Claiborne County School Department
For the Year Ended June 30, 2015

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 10,409,430	
Career Ladder Program	71,057	
Career Ladder Extended Contracts	43,544	
Educational Assistants	707,094	
Other Salaries and Wages	61,417	
Certified Substitute Teachers	191,487	
Social Security	669,672	
Pensions	982,173	
Life Insurance	51,874	
Medical Insurance	1,807,164	
Dental Insurance	32,526	
Unemployment Compensation	11,203	
Employer Medicare	158,953	
Tuition	9,952	
Instructional Supplies and Materials	110,000	
Textbooks	136,886	
Other Supplies and Materials	202,360	
Other Charges	1,209	
Regular Instruction Equipment	197,643	
Total Regular Instruction Program		\$ 15,855,644

Special Education Program

Teachers	\$ 1,783,544	
Career Ladder Program	11,000	
Educational Assistants	138,885	
Speech Pathologist	161,397	
Other Salaries and Wages	236,865	
Certified Substitute Teachers	18,352	
Social Security	139,046	
Pensions	203,858	
Life Insurance	10,631	
Medical Insurance	349,560	
Dental Insurance	7,551	
Unemployment Compensation	5,357	
Employer Medicare	32,530	
Contracts with Private Agencies	12,091	
Maintenance and Repair Services - Equipment	3,646	
Instructional Supplies and Materials	25,477	
Textbooks	347	
Other Supplies and Materials	26,601	
Special Education Equipment	62,179	
Total Special Education Program		3,228,917

Vocational Education Program

Teachers	\$ 857,352
Career Ladder Program	9,600

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Certified Substitute Teachers	\$	16,005	
Social Security		50,458	
Pensions		75,617	
Life Insurance		3,986	
Medical Insurance		126,418	
Dental Insurance		2,586	
Unemployment Compensation		1,850	
Employer Medicare		12,213	
Instructional Supplies and Materials		12,219	
Other Supplies and Materials		2,187	
Other Charges		6,000	
Total Vocational Education Program			\$ 1,176,491

Adult Education Program

Teachers	\$	133,996	
Other Salaries and Wages		19,302	
Social Security		8,536	
Pensions		6,957	
Life Insurance		312	
Medical Insurance		8,535	
Dental Insurance		225	
Unemployment Compensation		259	
Employer Medicare		2,208	
Instructional Supplies and Materials		1,739	
Other Supplies and Materials		5,725	
Total Adult Education Program			187,794

Support Services

Attendance

Supervisor/Director	\$	67,472	
Career Ladder Program		1,600	
Clerical Personnel		24,452	
Other Salaries and Wages		35,517	
Social Security		5,389	
Pensions		7,540	
Life Insurance		209	
Medical Insurance		7,740	
Dental Insurance		151	
Unemployment Compensation		259	
Employer Medicare		1,722	
Travel		2,122	
Other Supplies and Materials		140	
Attendance Equipment		502	
Total Attendance			154,815

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services

Medical Personnel	\$	38,944	
Other Salaries and Wages		64,106	
Social Security		6,305	
Pensions		8,829	
Life Insurance		419	
Medical Insurance		11,472	
Dental Insurance		151	
Unemployment Compensation		227	
Employer Medicare		1,475	
Travel		6,424	
Other Contracted Services		176,932	
Drugs and Medical Supplies		2,911	
Other Supplies and Materials		11,193	
Total Health Services			\$ 329,388

Other Student Support

Guidance Personnel	\$	82,943	
Social Security		4,622	
Pensions		7,498	
Life Insurance		420	
Medical Insurance		19,172	
Dental Insurance		303	
Unemployment Compensation		173	
Employer Medicare		1,081	
Evaluation and Testing		19,026	
Travel		4,713	
Other Supplies and Materials		3,906	
Other Charges		24,757	
Total Other Student Support			168,614

Regular Instruction Program

Supervisor/Director	\$	238,039	
Career Ladder Program		7,533	
Librarians		334,562	
Other Salaries and Wages		57,989	
Social Security		34,848	
Pensions		51,252	
Life Insurance		2,167	
Medical Insurance		69,929	
Dental Insurance		1,577	
Unemployment Compensation		1,206	
Employer Medicare		8,781	
Travel		5,035	
Other Contracted Services		10,285	
Library Books/Media		60,000	
Other Supplies and Materials		197	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

In Service/Staff Development	\$	21,186	
Other Charges		3,589	
Other Equipment		8,319	
Total Regular Instruction Program			\$ 916,494

Alternative Instruction Program

Other Salaries and Wages	\$	525,747	
Social Security		31,063	
Pensions		47,122	
Life Insurance		2,252	
Medical Insurance		75,481	
Dental Insurance		1,473	
Unemployment Compensation		1,000	
Employer Medicare		7,265	
Total Alternative Instruction Program			691,403

Special Education Program

Supervisor/Director	\$	66,616	
Career Ladder Program		2,000	
Psychological Personnel		75,395	
Secretary(ies)		19,055	
Other Salaries and Wages		33,963	
Social Security		10,328	
Pensions		14,708	
Life Insurance		524	
Medical Insurance		16,344	
Dental Insurance		378	
Unemployment Compensation		392	
Employer Medicare		2,802	
Consultants		2,325	
Maintenance and Repair Services - Equipment		245	
Travel		32,608	
Other Supplies and Materials		17,630	
In Service/Staff Development		9,964	
Other Charges		5,814	
Total Special Education Program			311,091

Vocational Education Program

Supervisor/Director	\$	64,123	
Social Security		3,934	
Pensions		5,797	
Life Insurance		204	
Medical Insurance		5,606	
Dental Insurance		148	
Unemployment Compensation		86	
Employer Medicare		920	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

Other Supplies and Materials	\$	94	
Other Charges		51	
Total Vocational Education Program			\$ 80,963

Adult Programs

Supervisor/Director	\$	64,123	
Social Security		3,913	
Pensions		5,797	
Life Insurance		209	
Medical Insurance		5,736	
Dental Insurance		151	
Unemployment Compensation		86	
Employer Medicare		915	
Travel		9,187	
Total Adult Programs			90,117

Other Programs

On-behalf Payments to OPEB	\$	9,650	
Total Other Programs			9,650

Board of Education

Secretary to Board	\$	1,750	
Board and Committee Members Fees		11,675	
Social Security		666	
Pensions		623	
Life Insurance		1,272	
Medical Insurance		28,281	
Dental Insurance		517	
Unemployment Compensation		100	
Employer Medicare		188	
Other Fringe Benefits		898,059	
Audit Services		12,100	
Dues and Memberships		14,874	
Legal Services		3,932	
Travel		5,982	
Other Contracted Services		9,100	
Liability Insurance		203,724	
Trustee's Commission		226,889	
Workers' Compensation Insurance		143,157	
Other Charges		1,104	
Total Board of Education			1,563,993

Director of Schools

County Official/Administrative Officer	\$	99,230	
Career Ladder Program		2,000	
Secretary(ies)		51,534	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Other Salaries and Wages	\$	62,776	
Social Security		12,802	
Pensions		17,671	
Life Insurance		418	
Medical Insurance		13,476	
Dental Insurance		303	
Unemployment Compensation		355	
Employer Medicare		2,994	
Communication		51,997	
Dues and Memberships		2,039	
Postal Charges		2,020	
Travel		4,409	
Other Contracted Services		5,419	
Office Supplies		2,102	
In Service/Staff Development		115	
Other Charges		1,544	
Total Director of Schools			\$ 333,204

Office of the Principal

Principals	\$	820,830	
Career Ladder Program		14,000	
Assistant Principals		155,579	
Social Security		54,723	
Pensions		89,533	
Life Insurance		3,069	
Medical Insurance		108,068	
Dental Insurance		2,044	
Unemployment Compensation		1,296	
Employer Medicare		13,698	
Other Charges		2,550	
Total Office of the Principal			1,265,390

Fiscal Services

Contributions	\$	241,255	
Total Fiscal Services			241,255

Operation of Plant

Custodial Personnel	\$	455,205	
Social Security		26,789	
Pensions		23,847	
Unemployment Compensation		3,141	
Employer Medicare		6,429	
Disposal Fees		68,392	
Other Contracted Services		34,813	
Custodial Supplies		114,160	
Electricity		1,046,167	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Fuel Oil	\$	11,986	
Natural Gas		76,827	
Water and Sewer		110,665	
Total Operation of Plant			\$ 1,978,421

Maintenance of Plant

Maintenance Personnel	\$	424,809	
Social Security		25,722	
Pensions		23,466	
Unemployment Compensation		1,696	
Employer Medicare		6,020	
Maintenance and Repair Services - Buildings		10,257	
Maintenance and Repair Services - Equipment		315,313	
Other Charges		3,731	
Total Maintenance of Plant			811,014

Transportation

Supervisor/Director	\$	38,749	
Mechanic(s)		27,937	
Bus Drivers		514,804	
Other Salaries and Wages		45,170	
Social Security		36,918	
Pensions		32,178	
Life Insurance		63,129	
Medical Insurance		591,709	
Dental Insurance		34,308	
Unemployment Compensation		3,097	
Employer Medicare		9,205	
Contracts with Vehicle Owners		146,260	
Other Contracted Services		38,323	
Garage Supplies		3,599	
Gasoline		133,556	
Tires and Tubes		20,510	
Vehicle Parts		58,981	
Other Charges		1,350	
Transportation Equipment		439,085	
Total Transportation			2,238,868

Central and Other

Communication	\$	7,226	
Other Contracted Services		132,604	
Data Processing Supplies		24,736	
Data Processing Equipment		5,025	
Total Central and Other			169,591

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services

Community Services

Teachers	\$	80,498	
Clerical Personnel		1,740	
Other Salaries and Wages		155,434	
Social Security		13,936	
Pensions		18,666	
Life Insurance		445	
Medical Insurance		13,990	
Dental Insurance		321	
Unemployment Compensation		667	
Employer Medicare		3,317	
Travel		4,936	
Other Contracted Services		7,353	
Other Supplies and Materials		69,597	
Other Charges		24,358	
Other Equipment		15,311	
Total Community Services	\$		410,569

Early Childhood Education

Teachers	\$	434,380	
Clerical Personnel		23,714	
Educational Assistants		106,461	
Other Salaries and Wages		35,371	
Social Security		35,115	
Pensions		47,279	
Life Insurance		1,620	
Medical Insurance		75,335	
Dental Insurance		1,619	
Unemployment Compensation		1,909	
Employer Medicare		8,323	
Other Fringe Benefits		1,596	
Communication		7,349	
Travel		2,091	
Instructional Supplies and Materials		15,367	
Other Supplies and Materials		5,991	
Other Charges		2,309	
Total Early Childhood Education			805,829

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	47,676	
Other Capital Outlay		80,304	
Total Regular Capital Outlay			127,980

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	3,084,343	
Other Debt Service		1,100	
Total Education			3,085,443

Total General Purpose School Fund \$ 36,232,938

(Continued)

Exhibit J-8

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	811,995	
Educational Assistants		339,587	
Other Salaries and Wages		78,450	
Certified Substitute Teachers		28,029	
Social Security		72,257	
Pensions		96,347	
Life Insurance		4,007	
Medical Insurance		140,354	
Dental Insurance		2,284	
Unemployment Compensation		4,504	
Employer Medicare		17,241	
Instructional Supplies and Materials		52,502	
Other Supplies and Materials		4,850	
Regular Instruction Equipment		51,244	
Total Regular Instruction Program			\$ 1,703,651

Special Education Program

Teachers	\$	146,044	
Educational Assistants		698,106	
Other Salaries and Wages		9,985	
Certified Substitute Teachers		26,530	
Social Security		52,964	
Pensions		52,410	
Life Insurance		840	
Medical Insurance		22,944	
Dental Insurance		480	
Unemployment Compensation		5,685	
Employer Medicare		12,397	
Contracts with Private Agencies		23,865	
Instructional Supplies and Materials		20,132	
Other Supplies and Materials		21,417	
Other Charges		2,500	
Special Education Equipment		6,979	
Total Special Education Program			1,103,278

Vocational Education Program

Other Salaries and Wages	\$	1,500	
Social Security		93	
Pensions		135	
Unemployment Compensation		1	
Employer Medicare		21	
Other Contracted Services		6,472	
Instructional Supplies and Materials		23,289	
Vocational Instruction Equipment		25,022	
Total Vocational Education Program			56,533

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services

Other Student Support

Travel	\$	19,181	
Other Contracted Services		1,000	
Other Supplies and Materials		7,477	
In Service/Staff Development		5,563	
Other Charges		12,052	
Total Other Student Support			\$ 45,273

Regular Instruction Program

Supervisor/Director	\$	68,886	
Secretary(ies)		27,001	
Other Salaries and Wages		112,565	
Social Security		12,496	
Pensions		16,121	
Life Insurance		418	
Medical Insurance		15,516	
Dental Insurance		303	
Unemployment Compensation		392	
Employer Medicare		2,922	
Travel		13,945	
Other Supplies and Materials		1,969	
In Service/Staff Development		16,344	
Other Equipment		101	
Total Regular Instruction Program			288,979

Special Education Program

Psychological Personnel	\$	51,795	
Social Security		2,814	
Pensions		2,507	
Life Insurance		210	
Medical Insurance		8,385	
Dental Insurance		164	
Unemployment Compensation		173	
Employer Medicare		658	
Travel		2,109	
Other Contracted Services		34,787	
Other Supplies and Materials		7,690	
Other Charges		568	
Total Special Education Program			111,860

Vocational Education Program

Travel	\$	2,380	
In Service/Staff Development		500	
Other Equipment		1,000	
Total Vocational Education Program			3,880

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Operation of Non-instructional Services

Community Services

Supervisor/Director	\$	48,262	
Teachers		152,127	
Educational Assistants		90,932	
Other Salaries and Wages		66,355	
Social Security		22,001	
Pensions		28,424	
Life Insurance		210	
Medical Insurance		5,736	
Dental Insurance		151	
Unemployment Compensation		1,085	
Employer Medicare		5,146	
Travel		12,790	
Other Contracted Services		7,991	
Instructional Supplies and Materials		47,287	
Other Supplies and Materials		50,814	
Other Charges		2,704	
Total Community Services			\$ 542,015

Total School Federal Projects Fund

\$ 3,855,469

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	53,453
Accountants/Bookkeepers		14,441
Clerical Personnel		48,488
Cafeteria Personnel		902,461
Other Salaries and Wages		9,846
Social Security		60,664
Pensions		54,749
Life Insurance		210
Medical Insurance		9,780
Dental Insurance		151
Unemployment Compensation		6,760
Employer Medicare		14,408
Communication		10,249
Maintenance and Repair Services - Equipment		21,920
Travel		12,340
Other Contracted Services		17,672
Food Preparation Supplies		77,598
Food Supplies		1,204,912
Office Supplies		3,306
Uniforms		5,547
USDA - Commodities		148,126
Other Supplies and Materials		11,028
In Service/Staff Development		1,082

(Continued)

Exhibit J-8

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

<u>Central Cafeteria Fund (Cont.)</u>			
<u>Operation of Non-instructional Services (Cont.)</u>			
<u>Food Service (Cont.)</u>			
Other Charges	\$	8,747	
Food Service Equipment		<u>7,113</u>	
Total Food Service			<u>\$ 2,705,051</u>
Total Central Cafeteria Fund			\$ 2,705,051
 <u>Education Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Building Improvements	\$	3,039	
Site Development		<u>31,570</u>	
Total Education Capital Projects			<u>\$ 34,609</u>
Total Education Capital Projects Fund			<u>34,609</u>
Total Governmental Funds - Claiborne County School Department			<u><u>\$ 42,828,067</u></u>

Exhibit J-9

Claiborne County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2015

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,790,341
Total Cash Receipts	<u>\$ 1,790,341</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,772,438
Trustee's Commission	17,903
Total Cash Disbursements	<u>\$ 1,790,341</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2014	<u>0</u>
 Cash Balance, June 30, 2015	 <u><u>\$ 0</u></u>

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

Claiborne County Mayor and
Board of County Commissioners
Claiborne 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Claiborne County, Tennessee as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Claiborne County's basic financial statements, and have issued our report thereon dated September 30, 2015. Our report on the governmental activities and the aggregate discretely presented component units financial statements was qualified due to material noncompliance with statutory membership requirements of the Tennessee Consolidated Retirement System. Our report includes a reference to other auditors who audited the financial statements of the Claiborne County Economic and Community Development Board, as described in our report on Claiborne 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 Claiborne 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 Claiborne County's internal control. Accordingly, we do not express an opinion on the effectiveness of Claiborne County's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency: 2015-003.

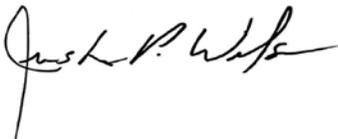
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Claiborne 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: 2015-001 and 2015-002.

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 Claiborne 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

September 30, 2015

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

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Claiborne County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Claiborne County's major federal programs for the year ended June 30, 2015. Claiborne County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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 Claiborne 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 Claiborne County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Claiborne County's compliance.

Opinion on Each Major Federal Program

In our opinion, Claiborne 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, 2015.

Report on Internal Control Over Compliance

Management of Claiborne 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 Claiborne 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 Claiborne County's internal control over compliance.

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

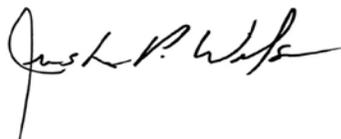
consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Claiborne County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Claiborne County's basic financial statements. We issued our report thereon dated September 30, 2015. Our report on the governmental activities and the aggregate discretely presented component units was qualified due to material noncompliance with statutory membership requirements of the Tennessee Consolidated Retirement System. 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 basic 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 basic financial statements. The 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, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 30, 2015

JPW/yu

Claiborne County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Fiscal Year Ended June 30, 2015

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Community Facilities Loans and Grants	10.766	(2)	\$ 16,900
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	148,126 (3)
National School Lunch Program (Commodities - Cash Assistance)	10.555	N/A	5,761 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	547,291
National School Lunch Program	10.555	N/A	1,606,412 (3)
Child Nutrition Discretionary Grants Limited Availability	10.579	(2)	20,000
Fresh Fruit and Vegetable Program	10.582	N/A	30,064
Total U.S. Department of Agriculture			<u>\$ 2,374,554</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	(2)	\$ 25,350
Total U.S. Department of Housing and Urban Development			<u>\$ 25,350</u>
Bureau of Land Management, Department of Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 8,936
Total Bureau of Land Management, Department of Interior			<u>\$ 8,936</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,516,622
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,219,625
Special Education - Preschool Grants	84.173	N/A	32,413
Safe and Drug-free Schools and Communities National Programs	84.184	N/A	13,981
Career and Technical Education - Basic Grants to States	84.048	N/A	82,685
Twenty-first Century Community Learning Centers	84.287	N/A	393,193
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A	149,789
Rural Education	84.358	N/A	75,438
Improving Teacher Quality State Grants	84.367	N/A	284,161
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	129,123
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	191,315
Total U.S. Department of Education			<u>\$ 4,088,345</u>
U.S. Department of Homeland Security:			
Passed-through State Department of the Military:			
Disaster Grants - Public Assistance	97.036	(2)	\$ 55,332
Homeland Security Grant Program	97.067	(2)	56,418
Total U.S. Department of Homeland Security			<u>\$ 111,750</u>
Total Expenditures of Federal Awards			<u>\$ 6,608,935</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Lottery for Education: Preschool - State Department of Education	N/A	(2)	\$ 807,367
Lottery for Education: After School Programs - State Department of Education	N/A	(2)	99,956
Adult Education - State Department of Education	N/A	(2)	35,416
ACT/Explore - State Department of Education	N/A	(2)	6,628
Internet Connectivity Grant - State Department of Education	N/A	(2)	12,954
Litter Grant - State Department of Transportation	N/A	(2)	34,705
Driver's Education - State Department of Education	N/A	(2)	6,600
Child Care Assistance - State Department of Human Services	N/A	(2)	39,497
Family Resource Centers - State Department of Education	N/A	(2)	29,612
Safe Schools Act - State Department of Education	N/A	(2)	23,084
Coordinated School Health Program	N/A	(2)	94,947
Health Department Grants - State Department of Health Services	N/A	(2)	196,327
Arhives Grant - State Library and Archives	N/A	(2)	2,500
Rebuild & Recover- Tennessee Housing Development Authority	N/A	RR-13-007	<u>124,151</u>
 Total State Grants			 <u>\$ 1,513,744</u>

CFDA - Catalog of Federal Domestic Assistance
N/A - Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$1,760,299.

Claiborne County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2015

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 Claiborne County, Tennessee, for the year ended June 30, 2014, which have not been corrected.

OFFICES OF COUNTY MAYOR, SHERIFF, AND FINANCE DIRECTOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-001	192	Accrued leave balances exceeded the maximum balance provided by the county's personnel policy

**OFFICES OF COUNTY CLERK, CLERK AND MASTER, REGISTER OF DEEDS,
AND SHERIFF**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-005	194	Duties were not segregated adequately

CLAIBORNE COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the governmental activities and the aggregate discretely presented component units is qualified. Our report on each major fund, the aggregate remaining fund information, and the budgetary comparisons for the General, Solid Waste/Sanitation, and Highway/Public Works Funds is unmodified.
2. The audit of the financial statements of Claiborne County disclosed one significant deficiency in internal control. This deficiency was not considered to be a material weakness.
3. The audit disclosed one instance of noncompliance that is material to the financial statements.
4. The audit reported 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), the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), Twenty-first Century Community Learning Centers (CFDA No. 84.287) and State Fiscal Stabilization Fund (SFSF) – 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. Claiborne County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICES OF COUNTY MAYOR, HIGHWAY SUPERINTENDENT, AND FINANCE DIRECTOR

FINDING 2015-001

ALL ELIGIBLE EMPLOYEES DO NOT PARTICIPATE IN THE TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

(Material Noncompliance Under *Government Auditing Standards*)

The provisions of Governmental Accounting Standards Board (GASB) Statement No. 68 *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)* became effective for the year ended June 30, 2015. This statement modifies the presentation and disclosures for pensions. While performing tests to determine the completeness of county data, we determined that 52 full-time employees of Claiborne County and six full-time employees of the Highway Department were eligible for participation, but were not participating in the Tennessee Consolidated Retirement System (TCRS). Title 8, Chapters 34-37 of *Tennessee Code Annotated (TCA)*, establish and govern the TCRS. These statutes require mandatory participation in the TCRS for all employees of participating employers after a probationary period. County officials advised that employees of the county had been given the option to participate, but they were unaware that participation was mandatory. The effects on the government-wide financial statements and note disclosures are not determinable at this time. Because of this potential misstatement, we have qualified our opinion on the governmental activities opinion unit and the discretely presented component units' opinion unit. This finding will be reported to the TCRS.

RECOMMENDATION

Claiborne County should present government-wide financial statements and note disclosures in conformity with generally accepted accounting principles. The county and the Highway Department should comply with provisions of Title 8, Chapters 34-37, *TCA*, regarding employee participation in the TCRS. County officials should contact the TCRS to determine a corrective action plan.

OFFICES OF COUNTY MAYOR, SHERIFF, AND FINANCE DIRECTOR

FINDING 2015-002

**ACCRUED LEAVE BALANCES EXCEEDED THE
MAXIMUM BALANCE PROVIDED BY THE COUNTY'S
PERSONNEL POLICY**

(Noncompliance Under *Government Auditing Standards*)

We noted that several employees in the Offices of County Mayor and Sheriff had accrued compensatory and vacation leave balances exceeding the maximum balance provided by the county's personnel policy. The county's personnel policy for compensatory leave provides, "The maximum hours that an employee may accrue is 100 hours at the discretion of the county official or department head. Any employee reaching this maximum shall not work any additional overtime until the employee's compensatory time falls below the maximum." The county's personnel policy for vacation leave provides, "Vacation time may be accumulated and carried forward to the next year in an amount not to exceed five days. Any days exceeding the five-day limit will be lost if not used prior to the end of the current employment year." These deficiencies can be attributed to the failure of management to adequately monitor employees' leave balances and management's failure to correct the deficiencies reported in prior-year audit reports. Allowing employees to accrue excess leave balances may result in excess employee compensation.

RECOMMENDATION

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

**OFFICES OF COUNTY CLERK, CLERK AND MASTER, REGISTER OF DEEDS,
AND SHERIFF**

FINDING 2015-003

DUTIES WERE NOT SEGREGATED ADEQUATELY

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

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

RECOMMENDATION

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

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

There were no findings and questioned costs for federal awards.

**CLAIBORNE COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2015**

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