
ANNUAL FINANCIAL REPORT CLAIBORNE COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2012



ANNUAL FINANCIAL REPORT
CLAIBORNE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2012

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

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

CLAIBORNE COUNTY, TENNESSEE

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Audit Highlights

Annual Financial Report
Claiborne County, Tennessee
For the Year Ended June 30, 2012

Scope

We have audited the basic financial statements of Claiborne County, Tennessee, as of and for the year ended June 30, 2012.

Results

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

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

Findings and Best Practice

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

OFFICES OF COUNTY MAYOR AND FINANCE DIRECTOR

- ◆ Accrued leave balances exceeded the maximum balance provided by the county's personnel policy.
- ◆ The Finance Department did not reconcile the Solid Waste/Sanitation Fund's general ledger cash account with county trustee's reports.

OFFICES OF COUNTY CLERK; CIRCUIT, GENERAL SESSIONS AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER; AND SHERIFF

- ◆ Duties were not segregated adequately.
-

BEST PRACTICE

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

INTRODUCTORY SECTION

Claiborne County Officials
June 30, 2012

Officials

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

Board of County Commissioners

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

Board of Education

Tim Duncan, Chairman	Sam Owens
Dave Chesney	Dot Patterson
Shannon England	Bill Turner
Michelle Huddleston	

Financial Management Committee

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

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
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INDEPENDENT AUDITOR'S REPORT

November 20, 2012

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Claiborne County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Claiborne County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Claiborne County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

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

In our opinion, except for the effects of not including the financial statements of the Claiborne County Hospital and Nursing Home, the Claiborne County Industrial Development Board, and the Claiborne County Emergency Communications District, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Claiborne County, Tennessee, as of June 30, 2012, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Claiborne County, Tennessee, as of June 30, 2012, and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2012, on our consideration of Claiborne County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

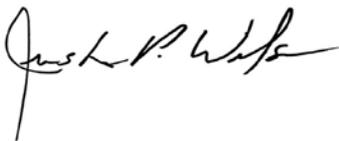
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required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

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 60 through 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in

the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Claiborne County, Tennessee
Statement of Net Assets
June 30, 2012

	Primary Government <u>Governmental</u> Activities	Component Unit <u>Claiborne</u> County School Department
<u>ASSETS</u>		
Cash	\$ 75,447	\$ 346,233
Equity in Pooled Cash and Investments	5,991,986	3,698,760
Accounts Receivable	62,990	0
Allowance for Uncollectibles	(4,600)	0
Due from Other Governments	628,390	1,550,352
Due from Component Units	3,565	0
Property Taxes Receivable	6,923,377	6,703,588
Allowance for Uncollectible Property Taxes	(424,127)	(410,663)
Prepaid Items	0	48,900
Unamortized Debt Issuance Cost	548,223	0
Capital Assets:		
Assets Not Depreciated:		
Land	586,500	1,170,900
Construction In Progress	0	5,085,767
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	10,254,453	31,888,641
Other Capital Assets	1,531,593	1,163,799
Infrastructure - Roads, Streets, and Bridges	18,259,869	0
Total Assets	<u>\$ 44,437,666</u>	<u>\$ 51,246,277</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 39,063	\$ 593,634
Accrued Payroll	96,552	0
Contracts Payable	0	56,997
Accrued Interest Payable	454,364	0
Payroll Deductions Payable	14,322	0
Due to State of Tennessee	7,927	0
Deferred Revenue - Property Taxes	6,228,598	6,030,865
Noncurrent Liabilities:		
Due Within One Year	3,132,587	100,421
Due in More Than One Year (net of deferred amount on refunding)	53,634,979	400,560
Total Liabilities	<u>\$ 63,608,392</u>	<u>\$ 7,182,477</u>

(Continued)

Exhibit A

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

	Primary Government <u>Governmental</u> <u>Activities</u>	<u>Component</u> <u>Unit</u> Claiborne County School Department
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 19,732,676	\$ 38,930,496
Restricted for:		
General Government	22,170	0
Finance	36,810	0
Administration of Justice	37,474	0
Public Safety	143,909	0
Public Health and Welfare	452,760	0
Highways	560,438	0
Debt Service	859,599	0
Education	0	706,857
Capital Projects	564,552	51,875
Unrestricted	<u>(41,581,114)</u>	<u>4,374,572</u>
Total Net Assets	<u>\$ (19,170,726)</u>	<u>\$ 44,063,800</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, 2012

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						Component Unit Claiborne County School Department
	Expenses	Program Revenues		Capital Grants and Contributions	Primary Government Total Governmental Activities	Claiborne County School Department	
		Charges for Services	Operating Grants and Contributions				
Primary Government:							
Governmental Activities:							
General Government	\$ 1,283,466	\$ 215,984	\$ 65,722	\$ 24,580	\$ (977,180)	\$ 0	0
Finance	1,215,637	693,357	0	0	(522,280)	0	0
Administration of Justice	808,210	706,277	0	0	(101,933)	0	0
Public Safety	5,716,902	1,801,737	19,200	0	(3,895,965)	0	0
Public Health and Welfare	1,926,628	448,392	658,565	0	(819,671)	0	0
Social, Cultural, and Recreational Services	168,147	0	0	0	(168,147)	0	0
Agriculture and Natural Resources	138,746	0	0	0	(138,746)	0	0
Other Operations	966,122	0	7,961	0	(958,161)	0	0
Highways	2,341,442	1,200	2,151,912	319,873	131,543	0	0
Debt Service:							
Interest	2,192,014	0	0	0	(2,192,014)	0	0
Other Debt Service	531,308	0	0	0	(531,308)	0	0
Total Primary Government	\$ 17,288,622	\$ 3,866,947	\$ 2,903,360	\$ 344,453	\$ (10,173,862)	\$ 0	0
Component Unit:							
Claiborne County School Department	\$ 43,216,518	\$ 840,570	\$ 6,566,528	\$ 0	\$ 0	\$ (35,809,420)	0
Total Component Unit	\$ 43,216,518	\$ 840,570	\$ 6,566,528	\$ 0	\$ 0	\$ (35,809,420)	0

(Continued)

Exhibit B

Claiborne County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component	
					Primary Government Total	Unit Claiborne County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 4,995,805	\$ 6,281,835	
Property Taxes Levied for Solid Waste/Sanitation				1,043,836	0	
Property Taxes Levied for Highways				51,289	0	
Property Taxes Levied for Debt Service				306,914	0	
Property Taxes Levied for Highway Capital Projects				130,635	0	
Local Option Sales Taxes				0	2,365,412	
Wheel Tax				718,262	0	
Coal Severance Tax				251,429	251,429	
General Litigation Tax				135,101	0	
Wholesale Beer Tax				64,345	0	
Mineral Severance Tax				23,474	0	
Hotel/Motel Tax				21,290	0	
Other Litigation Tax				27,731	0	
Other Taxes				40,846	2,108	
Grants and Contributions Not Restricted to Specific Programs				4,378,035	26,497,389	
Unrestricted Investment Income				133,434	12,857	
Miscellaneous				101,870	402,013	
Total General Revenues				<u>\$ 12,424,296</u>	<u>\$ 35,813,043</u>	
Change in Net Assets				\$ 2,250,434	\$ 3,623	
Net Assets (Deficit), July 1, 2011				(21,421,160)	44,060,177	
Net Assets (Deficit), June 30, 2012				<u>\$ (19,170,726)</u>	<u>\$ 44,063,800</u>	

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

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other	Governmental Funds	
\$	41,754	0	0	0	0	0	41,754
	58,531	0	0	0	152,693	0	211,224
	113,423	282,410	0	0	0	0	395,833
	0	0	403,767	0	0	0	403,767
	0	0	0	1,301,975	0	0	1,301,975
	0	0	0	0	560,676	0	560,676
	0	121,139	0	0	0	0	121,139
	0	0	5,160	0	0	0	5,160
	1,400,984	0	0	0	0	0	1,400,984
	1,827,324	0	0	0	0	0	1,827,324
\$	3,536,213	403,549	408,927	1,301,975	757,875	0	6,408,539
\$	8,645,812	1,637,119	654,440	1,610,563	890,320	0	13,438,254

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)

Restricted (Cont.):

Restricted for Administration of Justice
 Restricted for Public Safety
 Restricted for Public Health and Welfare
 Restricted for Highways/Public Works
 Restricted for Debt Service
 Restricted for Capital Projects

Committed:

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

Assigned:

Assigned for Other Operations

Unassigned

Total Fund Balances

Total Liabilities and Fund Balances

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

Exhibit C-2

Claiborne County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2012

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 6,408,539
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 586,500	
Add: infrastructure net of accumulated depreciation	18,259,869	
Add: buildings and improvements net of accumulated depreciation	10,254,453	
Add: other capital assets net of accumulated depreciation	<u>1,531,593</u>	30,632,415
(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	\$ (500,000)	
Less: other loans payable	(4,450,000)	
Less: bonds payable	(49,370,000)	
Add: deferred charges - debt issuance costs	548,223	
Less: compensated absences payable	(271,338)	
Less: landfill closure/postclosure care costs	(1,139,486)	
Less: accrued interest on bonds, notes, and other loans	(454,364)	
Less: other deferred revenue - premium on debt	<u>(1,036,742)</u>	(56,673,707)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>462,027</u>
Net assets (deficit) of governmental activities (Exhibit A)		<u>\$ (19,170,726)</u>

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

Claiborne County, Tennessee
Statement of Revenues, Expenditures,
 and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds	Governmental Funds	
<u>Revenues</u>							
Local Taxes	\$ 5,324,128	\$ 1,060,503	\$ 365,381	\$ 1,030,090	\$ 179,243	\$ 7,959,345	
Licenses and Permits	8,205	0	0	0	0	8,205	
Fines, Forfeitures, and Penalties	142,570	0	0	0	147,743	290,313	
Charges for Current Services	109,788	405,685	0	0	491,372	1,006,845	
Other Local Revenues	384,638	43,121	1,326	3,425,752	0	3,854,837	
Fees Received from County Officials	732,504	0	0	0	0	732,504	
State of Tennessee	2,556,804	85,979	1,769,091	23,003	7,438	4,442,315	
Federal Government	486,100	0	442,027	0	0	928,127	
Total Revenues	\$ 9,744,737	\$ 1,595,288	\$ 2,577,825	\$ 4,478,845	\$ 825,796	\$ 19,222,491	
<u>Expenditures</u>							
Current:							
General Government	\$ 871,072	\$ 0	\$ 0	\$ 0	\$ 112,830	\$ 983,902	
Finance	830,957	0	0	0	393,177	1,224,134	
Administration of Justice	772,799	0	0	0	35,411	808,210	
Public Safety	5,367,064	0	0	0	111,072	5,478,136	
Public Health and Welfare	793,728	1,646,865	0	0	0	2,440,593	
Social, Cultural, and Recreational Services	168,147	0	0	0	0	168,147	
Agriculture and Natural Resources	138,746	0	0	0	0	138,746	
Other Operations	944,832	0	0	0	21,290	966,122	
Highways	61,997	0	1,648,174	0	2,514	1,712,685	
Debt Service:							
Principal on Debt	0	0	0	2,482,340	0	2,482,340	
Interest on Debt	0	0	0	2,207,018	0	2,207,018	
Other Debt Service	0	0	0	11,385	0	11,385	
Capital Projects	0	0	0	0	527,765	527,765	
Total Expenditures	\$ 9,949,342	\$ 1,646,865	\$ 1,648,174	\$ 4,700,743	\$ 1,204,059	\$ 19,149,183	
Excess (Deficiency) of Revenues Over Expenditures	\$ (204,605)	\$ (51,577)	\$ 929,651	\$ (221,898)	\$ (378,263)	\$ 73,308	
Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 500,000	\$ 500,000	
Notes Issued							

(Continued)

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds		
<u>Other Financing Sources (Uses) (Cont.)</u>							
Insurance Recovery	\$ 18,528	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,528
Transfers In	43,913	0	0	553,050	0	0	596,963
Transfers Out	0	0	(596,963)	0	0	0	(596,963)
Total Other Financing Sources (Uses)	\$ 62,441	\$ 0	\$ (596,963)	\$ 553,050	\$ 500,000	\$ 518,528	
Net Change in Fund Balances	\$ (142,164)	\$ (51,577)	\$ 332,688	\$ 331,152	\$ 121,737	\$ 591,836	
Fund Balance, July 1, 2011	3,678,377	455,126	76,239	970,823	636,138	5,816,703	
Fund Balance, June 30, 2012	\$ 3,536,213	\$ 403,549	\$ 408,927	\$ 1,301,975	\$ 757,875	\$ 6,408,539	

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, 2012

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)		\$ 591,836
<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	\$ 1,300,612	
Less: current-year depreciation expense	<u>(1,177,257)</u>	123,355
<p>(2) The net effect of various miscellaneous transaction involving capital assets (sales, trade-in, and donations) is to decrease net assets</p>		
Add: assets donated and capitalized	\$ 264,620	
Less: net book value of asset disposals	<u>(287,086)</u>	(22,466)
<p>(3) 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, 2012	\$ 462,027	
Less: deferred delinquent property taxes and other deferred June 30, 2011	<u>(410,082)</u>	51,945
<p>(4) The issuance of long-term debt (e.g., bonds, notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>		
Less: note proceeds	\$ (500,000)	
Add: change in unamortized premium on debt issuances	45,094	
Add: change in deferred debt issuance costs	10,024	
Add: principal payments on bonds	2,155,000	
Add: principal payments on notes	52,340	
Add: principal payments on other loans	275,000	
Less: change in deferred amount on refunding debt	<u>(575,041)</u>	1,462,417
<p>(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest payable	\$ 15,004	
Change in compensated absences payable	(14,499)	
Change in landfill closure/postclosure care costs	<u>42,842</u>	<u>43,347</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 2,250,434</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, 2012

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 965,686
Equity in Pooled Cash and Investments	338,624
Due from Other Governments	296,552
Notes Receivable - Current	1,000
Notes Receivable - Long-term	<u>1,000</u>
Total Assets	<u>\$ 1,602,862</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 296,552
Due to Litigants, Heirs, and Others	965,686
Other Current Liabilities	<u>340,624</u>
Total Liabilities	<u>\$ 1,602,862</u>

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

CLAIBORNE COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

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

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

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

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

Administrative Offices:

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

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

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

B. Government-wide and Fund Financial Statements

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

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

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

Claiborne County issues most debt for the discretely presented Claiborne County School Department and the Claiborne County Hospital and Nursing Home. There were no debt issues contributed by the county to the School Department or the Claiborne County Hospital and Nursing Home during the year ended June 30, 2012.

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

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

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

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

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

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

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

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

Claiborne County reports the following major governmental funds:

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

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

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

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

Additionally, Claiborne County reports the following fund types:

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

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

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

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

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

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

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.

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Claiborne County School Department. Each fund’s portion of this pool is displayed on the balance sheets or statements of net assets as Equity

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

2. Receivables and Payables

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

Property taxes and solid waste receivables are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 3.29 percent of total taxes levied. Solid waste receivables allowance for uncollectibles is based on historical collection data.

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

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

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

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

Most payables are disaggregated on the face of the financial statements.

3. Prepaid Items

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

4. Capital Assets

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

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

6. Long-term Obligations

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

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the

current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

7. Net Assets and Fund Equity

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

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

As of June 30, 2012, Claiborne County had \$38,135,000 and \$5,580,000 in outstanding debt for capital purposes for the discretely presented Claiborne County School Department and the Claiborne County Hospital and Nursing Home, respectively. This debt is a liability of Claiborne County, but the capital assets acquired are reported in the financial statements of the School Department and the Claiborne County Hospital and Nursing Home. Therefore, Claiborne County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

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 and the Board of Education are authorized bodies to make assignments. Assigned fund balance in the General Fund includes an amount of fund balance appropriated for use in the 2012-2013 budget totaling \$1,400,984. Assigned fund balance in the discretely presented School Department's General Purpose School Fund consists primarily of encumbrances (\$466,792) and an amount assigned by the board for debt service (\$744,504).

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Claiborne County School Department

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

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

Primary Government

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

Discretely Presented Claiborne County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

At June 30, 2012, the Claiborne County School Department reported the following significant encumbrances:

Fund	Description	Amount
General Purpose School	Capital outlay	\$ 237,712
"	School buses	226,294

B. Expenditures Exceeded Appropriations

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

Fund/Major Category	Amount Overspent
<u>Primary Government:</u>	
General:	
Libraries	\$ 7,613
Highway Capital Projects:	
Other Charges	2,514

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

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government

sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

The county had no pooled and nonpooled investments as of June 30, 2012.

B. Notes Receivable

Notes receivable of \$2,000 in the Other Agency Fund represented amounts due to the Claiborne County Industrial Development Board from the Town of Cumberland Gap. The amount of the notes that is not expected to be collected within one year is \$1,000.

C. Capital Assets

Capital assets activity for the year ended June 30, 2012, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 586,500	\$ 0	\$ 0	\$ 586,500
Total Capital Assets Not Depreciated	<u>\$ 586,500</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 586,500</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 12,854,699	\$ 300,056	\$ 0	\$ 13,154,755
Roads and Bridges	25,108,835	264,620	0	25,373,455
Other Capital Assets	3,872,287	1,000,556	(1,165,298)	3,707,545
Total Capital Assets Depreciated	<u>\$ 41,835,821</u>	<u>\$ 1,565,232</u>	<u>\$ (1,165,298)</u>	<u>\$ 42,235,755</u>

Governmental Activities (Cont.):

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,582,562	\$ 317,740	\$ 0	\$ 2,900,302
Roads and Bridges	6,512,560	601,026	0	7,113,586
Other Capital Assets	2,795,673	258,491	(878,212)	2,175,952
Total Accumulated Depreciation	<u>\$ 11,890,795</u>	<u>\$ 1,177,257</u>	<u>\$ (878,212)</u>	<u>\$ 12,189,840</u>
Total Capital Assets Depreciated, Net	<u>\$ 29,945,026</u>	<u>\$ 387,975</u>	<u>\$ (287,086)</u>	<u>\$ 30,045,915</u>
Governmental Activities Capital Assets, Net	<u>\$ 30,531,526</u>	<u>\$ 387,975</u>	<u>\$ (287,086)</u>	<u>\$ 30,632,415</u>

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

Governmental Activities:

General Government	\$ 311,438
Public Safety	156,345
Public Health and Welfare	39,206
Highways/Public Works	<u>670,268</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,177,257</u>

Discretely Presented Claiborne County School Department**Governmental Activities:**

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 1,170,900	\$ 0	\$ 0	\$ 1,170,900
Construction in Progress	4,052,144	1,033,623	0	5,085,767
Total Capital Assets Not Depreciated	<u>\$ 5,223,044</u>	<u>\$ 1,033,623</u>	<u>\$ 0</u>	<u>\$ 6,256,667</u>

Governmental Activities (Cont.):

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Depreciated: Buildings and Improvements	\$ 45,594,992	\$ 420,424	\$ 0	\$ 46,015,416
Other Capital Assets	3,079,182	68,473	(320,711)	2,826,944
Total Capital Assets Depreciated	\$ 48,674,174	\$ 488,897	\$ (320,711)	\$ 48,842,360
Less Accumulated Depreciated For: Buildings and Improvements	\$ 13,000,254	\$ 1,126,521	\$ 0	\$ 14,126,775
Other Capital Assets	1,788,168	185,604	(310,627)	1,663,145
Total Accumulated Depreciation	\$ 14,788,422	\$ 1,312,125	\$ (310,627)	\$ 15,789,920
Total Capital Assets Depreciated, Net	\$ 33,885,752	\$ (823,228)	\$ (10,084)	\$ 33,052,440
Governmental Activities Capital Assets, Net	\$ 39,108,796	\$ 210,395	\$ (10,084)	\$ 39,309,107

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

Governmental Activities:

Instruction	\$ 1,088,310
Support Services	<u>223,815</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,312,125</u>

D. Insurance Recovery

The discretely presented Claiborne County School Department had insurance recoveries of \$494,231 in the General Purpose School Fund. These insurance recoveries relate primarily to storm damage. On the government-wide financial statements, program expenses are reflected net of these insurance recoveries.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2012, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Solid Waste/Sanitation	\$ 150,685
"	Nonmajor governmental	30,541

The amount due to the General Fund from the Solid Waste/Sanitation Fund includes \$134,893 that was loaned to the Solid Waste/Sanitation Fund for the purchase of a vehicle. The amount of the receivable not expected to be repaid within one year is \$67,447 and is offset by nonspendable fund balance in the General Fund.

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

Due to/from Primary Government and Component Units:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General Debt Service	Component Unit: Claiborne County Hospital and Nursing Home	\$ 3,565

Interfund Transfers:

Interfund transfers for the year ended June 30, 2012, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	General Fund	General Debt Service Fund
Highway Public/Works Fund	\$ 43,913	\$ 553,050

Discretely Presented Claiborne County School Department

	Transfers In	
	General Purpose School Fund	School Federal Projects Fund
Transfers Out		
General Purpose School	\$ 0	\$ 150,000
Nonmajor governmental	234,610	0
Total	\$ 234,610	\$ 150,000

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The transfer of \$150,000 from the General Purpose School Fund to the School Federal Projects Fund was to provide cash flow.

F. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 20 years for bonds, up to three years for notes, and up to 20 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2012, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2012, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
General Obligation Bonds	1 to 5.3 %	4-1-30	\$ 5,995,000	\$ 5,429,118
General Obligation Bonds - Refunding	2 to 4.125	4-1-30	46,620,000	43,940,882
Capital Outlay Note	3	12-7-14	500,000	500,000
Other Loans Fixed Rate	3.25 to 4.65	6-1-24	6,225,000	4,450,000

Included in amounts outstanding are various general obligation debts Claiborne County has issued for the benefit of the Claiborne County School Department and the Claiborne County Hospital and Nursing Home component units. The Claiborne County School Department and the Claiborne County Hospital and Nursing Home contribute funds annually to the county to apply toward the retirement of debt. During the year, the School Department contributed \$2,786,558 and the Claiborne County Hospital and Nursing Home contributed \$620,348 to the county's General Debt Service for retirement of those general obligation debt issues.

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

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2012, including interest payments are presented in the following tables.

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 2,530,000	\$ 1,949,292	\$ 4,479,292
2014	2,520,000	1,879,067	4,399,067
2015	2,545,000	1,807,518	4,352,518
2016	2,570,000	1,714,492	4,284,492
2017	2,705,000	1,618,190	4,323,190
2018-2022	11,755,000	6,521,253	18,276,253
2023-2027	14,745,000	3,871,005	18,616,005
2028-2030	10,000,000	823,393	10,823,393
Total	\$ 49,370,000	\$ 20,184,210	\$ 69,554,210

Year Ending June 30	Note		
	Principal	Interest	Total
2013	\$ 55,000	\$ 15,250	\$ 70,250
2014	55,000	13,535	68,535
2015	390,000	11,863	401,863
Total	\$ 500,000	\$ 40,648	\$ 540,648

Year Ending June 30	Other Loan		
	Principal	Interest	Total
2013	\$ 300,000	\$ 186,381	\$ 486,381
2014	300,000	175,131	475,131
2015	325,000	163,881	488,881
2016	325,000	151,531	476,531
2017	350,000	138,532	488,532
2018-2022	1,925,000	470,034	2,395,034
2023-2024	925,000	64,186	989,186
Total	\$ 4,450,000	\$ 1,349,676	\$ 5,799,676

There is \$1,301,975 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,533, based on the 2010 federal census. Debt per capita, including bonds, notes, and other loans totaled \$1,686, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:

Governmental Activities:	Other		
	Bonds	Notes	Loans
Balance, July 1, 2011	\$ 51,525,000	\$ 52,340	\$ 4,725,000
Additions	0	500,000	0
Reductions	(2,155,000)	(52,340)	(275,000)
Balance, June 30, 2012	\$ 49,370,000	\$ 500,000	\$ 4,450,000
Balance Due Within One Year	\$ 2,530,000	\$ 55,000	\$ 300,000

	Compensated Absences	Landfill Closure/ Postclosure Care Costs
Balance, July 1, 2011	\$ 256,839	\$ 1,182,328
Additions	164,694	0
Reductions	(150,195)	(42,842)
Balance, June 30, 2012	<u>\$ 271,338</u>	<u>\$ 1,139,486</u>
Balance Due Within One Year	<u>\$ 176,369</u>	<u>\$ 71,218</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 55,730,824
Less: Balance Due Within One Year	(3,132,587)
Add: Unamortized Premium on Debt	<u>1,036,742</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 53,634,979</u>

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

Defeasance of Prior Debt

In prior years, Claiborne County defeased certain outstanding Public Building Authority (PBA) loan agreements by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old debt. The trustee is empowered and required to pay all principal and interest on the defeased debt as originally scheduled. Accordingly, the trust accounts and the defeased debt are not included in the county's financial statements. At June 30, 2012, the following outstanding loan agreement was considered defeased:

	Amount	Call/Maturity Date
Sevier County PBA Fixed Rate Loan Agreement: 3-5-2009 Hospital Revenue and General Obligation	1,030,000	12-1-13

Discretely Presented Claiborne County School Department

Other Loans

In prior years, Claiborne County issued other loans to provide the School Department with funds for the acquisition or construction of ball field

lighting and geothermal systems at various schools. All loans have been entered into with the Powell Valley Electric Cooperative with original terms of up to 15 years and interest rates ranging from zero to seven percent. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. The other loans included in long-term debt as of June 30, 2012, will be retired from the General Purpose School Fund.

Other loans outstanding as of June 30, 2012, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
Other Loans	0 to 7 %	4-30-22	\$ 988,141	\$ 378,611

The annual requirements to amortize all other loans outstanding as of June 30, 2012, are presented in the following table:

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2013	\$ 100,421	\$ 17,343	\$ 117,764
2014	61,011	15,978	76,989
2015	21,697	14,516	36,213
2016	23,266	12,947	36,213
2017	24,947	11,266	36,213
2018-22	147,269	26,556	173,825
Total	\$ 378,611	\$ 98,606	\$ 477,217

School Department debt per capita totaled \$12, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Claiborne County School Department for the year ended June 30, 2012, was as follows:

Governmental Activities:

	Other Loans	Other Postemployment Benefits
Balance, July 1, 2011	\$ 487,398	\$ 121,689
Additions	0	681
Reductions	(108,787)	0
Balance, June 30, 2012	<u>\$ 378,611</u>	<u>\$ 122,370</u>
Balance Due Within One Year	<u>\$ 100,421</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 500,981
Less: Balance Due Within One Year	<u>(100,421)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 400,560</u>

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

G. 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, 2012, totaled \$9,819. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

H. Internal Financing

In-lieu-of issuing debt with financial institutions, Claiborne County chose to internally finance the purchase of equipment for the Solid Waste/Sanitation Fund with an interfund loan from the General Fund. Internal financing activity for the year was as follows. The balance at June 30, 2012, is reflected as due to and due from other funds as discussed in Note IV.E.

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date
Vehicle for Sanitation	\$ 134,893	0 %	3-20-12	6-30-14
	Outstanding 7-1-11		Issued During Period	Outstanding 6-30-12
Vehicle for Sanitation	\$ 0	\$ 134,893	\$ 134,893	\$ 134,893

V. OTHER INFORMATION

A. Risk Management

Primary Government

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

Discretely Presented Claiborne County School Department

The School Department has chosen to establish the Employee Health Insurance Fund for risks associated with the employees' health insurance plan. The Employee Health Insurance Fund is accounted for as an internal service fund where assets are set aside for claim settlements. The county retains the risk of loss to a limit of \$90,000 per claimant in a single year. The School Department has obtained a stop/loss commercial insurance policy to cover claims beyond this liability up to an additional \$1,250,000 per claimant. Group life and accident insurance premiums paid to a private insurance company are also recorded in this fund.

All full-time certified employees and certain other employees of the Claiborne County School Department are eligible to participate. A premium charge is allocated to each fund that accounts for covered employees. This charge is based on actuarial estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$120,880 at June 30, 2012, and is reported as net assets of the Employee Health Insurance Fund. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Employee Health Insurance Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled and of claims that have been 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:

Employee Insurance - Health Fund

	Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year-end
2010-2011	\$ 209,324	\$ 3,094,869	\$ (2,974,261)	\$ 329,932
2011-2012	329,932	3,771,949	(3,876,528)	225,353

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. Subsequent Events

Road Superintendent Mike Sharp left office August 31, 2012, and was succeeded by Bill Fultz.

Subsequent to June 30, 2012, Claiborne County issued general obligation refunding bonds totaling \$4,075,000.

In September 2012, Claiborne County entered into lease-purchase agreements for highway equipment totaling \$235,295.

C. Contingent Liabilities

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

D. Change in Administration

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

E. Landfill Closure/Postclosure Care Costs

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

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Claiborne County closed its sanitary landfill in 1998. The \$1,139,486 reported as postclosure care liability at June 30, 2012, represents amounts based on what it would cost to perform all postclosure care in 2012. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. 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, 2012, and does not have an equity interest in the joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

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

G. 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.

H. Retirement Commitments

Plan Description

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

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

Funding Policy

Claiborne County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, was 5.71 percent of annual covered payroll. The contribution requirement of plan

members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2012, Claiborne County’s annual pension cost of \$1,216,592 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), and (d) projected 3.5 percent annual increase in the Social Security wage base. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was four years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	\$1,216,592	100%	\$0
6-30-11	1,027,818	100	0
6-30-10	1,216,386	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 91.57 percent funded. The actuarial accrued liability for benefits was \$43.58 million, and the actuarial value of assets was \$39.91 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.67 million. The covered payroll (annual payroll of active employees covered by the plan) was \$19.67 million, and the ratio of the UAAL to the covered payroll was 18.68 percent.

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

SCHOOL TEACHERS

Plan Description

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

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2012, was 9.05 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2012, 2011, and 2010, were \$1,655,839, \$1,710,570, and \$1,193,058 respectively, equal to the required contributions for each year.

I. Other Postemployment Benefits (OPEB)

Plan Description

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

	<u>Education Plan</u>
ARC	\$ 641,923
Interest on the NPO	3,651
Adjustment to the ARC	(9,897)
Annual OPEB cost	<u>\$ 635,677</u>
Less amount of contribution	<u>(634,996)</u>
Increase/decrease in NPO	\$ 681
Net OPEB obligation, 7-1-11	<u>121,689</u>
Net OPEB obligation, 6-30-12	<u><u>\$ 122,370</u></u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Education	\$ 564,176	97	% \$ 72,983
6-30-11	"	631,271	92	121,689
6-30-12	"	635,677	99	122,370

Funded Status and Funding Progress

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

	<u>Education Plan</u>
Actuarial valuation date	7-1-10
Actuarial accrued liability (AAL)	\$ 6,928,310
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 6,928,310
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 17,958,822
UAAL as a % of covered payroll	39%

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

Actuarial Methods and Assumptions

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

In the July 1, 2010, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a three percent discount rate and an annual healthcare cost trend rate of ten percent for

fiscal year 2012. The trend will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The unfunded actuarial accrued liability is being amortized as a level dollar amount over a 16-year period beginning June 30, 2009.

J. 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.

K. Purchasing Laws

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Claiborne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive I (Negative)
				Original	Final	
Revenues						
Local Taxes	\$ 5,324,128	\$ 0	\$ 5,324,128	\$ 5,144,065	\$ 5,144,065	\$ 180,063
Licenses and Permits	8,205	0	8,205	14,800	14,800	(6,595)
Fines, Forfeitures, and Penalties	142,570	0	142,570	160,600	160,600	(18,030)
Charges for Current Services	109,788	0	109,788	73,050	73,050	36,738
Other Local Revenues	384,638	0	384,638	155,100	347,559	37,079
Fees Received from County Officials	732,504	0	732,504	1,164,800	759,400	(26,896)
State of Tennessee	2,556,804	0	2,556,804	1,614,517	1,578,517	978,287
Federal Government	486,100	0	486,100	59,000	452,067	34,033
Total Revenues	\$ 9,744,737	\$ 0	\$ 9,744,737	\$ 8,385,932	\$ 8,530,058	\$ 1,214,679
Expenditures						
General Government						
County Commission	\$ 110,158	\$ 0	\$ 110,158	\$ 91,794	\$ 117,280	\$ 7,122
Board of Equalization	5,498	0	5,498	6,450	6,450	952
Beer Board	300	0	300	1,200	1,200	900
Budget and Finance Committee	19,113	0	19,113	20,355	20,601	1,488
County Mayor/Executive	147,189	0	147,189	149,228	151,799	4,610
County Attorney	53,746	0	53,746	54,254	54,885	1,139
Election Commission	207,573	0	207,573	201,980	228,148	20,575
Register of Deeds	52,916	0	52,916	191,440	74,628	21,712
Development	2,389	0	2,389	16,639	16,639	14,250
Planning	26,424	0	26,424	32,989	33,466	7,042
County Buildings	222,219	0	222,219	239,387	251,728	29,509
Preservation of Records	23,547	0	23,547	24,750	25,206	1,659

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Finance</u>						
Accounting and Budgeting	\$ 375,698	\$ 0	\$ 375,698	\$ 384,653	\$ 385,514	\$ 9,816
Property Assessor's Office	202,750	0	202,750	211,963	214,351	11,601
Reappraisal Program	87,527	0	87,527	94,775	95,566	8,039
County Trustee's Office	82,690	0	82,690	246,337	90,874	8,184
County Clerk's Office	82,292	(150)	82,142	333,191	99,067	16,925
<u>Administration of Justice</u>						
Circuit Court	294,695	0	294,695	313,021	324,238	29,543
General Sessions Court	192,809	0	192,809	209,356	211,511	18,702
Chancery Court	231,825	0	231,825	236,905	240,905	9,080
District Attorney General	30,671	0	30,671	30,398	30,825	154
Office of Public Defender	22,799	0	22,799	22,799	22,799	0
<u>Public Safety</u>						
Sheriff's Department	2,326,784	0	2,326,784	2,239,852	2,381,286	54,502
Administration of the Sexual Offender Registry	900	0	900	3,000	3,000	2,100
Workhouse	2,668,352	(500)	2,667,852	2,693,852	2,737,943	70,091
Juvenile Services	51,391	0	51,391	59,718	60,195	8,804
Fire Prevention and Control	136,000	0	136,000	136,100	136,100	100
Civil Defense	113,210	0	113,210	129,098	134,355	21,145
Rescue Squad	18,000	0	18,000	18,000	18,000	0
Other Emergency Management	15,377	0	15,377	15,377	15,377	0
County Coroner/Medical Examiner	37,050	0	37,050	37,600	37,600	550
<u>Public Health and Welfare</u>						
Local Health Center	127,775	(2,200)	125,575	140,465	140,830	15,255
Rabies and Animal Control	0	0	0	18,000	18,000	18,000

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Public Health and Welfare (Cont.)</u>						
Ambulance/Emergency Medical Services	\$ 263,000	\$ 0	\$ 263,000	\$ 263,000	\$ 263,000	\$ 0
Other Local Health Services	355,066	(174,672)	180,394	406,077	406,551	226,157
Sanitation Education/Information	47,887	(250)	47,637	49,628	50,123	2,486
<u>Social, Cultural, and Recreational Services</u>						
Adult Activities	5,000	0	5,000	5,000	5,000	0
Senior Citizens Assistance	45,079	0	45,079	45,465	45,465	386
Libraries	118,068	0	118,068	102,069	110,455	(7,613)
<u>Agriculture and Natural Resources</u>						
Agriculture Extension Service	95,064	0	95,064	102,628	102,628	7,564
Forest Service	2,000	0	2,000	2,000	2,000	0
Soil Conservation	41,682	0	41,682	42,343	42,745	1,063
<u>Other Operations</u>						
Industrial Development	20,000	0	20,000	20,000	20,000	0
Housing and Urban Development	381,692	0	381,692	36,000	391,000	9,308
Other Economic and Community Development	46,080	0	46,080	46,347	46,868	788
Veterans' Services	13,405	0	13,405	15,050	15,187	1,782
Other Charges	424,219	0	424,219	864,741	702,786	278,567
Employee Benefits	22,603	0	22,603	285,000	260,577	237,974
Miscellaneous	36,833	0	36,833	40,000	40,000	3,167
<u>Highways</u>						
Highway and Bridge Maintenance	61,997	(61,997)	0	0	0	0
Total Expenditures	\$ 9,949,342	\$ (239,769)	\$ 9,709,573	\$ 10,930,274	\$ 10,884,751	\$ 1,175,178
Excess (Deficiency) of Revenues Over Expenditures	\$ (204,605)	\$ 239,769	\$ 35,164	\$ (2,544,342)	\$ (2,354,693)	\$ 2,389,857

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 18,528	0	\$ 18,528	0	\$ 2,418	\$ 16,110
Transfers In	43,913	0	43,913	236,372	43,913	0
Total Other Financing Sources (Uses)	\$ 62,441	0	\$ 62,441	\$ 236,372	\$ 46,331	\$ 16,110
Net Change in Fund Balance	\$ (142,164)	239,769	\$ 97,605	\$ (2,307,970)	\$ (2,308,362)	\$ 2,405,967
Fund Balance, July 1, 2011	3,678,377	(239,769)	3,438,608	3,465,466	3,465,466	(26,858)
Fund Balance, June 30, 2012	\$ 3,536,213	0	\$ 3,536,213	\$ 1,157,496	\$ 1,157,104	\$ 2,379,109

Exhibit E-2

Claiborne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,060,503	\$ 1,008,661	\$ 1,008,661	\$ 51,842
Charges for Current Services	405,685	325,000	325,000	80,685
Other Local Revenues	43,121	30,000	30,000	13,121
State of Tennessee	85,979	47,000	47,000	38,979
Total Revenues	<u>\$ 1,595,288</u>	<u>\$ 1,410,661</u>	<u>\$ 1,410,661</u>	<u>\$ 184,627</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 1,646,865	\$ 1,497,267	\$ 1,758,760	\$ 111,895
Total Expenditures	<u>\$ 1,646,865</u>	<u>\$ 1,497,267</u>	<u>\$ 1,758,760</u>	<u>\$ 111,895</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (51,577)</u>	<u>\$ (86,606)</u>	<u>\$ (348,099)</u>	<u>\$ 296,522</u>
Net Change in Fund Balance	\$ (51,577)	\$ (86,606)	\$ (348,099)	\$ 296,522
Fund Balance, July 1, 2011	<u>455,126</u>	<u>451,843</u>	<u>451,843</u>	<u>3,283</u>
Fund Balance, June 30, 2012	<u><u>\$ 403,549</u></u>	<u><u>\$ 365,237</u></u>	<u><u>\$ 103,744</u></u>	<u><u>\$ 299,805</u></u>

Exhibit E-3

Claiborne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 365,381	\$ 326,600	\$ 326,600	\$ 38,781
Other Local Revenues	1,326	3,200	3,200	(1,874)
State of Tennessee	1,769,091	2,131,000	2,186,253	(417,162)
Federal Government	442,027	0	426,022	16,005
Total Revenues	<u>\$ 2,577,825</u>	<u>\$ 2,460,800</u>	<u>\$ 2,942,075</u>	<u>\$ (364,250)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 116,554	\$ 118,730	\$ 119,887	\$ 3,333
Highway and Bridge Maintenance	1,113,199	971,132	1,381,232	268,033
Operation and Maintenance of Equipment	281,785	211,786	300,551	18,766
Other Charges	95,906	112,600	114,100	18,194
Employee Benefits	29,299	52,000	31,753	2,454
Capital Outlay	11,431	426,000	426,000	414,569
Total Expenditures	<u>\$ 1,648,174</u>	<u>\$ 1,892,248</u>	<u>\$ 2,373,523</u>	<u>\$ 725,349</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 929,651</u>	<u>\$ 568,552</u>	<u>\$ 568,552</u>	<u>\$ 361,099</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (596,963)	\$ (596,963)	\$ (596,963)	\$ 0
Total Other Financing Sources (Uses)	<u>\$ (596,963)</u>	<u>\$ (596,963)</u>	<u>\$ (596,963)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 332,688	\$ (28,411)	\$ (28,411)	\$ 361,099
Fund Balance, July 1, 2011	<u>76,239</u>	<u>103,308</u>	<u>103,308</u>	<u>(27,069)</u>
Fund Balance, June 30, 2012	<u>\$ 408,927</u>	<u>\$ 74,897</u>	<u>\$ 74,897</u>	<u>\$ 334,030</u>

Exhibit E-4

Claiborne County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Claiborne County School Department
June 30, 2012

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-11	\$ 39,007	\$ 43,580	\$ 3,673	91.57 %	\$ 19,666	18.68 %
7-1-09	33,022	33,022	0	100.00	20,032	0.00
7-1-07	30,865	30,865	0	100.00	16,933	0.00

Exhibit E-5

Claiborne County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Claiborne County School Department
June 30, 2012

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
Self-Insured Health*	7-1-08	\$ 0	\$ 6,784	\$ 6,784	0 %	\$ 16,854	40 %
"	7-1-10	0	6,928	6,928	0	17,959	39

* Data only available for two actuarial valuations.

CLAIBORNE COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2012

A. BUDGETARY INFORMATION

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

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

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

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in the Libraries major appropriations category (the legal level of control) of the General Fund by \$7,613.

**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, and sheriff.

Capital Projects Funds

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

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

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

Exhibit F-1

Claiborne County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2012

	Special Revenue Funds		Capital Projects Funds			Total Nonmajor Governmental Funds
	Drug Control	Constituti- onal Officers - Fees	Total	Community Development/ Industrial Park	Highway Capital Projects	
\$	0	75,047	75,047	0	0	75,047
	152,693	0	152,693	2,127	560,385	715,205
	0	0	0	0	106,598	106,598
	0	0	0	0	(6,530)	(6,530)
\$	152,693	75,047	227,740	2,127	660,453	890,320

ASSETS

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

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>	\$	0	0	0	0	2,127	\$	2,127	\$	2,127	\$	2,127
Accounts Payable	0	0	0	0	0	0	0	0	0	0	0	0
Due to Other Funds	0	30,541	30,541	0	0	0	0	0	0	0	0	30,541
Deferred Revenue - Current Property Taxes	0	0	0	0	0	95,901	95,901	95,901	95,901	95,901	95,901	95,901
Deferred Revenue - Delinquent Property Taxes	0	0	0	0	0	3,876	3,876	3,876	3,876	3,876	3,876	3,876
Total Liabilities	\$	0	30,541	30,541	0	99,777	101,904	101,904	101,904	101,904	101,904	132,445
<u>Fund Balances</u>												
Restricted:	\$	0	44,506	44,506	0	0	0	0	0	0	0	44,506
Restricted for Finance	152,693	0	152,693	0	0	0	0	0	0	0	0	152,693
Restricted for Public Safety	0	0	0	0	0	560,676	560,676	560,676	560,676	560,676	560,676	560,676
Restricted for Capital Projects	\$	152,693	44,506	197,199	0	0	560,676	560,676	560,676	560,676	560,676	757,875
Total Fund Balances	\$	152,693	75,047	227,740	2,127	660,453	662,580	662,580	662,580	662,580	662,580	890,320
Total Liabilities and Fund Balances	\$	152,693	75,047	227,740	2,127	660,453	662,580	662,580	662,580	662,580	662,580	890,320

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, 2012

	Special Revenue Funds		Capital Projects Funds			Total Nonmajor Governmental Funds
	Drug Control	Constitutional Officers - Fees	Total	Community Development/Industrial Park	Highway Capital Projects	
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 23,327	\$ 23,327	\$ 21,290	\$ 134,626	\$ 155,916
Fines, Forfeitures, and Penalties	147,743	0	147,743	0	0	0
Charges for Current Services	0	491,372	491,372	0	0	0
State of Tennessee	0	0	0	0	7,438	7,438
Total Revenues	\$ 147,743	\$ 514,699	\$ 662,442	\$ 21,290	\$ 142,064	\$ 163,354
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 112,830	\$ 112,830	\$ 0	\$ 0	\$ 0
Finance	0	393,177	393,177	0	0	0
Administration of Justice	0	35,411	35,411	0	0	0
Public Safety	111,072	0	111,072	0	0	0
Other Operations	0	0	0	21,290	0	21,290
Highways	0	0	0	0	2,514	2,514
Capital Projects	0	0	0	0	527,765	527,765
Total Expenditures	\$ 111,072	\$ 541,418	\$ 652,490	\$ 21,290	\$ 530,279	\$ 551,569
Excess (Deficiency) of Revenues Over Expenditures	\$ 36,671	\$ (26,719)	\$ 9,952	\$ 0	\$ (388,215)	\$ (378,263)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 500,000	\$ 500,000
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 500,000	\$ 500,000
Net Change in Fund Balances Fund Balance, July 1, 2011	\$ 36,671	\$ (26,719)	\$ 9,952	\$ 0	\$ 111,785	\$ 111,785
Fund Balance, July 1, 2011	116,022	71,225	187,247	0	448,891	448,891
Fund Balance, June 30, 2012	\$ 152,693	\$ 44,506	\$ 197,199	\$ 0	\$ 560,676	\$ 560,676

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 147,743	\$ 77,010	\$ 99,060	\$ 48,683
State of Tennessee	0	200	200	(200)
Total Revenues	<u>\$ 147,743</u>	<u>\$ 77,210</u>	<u>\$ 99,260</u>	<u>\$ 48,483</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 111,072	\$ 93,100	\$ 155,150	\$ 44,078
Total Expenditures	<u>\$ 111,072</u>	<u>\$ 93,100</u>	<u>\$ 155,150</u>	<u>\$ 44,078</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 36,671</u>	<u>\$ (15,890)</u>	<u>\$ (55,890)</u>	<u>\$ 92,561</u>
Net Change in Fund Balance	\$ 36,671	\$ (15,890)	\$ (55,890)	\$ 92,561
Fund Balance, July 1, 2011	<u>116,022</u>	<u>110,300</u>	<u>110,300</u>	<u>5,722</u>
Fund Balance, June 30, 2012	<u><u>\$ 152,693</u></u>	<u><u>\$ 94,410</u></u>	<u><u>\$ 54,410</u></u>	<u><u>\$ 98,283</u></u>

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 134,626	\$ 90,000	\$ 90,000	\$ 44,626
State of Tennessee	7,438	0	0	7,438
Total Revenues	<u>\$ 142,064</u>	<u>\$ 90,000</u>	<u>\$ 90,000</u>	<u>\$ 52,064</u>
<u>Expenditures</u>				
<u>Highways</u>				
Other Charges	\$ 2,514	\$ 0	\$ 0	\$ (2,514)
<u>Capital Projects</u>				
Highway and Street Capital Projects	527,765	1,037,050	1,037,050	509,285
Total Expenditures	<u>\$ 530,279</u>	<u>\$ 1,037,050</u>	<u>\$ 1,037,050</u>	<u>\$ 506,771</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (388,215)</u>	<u>\$ (947,050)</u>	<u>\$ (947,050)</u>	<u>\$ 558,835</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 500,000	\$ 0	\$ 500,000	\$ 0
Other Loans Issued	0	500,000	0	0
Total Other Financing Sources (Uses)	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 111,785	\$ (447,050)	\$ (447,050)	\$ 558,835
Fund Balance, July 1, 2011	448,891	447,050	447,050	1,841
Fund Balance, June 30, 2012	<u>\$ 560,676</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 560,676</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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,030,090	\$ 1,022,425	\$ 1,022,425	\$ 7,665
Other Local Revenues	3,425,752	8,000	3,414,906	10,846
State of Tennessee	23,003	10,000	10,000	13,003
Total Revenues	<u>\$ 4,478,845</u>	<u>\$ 1,040,425</u>	<u>\$ 4,447,331</u>	<u>\$ 31,514</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 792,340	\$ 973,915	\$ 973,915	\$ 181,575
Highways and Streets	450,000	470,000	470,000	20,000
Education	1,240,000	1,250,000	1,250,000	10,000
<u>Interest on Debt</u>				
General Government	557,410	588,247	588,247	30,837
Highways and Streets	103,050	105,550	105,550	2,500
Education	1,546,558	1,561,560	1,561,560	15,002
<u>Other Debt Service</u>				
General Government	8,689	25,000	25,000	16,311
Highways and Streets	0	14,000	14,000	14,000
Education	2,696	14,000	14,000	11,304
Total Expenditures	<u>\$ 4,700,743</u>	<u>\$ 5,002,272</u>	<u>\$ 5,002,272</u>	<u>\$ 301,529</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (221,898)</u>	<u>\$ (3,961,847)</u>	<u>\$ (554,941)</u>	<u>\$ 333,043</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 553,050	\$ 4,004,958	\$ 598,052	\$ (45,002)
Total Other Financing Sources (Uses)	<u>\$ 553,050</u>	<u>\$ 4,004,958</u>	<u>\$ 598,052</u>	<u>\$ (45,002)</u>
Net Change in Fund Balance	\$ 331,152	\$ 43,111	\$ 43,111	\$ 288,041
Fund Balance, July 1, 2011	<u>970,823</u>	<u>907,037</u>	<u>907,037</u>	<u>63,786</u>
Fund Balance, June 30, 2012	<u><u>\$ 1,301,975</u></u>	<u><u>\$ 950,148</u></u>	<u><u>\$ 950,148</u></u>	<u><u>\$ 351,827</u></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; and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

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

Exhibit H-1

Claiborne County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2012

	<u>Agency Funds</u>			<u>Total</u>
	<u>Cities - Sales Tax</u>	<u>Constitu- tional Officers - Agency</u>	<u>Other Agency</u>	
<u>ASSETS</u>				
Cash	\$ 0	\$ 965,686	\$ 0	\$ 965,686
Equity in Pooled Cash and Investments	0	0	338,624	338,624
Due from Other Governments	296,552	0	0	296,552
Notes Receivable - Current	0	0	1,000	1,000
Notes Receivable - Long-term	0	0	1,000	1,000
Total Assets	<u>\$ 296,552</u>	<u>\$ 965,686</u>	<u>\$ 340,624</u>	<u>\$ 1,602,862</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 296,552	\$ 0	\$ 0	\$ 296,552
Due to Litigants, Heirs, and Others	0	965,686	0	965,686
Other Current Liabilities	0	0	340,624	340,624
Total Liabilities	<u>\$ 296,552</u>	<u>\$ 965,686</u>	<u>\$ 340,624</u>	<u>\$ 1,602,862</u>

Exhibit H-2

Claiborne County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,662,022	\$ 1,662,022	\$ 0
Due from Other Governments	277,185	296,552	277,185	296,552
Total Assets	\$ 277,185	\$ 1,958,574	\$ 1,939,207	\$ 296,552
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 277,185	\$ 1,958,574	\$ 1,939,207	\$ 296,552
Total Liabilities	\$ 277,185	\$ 1,958,574	\$ 1,939,207	\$ 296,552
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,501,551	\$ 7,810,078	\$ 8,345,943	\$ 965,686
Total Assets	\$ 1,501,551	\$ 7,810,078	\$ 8,345,943	\$ 965,686
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,501,551	\$ 7,810,078	\$ 8,345,943	\$ 965,686
Total Liabilities	\$ 1,501,551	\$ 7,810,078	\$ 8,345,943	\$ 965,686
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 97,626	\$ 886,768	\$ 645,770	\$ 338,624
Notes Receivable - Current	1,000	1,000	1,000	1,000
Notes Receivable - Long-term	2,000	0	1,000	1,000
Total Assets	\$ 100,626	\$ 887,768	\$ 647,770	\$ 340,624
<u>Liabilities</u>				
Other Current Liabilities	\$ 100,626	\$ 887,768	\$ 647,770	\$ 340,624
Total Liabilities	\$ 100,626	\$ 887,768	\$ 647,770	\$ 340,624

(Continued)

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,501,551	\$ 7,810,078	\$ 8,345,943	\$ 965,686
Equity in Pooled Cash and Investments	97,626	2,548,790	2,307,792	338,624
Due from Other Governments	277,185	296,552	277,185	296,552
Notes Receivable - Current	1,000	1,000	1,000	1,000
Notes Receivable - Long-term	2,000	0	1,000	1,000
Total Assets	<u>\$ 1,879,362</u>	<u>\$ 10,656,420</u>	<u>\$ 10,932,920</u>	<u>\$ 1,602,862</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 277,185	\$ 1,958,574	\$ 1,939,207	\$ 296,552
Due to Litigants, Heirs, and Others	1,501,551	7,810,078	8,345,943	965,686
Other Current Liabilities	100,626	887,768	647,770	340,624
Total Liabilities	<u>\$ 1,879,362</u>	<u>\$ 10,656,420</u>	<u>\$ 10,932,920</u>	<u>\$ 1,602,862</u>

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, 2012

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Charges for Services	Operating Grants and Contributions	
Governmental Activities:			
Instruction	\$ 24,216,312	\$ 3,878,088	\$ (20,250,587)
Support Services	14,020,172	0	(13,836,236)
Operation of Non-Instructional Services	4,980,034	2,504,504	(1,722,597)
Total Governmental Activities	\$ 43,216,518	\$ 6,566,528	\$ (35,809,420)
General Revenues:			
Taxes:			
Property Taxes Levied for General Purposes			\$ 6,281,835
Local Option Sales Taxes			2,365,412
Coal Severance Tax			251,429
Other Taxes			2,108
Grants and Contributions Not Restricted for Specific Programs			26,497,389
Unrestricted Investment Income			12,857
Miscellaneous			402,013
Total General Revenues			\$ 35,813,043
Change in Net Assets			\$ 3,623
Net Assets, July 1, 2011			44,060,177
Net Assets, June 30, 2012			\$ 44,063,800

Exhibit I-2

Claiborne County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Claiborne County School Department
June 30, 2012

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Other</u>	
	<u>School</u>	<u>Projects</u>	<u>Governmental</u>	<u>Funds</u>
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 2,872,694	\$ 250,458	\$ 575,608	\$ 3,698,760
Due from Other Governments	1,149,506	202,338	198,508	1,550,352
Property Taxes Receivable	6,703,588	0	0	6,703,588
Allowance for Uncollectible Property Taxes	(410,663)	0	0	(410,663)
Prepaid Items	48,900	0	0	48,900
Total Assets	\$ 10,364,025	\$ 452,796	\$ 774,116	\$ 11,590,937
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 258,101	\$ 102,542	\$ 7,638	\$ 368,281
Contracts Payable	0	0	56,997	56,997
Deferred Revenue - Current Property Taxes	6,030,865	0	0	6,030,865
Deferred Revenue - Delinquent Property Taxes	243,743	0	0	243,743
Other Deferred Revenues	286,879	0	0	286,879
Total Liabilities	\$ 6,819,588	\$ 102,542	\$ 64,635	\$ 6,986,765
<u>Fund Balances</u>				
Nonspendable:				
Prepaid Items	\$ 48,900	\$ 0	\$ 0	\$ 48,900
Restricted:				
Restricted for Education	48,997	254	657,606	706,857
Restricted for Capital Projects	0	0	51,875	51,875
Committed:				
Committed for Education	0	350,000	0	350,000
Assigned:				
Assigned for Education	467,542	0	0	467,542
Assigned for Debt Service	744,504	0	0	744,504
Unassigned	2,234,494	0	0	2,234,494
Total Fund Balances	\$ 3,544,437	\$ 350,254	\$ 709,481	\$ 4,604,172
Total Liabilities and Fund Balances	\$ 10,364,025	\$ 452,796	\$ 774,116	\$ 11,590,937

Exhibit I-3

Claiborne County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
Discretely Presented Claiborne County School Department
June 30, 2012

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 4,604,172
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,170,900	
Add: construction in progress	5,085,767	
Add: buildings and improvements net of accumulated depreciation	31,888,641	
Add: other capital assets net of accumulated depreciation	<u>1,163,799</u>	39,309,107
(2) Internal service funds are used by management to charge the cost of employee health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		120,880
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other loans payable	\$ (378,611)	
Less: other postemployment benefits liability	<u>(122,370)</u>	(500,981)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>530,622</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 44,063,800</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, 2012

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	School Federal Projects	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 8,936,850	\$ 0	\$ 0	\$ 8,936,850
Licenses and Permits	2,480	0	0	2,480
Charges for Current Services	87,665	0	666,225	753,890
Other Local Revenues	483,205	0	18,708	501,913
State of Tennessee	25,233,959	0	127,388	25,361,347
Federal Government	359,083	5,057,363	2,034,345	7,450,791
Other Governments and Citizens Groups	86,680	0	0	86,680
Total Revenues	<u>\$ 35,189,922</u>	<u>\$ 5,057,363</u>	<u>\$ 2,846,666</u>	<u>\$ 43,093,951</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 19,478,477	\$ 4,186,392	\$ 0	\$ 23,664,869
Support Services	10,512,066	551,036	14,917	11,078,019
Operation of Non-Instructional Services	1,675,122	356,524	2,805,519	4,837,165
Capital Outlay	616,263	0	0	616,263
Debt Service:				
Principal on Debt	108,787	0	0	108,787
Interest on Debt	18,725	0	0	18,725
Other Debt Service	2,786,559	0	0	2,786,559
Capital Projects	0	0	785,791	785,791
Total Expenditures	<u>\$ 35,195,999</u>	<u>\$ 5,093,952</u>	<u>\$ 3,606,227</u>	<u>\$ 43,896,178</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (6,077)</u>	<u>\$ (36,589)</u>	<u>\$ (759,561)</u>	<u>\$ (802,227)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 474,231	\$ 0	\$ 0	\$ 474,231
Transfers In	234,610	150,000	0	384,610
Transfers Out	(150,000)	0	(234,610)	(384,610)
Total Other Financing Sources (Uses)	<u>\$ 558,841</u>	<u>\$ 150,000</u>	<u>\$ (234,610)</u>	<u>\$ 474,231</u>
Net Change in Fund Balances	\$ 552,764	\$ 113,411	\$ (994,171)	\$ (327,996)
Fund Balance, July 1, 2011	2,991,673	236,843	1,703,652	4,932,168
Fund Balance, June 30, 2012	<u>\$ 3,544,437</u>	<u>\$ 350,254</u>	<u>\$ 709,481</u>	<u>\$ 4,604,172</u>

Exhibit I-5

Claiborne County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Claiborne County School Department
For the Year Ended June 30, 2012

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)		\$	(327,996)
(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	\$	1,522,520	
Less: current-year depreciation expense		<u>(1,312,125)</u>	210,395
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets			
Less: net book value of capital assets disposed			(10,084)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2012	\$	530,622	
Less: deferred delinquent property taxes and other deferred June 30, 2011		<u>(394,668)</u>	135,954
(4) The issuance of long-term debt (e.g., other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.			
Add: principal payments on other loans			108,787
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in other postemployment benefits liability			(681)
(6) Internal service funds are used by management to charge the cost of employee health benefits to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities.			
			<u>(112,752)</u>
Change in net assets of governmental activities (Exhibit B)		\$	<u><u>3,623</u></u>

Exhibit I-6

Claiborne County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Claiborne County School Department
June 30, 2012

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Central Cafeteria	Education Capital Projects	

\$	536,036	\$ 39,572	\$ 575,608
	129,208	69,300	198,508
\$	665,244	\$ 108,872	\$ 774,116

ASSETS

Equity in Pooled Cash and Investments	
Due from Other Governments	
Total Assets	

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>			
Accounts Payable	7,638	\$ 0	\$ 7,638
Contracts Payable	0	56,997	56,997
Total Liabilities	\$ 7,638	\$ 56,997	\$ 64,635
<u>Fund Balances</u>			
Restricted:			
Restricted for Education	657,606	\$ 0	\$ 657,606
Restricted for Capital Projects	0	51,875	51,875
Total Fund Balances	\$ 657,606	\$ 51,875	\$ 709,481
Total Liabilities and Fund Balances	\$ 665,244	\$ 108,872	\$ 774,116

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, 2012

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Central Cafeteria	Education Capital Projects	
<u>Revenues</u>			
Charges for Current Services	\$ 666,225	\$ 0	\$ 666,225
Other Local Revenues	12,829	5,879	18,708
State of Tennessee	25,366	102,022	127,388
Federal Government	1,965,045	69,300	2,034,345
Total Revenues	<u>\$ 2,669,465</u>	<u>\$ 177,201</u>	<u>\$ 2,846,666</u>
<u>Expenditures</u>			
Current:			
Support Services	\$ 14,917	\$ 0	\$ 14,917
Operation of Non-Instructional Services	2,805,519	0	2,805,519
Capital Projects	0	785,791	785,791
Total Expenditures	<u>\$ 2,820,436</u>	<u>\$ 785,791</u>	<u>\$ 3,606,227</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (150,971)</u>	<u>\$ (608,590)</u>	<u>\$ (759,561)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ 0	\$ (234,610)	\$ (234,610)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ (234,610)</u>	<u>\$ (234,610)</u>
Net Change in Fund Balances	\$ (150,971)	\$ (843,200)	\$ (994,171)
Fund Balance, July 1, 2011	808,577	895,075	1,703,652
Fund Balance, June 30, 2012	<u>\$ 657,606</u>	<u>\$ 51,875</u>	<u>\$ 709,481</u>

Exhibit I-8

Claiborne County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discretely Presented Claiborne County School Department
 General Purpose School Fund
 For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)		Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	Original	Final	
<u>Revenues</u>								
Local Taxes	\$ 8,936,850	\$ 0	\$ 0	\$ 8,936,850	\$ 8,616,030	\$ 8,616,030	\$ 320,820	
Licenses and Permits	2,480	0	0	2,480	2,550	2,550	(70)	
Charges for Current Services	87,665	0	0	87,665	150,000	109,539	(21,874)	
Other Local Revenues	483,205	0	0	483,205	216,000	458,206	24,999	
State of Tennessee	25,233,959	0	0	25,233,959	25,263,245	25,347,011	(113,052)	
Federal Government	359,083	0	0	359,083	197,505	380,938	(21,855)	
Other Governments and Citizens Groups	86,680	0	0	86,680	0	82,120	4,560	
Total Revenues	\$ 35,189,922	\$ 0	\$ 0	\$ 35,189,922	\$ 34,445,330	\$ 34,996,394	\$ 193,528	
<u>Expenditures</u>								
<u>Instruction</u>								
Regular Instruction Program	\$ 15,080,021	\$ 0	\$ 0	\$ 15,080,021	\$ 14,788,449	\$ 15,094,132	\$ 14,111	
Special Education Program	3,048,460	0	0	3,048,460	3,106,393	3,173,262	124,802	
Vocational Education Program	1,185,903	0	0	1,185,903	1,189,300	1,189,300	3,397	
Adult Education Program	164,093	0	0	164,093	162,269	174,240	10,147	
<u>Support Services</u>								
Attendance	99,390	0	0	99,390	102,011	102,011	2,621	
Health Services	46,029	0	0	46,029	110,437	46,107	78	
Other Student Support	285,655	0	0	285,655	287,566	287,566	1,911	
Regular Instruction Program	856,152	0	0	856,152	887,668	887,668	31,516	
Alternative Instruction Program	785,023	0	0	785,023	785,519	785,519	496	
Special Education Program	304,298	0	0	304,298	299,931	331,261	26,963	
Vocational Education Program	104,975	0	0	104,975	113,781	113,781	8,806	
Adult Programs	108,073	0	0	108,073	110,501	115,015	6,942	

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)		Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	Original	Final	
<u>Expenditures (Cont.)</u>								
<u>Support Services (Cont.)</u>								
Other Programs	\$ 9,819	\$ 0	\$ 0	\$ 9,819	\$ 0	\$ 9,819	\$ 0	
Board of Education	1,354,990	0	0	1,354,990	1,331,961	1,408,023	53,033	
Director of Schools	382,435	0	0	382,435	347,324	408,563	26,128	
Office of the Principal	1,100,735	0	0	1,100,735	1,100,474	1,102,594	1,859	
Fiscal Services	177,542	0	0	177,542	0	177,542	0	
Operation of Plant	2,039,081	0	0	2,039,081	2,255,738	2,255,738	216,657	
Maintenance of Plant	836,129	(336)	2,786	838,579	872,599	872,599	34,020	
Transportation	1,884,246	0	226,294	2,110,540	2,000,558	2,127,895	17,355	
Central and Other	137,494	0	0	137,494	142,000	142,000	4,506	
<u>Operation of Non-Instructional Services</u>								
Community Services	672,284	0	0	672,284	360,424	672,469	185	
Early Childhood Education	1,002,838	0	0	1,002,838	1,102,718	1,002,888	50	
Capital Outlay								
Regular Capital Outlay	616,263	(192,668)	237,712	661,307	314,620	661,307	0	
Principal on Debt								
Education	108,787	0	0	108,787	1,373,032	133,032	24,245	
Interest on Debt								
Education	18,725	0	0	18,725	1,566,264	19,705	980	
Other Debt Service								
Education	2,786,559	0	0	2,786,559	2,000	2,788,559	2,000	
<u>Total Expenditures</u>	<u>\$ 35,195,999</u>	<u>\$ (193,004)</u>	<u>\$ 466,792</u>	<u>\$ 35,469,787</u>	<u>\$ 34,713,537</u>	<u>\$ 36,082,595</u>	<u>\$ 612,808</u>	
Excess (Deficiency) of Revenues Over Expenditures	\$ (6,077)	\$ 193,004	\$ (466,792)	\$ (279,865)	\$ (268,207)	\$ (1,086,201)	\$ 806,336	

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)		Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	Original	Final	
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 474,231	0	0	\$ 474,231	\$ 0	\$ 0	\$ 468,249	\$ 5,982
Transfers In	234,610	0	0	234,610	0	0	234,610	0
Transfers Out	(150,000)	0	0	(150,000)	(177,542)	(150,000)	(150,000)	0
Total Other Financing Sources (Uses)	\$ 558,841	0	0	\$ 558,841	\$ (177,542)	\$ 552,859	\$ 552,859	\$ 5,982
Net Change in Fund Balance	\$ 552,764	\$ 193,004	\$ (466,792)	\$ 278,976	\$ (445,749)	\$ (533,342)	\$ (533,342)	\$ 812,318
Fund Balance, July 1, 2011	2,991,673	(193,004)	0	2,798,669	445,749	533,342	533,342	2,265,327
Fund Balance, June 30, 2012	\$ 3,544,437	0	(466,792)	\$ 3,077,645	0	0	0	\$ 3,077,645

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 5,057,363	\$ 5,360,334	\$ 5,786,518	\$ (729,155)
Total Revenues	\$ 5,057,363	\$ 5,360,334	\$ 5,786,518	\$ (729,155)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 2,871,959	\$ 3,029,734	\$ 2,927,574	\$ 55,615
Special Education Program	1,251,526	1,229,629	1,683,788	432,262
Vocational Education Program	62,907	53,011	63,021	114
<u>Support Services</u>				
Other Student Support	195,026	178,124	227,895	32,869
Regular Instruction Program	274,765	424,397	376,116	101,351
Special Education Program	69,627	33,170	73,391	3,764
Vocational Education Program	4,473	3,900	4,488	15
Transportation	7,145	155,602	88,040	80,895
<u>Operation of Non-Instructional Services</u>				
Community Services	356,524	350,043	361,000	4,476
Total Expenditures	\$ 5,093,952	\$ 5,457,610	\$ 5,805,313	\$ 711,361
Excess (Deficiency) of Revenues Over Expenditures	\$ (36,589)	\$ (97,276)	\$ (18,795)	\$ (17,794)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 150,000	\$ 200,000	\$ 150,000	\$ 0
Transfers Out	0	(102,724)	0	0
Total Other Financing Sources (Uses)	\$ 150,000	\$ 97,276	\$ 150,000	\$ 0
Net Change in Fund Balance	\$ 113,411	\$ 0	\$ 131,205	\$ (17,794)
Fund Balance, July 1, 2011	236,843	0	18,795	218,048
Fund Balance, June 30, 2012	\$ 350,254	\$ 0	\$ 150,000	\$ 200,254

Exhibit I-10

Claiborne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Claiborne County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 666,225	\$ 0	\$ 666,225	\$ 755,000	\$ 755,000	\$ (88,775)
Other Local Revenues	12,829	0	12,829	11,000	18,500	(5,671)
State of Tennessee	25,366	0	25,366	26,000	26,000	(634)
Federal Government	1,965,045	0	1,965,045	1,781,334	1,926,334	38,711
Total Revenues	\$ 2,669,465	\$ 0	\$ 2,669,465	\$ 2,573,334	\$ 2,725,834	\$ (56,369)
<u>Expenditures</u>						
<u>Support Services</u>						
Fiscal Services	\$ 14,917	\$ 0	\$ 14,917	\$ 0	\$ 14,917	\$ 0
<u>Operation of Non-Instructional Services</u>						
Food Service	2,805,519	17,388	2,822,907	2,558,417	2,850,917	28,010
Total Expenditures	\$ 2,820,436	\$ 17,388	\$ 2,837,824	\$ 2,558,417	\$ 2,865,834	\$ 28,010
Excess (Deficiency) of Revenues Over Expenditures	\$ (150,971)	\$ (17,388)	\$ (168,359)	\$ 14,917	\$ (140,000)	\$ (28,359)
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ 0	\$ 0	\$ 0	\$ (14,917)	\$ 0	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ (14,917)	\$ 0	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ (150,971)	\$ (17,388)	\$ (168,359)	\$ 0	\$ (140,000)	\$ (28,359)
	808,577	0	808,577	0	140,000	668,577
Fund Balance, June 30, 2012	\$ 657,606	\$ (17,388)	\$ 640,218	\$ 0	\$ 0	\$ 640,218

Exhibit I-11

Claiborne County, Tennessee
Statement of Net Assets
Discretely Presented Claiborne County School Department
Proprietary Fund
June 30, 2012

Governmental
 Activities -
 Internal
 Service Fund

 Employee
 Insurance -
 Health

ASSETS

Current Assets:

Cash in Bank

\$ 346,233

Total Assets

\$ 346,233

LIABILITIES

Current Liabilities:

Accounts Payable

\$ 225,353

Total Liabilities

\$ 225,353

NET ASSETS

Unrestricted

\$ 120,880

Exhibit I-12

Claiborne County, Tennessee
Statement of Revenues, Expenses, and Changes
in Net Assets
Discretely Presented Claiborne County School Department
Proprietary Fund
For the Year Ended June 30, 2012

	Governmental Activities - Internal Service Fund Employee Insurance - Health
<u>Operating Revenues</u>	
<u>Charges for Current Services</u>	
Self-Insurance Premiums/Contributions	\$ 4,205,317
Total Operating Revenues	<u>\$ 4,205,317</u>
<u>Operating Expenses</u>	
Handling Charges and Administrative Costs	\$ 180,062
Other Contracted Services	3,000
Excess Risk Insurance	363,206
Medical Claims	3,771,949
Other Charges	172
Total Operating Expenses	<u>\$ 4,318,389</u>
Operating Income (Loss)	<u>\$ (113,072)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 320
Total Nonoperating Revenues (Expenses)	<u>\$ 320</u>
Changes in Net Assets	\$ (112,752)
Net Assets, July 1, 2011	<u>233,632</u>
Net Assets, June 30, 2012	<u><u>\$ 120,880</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, 2012

	Governmental Activities - Internal Service Fund <hr/> Employee Insurance - Health <hr/>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 4,205,317
Payments for Excess Risk Insurance	(363,206)
Payments for Medical Claims	(3,876,528)
Payments for Administrative Costs	(183,234)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (217,651)</u>
<u>Cash Flows from Investment Activities</u>	
Interest on Investments	\$ 320
Net Cash Provided By (Used In) Investing Activities	<u>\$ 320</u>
Net Increase (Decrease) in Cash	\$ (217,331)
Cash, July 1, 2011	<u>563,564</u>
Cash, June 30, 2012	<u><u>\$ 346,233</u></u>
<u>Reconciliation of Operating Income to Net Cash Provided By (Used In)</u>	
<u>Operating Activities</u>	
Operating Income (Loss)	\$ (113,072)
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>(104,579)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (217,651)</u></u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Claiborne County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
Primary Government and Discretely Presented Claiborne County School Department
For the Year Ended June 30, 2012

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-12
PRIMARY GOVERNMENT								
NOTES PAYABLE								
<u>Pavable through General Debt Service Fund</u>								
Capital Outlay - Buses	\$ 151,500	3.69 %	8-1-08	8-1-11	\$ 52,340	0 \$	52,340 \$	0
Capital Outlay - Highway Projects	500,000	3	12-7-11	12-7-14	0	500,000	0	500,000
Total Notes Payable					\$ 52,340	500,000 \$	52,340 \$	500,000
OTHER LOANS PAYABLE								
<u>Pavable through General Debt Service Fund</u>								
Sevier County Public Building Authority: Judicial Complex	6,225,000	3.25 to 4.65	9-2-04	6-1-24	\$ 4,725,000	0 \$	275,000 \$	4,450,000
Total Other Loans Payable					\$ 4,725,000	0 \$	275,000 \$	4,450,000
BONDS PAYABLE								
<u>Pavable through General Debt Service Fund</u>								
School Refunding Bonds, Series 2007	4,485,000	4	12-19-07	5-1-21	\$ 4,485,000	0 \$	0 \$	4,485,000
School Refunding Bonds, Series 2009	2,425,000	2 to 3.15	11-12-09	4-1-18	2,425,000	0	100,000	2,325,000
School Bonds, Series 2010	5,010,000	1 to 5.3	5-12-10	6-1-25	4,765,000	0	240,000	4,525,000
Refunding Judicial and Series 1998, Series 2010A	3,370,000	2.5 to 4.125	3-30-10	4-1-30	3,370,000	0	70,000	3,300,000
Refunding Highway, Series 2010A	3,235,000	2.5 to 4.125	3-30-10	4-1-30	2,805,000	0	450,000	2,355,000
Refunding Schools, Series 2010A	27,900,000	2.5 to 4.125	3-30-10	4-1-30	27,700,000	0	900,000	26,800,000
Refunding Hospital, Series 2010A	4,130,000	2.5 to 4.125	3-30-10	4-1-30	4,033,109	0	242,227	3,790,882
General Obligation and Hospital Revenue, Series 2010A	985,000	2.5 to 4.125	3-30-10	4-1-30	961,891	0	57,773	904,118
Refunding Series 2010B - Hospital	1,075,000	3.9	3-30-10	4-1-20	980,000	0	95,000	885,000
Total Bonds Payable					\$ 51,525,000	0 \$	2,155,000 \$	49,370,000

(Continued)

Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-12
DISCRETELY PRESENTED CLAIBORNE COUNTY SCHOOL DEPARTMENT								
OTHER LOANS PAYABLE								
Payable through General Purpose School Fund								
Powell Valley Electric Cooperative:								
HVAC System at Claiborne County High School	\$ 450,000	0	12-11-03	12-11-13	\$ 140,625	0	\$ 56,250	\$ 84,375
HVAC System at Cumberland Gap High School	202,409	0	12-11-03	12-11-13	63,253	0	25,301	37,952
Ball Field Lighting Project at Schools	70,000	7.69	3-1-04	8-31-11	1,650	0	1,650	0
Ball Field Lighting Project at Schools	210,000	7.69	4-1-04	9-30-11	7,988	0	7,988	0
Ball Field Lighting Project at Schools	147,722	7	5-1-07	4-30-22	120,508	0	7,743	112,765
Ball Field Lighting Project at Schools	188,010	7	5-1-07	4-30-22	153,374	0	9,855	143,519
Total Other Loans Payable					\$ 487,398	0	\$ 108,787	\$ 378,611

Exhibit J-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Note		Total
	Principal	Interest	
2013	\$ 55,000	\$ 15,250	\$ 70,250
2014	55,000	13,535	68,535
2015	390,000	11,863	401,863
Total	\$ 500,000	\$ 40,648	\$ 540,648

Year Ending June 30	Other Loan		Total
	Principal	Interest	
2013	\$ 300,000	\$ 186,381	\$ 486,381
2014	300,000	175,131	475,131
2015	325,000	163,881	488,881
2016	325,000	151,531	476,531
2017	350,000	138,532	488,532
2018	350,000	124,532	474,532
2019	375,000	110,532	485,532
2020	375,000	94,782	469,782
2021	400,000	78,844	478,844
2022	425,000	61,344	486,344
2023	450,000	42,218	492,218
2024	475,000	21,968	496,968
Total	\$ 4,450,000	\$ 1,349,676	\$ 5,799,676

(Continued)

Exhibit J-2

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

PRIMARY GOVERNMENT (CONT.)

Year Ending June 30	Bonds		Total
	Principal	Interest	
2013	\$ 2,530,000	\$ 1,949,292	\$ 4,479,292
2014	2,520,000	1,879,067	4,399,067
2015	2,545,000	1,807,518	4,352,518
2016	2,570,000	1,714,492	4,284,492
2017	2,705,000	1,618,190	4,323,190
2018	2,260,000	1,495,624	3,755,624
2019	2,270,000	1,393,172	3,663,172
2020	2,355,000	1,306,046	3,661,046
2021	2,350,000	1,210,968	3,560,968
2022	2,520,000	1,115,443	3,635,443
2023	2,625,000	1,010,819	3,635,819
2024	2,740,000	901,093	3,641,093
2025	3,345,000	786,031	4,131,031
2026	2,960,000	645,731	3,605,731
2027	3,075,000	527,331	3,602,331
2028	3,205,000	404,331	3,609,331
2029	3,330,000	276,131	3,606,131
2030	3,465,000	142,931	3,607,931
Total	\$ 49,370,000	\$ 20,184,210	\$ 69,554,210

(Continued)

Exhibit J-2

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

DISCRETELY PRESENTED CLAIBORNE
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Other Loans		Total
	Principal	Interest	
2013	\$ 100,421	\$ 17,343	\$ 117,764
2014	61,011	15,978	76,989
2015	21,697	14,516	36,213
2016	23,266	12,947	36,213
2017	24,947	11,266	36,213
2018	26,751	9,462	36,213
2019	28,684	7,529	36,213
2020	30,758	5,455	36,213
2021	32,981	3,232	36,213
2022	28,095	878	28,973
Total	\$ 378,611	\$ 98,606	\$ 477,217

Exhibit J-3

Claiborne County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented School Department
For the Year Ended June 30, 2012

<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	\$ 553,050
"	General	Bookkeeper's salary	43,913
Total Transfers Primary Government			<u>\$ 596,963</u>
<u>DISCRETELY PRESENTED CLAIBORNE</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Cash flow	\$ 150,000
Education Capital Projects	General Purpose School	Capital projects expenditures	234,610
Total Transfers Discretely Presented Claiborne County School Department			<u>\$ 384,610</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, 2012

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA, and County Commission	\$ 83,321	\$ 50,000	RLI Insurance Company
Road Superintendent	Section 8-24-102, TCA	67,927	100,000	Ohio Casualty Insurance Company
Director of Schools	State Board of Education and Claiborne County Board of Education	93,250	(1) 25,000	Western Surety Company
Trustee	Section 8-24-102, TCA	61,751	1,751,000	"
Assessor of Property	Section 8-24-102, TCA	61,751	10,000	"
County Clerk	Section 8-24-102, TCA	61,751	50,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	61,751	50,000	"
Clerk and Master	Section 8-24-102, TCA and Chancery Court Judge	61,751	(2) 50,000	"
Register	Section 8-24-102, TCA	61,751	25,000	"
Sheriff	Section 8-24-102, TCA, and County Commission	78,527	(3) 25,000	Ohio Casualty Insurance Company
Director of Finance:			50,000	Western Surety Company
Michael Tuten (7-1-11 through 10-3-11)	Board of County Commissioners	21,751	50,000	Western Surety Company
Sam Owens (10-4-11 through 6-30-12)	Board of County Commissioners	43,500	(4) (5)	
Employee Blanket Bonds:				
Public Employee Dishonesty - County Departments			150,000	Local Government Property and Casualty Fund
Public Employee Dishonesty - School Departments			150,000	Indiana Insurance Company

- (1) Includes a chief executive officer training supplement of \$2,000 and \$1,250 for serving as secretary to the board.
- (2) Does not include special commissioner fees of \$9,316.
- (3) Includes a supplement of \$10,000 for serving as warehouse superintendent and \$600 for a law enforcement training supplement.
- (4) Includes \$6,136 for accumulated vacation and compensatory time.
- (5) The Public Employee Dishonesty - County Department's policy was the only coverage provided during the year. A separate bond was obtained for Mr. Owens, effective September 1, 2012.

Exhibit J-5

Claiborne County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2012

	Special Revenue Funds					Debt Service Fund			Capital Projects Funds			Total	
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General	Debt Service	Community Development/Industrial Park					
								Highway Capital	Highway Projects	Highway Capital			
<u>Local Taxes</u>													
<u>County Property Taxes</u>													
Current Property Tax	\$ 4,593,697	\$ 966,612	\$ 0	\$ 0	\$ 47,364	\$ 285,000	\$ 0	\$ 0	\$ 92,130	\$ 5,984,803			
Trustee's Collections - Prior Year	187,024	40,464	0	0	2,120	11,075	0	0	27,718	268,401			
Circuit/Clerk & Master Collections - Prior Years	137,403	29,294	0	23,327	1,440	8,637	0	0	6,429	206,530			
Interest and Penalty	32,981	7,466	0	0	365	2,202	0	0	4,358	47,372			
Payments in-Lieu-of Taxes - T.V.A.	770	162	0	0	8	48	0	0	15	1,003			
Payments in-Lieu-of Taxes - Local Utilities	11,113	2,564	0	0	126	756	0	0	1,756	16,315			
Payments in-Lieu-of Taxes - Other	65,620	13,941	0	0	685	4,110	0	0	2,220	86,576			
<u>County Local Option Taxes</u>													
Hotel/Motel Tax	0	0	0	0	0	0	21,290	0	0	21,290			
Wheel Tax	0	0	0	0	0	718,262	0	0	0	718,262			
Litigation Tax - General	135,101	0	0	0	0	0	0	0	0	135,101			
Litigation Tax - Jail, Workhouse, or Courthouse	27,731	0	0	0	0	0	0	0	0	27,731			
Mineral Severance Tax	0	0	0	0	23,474	0	0	0	0	23,474			
<u>Statutory Local Taxes</u>													
Bank Excise Tax	65,840	0	0	0	0	0	0	0	0	65,840			
Wholesale Beer Tax	64,345	0	0	0	0	0	0	0	0	64,345			
Beer Privilege Tax	1,188	0	0	0	0	0	0	0	0	1,188			
Coal Severance Tax	0	0	0	0	251,429	0	0	0	0	251,429			
Interstate Telecommunications Tax	1,315	0	0	0	0	0	0	0	0	1,315			
Other Statutory Local Taxes	0	0	0	0	38,370	0	0	0	0	38,370			
Total Local Taxes	\$ 5,324,128	\$ 1,060,503	\$ 0	\$ 23,327	\$ 365,381	\$ 1,030,090	\$ 21,290	\$ 134,626	\$ 7,959,345				
<u>Licenses and Permits</u>													
Permits													
Building Permits	\$ 8,205	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,205			
Total Licenses and Permits	\$ 8,205	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,205			
<u>Fines, Forfeitures, and Penalties</u>													
Circuit Court													
Fines	\$ 39,182	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 39,182			

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Fund			Capital Projects Funds			Total
	Constitit -				General	Debt	Service	Community			
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works				General	Development/ Industrial Park	Highway Capital	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>											
<u>Circuit Court (Cont.)</u>											
Officers Costs	\$ 51,812	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 51,812
Drug Control Fines	0	23,199	0	0	0	0	0	0	0	0	23,199
Jail Fees	24,815	0	0	0	0	0	0	0	0	0	24,815
Judicial Commissioner Fees	1,848	0	0	0	0	0	0	0	0	0	1,848
DUI Treatment Fines	6,133	0	0	0	0	0	0	0	0	0	6,133
Data Entry Fee - Circuit Court	922	0	0	0	0	0	0	0	0	0	922
Courtroom Security Fee	2,017	0	0	0	0	0	0	0	0	0	2,017
<u>General Sessions Court</u>											
Game and Fish Fines	302	0	0	0	0	0	0	0	0	0	302
Drug Control Fines	0	10,242	0	0	0	0	0	0	0	0	10,242
Data Entry Fee - General Sessions Court	4,959	0	0	0	0	0	0	0	0	0	4,959
<u>Juvenile Court</u>											
Fines	1,978	0	0	0	0	0	0	0	0	0	1,978
Officers Costs	3,272	0	0	0	0	0	0	0	0	0	3,272
Data Entry Fee - Juvenile Court	336	0	0	0	0	0	0	0	0	0	336
<u>Chancery Court</u>											
Officers Costs	2,638	0	0	0	0	0	0	0	0	0	2,638
Data Entry Fee - Chancery Court	2,356	0	0	0	0	0	0	0	0	0	2,356
<u>Other Fines, Forfeitures, and Penalties</u>											
Proceeds from Confiscated Property	0	114,302	0	0	0	0	0	0	0	0	114,302
Total Fines, Forfeitures, and Penalties	\$ 142,570	\$ 147,743	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 290,313
<u>Charges for Current Services</u>											
<u>General Service Charges</u>											
Tipping Fees	\$ 0	\$ 405,685	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 405,685
<u>Fees</u>											
Copy Fees	602	0	0	0	0	0	0	0	0	0	602
Greenbelt Late Application Fee	50	0	0	0	0	0	0	0	0	0	50
Telephone Commissions	91,092	0	0	0	0	0	0	0	0	0	91,092
Vending Machine Collections	1,136	0	0	0	0	0	0	0	0	0	1,136

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Fund			Capital Projects Funds			Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General	Debt Service	Community Development/Industrial Park			
								Highway Capital	Projects	Projects	
<u>Charges for Current Services (Cont.)</u>											
<u>Fees (Cont.)</u>											
Constitutional Officers' Fees and Commissions	\$ 0	\$ 0	\$ 0	\$ 482,056	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 482,056
Special Commissioner Fees/Special Master Fees	0	0	0	9,316	0	0	0	0	0	0	9,316
Data Processing Fee - Register	8,968	0	0	0	0	0	0	0	0	0	8,968
Data Processing Fee - Sheriff	4,940	0	0	0	0	0	0	0	0	0	4,940
Sexual Offender Registration Fees - Sheriff	3,000	0	0	0	0	0	0	0	0	0	3,000
Total Charges for Current Services	\$ 109,788	\$ 405,685	\$ 0	\$ 491,372	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,006,845
<u>Other Local Revenues</u>											
<u>Recurring Items</u>											
Investment Income	\$ 108,488	\$ 16,127	\$ 0	\$ 0	\$ 0	\$ 8,819	\$ 0	\$ 0	\$ 0	\$ 0	\$ 133,434
Lease/Rentals	2,000	0	0	0	1,200	0	0	0	0	0	3,200
Sale of Recycled Materials	0	17,335	0	0	0	0	0	0	0	0	17,335
Miscellaneous Refunds	32,358	9,659	0	0	126	10,027	0	0	0	0	52,170
<u>Nonrecurring Items</u>											
Sale of Property	34,603	0	0	0	0	0	0	0	0	0	34,603
Contributions and Gifts	207,189	0	0	0	0	3,406,906	0	0	0	0	3,614,095
Total Other Local Revenues	\$ 384,638	\$ 43,121	\$ 0	\$ 0	\$ 1,326	\$ 3,425,752	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,854,837
<u>Fees Received from County Officials</u>											
<u>Excess Fees</u>											
County Clerk	\$ 67,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 67,000
Trustee	251,000	0	0	0	0	0	0	0	0	0	251,000
<u>Fees in-Lieu-of Salary</u>											
Circuit Court Clerk	93,180	0	0	0	0	0	0	0	0	0	93,180
General Sessions Court Clerk	166,819	0	0	0	0	0	0	0	0	0	166,819
Clerk and Master	124,568	0	0	0	0	0	0	0	0	0	124,568
Juvenile Court Clerk	19,313	0	0	0	0	0	0	0	0	0	19,313
Sheriff	10,624	0	0	0	0	0	0	0	0	0	10,624
Total Fees Received from County Officials	\$ 732,504	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 732,504

(Continued)

Exhibit J-5

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

	Special Revenue Funds						Debt Service Fund			Capital Projects Funds			Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park		Highway Capital Projects	Total			
							General	Debt Service					
<u>State of Tennessee</u>													
General Government Grants	\$ 0	\$ 7,961	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,961
Other General Government Grants													
Public Safety Grants	19,200	0	0	0	0	0	0	0	0	0	0	0	19,200
Law Enforcement Training Programs													
Health and Welfare Grants	177,156	0	0	0	0	0	0	0	0	0	0	0	177,156
Public Works Grants	34,986	0	0	0	0	0	0	0	0	0	0	0	34,986
Litter Program													
Other State Revenues													
Income Tax	27,126	0	0	0	0	0	0	0	0	0	0	0	27,126
Beer Tax	18,421	0	0	0	0	0	0	0	0	0	0	0	18,421
Alcoholic Beverage Tax	54,450	0	0	0	0	0	0	0	0	0	0	0	54,450
Mixed Drink Tax	3,774	0	0	0	0	0	0	0	0	0	0	0	3,774
State Revenue Sharing - T.V.A.	370,766	78,018	0	0	3,834	23,003	0	7,438	0	0	0	0	483,059
Contracted Prisoner Boarding	1,783,173	0	0	0	0	0	0	0	0	0	0	0	1,783,173
Gasoline and Motor Fuel Tax	0	0	0	0	1,686,761	0	0	0	0	0	0	0	1,686,761
Petroleum Special Tax	0	0	0	0	23,243	0	0	0	0	0	0	0	23,243
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	0	0	0	0	0	15,164
State Shared Sales Tax - Cities	2,030	0	0	0	0	0	0	0	0	0	0	0	2,030
Other State Grants	24,240	0	0	0	55,253	0	0	0	0	0	0	0	79,493
Other State Revenues	26,318	0	0	0	0	0	0	0	0	0	0	0	26,318
Total State of Tennessee	\$ 2,556,804	\$ 85,979	\$ 0	\$ 0	\$ 1,769,091	\$ 23,003	\$ 0	\$ 7,438	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,442,315
<u>Federal Government</u>													
Federal Through State													
Community Development	\$ 324,367	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 324,367
Disaster Relief	0	0	0	0	442,027	0	0	0	0	0	0	0	442,027
Homeland Security Grants	78,700	0	0	0	0	0	0	0	0	0	0	0	78,700
ARRA Grant # 1	35,869	0	0	0	0	0	0	0	0	0	0	0	35,869
Other Federal through State	32,067	0	0	0	0	0	0	0	0	0	0	0	32,067

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Fund			Capital Projects Funds			Total
	Constitit -				General	Debt	Community	Highway		Total	
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works				Development/ Industrial Park	Capital Projects		
\$ 15,097	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,097	
\$ 486,100	\$ 0	\$ 0	\$ 0	\$ 442,027	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 928,127	
\$ 9,744,737	\$ 1,595,288	\$ 147,743	\$ 514,699	\$ 2,577,825	\$ 4,478,845	\$ 21,290	\$ 142,064	\$ 19,222,491			

Federal Government (Cont.)

Direct Federal Revenue
 Other Direct Federal Revenue
 Total Federal Government

Total

Exhibit J-6

Claiborne County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Claiborne County School Department
For the Year Ended June 30, 2012

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 5,776,630	\$ 0	\$ 0	\$ 0	\$ 5,776,630
Trustee's Collections - Prior Year	253,854	0	0	0	253,854
Circuit/Clerk & Master Collections - Prior Years	174,879	0	0	0	174,879
Interest and Penalty	43,556	0	0	0	43,556
Payments in-Lieu-of Taxes - T.V.A.	972	0	0	0	972
Payments in-Lieu-of Taxes - Local Utilities	14,932	0	0	0	14,932
Payments in-Lieu-of Taxes - Other	83,318	0	0	0	83,318
<u>County Local Option Taxes</u>					
Local Option Sales Tax	2,335,172	0	0	0	2,335,172
<u>Statutory Local Taxes</u>					
Coal Severance Tax	251,429	0	0	0	251,429
Interstate Telecommunications Tax	2,108	0	0	0	2,108
Total Local Taxes	\$ 8,936,850	\$ 0	\$ 0	\$ 0	\$ 8,936,850
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 2,480	\$ 0	\$ 0	\$ 0	\$ 2,480
Total Licenses and Permits	\$ 2,480	\$ 0	\$ 0	\$ 0	\$ 2,480
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Other	\$ 87,637	\$ 0	\$ 0	\$ 0	\$ 87,637
Lunch Payments - Children	0	0	292,696	0	292,696
Lunch Payments - Adults	0	0	84,595	0	84,595
Income from Breakfast	0	0	132,676	0	132,676
A la carte Sales	28	0	35,323	0	35,351
<u>Other Charges for Services</u>					
Other Charges for Services	0	0	120,935	0	120,935
Total Charges for Current Services	\$ 87,665	\$ 0	\$ 666,225	\$ 0	\$ 753,890
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 6,658	\$ 5,879	\$ 12,537
Refund of Telecommunication & Internet Fees (E-Rate)	77,279	0	0	0	77,279
Retirees' Insurance Payments	296,896	0	0	0	296,896
Miscellaneous Refunds	84,512	0	5,571	0	90,083
<u>Nonrecurring Items</u>					
Sale of Equipment	17,475	0	0	0	17,475
Contributions and Gifts	3,000	0	600	0	3,600
<u>Other Local Revenues</u>					
Other Local Revenues	4,043	0	0	0	4,043
Total Other Local Revenues	\$ 483,205	\$ 0	\$ 12,829	\$ 5,879	\$ 501,913
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 9,819	\$ 0	\$ 0	\$ 0	\$ 9,819
<u>State Education Funds</u>					
Basic Education Program	23,184,000	0	0	0	23,184,000

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Early Childhood Education	\$ 1,002,838	\$ 0	\$ 0	\$ 0	\$ 1,002,838
School Food Service	0	0	25,366	0	25,366
Energy Efficient School Initiative	0	0	0	102,022	102,022
Driver Education	6,276	0	0	0	6,276
Other State Education Funds	127,916	0	0	0	127,916
Career Ladder Program	204,728	0	0	0	204,728
Career Ladder - Extended Contract	84,100	0	0	0	84,100
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	467,722	0	0	0	467,722
Other State Grants	137,576	0	0	0	137,576
Other State Revenues	8,984	0	0	0	8,984
Total State of Tennessee	\$ 25,233,959	\$ 0	\$ 25,366	\$ 102,022	\$ 25,361,347
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,345,812	\$ 0	\$ 1,345,812
USDA - Commodities	0	0	126,071	0	126,071
Breakfast	0	0	470,581	0	470,581
USDA - Other	0	0	22,581	0	22,581
Adult Education State Grant Program	160,082	0	0	0	160,082
Vocational Education - Basic Grants to States	0	89,580	0	0	89,580
Title I Grants to Local Education Agencies	0	1,741,127	0	0	1,741,127
Special Education - Grants to States	33,868	1,287,310	0	0	1,321,178
Special Education Preschool Grants	0	31,168	0	0	31,168
Safe and Drug-free Schools - State Grants	0	349,393	0	0	349,393
Rural Education	0	132,787	0	0	132,787
Eisenhower Professional Development State Grants	0	353,819	0	0	353,819
Race-to-the-Top - ARRA	0	390,363	0	0	390,363
Other Federal through State	165,133	681,816	0	0	846,949
<u>Direct Federal Revenue</u>					
Energy Grant	0	0	0	69,300	69,300
Total Federal Government	\$ 359,083	\$ 5,057,363	\$ 1,965,045	\$ 69,300	\$ 7,450,791
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contracted Services	\$ 86,680	\$ 0	\$ 0	\$ 0	\$ 86,680
Total Other Governments and Citizens Groups	\$ 86,680	\$ 0	\$ 0	\$ 0	\$ 86,680
Total	\$ 35,189,922	\$ 5,057,363	\$ 2,669,465	\$ 177,201	\$ 43,093,951

Exhibit J-7

Claiborne County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2012

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	66,625	
Social Security		4,103	
State Retirement		1,620	
Medical Insurance		24,423	
Employer Medicare		960	
Audit Services		9,664	
Dues and Memberships		1,700	
Workers' Compensation Insurance		1,063	
Total County Commission			\$ 110,158

Board of Equalization

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

Beer Board

Board and Committee Members Fees	\$	300	
Total Beer Board			300

Budget and Finance Committee

Board and Committee Members Fees	\$	16,875	
Social Security		1,034	
State Retirement		541	
Medical Insurance		175	
Employer Medicare		242	
Workers' Compensation Insurance		246	
Total Budget and Finance Committee			19,113

County Mayor/Executive

County Official/Administrative Officer	\$	83,321	
Secretary(ies)		27,435	
Social Security		6,744	
State Retirement		6,295	
Medical Insurance		6,393	
Unemployment Compensation		138	
Employer Medicare		1,577	
Communication		6,931	
Dues and Memberships		1,500	
Operating Lease Payments		1,695	
Travel		1,412	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Office Supplies	\$	746	
Premiums on Corporate Surety Bonds		114	
Workers' Compensation Insurance		2,571	
Office Equipment		317	
Total County Mayor/Executive			\$ 147,189

County Attorney

County Official/Administrative Officer	\$	37,304	
Clerical Personnel		5,250	
Social Security		2,199	
State Retirement		2,090	
Medical Insurance		5,096	
Unemployment Compensation		162	
Employer Medicare		514	
Dues and Memberships		500	
Workers' Compensation Insurance		631	
Total County Attorney			53,746

Election Commission

County Official/Administrative Officer	\$	56,645	
Clerical Personnel		30,482	
Other Salaries and Wages		476	
Election Commission		7,813	
Election Workers		25,227	
In-Service Training		5,663	
Social Security		7,229	
State Retirement		4,902	
Medical Insurance		5,096	
Unemployment Compensation		642	
Employer Medicare		1,691	
Communication		6,816	
Operating Lease Payments		1,996	
Maintenance and Repair Services - Buildings		187	
Other Contracted Services		16,506	
Office Supplies		6,748	
Workers' Compensation Insurance		1,588	
Office Equipment		26,550	
Other Equipment		1,316	
Total Election Commission			207,573

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds

Social Security	\$	7,128	
State Retirement		6,786	
Medical Insurance		10,193	
Unemployment Compensation		321	
Employer Medicare		1,667	
Communication		2,928	
Dues and Memberships		110	
Operating Lease Payments		2,411	
Maintenance and Repair Services - Office Equipment		8,493	
Office Supplies		3,657	
Premiums on Corporate Surety Bonds		75	
Workers' Compensation Insurance		2,034	
Constitutional Officers' Operating Expenses		7,113	
Total Register of Deeds			\$ 52,916

Development

Contracts with Other Public Agencies	\$	2,389	
Total Development			2,389

Planning

Supervisor/Director	\$	23,567	
Social Security		1,427	
State Retirement		376	
Unemployment Compensation		243	
Employer Medicare		334	
Workers' Compensation Insurance		477	
Total Planning			26,424

County Buildings

Custodial Personnel	\$	30,946	
Maintenance Personnel		20,677	
Social Security		3,049	
State Retirement		1,902	
Medical Insurance		5,096	
Unemployment Compensation		474	
Employer Medicare		713	
Communication		6,357	
Maintenance and Repair Services - Buildings		27,547	
Maintenance and Repair Services - Vehicles		4,951	
Postal Charges		34,402	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Rentals	\$	1,365	
Custodial Supplies		4,075	
Electricity		55,749	
Gasoline		2,942	
Office Supplies		5,933	
Utilities		3,331	
Water and Sewer		6,397	
Other Supplies and Materials		3,568	
Workers' Compensation Insurance		841	
Other Charges		1,904	
Total County Buildings			\$ 222,219

Preservation of Records

Clerical Personnel	\$	10,072	
Social Security		620	
Unemployment Compensation		178	
Employer Medicare		145	
Communication		1,674	
Operating Lease Payments		1,528	
Travel		558	
Other Contracted Services		5,438	
Office Supplies		2,878	
Workers' Compensation Insurance		456	
Total Preservation of Records			23,547

Finance

Accounting and Budgeting

Supervisor/Director	\$	59,115	
Accountants/Bookkeepers		219,334	
Social Security		16,241	
State Retirement		17,538	
Life Insurance		164	
Medical Insurance		22,710	
Dental Insurance		148	
Unemployment Compensation		1,103	
Employer Medicare		3,798	
Communication		7,541	
Data Processing Services		2,683	
Maintenance Agreements		4,611	
Travel		1,578	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Other Contracted Services	\$	13,200	
Data Processing Supplies		251	
Office Supplies		3,098	
Other Supplies and Materials		401	
Premiums on Corporate Surety Bonds		100	
Workers' Compensation Insurance		861	
Other Charges		1,024	
Office Equipment		199	
Total Accounting and Budgeting			\$ 375,698

Property Assessor's Office

County Official/Administrative Officer	\$	61,751	
Secretary(ies)		30,482	
Clerical Personnel		24,099	
Other Salaries and Wages		21,738	
In-Service Training		742	
Social Security		8,101	
State Retirement		7,797	
Medical Insurance		15,289	
Unemployment Compensation		479	
Employer Medicare		1,895	
Audit Services		14,915	
Communication		4,332	
Dues and Memberships		1,500	
Operating Lease Payments		120	
Travel		1,604	
Office Supplies		2,254	
Other Supplies and Materials		2,000	
Premiums on Corporate Surety Bonds		100	
Workers' Compensation Insurance		2,388	
Office Equipment		1,164	
Total Property Assessor's Office			202,750

Reappraisal Program

Assistant(s)	\$	27,888	
Laborers		22,471	
In-Service Training		565	
Social Security		2,842	
State Retirement		2,821	
Medical Insurance		10,193	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program (Cont.)

Unemployment Compensation	\$	319	
Employer Medicare		665	
Communication		1,397	
Data Processing Services		4,459	
Operating Lease Payments		1,356	
Postal Charges		7,500	
Travel		2,553	
Office Supplies		1,070	
Workers' Compensation Insurance		791	
Office Equipment		637	
Total Reappraisal Program			\$ 87,527

County Trustee's Office

Social Security	\$	9,490	
State Retirement		8,042	
Medical Insurance		15,289	
Unemployment Compensation		739	
Employer Medicare		2,219	
Communication		4,111	
Data Processing Services		15,000	
Dues and Memberships		478	
Operating Lease Payments		1,502	
Legal Notices, Recording, and Court Costs		1,500	
Maintenance Agreements		13,025	
Office Supplies		781	
Premiums on Corporate Surety Bonds		3,028	
Workers' Compensation Insurance		3,424	
Office Equipment		4,062	
Total County Trustee's Office			82,690

County Clerk's Office

Social Security	\$	14,071	
State Retirement		12,880	
Medical Insurance		20,385	
Unemployment Compensation		1,247	
Employer Medicare		3,291	
Communication		7,710	
Dues and Memberships		468	
Operating Lease Payments		1,697	
Maintenance Agreements		14,153	

(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.)

Office Supplies	\$	2,487	
Premiums on Corporate Surety Bonds		98	
Workers' Compensation Insurance		3,805	
Total County Clerk's Office			\$ 82,292

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		20,611	
Secretary(ies)		30,482	
Clerical Personnel		83,133	
Jury and Witness Expense		9,813	
Social Security		11,672	
State Retirement		7,980	
Medical Insurance		15,289	
Unemployment Compensation		1,101	
Employer Medicare		2,730	
Communication		5,067	
Dues and Memberships		468	
Operating Lease Payments		6,801	
Maintenance Agreements		12,113	
Postal Charges		8,650	
Office Supplies		14,029	
Premiums on Corporate Surety Bonds		98	
Workers' Compensation Insurance		2,907	
Total Circuit Court			294,695

General Sessions Court

Judge(s)	\$	137,482
Secretary(ies)		24,541
Social Security		6,433
State Retirement		7,850
Medical Insurance		5,096
Unemployment Compensation		159
Employer Medicare		2,326
Communication		1,630
Other Contracted Services		2,618
Office Supplies		853
Periodicals		667
Workers' Compensation Insurance		2,155

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Office Equipment	\$ 999	
Total General Sessions Court		\$ 192,809

Chancery Court

County Official/Administrative Officer	\$ 61,751	
Assistant(s)	27,710	
Secretary(ies)	31,030	
Clerical Personnel	45,738	
Social Security	9,846	
State Retirement	7,409	
Medical Insurance	15,289	
Unemployment Compensation	796	
Employer Medicare	2,303	
Communication	6,093	
Dues and Memberships	468	
Operating Lease Payments	2,412	
Maintenance Agreements	11,580	
Office Supplies	2,441	
Premiums on Corporate Surety Bonds	98	
Workers' Compensation Insurance	2,931	
Office Equipment	3,930	
Total Chancery Court		231,825

District Attorney General

Secretary(ies)	\$ 24,953	
Social Security	1,448	
State Retirement	1,398	
Medical Insurance	1,946	
Unemployment Compensation	160	
Employer Medicare	339	
Workers' Compensation Insurance	427	
Total District Attorney General		30,671

Office of Public Defender

Contributions	\$ 22,799	
Total Office of Public Defender		22,799

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 67,927	
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(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.)

Assistant(s)	\$	33,133	
Deputy(ies)		1,035,496	
Investigator(s)		29,100	
Lieutenant(s)		31,164	
Salary Supplements		19,200	
Secretary(ies)		24,583	
Part-time Personnel		238	
School Resource Officer		84,460	
Overtime Pay		1,691	
Other Salaries and Wages		183	
Social Security		78,451	
State Retirement		51,970	
Medical Insurance		137,825	
Unemployment Compensation		7,906	
Employer Medicare		18,347	
Communication		33,695	
Dues and Memberships		2,000	
Operating Lease Payments		4,550	
Maintenance and Repair Services - Buildings		18,106	
Maintenance and Repair Services - Vehicles		52,671	
Travel		8,589	
Tuition		5,634	
Other Contracted Services		851	
Gasoline		236,667	
Law Enforcement Supplies		2,453	
Office Supplies		10,901	
Tires and Tubes		10,422	
Uniforms		10,902	
Other Supplies and Materials		4,534	
Premiums on Corporate Surety Bonds		75	
Workers' Compensation Insurance		89,166	
Communication Equipment		5,649	
Law Enforcement Equipment		21,846	
Motor Vehicles		186,399	
Total Sheriff's Department			\$ 2,326,784

Administration of the Sexual Offender Registry

Other Contracted Services	\$	900	
Total Administration of the Sexual Offender Registry			900

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse

County Official/Administrative Officer	\$	10,000	
Supervisor/Director		40,853	
Medical Personnel		31,164	
Guards		1,009,375	
Maintenance Personnel		33,134	
Other Salaries and Wages		64,427	
Social Security		70,390	
State Retirement		30,462	
Medical Insurance		105,843	
Unemployment Compensation		9,475	
Employer Medicare		16,462	
Communication		26,500	
Operating Lease Payments		3,272	
Maintenance and Repair Services - Buildings		16,242	
Medical and Dental Services		172,574	
Travel		5,852	
Tuition		1,850	
Other Contracted Services		54,958	
Custodial Supplies		67,282	
Drugs and Medical Supplies		90,225	
Electricity		106,360	
Food Supplies		450,995	
Natural Gas		22,000	
Office Supplies		7,201	
Uniforms		8,595	
Water and Sewer		34,079	
Other Supplies and Materials		50,009	
Workers' Compensation Insurance		93,941	
Other Charges		34,832	
Total Workhouse			\$ 2,668,352

Juvenile Services

Social Workers	\$	36,387
Social Security		2,185
State Retirement		2,025
Unemployment Compensation		162
Employer Medicare		511
Communication		1,579
Travel		245
Other Contracted Services		7,820

(Continued)

Exhibit J-7

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

<u>General Fund (Cont.)</u>		
<u>Public Safety (Cont.)</u>		
<u>Juvenile Services (Cont.)</u>		
Workers' Compensation Insurance	\$ 477	
Total Juvenile Services		\$ 51,391
<u>Fire Prevention and Control</u>		
Contributions	\$ 136,000	
Total Fire Prevention and Control		136,000
<u>Civil Defense</u>		
Supervisor/Director	\$ 32,615	
Part-time Personnel	3,651	
Other Salaries and Wages	7,673	
Social Security	2,686	
State Retirement	1,952	
Unemployment Compensation	308	
Employer Medicare	628	
Communication	5,203	
Dues and Memberships	100	
Maintenance and Repair Services - Vehicles	1,081	
Travel	49	
Other Contracted Services	6,191	
Gasoline	2,645	
Office Supplies	913	
Workers' Compensation Insurance	482	
Other Equipment	47,033	
Total Civil Defense		113,210
<u>Rescue Squad</u>		
Contributions	\$ 18,000	
Total Rescue Squad		18,000
<u>Other Emergency Management</u>		
Contributions	\$ 15,377	
Total Other Emergency Management		15,377
<u>County Coroner/Medical Examiner</u>		
Other Per Diem and Fees	\$ 37,050	
Total County Coroner/Medical Examiner		37,050

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare

Local Health Center

Clerical Personnel	\$	22,481	
Custodial Personnel		13,675	
Social Security		2,176	
State Retirement		1,245	
Unemployment Compensation		358	
Employer Medicare		509	
Communication		9,150	
Contracts with Government Agencies		36,055	
Contracts with Private Agencies		4,252	
Maintenance and Repair Services - Buildings		12,000	
Postal Charges		4,048	
Other Contracted Services		415	
Custodial Supplies		1,596	
Office Supplies		3,491	
Utilities		14,000	
Workers' Compensation Insurance		365	
Office Equipment		1,959	
Total Local Health Center			\$ 127,775

Ambulance/Emergency Medical Services

Contributions	\$	263,000	
Total Ambulance/Emergency Medical Services			263,000

Other Local Health Services

Medical Personnel	\$	124,092	
Social Security		7,341	
State Retirement		3,858	
Medical Insurance		15,444	
Unemployment Compensation		970	
Employer Medicare		1,717	
Travel		3,622	
Workers' Compensation Insurance		474	
Other Construction		197,548	
Total Other Local Health Services			355,066

Sanitation Education/Information

Laborers	\$	23,149	
Clerical Personnel		4,900	
Social Security		1,658	
State Retirement		1,571	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Education/Information (Cont.)

Unemployment Compensation	\$	182	
Employer Medicare		388	
Communication		586	
Gasoline		8,524	
Instructional Supplies and Materials		5,701	
Other Supplies and Materials		733	
Workers' Compensation Insurance		495	
Total Sanitation Education/Information			\$ 47,887

Social, Cultural, and Recreational Services

Adult Activities

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

Senior Citizens Assistance

Laborers	\$	4,800	
Communication		5,782	
Contracts with Other Public Agencies		7,077	
Contributions		10,000	
Maintenance and Repair Services - Buildings		4,076	
Printing, Stationery, and Forms		206	
Electricity		7,750	
Gasoline		4,733	
Water and Sewer		655	
Total Senior Citizens Assistance			45,079

Libraries

Clerical Personnel	\$	48,686	
Part-time Personnel		14,295	
Social Security		3,687	
State Retirement		2,708	
Medical Insurance		10,193	
Unemployment Compensation		578	
Employer Medicare		862	
Contributions		19,668	
Workers' Compensation Insurance		899	
Office Equipment		16,492	
Total Libraries			118,068

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture and Natural Resources

Agriculture Extension Service

Communication	\$	4,649	
Contracts with Other Public Agencies		88,228	
Dues and Memberships		590	
Other Charges		900	
Office Equipment		697	
Total Agriculture Extension Service			\$ 95,064

Forest Service

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

Soil Conservation

Secretary(ies)	\$	21,404	
Social Security		1,176	
State Retirement		1,170	
Medical Insurance		5,096	
Unemployment Compensation		159	
Employer Medicare		275	
Contributions		12,000	
Workers' Compensation Insurance		402	
Total Soil Conservation			41,682

Other Operations

Industrial Development

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

Housing and Urban Development

Other Construction	\$	381,692	
Total Housing and Urban Development			381,692

Other Economic and Community Development

Assistant(s)	\$	27,842	
Social Security		1,537	
State Retirement		1,288	
Medical Insurance		5,092	
Unemployment Compensation		160	
Employer Medicare		359	
Communication		2,636	
Travel		5,500	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Other Economic and Community Development (Cont.)

Workers' Compensation Insurance	\$	521	
Other Charges		1,145	
Total Other Economic and Community Development			\$ 46,080

Veterans' Services

County Official/Administrative Officer	\$	10,070	
Social Security		613	
Unemployment Compensation		171	
Employer Medicare		143	
Communication		847	
Dues and Memberships		25	
Travel		420	
Office Supplies		979	
Workers' Compensation Insurance		137	
Total Veterans' Services			13,405

Other Charges

Contributions	\$	86,321	
Dues and Memberships		1,596	
Legal Services		37,770	
Legal Notices, Recording, and Court Costs		1,930	
Trustee's Commission		110,464	
Vehicle and Equipment Insurance		172,033	
Other Charges		14,105	
Total Other Charges			424,219

Employee Benefits

Medical Insurance	\$	22,603	
Total Employee Benefits			22,603

Miscellaneous

Tax Relief Program	\$	36,833	
Total Miscellaneous			36,833

Highways

Highway and Bridge Maintenance

Crushed Stone	\$	45,534	
Pipe - Metal		16,463	
Total Highway and Bridge Maintenance			61,997

Total General Fund \$ 9,949,342

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Foremen	\$	51,909	
Equipment Operators		61,695	
Truck Drivers		51,346	
Secretary(ies)		27,713	
Attendants		254,338	
Board and Committee Members Fees		6,250	
Social Security		26,778	
State Retirement		20,252	
Medical Insurance		46,134	
Unemployment Compensation		2,848	
Employer Medicare		6,263	
Communication		11,044	
Contracts with Private Agencies		578,779	
Engineering Services		3,759	
Evaluation and Testing		10,296	
Operating Lease Payments		8,400	
Maintenance and Repair Services - Vehicles		23,607	
Postal Charges		76	
Permits		1,545	
Other Contracted Services		10,925	
Crushed Stone		6,543	
Diesel Fuel		51,479	
Electricity		11,284	
Fertilizer, Lime, and Seed		6,404	
Gasoline		2,646	
Lubricants		2,044	
Office Supplies		2,348	
Tires and Tubes		8,480	
Water and Sewer		403	
Other Supplies and Materials		3,300	
Trustee's Commission		26,115	
Vehicle and Equipment Insurance		19,852	
Workers' Compensation Insurance		31,243	
Site Development		55,874	
Other Capital Outlay		214,893	
Total Waste Pickup			\$ 1,646,865

Total Solid Waste/Sanitation Fund

\$ 1,646,865

(Continued)

Exhibit J-7

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

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	20,000	
Maintenance and Repair Services - Equipment		5,980	
Maintenance and Repair Services - Vehicles		1,630	
Travel		2,764	
Tuition		2,685	
Instructional Supplies and Materials		4,516	
Law Enforcement Supplies		5,133	
Other Supplies and Materials		11,824	
Trustee's Commission		1,489	
Law Enforcement Equipment		13,677	
Motor Vehicles		41,374	
Total Drug Enforcement			\$ 111,072

Total Drug Control Fund \$ 111,072

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	112,830	
Total Register of Deeds			\$ 112,830

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	159,693	
Total County Trustee's Office			159,693

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	233,484	
Total County Clerk's Office			233,484

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	9,316	
Constitutional Officers' Operating Expenses		26,095	
Total Chancery Court			35,411

Total Constitutional Officers - Fees Fund 541,418

(Continued)

Exhibit J-7

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	67,927	
Secretary(ies)		25,609	
Social Security		5,402	
State Retirement		5,039	
Medical Insurance		5,224	
Disability Insurance		480	
Unemployment Compensation		270	
Employer Medicare		1,263	
Dues and Memberships		2,788	
Legal Services		486	
Legal Notices, Recording, and Court Costs		383	
Postal Charges		222	
Travel		285	
Office Supplies		1,176	
Total Administration			\$ 116,554

Highway and Bridge Maintenance

Laborers	\$	525,984	
Social Security		31,165	
State Retirement		24,475	
Life Insurance		4	
Medical Insurance		63,694	
Disability Insurance		3,769	
Unemployment Compensation		7,114	
Employer Medicare		7,209	
Other Contracted Services		43,328	
Asphalt - Hot Mix		87,693	
Crushed Stone		280,832	
Pipe - Metal		25,274	
Road Signs		1,923	
Wood Products		4,342	
Other Supplies and Materials		6,393	
Total Highway and Bridge Maintenance			1,113,199

Operation and Maintenance of Equipment

Mechanic(s)	\$	26,276	
Social Security		2,126	
State Retirement		1,497	
Life Insurance		72	
Disability Insurance		206	

(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.)

Unemployment Compensation	\$	452	
Rentals		6,800	
Diesel Fuel		104,569	
Equipment and Machinery Parts		76,722	
Garage Supplies		827	
Gasoline		35,071	
Lubricants		10,849	
Tires and Tubes		14,559	
Other Supplies and Materials		<u>1,759</u>	
Total Operation and Maintenance of Equipment	\$		281,785

Other Charges

Communication	\$	7,612	
Electricity		4,917	
Water and Sewer		973	
Liability Insurance		21,195	
Premiums on Corporate Surety Bonds		228	
Trustee's Commission		20,981	
Vehicle and Equipment Insurance		<u>40,000</u>	
Total Other Charges			95,906

Employee Benefits

Workers' Compensation Insurance	\$	<u>29,299</u>	
Total Employee Benefits			29,299

Capital Outlay

Bridge Construction	\$	4,723	
Highway Equipment		4,500	
Office Equipment		<u>2,208</u>	
Total Capital Outlay			<u>11,431</u>

Total Highway/Public Works Fund \$ 1,648,174

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	465,000	
Principal on Notes		52,340	
Principal on Other Loans		<u>275,000</u>	
Total General Government	\$		792,340

(Continued)

Exhibit J-7

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

General Debt Service Fund (Cont.)

Principal on Debt (Cont.)

Highways and Streets

Principal on Bonds	\$ 450,000	
Total Highways and Streets		\$ 450,000

Education

Principal on Bonds	\$ 1,240,000	
Total Education		1,240,000

Interest on Debt

General Government

Interest on Bonds	\$ 359,492	
Interest on Notes	1,932	
Interest on Other Loans	195,986	
Total General Government		557,410

Highways and Streets

Interest on Bonds	\$ 103,050	
Total Highways and Streets		103,050

Education

Interest on Bonds	\$ 1,546,558	
Total Education		1,546,558

Other Debt Service

General Government

Trustee's Commission	\$ 6,201	
Other Charges	2,488	
Total General Government		8,689

Education

Other Charges	\$ 2,696	
Total Education		2,696

Total General Debt Service Fund		\$ 4,700,743
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Community Development/Industrial Park Fund

Other Operations

Industrial Development

Contributions	\$ 21,077	
Trustee's Commission	213	
Total Industrial Development		\$ 21,290

Total Community Development/Industrial Park Fund		21,290
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(Continued)

Exhibit J-7

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

<u>Highway Capital Projects Fund</u>			
<u>Highways</u>			
<u>Other Charges</u>			
Trustee's Commission	\$	2,514	
Total Other Charges			\$ 2,514
<u>Capital Projects</u>			
<u>Highway and Street Capital Projects</u>			
Asphalt - Hot Mix	\$	21,440	
Crushed Stone		7,525	
Highway Equipment		498,800	
Total Highway and Street Capital Projects			<u>527,765</u>
Total Highway Capital Projects Fund			<u>\$ 530,279</u>
Total Governmental Funds - Primary Government			<u>\$ 19,149,183</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, 2012

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 9,871,959	
Career Ladder Program	117,172	
Career Ladder Extended Contracts	30,080	
Educational Assistants	575,470	
Certified Substitute Teachers	238,252	
Social Security	635,383	
State Retirement	925,672	
Life Insurance	39,909	
Medical Insurance	1,756,797	
Dental Insurance	34,477	
Unemployment Compensation	9,538	
Employer Medicare	149,462	
Other Fringe Benefits	53,541	
Tuition	798	
Other Contracted Services	750	
Instructional Supplies and Materials	110,000	
Textbooks	342,454	
Other Supplies and Materials	5,208	
Other Charges	1,031	
Regular Instruction Equipment	182,068	
Total Regular Instruction Program		\$ 15,080,021

Special Education Program

Teachers	\$ 1,733,640
Career Ladder Program	15,983
Educational Assistants	118,130
Speech Pathologist	116,801
Other Salaries and Wages	177,181
Certified Substitute Teachers	24,421
Social Security	130,373
State Retirement	190,690
Life Insurance	8,370
Medical Insurance	361,459
Dental Insurance	6,696
Unemployment Compensation	5,510
Employer Medicare	30,499
Contracts with Private Agencies	33,451
Maintenance and Repair Services - Equipment	5,389
Tuition	3,828

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Other Contracted Services	\$	4,486	
Instructional Supplies and Materials		9,119	
Textbooks		1,400	
Other Supplies and Materials		15,132	
Special Education Equipment		55,902	
Total Special Education Program			\$ 3,048,460

Vocational Education Program

Teachers	\$	880,633	
Career Ladder Program		11,600	
Certified Substitute Teachers		16,390	
Social Security		52,681	
State Retirement		78,104	
Life Insurance		3,456	
Medical Insurance		109,350	
Dental Insurance		2,876	
Unemployment Compensation		2,010	
Employer Medicare		12,722	
Instructional Supplies and Materials		11,119	
Other Charges		3,881	
Vocational Instruction Equipment		1,081	
Total Vocational Education Program			1,185,903

Adult Education Program

Teachers	\$	84,512	
Career Ladder Program		1,000	
Other Salaries and Wages		14,777	
Social Security		5,510	
State Retirement		7,903	
Life Insurance		351	
Medical Insurance		27,712	
Dental Insurance		317	
Unemployment Compensation		301	
Employer Medicare		1,382	
Instructional Supplies and Materials		20,328	
Total Adult Education Program			164,093

(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

Attendance

Supervisor/Director	\$	56,328	
Career Ladder Program		1,000	
Clerical Personnel		20,196	
Social Security		4,523	
State Retirement		6,341	
Life Insurance		168	
Medical Insurance		5,700	
Dental Insurance		151	
Unemployment Compensation		232	
Employer Medicare		1,058	
Travel		3,186	
Other Supplies and Materials		507	
Total Attendance			\$ 99,390

Health Services

Medical Personnel	\$	35,971	
Social Security		2,190	
State Retirement		3,255	
Life Insurance		168	
Medical Insurance		3,696	
Dental Insurance		151	
Unemployment Compensation		86	
Employer Medicare		512	
Total Health Services			46,029

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		85,985	
Social Security		5,126	
State Retirement		7,872	
Life Insurance		336	
Medical Insurance		15,092	
Dental Insurance		303	
Unemployment Compensation		172	
Employer Medicare		1,199	
Evaluation and Testing		16,383	
Travel		4,815	
Other Contracted Services		145,497	
Other Supplies and Materials		1,875	
Total Other Student Support			285,655

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	165,842	
Career Ladder Program		10,200	
Librarians		367,625	
Other Salaries and Wages		31,200	
Social Security		32,407	
State Retirement		47,062	
Life Insurance		1,757	
Medical Insurance		71,737	
Dental Insurance		1,611	
Unemployment Compensation		1,036	
Employer Medicare		7,930	
Travel		1,783	
Other Contracted Services		35,165	
Library Books/Media		59,990	
Other Supplies and Materials		3,345	
In Service/Staff Development		17,462	
Total Regular Instruction Program			\$ 856,152

Alternative Instruction Program

Other Salaries and Wages	\$	611,551	
Social Security		36,047	
State Retirement		53,116	
Life Insurance		2,097	
Medical Insurance		70,607	
Dental Insurance		1,956	
Unemployment Compensation		1,219	
Employer Medicare		8,430	
Total Alternative Instruction Program			785,023

Special Education Program

Supervisor/Director	\$	65,454
Career Ladder Program		2,000
Psychological Personnel		77,393
Secretary(ies)		21,727
Other Salaries and Wages		26,244
Social Security		11,535
State Retirement		15,848
Life Insurance		504
Medical Insurance		14,892

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Dental Insurance	\$	454	
Unemployment Compensation		510	
Employer Medicare		2,699	
Consultants		3,325	
Maintenance and Repair Services - Equipment		1,921	
Travel		36,616	
Other Contracted Services		1,510	
Other Supplies and Materials		1,681	
In Service/Staff Development		13,741	
Other Charges		6,244	
Total Special Education Program			\$ 304,298

Vocational Education Program

Supervisor/Director	\$	60,066	
Social Security		3,637	
State Retirement		5,436	
Life Insurance		140	
Medical Insurance		31,080	
Dental Insurance		126	
Unemployment Compensation		86	
Employer Medicare		850	
Other Supplies and Materials		2,640	
Other Charges		215	
Other Equipment		699	
Total Vocational Education Program			104,975

Adult Programs

Supervisor/Director	\$	65,454	
Other Salaries and Wages		19,665	
Social Security		5,214	
State Retirement		7,046	
Life Insurance		168	
Medical Insurance		3,696	
Dental Insurance		151	
Unemployment Compensation		173	
Employer Medicare		1,219	
Travel		5,287	
Total Adult Programs			108,073

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Programs

On-Behalf Payments to OPEB	\$ 9,819	
Total Other Programs		\$ 9,819

Board of Education

Secretary to Board	\$ 1,250	
Board and Committee Members Fees	10,950	
Social Security	580	
State Retirement	461	
Life Insurance	1,086	
Medical Insurance	35,090	
Dental Insurance	1,011	
Unemployment Compensation	92	
Employer Medicare	168	
Audit Services	11,400	
Dues and Memberships	14,011	
Legal Services	16,182	
Travel	2,243	
Other Contracted Services	6,600	
Liability Insurance	143,334	
Premiums on Corporate Surety Bonds	117	
Trustee's Commission	224,008	
Workers' Compensation Insurance	131,633	
Other Charges	754,774	
Total Board of Education		1,354,990

Director of Schools

County Official/Administrative Officer	\$ 90,000
Career Ladder Program	2,000
Secretary(ies)	46,261
Other Salaries and Wages	60,342
Social Security	11,925
State Retirement	16,491
Life Insurance	333
Medical Insurance	9,341
Dental Insurance	301
Unemployment Compensation	361
Employer Medicare	2,789
Communication	57,922
Dues and Memberships	1,501

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Postal Charges	\$	3,500	
Travel		4,316	
Other Contracted Services		66,636	
Office Supplies		5,463	
In Service/Staff Development		765	
Other Charges		<u>2,188</u>	
Total Director of Schools			\$ 382,435

Office of the Principal

Principals	\$	722,427	
Career Ladder Program		13,999	
Assistant Principals		148,175	
Social Security		48,026	
State Retirement		80,056	
Life Insurance		2,297	
Medical Insurance		68,224	
Dental Insurance		2,119	
Unemployment Compensation		1,190	
Employer Medicare		12,102	
Other Charges		<u>2,120</u>	
Total Office of the Principal			1,100,735

Fiscal Services

Contributions	\$	<u>177,542</u>	
Total Fiscal Services			177,542

Operation of Plant

Custodial Personnel	\$	457,611	
Social Security		27,155	
State Retirement		24,770	
Unemployment Compensation		3,296	
Employer Medicare		6,601	
Disposal Fees		73,979	
Other Contracted Services		19,572	
Custodial Supplies		112,210	
Electricity		1,117,492	
Fuel Oil		17,607	
Natural Gas		72,865	
Water and Sewer		<u>105,923</u>	
Total Operation of Plant			2,039,081

(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.)

Maintenance of Plant

Supervisor/Director	\$	42,240	
Maintenance Personnel		384,425	
Social Security		23,121	
State Retirement		21,524	
Unemployment Compensation		1,723	
Employer Medicare		6,180	
Maintenance and Repair Services - Buildings		74,335	
Maintenance and Repair Services - Equipment		281,514	
Other Charges		1,067	
Total Maintenance of Plant			\$ 836,129

Transportation

Mechanic(s)	\$	57,621	
Bus Drivers		471,944	
Clerical Personnel		18,680	
Other Salaries and Wages		58,682	
Social Security		39,020	
State Retirement		34,979	
Life Insurance		59,471	
Medical Insurance		485,123	
Dental Insurance		36,842	
Unemployment Compensation		2,950	
Employer Medicare		9,126	
Contracts with Vehicle Owners		257,739	
Other Contracted Services		28,706	
Garage Supplies		1,203	
Gasoline		215,117	
Tires and Tubes		19,265	
Vehicle Parts		71,631	
Other Charges		5,147	
Transportation Equipment		11,000	
Total Transportation			1,884,246

Central and Other

Communication	\$	19,283	
Other Contracted Services		86,581	
Data Processing Supplies		25,671	
Data Processing Equipment		5,959	
Total Central and Other			137,494

(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

Other Salaries and Wages	\$	363,589	
Social Security		21,607	
State Retirement		29,012	
Life Insurance		677	
Medical Insurance		11,088	
Dental Insurance		610	
Unemployment Compensation		1,012	
Employer Medicare		5,209	
Travel		30,647	
Other Contracted Services		7,033	
Other Supplies and Materials		121,094	
Other Charges		29,543	
Other Equipment		51,163	
Total Community Services			\$ 672,284

Early Childhood Education

Other Salaries and Wages	\$	702,102	
Social Security		41,489	
State Retirement		54,478	
Life Insurance		2,098	
Medical Insurance		62,179	
Dental Insurance		1,891	
Unemployment Compensation		2,570	
Employer Medicare		9,806	
Travel		17,674	
Other Supplies and Materials		69,438	
Other Charges		6,781	
Other Equipment		32,332	
Total Early Childhood Education			1,002,838

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	606,799	
Other Capital Outlay		9,464	
Total Regular Capital Outlay			616,263

Principal on Debt

Education

Principal on Other Loans	\$	108,787	
Total Education			108,787

(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.)

Interest on Debt

Education

Interest on Other Loans	\$ 18,725	
Total Education		\$ 18,725

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 2,786,559	
Total Education		<u>2,786,559</u>

Total General Purpose School Fund \$ 35,195,999

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 1,382,994	
Educational Assistants	438,991	
Other Salaries and Wages	139,736	
Certified Substitute Teachers	28,490	
Social Security	118,841	
State Retirement	160,270	
Life Insurance	5,824	
Medical Insurance	176,865	
Dental Insurance	4,982	
Unemployment Compensation	6,533	
Employer Medicare	27,821	
Other Contracted Services	113,944	
Instructional Supplies and Materials	155,464	
Other Supplies and Materials	129	
Other Charges	280	
Regular Instruction Equipment	<u>110,795</u>	
Total Regular Instruction Program		\$ 2,871,959

Special Education Program

Teachers	\$ 139,476
Educational Assistants	757,890
Other Salaries and Wages	10,815
Social Security	55,639
State Retirement	54,252
Life Insurance	672
Medical Insurance	15,786

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Dental Insurance	\$	669	
Unemployment Compensation		6,104	
Employer Medicare		13,015	
Contracts with Private Agencies		70,575	
Instructional Supplies and Materials		84,454	
Other Supplies and Materials		34,496	
Special Education Equipment		7,683	
Total Special Education Program			\$ 1,251,526

Vocational Education Program

Other Salaries and Wages	\$	2,480	
Social Security		154	
State Retirement		224	
Employer Medicare		36	
Other Contracted Services		8,471	
Instructional Supplies and Materials		22,811	
Other Charges		1,524	
Vocational Instruction Equipment		27,207	
Total Vocational Education Program			62,907

Support Services

Other Student Support

Other Salaries and Wages	\$	64,526	
Social Security		4,042	
State Retirement		5,928	
Life Insurance		168	
Medical Insurance		3,696	
Dental Insurance		151	
Unemployment Compensation		88	
Employer Medicare		945	
Travel		34,950	
Other Supplies and Materials		27,056	
In Service/Staff Development		36,516	
Other Charges		16,960	
Total Other Student Support			195,026

Regular Instruction Program

Supervisor/Director	\$	72,066
Secretary(ies)		23,700

(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 (Cont.)

Regular Instruction Program (Cont.)

Other Salaries and Wages	\$	106,982	
Social Security		10,453	
State Retirement		12,139	
Life Insurance		168	
Medical Insurance		3,696	
Dental Insurance		366	
Unemployment Compensation		431	
Employer Medicare		2,871	
Travel		6,977	
Other Supplies and Materials		9,579	
In Service/Staff Development		20,133	
Other Charges		2,770	
Other Equipment		2,434	
Total Regular Instruction Program			\$ 274,765

Special Education Program

Psychological Personnel	\$	37,524	
Social Security		2,314	
State Retirement		3,396	
Life Insurance		168	
Medical Insurance		3,696	
Dental Insurance		151	
Unemployment Compensation		173	
Employer Medicare		541	
Travel		15,737	
Other Supplies and Materials		1,566	
In Service/Staff Development		2,253	
Other Charges		2,108	
Total Special Education Program			69,627

Vocational Education Program

Travel	\$	1,449	
In Service/Staff Development		914	
Other Charges		1,111	
Other Equipment		999	
Total Vocational Education Program			4,473

Transportation

Bus Drivers	\$	5,295	
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(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 (Cont.)

Transportation (Cont.)

Social Security	\$	328	
State Retirement		302	
Unemployment Compensation		27	
Employer Medicare		77	
Contracts with Parents		1,116	
Total Transportation			\$ 7,145

Operation of Non-Instructional Services

Community Services

Other Salaries and Wages	\$	277,292	
Social Security		16,851	
State Retirement		22,200	
Unemployment Compensation		715	
Employer Medicare		3,941	
Travel		4,848	
Other Supplies and Materials		15,247	
Other Charges		9,460	
Other Equipment		5,970	
Total Community Services			<u>356,524</u>

Total School Federal Projects Fund \$ 5,093,952

Central Cafeteria Fund

Support Services

Fiscal Services

Contributions	\$	14,917	
Total Fiscal Services			\$ 14,917

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	51,634	
Clerical Personnel		50,222	
Cafeteria Personnel		920,386	
Other Salaries and Wages		14,175	
Social Security		62,635	
State Retirement		56,306	
Life Insurance		168	
Medical Insurance		4,004	
Dental Insurance		50	

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Unemployment Compensation	\$	7,434	
Employer Medicare		14,775	
Communication		8,899	
Maintenance and Repair Services - Equipment		58,113	
Postal Charges		467	
Travel		10,158	
Other Contracted Services		15,543	
Food Preparation Supplies		78,031	
Food Supplies		1,157,052	
Office Supplies		13,232	
Uniforms		7,603	
USDA - Commodities		126,071	
Other Supplies and Materials		26,199	
In Service/Staff Development		4,014	
Other Charges		9,275	
Food Service Equipment		109,073	
Total Food Service			\$ 2,805,519

Total Central Cafeteria Fund \$ 2,820,436

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Building Improvements	\$	785,791	
Total Education Capital Projects			\$ 785,791

Total Education Capital Projects Fund 785,791

Total Governmental Funds - Claiborne County School Department \$ 43,896,178

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, 2012

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,662,022
Total Cash Receipts	<u>\$ 1,662,022</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,645,402
Trustee's Commission	16,620
Total Cash Disbursements	<u>\$ 1,662,022</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2011	<u>0</u>
 Cash Balance, June 30, 2012	 <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

November 20, 2012

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Claiborne County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Claiborne County's basic financial statements and have issued our report thereon dated November 20, 2012. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Claiborne County Hospital and Nursing Home, the Claiborne County Industrial Development Board, and the Claiborne County Emergency Communications District, which were not available from other auditors as of the date of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of Claiborne County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Claiborne County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency in internal control over financial reporting: 12.03. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

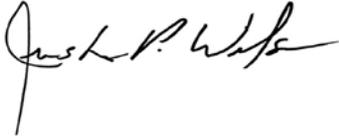
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Claiborne County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 12.01 and 12.02.

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

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

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu



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

Independent Auditor's Report

November 20, 2012

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited Claiborne County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. Claiborne County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Claiborne County's management. Our responsibility is to express an opinion on Claiborne County's compliance based on our audit.

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

basis, evidence about Claiborne County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Claiborne County's compliance with those requirements.

In our opinion, Claiborne County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

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

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

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

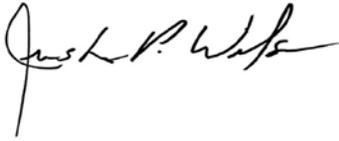
Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Claiborne County as of and for the year ended June 30, 2012, and have issued our report thereon dated November 20, 2012. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Claiborne County Hospital and Nursing Home, the Claiborne County Industrial Development Board, and the Claiborne County Emergency Communications District, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The Schedule of Expenditures of Federal Awards is

presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

Claiborne County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Fiscal Year Ended June 30, 2012

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	N/A	\$ 69,300
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	126,071 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	470,581
National School Lunch Program	10.555	N/A	1,345,812 (3)
Summer Food Service Program for Children	10.559	N/A	22,581
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	(2)	192,930
Passed-through State Department of Economic and Community Development:			
Rural Business Enterprise Grants	10.769	N/A	7,487
Total U.S. Department of Agriculture			\$ 2,234,762
U.S. Department of Housing and Urban Development:			
Passed-through Tennessee Housing Development Agency:			
Community Development Block Grants/State's Program	14.228	N/A	\$ 324,367
Total U.S. Department of Housing and Urban Development			\$ 324,367
Bureau of Land Management, Department of Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 18,611
Total Bureau of Land Management, Department of Interior			\$ 18,611
U.S. Department of Energy:			
Passed-through State Department of Economic and Community Development:			
Energy Efficiency and Conservation Block Grant (EECBG), Recovery Act	81.128	N/A	\$ 35,869
Total U.S. Department of Energy			\$ 35,869
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,759,731
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	10
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,320,921
Special Education - Grants to States, Recovery Act	84.391	N/A	2
Special Education - Preschool Grants	84.173	N/A	34,098
Safe and Drug-free Schools and Communities National Programs	84.184	N/A	7,130
Career and Technical Education - Basic Grants to States	84.048	N/A	89,580
Even Start - State Educational Agencies	84.213	(2)	165,133
Twenty-first Century Community Learning Centers	84.287	(2)	349,393
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	1,330
Education Technology State Grants, Recovery Act	84.386	(2)	1,877
Rural Education	84.358	N/A	132,967
Improving Teacher Quality State Grants	84.367	N/A	368,036
Education Jobs Fund	84.410	N/A	672,382
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	390,363

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont.):			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	\$ 160,082
Total U.S. Department of Education			<u>\$ 5,453,035</u>
U.S. Department of Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401		\$ 24,580
Total U.S. Department of Election Assistance Commission			<u>\$ 24,580</u>
U.S. Department of Homeland Security:			
Passed-through State Department of the Military:			
Disaster Grants - Public Assistance	97.036	(2)	\$ 442,027
Homeland Security Grant Program	97.067	(2)	78,700
Total U.S. Department of Homeland Security			<u>\$ 520,727</u>
Total Expenditures of Federal Awards			<u>\$ 8,611,951</u>

State Grants

		Contract Number	
Lottery for Education: Preschool - State Department of Education	N/A	(2)	\$ 1,002,838
Lottery for Education: After School Programs - State Department of Education	N/A	(2)	103,073
Litter Grant - State Department of Transportation	N/A	(2)	34,986
Driver's Education - State Department of Education	N/A	(2)	6,276
High School That Works - State Department of Education	N/A	(2)	2,723
Child Care Assistance - State Department of Human Services	N/A	(2)	40,461
Family Resource Centers - State Department of Education	N/A	(2)	29,603
Safe Schools Act - State Department of Education	N/A	(2)	26,022
Coordinated School Health Program	N/A	(2)	94,995
Health Department Grants - State Department of Health Services	N/A	(2)	<u>177,156</u>
Total State Grants			<u>\$ 1,518,133</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 \$1,471,883.

Claiborne County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2012

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, 2011, which have not been corrected.

OFFICES OF COUNTY MAYOR AND SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.02	157	Accrued leave balances exceeded the maximum leave provided by the county's personnel policy

OFFICES OF COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER; AND SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.03	157	Duties were not segregated adequately

CLAIBORNE COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Claiborne County disclosed a significant deficiency in internal control. This deficiency was not considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559); the Community Development Block Grant/State's Program (CFDA No. 14.228); Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); Special Education Cluster: Special Education – Grants to States, Special Education – Grants to States, Recovery Act, and Special Education – Preschool Grants (CFDA Nos. 84.027, 84.391, and 84.173); Improving Teacher Quality State Grants (CFDA No. 84.367); Twenty-first Century Community Learning Centers (CFDA No. 84.287); Education Jobs Fund (CFDA No. 84.410); State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395); and Disaster Grants – Public Assistance (CFDA No. 97.036) 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 AND FINANCE DIRECTOR

FINDING 12.01 **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 employees receiving compensation in excess of that provided by county policy.

RECOMMENDATION

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

FINDING 12.02 **THE FINANCE DEPARTMENT DID NOT RECONCILE THE SOLID WASTE/SANITATION FUND'S GENERAL LEDGER CASH ACCOUNT WITH COUNTY TRUSTEE'S REPORTS**

(Noncompliance Under *Government Auditing Standards*)

Our audit revealed that the general ledger cash account in the Solid Waste/Sanitation Fund was not reconciled with county trustee reports for several months during the year examined. Section 9-2-138, *Tennessee Code Annotated*, requires officials to reconcile their respective fund accounts with the records of the county trustee monthly. This failure to reconcile allowed a posting error of approximately \$109,000 to occur and remain undetected for several months. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

The office should reconcile all funds' general ledger cash accounts with county trustee reports monthly as required by state statute and any errors discovered should be corrected promptly.

OFFICES OF COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; CLERK AND MASTER; REGISTER; AND SHERIFF

FINDING 12.03 **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; Circuit, General Sessions, and Juvenile Courts Clerk; Clerk and Master; Register; and Sheriff. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to provide reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

RECOMMENDATION

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

BEST PRACTICE

CLAIBORNE COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE

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

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

There were no findings and questioned costs for federal programs.

**CLAIBORNE COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2012**

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