
ANNUAL FINANCIAL REPORT CLAIBORNE COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2014



ANNUAL FINANCIAL REPORT
CLAIBORNE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2014

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

BRYAN BURKLIN, CPA, CGFM
Audit Manager

AMY SOSVILLE, CPA, CGFM
Auditor 4

VERNA DAVIS
DOUG SANDIDGE, CISA, CFE
State Auditors

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

CLAIBORNE COUNTY, TENNESSEE

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Summary of Audit Findings

Annual Financial Report
Claiborne County, Tennessee
For the Year Ended June 30, 2014

Scope

We have audited the basic financial statements of Claiborne County, Tennessee, as of and for the year ended June 30, 2014.

Results

Our report on Claiborne County's financial statements is unmodified.

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

Findings

The following is a summary of the audit findings:

OFFICES OF COUNTY MAYOR, SHERIFF, AND FINANCE DIRECTOR

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

OFFICES OF DIRECTOR OF SCHOOLS AND FINANCE DIRECTOR

- ◆ Actual revenues of the Central Cafeteria Fund were more than \$480,000 below budget estimates.
- ◆ The School Department purchased used buses without obtaining the required documentation.

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

- ◆ Errors were noted in payments for jury duty.
-

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

- ◆ Duties were not segregated adequately.

INTRODUCTORY SECTION

Claiborne County Officials
June 30, 2014

Officials

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

Board of County Commissioners

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

Board of Education

Michelle Huddleston, Chairman	Dot Patterson
Tim Duncan	Brian Pendleton
Shannon England	Bill Turner
Sam Owens	

Financial Management Committee

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

Audit Committee

Rosemary Barnett
Mike Campbell
Mitchell Cosby

Aimee Upton
Charlton Vass

FINANCIAL SECTION



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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Claiborne County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Claiborne County Industrial Development Board, which represent 2.7 percent, 1.8 percent, and .6 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units; the Claiborne County Hospital and Nursing Home, which represent 33.5 percent of the revenues of the aggregate discretely presented component units; and the Claiborne County Emergency Communications District, which represent two percent, 2.3 percent, and

.8 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Claiborne County Industrial Development Board, the Claiborne County Hospital and Nursing Home, and the Claiborne County Emergency Communications District, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Claiborne County, Tennessee, as of June 30, 2014, and the respective changes in financial position thereof and the respective budgetary comparisons for the General, Solid Waste/Sanitation, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Claiborne County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and GASB Statement No. 70, *Accounting and Reporting for Nonexchange Financial Guarantees*, which have an effective date of June 30, 2014. Claiborne County early implemented GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. Our opinion is not modified with respect to this matter.

Emphasis of Matter

We draw attention to Notes I.A. and IV.D. to the financial statements, which describe a transaction agreement that was executed during the year for the sale and lease of assets of the discretely presented Claiborne County Hospital and Nursing Home. The sale and lease became effective as of April 1, 2014. As a result, the Claiborne County Hospital and Nursing Home is no longer considered a discretely presented component unit of Claiborne County after March 31, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedules of funding progress – pension plan and other postemployment benefits plan on pages 98 - 100 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

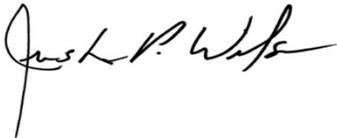
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Claiborne County School Department (a discretely presented component unit), and miscellaneous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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2015, on our consideration of Claiborne County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Claiborne County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

March 13, 2015

JPW/kp

BASIC FINANCIAL STATEMENTS

Exhibit A

Claiborne County, Tennessee
Statement of Net Position
June 30, 2014

	Component Units			
	Primary Governmental Activities	Claiborne County School Department	Claiborne County Industrial Development Board	Claiborne County Emergency Communica- tions District
<u>ASSETS</u>				
Cash	\$ 82,230	\$ 415,938	\$ 0	\$ 730,064
Equity in Pooled Cash and Investments	4,344,103	2,938,315	206,836	0
Accounts Receivable	1,073,119	9,416	0	68,597
Allowance for Uncollectibles	(4,799)	0	0	0
Due from Other Governments	752,351	808,675	0	0
Due from Component Units	217,794	0	0	0
Property Taxes Receivable	7,041,749	6,928,170	113,586	0
Allowance for Uncollectible Property Taxes	(372,913)	(366,898)	(1,635)	0
Prepaid Expenses	0	11,339	0	10,465
Notes Receivable - Current	0	0	1,000	0
Restricted Assets:				
Other Restricted Assets	2,095,612	0	0	0
Sales-type Lease Receivable	0	0	530,322	0
Capital Assets:				
Assets Not Depreciated:				
Land	1,054,592	1,170,900	253,675	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	21,027,903	35,351,730	285,287	0
Other Capital Assets	2,344,564	1,676,582	0	238,603
Infrastructure - Roads, Streets, and Bridges	19,391,972	0	0	0
Total Assets	<u>\$ 59,048,277</u>	<u>\$ 48,944,167</u>	<u>\$ 1,389,071</u>	<u>\$ 1,047,729</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>				
Deferred Charge on Refunding	\$ 29,441	\$ 0	\$ 0	\$ 0
Total Deferred Outflow of Resources	<u>\$ 29,441</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 692,826	\$ 298,059	\$ 1,375	\$ 871
Accrued Payroll	1,870	1,741	0	17,372
Accrued Interest Payable	358,587	0	0	0
Due to Primary Government	0	217,794	0	0
Other Current Liabilities	187,495	0	0	2,136
Noncurrent Liabilities:				
Due Within One Year	3,147,356	0	0	0
Due in More Than One Year	43,236,370	0	485,603	0
Total Liabilities	<u>\$ 47,624,504</u>	<u>\$ 517,594</u>	<u>\$ 486,978</u>	<u>\$ 20,379</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 6,421,063	\$ 6,317,496	\$ 105,190	\$ 0
Total Deferred Inflows of Resources	<u>\$ 6,421,063</u>	<u>\$ 6,317,496</u>	<u>\$ 105,190</u>	<u>\$ 0</u>

(Continued)

Exhibit A

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

	Component Units			
	Primary Government Governmental Activities	Claiborne County School Department	Claiborne County Industrial Development Board	Claiborne County Emergency Communica- tions District
NET POSITION				
Net Investment in Capital Assets	\$ 34,506,754	\$ 38,199,212	\$ 538,962	\$ 238,603
Restricted for:				
General Government	44,774	0	0	0
Finance	81,830	0	0	0
Administration of Justice	51,414	0	0	0
Public Safety	157,703	0	0	0
Public Health and Welfare	250,187	0	0	0
Highways	634,728	0	0	0
Debt Service	482,132	0	0	0
Education	0	102,537	0	0
Capital Projects	4,554	35,933	0	0
Other Purposes	2,923,355	0	0	0
Unrestricted	(34,105,280)	3,771,395	257,941	788,747
Total Net Position	\$ 5,032,151	\$ 42,109,077	\$ 796,903	\$ 1,027,350

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, 2014

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Program Revenues					Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Claiborne County School Department	Claiborne County Industrial Development Board	Claiborne County Hospital and Nursing Home	Claiborne County Emergency Communications District	
Primary Government:										
Governmental Activities:										
General Government	\$ 2,211,692	\$ 149,010	\$ 53,339	\$ 0	\$ (2,009,343)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	1,332,764	726,295	0	0	(606,469)	0	0	0	0	0
Administration of Justice	874,172	602,288	0	0	(271,884)	0	0	0	0	0
Public Safety	5,745,736	1,657,687	20,400	222,516	(3,845,133)	0	0	0	0	0
Public Health and Welfare	2,952,477	402,829	237,894	499,800	(1,811,954)	0	0	0	0	0
Social, Cultural, and Recreational Services	151,725	0	8,284	0	(143,441)	0	0	0	0	0
Agriculture and Natural Resources	143,203	0	0	0	(143,203)	0	0	0	0	0
Highways	3,098,687	1,200	1,732,886	439,496	(925,105)	0	0	0	0	0
Interest on Long-term Debt	1,765,109	0	0	0	(1,765,109)	0	0	0	0	0
Total Primary Government	\$ 18,275,565	\$ 3,539,309	\$ 2,052,803	\$ 1,161,812	\$ (11,521,641)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:										
School Department	\$ 44,256,983	\$ 741,402	\$ 5,705,792	\$ 0	\$ 0	\$ (37,809,789)	\$ 0	\$ 0	\$ 0	\$ 0
Industrial Development Board	273,775	0	200,000	0	0	(73,775)	0	0	0	0
Hospital and Nursing Home	24,547,077	20,620,654	1,535,394	0	0	0	(2,391,029)	0	0	0
Emergency Communications District	556,839	212,188	250,434	0	0	0	0	0	0	0
Total Component Units	\$ 69,634,674	\$ 21,574,244	\$ 7,691,620	\$ 0	\$ 0	\$ (37,809,789)	\$ (73,775)	\$ (2,391,029)	\$ (94,217)	\$ (94,217)

(Continued)

Exhibit B

Claiborne County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues					Component Units					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Claiborne County School Department	Claiborne County Industrial Development Board	Claiborne County Hospital and Nursing Home	Claiborne County Emergency Communications District	Net (Expense) Revenue and Changes in Net Position	
										Total	
General Revenues:											
Taxes:											
Property Taxes Levied for General Purposes					\$ 5,212,597	\$ 6,477,510	\$ 111,247	\$ 0	\$ 0	\$ 0	\$ 0
Property Taxes Levied for Solid Waste/Sanitation					1,194,686	0	0	0	0	0	0
Property Taxes Levied for Highways					53,003	0	0	0	0	0	0
Property Taxes Levied for Debt Service					52,929	0	0	0	0	0	0
Property Taxes Levied for Highway Capital Projects					93,323	0	0	0	0	0	0
Local Option Sales Taxes					0	2,408,090	0	0	0	0	0
Wheel Tax					726,387	0	0	0	0	0	0
Coal Severance Tax					435,415	435,415	0	0	0	0	0
General Litigation Tax					132,363	0	0	0	0	0	0
Wholesale Beer Tax					45,693	0	0	0	0	0	0
Mineral Severance Tax					27,581	0	0	0	0	0	0
Hotel/Motel Tax					30,163	0	0	0	0	0	0
Other Taxes					98,148	3,283	0	0	0	0	0
Grants and Contributions Not Restricted to Specific Programs					4,219,249	27,131,167	59,800	0	0	67,513	0
Unrestricted Investment Income					50,463	2,959	13,004	126,567	2,783	0	0
Miscellaneous					79,673	326,842	12,000	0	0	21,777	0
Total General Revenues					\$ 12,451,673	\$ 36,785,266	\$ 196,051	\$ 126,567	\$ 92,073	\$ 0	\$ 0
Special Items:											
Transactions Related to Transfer and Sale/Lease of Hospital and Nursing Home											
Assets and Liabilities:											
Transfer to County (See Note I.A.)					\$ 15,392,947	\$ 0	\$ 0	\$ (10,106,819)	\$ 0	\$ 0	\$ 0
Transfer to Foundation					0	0	0	(324,669)	0	0	0
Proceeds of Lease - Claiborne Medical Center					6,126,875	0	0	0	0	0	0
Loss on Defeasance of Hospital Debt					(819,755)	0	0	0	0	0	0
Total Special Items					\$ 20,700,067	\$ 0	\$ 0	\$ (10,431,488)	\$ 0	\$ 0	\$ 0
Change in Net Position					\$ 21,630,099	\$ (1,024,523)	\$ 122,276	\$ (12,695,950)	\$ (2,144)	\$ (2,144)	\$ 0
Net Position, July 1, 2013					(16,597,948)	43,133,600	680,599	12,695,950	1,029,494	1,029,494	0
Prior-period Adjustment					0	0	(5,972)	0	0	0	0
Net Position, June 30, 2014					\$ 5,032,151	\$ 42,109,077	\$ 796,903	\$ 0	\$ 1,027,350	\$ 0	\$ 0

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

Exhibit C-1

Claiborne County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2014

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Other Special Revenue	Highway / Public Works	General Debt Service	Other	Governmental Funds	
ASSETS								
Cash	\$ 0	\$ 400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 81,830	\$ 82,230
Equity in Pooled Cash and Investments	2,524,748	399,023	0	481,243	848,155	0	90,934	4,344,103
Accounts Receivable	9,422	48,459	1,015,238	0	0	0	0	1,073,119
Allowance for Uncollectibles	0	(4,799)	0	0	0	0	0	(4,799)
Due from Other Governments	241,690	0	0	510,661	0	0	0	752,351
Due from Component Units	615	0	0	0	0	0	0	615
Property Taxes Receivable	5,402,128	1,310,074	0	56,789	163,294	109,464	0	7,041,749
Allowance for Uncollectible Property Taxes	(293,185)	(65,462)	0	(3,008)	(5,947)	(5,311)	0	(372,913)
Restricted Assets:								
Other Restricted Assets	0	0	2,095,612	0	0	0	0	2,095,612
Total Assets	\$ 7,885,418	\$ 1,687,695	\$ 3,110,850	\$ 1,045,685	\$ 1,005,502	\$ 276,917	\$ 276,917	\$ 15,012,067
LIABILITIES								
Accounts Payable	\$ 347,236	\$ 59,673	\$ 0	\$ 275,495	\$ 9,434	\$ 988	\$ 988	\$ 692,826
Accrued Payroll	543	0	0	1,327	0	0	0	1,870
Other Current Liabilities	0	0	187,495	0	0	0	0	187,495
Total Liabilities	\$ 347,779	\$ 59,673	\$ 187,495	\$ 276,822	\$ 9,434	\$ 988	\$ 988	\$ 882,191
DEFERRED INFLOWS OF RESOURCES								
Deferred Current Property Taxes	\$ 4,909,006	\$ 1,203,949	\$ 0	\$ 51,783	\$ 155,349	\$ 100,976	\$ 100,976	\$ 6,421,063
Deferred Delinquent Property Taxes	185,920	37,812	0	1,858	1,858	2,954	2,954	230,402
Other Deferred/Unavailable Revenue	27,682	24,817	236,462	157,675	0	0	0	446,636
Total Deferred Inflows of Resources	\$ 5,122,608	\$ 1,266,578	\$ 236,462	\$ 211,316	\$ 157,207	\$ 103,930	\$ 103,930	\$ 7,098,101

(Continued)

Exhibit C-1

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Other Special Revenue	Highway / Public Works	General Debt Service	Other Governmental Funds	Governmental Funds	
Restricted:								
Restricted for General Government	\$ 44,774	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	44,774
Restricted for Finance	0	0	0	0	0	81,830	0	81,830
Restricted for Administration of Justice	51,414	0	0	0	0	0	0	51,414
Restricted for Public Safety	69,134	0	0	0	0	88,569	0	157,703
Restricted for Public Health and Welfare	122,111	65,447	0	0	0	0	0	187,558
Restricted for Highways/Public Works	0	0	0	475,376	0	0	0	475,376
Restricted for Debt Service	0	0	0	0	838,861	0	0	838,861
Restricted for Capital Projects	0	0	0	0	0	1,600	0	1,600
Restricted for Other Purposes	0	0	2,686,893	0	0	0	0	2,686,893
Committed:								
Committed for Public Health and Welfare	0	295,997	0	0	0	0	0	295,997
Committed for Highways/Public Works	0	0	0	82,171	0	0	0	82,171
Assigned:								
Assigned for Other Operations	917,471	0	0	0	0	0	0	917,471
Unassigned	1,210,127	0	0	0	0	0	0	1,210,127
Total Fund Balances	\$ 2,415,031	\$ 361,444	\$ 2,686,893	\$ 557,547	\$ 838,861	\$ 171,999	\$ 7,031,775	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,885,418	\$ 1,687,695	\$ 3,110,850	\$ 1,045,685	\$ 1,005,502	\$ 276,917	\$ 15,012,067	

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

Claiborne County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 7,031,775	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$ 1,054,592		
Add: infrastructure net of accumulated depreciation	19,391,972		
Add: buildings and improvements net of accumulated depreciation	21,027,903		
Add: other capital assets net of accumulated depreciation	<u>2,344,564</u>	43,819,031	
(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	\$ (863,575)		
Less: capital leases payable	(425,553)		
Less: bonds payable	(42,765,000)		
Less: other loans payable	(217,179)		
Add: due from component unit for loans payable	217,179		
Add: deferred amount on refunding	29,441		
Less: compensated absences payable	(237,136)		
Less: landfill closure/postclosure care costs	(1,031,234)		
Less: accrued interest on bonds, notes, and other loans	(358,587)		
Less: other deferred revenue - premium on debt	<u>(844,049)</u>	(46,495,693)	
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			
		<u>677,038</u>	
Net position of governmental activities (Exhibit A)		<u>\$ 5,032,151</u>	

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

Exhibit C-3

Clairborne County, Tennessee
 Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2014

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Other Special Revenue	Highway / Public Works	General Debt Service	Other	Governmental Funds	
Revenues								
Local Taxes	\$ 5,568,249	\$ 1,210,465	\$ 0	\$ 576,721	\$ 780,085	\$ 117,873	\$ 8,253,393	
Licenses and Permits	9,195	0	0	0	0	0	9,195	
Fines, Forfeitures, and Penalties	139,821	0	0	0	0	51,759	191,580	
Charges for Current Services	99,368	402,230	0	0	0	428,087	929,685	
Other Local Revenues	314,791	21,455	1,034	24,324	3,233,228	0	3,594,832	
Fees Received from County Officials	848,054	0	0	0	0	0	848,054	
State of Tennessee	2,447,918	32,284	0	2,165,171	0	0	4,645,373	
Federal Government	570,494	0	0	0	0	0	570,494	
Total Revenues	\$ 9,997,890	\$ 1,666,434	\$ 1,034	\$ 2,766,216	\$ 4,013,313	\$ 597,719	\$ 19,042,606	
Expenditures								
Current:								
General Government	\$ 1,033,585	\$ 0	\$ 276,827	\$ 0	\$ 0	\$ 0	1,310,412	
Finance	895,174	0	0	0	0	394,183	1,289,357	
Administration of Justice	826,252	0	0	0	0	50,892	877,144	
Public Safety	5,389,454	0	0	0	0	95,003	5,484,457	
Public Health and Welfare	517,787	1,822,814	0	0	0	0	2,340,601	
Social, Cultural, and Recreational Services	151,725	0	0	0	0	0	151,725	
Agriculture and Natural Resources	143,203	0	0	0	0	0	143,203	
Other Operations	1,260,821	0	299,388	0	0	0	1,560,209	
Highways	0	0	0	2,710,416	0	0	2,710,416	
Debt Service:								
Principal on Debt	0	0	0	0	2,806,668	0	2,806,668	
Interest on Debt	0	0	0	0	1,891,943	0	1,891,943	
Other Debt Service	0	0	1,045,821	0	2,994	0	1,048,815	

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Other Special Revenue	Highway / Public Works	General Debt Service	Other Governmental Funds	
<u>Expenditures (Cont.)</u>							
Capital Projects	\$ 179,547	\$ 0	\$ 0	\$ 0	\$ 0	\$ 93,375	\$ 272,922
Total Expenditures	\$ 10,397,548	\$ 1,822,814	\$ 1,622,036	\$ 2,710,416	\$ 4,701,605	\$ 633,453	\$ 21,887,872
Excess (Deficiency) of Revenues Over Expenditures	\$ (399,658)	\$ (156,380)	\$ (1,621,002)	\$ 55,800	\$ (688,292)	\$ (35,734)	\$ (2,845,266)
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 713,013	\$ 0	\$ 0	\$ 713,013
Insurance Recovery	5,063	0	0	0	0	0	5,063
Transfers In	44,724	0	0	0	682,624	0	727,348
Transfers Out	0	0	0	(727,348)	0	0	(727,348)
Total Other Financing Sources (Uses)	\$ 49,787	\$ 0	\$ 0	\$ (14,335)	\$ 682,624	\$ 0	\$ 718,076
<u>Special Items</u>							
Transactions Related to Acquisition, and Sale/Lease of Claiborne County Hospital and Nursing Home Assets and Liabilities							
Net Current Financial Resources Acquired	\$ 0	\$ 0	\$ 1,557,508	\$ 0	\$ 0	\$ 0	\$ 1,557,508
Net Current Financial Resources Sold	0	0	(467,494)	0	0	0	(467,494)
Proceeds from Sale/Lease	0	0	3,217,881	0	6,105,402	0	9,323,283
Payments to Defeased Debt Escrow Agent	0	0	0	0	(6,105,402)	0	(6,105,402)
Total Special Items	\$ 0	\$ 0	\$ 4,307,895	\$ 0	\$ 0	\$ 0	\$ 4,307,895
Net Change in Fund Balances	\$ (349,871)	\$ (156,380)	\$ 2,686,893	\$ 41,465	\$ (5,668)	\$ (35,734)	\$ 2,180,705
Fund Balance, July 1, 2013	2,764,902	517,824	0	516,082	844,529	207,733	4,851,070
Fund Balance, June 30, 2014	\$ 2,415,031	\$ 361,444	\$ 2,686,893	\$ 557,547	\$ 838,861	\$ 171,999	\$ 7,031,775

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, 2014

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)		\$ 2,180,705
(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	\$ 1,284,370	
Less: current-year depreciation expense	<u>(1,638,250)</u>	(353,880)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-in, and donations) is to increase net position.		
Add: assets donated and capitalized	\$ 199,666	
Add: capital assets transferred from Claiborne County Hospital and Nursing Home	14,587,872	
Less: book value of assets disposed	<u>(2,728,914)</u>	12,058,624
(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, 2014	\$ 677,038	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(416,238)</u>	260,800
(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 position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Less: notes issued	\$ (713,013)	
Add: bonds defeased	5,125,000	
Add: change in unamortized premium on debt issuances	262,956	
Add: principal payments on bonds	2,465,000	
Add: principal payments on notes	182,771	
Add: principal payments on capital leases	97,886	
Add: principal payment on other loans	61,011	
Less: principal payment on other loans contributed by the School Department	(61,011)	
Less: change in deferred amount on refunding debt	<u>(8,007)</u>	7,412,593
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 63,708	
Change in compensated absences payable	(49,782)	
Change in landfill closure/postclosure care costs	<u>57,331</u>	<u>71,257</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 21,630,099</u>

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

Exhibit C-5

Claiborne County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Revenues				
Local Taxes	\$ 5,568,249	\$ 5,922,921	\$ 5,453,821	\$ 114,428
Licenses and Permits	9,195	8,000	8,000	1,195
Fines, Forfeitures, and Penalties	139,821	148,600	148,600	(8,779)
Charges for Current Services	99,368	103,900	103,900	(4,532)
Other Local Revenues	314,791	73,000	320,004	(5,213)
Fees Received from County Officials	848,054	1,359,000	989,000	(140,946)
State of Tennessee	2,447,918	2,560,452	2,624,702	(176,784)
Federal Government	570,494	37,000	537,000	33,494
Total Revenues	\$ 9,997,890	\$ 10,212,873	\$ 10,185,027	\$ (187,137)
Expenditures				
<u>General Government</u>				
County Commission	\$ 150,624	\$ 161,224	\$ 162,374	\$ 11,750
Board of Equalization	5,312	7,125	7,125	1,813
Beer Board	0	1,200	1,200	1,200
Budget and Finance Committee	20,884	30,739	31,005	10,121
County Mayor/Executive	159,564	160,028	162,808	3,244
County Attorney	56,182	56,206	56,888	706
Election Commission	192,799	177,954	215,296	22,497
Register of Deeds	172,521	189,922	192,122	19,601
Development	4,577	16,639	16,639	12,062
Planning	11,082	28,838	29,353	18,271
County Buildings	236,194	248,041	248,951	12,757
Preservation of Records	23,846	25,513	28,556	4,710
<u>Finance</u>				
Accounting and Budgeting	419,588	445,568	446,499	26,911
Property Assessor's Office	214,539	219,626	222,209	7,670
Reappraisal Program	74,880	85,014	85,869	10,989
County Trustee's Office	88,306	258,690	99,624	11,318
County Clerk's Office	97,861	339,904	104,794	6,933
<u>Administration of Justice</u>				
Circuit Court	317,881	360,746	363,890	46,009
General Sessions Court	208,787	218,669	221,000	12,213
Chancery Court	239,608	251,514	259,345	19,737
District Attorney General	34,320	34,254	34,715	395
Office of Public Defender	25,656	25,691	25,691	35
<u>Public Safety</u>				
Sheriff's Department	2,314,691	2,320,702	2,422,189	107,498
Administration of the Sexual Offender Registry	350	3,000	3,000	2,650
Workhouse	2,734,705	2,651,931	2,753,519	18,814
Juvenile Services	45,583	56,764	57,280	11,697
Fire Prevention and Control	143,499	150,500	150,500	7,001
Civil Defense	82,994	112,264	112,785	29,791
Rescue Squad	20,000	20,000	20,000	0
Other Emergency Management	15,377	15,377	15,377	0
County Coroner/Medical Examiner	32,255	47,600	47,600	15,345
<u>Public Health and Welfare</u>				
Local Health Center	129,910	148,752	191,122	61,212
Rabies and Animal Control	15,000	15,000	15,000	0

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare (Cont.)</u>				
Ambulance/Emergency Medical Services	\$ 165,000	\$ 165,000	\$ 165,000	\$ 0
Other Local Health Services	158,289	188,772	189,284	30,995
Sanitation Education/Information	49,588	48,696	49,231	(357)
<u>Social, Cultural, and Recreational Services</u>				
Adult Activities	0	5,000	5,000	5,000
Senior Citizens Assistance	47,756	47,415	53,668	5,912
Libraries	103,969	106,689	107,661	3,692
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	101,018	113,690	113,690	12,672
Forest Service	0	2,000	2,000	2,000
Soil Conservation	42,185	42,174	42,611	426
<u>Other Operations</u>				
Industrial Development	47,884	42,000	57,000	9,116
Housing and Urban Development	568,032	568,182	568,182	150
Other Economic and Community Development	45,158	47,168	47,731	2,573
Veterans' Services	19,270	21,314	21,462	2,192
Other Charges	537,468	805,831	598,966	61,498
Employee Benefits	1,680	1,700	1,760	80
Miscellaneous	41,329	40,000	40,000	(1,329)
<u>Capital Projects</u>				
Public Safety Projects	150,921	161,000	161,000	10,079
Public Health and Welfare Projects	28,626	30,000	30,000	1,374
Total Expenditures	\$ 10,397,548	\$ 11,321,626	\$ 11,058,571	\$ 661,023
Excess (Deficiency) of Revenues Over Expenditures	\$ (399,658)	\$ (1,108,753)	\$ (873,544)	\$ 473,886
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 5,063	\$ 10,000	\$ 15,063	\$ (10,000)
Transfers In	44,724	362,447	115,443	(70,719)
Total Other Financing Sources	\$ 49,787	\$ 372,447	\$ 130,506	\$ (80,719)
Net Change in Fund Balance	\$ (349,871)	\$ (736,306)	\$ (743,038)	\$ 393,167
Fund Balance, July 1, 2013	2,764,902	2,772,738	2,772,738	(7,836)
Fund Balance, June 30, 2014	\$ 2,415,031	\$ 2,036,432	\$ 2,029,700	\$ 385,331

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

Exhibit C-6

Claiborne County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,210,465	\$ 1,193,766	\$ 1,193,766	\$ 16,699
Charges for Current Services	402,230	380,000	380,000	22,230
Other Local Revenues	21,455	25,000	25,000	(3,545)
State of Tennessee	32,284	36,000	36,000	(3,716)
Total Revenues	<u>\$ 1,666,434</u>	<u>\$ 1,634,766</u>	<u>\$ 1,634,766</u>	<u>\$ 31,668</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 1,822,814	\$ 2,046,487	\$ 2,206,487	\$ 383,673
Total Expenditures	<u>\$ 1,822,814</u>	<u>\$ 2,046,487</u>	<u>\$ 2,206,487</u>	<u>\$ 383,673</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (156,380)</u>	<u>\$ (411,721)</u>	<u>\$ (571,721)</u>	<u>\$ 415,341</u>
Net Change in Fund Balance	\$ (156,380)	\$ (411,721)	\$ (571,721)	\$ 415,341
Fund Balance, July 1, 2013	<u>517,824</u>	<u>678,456</u>	<u>678,456</u>	<u>(160,632)</u>
Fund Balance, June 30, 2014	<u>\$ 361,444</u>	<u>\$ 266,735</u>	<u>\$ 106,735</u>	<u>\$ 254,709</u>

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

Exhibit C-7

Claiborne County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 576,721	\$ 450,684	\$ 607,045	\$ (30,324)
Other Local Revenues	24,324	3,908	3,908	20,416
State of Tennessee	2,165,171	3,674,528	3,674,528	(1,509,357)
Federal Government	0	35,000	35,000	(35,000)
Total Revenues	<u>\$ 2,766,216</u>	<u>\$ 4,164,120</u>	<u>\$ 4,320,481</u>	<u>\$ (1,554,265)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 128,368	\$ 130,981	\$ 136,096	\$ 7,728
Highway and Bridge Maintenance	1,292,189	1,463,676	1,480,502	188,313
Operation and Maintenance of Equipment	362,306	264,539	371,154	8,848
Other Charges	59,866	58,115	59,915	49
Employee Benefits	96,731	74,526	96,731	0
Capital Outlay	770,956	2,139,941	2,160,591	1,389,635
Total Expenditures	<u>\$ 2,710,416</u>	<u>\$ 4,131,778</u>	<u>\$ 4,304,989</u>	<u>\$ 1,594,573</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 55,800</u>	<u>\$ 32,342</u>	<u>\$ 15,492</u>	<u>\$ 40,308</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 713,013	\$ 0	\$ 713,013	\$ 0
Other Loans Issued	0	713,013	0	0
Transfers Out	(727,348)	(745,355)	(728,505)	1,157
Total Other Financing Sources	<u>\$ (14,335)</u>	<u>\$ (32,342)</u>	<u>\$ (15,492)</u>	<u>\$ 1,157</u>
Net Change in Fund Balance	\$ 41,465	\$ 0	\$ 0	\$ 41,465
Fund Balance, July 1, 2013	516,082	348,292	348,292	167,790
Fund Balance, June 30, 2014	<u>\$ 557,547</u>	<u>\$ 348,292</u>	<u>\$ 348,292</u>	<u>\$ 209,255</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, 2014

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,055,322
Equity in Pooled Cash and Investments	206,836
Accounts Receivable	1,198
Due from Other Governments	311,442
Property Tax Receivable	113,577
Allowance for Uncollectible Property Taxes	<u>(6,015)</u>
Total Assets	<u>\$ 1,682,360</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 1,375
Due to Other Taxing Units	311,442
Due to Litigants, Heirs, and Others	1,055,520
Other Current Liabilities	<u>314,023</u>
Total Liabilities	<u>\$ 1,682,360</u>

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

CLAIBORNE COUNTY, TENNESSEE
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CLAIBORNE COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

The Claiborne County Hospital and Nursing Home was a discretely presented component unit, which provided health care to the citizens of Claiborne County, and the Claiborne County Commission appointed its governing body. Patient charges provided the majority of the revenues for the entity. The county had issued long-term debt obligations on behalf of the hospital and nursing home. As discussed below, the Hospital and Nursing Home discontinued financial operations during the year and is reported as a discretely presented component unit only through March 31, 2014.

On March 31, 2014, financial accountability for the assets, liabilities, and resulting net position of the discretely presented Hospital and Nursing Home was transferred to the primary government. Net position recognized as transferred on the financial statements of the primary government is as follows:

Current Assets	\$ 5,792,128
Capital Assets	14,587,872
Current Liabilities	(4,156,238)
Long-term Liabilities	(830,815)
Net Position Transferred	<u>\$ 15,392,947</u>

This transfer of net position is reflected as a special item in the government-wide financial statements. The amount reflected as transfers on the financial statements of the primary government differs from the amount reflected as transferred on the financial statements of the discretely presented Hospital and Nursing Home by \$5,286,128. This is due to outstanding general obligation hospital bonds of Claiborne County (\$5,125,000) and the associated unamortized bond premium (\$161,128) having been reflected as a liabilities on the financial statements of both the primary government and the discretely presented Hospital and Nursing Home.

Concurrent with the transfer of financial accountability, the county sold most current assets, current liabilities, and equipment of the Hospital and Nursing Home to Claiborne Medical Center and leased the real property of the Hospital and Nursing Home to Claiborne Medical Center. The transaction agreement for the sale and lease are discussed further in Note IV.D.

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

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

Claiborne County issues most debt for the discretely presented Claiborne County School Department 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, 2014.

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days

after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Claiborne County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

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

Claiborne County reports the following major governmental funds:

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

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

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

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

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

Additionally, Claiborne County reports the following fund types:

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

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Claiborne County, and assets held in a custodial capacity for the Claiborne County 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 fund:

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

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

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

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

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

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

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

principal operating revenues of the internal service fund are charges for services. Operating expenses for the internal service fund include administrative expenses and employee benefits.

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

1. Deposits and Investments

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

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Claiborne County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Income from these pooled investments is assigned to the General, Solid Waste/Sanitation, General Debt Service, and the School Department's Central Cafeteria and Education Capital Projects funds per percentages established in the budgetary process. Claiborne County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments were held at the balance sheet date.

2. Receivables and Payables

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

Property taxes and solid waste receivables are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 2.76 percent of total taxes levied. Solid waste receivables allowance for uncollectibles is based on historical collection data.

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

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

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

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

3. Prepaid Items

Prepaid items on the Statement of Net Position consist of amounts prepaid for other post-employment benefits (OPEB) in the School Department. This resulted from contributions exceeding cumulative annual OPEB costs.

4. **Restricted Assets**

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

5. **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

6. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes and various other receivables, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. 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.

8. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

9. Net Position and Fund Balance

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

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

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

On the government-wide Statement of Net Position (Exhibit A), the account Restricted for Other Purposes for the primary government (\$2,923,355) represents proceeds from the sale and lease of assets of the Claiborne County Hospital and Nursing Home, which are restricted for specific uses set forth in the transaction agreement.

As of June 30, 2014, Claiborne County had \$35,232,179 in outstanding debt for capital purposes for the discretely presented Claiborne County School Department. This debt is a liability of Claiborne County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Claiborne County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county’s intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has by resolution authorized the county’s Finance Committee to make assignments for the general government. The Board of Education makes assignments for the School Department. Assigned fund balance in the General Fund includes an amount of fund balance appropriated for use in the 2014-15 budget totaling \$917,471. Assigned fund balance in the discretely presented School Department’s General Purpose School Fund includes an amount of fund balance appropriated for use in the 2014-15 budget totaling \$1,296,270, an amount assigned for testing (\$6,172), and an amount assigned by the board for debt service (\$565,104).

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Claiborne County School Department

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

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

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total

governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Claiborne County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

B. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the Sanitation Education/Information and Miscellaneous major appropriation categories (the legal level of control) of the General Fund by \$357 and \$1,329, respectively. Expenditures that exceed appropriations are a

violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The

county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

The county had no pooled and nonpooled investments as of June 30, 2014.

B. Capital Assets

Capital assets activity for the year ended June 30, 2014, was as follows:

Primary Government

Governmental Activities	Balance 7-1-13	Transferred from Hospital/ Nursing Home	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:					
Land	\$ 586,500	\$ 308,092	\$ 160,000	\$ 0	\$ 1,054,592
Total Capital Assets Not Depreciated	<u>\$ 586,500</u>	<u>\$ 308,092</u>	<u>\$ 160,000</u>	<u>\$ 0</u>	<u>\$ 1,054,592</u>
Capital Assets Depreciated:					
Buildings and Improvements	\$ 13,154,755	\$ 20,376,053	\$ 0	\$ 0	\$ 33,530,808
Roads and Bridges	27,108,532	0	698,248	0	27,806,780
Other Capital Assets	4,520,152	16,966,868	625,788	(16,976,967)	5,135,841
Total Capital Assets Depreciated	<u>\$ 44,783,439</u>	<u>\$ 37,342,921</u>	<u>\$ 1,324,036</u>	<u>\$ (16,976,967)</u>	<u>\$ 66,473,429</u>
Less Accumulated Depreciation For:					
Buildings and Improvements	\$ 3,221,167	\$ 8,825,187	\$ 456,551	\$ 0	\$ 12,502,905
Roads and Bridges	7,760,431	0	654,377	0	8,414,808
Other Capital Assets	2,274,054	14,237,954	527,322	(14,248,053)	2,791,277
Total Accumulated Depreciation	<u>\$ 13,255,652</u>	<u>\$ 23,063,141</u>	<u>\$ 1,638,250</u>	<u>\$ (14,248,053)</u>	<u>\$ 23,708,990</u>
Total Capital Assets Depreciated, Net	<u>\$ 31,527,787</u>	<u>\$ 14,279,780</u>	<u>\$ (314,214)</u>	<u>\$ (2,728,914)</u>	<u>\$ 42,764,439</u>
Governmental Activities Capital Assets, Net	<u>\$ 32,114,287</u>	<u>\$ 14,587,872</u>	<u>\$ (154,214)</u>	<u>\$ (2,728,914)</u>	<u>\$ 43,819,031</u>

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

Governmental Activities:

General Government	\$	312,151
Public Safety		268,577
Public Health and Welfare		195,932
Highways/Public Works		<u>861,590</u>
 Total Depreciation Expense - Governmental Activities	 \$	 <u><u>1,638,250</u></u>

Discretely Presented Claiborne County School Department

Governmental Activities

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 1,170,900	\$ 0	\$ 0	\$ 1,170,900
Total Capital Assets Not Depreciated	<u>\$ 1,170,900</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,170,900</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 51,616,085	\$ 561,987	\$ 0	\$ 52,178,072
Other Capital Assets	3,343,223	190,200	(50,800)	3,482,623
Total Capital Assets Depreciated	<u>\$ 54,959,308</u>	<u>\$ 752,187</u>	<u>\$ (50,800)</u>	<u>\$ 55,660,695</u>

Governmental Activities (Cont:)

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 15,462,507	\$ 1,363,835	\$ 0	\$ 16,826,342
Other Capital Assets	1,620,080	216,657	(30,696)	1,806,041
Total Accumulated Depreciation	<u>\$ 17,082,587</u>	<u>\$ 1,580,492</u>	<u>\$ (30,696)</u>	<u>\$ 18,632,383</u>
Total Capital Assets Depreciated, Net	<u>\$ 37,876,721</u>	<u>\$ (828,305)</u>	<u>\$ (20,104)</u>	<u>\$ 37,028,312</u>
Governmental Activities Capital Assets, Net	<u>\$ 39,047,621</u>	<u>\$ (828,305)</u>	<u>\$ 0</u>	<u>\$ 38,199,212</u>

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

Governmental Activities:

Instruction	\$ 1,363,835
Support Services	<u>216,657</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,580,492</u>

C. Interfund Receivables, Payables, and Transfers

Due to/from Primary Government and Component Units:

Receivable Fund	Payable Fund	Amount
	Component Unit:	
Primary Government:	School Department:	\$ 217,179
General	General Purpose School	615

The amount reflected on the government-wide financial statements as Due to Primary Government from the discretely presented School Department includes \$217,179 for debt issued by the primary government, which is being retired by the School Department. Of that amount, \$195,482 is not expected to be received within one year.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2014, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	General Fund	General Debt Service Fund
Highway Public/Works Fund	\$ 44,724	\$ 682,624

Discretely Presented Claiborne County School Department

Transfer Out	Transfer In
	General Purpose School Fund
School Federal Projects Fund	\$ 4,612

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

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

On March 25, 2014, the county entered into a transaction agreement with Claiborne Medical Center (CMC) related to the assets, liabilities, and operation of the Claiborne County Hospital and Nursing Home. The agreement provided for the purchase of certain hospital and nursing home assets and liabilities by CMC, and an operating lease agreement for the land and buildings associated with the hospital and nursing home. The combined sale and lease price of \$9,323,283 was paid at the time of closing, and no other payments of rent are due during the entire lease term, including renewal terms. Pursuant to the agreement, the sale/lease proceeds were placed in an escrow account in the name of the county. Disbursements are made from the escrow account to Claiborne County, CMC, or their designees for certain agreed upon costs provided for in the transaction agreement. These costs included disbursements to liquidate \$988,897 of notes and leases payable to the Hospital and Nursing Home, and to defease \$5,125,000 of Claiborne County general obligation bonds, which were used for Hospital and Nursing Home purposes. These payments were made from the escrow account at the time of closing. See note IV.F. for details on debt that was defeased as of June 30, 2014. When escrow funds are no longer sufficient to

cover such agreed upon costs, amounts due to CMC, pursuant to the agreement, shall be payable from the general revenues of the county.

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

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

The carrying value of the leased property was \$11,723,271 at June 30, 2014. The original cost was \$20,684,144, and accumulated depreciation was \$8,960,873. There are no future minimum lease payments associated with this agreement.

In prior years, the Claiborne County Hospital and Nursing Home reflected receivables based on certain loan contracts with physicians. These agreements provided for the county to pay various fees and expenses to and on behalf of physicians who are recruited to practice at the hospital. These payments were reported as receivables and amortized over the terms of the physicians' contracts. Receivables reflected as of June 30, 2013, related to these agreements totaled \$1,225,541, net of accumulated amortization. The terms of the contracts provided for the forgiveness of these loans if the physicians adhered to certain conditions of the contract for a specified period of time. Receivable amounts related to these loans were written off upon sale/lease of the hospital assets due to the likelihood that the loans will be forgiven, and that no amounts are expected to be collected by the county. One contract provided for the payment of the physician's student loans. Student loan assistance still due under that contract totaled \$100,007 as of June 30, 2014. Claiborne County will be obligated to pay this student loan assistance as it comes due according to the contract, if the physician continues to adhere to the contract terms.

E. Capital Leases

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

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

The assets acquired through capital leases are as follows:

Assets	Governmental Activities
Machinery and Equipment	\$ 577,808
Less: Accumulated Depreciation	<u>(99,935)</u>
Total Book Value	<u>\$ 477,873</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2014, were as follows:

Year Ending June 30	Governmental Funds
2015	\$ 113,209
2016	291,085
2017	<u>39,010</u>
Total Minimum Lease Payments	\$ 443,304
Less: Amount Representing Interest	<u>(17,751)</u>
Present Value of Minimum Lease Payments	<u>\$ 425,553</u>

F. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

Claiborne County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other debt. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 20 years for bonds, up to five years for notes, and up to 15 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2014, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, other loans, and capital leases outstanding as of June 30, 2014, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-14
General Obligation Bonds	1 to 5.3 %	6-1-25	\$ 5,010,000	\$ 4,025,000
General Obligation Bonds - Refunding	2 to 4.125	4-1-30	45,350,000	38,740,000
Capital Outlay Notes	2.63 to 3	10-2-18	1,213,013	863,575
Other Loans Fixed Rate	7	4-30-22	335,732	217,179
Capital Leases	3.2	9-25-16	577,808	425,553

Included in amounts outstanding are various general obligation debts Claiborne County has issued for the benefit of the Claiborne County School Department component unit. The Claiborne County School Department contributes funds annually to the county to apply toward the retirement of debt based on budgetary appropriations. During the year, the School Department contributed \$3,128,771 to the county's General Debt Service Fund for retirement of those general obligation debt issues.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2014, including interest payments are presented in the following tables.

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 2,495,000	\$ 1,681,429	\$ 4,176,429
2016	2,625,000	1,598,063	4,223,063
2017	2,760,000	1,507,541	4,267,541
2018	2,295,000	1,394,105	3,689,105
2019	2,415,000	1,302,148	3,717,148
2020-2024	12,355,000	5,132,671	17,487,671
2025-2029	14,640,000	2,423,775	17,063,775
2030	3,180,000	131,175	3,311,175

Total	\$ 42,765,000	\$ 15,170,907	\$ 57,935,907
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Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 301,797	\$ 31,446	\$ 333,243
2016	138,982	15,732	154,714
2017	142,925	11,789	154,714
2018	147,033	7,681	154,714
2019	132,838	3,626	136,464

Total	\$ 863,575	\$ 70,274	\$ 933,849
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Year Ending June 30	Other Loans		
	Principal	Interest	Total
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
2020-2022	91,834	9,565	101,399

There is \$838,861 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, other loans, and capital leases totaled \$1,374, based on the 2010 federal census.

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

statements as Due to the Primary Government in the financial statements of the School Department and as Due from Component Units in the financial statements of the primary government.

Description of Indebtedness	Balance 6-30-14
<u>Other Loans Payable</u>	
<u>Contributions from the General Purpose School Fund</u>	
Ball Field Lighting Projects at Schools	\$ 217,179

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2014, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2013	\$ 50,355,000	\$ 333,333	\$ 278,190
Additions	0	713,013	0
Reductions	(7,590,000)	(182,771)	(61,011)
Balance, June 30, 2014	<u>\$ 42,765,000</u>	<u>\$ 863,575</u>	<u>\$ 217,179</u>
Balance Due Within One Year	<u>\$ 2,495,000</u>	<u>\$ 301,797</u>	<u>\$ 21,697</u>

	Capital Leases	Compensated Absences	Landfill Closure/ Postclosure Care Costs
Balance, July 1, 2013	\$ 523,439	\$ 187,354	\$ 1,088,565
Additions	0	201,050	0
Reductions	(97,886)	(151,268)	(57,331)
Balance, June 30, 2014	<u>\$ 425,553</u>	<u>\$ 237,136</u>	<u>\$ 1,031,234</u>
Balance Due Within One Year	<u>\$ 101,065</u>	<u>\$ 154,138</u>	<u>\$ 73,659</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 45,539,677
Less: Balance Due Within One Year	(3,147,356)
Add: Unamortized Premium on Debt	<u>844,049</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 43,236,370</u></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

During the year, Claiborne County defeased certain hospital refunding bonds by placing a portion of the proceeds received from the sale/lease of the Claiborne County Hospital and Nursing Home into an irrevocable trust to provide for all future debt service payments on the 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, 2014, the following outstanding bonds were considered defeased:

	Amount	Call/Maturity Date
Refunding Series 2010A - Hospital	\$ 4,340,000	\$ 4-1-20
Refunding Series 2010B - Hospital	785,000	4-1-20

Further details of the lease/sale of the Hospital and Nursing Home assets are presented in Note IV.D.

Discretely Presented Claiborne County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Claiborne County School Department for the year ended June 30, 2014, was as follows:

Governmental Activities:

	Other Postemployment Benefits
Balance, July 1, 2013	\$ 50,653
Additions	633,312
Reductions	<u>(695,304)</u>
Balance, June 30, 2014	<u>\$ (11,339)</u>
Balance Due Within One Year	<u>\$ 0</u>

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

G. Pledges of Receivables and Future Revenues

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

Proceeds of the tax are placed in the General Debt Service Fund and are currently being expended to retire principal and interest on debt associated with the construction of the judicial complex. During the year, revenues generated by the wheel tax totaled \$726,837, and principal and interest expenditures funded by the wheel tax totaled \$600,244. Since its inception, wheel tax revenues have exceeded expenditures by \$424,416. That unexpended balance is included in restricted fund balance for debt service.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Claiborne County School Department. These payments are made by the state to the Medicare Supplement Plan. The plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2014, totaled \$12,604. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. **OTHER INFORMATION**

A. **Risk Management**

Primary Government

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

Discretely Presented Claiborne County School Department

The School Department has chosen to establish the Employee Health Insurance Fund for risks associated with the employees' health insurance plan. The Employee Health Insurance Fund is accounted for as an internal service fund where assets are set aside for claim settlements. The county retains the risk of loss to a limit of \$95,000 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 \$2,000,000 per claimant. Group life and accident insurance premiums paid to a private insurance company are also recorded in this fund.

All full-time certified employees and certain other employees of the Claiborne County School Department are eligible to participate. A premium charge is allocated to each fund that accounts for covered employees. This charge is based on actuarial estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$192,442 at June 30, 2014, and is reported as net position of the Employee Health Insurance Fund. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Employee Health Insurance Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. Claims liabilities include incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

Employee Insurance - Health Fund

		Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year-end
2012-2013	\$	225,353	\$ 3,533,594	\$ (3,569,677)	\$ 189,270
2013-2014		189,270	3,481,117	(3,446,891)	223,496

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

B. Accounting Changes

Provisions of Governmental Accounts Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* became effective for the year ended June 30, 2014. Claiborne County elected to early implement provisions of GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*.

GASB Statement No. 67, replaces the requirements of Statement No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statement No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts or equivalent arrangements.

GASB Statement No. 69, establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

GASB Statement No. 70, relates to accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

C. Subsequent Events

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

In January 2015, the County Commission approved the construction of a Phase II addition to the Claiborne County Jail for approximately \$11 million to be paid with a Rural Economic Development Loan and Grant and a 25-year bond issue.

Highway Superintendent Bill Fultz died on February 4, 2015. Ronald Pittman is serving as interim superintendent until the County Commission appoints a successor to fill the vacancy.

D. Contingent Liabilities

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

E. Changes in Administration

Billy Ray Cheek resigned as circuit, general sessions, and juvenile courts clerk as of November 27, 2013. Jackie Rosenbalm served as interim clerk, and Billy Ray Cheek, Jr., was appointed clerk by the County Commission effective December 16, 2013.

F. Landfill Closure/Postclosure Care Costs

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

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Claiborne County closed its sanitary landfill in 1998. The \$1,031,234 reported as postclosure care liability at June 30, 2014, represents amounts based on what it would cost to perform all postclosure care in 2014. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

G. Joint Venture

The Eighth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Eighth Judicial District; Campbell, Claiborne, Fentress, Scott, and Union

counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by the Board of Directors, including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within the judicial district. Claiborne County made no contributions to the DTF for the year ended June 30, 2014, and does not have an equity interest in the joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

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

H. Jointly Governed Organization

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

I. Retirement Commitments

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 to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2014, was 5.41 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, 2014, Claiborne County's annual pension cost of \$913,895 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was seven years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-14	\$ 913,895	100%	\$0
6-30-13	1,110,817	100	0
6-30-12	1,216,592	100	0

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 93.99 percent funded. The actuarial accrued liability for benefits was \$46.72 million, and the actuarial value of assets was \$43.92 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.81 million. The covered payroll (annual payroll of active employees covered by the plan) was \$18.63 million, and the ratio of the UAAL to the covered payroll was 15.06 percent.

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

SCHOOL TEACHERS

Plan Description

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2014, was 8.88 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2014, 2013, and 2012, were \$1,645,756, \$1,635,404, and \$1,655,839, respectively, equal to the required contributions for each year.

J. Other Postemployment Benefits (OPEB)

Primary Government

In prior years the primary government allowed retirees with 30 consecutive years of employment with the county to remain on the county's health insurance program at the retiree's expense until the retiree was eligible for Medicare coverage. No actuarial study was ever performed to determine the actuarial liability for these postemployment benefits. During 2013-14, the county discontinued this policy and no longer offers other postemployment benefits. It should be noted that no employee ever took advantage of this policy while it was in place.

Discretely Presented School Department

Plan Description

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

The Board of Education has joined with the Tennessee School Board Association (TSBA) GASB 45 Trust. The TSBA GASB 45 Trust is set up to

fund a portion of the OPEB liability. As of June 30, 2014, the Claiborne County Board of Education has not placed any funds with TSBA GASB 45 Trust.

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

	<u>Education Plan</u>
ARC	\$ 635,707
Interest on the NOPEBO	1,520
Adjustment to the ARC	<u>(3,915)</u>
Annual OPEB cost	\$ 633,312
Less amount of contribution	<u>(695,304)</u>
Increase/decrease in NOPEBO	\$ (61,992)
Net OPEB obligation, 7-1-13	<u>50,653</u>
Net OPEB obligation, 6-30-14	<u><u>\$ (11,339)</u></u>

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-12	Education	\$ 635,677	99	% \$ 122,370
6-30-13	"	660,280	111	50,653
6-30-14	"	633,312	109	(11,339)

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2012, was as follows:

	<u>Education Plan</u>
Actuarial valuation date	7-1-12
Actuarial accrued liability (AAL)	\$ 7,245,815
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 7,245,815
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 18,128,390
UAAL as a % of covered payroll	40%

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, 2012, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a three percent discount rate and an annual health care cost trend rate of ten percent for fiscal year 2014. The trend will be reduced by decrements to an ultimate rate of five percent by fiscal year 2023. The unfunded actuarial accrued liability is being amortized as a level dollar amount over a 16-year period beginning with July 1, 2008.

K. Office of Central Accounting, Budgeting, and Purchasing

Claiborne County operates under the provisions of the County Financial Management System of 1981. This act provides for a central system of accounting, budgeting, and purchasing for all county departments. The act

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

L. Purchasing Law

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

VI. OTHER NOTES – DISCRETELY PRESENTED CLAIBORNE COUNTY INDUSTRIAL DEVELOPMENT BOARD

A. Nature of Activities and Significant Accounting Policies

1. Reporting Entity

The Industrial Development Board of the County of Claiborne, Tennessee (IDB), is formed under the authority contained in Section 7-53-101, *Tennessee Code Annotated*, and is vested with all the powers granted therein. The purpose of the organization of the IDB is to acquire, own, lease, and dispose of properties and thus promote industry and develop trade by inducing manufacturing, industrial, governmental, and commercial enterprise to locate in or remain in Claiborne County.

The IDB is governed by a board of nine members appointed by the County Commission of Claiborne County, Tennessee. There are no organizations requiring consideration for inclusion in the industrial development board's financial reporting entity.

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

2. Accounting Policies

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

3. **Basis of Presentation – Government-wide Financial Statements**

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

- Net investment in capital assets – This component of net position consists of capital assets, including capital restricted assets, net bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The investment in capital assets will also include deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt. If there are significant unspent related debt proceeds or deferred inflows of resources at year-end, the portion of the debt or deferred inflows of resources attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component (restricted or unrestricted) as the unspent proceeds.
- Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The IDB’s basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

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

Governmental fund financial statements of the IDB are organized into funds, each of which are considered to be a separate accounting entity. Each fund is accounted for by providing a set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues,

and expenditures. Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund – The General Fund is the only fund of the IDB and is always classified as a major fund. All activities of the IDB are accounted for in the General Fund.

5. **Measurement Focus**

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

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

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

6. **Basis of Accounting**

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

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual

basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred or economic asset used. These types of transactions reported as program revenues for the IDB are reported in three categories: (1) charges for services; (2) operating grants and contributions; and (3) capital grants and contributions. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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

7. Restricted Assets

When applicable, the IDB elects to use restricted assets before unrestricted assets when the situation arises where either can be used.

8. Government-wide Net Position

Equity is classified as net position and displayed in the following three components, if applicable:

- a. Investment in capital assets – Consist of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt that is attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted – Consists of net position for which constraints are placed thereon by outside sources or external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates, less any related liabilities.
- c. Unrestricted – All other net position that does not meet the definition of the above categories.

9. Governmental Fund Balance

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

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

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

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

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

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

Committed – Amounts that can only be used for specific purposes determined by a formal action of the IDB directors.

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

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

B. Sales-type Lease Receivable and Associated Debt

The IDB entered into a sales-type lease agreement with Walters State Community College Foundation with payments starting August 2010, through September 2019. The total sales-type lease receivable as of June 30, 2014, was \$530,322. See schedule below. The present value used to compute interest income on this sales-type lease was 2.25 percent. The amount of income recognized in the Statement of Activities for the audit period is \$13,004 for

interest income on this transaction. The IDB borrowed \$740,000 through Powell Valley Electric, a TVA interest free loan to be paid back starting October 2011, at \$7,708 per month. As of June 30, 2014, \$485,603 was owed on this loan. The proceeds of this loan were used for improvements to property owned by the IDB used at Walter State's campus. This loan is scheduled to be paid off in September 2019, and at that time property ownership will be transferred to Walters State Community College Foundation. Subsequent to June 30, 2014, Walters State Community College Foundation was in the process of obtaining funding to pay off the TVA loan referred to above.

Fiscal Year Ending June 30	Sales-type Lease Receivable	Interest Income	Total
2015	\$ 97,156	\$ 10,844	\$ 108,000
2016	99,364	8,636	108,000
2017	101,623	6,377	108,000
2018	103,933	4,067	108,000
2019	106,296	1,704	108,000
2020	21,950	50	22,000
Total	<u>\$ 530,322</u>	<u>\$ 31,678</u>	<u>\$ 562,000</u>

C. Deposits

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

D. Investments

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

E. Property Taxes Receivable

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.24 percent of total taxes levied.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to

as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as deferred inflow of resources as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied during the current fiscal year. These property taxes receivable are presented on the balance sheet as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable or available.

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

F. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

G. Estimates

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

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, and similar items) are reported in the government-wide type activity. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets

are recorded at estimated fair market value at the date of donation or transfer.

Buildings are depreciated on the straight-line basis over 39 years.

On July 15, 2013, 12 acres of land were donated to the IDB by the Tom Ball Family Trust at a fair market value of \$59,800.

Capital assets activity for the period ended June 30, 2014, was as follows:

Governmental-type Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated:				
Buildings	\$ 491,833	\$ 59,800	\$ 12,671	\$ 538,962

I. Long-term Debt

The IDB had the following long-term debt as of June 30, 2014:

	Beginning Balance 7-1-13	Debt Issued	Debt Retired	Ending Balance 6-30-14
Notes Payable-Powell Valley Electric	\$ 578,111	\$ 0	\$ 92,508	\$ 485,603

Year Ending June 30	Principal	Interest	Total
2015	\$ 92,500	\$ 0	\$ 92,500
2016	92,500	0	92,500
2017	92,500	0	92,500
2018	92,500	0	92,500
2019	92,500	0	92,500
2020	23,103	0	23,103
Total	\$ 485,603	\$ 0	\$ 485,603

J. At-Risk Activities

The IDB covers its at-risk activities with insurance policies under Claiborne County Government.

K. Related-party Transactions

There were no related-party transactions during the audit period.

L. Budget

The IDB's budget operation was generally sound for the year. The budget is adopted and controlled by the directors of the IDB. The control level is by the board of directors and is managed and reported at that level. No budget is presented for the year ended June 30, 2014.

M. Prior-period Adjustment

An EDI grant receivable totaling \$5,972 was not paid by the grantor resulting in a prior-period adjustment on the financial statements.

VII. OTHER NOTES – DISCRETELY PRESENTED CLAIBORNE COUNTY HOSPITAL AND NURSING HOME

1. Summary of Significant Accounting Policies

Organization

Claiborne County Hospital and Nursing Home (CCH) was an acute and general short-term health care provider and nursing home formed to provide services to Claiborne County and the surrounding communities. CCH was the sole shareholder of Multi-Specialty Medical, P.C., a for-profit physicians' office, whose financial statements are consolidated with those of CCH. In addition, CCH is the primary beneficiary of the fundraising activities of Claiborne County Healthcare Foundation, Inc. (the foundation). As such, the financial activity of the foundation is included in the consolidated financial statements of CCH and its subsidiary. CCH, the for-profit subsidiary and the foundation are collectively referred to as the hospital.

The hospital is a component unit of Claiborne County, Tennessee, which issues debt on the hospital's behalf. The hospital's board members are appointed by the Board of Commissioners of Claiborne County. The hospital is included as a discretely presented component unit in the financial statements of the county.

Basis of presentation

The hospital's consolidated financial statements are presented on the accrual basis of accounting using the economic measurement focus in accordance with the Governmental Accounting Standards Board (GASB), which establishes standards for external financial reporting for all state and local government entities. GASB requires the classification of net position into three components, which are defined as follows:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt proceeds are also in this component unit of net position. If there are significant unspent debt or deferred inflows of resources at year-end, the portion of the debt or deferred inflows of resources attributable to the unspent proceeds is not included in the calculations of net investment in capital assets. Rather, that portion of the debt or deferred inflow of resources is included in the same net position component as the unspent proceeds.

Restricted net position – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

Unrestricted net position – This component of net position consists of the net amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted components of net position.

When both restricted and unrestricted amounts of fund balance are available for expenditures, it is the hospital's policy to use restricted amounts first and then unrestricted amounts as they are needed.

Principles of consolidation

The consolidated financial statements include the accounts of CCH, its for-profit subsidiary and the foundation after elimination of all significant intercompany accounts and transactions.

Cash and cash equivalents

The hospital considers currency on hand and demand deposits with financial institutions to be cash. The hospital considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. State statutes authorize the hospital to invest in obligations of the U.S. Treasury, bank certificates of deposit, state approved repurchase agreements and pooled investment funds, and state or local bonds rated A or higher by a nationally recognized rating service. There were no cash equivalents at March 31, 2014.

Patient accounts receivable

Accounts receivable from patients and third-party payors are recorded on the accrual basis in the period in which services are rendered. The hospital does not require collateral on accounts receivable. Accounts are charged to bad debt expense as they are determined to be uncollectible based upon a review of aging and collections. The hospital establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific payors and patients, historical trends, and other information.

Inventories

Inventories are stated at the lower of cost or market and are valued principally by methods, which approximate the first-in, first-out (FIFO) method.

Capital assets

Assets with a useful life of greater than one year and a cost of greater than \$1,000 are recorded as capital assets and are stated at cost or fair value at the date of donation. Although title to certain land and buildings rests with Claiborne County, these assets have been recorded by the hospital as the county has authorized their use by the hospital. Repairs and maintenance costs are expensed as incurred while significant asset purchases and improvements are capitalized. Depreciation of property and equipment is computed by the straight-line method over the estimated useful lives of the assets.

The estimated useful lives are based on guidelines established for the health care industry, which are summarized as follows:

<u>Assets</u>	<u>Years</u>
Buildings, Improvements, and Capital Equipment	10 - 40
Equipment	3 - 15

Accrued compensated absences

The hospital recognizes an expense and accrues a liability for compensated future employee absences in the period in which employees' rights to such compensated absences are earned.

Bond premiums and discounts

Bond premiums and discounts are amortized over the period the bonds are outstanding using the effective interest method.

Operating revenues and expenses

Revenue and expenses associated with the hospital's mission of providing health care services are considered to be operating activities. Nonoperating income consists primarily of investment income, including interest income and income from the rental of Medical Office Building suites, gains, and grants and general contributions to the hospital. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Income taxes

CCH is classified as a governmental organization exempt from income tax. The foundation is a not-for-profit organization defined by Section 501(c)(3) of the Internal Revenue Code as other than a private foundation. Accordingly, no provision for income taxes has been included in the consolidated accompanying financial statements for these entities. Income taxes related to Multi-Specialty Medical, P.C., if any, are included in other operating expenses.

Charity care

The hospital accepts patients regardless of their ability to pay. A patient is classified as a charity patient by reference to certain established policies of the hospital. Charges at established rates related to charity care are not included in net patient service revenue.

Patient service revenue

Patient service revenue is reported in the period in which services are provided at rates which reflect the amount expected to be collected. Net patient service revenue includes amounts estimated by management to be reimbursable by third-party payors under provisions of reimbursement formulas in effect and is net of the provision of bad debts.

Deferred outflows/inflows of resources

During the current year, the hospital adopted the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Under this Statement, GASB has defined deferred outflows of resources and deferred inflows of resources as follows.

Deferred outflows of resources – a consumption of net position by the government that is applicable to a future reporting period.

Deferred inflows of resources – an acquisition of net position by the government that is applicable to a future reporting period.

The hospital had no deferred outflows or inflows of resources at March 31, 2014.

Risk management

The hospital is self-insured for employee (including dependent) group health expenses and claims. Commercial insurance is purchased for significant exposure to various other risks typical to the hospital's operating environment and industry such as loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; and natural disasters. There were no significant losses in excess of insurance coverage during the last three years.

Use of estimates

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

B. Cash and Cash Equivalents

Custodial credit risk is the risk that in the event of a bank failure, the hospital's deposits may not be returned to it. Funds on deposit at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) with uninsured amounts being collateralized primarily through the financial institution's participation in the Bank Collateral Pool (the Collateral Pool), which is administered by the Collateral Pool Board and monitored by the Treasury Department of the State of Tennessee.

The hospital requires that all public funds (those not related to for profit entities) not insured by the FDIC to be part of the Collateral Pool or fully collateralized by specific investments as described above.

C. Net Patient Service Revenue

A reconciliation of the amount of services provided to patients at established rates to net patient service revenue as presented in the consolidated statements of revenues, expenses and changes in net position is as follows.

	<u>3-31-14</u>
Gross patient service charges	\$ 63,608,828
Less: Contractual adjustments and discounts	(39,126,009)
Provision for bad debts	<u>(3,862,165)</u>
Net patient service revenue	<u>\$ 20,620,654</u>

Net patient service revenues decreased by approximately \$5,100,000 in 2014 due to sale of operations effective March 25, 2014.

D. Third-party Payor Agreements

The hospital renders services to patients under contractual arrangements with the Medicare and TennCare programs. Laws, regulations, and contracts governing third-party payor programs can be extremely complex and subject to interpretation. Amounts earned under these contractual arrangements are subject to regulatory review and final determination by the various program intermediaries and other appropriate governmental authorities or their agents. In the opinion of management, adequate provision has been made in the consolidated financial statements for any adjustments, which may result from such reviews.

Medicare

The Medicare program pays inpatient services on a prospective basis primarily based upon diagnostic related group assignments as determined by the patient's clinical diagnosis and medical procedures utilized. The hospital receives additional payments from Medicare based on the provision of services to a disproportionate share of low income patients (as defined by the Medicare program). Medicare also pays for outpatient services on a prospective basis based upon ambulatory payment classifications and fee schedules. Revenue from the Medicare program accounted for approximately 27 percent for the nine months ended March 31, 2014.

TennCare

TennCare reimbursement for both inpatient and outpatient services is based upon prospectively determined rates and per-diem amounts. Revenue from the TennCare program accounted for approximately 15 percent for the nine months ended March 31, 2014.

Contractual adjustments for Medicare, TennCare, and other third-party discount arrangements are recognized when the related revenues are reported in the consolidated financial statements.

Electronic Health Record (EHR) Incentive Program

The American Recovery and Reinvestment Act established incentive payments under the Medicare and TennCare programs for certain hospitals that “meaningfully use” certified electronic health records (EHR) technology. The hospital recognizes EHR incentive payments when there is reasonable assurance that the hospital will comply with the conditions of the meaningful use objectives and any other specific requirements. During the nine months ended March 31, 2014, the hospital recognized \$1,011,617 in EHR incentive payments as other revenue in the consolidated statements of revenues, expenses and changes in net position. EHR incentive income is subject to retrospective adjustment upon final settlement of the applicable cost report from which payments were initially calculated. Receipt of these funds is also subject to the fulfillment of certain obligations by the hospital as prescribed by the program, subject to future audits and may be subject to repayment upon a determination of noncompliance.

Other payors

The hospital has also entered into reimbursement agreements with commercial insurance companies, health maintenance organizations, and preferred provider organizations. The basis for reimbursement under these agreements includes prospectively determined rates, per diems, and discounts from established charges. Receipt of these funds is subject to the fulfillment of certain obligations by the hospital as prescribed by the program, subject to future audits and may be subject to repayment upon a determination of noncompliance.

E. Risk Management and Employee Group Health Claims

The hospital is covered under the “Tennessee Governmental Tort Liability Act” (*TCA 29-20-101, et seq*). In addition to requiring claims be made in conformance with this act, special provisions include, but are not limited to, special notice of requirements imposed upon the claimant, a one-year statute of limitations, and a requirement that the governmental entity purchase insurance or be self-insured with certain limits. This act also prohibits a judgment or award exceeding the minimum amounts of insurance coverage set out in the act or the amount of insurance purchased by the governmental entity.

The hospital is insured for professional liability under a claims-made policy with an independent insurance carrier. The policy covers all claims reported to the carrier during the coverage period. The primary level of coverage is \$1,000,000 per claim and \$3,000,000 in the aggregate. Coverage for workers’ compensation insurance is provided on a claims-made basis. The primary level of coverage is \$500,000 per claim, \$500,000 per employee, and \$500,000 in the aggregate. Premiums are determined by a variety of factors related to the hospital.

The hospital is self-insured for employee (and dependent) group health claims up to \$70,000 per covered person annually. Commercial stop-loss coverage is purchased for claims in excess of the annual maximum up to \$1,000,000 in the aggregate. A liability is recorded for those claims known but unpaid and estimated claims incurred but not reported. The total expense related to employee group health claims (net of employee paid premiums) was approximately \$689,000 for the nine months ended March 31, 2014.

F. Capital Assets

On March 25, 2014, the hospital sold all equipment to the new hospital owners and transferred the remaining land and buildings to the county.

A summary of changes in capital assets follows:

	Balance 6-30-13	Additions	Retirements	Reclass/ Transfers	Balance 3-31-14
Capital Assets Not Depreciated:					
Land	\$ 308,092	\$ 0	\$ 0	\$ 308,092	\$ 0
Capital Assets Being depreciated:					
Building and Improvements	\$ 20,372,671	\$ 3,381	\$ 0	\$ 20,376,052	\$ 0
Equipment	16,593,468	373,400	16,966,868	0	0
Total Capital Assets Not Depreciated	\$ 36,966,139	\$ 376,781	\$ 16,966,868	\$ 20,684,144	\$ 0
Less Accumulated Depreciation For:					
Buildings	\$ 8,491,930	\$ 407,007	\$ 0	\$ 8,898,937	\$ 0
Equipment	13,764,942	398,887	14,237,582	(73,753)	0
Total Accumulated Depreciation	\$ 22,256,872	\$ 805,894	\$ 14,237,582	\$ 8,825,184	\$ 0
Total Capital Assets Depreciated, Net	\$ 14,709,267	\$ (429,113)	\$ 2,729,286	\$ 11,550,868	\$ 0
Capital Assets, Net	\$ 15,017,359	\$ (429,113)	\$ 2,729,286	\$ 11,858,960	\$ 0

G. Other Assets

The hospital pays various fees and expenses to and on behalf of physicians who are recruited to practice at the hospital. These expenses are recorded as assets and are amortized over the terms of the physicians' contracts. At June 30, 2013, the assets totaled \$1,225,541, net of accumulated amortization and are included in other receivables and other assets in the consolidated statements of net position.

H. Bonds Payable

Changes in bonds payable are summarized as follows.

	Balance		Principal		Balance
	6-30-13	Additions	Payments/ Transfers		3-31-14
Series 2010A Bonds	\$ 3,405,000	\$ 0	\$ (3,405,000)	\$	0
Series 2010A New Money Bonds	935,000	0	(935,000)		0
Series 2010B Bonds	785,000	0	(785,000)		0
Total Outstanding	\$ 5,125,000	\$ 0	\$ (5,125,000)	\$	0
Less Unamortized Discount	0				0
Plus Unamortized Premium	161,128				0
Less Current Portion	(455,000)				0
Long-term Portion	\$ 4,831,128			\$	0

On March 30, 2010, Claiborne County issued, on behalf of CCH, \$6,190,000 of Series 2010A tax exempt and 2010B taxable bonds. Interest on these bonds ranges from 2.5 percent to 4.125 percent for Series 2010A and one percent to 4.6 percent for Series 2010B. The Series 2010A tax exempt bond proceeds were used to refund previously issued bonds.

The Series 2010A bonds are subject to redemption at the option of CCH, in whole or in part, at the redemption price of par plus accrued interest to the redemption date.

The bonds are payable from the net revenues of the hospital and collateralized by the ad valorem taxes to be levied on all taxable property within the corporate limits of the county.

I. Notes Payable and Capital Leases

In 2008, the hospital obtained two notes through Powell Valley Electric Cooperative (PVEC) as a subrecipient of the Rural Economic Development Loan and Grant Program through the Rural Business Cooperative Service of the United States Department of Agriculture. Proceeds from the unsecured notes totaling \$740,000 and \$360,000 were restricted for use in constructing and completing a medical office building. The notes are payable in monthly installments of \$3,000 and \$7,709, respectively, through 2018, and both notes are noninterest bearing.

Notes payable and capital lease activity for the nine months ended March 31, 2014, is summarized as follows.

	Balance		Principal	Balance
	6-30-13	Additions	Payments/ Transfers	3-31-14
PVEC	\$ 168,000	\$ 0	\$ (168,000)	\$ 0
PVEC	447,058	0	(447,058)	0
Capital Leases	619,510	0	(619,510)	0
Total Outstanding	\$ 1,234,568	\$ 0	\$ (1,234,568)	\$ 0
Less Current Portion	(319,226)			0
Long-term Portion	\$ 915,342			\$ 0

The hospital entered into two new capital leases during the year ended June 30, 2012, to fund the acquisition and installation of medical equipment and software. Interest rates on all capital leases range from 3.2 percent to 5.8 percent. Monthly installments on the capital leases range from \$4,424 to \$12,467.

Amortization of assets under capital leases is included with depreciation expense in the accompanying financial statements.

J. Management Agreement

During 2010, the hospital entered into a five-year agreement with a hospital management company for administrative services. The cost of services under the agreement is approximately \$230,000 annually.

K. Income Taxes

Multi-Specialty Medical, P.C., has a calendar year reporting basis for tax purposes. At December 31, 2013, this entity had net operating loss carryforwards of approximately \$2,300,000 for federal and state income tax purposes. The loss carryforwards relate to operating losses and expire in years 2021 through 2033. The loss carryforwards may be offset against future taxable income as permitted by the Internal Revenue Code and the *Tennessee Code Annotated*. A valuation reserve, equal to the deferred tax assets arising from the net operating losses, has been established based on an estimate that the potential tax benefits of the loss carryforwards will not be realized.

L. Pension Plan

Claiborne County and related entities, including the hospital, participate in the Tennessee Consolidated Retirement System (TCRS) Pension Plan. The multiple-employer plan provides for both employee and employer contributions. Participating employees are required to contribute five percent of their salaries to the plan. The hospital is required to contribute at an actuarially determined rate, which was 5.41 percent of covered payroll for the nine months ending March 31, 2014. For the nine months ended March 31, 2014, contributions by the hospital totaled \$415,894 and

contributions by participating employees totaled \$382,074. Funding status, contribution requirements, and trends appear in the financial statements of the county and are not separately identified for the hospital.

M. Charity Care

The hospital estimates that the cost of providing care under the charity care policy was approximately \$136,000 during the nine months ended March 31, 2014. This is the cost of supplies and services provided to patients for which payment was foregone under the charity care policy, based on current cost to charge ratio for the hospital.

N. Foundation

At June 30, 2013, the foundation's assets totaled \$250,107 and consisted primarily of cash and inventory (there are no significant liabilities recorded). The March 31, 2014, consolidated Statement of Revenues, Expenses, and Changes in Net Position includes foundation contribution revenue of \$64,057, interest income of \$543, and distributions and other expenses of \$26,626. Except for certain expenses paid directly by the foundation, the hospital provides administrative services and pays for operating expenses to support the foundation's activities. Separate financial statements of the foundation were maintained by hospital management through March 25, 2014, the effective date of the sale of the hospital. In conjunction with the sale of the hospital to a non-profit organization, the foundation segregated the March 31, 2014, fund balance of \$324,669 from the hospital. The foundation board voted at a meeting in March 2014 to donate the gift shop to the hospital.

O. Concentration of Credit Risk

The hospital is located in Claiborne County, Tennessee. The hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements.

P. Commitments and Contingencies

Litigation

The hospital is subject to claims and suits, which arise in the ordinary course of business. In the opinion of management, the ultimate resolution of such pending legal proceedings has been adequately provided for in the consolidated financial statements and will not have a material effect on the hospital's results of operations or financial position.

Uncertain tax positions

The hospital accounts for uncertain tax positions related to its wholly-owned for-profit subsidiary and the foundation with provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. ASC 740-10 provides guidance on derecognition of tax benefits, classification on the consolidated statements of net position, interest and penalties, accounting in interim periods, disclosure, and transition. The hospital believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. As of March 31, 2014, the hospital did not record any interest or penalties associated with uncertain tax positions.

The foundation's Form 990's, *Return of Organization Exempt from Income Tax*, and Multi-Specialty Medical's Form 1120's, *U.S. Corporation Income Tax Return*, for the years 2011 and beyond remain subject to examination by the IRS, generally for three years after they were filed.

Q. Disposal of Operations

The hospital has adopted the provisions of GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards to record the disposal of operations for a governmental entity. Under this guidance, the government recognizes a gain or loss on the disposal of operations as a special item in the period in which the disposal occurs, based on either the effective transfer date of a transfer of operations, or the date of sale for operations that are sold. Effective March 25, 2014, Claiborne County and Claiborne Medical Center entered into a transaction agreement for purchase of the hospital. The transaction agreement results in the sale and transfer of most assets owned by the hospital to covenant medical center. All excluded remaining assets were transferred to the county totaling \$10,106,819.

VIII. OTHER NOTES – DISCRETELY PRESENTED CLAIBORNE COUNTY EMERGENCY COMMUNICATIONS DISTRICT, INC.

A. Summary of Significant Accounting Policies

1. Nature of Business

The Claiborne County Emergency Communications District, Inc., commonly referred to as E-911, was established to provide services under the Emergency Communications District law, *Tennessee Code Annotated*, Chapter 86. The district was created by a resolution of the Claiborne County, Tennessee County Commission on September 21, 1992, after adoption by public referendum. Under its enabling legislation, the district is a municipality with powers of perpetual success but without any power to levy or collect taxes.

Charges for services authorized shall not be considered as taxes. The powers of the district are vested in and exercised by a majority of the members of the Board of Directors who are appointed by the district's primary government.

The district is a component unit of Claiborne County, Tennessee, and the financial statements are presented in both the district's separate financial report and within the Claiborne County, Tennessee report. The district is considered a component unit of Claiborne County because the district would be unable to issue debt without going through Claiborne County, Tennessee.

2. Basis of Accounting

The financial statements of the district are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included in the Statement of Net Position. The statement of revenue, expenses and change in net position presents increases (revenues) and decreases (expenses) in total net position. Under this method of accounting, revenue is recognized in the period it is earned while expenses are recognized in the period the liability is incurred.

Operating revenues are those revenues that are generated from the primary operations of the district. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the district. All other expenses are reported as nonoperating expenses.

The district reports its financial activities under the applicable provisions of GASB 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This statement establishes standards for external reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three position groups:

Investment in capital assets – This component of net position of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by any payables that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component includes net position whose use is subject to externally imposed stipulations that can be fulfilled by actions of the district pursuant to those stipulations or that expire by the passage of time. The district currently does not have any net position that meets these classifications.

Unrestricted – This component of net position consists of net position that does not meet the definition of “restricted” or “invested in capital assets.”

3. Receivables

Accounts receivable, which are deemed uncollectible based on a periodic review of the accounts, are charged to revenue. At June 30, 2014, no allowances for uncollectible accounts were considered necessary. The accounts receivable from telephone surcharges of \$18,646 primarily represent amounts due from Century Telephone and AT&T for the surcharge on Claiborne County telephone services for the month of June 2014. The accounts receivable from other governments of \$49,833 represent amounts due from the State of Tennessee ECB for wireless commissions and grants due for the months of May and June 2014.

4. Capital Assets

Capital assets, including capital lease assets, are stated at cost less accumulated depreciation. The district capitalizes property and equipment with a cost of \$3,000 or more. Depreciation is computed on the straight-line method over the estimated useful lives of the assets that range from three-to-ten years. When assets are retired or otherwise disposed of, the average cost is removed from the asset account and the accumulated depreciation account. Removal cost, less any salvage value, is charged or credited to the accumulated depreciation account. The cost of maintenance and repairs is charged to earnings as incurred.

5. Cash and Cash Equivalents

The district considers all unrestricted deposits and highly liquid investments with original maturities of three months or less to be cash equivalents.

6. Use of Estimates

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

7. Tax Status

Because the district was incorporated as a political subdivision under the Tennessee Emergency Communications District Law, it is exempt from federal income taxes.

8. Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the district policy is to apply restricted net position first.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The district does not have any items that qualify for reporting in this category as of June 30, 2014.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The district does not have any items that qualify for reporting in this category as of June 30, 2014.

B. Budgetary Control

The district's board approves an annual budget based upon anticipated revenues and estimated operating expenditures. In accordance with the level of control established by the Tennessee Comptroller of the Treasury, operating expenditures may not exceed the amount budgeted in each line item. The budget is adopted on a basis consistent with generally accepting accounting principles except that the budgeted cost of capital assets purchased is included as an expenditure. Budgeted expenses may be amended, as needed, to meet changing needs.

C. Bank Deposits

The district's deposits with financial institutions consist of the following at June 30, 2014.

	Maturity Date	Interest Rate	Carrying Amount	Bank Balance
Cash:				
Checking	N/A	.10	% \$ <u>342,584</u>	\$ <u>346,455</u>
Temporary Investments:				
18-month Time Deposit	11-16-2015	.25	\$ 125,344	\$ 125,344
Certificate of Deposit	11-8-2014	.75	<u>262,136</u>	<u>262,136</u>
Total			\$ <u>387,480</u>	\$ <u>387,480</u>

Custodial credit risk for the district's deposits is the risk that in the event of a bank failure, the district's deposits may not be returned to it. As required by state statutes, the district's policy is to require that financial institutions holding its deposits to be members of the Tennessee Collateral Pool or pledge collateral for deposits in excess of federal depository insurance. The collateral is required to be held by the district or its agent in the district's name. At June 30, 2014, none of the district's funds were exposed to credit risk.

State statutes authorize the district to invest in obligations of the federal government, federal agencies, state government, the state investment pool, certificates of deposits, other time deposits, and repurchase agreements. The district's investment policy follows state law, which authorizes investments for emergency communications districts in *Tennessee Code Annotated*, Section 5-8-301. All of the district's temporary investments are in certificates of deposit with an original maturity date of 18 months. The district places no restriction on the amount that it may invest with any one issuer.

D. Leases

Operating Lease

The district's base of operations is located at the Claiborne County Justice Center. An agreement between the district and Claiborne County specifies that the district will not have to pay rent or utilities as long as the district provides Claiborne County with emergency communication related services.

E. Compensated Absences

Under the district's vacation policy, full-time employees with at least six months of service can earn five days of annual leave available for use after one year of service.

Vacation days may be accumulated and carried forward in an amount not to exceed five days. Vacation pay vests with the employee. At June 30, 2014, the accrued liability for vacation pay was nominal and was not included on the accompanying Statement of Net Position.

Full-time employees are also eligible to earn sick leave after six months of service. Eligible employees can earn 12 days of sick leave per year. Unused sick leave is paid in the month of the employee's birthday upon request, except that five sick leave days are carried forward at all times. Sick leave does not vest with the employee and is not paid upon termination or resignation.

F. Risk Management

The district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the year ended June 30, 2014, the district was insured against potential losses associated with these risks through the purchase of commercial insurance. There were no significant reductions in limits of liability or coverage of insurance policies in effect during 2014 from those in effect in 2013 and 2012. In addition, there have been no losses in excess of insurance coverage during the last three years.

G. Revenue

The district's primary sources of revenues are from surcharges imposed on Claiborne County telephone services (net of administrative fees paid to the telephone companies) and from surcharges imposed on cell phone services, which are collected and disbursed by the Tennessee Emergency Communications Board.

H. Pension Plan

Plan Description

Employees of the district 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-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 (TCA)*. State statutes are amended by the Tennessee General Assembly. Political subdivision such as the district 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, 15th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy

The district requires employees to contribute five percent of earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2014, was 6.38 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the district is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2014, the district's annual pension cost of \$18,060 to TCRS was equal to the district's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return of investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The district's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was one year. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-14	\$ 18,060	100 %	\$ 0
6-30-13	19,603	100	0
6-30-12	18,812	100	0

Funding Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 100 percent funded. The actuarial accrued liability for benefits was \$.44 million, and the actuarial value of assets was \$.44 million, resulting in an unfunded actuarial accrued liability (UAAL) of zero. The covered payroll (annual payroll of active employees covered by the plan) was \$.25 million, and the ratio of the UAAL to the covered payroll was zero percent.

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

I. Capital Assets

Capital assets activity for the year ended June 30, 2014, was as follows:

	Balance 7-1-13	Additions	Retirements and Transfers	Balance 6-30-14
Furniture, Fixtures and Equipment	\$ 656,917	\$ 0	\$ 0	\$ 656,917
Vehicle	23,560	0	0	23,560
Total	\$ 680,477	\$ 0	\$ 0	\$ 680,477

	Depreciation			
	Balance		Retirements and	Balance
	7-1-13	Depreciation	Transfers	6-30-14
Furniture, Fixtures and Equipment	\$ 359,170	\$ 59,144	\$ 0	\$ 418,314
Vehicle	20,811	2,749	0	23,560
Total	\$ 379,981	\$ 61,893	\$ 0	\$ 441,874

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Claiborne County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Claiborne County School Department
June 30, 2014

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-13	\$ 43,916	\$ 46,722	\$ 2,806	93.99 %	\$ 18,634	15.06 %
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

Exhibit E-2

Claiborne County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Claiborne County School Department
June 30, 2014

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
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
"	7-1-12	0	7,246	7,246	0	18,128	40

CLAIBORNE COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2014

NONE

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

Capital Projects Fund

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

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

Claiborne County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Drug Control</u>	<u>Constitutional Officers - Fees</u>	<u>Total</u>	<u>Highway Capital Projects</u>	<u>Total</u>	
<u>ASSETS</u>						
Cash	\$ 0	\$ 81,830	\$ 81,830	\$ 0	\$ 81,830	\$ 81,830
Equity in Pooled Cash and Investments	88,569	0	88,569	2,365	90,934	90,934
Property Taxes Receivable	0	0	0	109,464	109,464	109,464
Allowance for Uncollectible Property Taxes	0	0	0	(5,311)	(5,311)	(5,311)
Total Assets	\$ 88,569	\$ 81,830	\$ 170,399	\$ 106,518	\$ 276,917	
<u>LIABILITIES</u>						
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 988	\$ 988	\$ 988
Total Liabilities	\$ 0	\$ 0	\$ 0	\$ 988	\$ 988	\$ 988
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 0	\$ 100,976	\$ 100,976	\$ 100,976
Deferred Delinquent Property Taxes	0	0	0	2,954	2,954	2,954
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 0	\$ 103,930	\$ 103,930	\$ 103,930
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Finance	\$ 0	\$ 81,830	\$ 81,830	\$ 0	\$ 81,830	\$ 81,830
Restricted for Public Safety	88,569	0	88,569	0	88,569	88,569
Restricted for Capital Projects	0	0	0	1,600	1,600	1,600
Total Fund Balances	\$ 88,569	\$ 81,830	\$ 170,399	\$ 1,600	\$ 171,999	\$ 171,999
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 88,569	\$ 81,830	\$ 170,399	\$ 106,518	\$ 276,917	\$ 276,917

Claiborne County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	Drug Control	Constitutional Officers - Fees	Total	Highway Capital Projects		
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 23,317	\$ 23,317	\$ 94,556	\$	\$ 117,873
Fines, Forfeitures, and Penalties	51,759	0	51,759	0	0	51,759
Charges for Current Services	0	428,087	428,087	0	0	428,087
Total Revenues	\$ 51,759	\$ 451,404	\$ 503,163	\$ 94,556	\$	\$ 597,719
<u>Expenditures</u>						
Current:						
Finance	\$ 0	\$ 394,183	\$ 394,183	\$ 0	\$	\$ 394,183
Administration of Justice	0	50,892	50,892	0	0	50,892
Public Safety	95,003	0	95,003	0	0	95,003
Capital Projects	0	0	0	93,375	93,375	93,375
Total Expenditures	\$ 95,003	\$ 445,075	\$ 540,078	\$ 93,375	\$	\$ 633,453
Excess (Deficiency) of Revenues Over Expenditures	\$ (43,244)	\$ 6,329	\$ (36,915)	\$ 1,181	\$	\$ (35,734)
Net Change in Fund Balances	\$ (43,244)	\$ 6,329	\$ (36,915)	\$ 1,181	\$	\$ (35,734)
Fund Balance, July 1, 2013	131,813	75,501	207,314	419	207,733	207,733
Fund Balance, June 30, 2014	\$ 88,569	\$ 81,830	\$ 170,399	\$ 1,600	\$	\$ 171,999

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 51,759	\$ 120,000	\$ 120,000	\$ (68,241)
Total Revenues	\$ 51,759	\$ 120,000	\$ 120,000	\$ (68,241)
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 95,003	\$ 120,000	\$ 120,000	\$ 24,997
Total Expenditures	\$ 95,003	\$ 120,000	\$ 120,000	\$ 24,997
Excess (Deficiency) of Revenues Over Expenditures	\$ (43,244)	\$ 0	\$ 0	\$ (43,244)
Net Change in Fund Balance	\$ (43,244)	\$ 0	\$ 0	\$ (43,244)
Fund Balance, July 1, 2013	131,813	126,481	126,481	5,332
Fund Balance, June 30, 2014	\$ 88,569	\$ 126,481	\$ 126,481	\$ (37,912)

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 94,556	\$ 94,065	\$ 94,065	\$ 491
Total Revenues	\$ 94,556	\$ 94,065	\$ 94,065	\$ 491
<u>Expenditures</u>				
<u>Capital Projects</u>				
Highway and Street Capital Projects	\$ 93,375	\$ 94,065	\$ 94,065	\$ 690
Total Expenditures	\$ 93,375	\$ 94,065	\$ 94,065	\$ 690
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,181	\$ 0	\$ 0	\$ 1,181
Net Change in Fund Balance	\$ 1,181	\$ 0	\$ 0	\$ 1,181
Fund Balance, July 1, 2013	419	2,312	2,312	(1,893)
Fund Balance, June 30, 2014	\$ 1,600	\$ 2,312	\$ 2,312	\$ (712)

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 780,085	\$ 778,984	\$ 778,984	\$ 1,101
Other Local Revenues	3,233,228	3,500	3,807,920	(574,692)
Total Revenues	\$ 4,013,313	\$ 782,484	\$ 4,586,904	\$ (573,591)
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 400,000	\$ 1,021,667	\$ 855,000	\$ 455,000
Highways and Streets	765,657	618,383	785,050	19,393
Education	1,641,011	1,580,000	1,641,012	1
<u>Interest on Debt</u>				
General Government	301,113	411,983	401,983	100,870
Highways and Streets	103,068	93,561	103,561	493
Education	1,487,762	1,471,784	1,487,762	0
<u>Other Debt Service</u>				
General Government	2,645	4,900	4,900	2,255
Education	349	0	350	1
Total Expenditures	\$ 4,701,605	\$ 5,202,278	\$ 5,279,618	\$ 578,013
Excess (Deficiency) of Revenues Over Expenditures	\$ (688,292)	\$ (4,419,794)	\$ (692,714)	\$ 4,422
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 682,624	\$ 4,409,707	\$ 682,624	\$ 0
Total Other Financing Sources	\$ 682,624	\$ 4,409,707	\$ 682,624	\$ 0
<u>Special Items</u>				
Transactions Related to Acquisition, and Sale/Lease of Claiborne County Hospital and Nursing Home Assets and Liabilities:				
Proceeds from Sale/Lease	\$ 6,105,402	\$ 0	\$ 6,105,402	\$ 0
Payments to Defeased Debt Escrow Agent	(6,105,402)	0	(6,105,402)	0
Total Special Items	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ (5,668)	\$ (10,087)	\$ (10,090)	\$ 4,422
Fund Balance, July 1, 2013	844,529	657,824	657,827	186,702
Fund Balance, June 30, 2014	\$ 838,861	\$ 647,737	\$ 647,737	\$ 191,124

Fiduciary Funds

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

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

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

Other Agency Fund – The Other Agency Fund is used to account for transactions of the discretely presented Claiborne County 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, 2014

	Agency Funds			Total
	Cities - Sales Tax	Constitu- tional Officers - Agency	Other Agency	
<u>ASSETS</u>				
Cash	\$ 0	\$ 1,055,322	\$ 0	\$ 1,055,322
Equity in Pooled Cash and Investments	0	0	206,836	206,836
Accounts Receivable	0	198	1,000	1,198
Due from Other Governments	311,442	0	0	311,442
Property Taxes Receivable	0	0	113,577	113,577
Allowance for Uncollectible Property Taxes	0	0	(6,015)	(6,015)
Total Assets	\$ 311,442	\$ 1,055,520	\$ 315,398	\$ 1,682,360
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 0	\$ 1,375	\$ 1,375
Due to Other Taxing Units	311,442	0	0	311,442
Due to Litigants, Heirs, and Others	0	1,055,520	0	1,055,520
Other Current Liabilities	0	0	314,023	314,023
Total Liabilities	\$ 311,442	\$ 1,055,520	\$ 315,398	\$ 1,682,360

Claiborne County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,686,261	\$ 1,686,261	\$ 0
Due from Other Governments	294,938	311,442	294,938	311,442
Total Assets	<u>\$ 294,938</u>	<u>\$ 1,997,703</u>	<u>\$ 1,981,199</u>	<u>\$ 311,442</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 294,938	\$ 1,997,703	\$ 1,981,199	\$ 311,442
Total Liabilities	<u>\$ 294,938</u>	<u>\$ 1,997,703</u>	<u>\$ 1,981,199</u>	<u>\$ 311,442</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,061,467	\$ 6,915,308	\$ 6,921,453	\$ 1,055,322
Accounts Receivable	0	198	0	198
Total Assets	<u>\$ 1,061,467</u>	<u>\$ 6,915,506</u>	<u>\$ 6,921,453</u>	<u>\$ 1,055,520</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,061,467	\$ 6,915,506	\$ 6,921,453	\$ 1,055,520
Total Liabilities	<u>\$ 1,061,467</u>	<u>\$ 6,915,506</u>	<u>\$ 6,921,453</u>	<u>\$ 1,055,520</u>
<u>Other Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 126,206	\$ 434,243	\$ 353,613	\$ 206,836
Accounts Receivable	0	1,000	0	1,000
Property Taxes Receivable	109,045	113,577	109,045	113,577
Allowance for Uncollectible Property Taxes	(4,819)	(6,015)	(4,819)	(6,015)
Notes Receivable - Current	1,000	0	1,000	0
Total Assets	<u>\$ 231,432</u>	<u>\$ 542,805</u>	<u>\$ 458,839</u>	<u>\$ 315,398</u>
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 1,375	\$ 0	\$ 1,375
Other Current Liabilities	231,432	541,430	458,839	314,023
Total Liabilities	<u>\$ 231,432</u>	<u>\$ 542,805</u>	<u>\$ 458,839</u>	<u>\$ 315,398</u>

(Continued)

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	\$ 1,061,467	\$ 6,915,308	\$ 6,921,453	\$ 1,055,322
Equity in Pooled Cash and Investments	126,206	2,120,504	2,039,874	206,836
Accounts Receivable	0	1,198	0	1,198
Due from Other Governments	294,938	311,442	294,938	311,442
Property Taxes Receivable	109,045	113,577	109,045	113,577
Allowance for Uncollectible Property Taxes	(4,819)	(6,015)	(4,819)	(6,015)
Notes Receivable - Current	1,000	0	1,000	0
Total Assets	<u>\$ 1,587,837</u>	<u>\$ 9,456,014</u>	<u>\$ 9,361,491</u>	<u>\$ 1,682,360</u>
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 1,375	\$ 0	\$ 1,375
Due to Other Taxing Units	294,938	1,997,703	1,981,199	311,442
Due to Litigants, Heirs, and Others	1,061,467	6,915,506	6,921,453	1,055,520
Other Current Liabilities	231,432	541,430	458,839	314,023
Total Liabilities	<u>\$ 1,587,837</u>	<u>\$ 9,456,014</u>	<u>\$ 9,361,491</u>	<u>\$ 1,682,360</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, 2014

Functions/Programs	Program Revenues		Expenses	Net (Expense) Revenue and Changes in Net Position	
	Charges for Services	Operating Grants and Contributions		Total Governmental Activities	
Governmental Activities:					
Instruction	\$ 24,784,296	\$ 86,982	\$ 2,810,090	\$ (21,887,224)	
Support Services	14,665,385	0	134,401	(14,530,984)	
Operation of Non-instructional Services	4,807,302	654,420	2,761,301	(1,391,581)	
Total Governmental Activities	\$ 44,256,983	\$ 741,402	\$ 5,705,792	\$ (37,809,789)	
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 6,477,510	
Local Option Sales Taxes				2,408,090	
Coal Severance Tax				435,415	
Other Taxes				3,283	
Grants and Contributions Not Restricted for Specific Programs				27,131,167	
Unrestricted Investment Income				2,959	
Miscellaneous				326,842	
Total General Revenues				\$ 36,785,266	
Change in Net Position				\$ (1,024,523)	
Net Position, July 1, 2013				43,133,600	
Net Position, June 30, 2014				\$ 42,109,077	

Exhibit I-2

Claiborne County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Claiborne County School Department
June 30, 2014

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	<u>General</u>	<u>Other</u>	<u>Total</u>
	<u>Purpose</u>	<u>Govern- mental</u>	<u>Governmental</u>
	<u>School</u>	<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 2,584,113	\$ 354,202	\$ 2,938,315
Accounts Receivable	6,138	3,278	9,416
Due from Other Governments	669,737	138,938	808,675
Property Taxes Receivable	6,928,170	0	6,928,170
Allowance for Uncollectible Property Taxes	(366,898)	0	(366,898)
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 9,821,260	\$ 496,418	\$ 10,317,678
<u>LIABILITIES</u>			
Accounts Payable	\$ 52,279	\$ 22,284	\$ 74,563
Accrued Payroll	0	1,741	1,741
Due to Primary Government	615	0	615
Total Liabilities	<hr/>	<hr/>	<hr/>
	\$ 52,894	\$ 24,025	\$ 76,919
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 6,317,496	\$ 0	\$ 6,317,496
Deferred Delinquent Property Taxes	226,686	0	226,686
Other Deferred/Unavailable Revenue	229,088	0	229,088
Total Deferred Inflows of Resources	<hr/>	<hr/>	<hr/>
	\$ 6,773,270	\$ 0	\$ 6,773,270
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 16,077	\$ 86,460	\$ 102,537
Restricted for Capital Projects	0	35,933	35,933
Committed:			
Committed for Education	0	350,000	350,000
Assigned:			
Assigned for Education	1,302,442	0	1,302,442
Assigned for Debt Service	565,104	0	565,104
Unassigned	1,111,473	0	1,111,473
Total Fund Balances	<hr/>	<hr/>	<hr/>
	\$ 2,995,096	\$ 472,393	\$ 3,467,489
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<hr/>	<hr/>	<hr/>
	\$ 9,821,260	\$ 496,418	\$ 10,317,678

Exhibit I-3

Claiborne County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
Discretely Presented Claiborne County School Department
June 30, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 3,467,489
(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: buildings and improvements net of accumulated depreciation	35,351,730	
Add: other capital assets net of accumulated depreciation	<u>1,676,582</u>	38,199,212
(2) Internal service funds are used by management to charge the cost of employee health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		192,442
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: contributions due to the primary government for other loans payable	\$ (217,179)	
Add: other postemployment benefits liability (prepaid)	<u>11,339</u>	(205,840)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>455,774</u>
Net position of governmental activities (Exhibit A)		<u>\$ 42,109,077</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, 2014

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern- mental	Governmental
	School	Funds	Funds
<u>Revenues</u>			
Local Taxes	\$ 9,399,777	\$ 0	\$ 9,399,777
Licenses and Permits	2,432	0	2,432
Charges for Current Services	86,982	598,105	685,087
Other Local Revenues	434,229	6,033	440,262
State of Tennessee	26,123,473	25,582	26,149,055
Federal Government	240,408	6,243,906	6,484,314
Other Governments and Citizens Groups	56,315	0	56,315
Total Revenues	<u>\$ 36,343,616</u>	<u>\$ 6,873,626</u>	<u>\$ 43,217,242</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 20,631,418	\$ 3,182,008	\$ 23,813,426
Support Services	11,004,776	555,547	11,560,323
Operation of Non-instructional Services	1,248,367	3,348,882	4,597,249
Capital Outlay	233,839	0	233,839
Debt Service:			
Other Debt Service	3,129,121	0	3,129,121
Capital Projects	0	3,500	3,500
Total Expenditures	<u>\$ 36,247,521</u>	<u>\$ 7,089,937</u>	<u>\$ 43,337,458</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 96,095</u>	<u>\$ (216,311)</u>	<u>\$ (120,216)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 6,971	\$ 0	\$ 6,971
Transfers In	4,612	0	4,612
Transfers Out	0	(4,612)	(4,612)
Total Other Financing Sources (Uses)	<u>\$ 11,583</u>	<u>\$ (4,612)</u>	<u>\$ 6,971</u>
Net Change in Fund Balances	\$ 107,678	\$ (220,923)	\$ (113,245)
Fund Balance, July 1, 2013	<u>2,887,418</u>	<u>693,316</u>	<u>3,580,734</u>
Fund Balance, June 30, 2014	<u>\$ 2,995,096</u>	<u>\$ 472,393</u>	<u>\$ 3,467,489</u>

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, 2014

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)		\$	(113,245)
(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	\$	752,187	
Less: current-year depreciation expense		<u>(1,580,492)</u>	(828,305)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position			
Less: net book value of capital assets disposed			(20,104)
(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, 2014	\$	455,774	
Less: deferred delinquent property taxes and other deferred June 30, 2013		<u>(421,112)</u>	34,662
(4) The contributions of long-term debt (e.g., notes, bonds, leases) by the primary government provides current financial resources to governmental funds, while the contributions by the School Department of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.			
Add: principal contributions on other loans to the primary government			61,011
(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			61,992
(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>(220,534)</u>
Change in net position of governmental activities (Exhibit B)		\$	<u><u>(1,024,523)</u></u>

Claiborne County, Tennessee
 Combining Balance Sheet - Nonmajor Governmental Funds
 Discretely Presented Claiborne County School Department
 June 30, 2014

	Special Revenue Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects		
\$	242,222	76,047	318,269	35,933	\$	354,202
	0	3,278	3,278	0		3,278
	138,938	0	138,938	0		138,938
\$	381,160	79,325	460,485	35,933	\$	496,418

ASSETS

Equity in Pooled Cash and Investments
 Accounts Receivable
 Due from Other Governments

Total Assets

LIABILITIES

Accounts Payable
 Accrued Payroll
 Total Liabilities

FUND BALANCES

Restricted:
 Restricted for Education
 Restricted for Capital Projects
 Committed:
 Committed for Education
 Total Fund Balances

Total Liabilities and Fund Balances

\$	22,284	0	22,284	0	\$	22,284
	0	1,741	1,741	0		1,741
\$	22,284	1,741	24,025	0	\$	24,025
\$	8,876	77,584	86,460	0	\$	86,460
	0	0	0	35,933		35,933
	350,000	0	350,000	0		350,000
\$	358,876	77,584	436,460	35,933	\$	472,393
\$	381,160	79,325	460,485	35,933	\$	496,418

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, 2014

	Special Revenue Funds			Total	Capital Projects Fund		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Education Capital Projects		Education Capital Projects	Nonmajor Governmental Funds	
<u>Revenues</u>							
Charges for Current Services	\$ 0	\$ 598,105	\$ 0	\$ 598,105	\$ 0	\$ 0	\$ 598,105
Other Local Revenues	2,500	3,533	0	6,033	0	0	6,033
State of Tennessee	0	25,582	0	25,582	0	0	25,582
Federal Government	4,283,644	1,960,262	0	6,243,906	0	0	6,243,906
Total Revenues	\$ 4,286,144	\$ 2,587,482	\$ 0	\$ 6,873,626	\$ 0	\$ 0	\$ 6,873,626
<u>Expenditures</u>							
Current:							
Instruction	\$ 3,182,008	\$ 0	\$ 0	\$ 3,182,008	\$ 0	\$ 0	\$ 3,182,008
Support Services	555,547	0	0	555,547	0	0	555,547
Operation of Non-instructional Services	548,118	2,800,764	0	3,348,882	0	0	3,348,882
Capital Projects	0	0	0	0	3,500	3,500	3,500
Total Expenditures	\$ 4,285,673	\$ 2,800,764	\$ 0	\$ 7,086,437	\$ 3,500	\$ 3,500	\$ 7,089,937
Excess (Deficiency) of Revenues Over Expenditures	\$ 471	\$ (213,282)	\$ (212,811)	\$ (212,811)	\$ (3,500)	\$ (3,500)	\$ (216,311)
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (4,612)	\$ 0	\$ (4,612)	\$ (4,612)	\$ 0	\$ 0	\$ (4,612)
Total Other Financing Sources (Uses)	\$ (4,612)	\$ 0	\$ (4,612)	\$ (4,612)	\$ 0	\$ 0	\$ (4,612)
Net Change in Fund Balances	\$ (4,141)	\$ (213,282)	\$ (217,423)	\$ (217,423)	\$ (3,500)	\$ (3,500)	\$ (220,923)
Fund Balance, July 1, 2013	363,017	290,866	653,883	653,883	39,433	39,433	693,316
Fund Balance, June 30, 2014	\$ 358,876	\$ 77,584	\$ 436,460	\$ 436,460	\$ 35,933	\$ 35,933	\$ 472,393

Exhibit I-8

Claiborne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Claiborne County School Department
General Purpose School Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 9,399,777	\$ 9,288,088	\$ 8,960,018	\$ 439,759
Licenses and Permits	2,432	2,550	2,550	(118)
Charges for Current Services	86,982	150,000	108,496	(21,514)
Other Local Revenues	434,229	278,323	445,479	(11,250)
State of Tennessee	26,123,473	25,153,069	26,211,466	(87,993)
Federal Government	240,408	205,359	263,702	(23,294)
Other Governments and Citizens Groups	56,315	0	61,734	(5,419)
Total Revenues	\$ 36,343,616	\$ 35,077,389	\$ 36,053,445	\$ 290,171
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 15,995,528	\$ 15,672,848	\$ 16,133,647	\$ 138,119
Special Education Program	3,248,425	3,180,735	3,293,582	45,157
Vocational Education Program	1,214,330	1,228,926	1,228,926	14,596
Adult Education Program	173,135	188,918	206,069	32,934
<u>Support Services</u>				
Attendance	145,732	149,774	149,774	4,042
Health Services	226,298	229,418	229,418	3,120
Other Student Support	144,653	161,504	167,374	22,721
Regular Instruction Program	940,728	958,305	963,205	22,477
Alternative Instruction Program	728,597	748,856	748,856	20,259
Special Education Program	258,412	273,375	273,375	14,963
Vocational Education Program	81,896	84,174	84,174	2,278
Adult Programs	99,943	108,553	123,819	23,876
Other Programs	12,604	0	12,604	0
Board of Education	1,560,931	1,562,930	1,562,930	1,999
Director of Schools	342,629	367,044	367,044	24,415
Office of the Principal	1,247,121	1,245,283	1,247,133	12
Fiscal Services	247,004	0	247,004	0
Operation of Plant	2,084,965	2,317,781	2,324,577	239,612
Maintenance of Plant	754,535	764,361	764,361	9,826
Transportation	1,977,188	2,120,465	2,158,982	181,794
Central and Other	151,540	142,000	154,021	2,481
<u>Operation of Non-instructional Services</u>				
Community Services	439,810	292,871	467,674	27,864
Early Childhood Education	808,557	810,099	810,099	1,542
<u>Capital Outlay</u>				
Regular Capital Outlay	233,839	204,620	253,870	20,031
<u>Principal on Debt</u>				
Education	0	1,641,776	0	0
<u>Interest on Debt</u>				
Education	0	1,425,284	0	0
<u>Other Debt Service</u>				
Education	3,129,121	2,500	3,132,941	3,820
Total Expenditures	\$ 36,247,521	\$ 35,882,400	\$ 37,105,459	\$ 857,938

(Continued)

Exhibit I-8

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 96,095	\$ (805,011)	\$ (1,052,014)	\$ 1,148,109
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 6,971	\$ 0	\$ 0	\$ 6,971
Transfers In	4,612	13,949	5,204	(592)
Transfers Out	0	(255,749)	0	0
Total Other Financing Sources	\$ 11,583	\$ (241,800)	\$ 5,204	\$ 6,379
Net Change in Fund Balance	\$ 107,678	\$ (1,046,811)	\$ (1,046,810)	\$ 1,154,488
Fund Balance, July 1, 2013	2,887,418	2,889,548	2,889,548	(2,130)
Fund Balance, June 30, 2014	\$ 2,995,096	\$ 1,842,737	\$ 1,842,738	\$ 1,152,358

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 2,500	\$ 0	\$ 2,500	\$ 0
Federal Government	4,283,644	4,314,705	4,911,828	(628,184)
Total Revenues	\$ 4,286,144	\$ 4,314,705	\$ 4,914,328	\$ (628,184)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 2,046,969	\$ 2,062,743	\$ 2,310,122	\$ 263,153
Special Education Program	1,074,000	1,085,222	1,243,948	169,948
Vocational Education Program	61,039	62,503	61,040	1
<u>Support Services</u>				
Other Student Support	151,759	110,924	239,312	87,553
Regular Instruction Program	289,513	349,037	373,092	83,579
Special Education Program	110,145	110,183	138,516	28,371
Vocational Education Program	4,130	4,295	4,130	0
<u>Operation of Non-instructional Services</u>				
Community Services	548,118	524,594	552,572	4,454
Total Expenditures	\$ 4,285,673	\$ 4,309,501	\$ 4,922,732	\$ 637,059
Excess (Deficiency) of Revenues Over Expenditures	\$ 471	\$ 5,204	\$ (8,404)	\$ 8,875
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 211,000	\$ 0	\$ 0
Transfers Out	(4,612)	(216,204)	(4,612)	0
Total Other Financing Sources	\$ (4,612)	\$ (5,204)	\$ (4,612)	\$ 0
Net Change in Fund Balance	\$ (4,141)	\$ 0	\$ (13,016)	\$ 8,875
Fund Balance, July 1, 2013	363,017	363,017	363,017	0
Fund Balance, June 30, 2014	\$ 358,876	\$ 363,017	\$ 350,001	\$ 8,875

Exhibit I-10

Claiborne County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Claiborne County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 598,105	\$ 825,000	\$ 825,000	\$ (226,895)
Other Local Revenues	3,533	11,500	11,500	(7,967)
State of Tennessee	25,582	26,000	26,000	(418)
Federal Government	1,960,262	2,177,048	2,207,398	(247,136)
Total Revenues	<u>\$ 2,587,482</u>	<u>\$ 3,039,548</u>	<u>\$ 3,069,898</u>	<u>\$ (482,416)</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 2,800,764	\$ 3,039,548	\$ 3,069,898	\$ 269,134
Total Expenditures	<u>\$ 2,800,764</u>	<u>\$ 3,039,548</u>	<u>\$ 3,069,898</u>	<u>\$ 269,134</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (213,282)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (213,282)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 8,745	\$ 0	\$ 0
Transfers Out	0	(8,745)	0	0
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (213,282)	\$ 0	\$ 0	\$ (213,282)
Fund Balance, July 1, 2013	290,866	0	0	290,866
Fund Balance, June 30, 2014	<u>\$ 77,584</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 77,584</u>

Exhibit I-11

Claiborne County, Tennessee
Statement of Net Position
Discretely Presented Claiborne County School Department
Proprietary Fund
June 30, 2014

Governmental
Activities -
Internal
Service Fund

Employee
Insurance -
Health

ASSETS

Current Assets:

Cash in Bank	\$ 415,938
Total Assets	<u>\$ 415,938</u>

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 223,496
Total Liabilities	<u>\$ 223,496</u>

NET POSITION

Unrestricted	<u>\$ 192,442</u>
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Exhibit I-12

Claiborne County, Tennessee
Statement of Revenues, Expenses, and Changes
in Net Position
Discretely Presented Claiborne County School Department
Proprietary Fund
For the Year Ended June 30, 2014

	Governmental Activities - Internal Service Fund Employee Insurance - Health
<u>Operating Revenues</u>	
<u>Charges for Current Services</u>	
Self-Insurance Premiums/Contributions	\$ 3,871,003
Total Operating Revenues	<u>\$ 3,871,003</u>
<u>Operating Expenses</u>	
Handling Charges and Administrative Costs	\$ 258,068
Excess Risk Insurance	353,012
Medical Claims	3,481,117
Total Operating Expenses	<u>\$ 4,092,197</u>
Operating Income (Loss)	<u>\$ (221,194)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 660
Total Nonoperating Revenues (Expenses)	<u>\$ 660</u>
Changes in Net Position	\$ (220,534)
Net Position, July 1, 2013	<u>412,976</u>
Net Position, June 30, 2014	<u><u>\$ 192,442</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, 2014

	Governmental Activities - Internal Service Fund <hr/> Employee Insurance - Health <hr/>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 3,871,003
Payments for Excess Risk Insurance	(353,012)
Payments for Medical Claims	(3,446,891)
Payments for Administrative Costs	(258,068)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (186,968)</u>
<u>Cash Flows from Investment Activities</u>	
Interest on Investments	\$ 660
Net Cash Provided By (Used In) Investing Activities	<u>\$ 660</u>
Net Increase (Decrease) in Cash	\$ (186,308)
Cash, July 1, 2013	<u>602,246</u>
Cash, June 30, 2014	<u><u>\$ 415,938</u></u>
<u>Reconciliation of Operating Income to Net Cash Provided By (Used In)</u>	
<u>Operating Activities</u>	
Operating Income (Loss)	\$ (221,194)
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>34,226</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (186,968)</u></u>

MISCELLANEOUS SCHEDULES

Claiborne County, Tennessee
 Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds
 For the Year Ended June 30, 2014

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Issued During Period	Paid and/or Matured During Period	Debt Defeased	Outstanding 6-30-14
NOTES PAYABLE									
Payable through General Debt Service Fund									
Capital Outlay - Highway Projects	\$ 500,000	3 %	12-7-11	12-7-14	\$ 333,333	\$ 0	\$ 166,667	\$ 0	\$ 166,666
Capital Outlay - Highway Equipment	128,013	2.63	10-2-13	10-2-18	0	128,013	16,104	0	111,909
Capital Outlay - Highway Projects 2014	585,000	2.85	10-2-13	10-2-18	0	585,000	0	0	585,000
Total Notes Payable					\$ 333,333	\$ 713,013	\$ 182,771	\$ 0	\$ 863,575
OTHER LOANS PAYABLE									
Payable by Contributions from the School Department through the General Purpose School Fund to the General Debt Service Fund									
Powell Valley Electric Cooperative:									
HVAC System at Claiborne County High School	450,000	0	12-11-03	12-11-13	\$ 28,125	\$ 0	\$ 28,125	\$ 0	\$ 0
HVAC System at Cumberland Gap High School	202,409	0	12-11-03	12-11-13	12,651	0	12,651	0	0
Ball Field Lighting Project at Schools	147,722	7	5-1-07	4-30-22	104,462	0	8,903	0	95,559
Ball Field Lighting Project at Schools	188,010	7	5-1-07	4-30-22	132,952	0	11,332	0	121,620
Total Other Loans Payable					\$ 278,190	\$ 0	\$ 61,011	\$ 0	\$ 217,179
CAPITAL LEASES PAYABLE									
Payable through General Debt Service Fund									
Highway Equipment - Grader	235,295	3.2	9-25-12	9-25-15	\$ 203,973	\$ 0	\$ 40,206	\$ 0	\$ 163,767
Highway Equipment - Backhoe	97,848	3.2	9-25-12	9-25-16	86,581	0	15,449	0	71,132
Highway Equipment - Grader	244,665	3.2	2-19-13	2-19-16	230,885	0	42,231	0	188,654
Total Capital Leases Payable					\$ 523,439	\$ 0	\$ 97,886	\$ 0	\$ 423,553

(Continued)

Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Issued During Period	Paid and/or Matured During Period	Debt Defeased	Outstanding 6-30-14
BONDS PAYABLE									
<u>Payable through General Debt Service Fund</u>									
School Refunding Bonds, Series 2007	\$ 4,485,000	4	12-19-07	5-1-21	\$ 4,485,000	\$ 0	\$ 375,000	0	\$ 4,110,000
School Refunding Bonds, Series 2009	2,425,000	2 to 3.15	11-12-09	4-1-18	1,955,000	0	0	0	1,955,000
School Bonds, Series 2010	5,010,000	1 to 5.3	5-12-10	6-1-25	4,280,000	0	255,000	0	4,025,000
Refunding Judicial and Series 1998, Series 2010A	3,370,000	2.5 to 4.125	3-30-10	4-1-30	3,230,000	0	0	0	3,230,000
Refunding Highway, Series 2010A	3,235,000	2.5 to 4.125	3-30-10	4-1-30	1,890,000	0	485,000	0	1,405,000
Refunding Schools, Series 2010A	27,900,000	2.5 to 4.125	3-30-10	4-1-30	25,875,000	0	950,000	0	24,925,000
Refunding Hospital, Series 2010A	4,130,000	2.5 to 4.125	3-30-10	4-1-30	3,504,247	0	0	3,504,247	0
General Obligation and Hospital Revenue, Series 2010A	985,000	2.5 to 4.125	3-30-10	4-1-30	835,753	0	0	835,753	0
Refunding Series 2010B - Hospital	1,075,000	3.9	3-30-10	4-1-20	785,000	0	0	785,000	0
Refunding Series 2012 - Judicial Complex	3,935,000	2	7-26-12	6-30-22	3,515,000	0	400,000	0	3,115,000
Total Bonds Payable					\$ 50,355,000	\$ 0	\$ 2,465,000	\$ 5,125,000	\$ 42,765,000

Exhibit J-2

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

Year Ending June 30	Notes		Total
	Principal	Interest	
2015	\$ 301,797	\$ 31,446	\$ 333,243
2016	138,982	15,732	154,714
2017	142,925	11,789	154,714
2018	147,033	7,681	154,714
2019	132,838	3,626	136,464
Total	\$ 863,575	\$ 70,274	\$ 933,849

Year Ending June 30	Other Loans		Total
	Principal	Interest	
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	\$ 217,179	\$ 65,285	\$ 282,464

Year Ending June 30	Capital Leases		Total
	Principal	Interest	
2015	\$ 101,065	\$ 12,144	\$ 113,209
2016	285,777	5,308	291,085
2017	38,711	299	39,010
Total	\$ 425,553	\$ 17,751	\$ 443,304

(Continued)

Exhibit J-2

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

Year Ending June 30	Bonds		Total
	Principal	Interest	
2015	\$ 2,495,000	\$ 1,681,429	\$ 4,176,429
2016	2,625,000	1,598,063	4,223,063
2017	2,760,000	1,507,541	4,267,541
2018	2,295,000	1,394,105	3,689,105
2019	2,415,000	1,302,148	3,717,148
2020	2,430,000	1,217,022	3,647,022
2021	2,545,000	1,126,262	3,671,262
2022	2,455,000	1,029,587	3,484,587
2023	2,410,000	930,463	3,340,463
2024	2,515,000	829,337	3,344,337
2025	3,110,000	723,275	3,833,275
2026	2,715,000	592,375	3,307,375
2027	2,820,000	483,775	3,303,775
2028	2,940,000	370,975	3,310,975
2029	3,055,000	253,375	3,308,375
2030	3,180,000	131,175	3,311,175
Total	\$ 42,765,000	\$ 15,170,907	\$ 57,935,907

Exhibit J-3

Claiborne County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Claiborne County School Department
For the Year Ended June 30, 2014

<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	\$ 682,624
"	General	Bookkeeper's Salary	44,724
Total Transfers Primary Government			<u>\$ 727,348</u>
<u>DISCRETELY PRESENTED CLAIBORNE</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect Costs	\$ 4,612
Total Transfers Discretely Presented Claiborne County School Department			<u>\$ 4,612</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, 2014

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA, and County Commission	\$ 88,382	\$ 50,000	RLI Insurance Company
Road Superintendent	Section 8-24-102, TCA	72,195	100,000	"
Director of Schools	State Board of Education and Claiborne County Board of Education	102,855 (1)	1,751,000	(4) Ohio Casualty Insurance Company
Trustee	Section 8-24-102, TCA	65,632	10,000	RLI Insurance Company
Assessor of Property	Section 8-24-102, TCA	65,632	50,000	"
County Clerk	Section 8-24-102, TCA	65,632	50,000	"
Circuit, General Sessions, and Juvenile Courts Clerk:				
Billy Ray Cheek (7-1-13 through 11-27-13)	Section 8-24-102, TCA	28,525	50,000	"
Jackie Rosenbalm (11-28-13 through 12-15-13)	Section 8-24-102, TCA	3,281 (4)		
Billy Ray Cheek, Jr. (12-16-13 through 6-30-14)	Section 8-24-102, TCA	33,826	50,000	RLI Insurance Company
Clerk and Master	Section 8-24-102, TCA and Chancery Court Judge	65,632 (2)	50,000	"
Register of Deeds	Section 8-24-102, TCA	65,632	25,000	"
Sheriff	Section 8-24-102, TCA, and County Commission	82,795 (3)	25,000	Ohio Casualty Insurance Company
Director of Finance	Board of County Commissioners	65,280 (5)	50,000	RLI Insurance Company
Employee Blanket Bonds:				
Public Employee Dishonesty - County Departments			150,000	Local Government Property and Casualty Fund
Public Employee Dishonesty - School Departments			150,000	Indiana Insurance Company

(1) Includes a chief executive officer training supplement of \$2,000 and \$1,625 for serving as secretary to the board.
(2) Does not include special commissioner fees of \$23,332.
(3) Includes a supplement of \$10,000 for serving as workhouse superintendent and \$600 for a law enforcement training supplement.
(4) Covered by the employee blanket bond.
(5) Includes a two percent bonus (\$1,280) paid from the other salaries and wages line-item.

Exhibit J-5

Claiborne County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2014

	Special Revenue Funds						Highway / Public Works
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitu- tional Officers - Fees		
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 4,798,915	\$ 1,112,348	\$ 0	\$ 0	\$ 0	\$ 0	49,163
Trustee's Collections - Prior Year	214,574	43,207	0	0	0	0	2,123
Circuit/Clerk and Master Collections - Prior Years	130,034	29,381	0	0	23,317	0	1,239
Interest and Penalty	34,824	7,174	0	0	0	0	352
Payments in-Lieu-of Taxes - T.V.A.	1,008	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	14,668	2,954	0	0	0	0	145
Payments in-Lieu-of Taxes - Other	75,570	15,401	0	0	0	0	750
<u>County Local Option Taxes</u>							
Hotel/Motel Tax	30,163	0	0	0	0	0	0
Wheel Tax	0	0	0	0	0	0	0
Litigation Tax - General	132,363	0	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	27,152	0	0	0	0	0	0
Business Tax	6,391	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0	27,581
<u>Statutory Local Taxes</u>							
Bank Excise Tax	53,790	0	0	0	0	0	0
Wholesale Beer Tax	45,693	0	0	0	0	0	0
Beer Privilege Tax	855	0	0	0	0	0	0
Coal Severance Tax	0	0	0	0	0	0	435,415
Interstate Telecommunications Tax	2,249	0	0	0	0	0	0
Other Statutory Local Taxes	0	0	0	0	0	0	59,953
Total Local Taxes	\$ 5,568,249	\$ 1,210,465	\$ 0	\$ 0	\$ 23,317	\$ 0	\$ 576,721

(Continued)

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>Licenses and Permits</u>						
Permits						
Building Permits	9,195 \$	0 \$	0 \$	0 \$	0 \$	0
Total Licenses and Permits	9,195 \$	0 \$	0 \$	0 \$	0 \$	0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	29,266 \$	0 \$	0 \$	0 \$	0 \$	0
Officers Costs	56,327	0	0	0	0	0
Drug Control Fines	0	0	11,724	0	0	0
Jail Fees	18,558	0	0	0	0	0
Judicial Commissioner Fees	46	0	0	0	0	0
DUI Treatment Fines	8,701	0	0	0	0	0
Data Entry Fee - Circuit Court	1,575	0	0	0	0	0
Courtroom Security Fee	1,774	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	95	0	0	0	0	0
Game and Fish Fines	628	0	0	0	0	0
Drug Control Fines	0	0	9,334	0	0	0
DUI Treatment Fines	760	0	0	0	0	0
Data Entry Fee - General Sessions Court	9,763	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	3,478	0	0	0	0	0
Officers Costs	2,881	0	0	0	0	0
Data Entry Fee - Juvenile Court	632	0	0	0	0	0
Courtroom Security Fee	36	0	0	0	0	0

(Continued)

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

	Special Revenue Funds					Highway / Public Works
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitu- tional Officers - Fees	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Chancery Court</u>						
Officers Costs	\$ 1,764	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Data Entry Fee - Chancery Court	3,502	0	0	0	0	0
Courtroom Security Fee	35	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	21,201	0	0	0
Other Fines, Forfeitures, and Penalties	0	0	9,500	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 139,821	\$ 0	\$ 51,759	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 0	\$ 402,230	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fees</u>						
Copy Fees	694	0	0	0	0	0
Telephone Commissions	79,327	0	0	0	0	0
Vending Machine Collections	1,193	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	404,755	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	23,332	0
Data Processing Fee - Register	9,502	0	0	0	0	0
Data Processing Fee - Sheriff	5,502	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	3,150	0	0	0	0	0
Total Charges for Current Services	\$ 99,368	\$ 402,230	\$ 0	\$ 0	\$ 428,087	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 37,630	\$ 8,561	\$ 0	\$ 1,034	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds						Highway / Public Works
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitu- tional Officers - Fees		
<u>Other Local Revenues (Cont.)</u>							
<u>Recurring Items (Cont.)</u>							
Lease/Rentals	0	0	0	0	0	0	1,200
Sale of Materials and Supplies	0	0	0	0	0	0	4,822
Sale of Recycled Materials	0	12,851	0	0	0	0	0
Miscellaneous Refunds	29,641	43	0	0	0	0	390
Expenditure Credits	16	0	0	0	0	0	0
<u>Nonrecurring Items</u>							
Sale of Equipment	0	0	0	0	0	0	17,912
Contributions and Gifts	247,504	0	0	0	0	0	0
Total Other Local Revenues	\$ 314,791	\$ 21,455	\$ 0	\$ 1,034	\$ 0	\$ 0	\$ 24,324
<u>Fees Received from County Officials</u>							
<u>Excess Fees</u>							
County Clerk	66,783	0	0	0	0	0	0
Trustee	259,000	0	0	0	0	0	0
<u>Fees in-Lieu-of Salary</u>							
Circuit Court Clerk	86,057	0	0	0	0	0	0
General Sessions Court Clerk	176,280	0	0	0	0	0	0
Clerk and Master	104,511	0	0	0	0	0	0
Juvenile Court Clerk	16,285	0	0	0	0	0	0
Register	110,110	0	0	0	0	0	0
Sheriff	29,028	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 848,054	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Other General Government Grants	\$ 0	\$ 8,284	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Safety Grants</u>						
<u>Law Enforcement Training Programs</u>	20,400	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Other Health and Welfare Grants	172,894	0	0	0	0	0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	151,298
State Aid Program	0	0	0	0	0	288,198
Litter Program	41,000	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	22,761	0	0	0	0	0
Beer Tax	17,806	0	0	0	0	0
Alcoholic Beverage Tax	58,703	0	0	0	0	0
Mixed Drink Tax	3,652	0	0	0	0	0
State Revenue Sharing - T.V.A.	466,124	0	0	0	0	0
Contracted Prisoner Boarding	1,620,007	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,702,432
Petroleum Special Tax	0	0	0	0	0	23,243
Registrar's Salary Supplement	15,164	0	0	0	0	0
State Shared Sales Tax - Cities	5,076	0	0	0	0	0
Other State Grants	4,331	24,000	0	0	0	0
Total State of Tennessee	\$ 2,447,918	\$ 32,284	\$ 0	\$ 0	\$ 0	\$ 2,165,171

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Drug Control	Other Special Revenue	Constitutional Officers - Fees	Highway / Public Works
Federal Government						
Federal Through State						
Community Development	\$ 499,800	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	22,850	0	0	0	0	0
Other Federal through State	33,844	0	0	0	0	0
Direct Federal Revenue	14,000	0	0	0	0	0
Other Direct Federal Revenue	570,494	0	0	0	0	0
Total Federal Government	\$ 9,997,890	\$ 1,666,434	\$ 51,759	\$ 1,034	\$ 451,404	\$ 2,766,216

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

	Debt Service Fund		Capital Projects Fund		Total
	General Debt Service	Highway Capital Projects			
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	49,171	87,046	\$	6,096,643	
Trustee's Collections - Prior Year	2,123	3,375		265,402	
Circuit/Clerk and Master Collections - Prior Years	1,239	2,133		187,343	
Interest and Penalty	270	568		43,188	
Payments in-Lieu-of Taxes - T.V.A.	0	0		1,008	
Payments in-Lieu-of Taxes - Local Utilities	145	231		18,143	
Payments in-Lieu-of Taxes - Other	750	1,203		93,674	
<u>County Local Option Taxes</u>					
Hotel/Motel Tax	0	0		30,163	
Wheel Tax	726,387	0		726,387	
Litigation Tax - General	0	0		132,363	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0		27,152	
Business Tax	0	0		6,391	
Mineral Severance Tax	0	0		27,581	
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	0		53,790	
Wholesale Beer Tax	0	0		45,693	
Beer Privilege Tax	0	0		855	
Coal Severance Tax	0	0		435,415	
Interstate Telecommunications Tax	0	0		2,249	
Other Statutory Local Taxes	0	0		59,953	
Total Local Taxes	\$ 780,085	\$ 94,556	\$	8,253,393	

(Continued)

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

	Debt Service Fund		Capital Projects Fund		Total
	General Debt Service	Highway Capital Projects	General Debt Service	Highway Capital Projects	
<u>Licenses and Permits</u>					
Permits					
Building Permits	0 \$	0 \$	0 \$	0 \$	9,195
Total Licenses and Permits	0 \$	0 \$	0 \$	0 \$	9,195
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	0 \$	0 \$	0 \$	0 \$	29,266
Officers Costs	0	0	0	0	56,327
Drug Control Fines	0	0	0	0	11,724
Jail Fees	0	0	0	0	18,558
Judicial Commissioner Fees	0	0	0	0	46
DUI Treatment Fines	0	0	0	0	8,701
Data Entry Fee - Circuit Court	0	0	0	0	1,575
Courtroom Security Fee	0	0	0	0	1,774
<u>General Sessions Court</u>					
Fines	0	0	0	0	95
Game and Fish Fines	0	0	0	0	628
Drug Control Fines	0	0	0	0	9,334
DUI Treatment Fines	0	0	0	0	760
Data Entry Fee - General Sessions Court	0	0	0	0	9,763
<u>Juvenile Court</u>					
Fines	0	0	0	0	3,478
Officers Costs	0	0	0	0	2,881
Data Entry Fee - Juvenile Court	0	0	0	0	632
Courtroom Security Fee	0	0	0	0	36

(Continued)

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

	Debt Service Fund		Capital Projects Fund		Total
	General Debt Service	Highway Capital Projects			
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Chancery Court</u>					
Officers Costs	\$ 0	\$ 0	\$ 0	\$ 0	1,764
Data Entry Fee - Chancery Court	0	0	0	0	3,502
Courtroom Security Fee	0	0	0	0	35
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	0	21,201
Other Fines, Forfeitures, and Penalties	0	0	0	0	9,500
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	191,580
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Tipping Fees	\$ 0	\$ 0	\$ 0	\$ 0	402,230
<u>Fees</u>					
Copy Fees	0	0	0	0	694
Telephone Commissions	0	0	0	0	79,327
Vending Machine Collections	0	0	0	0	1,193
Constitutional Officers' Fees and Commissions	0	0	0	0	404,755
Special Commissioner Fees/Special Master Fees	0	0	0	0	23,332
Data Processing Fee - Register	0	0	0	0	9,502
Data Processing Fee - Sheriff	0	0	0	0	5,502
Sexual Offender Registration Fee - Sheriff	0	0	0	0	3,150
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	929,685
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 3,238	\$ 0	\$ 0	\$ 0	50,463

(Continued)

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

	Debt Service Fund		Capital Projects Fund		Total
	General Debt Service	Highway Capital Projects	Debt Service	Highway Capital Projects	
<u>Other Local Revenues (Cont.)</u>					
<u>Recurring Items (Cont.)</u>					
Lease/Rentals	\$ 0	\$ 0	\$ 0	\$ 0	1,200
Sale of Materials and Supplies	0	0	0	0	4,822
Sale of Recycled Materials	0	0	0	0	12,851
Miscellaneous Refunds	0	0	0	0	30,074
Expenditure Credits	0	0	0	0	16
<u>Nonrecurring Items</u>					
Sale of Equipment	0	0	0	0	17,912
Contributions and Gifts	3,229,990	0	0	0	3,477,494
Total Other Local Revenues	\$ 3,233,228	\$ 0	\$ 0	\$ 0	\$ 3,594,832
<u>Fees Received from County Officials</u>					
<u>Excess Fees</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	66,783
Trustee	0	0	0	0	259,000
<u>Fees in-Lieu-of Salary</u>					
Circuit Court Clerk	0	0	0	0	86,057
General Sessions Court Clerk	0	0	0	0	176,280
Clerk and Master	0	0	0	0	104,511
Juvenile Court Clerk	0	0	0	0	16,285
Register	0	0	0	0	110,110
Sheriff	0	0	0	0	29,028
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 848,054

(Continued)

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

	Debt Service Fund		Capital Projects Fund		Total
	General Debt Service		Highway Capital Projects		
State of Tennessee					
<u>General Government Grants</u>					
Other General Government Grants		0 \$		0 \$	8,284
<u>Public Safety Grants</u>					
Law Enforcement Training Programs		0		0	20,400
Health and Welfare Grants					
Other Health and Welfare Grants		0		0	172,894
<u>Public Works Grants</u>					
Bridge Program		0		0	151,298
State Aid Program		0		0	288,198
Litter Program		0		0	41,000
<u>Other State Revenues</u>					
Income Tax		0		0	22,761
Beer Tax		0		0	17,806
Alcoholic Beverage Tax		0		0	58,703
Mixed Drink Tax		0		0	3,652
State Revenue Sharing - T.V.A.		0		0	466,124
Contracted Prisoner Boarding		0		0	1,620,007
Gasoline and Motor Fuel Tax		0		0	1,702,432
Petroleum Special Tax		0		0	23,243
Registrar's Salary Supplement		0		0	15,164
State Shared Sales Tax - Cities		0		0	5,076
Other State Grants		0		0	28,331
Total State of Tennessee		0 \$		0 \$	4,645,373

(Continued)

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

	Debt Service Fund		Capital Projects Fund		Total
	General Debt Service	Highway Capital Projects	General Debt Service	Highway Capital Projects	
Federal Government					
Federal Through State					
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	499,800
Homeland Security Grants	0	0	0	0	22,850
Other Federal through State	0	0	0	0	33,844
Direct Federal Revenue					
Other Direct Federal Revenue	0	0	0	0	14,000
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	570,494
Total	\$ 4,013,313	\$ 94,556	\$ 19,042,606		

Claiborne County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Claiborne County School Department
For the Year Ended June 30, 2014

	Special Revenue Funds				Total
	General Purpose School	School Federal Projects	Central Cafeteria		
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 6,026,090	\$ 0	\$ 0	\$ 0	6,026,090
Trustee's Collections - Prior Year	231,464	0	0	0	231,464
Circuit/Clerk and Master Collections - Prior Years	161,469	0	0	0	161,469
Interest and Penalty	43,046	0	0	0	43,046
Payments in-Lieu-of Taxes - T. V.A.	968	0	0	0	968
Payments in-Lieu-of Taxes - Local Utilities	17,707	0	0	0	17,707
Payments in-Lieu-of Taxes - Other	91,466	0	0	0	91,466
<u>County Local Option Taxes</u>					
Local Option Sales Tax	2,388,869	0	0	0	2,388,869
<u>Statutory Local Taxes</u>					
Coal Severance Tax	435,415	0	0	0	435,415
Interstate Telecommunications Tax	3,283	0	0	0	3,283
Total Local Taxes	\$ 9,399,777	\$ 0	\$ 0	\$ 0	\$ 9,399,777
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	2,432	0	0	0	2,432
Total Licenses and Permits	\$ 2,432	\$ 0	\$ 0	\$ 0	\$ 2,432
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Other	86,982	0	0	0	86,982
Lunch Payments - Children	0	0	253,416	0	253,416
Lunch Payments - Adults	0	0	72,307	0	72,307

(Continued)

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

	Special Revenue Funds				Total
	General Purpose School	School Federal Projects	Central Cafeteria		
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
Income from Breakfast	\$ 0	\$ 0	\$ 107,648	\$ 107,648	
A la carte Sales	0	0	29,820	29,820	
<u>Other Charges for Services</u>					
Other Charges for Services	0	0	134,914	134,914	
Total Charges for Current Services	\$ 86,982	\$ 0	\$ 598,105	\$ 685,087	
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 2,299	\$ 2,299	
E-Rate Funding	91,017	0	0	91,017	
Retirees' Insurance Payments	247,844	0	0	247,844	
Miscellaneous Refunds	65,693	0	1,234	66,927	
<u>Nonrecurring Items</u>					
Sale of Equipment	6,547	0	0	6,547	
Contributions and Gifts	19,150	2,500	0	21,650	
<u>Other Local Revenues</u>					
Other Local Revenues	3,978	0	0	3,978	
Total Other Local Revenues	\$ 434,229	\$ 2,500	\$ 3,533	\$ 440,262	
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 12,604	\$ 0	\$ 0	\$ 12,604	
<u>State Education Funds</u>					
Basic Education Program	23,980,001	0	0	23,980,001	

(Continued)

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

	Special Revenue Funds				Total
	General Purpose School	School Federal Projects	Central Cafeteria		
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Early Childhood Education	\$ 810,096	\$ 0	\$ 0	\$ 0	810,096
School Food Service	0	0	25,582	0	25,582
Driver Education	2,795	0	0	0	2,795
Other State Education Funds	633,168	0	0	0	633,168
Career Ladder Program	151,540	0	0	0	151,540
Career Ladder - Extended Contract	42,070	0	0	0	42,070
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	447,845	0	0	0	447,845
Other State Grants	43,354	0	0	0	43,354
Total State of Tennessee	\$ 26,123,473	\$ 0	\$ 25,582	\$ 0	26,149,055
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,334,180	\$ 0	1,334,180
USDA - Commodities	0	0	144,696	0	144,696
Breakfast	0	0	451,869	0	451,869
USDA - Other	0	0	29,517	0	29,517
Adult Education State Grant Program	199,224	0	0	0	199,224
Vocational Education - Basic Grants to States	0	85,999	0	0	85,999
Title I Grants to Local Education Agencies	0	1,780,652	0	0	1,780,652
Special Education - Grants to States	41,184	1,164,126	0	0	1,205,310
Special Education Preschool Grants	0	20,019	0	0	20,019
Safe and Drug-free Schools - State Grants	0	427,249	0	0	427,249
Rural Education	0	84,283	0	0	84,283

(Continued)

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

	Special Revenue Funds				
	General Purpose School	School Federal Projects	Central Cafeteria	Total	
<u>Federal Government (Cont.)</u>					
<u>Federal Through State (Cont.)</u>					
Education for Homeless Children and Youth	0	18,991	0	18,991	\$
Eisenhower Professional Development State Grants	0	267,698	0	267,698	
Race-to-the-Top - ARRA	0	304,912	0	304,912	
Other Federal through State	0	129,715	0	129,715	
Total Federal Government	240,408	4,283,644	1,960,262	6,484,314	\$
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contracted Services	56,315	0	0	56,315	\$
Total Other Governments and Citizens Groups	56,315	0	0	56,315	\$
Total	36,343,616	4,286,144	2,587,482	43,217,242	\$

Exhibit J-7

Claiborne County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2014

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	104,650	
Social Security		6,353	
State Retirement		2,711	
Medical Insurance		22,906	
Unemployment Compensation		6	
Employer Medicare		1,484	
Audit Services		9,664	
Dues and Memberships		1,700	
Workers' Compensation Insurance		1,150	
Total County Commission			\$ 150,624

Board of Equalization

Board and Committee Members Fees	\$	5,250	
Travel		62	
Total Board of Equalization			5,312

Budget and Finance Committee

Board and Committee Members Fees	\$	18,515	
Social Security		1,135	
State Retirement		651	
Medical Insurance		52	
Employer Medicare		265	
Workers' Compensation Insurance		266	
Total Budget and Finance Committee			20,884

County Mayor/Executive

County Official/Administrative Officer	\$	88,382	
Secretary(ies)		26,917	
Other Salaries and Wages		538	
Social Security		7,077	
State Retirement		6,295	
Medical Insurance		11,039	
Unemployment Compensation		114	
Employer Medicare		1,655	
Communication		4,959	
Dues and Memberships		3,296	
Operating Lease Payments		1,695	
Travel		1,953	
Office Supplies		1,500	
Premiums on Corporate Surety Bonds		114	
Workers' Compensation Insurance		2,780	
Office Equipment		1,250	
Total County Mayor/Executive			159,564

County Attorney

County Official/Administrative Officer	\$	38,430	
Clerical Personnel		5,250	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Attorney (Cont.)

Other Salaries and Wages	\$	769	
Social Security		2,401	
State Retirement		2,159	
Medical Insurance		5,520	
Unemployment Compensation		135	
Employer Medicare		561	
Dues and Memberships		275	
Workers' Compensation Insurance		682	
Total County Attorney			\$ 56,182

Election Commission

County Official/Administrative Officer	\$	59,068	
Clerical Personnel		29,907	
Other Salaries and Wages		598	
Election Commission		9,000	
In-service Training		10,586	
Social Security		6,185	
State Retirement		4,936	
Medical Insurance		5,586	
Unemployment Compensation		146	
Employer Medicare		1,447	
Communication		5,237	
Operating Lease Payments		1,912	
Other Contracted Services		53,079	
Office Supplies		2,589	
Workers' Compensation Insurance		1,717	
Office Equipment		572	
Other Equipment		234	
Total Election Commission			192,799

Register of Deeds

County Official/Administrative Officer	\$	65,632	
Assistant(s)		29,907	
Secretary(ies)		27,187	
Other Salaries and Wages		1,142	
Social Security		7,575	
State Retirement		6,761	
Medical Insurance		11,082	
Unemployment Compensation		270	
Employer Medicare		1,772	
Communication		3,001	
Dues and Memberships		478	
Operating Lease Payments		1,990	
Maintenance and Repair Services - Office Equipment		9,248	
Office Supplies		4,201	
Premiums on Corporate Surety Bonds		75	
Workers' Compensation Insurance		2,200	
Total Register of Deeds			172,521

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Development

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

Planning

Supervisor/Director	\$ 731	
Board and Committee Members Fees	6,375	
Social Security	486	
State Retirement	79	
Unemployment Compensation	21	
Employer Medicare	114	
Travel	2,761	
Workers' Compensation Insurance	515	
Total Planning		11,082

County Buildings

Custodial Personnel	\$ 35,542	
Maintenance Personnel	22,880	
Other Salaries and Wages	1,211	
Social Security	3,578	
State Retirement	3,270	
Medical Insurance	11,078	
Unemployment Compensation	380	
Employer Medicare	837	
Communication	8,319	
Maintenance and Repair Services - Buildings	29,811	
Maintenance and Repair Services - Vehicles	2,498	
Postal Charges	27,360	
Rentals	1,200	
Custodial Supplies	5,566	
Electricity	61,862	
Gasoline	3,597	
Office Supplies	6,612	
Utilities	4,326	
Water and Sewer	4,889	
Other Supplies and Materials	249	
Workers' Compensation Insurance	910	
Other Charges	219	
Total County Buildings		236,194

Preservation of Records

Clerical Personnel	\$ 10,341	
Part-time Personnel	115	
Other Salaries and Wages	206	
Social Security	417	
Unemployment Compensation	41	
Employer Medicare	98	
Communication	1,577	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Preservation of Records (Cont.)

Travel	\$	523	
Other Contracted Services		4,491	
Office Supplies		5,544	
Workers' Compensation Insurance		493	
Total Preservation of Records			\$ 23,846

Finance

Accounting and Budgeting

Supervisor/Director	\$	64,000	
Accountants/Bookkeepers		243,556	
Other Salaries and Wages		3,183	
Social Security		16,720	
State Retirement		17,621	
Life Insurance		204	
Medical Insurance		24,337	
Dental Insurance		151	
Unemployment Compensation		787	
Employer Medicare		4,323	
Communication		8,521	
Data Processing Services		1,646	
Maintenance Agreements		4,008	
Travel		2,840	
Other Contracted Services		13,971	
Data Processing Supplies		624	
Office Supplies		3,994	
Other Supplies and Materials		574	
Premiums on Corporate Surety Bonds		338	
Workers' Compensation Insurance		931	
Other Charges		509	
Office Equipment		6,750	
Total Accounting and Budgeting			419,588

Property Assessor's Office

County Official/Administrative Officer	\$	65,632	
Secretary(ies)		29,907	
Clerical Personnel		23,644	
Other Salaries and Wages		22,145	
In-service Training		907	
Social Security		8,601	
State Retirement		6,559	
Medical Insurance		16,625	
Unemployment Compensation		405	
Employer Medicare		2,012	
Audit Services		14,900	
Communication		4,134	
Data Processing Services		7,588	
Dues and Memberships		1,875	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Operating Lease Payments	\$	3,062	
Travel		2,368	
Office Supplies		1,028	
Other Supplies and Materials		433	
Premiums on Corporate Surety Bonds		131	
Workers' Compensation Insurance		2,583	
Total Property Assessor's Office			\$ 214,539

Reappraisal Program

Assistant(s)	\$	27,362	
Laborers		22,047	
Other Salaries and Wages		988	
Social Security		3,084	
State Retirement		2,778	
Medical Insurance		5,590	
Unemployment Compensation		270	
Employer Medicare		721	
Communication		1,200	
Data Processing Services		4,461	
Operating Lease Payments		1,140	
Travel		1,286	
Office Supplies		1,496	
Workers' Compensation Insurance		855	
Office Equipment		1,602	
Total Reappraisal Program			74,880

County Trustee's Office

Other Salaries and Wages	\$	1,943	
Social Security		9,698	
State Retirement		8,734	
Medical Insurance		22,100	
Unemployment Compensation		540	
Employer Medicare		2,268	
Communication		4,072	
Data Processing Services		10,106	
Dues and Memberships		613	
Operating Lease Payments		1,909	
Legal Notices, Recording, and Court Costs		324	
Maintenance Agreements		14,176	
Office Supplies		1,596	
Premiums on Corporate Surety Bonds		3,021	
Workers' Compensation Insurance		3,702	
Office Equipment		3,504	
Total County Trustee's Office			88,306

County Clerk's Office

Salary Supplements	\$	1,500	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Other Salaries and Wages	\$	2,581	
Social Security		14,238	
State Retirement		11,801	
Medical Insurance		30,433	
Unemployment Compensation		1,064	
Employer Medicare		3,330	
Communication		8,603	
Dues and Memberships		478	
Operating Lease Payments		1,752	
Maintenance Agreements		16,484	
Office Supplies		1,384	
Premiums on Corporate Surety Bonds		98	
Workers' Compensation Insurance		4,115	
Total County Clerk's Office			\$ 97,861

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	65,632	
Deputy(ies)		20,222	
Secretary(ies)		28,485	
Clerical Personnel		96,488	
Other Salaries and Wages		3,029	
Jury and Witness Expense		12,866	
Social Security		13,185	
State Retirement		6,180	
Medical Insurance		19,247	
Unemployment Compensation		1,380	
Employer Medicare		3,084	
Communication		4,216	
Dues and Memberships		478	
Operating Lease Payments		7,609	
Maintenance Agreements		13,391	
Postal Charges		6,136	
Office Supplies		12,896	
Premiums on Corporate Surety Bonds		213	
Workers' Compensation Insurance		3,144	
Total Circuit Court			317,881

General Sessions Court

Judge(s)	\$	147,178	
Secretary(ies)		25,856	
Other Salaries and Wages		482	
Social Security		8,885	
State Retirement		8,616	
Medical Insurance		5,586	
Unemployment Compensation		106	
Employer Medicare		2,524	

(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.)

Communication	\$	1,869	
Travel		298	
Other Contracted Services		2,600	
Office Supplies		729	
Periodicals		1,168	
Workers' Compensation Insurance		2,331	
Office Equipment		559	
Total General Sessions Court			\$ 208,787

Chancery Court

County Official/Administrative Officer	\$	65,632	
Assistant(s)		26,433	
Secretary(ies)		30,445	
Clerical Personnel		45,724	
Other Salaries and Wages		2,067	
Social Security		10,397	
State Retirement		8,091	
Medical Insurance		18,963	
Unemployment Compensation		540	
Employer Medicare		2,432	
Communication		6,382	
Operating Lease Payments		2,087	
Maintenance Agreements		11,705	
Office Supplies		2,735	
Premiums on Corporate Surety Bonds		98	
Workers' Compensation Insurance		3,169	
Office Equipment		2,708	
Total Chancery Court			239,608

District Attorney General

Secretary(ies)	\$	24,482	
Other Salaries and Wages		490	
Social Security		1,504	
State Retirement		1,376	
Medical Insurance		5,520	
Unemployment Compensation		135	
Employer Medicare		352	
Workers' Compensation Insurance		461	
Total District Attorney General			34,320

Office of Public Defender

Contributions	\$	25,656	
Total Office of Public Defender			25,656

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	72,195	
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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)	\$	30,366	
Deputy(ies)		1,124,584	
Investigator(s)		30,413	
Lieutenant(s)		30,576	
Salary Supplements		20,400	
Secretary(ies)		12,146	
School Resource Officer		73,423	
Overtime Pay		669	
Other Salaries and Wages		25,693	
Social Security		87,078	
State Retirement		50,752	
Medical Insurance		171,446	
Unemployment Compensation		6,232	
Employer Medicare		20,365	
Communication		24,514	
Dues and Memberships		2,103	
Operating Lease Payments		5,322	
Maintenance and Repair Services - Buildings		6,771	
Maintenance and Repair Services - Vehicles		47,952	
Travel		9,639	
Tuition		6,945	
Other Contracted Services		52,721	
Gasoline		241,928	
Law Enforcement Supplies		7,379	
Office Supplies		12,411	
Tires and Tubes		9,962	
Uniforms		12,647	
Other Supplies and Materials		3,714	
Premiums on Corporate Surety Bonds		75	
Workers' Compensation Insurance		96,424	
Communication Equipment		1,412	
Law Enforcement Equipment		16,434	
Total Sheriff's Department			\$ 2,314,691

Administration of the Sexual Offender Registry

Other Contracted Services	\$	350	
Total Administration of the Sexual Offender Registry			350

Workhouse

County Official/Administrative Officer	\$	10,000	
Supervisor/Director		40,082	
Medical Personnel		30,576	
Guards		1,048,605	
Maintenance Personnel		39,234	
Other Salaries and Wages		87,317	
Social Security		77,224	
State Retirement		28,678	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse (Cont.)

Medical Insurance	\$	146,498	
Unemployment Compensation		7,795	
Employer Medicare		18,060	
Communication		20,509	
Operating Lease Payments		3,315	
Maintenance and Repair Services - Buildings		11,530	
Maintenance and Repair Services - Vehicles		35	
Medical and Dental Services		252,542	
Travel		3,999	
Tuition		200	
Custodial Supplies		43,601	
Drugs and Medical Supplies		48,192	
Electricity		100,014	
Food Supplies		469,509	
Natural Gas		27,910	
Office Supplies		5,247	
Uniforms		9,493	
Water and Sewer		44,930	
Other Supplies and Materials		33,085	
Workers' Compensation Insurance		101,588	
Other Charges		24,937	
Total Workhouse			\$ 2,734,705

Juvenile Services

Social Workers	\$	35,700	
Other Salaries and Wages		714	
Social Security		2,272	
State Retirement		2,000	
Medical Insurance		66	
Unemployment Compensation		135	
Employer Medicare		531	
Communication		1,402	
Other Contracted Services		2,247	
Workers' Compensation Insurance		516	
Total Juvenile Services			45,583

Fire Prevention and Control

Contributions	\$	143,499	
Total Fire Prevention and Control			143,499

Civil Defense

Supervisor/Director	\$	39,000	
Part-time Personnel		10,341	
Other Salaries and Wages		986	
Social Security		3,340	
State Retirement		2,185	
Medical Insurance		5,586	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Unemployment Compensation	\$	229	
Employer Medicare		781	
Communication		5,329	
Dues and Memberships		200	
Maintenance and Repair Services - Vehicles		572	
Matching Share		250	
Travel		899	
Other Contracted Services		541	
Gasoline		2,269	
Office Supplies		131	
Workers' Compensation Insurance		521	
Other Equipment		9,834	
Total Civil Defense			\$ 82,994

Rescue Squad

Contributions	\$	20,000	
Total Rescue Squad			20,000

Other Emergency Management

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

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	25,500	
Other Contracted Services		6,755	
Total County Coroner/Medical Examiner			32,255

Public Health and Welfare

Local Health Center

Clerical Personnel	\$	22,252	
Custodial Personnel		14,635	
Other Salaries and Wages		739	
Social Security		2,163	
State Retirement		1,176	
Medical Insurance		61	
Unemployment Compensation		241	
Employer Medicare		506	
Communication		8,469	
Contracts with Government Agencies		22,870	
Contracts with Private Agencies		2,841	
Maintenance and Repair Services - Buildings		11,436	
Postal Charges		3,029	
Travel		113	
Other Contracted Services		456	
Custodial Supplies		1,211	
Instructional Supplies and Materials		15,017	
Office Supplies		4,306	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Utilities	\$	17,994	
Workers' Compensation Insurance		395	
Total Local Health Center			\$ 129,910

Rabies and Animal Control

Contributions	\$	15,000	
Total Rabies and Animal Control			15,000

Ambulance/Emergency Medical Services

Contributions	\$	165,000	
Total Ambulance/Emergency Medical Services			165,000

Other Local Health Services

Medical Personnel	\$	117,751	
Other Salaries and Wages		1,875	
Social Security		7,278	
State Retirement		2,137	
Medical Insurance		19,769	
Unemployment Compensation		797	
Employer Medicare		1,702	
Travel		6,468	
Workers' Compensation Insurance		512	
Total Other Local Health Services			158,289

Sanitation Education/Information

Laborers	\$	24,696	
Clerical Personnel		4,800	
Other Salaries and Wages		489	
Social Security		1,870	
State Retirement		265	
Medical Insurance		66	
Unemployment Compensation		154	
Employer Medicare		437	
Maintenance and Repair Services - Vehicles		645	
Gasoline		7,144	
Instructional Supplies and Materials		8,217	
Other Supplies and Materials		270	
Workers' Compensation Insurance		535	
Total Sanitation Education/Information			49,588

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Laborers	\$	7,250	
Communication		5,302	
Contracts with Other Public Agencies		1,429	
Contributions		10,000	
Maintenance and Repair Services - Buildings		9,612	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Senior Citizens Assistance (Cont.)

Printing, Stationery, and Forms	\$	226	
Other Contracted Services		792	
Electricity		7,239	
Gasoline		4,031	
Water and Sewer		1,187	
Food Service Equipment		688	
Total Senior Citizens Assistance			\$ 47,756

Libraries

Clerical Personnel	\$	50,630	
Part-time Personnel		12,047	
Other Salaries and Wages		1,291	
Social Security		3,838	
State Retirement		2,839	
Medical Insurance		11,039	
Unemployment Compensation		415	
Employer Medicare		898	
Contributions		20,000	
Workers' Compensation Insurance		972	
Total Libraries			103,969

Agriculture and Natural Resources

Agricultural Extension Service

Communication	\$	4,181	
Contracts with Other Public Agencies		95,739	
Dues and Memberships		580	
Travel		23	
Other Charges		475	
Office Equipment		20	
Total Agricultural Extension Service			101,018

Soil Conservation

Secretary(ies)	\$	21,000	
Other Salaries and Wages		420	
Social Security		1,222	
State Retirement		1,165	
Medical Insurance		5,520	
Unemployment Compensation		135	
Employer Medicare		286	
Contributions		12,000	
Workers' Compensation Insurance		437	
Total Soil Conservation			42,185

Other Operations

Industrial Development

Contracts with Other Public Agencies	\$	20,000	
Contributions		27,884	
Total Industrial Development			47,884

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Housing and Urban Development

Other Construction	\$ 568,032	
Total Housing and Urban Development		\$ 568,032

Other Economic and Community Development

Assistant(s)	\$ 27,317	
Other Salaries and Wages	546	
Social Security	1,598	
State Retirement	1,515	
Medical Insurance	5,520	
Unemployment Compensation	135	
Employer Medicare	374	
Communication	2,141	
Travel	5,389	
Workers' Compensation Insurance	563	
Other Charges	60	
Total Other Economic and Community Development		45,158

Veterans' Services

County Official/Administrative Officer	\$ 14,680	
Other Salaries and Wages	294	
Social Security	941	
Unemployment Compensation	172	
Employer Medicare	220	
Communication	830	
Dues and Memberships	25	
Travel	788	
Office Supplies	1,172	
Workers' Compensation Insurance	148	
Total Veterans' Services		19,270

Other Charges

Contributions	\$ 89,988	
Legal Notices, Recording, and Court Costs	1,140	
Other Contracted Services	100,000	
Trustee's Commission	116,014	
Vehicle and Equipment Insurance	163,280	
Liability Claims	7,454	
Other Charges	54,092	
Motor Vehicles	5,500	
Total Other Charges		537,468

Employee Benefits

Medical Insurance	\$ 1,680	
Total Employee Benefits		1,680

Miscellaneous

Tax Relief Program	\$ 41,329	
Total Miscellaneous		41,329

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Capital Projects

Public Safety Projects

Motor Vehicles	\$ 150,921	
Total Public Safety Projects		\$ 150,921

Public Health and Welfare Projects

Contributions	\$ 28,626	
Total Public Health and Welfare Projects		<u>28,626</u>

Total General Fund		\$ 10,397,548
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Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Foremen	\$ 57,925	
Equipment Operators	61,978	
Truck Drivers	71,044	
Secretary(ies)	30,745	
Attendants	261,509	
Other Salaries and Wages	9,399	
Board and Committee Members Fees	9,800	
Social Security	30,833	
State Retirement	19,831	
Medical Insurance	61,108	
Unemployment Compensation	3,583	
Employer Medicare	7,207	
Communication	8,641	
Contracts with Private Agencies	517,430	
Engineering Services	85,305	
Evaluation and Testing	7,295	
Operating Lease Payments	6,900	
Maintenance and Repair Services - Vehicles	26,186	
Postal Charges	294	
Permits	4,100	
Other Contracted Services	15,268	
Crushed Stone	11,327	
Diesel Fuel	60,908	
Electricity	15,692	
Fertilizer, Lime, and Seed	1,506	
Gasoline	4,927	
Lubricants	1,895	
Office Supplies	3,317	
Tires and Tubes	10,563	
Water and Sewer	445	
Other Supplies and Materials	1,986	
Trustee's Commission	27,899	
Vehicle and Equipment Insurance	9,431	
Workers' Compensation Insurance	47,043	
Site Development	288,994	
Other Equipment	40,500	
Total Waste Pickup		<u>\$ 1,822,814</u>

Total Solid Waste/Sanitation Fund		1,822,814
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(Continued)

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

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	34,500	
Maintenance and Repair Services - Vehicles		1,000	
Travel		666	
Tuition		4,040	
Law Enforcement Supplies		14,016	
Other Supplies and Materials		2,844	
Trustee's Commission		679	
Law Enforcement Equipment		5,036	
Motor Vehicles		<u>32,222</u>	
Total Drug Enforcement			<u>\$ 95,003</u>

Total Drug Control Fund \$ 95,003

Other Special Revenue Fund

General Government

County Attorney

Legal Services	\$	<u>12,140</u>	
Total County Attorney			\$ 12,140

Risk Management

Liability Insurance	\$	<u>264,687</u>	
Total Risk Management			264,687

Other Operations

Employee Benefits

Medical Claims	\$	<u>96,116</u>	
Total Employee Benefits			96,116

Miscellaneous

Financial Advisory Services	\$	31,909	
Legal Services		<u>171,363</u>	
Total Miscellaneous			203,272

Other Debt Service

General Government

Underwriter's Discount	\$	10,500	
Other Debt Service		<u>1,035,321</u>	
Total General Government			<u>1,045,821</u>

Total Other Special Revenue Fund 1,622,036

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	<u>158,585</u>	
Total County Trustee's Office			\$ 158,585

(Continued)

Exhibit J-7

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

Constitutional Officers - Fees Fund (Cont.)

Finance (Cont.)

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 235,598	
Total County Clerk's Office		\$ 235,598

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 23,332	
Constitutional Officers' Operating Expenses	27,560	
Total Chancery Court		50,892

Total Constitutional Officers - Fees Fund \$ 445,075

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 72,195	
Secretary(ies)	25,724	
Other Salaries and Wages	524	
Social Security	6,087	
State Retirement	5,376	
Medical Insurance	5,561	
Disability Insurance	262	
Unemployment Compensation	270	
Employer Medicare	1,424	
Dues and Memberships	2,788	
Legal Services	489	
Legal Notices, Recording, and Court Costs	2,269	
Postal Charges	47	
Travel	1,081	
Office Supplies	4,271	
Total Administration		\$ 128,368

Highway and Bridge Maintenance

Laborers	\$ 653,621	
Other Salaries and Wages	8,640	
Social Security	40,491	
State Retirement	23,190	
Medical Insurance	88,682	
Disability Insurance	3,931	
Unemployment Compensation	7,441	
Employer Medicare	9,470	
Other Contracted Services	74,392	
Asphalt - Hot Mix	244,940	
Crushed Stone	98,995	
Pipe - Metal	17,071	
Road Signs	9,259	
Wood Products	7,722	
Other Supplies and Materials	4,344	
Total Highway and Bridge Maintenance		1,292,189

(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

Mechanic(s)	\$	26,333	
Other Salaries and Wages		524	
Social Security		1,699	
State Retirement		1,483	
Medical Insurance		64	
Disability Insurance		262	
Unemployment Compensation		270	
Employer Medicare		397	
Rentals		34,113	
Diesel Fuel		126,544	
Equipment and Machinery Parts		88,903	
Garage Supplies		1,001	
Gasoline		51,629	
Lubricants		8,423	
Tires and Tubes		17,571	
Other Supplies and Materials		3,090	
Total Operation and Maintenance of Equipment			\$ 362,306

Other Charges

Communication	\$	3,388	
Electricity		6,267	
Water and Sewer		960	
Building and Contents Insurance		1,840	
Liability Insurance		6,419	
Premiums on Corporate Surety Bonds		263	
Trustee's Commission		23,454	
Vehicle and Equipment Insurance		17,275	
Total Other Charges			59,866

Employee Benefits

Workers' Compensation Insurance	\$	96,731	
Total Employee Benefits			96,731

Capital Outlay

Bridge Construction	\$	307,925	
Highway Equipment		128,013	
Maintenance Equipment		50,322	
Motor Vehicles		26,500	
State Aid Projects		258,196	
Total Capital Outlay			770,956

Total Highway/Public Works Fund \$ 2,710,416

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	400,000	
Total General Government			\$ 400,000

(Continued)

Exhibit J-7

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

<u>General Debt Service Fund (Cont.)</u>		
<u>Principal on Debt (Cont.)</u>		
<u>Highways and Streets</u>		
Principal on Bonds	\$ 485,000	
Principal on Notes	182,771	
Principal on Capital Leases	97,886	
Total Highways and Streets		\$ 765,657
 <u>Education</u>		
Principal on Bonds	\$ 1,580,000	
Principal on Other Loans	61,011	
Total Education		1,641,011
 <u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Bonds	\$ 301,113	
Total General Government		301,113
 <u>Highways and Streets</u>		
Interest on Bonds	\$ 75,600	
Interest on Notes	12,145	
Interest on Capital Leases	15,323	
Total Highways and Streets		103,068
 <u>Education</u>		
Interest on Bonds	\$ 1,471,784	
Interest on Other Loans	15,978	
Total Education		1,487,762
 <u>Other Debt Service</u>		
<u>General Government</u>		
Trustee's Commission	\$ 1,082	
Other Debt Service	1,563	
Total General Government		2,645
 <u>Education</u>		
Other Debt Service	\$ 349	
Total Education		349
Total General Debt Service Fund		\$ 4,701,605
 <u>Highway Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Highway and Street Capital Projects</u>		
Crushed Stone	\$ 91,552	
Trustee's Commission	1,823	
Total Highway and Street Capital Projects		\$ 93,375
Total Highway Capital Projects Fund		93,375
Total Governmental Funds - Primary Government		<u>\$ 21,887,872</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, 2014

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 10,380,918	
Career Ladder Program	80,080	
Career Ladder Extended Contracts	45,735	
Educational Assistants	692,307	
Certified Substitute Teachers	270,237	
Social Security	673,382	
State Retirement	965,968	
Life Insurance	50,545	
Medical Insurance	1,596,242	
Dental Insurance	33,718	
Unemployment Compensation	30,113	
Employer Medicare	158,784	
Tuition	5,016	
Other Contracted Services	117,785	
Instructional Supplies and Materials	110,000	
Textbooks	328,481	
Other Supplies and Materials	6,700	
Other Charges	1,158	
Regular Instruction Equipment	448,359	
Total Regular Instruction Program		\$ 15,995,528

Special Education Program

Teachers	\$ 1,917,551	
Career Ladder Program	13,000	
Educational Assistants	147,408	
Speech Pathologist	128,372	
Other Salaries and Wages	234,948	
Certified Substitute Teachers	15,538	
Social Security	144,680	
State Retirement	209,103	
Life Insurance	10,750	
Medical Insurance	314,948	
Dental Insurance	7,384	
Unemployment Compensation	6,066	
Employer Medicare	34,137	
Contracts with Private Agencies	28,081	
Evaluation and Testing	600	
Maintenance and Repair Services - Equipment	2,880	
Instructional Supplies and Materials	6,496	
Textbooks	168	
Other Supplies and Materials	9,795	
Special Education Equipment	16,520	
Total Special Education Program		3,248,425

Vocational Education Program

Teachers	\$ 899,697	
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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.)

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Career Ladder Program	\$	10,433	
Certified Substitute Teachers		14,712	
Social Security		52,031	
State Retirement		74,822	
Life Insurance		3,859	
Medical Insurance		119,655	
Dental Insurance		2,561	
Unemployment Compensation		2,138	
Employer Medicare		12,795	
Instructional Supplies and Materials		10,475	
Other Supplies and Materials		546	
Other Charges		10,113	
Vocational Instruction Equipment		493	
Total Vocational Education Program			\$ 1,214,330

Adult Education Program

Teachers	\$	117,359	
Career Ladder Program		1,000	
Other Salaries and Wages		12,034	
Social Security		7,371	
State Retirement		6,543	
Life Insurance		340	
Medical Insurance		10,896	
Dental Insurance		252	
Unemployment Compensation		769	
Employer Medicare		1,837	
Instructional Supplies and Materials		11,143	
Other Supplies and Materials		3,591	
Total Adult Education Program			173,135

Support Services

Attendance

Supervisor/Director	\$	59,886	
Career Ladder Program		1,350	
Clerical Personnel		24,092	
Other Salaries and Wages		35,517	
Social Security		4,980	
State Retirement		6,688	
Life Insurance		187	
Medical Insurance		6,761	
Dental Insurance		139	
Unemployment Compensation		259	
Employer Medicare		1,626	
Travel		3,836	
Other Supplies and Materials		411	
Total Attendance			145,732

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services

Medical Personnel	\$	38,420	
Social Security		2,329	
State Retirement		3,412	
Life Insurance		204	
Medical Insurance		5,736	
Dental Insurance		151	
Unemployment Compensation		86	
Employer Medicare		545	
Travel		838	
Other Contracted Services		171,480	
Drugs and Medical Supplies		3,097	
Total Health Services			\$ 226,298

Other Student Support

Guidance Personnel	\$	82,296	
Social Security		4,560	
State Retirement		7,308	
Life Insurance		408	
Medical Insurance		19,817	
Dental Insurance		303	
Unemployment Compensation		259	
Employer Medicare		1,066	
Evaluation and Testing		18,693	
Travel		5,233	
Other Supplies and Materials		4,710	
Total Other Student Support			144,653

Regular Instruction Program

Supervisor/Director	\$	238,039	
Career Ladder Program		10,200	
Librarians		375,437	
Other Salaries and Wages		41,208	
Social Security		36,698	
State Retirement		53,302	
Life Insurance		2,244	
Medical Insurance		67,104	
Dental Insurance		1,665	
Unemployment Compensation		1,137	
Employer Medicare		9,214	
Travel		2,816	
Other Contracted Services		6,055	
Library Books/Media		60,000	
Other Supplies and Materials		7,584	
In Service/Staff Development		16,752	
Other Charges		11,273	
Total Regular Instruction Program			940,728

(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.)

Alternative Instruction Program

Other Salaries and Wages	\$	561,012	
Social Security		33,137	
State Retirement		48,511	
Life Insurance		2,224	
Medical Insurance		70,687	
Dental Insurance		1,499	
Unemployment Compensation		1,277	
Employer Medicare		7,750	
Other Supplies and Materials		2,500	
Total Alternative Instruction Program			\$ 728,597

Special Education Program

Supervisor/Director	\$	67,751	
Career Ladder Program		1,500	
Psychological Personnel		64,731	
Secretary(ies)		22,284	
Other Salaries and Wages		15,759	
Social Security		8,691	
State Retirement		11,589	
Life Insurance		408	
Medical Insurance		8,778	
Dental Insurance		303	
Unemployment Compensation		366	
Employer Medicare		2,419	
Consultants		2,150	
Maintenance and Repair Services - Equipment		1,661	
Travel		30,712	
Other Contracted Services		3,969	
Other Supplies and Materials		160	
In Service/Staff Development		9,963	
Other Charges		5,218	
Total Special Education Program			258,412

Vocational Education Program

Supervisor/Director	\$	63,143	
Social Security		3,837	
State Retirement		5,607	
Life Insurance		204	
Medical Insurance		5,736	
Dental Insurance		151	
Unemployment Compensation		86	
Employer Medicare		897	
Other Supplies and Materials		1,399	
Other Charges		836	
Total Vocational Education Program			81,896

(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.)

Adult Programs

Supervisor/Director	\$	64,917	
Other Salaries and Wages		7,758	
Social Security		4,455	
State Retirement		6,184	
Life Insurance		204	
Medical Insurance		5,736	
Dental Insurance		151	
Unemployment Compensation		86	
Employer Medicare		1,042	
Travel		9,410	
Total Adult Programs			\$ 99,943

Other Programs

On-behalf Payments to OPEB	\$	12,604	
Total Other Programs			12,604

Board of Education

Secretary to Board	\$	1,625	
Board and Committee Members Fees		10,875	
Social Security		681	
State Retirement		569	
Life Insurance		1,361	
Medical Insurance		28,680	
Dental Insurance		757	
Unemployment Compensation		92	
Employer Medicare		175	
Other Fringe Benefits		841,443	
Audit Services		11,500	
Dues and Memberships		15,492	
Legal Services		25,600	
Travel		2,290	
Other Contracted Services		2,907	
Liability Insurance		189,545	
Trustee's Commission		226,529	
Workers' Compensation Insurance		199,669	
Other Charges		1,141	
Total Board of Education			1,560,931

Director of Schools

County Official/Administrative Officer	\$	99,230	
Career Ladder Program		2,000	
Secretary(ies)		50,347	
Other Salaries and Wages		62,776	
Social Security		12,780	
State Retirement		17,287	
Life Insurance		408	

(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.)

Medical Insurance	\$	13,476	
Dental Insurance		303	
Unemployment Compensation		356	
Employer Medicare		2,989	
Communication		51,661	
Dues and Memberships		2,109	
Postal Charges		4,500	
Travel		6,366	
Other Contracted Services		4,464	
Office Supplies		5,570	
In Service/Staff Development		3,837	
Other Charges		1,920	
Administration Equipment		250	
Total Director of Schools			\$ 342,629

Office of the Principal

Principals	\$	821,950	
Career Ladder Program		15,000	
Assistant Principals		148,691	
Social Security		54,327	
State Retirement		87,525	
Life Insurance		2,976	
Medical Insurance		97,920	
Dental Insurance		2,006	
Unemployment Compensation		1,270	
Employer Medicare		13,606	
Other Charges		1,850	
Total Office of the Principal			1,247,121

Fiscal Services

Contributions	\$	247,004	
Total Fiscal Services			247,004

Operation of Plant

Custodial Personnel	\$	463,755	
Social Security		27,897	
State Retirement		24,099	
Unemployment Compensation		3,340	
Employer Medicare		6,758	
Disposal Fees		68,393	
Other Contracted Services		87,993	
Custodial Supplies		113,351	
Electricity		1,056,408	
Fuel Oil		27,899	
Natural Gas		89,236	
Water and Sewer		115,774	
Other Supplies and Materials		62	
Total Operation of Plant			2,084,965

(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

Maintenance Personnel	\$	386,437	
Social Security		22,851	
State Retirement		20,292	
Unemployment Compensation		1,681	
Employer Medicare		5,507	
Maintenance and Repair Services - Buildings		41,287	
Maintenance and Repair Services - Equipment		275,264	
Other Charges		1,216	
Total Maintenance of Plant			\$ 754,535

Transportation

Supervisor/Director	\$	38,775	
Mechanic(s)		27,665	
Bus Drivers		516,492	
Other Salaries and Wages		17,258	
Social Security		37,052	
State Retirement		31,607	
Life Insurance		64,538	
Medical Insurance		542,574	
Dental Insurance		35,860	
Unemployment Compensation		3,024	
Employer Medicare		9,073	
Contracts with Vehicle Owners		178,321	
Other Contracted Services		31,336	
Garage Supplies		3,025	
Gasoline		187,530	
Tires and Tubes		12,278	
Vehicle Parts		62,189	
Other Charges		1,561	
Transportation Equipment		177,030	
Total Transportation			1,977,188

Central and Other

Communication	\$	2,604	
Other Contracted Services		113,293	
Data Processing Supplies		27,199	
Data Processing Equipment		8,444	
Total Central and Other			151,540

Operation of Non-instructional Services

Community Services

Other Salaries and Wages	\$	266,616	
Social Security		16,274	
State Retirement		21,796	
Life Insurance		715	
Medical Insurance		21,287	

(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 (Cont.)

Community Services (Cont.)

Dental Insurance	\$	379	
Unemployment Compensation		695	
Employer Medicare		3,806	
Travel		8,379	
Other Contracted Services		2,105	
Other Supplies and Materials		60,263	
Other Charges		24,309	
Other Equipment		13,186	
Total Community Services			\$ 439,810

Early Childhood Education

Other Salaries and Wages	\$	611,818	
Social Security		36,513	
State Retirement		46,886	
Life Insurance		2,225	
Medical Insurance		70,408	
Dental Insurance		1,651	
Unemployment Compensation		1,955	
Employer Medicare		8,539	
Other Supplies and Materials		22,155	
Other Charges		6,407	
Total Early Childhood Education			808,557

Capital Outlay

Regular Capital Outlay

Architects	\$	7,148	
Building Improvements		190,160	
Other Capital Outlay		36,531	
Total Regular Capital Outlay			233,839

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	3,128,771	
Other Debt Service		350	
Total Education			3,129,121

Total General Purpose School Fund \$ 36,247,521

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	805,981	
Educational Assistants		378,802	
Other Salaries and Wages		76,999	
Certified Substitute Teachers		40,968	
Social Security		77,139	

(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.)

Regular Instruction Program (Cont.)

State Retirement	\$	98,042	
Life Insurance		4,182	
Medical Insurance		137,606	
Dental Insurance		2,851	
Unemployment Compensation		4,624	
Employer Medicare		18,061	
Other Contracted Services		78,443	
Instructional Supplies and Materials		136,163	
Other Supplies and Materials		30,072	
Other Charges		2,361	
Regular Instruction Equipment		154,675	
Total Regular Instruction Program			\$ 2,046,969

Special Education Program

Teachers	\$	112,739	
Educational Assistants		713,217	
Other Salaries and Wages		8,900	
Certified Substitute Teachers		36,025	
Social Security		53,303	
State Retirement		49,288	
Life Insurance		578	
Medical Insurance		16,252	
Dental Insurance		404	
Unemployment Compensation		5,771	
Employer Medicare		12,453	
Contracts with Private Agencies		30,143	
Instructional Supplies and Materials		6,108	
Other Supplies and Materials		23,617	
Other Charges		2,500	
Special Education Equipment		2,702	
Total Special Education Program			1,074,000

Vocational Education Program

Other Salaries and Wages	\$	1,490	
Social Security		92	
State Retirement		110	
Unemployment Compensation		3	
Employer Medicare		22	
Other Contracted Services		6,596	
Instructional Supplies and Materials		22,578	
Vocational Instruction Equipment		30,148	
Total Vocational Education Program			61,039

Support Services

Other Student Support

Other Salaries and Wages	\$	44,340	
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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.)

Other Student Support (Cont.)

Social Security	\$	2,861	
State Retirement		672	
Unemployment Compensation		653	
Employer Medicare		468	
Travel		26,654	
Other Supplies and Materials		15,185	
In Service/Staff Development		48,015	
Other Charges		12,911	
Total Other Student Support			\$ 151,759

Regular Instruction Program

Supervisor/Director	\$	69,852	
Secretary(ies)		26,617	
Other Salaries and Wages		110,455	
Social Security		12,448	
State Retirement		15,736	
Life Insurance		408	
Medical Insurance		15,346	
Dental Insurance		303	
Unemployment Compensation		389	
Employer Medicare		2,911	
Travel		9,676	
Other Supplies and Materials		6,024	
In Service/Staff Development		16,951	
Other Charges		829	
Other Equipment		1,568	
Total Regular Instruction Program			289,513

Special Education Program

Psychological Personnel	\$	40,253	
Social Security		2,496	
State Retirement		3,574	
Life Insurance		204	
Medical Insurance		5,736	
Dental Insurance		151	
Unemployment Compensation		86	
Employer Medicare		584	
Travel		6,616	
Other Contracted Services		36,720	
Other Supplies and Materials		4,760	
In Service/Staff Development		8,222	
Other Charges		743	
Total Special Education Program			110,145

Vocational Education Program

Travel	\$	2,480	
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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.)

Vocational Education Program (Cont.)

In Service/Staff Development	\$	600	
Other Equipment		1,050	
Total Vocational Education Program			\$ 4,130

Operation of Non-instructional Services

Community Services

Other Salaries and Wages	\$	367,566	
Social Security		22,371	
State Retirement		28,796	
Life Insurance		187	
Medical Insurance		5,258	
Dental Insurance		139	
Unemployment Compensation		935	
Employer Medicare		5,230	
Travel		21,193	
Other Supplies and Materials		82,204	
Other Charges		14,239	
Total Community Services			<u>548,118</u>

Total School Federal Projects Fund \$ 4,285,673

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	53,453	
Accountants/Bookkeepers		18,423	
Clerical Personnel		41,953	
Cafeteria Personnel		983,113	
Other Salaries and Wages		9,845	
Social Security		65,700	
State Retirement		59,176	
Life Insurance		204	
Medical Insurance		9,780	
Dental Insurance		151	
Unemployment Compensation		7,401	
Employer Medicare		15,685	
Communication		9,226	
Maintenance and Repair Services - Equipment		32,260	
Postal Charges		322	
Travel		13,230	
Other Contracted Services		14,878	
Food Preparation Supplies		4,757	
Food Supplies		1,274,672	
Office Supplies		5,658	
Uniforms		6,134	
USDA - Commodities		144,696	

(Continued)

Exhibit J-8

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

<u>Central Cafeteria Fund (Cont.)</u>			
<u>Operation of Non-instructional Services (Cont.)</u>			
<u>Food Service (Cont.)</u>			
Other Supplies and Materials	\$	14,918	
In Service/Staff Development		828	
Other Charges		11,715	
Food Service Equipment		<u>2,586</u>	
Total Food Service			<u>\$ 2,800,764</u>
Total Central Cafeteria Fund			\$ 2,800,764
<u>Education Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Site Development	\$	<u>3,500</u>	
Total Education Capital Projects			<u>\$ 3,500</u>
Total Education Capital Projects Fund			<u>3,500</u>
Total Governmental Funds - Claiborne County School Department			<u>\$ 43,337,458</u>

Exhibit J-9

Claiborne County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2014

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,686,261
Total Cash Receipts	<u>\$ 1,686,261</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,668,279
Trustee's Commission	17,982
Total Cash Disbursements	<u>\$ 1,686,261</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2013	<u>0</u>
 Cash Balance, June 30, 2014	 <u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



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

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Claiborne County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Claiborne County's basic financial statements, and have issued our report thereon dated March 13, 2015. Our report includes a reference to other auditors who audited the financial statements of the Claiborne County Industrial Development Board, the Claiborne County Hospital and Nursing Home, and the Claiborne County Emergency Communications District, as described in our report on Claiborne County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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

a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2014-002, 2014-004, and 2014-005.

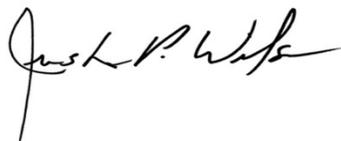
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Claiborne County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2014-001 and 2014-003.

Purpose of this Report

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

March 13, 2015

JPW/kp



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

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Claiborne County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Claiborne County's major federal programs for the year ended June 30, 2014. Claiborne County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Claiborne County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan

and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Claiborne County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Claiborne County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Claiborne County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Claiborne County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Claiborne County's internal control over compliance.

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

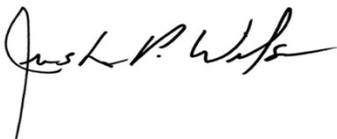
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Claiborne County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Claiborne County's basic financial statements. We issued our report thereon dated March 13, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

March 13, 2015

JPW/kp

Claiborne County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Fiscal Year Ended June 30, 2014

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 144,696 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	451,869
National School Lunch Program	10.555	N/A	1,363,697 (3)
Total U.S. Department of Agriculture			<u>\$ 1,960,262</u>
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property (Noncash Assistance)	12.UNKNOWN	N/A	\$ 64,314
Total U.S. Department of Defense			<u>\$ 64,314</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	(2)	\$ 499,800
Total U.S. Department of Housing and Urban Development			<u>\$ 499,800</u>
Bureau of Land Management, Department of Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 15,706
Total Bureau of Land Management, Department of Interior			<u>\$ 15,706</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,791,360
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,205,310
Special Education - Preschool Grants	84.173	N/A	20,019
Safe and Drug-free Schools and Communities National Programs	84.184	N/A	7,918
Career and Technical Education - Basic Grants to States	84.048	N/A	85,999
Education for Homeless Children and Youth	84.196	N/A	18,991
Twenty-first Century Community Learning Centers	84.287	(2)	427,249
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A	121,796
Rural Education	84.358	N/A	84,283
Improving Teacher Quality State Grants	84.367	N/A	270,006
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	298,542
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	199,224
Total U.S. Department of Education			<u>\$ 4,530,697</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ 33,844
Total U.S. Election Assistance Commission			<u>\$ 33,844</u>
U.S. Department of Homeland Security:			
Passed-through State Department of the Military:			
Homeland Security Grant Program	97.067	(2)	\$ 22,850
Total U.S. Department of Homeland Security			<u>\$ 22,850</u>
Total Expenditures of Federal Awards			<u>\$ 7,127,473</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Lottery for Education: Preschool - State Department of Education	N/A	(2)	\$ 810,096
Lottery for Education: After School Programs - State Department of Education	N/A	(2)	84,547
Litter Grant - State Department of Transportation	N/A	(2)	8,284
Driver's Education - State Department of Education	N/A	(2)	2,795
Child Care Assistance - State Department of Human Services	N/A	(2)	41,504
Family Resource Centers - State Department of Education	N/A	(2)	29,611
Safe Schools Act - State Department of Education	N/A	(2)	14,118
Coordinated School Health Program	N/A	(2)	95,000
Health Department Grants - State Department of Health Services	N/A	(2)	<u>172,894</u>
 Total State Grants			 <u>\$ 1,258,849</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 \$1,508,393.

Claiborne County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2014

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, 2013, which have not been corrected.

OFFICES OF COUNTY MAYOR, SHERIFF, AND FINANCE DIRECTOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-001	181	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 OF DEEDS; AND SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-006	184	Duties were not segregated adequately

CLAIBORNE COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Claiborne County is unmodified.
2. The audit of the financial statements of Claiborne County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), Title I Grants to Local Educational Agencies (CFDA No. 84.010), and State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Claiborne County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICES OF COUNTY MAYOR, SHERIFF, AND FINANCE DIRECTOR

**FINDING 2014-001 ACCRUED LEAVE BALANCES EXCEEDED THE
MAXIMUM BALANCE PROVIDED BY THE COUNTY'S
PERSONNEL POLICY**
(Noncompliance Under *Government Auditing Standards*)

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

RECOMMENDATION

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

OFFICES OF DIRECTOR OF SCHOOLS AND FINANCE DIRECTOR

**FINDING 2014-002 ACTUAL REVENUES OF THE CENTRAL CAFETERIA
FUND WERE MORE THAN \$480,000 BELOW BUDGET
ESTIMATES**
(Internal Control – Significant Deficiency Under *Government
Auditing Standards*)

For both the current and prior fiscal year, revenues of the Central Cafeteria Fund were materially below budget estimates. During the current year, actual revenues were \$482,416 below budget estimates. In the prior year, revenues were \$330,689 below estimates. This has resulted in the fund balance of the Central Cafeteria Fund declining from \$657,606 at July 1, 2012, to \$77,584 at June 30, 2014. This is a decrease of \$580,022 in two years.

Although participation in the program and revenues generated declined during the year, management did not amend the budget to reflect updated revenue expectations. It is critical that management closely monitor this fund if it becomes apparent that budgeted revenues will not materialize. With a remaining fund balance of \$77,584, unrealistic budget estimates could result in a fund deficit.

RECOMMENDATION

Management should closely monitor the operations of this fund and take appropriate steps to amend the budget and review operations when actual revenues vary significantly from estimated amounts.

FINDING 2014-003

THE SCHOOL DEPARTMENT PURCHASED USED BUSES WITHOUT OBTAINING THE REQUIRED DOCUMENTATION

(Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures to obtain reasonable assurance that bids were properly solicited, we reviewed certain purchases in excess of \$10,000 and certain purchases just below \$10,000. We noted that no bids were solicited for used buses; however, the department requested that vendors let them know if any used buses became available. An advertisement was also placed in the newspaper detailing that the School Department was seeking to purchase three or more conventional style used school buses model 2007 or later. During the year, the department received information from a vendor that used buses were available, and four buses were purchased for \$45,000, \$38,000, \$38,000, and \$56,000.

Purchasing procedures for Claiborne County are governed by purchasing laws applicable to the County Financial Management System of 1981 as provided by Section 5-21-119, *Tennessee Code Annotated (TCA)*. This statute requires competitive bids to be solicited on all purchases exceeding \$10,000. Since the buses were used, Section 12-3-1202, *TCA*, permits the purchase of used equipment without competitive bidding if certain documentation is obtained and conditions met. However, the required documentation was not obtained. As a result, the best and lowest price may not have been obtained for the purchase of these items.

RECOMMENDATION

All purchases should be made in compliance with the applicable state statutes.

OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

FINDING 2014-004

ERRORS WERE NOTED IN PAYMENTS FOR JURY DUTY

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

It was brought to our attention that in June 2014, several citizens of Claiborne County had received payments related to jury duty during the months of January 2014 through March 2014 despite having not served on a jury during that time. After further investigation and discussions with the circuit and general sessions courts clerk and his staff, we learned that errors had also resulted in some jurors being paid for more jury duty days than they actually served, while others were paid for less days than they served for that same time period. Comparison of the jury duty attendance rosters with amounts actually paid for jury trials in January through March 2014 revealed a total of \$3,256 in overpayments to individuals for jury duty, and \$2,520 still due to jurors who had been underpaid. Subsequent to year-end, \$452 of the overpayments were recovered by checks returned to the county or cash remittances, leaving a remaining balance of \$2,804 unrecovered as of the date of this report. Amounts due to jurors that were underpaid were paid in December 2014. These errors resulted from failure to reconcile the computer generated jury duty payment listing with actual jury duty attendance rosters, turnover of the staff who processed jury duty information, and lack of management oversight.

RECOMMENDATION

Management should take necessary steps to ensure that funds paid to jurors represent time actually served for jury duty and should continue efforts to recover amounts that were paid erroneously.

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

FINDING 2014-005

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

RECOMMENDATION

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

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

There were no findings and questioned costs for federal awards.

**CLAIBORNE COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2014**

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