

ELIZABETHTON, TENNESSEE  
CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION  
WITH  
INDEPENDENT AUDITORS' REPORT  
For the Fiscal Year Ended June 30, 2009

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
TABLE OF CONTENTS  
For the Fiscal Year Ended June 30, 2009

---

I. FINANCIAL SECTION

|   |    |
|---|----|
| Independent Auditors' Report  | 1  |
| Management's Discussion and Analysis  | 3  |
| Basic Financial Statements  |    |
| Government-wide Financial Statements:   |    |
| Statement of Net Assets   | 8  |
| Statement of Activities   | 9  |
| Fund Financial Statements:  |    |
| Balance Sheet - Governmental Funds  | 10 |
| Reconciliation of the Balance Sheet of Governmental Funds<br>to the Statement of Net Assets   | 11 |
| Statement of Revenues, Expenditures, and Changes in<br>Fund Balances - Governmental Funds   | 12 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes<br>in Fund Balances of Governmental Funds to the Statement of Activities | 13 |
| Statement of Revenues, Expenditures, and Changes in<br>Fund Balances - Budget and Actual - General Purpose School Fund                          | 14 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Budget<br>and Actual - School Federal Projects Fund                          | 26 |
| Statement of Revenues, Expenditures, and Changes in<br>Fund Balances - Budget and Actual - School Nutrition Fund                                | 29 |
| Notes to the Financial Statements   | 31 |
| Required Supplementary Information  |    |
| Schedule of Funding Progress (Unaudited)  | 46 |
| Schedule of Funding Progress of Post - Retirement Benefits<br>Other than Pension (Unaudited)  | 47 |
| Supplementary Information   |    |
| Schedule of Expenditures of Federal Awards  | 48 |
| Schedule of Expenditures of State Awards  | 51 |

II. INTERNAL CONTROL AND COMPLIANCE SECTION

|   |    |
|---|----|
| Independent Auditors' Report on Internal Control Over Financial Reporting and on<br>Compliance and Other Matters Based on an Audit of Financial Statements<br>Performed in Accordance with <i>Government Auditing Standards</i> | 52 |
| Independent Auditors' Report on Compliance with Requirements Applicable to<br>Each Major Program and on Internal Control Over Compliance in Accordance<br>with OMB Circular A-133   | 54 |
| Schedule of Findings and Questioned Costs   | 56 |

SECTION I  
FINANCIAL SECTION



Director of Schools  
and School Board Members  
Elizabethton, Tennessee City Schools

part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and required supplementary information on pages 3 - 7 and on page 46 and 47 are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Elizabethton, Tennessee City Schools' basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements of Elizabethton, Tennessee City Schools. The Schedule of Expenditures of Federal and State Awards has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole. The Schedule of Funding Progress has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

*Blackburn, Childers + Steagall, PLC*  
BLACKBURN, CHILDERS & STEAGALL, PLC

December 3, 2009

ELIZABETHTON BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009

This section of the Elizabethton Board of Education's (the Board's) annual financial report presents the discussion and analysis of the Board's financial performance during the fiscal year ending June 30, 2009. Please read it in conjunction with the Board's financial statements, which immediately follow this section.

**Financial Highlights**

The financial status of the Board increased during the year due to conservative efforts and the increase in capital assets due to the beginning of projects to be funded by the \$6.75 million bond issue by the City of Elizabethton. Total net assets increased by 2.0% over the course of the year.

- The total Unreserved/Undesignated General Purpose fund balance increased by \$18,623 and the School Nutrition increased by \$65,960.
- The elevator installation project was completed at Harold McCormick Elementary.
- Two school buses to be used system-wide and a dishwasher for Elizabethton High School were purchased.
- The re-roofing of Elizabethton High School and Harold McCormick Elementary were in progress.

**Overview of the Financial Statements**

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the school system:

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the Board's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the school system, reporting the system's operations in more detail than the government-wide statements.

Government-Wide Statements

The government-wide statements report information about the school system as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Board's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash was received or paid.

The two government-wide statements report the Board's net assets and how they have changed. Net assets, the difference between the Board's assets and liabilities, are one way to measure the Board's financial health or position.

- Over time, increases or decreases in the Board's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the Board's overall health, additional nonfinancial factors such as changes in enrollment and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the Board's activities are reported as Governmental Activities. The Board has no business-type activities.

Governmental Activities: Includes the Board's basic services, such as regular and special education, transportation, child nutrition, and administration.

ELIZABETHTON BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009

Fund Financial Statements

The fund financial statements provide more detailed information about the Board's funds, focusing on its most significant or "major" funds, not the school system as a whole. Funds are accounting devices the school system uses to keep track of specific resources of funding and spending on particular programs.

- Governmental funds: All of the school system's services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in or out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or less financial resources that can be spent in the near future to finance the school system's programs.

**Financial Analysis of the Board as a Whole**

Condensed Statement of Net Assets

|   | Governmental<br>Activities |                   | <u>Total<br/>%<br/>Change<br/>2008-2009</u> |
|---|----------------------------|-------------------|---|
|   | <u>2008</u>                | <u>2009</u>       |   |
| Current and Other Assets                              | \$ 3,482,326               | 3,896,307         | 11.9%                                       |
| Capital Assets  | <u>8,231,752</u>           | <u>8,340,975</u>  | 1.3%  |
| Total Assets  | <u>11,714,078</u>          | <u>12,237,282</u> | 4.5%  |
| Current Liabilities                                   | 2,216,033                  | 2,545,542         | 14.8%                                       |
| Long-Term Liabilities                                 | <u>31,300</u>              | <u>35,169</u>     | 12.4%                                       |
| Total Liabilities                                     | <u>2,247,333</u>           | <u>2,580,711</u>  | 14.8%                                       |
| Net Assets Invested in Capital Assets,<br>Net of Debt | 8,231,752                  | 8,340,975         | 1.3%  |
| Unrestricted  | <u>1,234,993</u>           | <u>1,315,596</u>  | 6.5%  |
| Total Net Assets                                      | \$ <u>9,466,745</u>        | <u>9,656,571</u>  | 2.0%  |

ELIZABETHTON BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009

Net Assets

The Board's Current and Other Assets increased by 11.9% during the 2008-2009 fiscal year. This increase is mainly due to the increase in receivable for reimbursement for expenditures from the bond issue from the City of Elizabethton. The increase in Current Liabilities is the result of the implementation of GASB 45 which requires the posting of the unfunded liability for Other Post Employment Benefits.

The Board's financial position is the product of many factors. During the 2008-2009 fiscal year, local tax revenue and state BEP funds realized an increase due to the increase in student enrollment. The capital outlay project of an elevator installation at Harold McCormick was completed, two school buses were purchased, and a replacement dishwasher was installed at Elizabethton High School.

Changes in Net Assets from Operating Results

|                                | Governmental<br>Activities |                   | Total<br>%                  |
|--------------------------------|----------------------------|-------------------|-----------------------------|
|                                | <u>2008</u>                | <u>2009</u>       | <u>Change<br/>2008-2009</u> |
| Revenues                       |                            |                   |                             |
| Programs Revenues              |                            |                   |                             |
| Charges for Services           | \$ 768,411                 | 675,333           | (12.1)%                     |
| Operating Grants               | 4,432,640                  | 4,768,004         | 7.6%                        |
| Capital Grants & Contributions | 247,771                    | 669,946           | 170.4%                      |
| General Revenues               |                            |                   |                             |
| Property Taxes                 | 1,725,347                  | 1,839,641         | 6.6%                        |
| Other Taxes                    | 1,206,742                  | 1,275,137         | 5.7%                        |
| State Revenues                 | 8,815,649                  | 9,312,012         | 5.6%                        |
| Other                          | <u>54,806</u>              | <u>54,989</u>     | 0.3%                        |
| Total Revenues                 | 17,251,366                 | 18,595,062        | 7.8%                        |
| Expenses                       |                            |                   |                             |
| Instruction                    | 10,217,257                 | 11,134,499        | 9.0%                        |
| Student Services               | 646,028                    | 719,201           | 11.3%                       |
| Instructional Staff Services   | 847,463                    | 950,493           | 12.1%                       |
| General Administration         | 484,402                    | 501,673           | 3.6%                        |
| School Administration          | 876,019                    | 903,340           | 3.1%                        |
| Business Services              | 222,754                    | 230,803           | 3.6%                        |
| Maintenance and Operations     | 1,801,813                  | 2,010,996         | 11.6%                       |
| Transportation                 | 307,132                    | 230,268           | (25.0)%                     |
| Central Services               | 249,159                    | 288,131           | 15.6%                       |
| Operating Transfers            | 56,026                     | 66,337            | 18.4%                       |
| Food Services                  | 891,421                    | 887,136           | (0.5)%                      |
| Community Services             | 161,113                    | 191,796           | 19.0%                       |
| Early Childhood Education      | <u>334,651</u>             | <u>384,483</u>    | 14.9%                       |
| Total Expenses                 | <u>17,095,238</u>          | <u>18,499,156</u> | 8.2%                        |
| Increase in Net Assets         | 156,128                    | 95,906            |                             |
| Beginning Net Assets           | 9,310,617                  | 9,466,745         |                             |
| Prior Period Adjustment        | <u>-</u>                   | <u>93,920</u>     |                             |
| Ending Net Assets              | \$ <u>9,466,745</u>        | <u>9,656,571</u>  |                             |



ELIZABETHTON BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009

The total cost of all programs and services rose 8.2% to \$18.5 million. The Board's expenses are predominately related to instructing, servicing, and transporting students (72.6% of total costs). The Board's administrative and business activities accounted for 8.9% of total costs. The operation and maintenance of facilities accounted for 10.9% of total costs. The total increase of 8.2% reflects increased spending due to projects being funded by the bond issue from the City of Elizabethton, and the addition of instructional positions due to the growth in student enrollment.

Governmental Activities

Revenues for the Board's governmental activities increased by 7.8%, while total expenses increased by 8.2%. The increase in net assets for governmental activities was \$95,906 in 2009.

**Financial Analysis of the Board's Funds**

The financial performance of the Board as a whole is reflected in its governmental funds as well. As the Board completed the year, its governmental funds reported combined fund balances of \$1,316,171, which were more than last year's ending fund balances of \$1,137,668. This increase is due to changes in the School Nutrition Fund which resulted in savings for the program for 2008-2009.

The Board's governmental funds experienced revenues and other sources more/(less) than expenditures in 2009 as follows:

|                  |          |
|------------------|----------|
| General Purpose  | \$18,623 |
| Federal Projects | \$ 0     |
| Child Nutrition  | \$65,960 |

General Fund Budgetary Highlights

Over the course of the year, the Board revised the annual operating budget. These budget amendments fall into three categories:

- To adjust federal monies to the grants awarded
- To budget reserves and reappropriate monies to areas of need
- To increase/decrease revenues as received

Although the Board's final budget for the general fund anticipated \$16,256,562 of revenues and other sources would be received, the Board actually received \$125,449 more than anticipated. The Board budgeted \$16,418,455 of expenditures. The actual expenditures of \$16,363,388 were \$55,067 under budget.

ELIZABETHTON BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009

**Capital Asset and Debt Administration**

By the end of 2009, the Elizabethton City Schools had invested \$8.3 million in a broad range of capital assets, including school buildings, athletic facilities, computer equipment, and school vehicles (mainly buses). This amount represents an increase of \$109,223 or 1.3% from last year. (More detailed information about assets can be found in the notes to the financial statements.) Total depreciation expense for the year totaled \$369,298, while building improvements and additions to equipment amounted to \$449,509 (net of decreases.)

Capital Assets (Net of Depreciation)

|                          | Governmental<br>Activities |                  | Total<br>%                 |
|--------------------------|----------------------------|------------------|----------------------------|
|                          | 2008                       | 2009             | <u>Change</u><br>2008-2009 |
| Land                     | \$ 216,170                 | 216,170          | 0.0%                       |
| Construction in Progress | 756                        | 255,706          | 33,723.5%                  |
| Buildings                | 7,641,488                  | 7,497,844        | (1.9)%                     |
| Equipment and Vehicles   | 373,338                    | 371,255          | (0.6)%                     |
| Total Assets             | \$ <u>8,231,752</u>        | <u>8,340,975</u> | 1.3%                       |

The Board's fiscal year 2009 capital expenditures included the completion of the installation of an elevator at Harold McCormick Elementary School, the purchase of a dishwasher at Elizabethton High School Cafeteria, and the purchase of two school buses.

**Factors Impacting the Future of the School System and Board**

- Increases in student enrollment
- Increasing insurance and benefit costs
- Remaining portion of the \$6.75 million Bond Issue from the City of Elizabethton for capital expenditures
- Meeting the needs of special education students
- Providing for the safety and security of our students
- Economic impact on sales tax revenue

**Contacting the Board's Financial Management**

This financial report is designed to provide the Board's citizens, taxpayers, customers, investors, and creditors with a general overview of the Board's finances and to demonstrate the Board's accountability for the funds it receives. If you have questions about this report or need additional financial information, contact the Office of Business and Fiscal Management, Elizabethton Board of Education, 804 South Watauga Avenue, Elizabethton, Tennessee 37643.

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
STATEMENT OF NET ASSETS  
JUNE 30, 2009

|   | Governmental<br>Activities |
|---|----------------------------|
| <b>ASSETS</b>                                   |                            |
| Cash  | \$ 768,080                 |
| Receivables                                     |                            |
| Accounts  | 20,352                     |
| Taxes   | 2,009,037                  |
| Due from Other Governments                      | 1,064,562                  |
| Inventories                                     | 34,276                     |
| Capital Assets Not Being Depreciated            |                            |
| Land  | 216,170                    |
| Construction in Progress                        | 255,706                    |
| Capital Assets, Net of Accumulated Depreciation |                            |
| Buildings                                       | 7,497,844                  |
| Equipment                                       | 371,255                    |
| Total Assets                                    | 12,237,282                 |
| <b>LIABILITIES</b>                              |                            |
| Accounts Payable                                | 543,404                    |
| Cash Overdraft                                  | 65,818                     |
| Unearned Revenues                               | 1,832,037                  |
| OPEB Liability                                  | 102,941                    |
| Long-term Liabilities                           |                            |
| Due within one year                             | 1,342                      |
| Due within more than one year                   | 35,169                     |
| Total Liabilities                               | 2,580,711                  |
| <b>NET ASSETS</b>                               |                            |
| Invested in Capital Assets, Net of Related Debt | 8,340,975                  |
| Unrestricted                                    | 1,315,596                  |
| <b>TOTAL NET ASSETS</b>                         | <b>\$ 9,656,571</b>        |

See accompanying notes to the basic financial statements.

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2009

| <u>Functions/Programs</u>                           | <u>PROGRAM REVENUES</u> |                                 |   |   | NET (EXPENSES)<br>REVENUES AND<br>CHANGES IN<br>NET ASSETS<br>Governmental<br>Activities |
|---|-------------------------|---------------------------------|---|---|--|
|   | <u>Expenses</u>         | <u>Charges for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Capital<br/>Grants and<br/>Contributions</u> |  |
| Governmental Activities                             |                         |                                 |   |   |  |
| Instruction   |                         |                                 |   |   |  |
| Regular Instruction                                 | \$ 8,552,749            | 287,014                         | 3,298,252   | 669,946   | (4,297,537)  |
| Special Education                                   | 1,754,588               | -                               | 409,673   | -   | (1,344,915)  |
| Vocational Education                                | 703,192                 | -                               | 66,047  | -   | (637,145)  |
| Other   | 123,970                 | -                               | -   | -   | (123,970)  |
| Total Instruction                                   | <u>11,134,499</u>       | <u>287,014</u>                  | <u>3,773,972</u>                                  | <u>669,946</u>                                  | <u>(6,403,567)</u>   |
| Support Services                                    |                         |                                 |   |   |  |
| Student Services                                    | 719,201                 | -                               | 106,365   | -   | (612,836)  |
| Instructional Staff                                 | 950,493                 | -                               | -   | -   | (950,493)  |
| General Administrative                              | 501,673                 | -                               | -   | -   | (501,673)  |
| School Administrative                               | 903,340                 | -                               | -   | -   | (903,340)  |
| Business Administrative                             | 230,803                 | -                               | -   | -   | (230,803)  |
| Plant Operation and Maintenance                     | 2,010,996               | 2,275                           | -   | -   | (2,008,721)  |
| Student Transportation                              | 230,268                 | -                               | -   | -   | (230,268)  |
| Other Support                                       | 66,337                  | -                               | 7,607   | -   | (58,730)   |
| Central Services                                    | 288,131                 | -                               | 76,694  | -   | (211,437)  |
| Total Support Services                              | <u>5,901,242</u>        | <u>2,275</u>                    | <u>190,666</u>                                    | <u>0</u>  | <u>(5,708,301)</u>   |
| Food Service  | 887,136                 | 386,044                         | 516,599   | -   | 15,507   |
| Community Services                                  | 191,796                 | -                               | -   | -   | (191,796)  |
| Early Childhood Education                           | 384,483                 | -                               | 286,767   | -   | (97,716)   |
| Total Governmental Activities                       | <u>18,499,156</u>       | <u>675,333</u>                  | <u>4,768,004</u>                                  | <u>669,946</u>                                  | <u>(12,385,873)</u>  |
| General Revenues                                    |                         |                                 |   |   |  |
| Taxes   |                         |                                 |   |   |  |
| Property Taxes                                      |                         |                                 |   |   |  |
|   |                         |                                 |   |   | 1,839,641  |
| Sales Taxes   |                         |                                 |   |   |  |
|   |                         |                                 |   |   | 1,226,442  |
| In-Lieu of Taxes                                    |                         |                                 |   |   |  |
|   |                         |                                 |   |   | 24,998   |
| Other Taxes   |                         |                                 |   |   |  |
|   |                         |                                 |   |   | 23,697   |
| Other Local Governments                             |                         |                                 |   |   |  |
|   |                         |                                 |   |   | 2,753  |
| State Aid   |                         |                                 |   |   |  |
|   |                         |                                 |   |   | 9,312,012  |
| Unrestricted Investment Earnings                    |                         |                                 |   |   |  |
|   |                         |                                 |   |   | 24,278   |
| Miscellaneous                                       |                         |                                 |   |   |  |
|   |                         |                                 |   |   | 6,853  |
| Special Item: Loss on disposal of assets            |                         |                                 |   |   |  |
|   |                         |                                 |   |   | (1,527)  |
| Contributions and Donations                         |                         |                                 |   |   |  |
|   |                         |                                 |   |   | 22,632   |
| Total General Revenues, Special Items and Transfers |                         |                                 |   |   |  |
|   |                         |                                 |   |   | <u>12,481,779</u>  |
| Change in Net Assets                                |                         |                                 |   |   |  |
|   |                         |                                 |   |   | 95,906   |
| Net Assets - Beginning                              |                         |                                 |   |   |  |
|   |                         |                                 |   |   | 9,466,745  |
| Prior Period Adjustment                             |                         |                                 |   |   |  |
|   |                         |                                 |   |   | 93,920   |
| Net Assets - Beginning Restated                     |                         |                                 |   |   |  |
|   |                         |                                 |   |   | <u>9,560,665</u>   |
| Net Assets - Ending                                 |                         |                                 |   |   |  |
|   |                         |                                 |   |   | <u>\$ 9,656,571</u>  |

See accompanying notes to the basic financial statements.

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2009

|  | General Purpose<br>School Fund | School Federal<br>Projects Fund | School Nutrition<br>Fund | Total<br>Governmental<br>Funds |
|--|--------------------------------|---------------------------------|--------------------------|--------------------------------|
| <b>ASSETS</b>                              |                                |                                 |                          |                                |
| Cash in Bank                               | \$ 601,668                     | -                               | 166,412                  | 768,080                        |
| Accounts Receivable                        | 20,352                         | -                               | -                        | 20,352                         |
| Due from Other Governments                 | 2,964,556                      | 105,173                         | 3,870                    | 3,073,599                      |
| Inventories                                | -                              | -                               | 34,276                   | 34,276                         |
| <b>Total Assets</b>                        | <b>\$ 3,586,576</b>            | <b>105,173</b>                  | <b>204,558</b>           | <b>3,896,307</b>               |
| <b>LIABILITIES AND FUND BALANCES</b>       |                                |                                 |                          |                                |
| <b>LIABILITIES</b>                         |                                |                                 |                          |                                |
| Cash Overdraft                             | \$ -                           | 65,818                          | -                        | 65,818                         |
| Accounts Payable                           | 501,103                        | 39,355                          | 2,946                    | 543,404                        |
| Deferred Revenue                           | 1,970,914                      | -                               | -                        | 1,970,914                      |
| <b>Total Liabilities</b>                   | <b>2,472,017</b>               | <b>105,173</b>                  | <b>2,946</b>             | <b>2,580,136</b>               |
| <b>FUND BALANCES</b>                       |                                |                                 |                          |                                |
| Reserved                                   |                                |                                 |                          |                                |
| Extended School Programs                   | 12,407                         | -                               | -                        | 12,407                         |
| Career Ladder                              | 4,521                          | -                               | -                        | 4,521                          |
| Basic Education Program                    | 137,915                        | -                               | -                        | 137,915                        |
| Technology                                 | 12,153                         | -                               | -                        | 12,153                         |
| Bus  | 77,610                         | -                               | -                        | 77,610                         |
| Early Learning Center                      | 2,927                          | -                               | -                        | 2,927                          |
| Special Education                          | 20,263                         | -                               | -                        | 20,263                         |
| Community Involvement                      | 2,103                          | -                               | -                        | 2,103                          |
| Inventory                                  | -                              | -                               | 34,276                   | 34,276                         |
| Unreserved                                 | 844,660                        | -                               | 167,336                  | 1,011,996                      |
| <b>Total Fund Balances</b>                 | <b>1,114,559</b>               | <b>0</b>                        | <b>201,612</b>           | <b>1,316,171</b>               |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b>\$ 3,586,576</b>            | <b>105,173</b>                  | <b>204,558</b>           | <b>3,896,307</b>               |

See accompanying notes to the basic financial statements.

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
June 30, 2009

---

|   |                     |
|---|---------------------|
| Total Fund Balances - Governmental Funds  | \$ 1,316,171        |
| Amounts reported for governmental activities in the statement of net assets are different because:  |                     |
| Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. The cost of the assets is \$16,887,885 and the accumulated depreciation is \$(8,546,910). | 8,340,975           |
| Revenue, for amounts not received during the period of availability, is not considered "available" and has been deferred in the funds.  | 138,877             |
| OPEB benefits represent liabilities of the School System that are not recorded at the fund level.   | (102,941)           |
| Long-term liabilities are not due and payable in the current period and therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of notes payable and compensated absences.                 | <u>(36,511)</u>     |
| Total Net Assets - Governmental Activities  | <u>\$ 9,656,571</u> |

See accompanying notes to the basic financial statements.

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2009

|  | General Purpose<br>School Fund | School Federal<br>Projects Fund | School Nutrition<br>Fund | Total<br>Governmental<br>Funds |
|--|--------------------------------|---------------------------------|--------------------------|--------------------------------|
| <b>REVENUES</b>  |                                |                                 |                          |                                |
| Taxes  | \$ 3,104,828                   | -                               | -                        | 3,104,828                      |
| Revenue from State of Tennessee                              | 9,879,018                      | -                               | 26,059                   | 9,905,077                      |
| Revenue from Federal Government                              | 37,454                         | 1,316,511                       | 490,540                  | 1,844,505                      |
| Charges for Services   | 287,014                        | -                               | 386,044                  | 673,058                        |
| Investment Earnings  | 22,482                         | -                               | 1,796                    | 24,278                         |
| Other  | 27,660                         | -                               | 6,327                    | 33,987                         |
| <b>Total Revenues</b>  | <b>13,358,456</b>              | <b>1,316,511</b>                | <b>910,766</b>           | <b>15,585,733</b>              |
| <b>EXPENDITURES</b>  |                                |                                 |                          |                                |
| Instruction  |                                |                                 |                          |                                |
| Regular Instruction  | 7,890,735                      | 608,192                         | -                        | 8,498,927                      |
| Special Instruction  | 1,387,021                      | 357,859                         | -                        | 1,744,880                      |
| Vocational Education   | 668,711                        | 30,590                          | -                        | 699,301                        |
| Other  | 123,284                        | -                               | -                        | 123,284                        |
| Support Services   |                                |                                 |                          |                                |
| Student Services   | 715,222                        | -                               | -                        | 715,222                        |
| Instructional Staff  | 724,051                        | 221,183                         | -                        | 945,234                        |
| General Administrative                                       | 498,897                        | -                               | -                        | 498,897                        |
| School Administrative  | 898,342                        | -                               | -                        | 898,342                        |
| Business Administrative                                      | 229,526                        | -                               | -                        | 229,526                        |
| Plant Operation and Maintenance                              | 1,632,615                      | -                               | -                        | 1,632,615                      |
| Student Transportation                                       | 217,886                        | 11,108                          | -                        | 228,994                        |
| Central Services   | 286,537                        | -                               | -                        | 286,537                        |
| Other Support Services                                       | -                              | 65,970                          | -                        | 65,970                         |
| Food Services  | 37,422                         | -                               | 844,806                  | 882,228                        |
| Community Services   | 190,735                        | -                               | -                        | 190,735                        |
| Early Childhood Education                                    | 382,356                        | -                               | -                        | 382,356                        |
| Capital Outlay   | 480,048                        | -                               | -                        | 480,048                        |
| <b>Total Expenditures</b>                                    | <b>16,363,388</b>              | <b>1,294,902</b>                | <b>844,806</b>           | <b>18,503,096</b>              |
| Excess (Deficiency) of Revenues Over<br>(Under) Expenditures | <u>(3,004,932)</u>             | <u>21,609</u>                   | <u>65,960</u>            | <u>(2,917,363)</u>             |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                                |                                 |                          |                                |
| Transfer In  | 21,609                         | 166,678                         | -                        | 188,287                        |
| Transfer Out   | -                              | (188,287)                       | -                        | (188,287)                      |
| Operating Grant/Contribution                                 | 2,332,000                      | -                               | -                        | 2,332,000                      |
| Bond Proceeds  | 669,946                        | -                               | -                        | 669,946                        |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>3,023,555</b>               | <b>(21,609)</b>                 | <b>0</b>                 | <b>3,001,946</b>               |
| <b>NET CHANGE IN FUND BALANCE</b>                            | <b>18,623</b>                  | <b>0</b>                        | <b>65,960</b>            | <b>84,583</b>                  |
| FUND BALANCE, JULY 1, 2008                                   | 1,002,016                      | -                               | 135,652                  | 1,137,668                      |
| PRIOR PERIOD ADJUSTMENT                                      | 93,920                         | -                               | -                        | 93,920                         |
| FUND BALANCE, JULY 1, 2008 RESTATED                          | 1,095,936                      | 0                               | 135,652                  | 1,231,588                      |
| FUND BALANCE, JUNE 30, 2009                                  | <u>\$ 1,114,559</u>            | <u>0</u>                        | <u>201,612</u>           | <u>1,316,171</u>               |

See accompanying notes to the basic financial statements.

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2009

|  |                         |
|--|-------------------------|
| Total Net Change in Fund Balances - Governmental Funds   | \$ 84,583               |
| Amounts reported for governmental activities in the statement of activities are different because:   |                         |
| Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay expense of \$480,048 exceeds depreciation expense of \$369,298.                 | 110,750                 |
| Because some property taxes and grants will not be collected for several months after the fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased by this amount for the current year.   | 8,910                   |
| In the statement of activities, certain operating expenses such as compensated absences, are measured by the amounts earned during the year. In the governmental funds however, expenditures for these items are measured by the amount of financial resources used. Compensated absences increased by this amount for the current year. | (3,869)                 |
| Liability for OPEB benefits are not reported in the governmental funds.  | (102,941)               |
| The net effect of various transactions involving capital assets (i.e. sales, out of service) is to decrease net assets.  | <u>(1,527)</u>          |
| Change in Net Assets of Governmental Activities  | <u><u>\$ 95,906</u></u> |

See accompanying notes to the basic financial statements.



ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
GENERAL PURPOSE SCHOOL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2009

|   | Original<br>Budgeted<br>Amounts | Final<br>Budgeted<br>Amounts | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|---------------------------------|------------------------------|-------------------|---|
| <b>REVENUES</b>                         |                                 |                              |                   |   |
| <b>TAXES</b>                            |                                 |                              |                   |   |
| Local Sales Tax                         | \$ 1,186,000                    | 1,231,000                    | 1,226,442         | (4,558)   |
| County Property Tax                     | 1,774,000                       | 1,791,000                    | 1,830,731         | 39,731  |
| Other Local Tax                         | 55,250                          | 55,450                       | 47,655            | (7,795)   |
| <b>Total Taxes</b>                      | <b>3,015,250</b>                | <b>3,077,450</b>             | <b>3,104,828</b>  | <b>27,378</b>   |
| <b>INTERGOVERNMENTAL REVENUES</b>       |                                 |                              |                   |   |
| Federal Through State of Tennessee      |                                 |                              |                   |   |
| Special Education                       | -                               | 37,454                       | 37,454            | -   |
| State of Tennessee                      |                                 |                              |                   |   |
| Basic Education Program                 | 8,994,480                       | 8,940,000                    | 8,940,000         | -   |
| Driver Education                        | 6,000                           | 8,775                        | 8,783             | 8   |
| Career Ladder Program                   | 115,695                         | 127,822                      | 127,821           | (1)   |
| Career Ladder - Extended Contract       | 152,753                         | 130,500                      | 130,500           | -   |
| Other State Funds                       | 100,700                         | 551,250                      | 548,157           | (3,093)   |
| Mixed Drink Tax                         | 2,500                           | 1,700                        | 1,566             | (134)   |
| Other State Revenues                    | 11,500                          | 11,500                       | 122,191           | 110,691   |
| <b>Total Intergovernmental Revenues</b> | <b>9,383,628</b>                | <b>9,809,001</b>             | <b>9,916,472</b>  | <b>107,471</b>  |
| <b>MISCELLANEOUS REVENUES</b>           |                                 |                              |                   |   |
| Tuition                                 | 334,873                         | 296,198                      | 287,014           | (9,184)   |
| Rental of School Property               | 1,200                           | 2,275                        | 2,275             | -   |
| Interest Income                         | 52,000                          | 22,500                       | 22,482            | (18)  |
| Donations                               | 200                             | 17,700                       | 22,632            | 4,932   |
| Other Local Revenues                    | 3,200                           | 2,760                        | 2,753             | (7)   |
| <b>Total Miscellaneous Revenues</b>     | <b>391,473</b>                  | <b>341,433</b>               | <b>337,156</b>    | <b>(4,277)</b>  |
| <b>TOTAL REVENUES</b>                   | <b>\$ 12,790,351</b>            | <b>13,227,884</b>            | <b>13,358,456</b> | <b>130,572</b>  |

(Continued)

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
GENERAL PURPOSE SCHOOL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2009

|  | Original<br>Budgeted<br>Amounts | Final<br>Budgeted<br>Amounts | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|---------------------------------|------------------------------|-------------------|---|
| <b>EXPENDITURES</b>                            |                                 |                              |                   |   |
| <b>Instruction</b>                             |                                 |                              |                   |   |
| <b>Instruction - Regular Instruction</b>       |                                 |                              |                   |   |
| Teachers                                       | \$ 5,078,068                    | 5,101,821                    | 5,102,478         | (657)   |
| Career Ladder Program                          | 66,000                          | 69,500                       | 68,930            | 570   |
| Career Ladder - Extended Contract              | 135,000                         | 121,000                      | 121,000           | -   |
| Homebound Teachers                             | 7,500                           | 7,500                        | 7,350             | 150   |
| Educational Assistants                         | 162,660                         | 164,660                      | 159,919           | 4,741   |
| Other Salaries and Wages                       | 30,000                          | 30,000                       | 19,057            | 10,943  |
| Certified Substitute Teachers                  | 20,000                          | 4,310                        | 2,605             | 1,705   |
| Non-Certified Substitute Teachers              | 70,000                          | 106,000                      | 105,539           | 461   |
| Social Security                                | 339,508                         | 337,115                      | 332,924           | 4,191   |
| State Retirement                               | 352,572                         | 354,987                      | 414,199           | (59,212)  |
| Life Insurance                                 | 11,430                          | 11,430                       | 11,412            | 18  |
| Medical Insurance                              | 834,702                         | 807,802                      | 799,654           | 8,148   |
| Dental Insurance                               | 46,119                          | 45,119                       | 44,299            | 820   |
| Medicare                                       | 79,657                          | 79,695                       | 78,311            | 1,384   |
| Other Contracted Services                      | 1,800                           | 16,800                       | 15,239            | 1,561   |
| Instructional Supplies                         | 92,500                          | 91,750                       | 91,329            | 421   |
| Textbooks                                      | 217,590                         | 222,362                      | 222,328           | 34  |
| Other Supplies and Materials                   | 10,120                          | 15,070                       | 13,795            | 1,275   |
| Furniture and Fixtures                         | 156,722                         | 196,372                      | 196,362           | 10  |
| Regular Instructional Equipment                | -                               | 84,225                       | 84,005            | 220   |
| <b>Total Instruction - Regular Instruction</b> | <b>7,711,948</b>                | <b>7,867,518</b>             | <b>7,890,735</b>  | <b>(23,217)</b>   |
| <b>Instruction - Special Education</b>         |                                 |                              |                   |   |
| Teachers                                       | 630,298                         | 657,648                      | 657,586           | 62  |
| Career Ladder Program                          | 12,000                          | 12,500                       | 12,500            | -   |
| Homebound Teachers                             | 2,000                           | 2,000                        | -                 | 2,000   |
| Educational Assistants                         | 179,665                         | 150,665                      | 150,257           | 408   |
| Speech Pathologist                             | 90,402                          | 90,402                       | 90,301            | 101   |
| Certified Substitute Teachers                  | 2,000                           | 3,900                        | 3,825             | 75  |
| Non-Certified Substitute Teachers              | 8,000                           | 8,000                        | 7,847             | 153   |
| Other Salaries and Wages                       | 5,116                           | 5,116                        | 4,131             | 985   |
| Social Security                                | 56,767                          | 56,798                       | 54,128            | 2,670   |
| State Retirement                               | 66,794                          | 66,052                       | 73,075            | (7,023)   |
| Life Insurance                                 | 2,340                           | 2,340                        | 2,160             | 180   |
| Medical Insurance                              | 193,268                         | 183,268                      | 178,063           | 5,205   |
| Dental Insurance                               | 10,567                          | 9,567                        | 9,291             | 276   |
| Medicare                                       | 13,406                          | 13,413                       | 12,659            | 754   |
| Other Contracted Services                      | 76,555                          | 95,305                       | 95,012            | 293   |

(Continued)

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
GENERAL PURPOSE SCHOOL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2009

|   | Original<br>Budgeted<br>Amounts | Final<br>Budgeted<br>Amounts | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|---------------------------------|------------------------------|-------------------|---|
| <b>EXPENDITURES (CONTINUED)</b>                         |                                 |                              |                   |   |
| Instruction (Continued)                                 |                                 |                              |                   |   |
| Instruction - Special Education (Continued)             |                                 |                              |                   |   |
| Instructional Supplies                                  | 9,500                           | 35,854                       | 24,943            | 10,911  |
| Other Supplies and Materials                            | 1,000                           | 6,000                        | 1,246             | 4,754   |
| Other Charges   | 5,000                           | 6,600                        | 6,577             | 23  |
| Special Education Equipment                             | -                               | 7,500                        | 3,420             | 4,080   |
| <b>Total Instruction - Special Education</b>            | <b>1,364,678</b>                | <b>1,412,928</b>             | <b>1,387,021</b>  | <b>25,907</b>   |
| Instruction - Vocational Education Program              |                                 |                              |                   |   |
| Teachers  | 460,264                         | 491,939                      | 491,891           | 48  |
| Career Ladder Program                                   | 6,000                           | 6,000                        | 6,000             | -   |
| Certified Substitute Teachers                           | 500                             | 3,200                        | 3,180             | 20  |
| Non-Certified Substitute Teachers                       | 5,000                           | 5,000                        | 3,794             | 1,206   |
| Social Security   | 27,710                          | 30,660                       | 30,642            | 18  |
| State Retirement  | 29,397                          | 31,997                       | 36,942            | (4,945)   |
| Life Insurance  | 990                             | 990                          | 990               | -   |
| Medical Insurance                                       | 66,127                          | 63,427                       | 63,299            | 128   |
| Dental Insurance  | 3,605                           | 3,605                        | 3,490             | 115   |
| Medicare  | 6,795                           | 7,220                        | 7,166             | 54  |
| Maintenance and Repair - Equipment                      | 2,400                           | 2,275                        | 1,975             | 300   |
| Instructional Supplies                                  | 19,000                          | 19,400                       | 19,342            | 58  |
| Other Supplies and Charges                              | 950                             | 950                          | -                 | 950   |
| <b>Total Instruction - Vocational Education Program</b> | <b>628,738</b>                  | <b>666,663</b>               | <b>668,711</b>    | <b>(2,048)</b>  |
| Instruction - Student Body                              |                                 |                              |                   |   |
| Other Salaries and Wages                                | 98,000                          | 98,110                       | 98,108            | 2   |
| Social Security   | 6,076                           | 6,076                        | 5,977             | 99  |
| State Retirement  | 5,500                           | 5,685                        | 6,601             | (916)   |
| Employer Medicare                                       | 1,421                           | 1,421                        | 1,398             | 23  |
| Other Supplies and Materials                            | 4,400                           | 4,400                        | 4,400             | -   |
| Other Charges   | 6,800                           | 6,800                        | 6,800             | -   |
| <b>Total Instruction - Student Body</b>                 | <b>122,197</b>                  | <b>122,492</b>               | <b>123,284</b>    | <b>(792)</b>  |
| <b>Total Instructional Expenditures</b>                 | <b>9,827,561</b>                | <b>10,069,601</b>            | <b>10,069,751</b> | <b>(150)</b>  |
| Support Services  |                                 |                              |                   |   |
| Student Services - Attendance                           |                                 |                              |                   |   |
| Supervisor/Director                                     | 1,200                           | 1,200                        | 1,200             | -   |
| Secretary(s)  | 32,032                          | 32,032                       | 32,032            | -   |
| Social Security   | 2,060                           | 2,060                        | 2,040             | 20  |
| State Retirement  | 3,046                           | 3,046                        | 8,371             | (5,325)   |
| Life Insurance  | 45                              | 45                           | 45                | -   |
| Medical   | 5,230                           | 5,230                        | 5,065             | 165   |
| Dental  | 302                             | 302                          | 295               | 7   |

(Continued)

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
GENERAL PURPOSE SCHOOL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2009

|   | Original<br>Budgeted<br>Amounts | Final<br>Budgeted<br>Amounts | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|---------------------------------|------------------------------|-------------------|---|
| <b>EXPENDITURES (CONTINUED)</b>                       |                                 |                              |                   |   |
| <b>Support Services (Continued)</b>                   |                                 |                              |                   |   |
| <b>Student Services - Attendance</b>                  |                                 |                              |                   |   |
| Medicare  | 481                             | 481                          | 477               | 4   |
| Travel  | 925                             | 1,450                        | 1,428             | 22  |
| <b>Total Student Services - Attendance</b>            | <b>45,321</b>                   | <b>45,846</b>                | <b>50,953</b>     | <b>(5,107)</b>  |
| <b>Student Services - Health Services</b>             |                                 |                              |                   |   |
| Supervisor/Director                                   | 47,917                          | 47,917                       | 47,917            | -   |
| Medical Personnel                                     | 44,198                          | 57,348                       | 56,676            | 672   |
| Social Security                                       | 5,711                           | 6,526                        | 6,453             | 73  |
| State Retirement                                      | 9,185                           | 10,405                       | 8,678             | 1,727   |
| Life Insurance  | 203                             | 239                          | 238               | 1   |
| Medical Insurance                                     | 13,911                          | 8,059                        | 7,609             | 450   |
| Dental Insurance                                      | 762                             | 689                          | 688               | 1   |
| Medicare  | 1,335                           | 1,525                        | 1,509             | 16  |
| Travel  | 725                             | 775                          | 769               | 6   |
| Other Supplies and Materials                          | 28,759                          | 24,989                       | 24,991            | (2)   |
| Other Charges   | 500                             | 500                          | 331               | 169   |
| Other Services  | -                               | 470                          | 471               | (1)   |
| In-Service/Staff Development                          | 5,000                           | 5,030                        | 5,026             | 4   |
| Administration Equipment                              | -                               | 2,725                        | 2,722             | 3   |
| <b>Total Student Services - Health Services</b>       | <b>158,206</b>                  | <b>167,197</b>               | <b>164,078</b>    | <b>3,119</b>  |
| <b>Student Services - Other Student Support</b>       |                                 |                              |                   |   |
| Career Ladder Program                                 | 2,000                           | 2,000                        | 2,000             | -   |
| Guidance Personnel                                    | 260,720                         | 271,345                      | 271,328           | 17  |
| Secretaries   | 93,651                          | 87,051                       | 86,929            | 122   |
| Social Security                                       | 21,095                          | 21,870                       | 21,856            | 14  |
| State Retirement                                      | 25,898                          | 25,898                       | 25,479            | 419   |
| Life Insurance  | 765                             | 765                          | 765               | -   |
| Medical Insurance                                     | 63,574                          | 61,074                       | 60,407            | 667   |
| Dental Insurance                                      | 3,958                           | 3,958                        | 3,835             | 123   |
| Medicare  | 5,087                           | 5,142                        | 5,140             | 2   |
| Evaluation and Testing                                | 5,500                           | 16,360                       | 16,452            | (92)  |
| Other Charges   | 6,000                           | 6,000                        | 6,000             | -   |
| <b>Total Student Services - Other Student Support</b> | <b>488,248</b>                  | <b>501,463</b>               | <b>500,191</b>    | <b>1,272</b>  |
| <b>Total Student Services Support Services</b>        | <b>691,775</b>                  | <b>714,506</b>               | <b>715,222</b>    | <b>(716)</b>  |

(Continued)

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
GENERAL PURPOSE SCHOOL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2009

|   | Original<br>Budgeted<br>Amounts | Final<br>Budgeted<br>Amounts | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|---------------------------------|------------------------------|-------------------|---|
| <b>EXPENDITURES (CONTINUED)</b>                                 |                                 |                              |                   |   |
| <b>Instructional Staff</b>                                      |                                 |                              |                   |   |
| <b>Instructional Staff Services - Regular Instruction</b>       |                                 |                              |                   |   |
| Supervisor/Director   | 93,293                          | 95,467                       | 95,345            | 122   |
| Career Ladder Program   | 8,000                           | 9,000                        | 9,000             | -   |
| Librarians  | 262,188                         | 226,813                      | 228,534           | (1,721)   |
| Social Security   | 21,496                          | 21,618                       | 21,617            | 1   |
| State Retirement  | 23,336                          | 24,115                       | 24,111            | 4   |
| Life Insurance  | 639                             | 654                          | 652               | 2   |
| Medical Insurance   | 51,226                          | 55,176                       | 53,704            | 1,472   |
| Dental Insurance  | 2,451                           | 2,841                        | 2,716             | 125   |
| Medicare  | 5,261                           | 5,276                        | 5,055             | 221   |
| Maintenance and Repair - Equipment                              | 5,900                           | 5,900                        | 5,877             | 23  |
| Travel  | 100                             | 125                          | 110               | 15  |
| Library Books/Media   | 36,700                          | 36,700                       | 36,700            | -   |
| Other Supplies and Materials                                    | 500                             | 500                          | -                 | 500   |
| In-Service/Staff Development                                    | 13,100                          | 12,675                       | 8,310             | 4,365   |
| Other Charges   | 200                             | 200                          | 119               | 81  |
| Education Media Personnel                                       | -                               | 42,680                       | 42,680            | -   |
| <b>Total Instructional Staff Services - Regular Instruction</b> | <b>524,390</b>                  | <b>539,740</b>               | <b>534,530</b>    | <b>5,210</b>  |
| <b>Instructional Staff Services - Special Education</b>         |                                 |                              |                   |   |
| Supervisor/Director   | 71,749                          | 72,078                       | 72,078            | -   |
| Career Ladder Program   | 2,000                           | 2,000                        | 2,000             | -   |
| Secretaries   | 16,016                          | 16,016                       | 16,016            | -   |
| Social Security   | 5,565                           | 5,565                        | 5,524             | 41  |
| State Retirement  | 6,218                           | 6,258                        | 11,630            | (5,372)   |
| Life Insurance  | 113                             | 113                          | 113               | -   |
| Medical Insurance   | 12,212                          | 11,912                       | 10,468            | 1,444   |
| Dental Insurance  | 755                             | 755                          | 737               | 18  |
| Medicare  | 1,301                           | 1,301                        | 1,292             | 9   |
| Maintenance and Repair - Equipment                              | 500                             | 500                          | 50                | 450   |
| Travel  | 900                             | 1,160                        | 839               | 321   |
| In-Service/Staff Development                                    | 3,300                           | 3,700                        | 3,678             | 22  |
| Other Charges   | 250                             | 250                          | -                 | 250   |
| <b>Instructional Staff Services - Special Education</b>         | <b>120,879</b>                  | <b>121,608</b>               | <b>124,425</b>    | <b>(2,817)</b>  |

(Continued)

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
GENERAL PURPOSE SCHOOL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2009

|  | Original<br>Budgeted<br>Amounts | Final<br>Budgeted<br>Amounts | Actual<br>Amounts  | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|---------------------------------|------------------------------|--------------------|---|
| <b>EXPENDITURES (CONTINUED)</b>                      |                                 |                              |                    |   |
| Instructional Staff (Continued)                      |                                 |                              |                    |   |
| Instructional Staff Services - Vocational Education  |                                 |                              |                    |   |
| Supervisor/Director                                  | 28,213                          | 29,576                       | 29,576             | -   |
| Career Ladder Program                                | -                               | 1,800                        | 1,800              | -   |
| Secretaries  | 19,471                          | 19,724                       | 19,724             | -   |
| Social Security                                      | 2,956                           | 1,256                        | 1,223              | 33  |
| State Retirement                                     | 3,616                           | 1,831                        | 1,828              | 3   |
| Life Insurance                                       | 45                              | 45                           | 45                 | -   |
| Medical Insurance                                    | 8,772                           | 8,372                        | 8,209              | 163   |
| Dental Insurance                                     | 557                             | 602                          | 590                | 12  |
| Medicare   | 691                             | 746                          | 741                | 5   |
| In-Service/Staff Development                         | 3,700                           | 3,700                        | 1,360              | 2,340   |
| Instructional Staff Services - Vocational Education  | <u>68,021</u>                   | <u>67,652</u>                | <u>65,096</u>      | <u>2,556</u>  |
| <br>Total Instructional Staff Support Services       | <br><u>713,290</u>              | <br><u>729,000</u>           | <br><u>724,051</u> | <br><u>4,949</u>  |
| <br>General Administrative                           |                                 |                              |                    |   |
| General Administrative Services - Board of Education |                                 |                              |                    |   |
| Secretary to Board                                   | 1,200                           | 1,200                        | 1,200              | -   |
| Social Security                                      | 74                              | 74                           | 73                 | 1   |
| State Retirement                                     | 111                             | 111                          | 111                | -   |
| Unemployment Compensation                            | 7,000                           | 7,000                        | 7,206              | (206)   |
| Medicare   | 17                              | 17                           | 17                 | -   |
| Audit Services                                       | 20,500                          | 21,525                       | 21,525             | -   |
| Dues and Memberships                                 | 6,500                           | 6,620                        | 6,616              | 4   |
| Legal Services                                       | 24,000                          | 24,000                       | 19,705             | 4,295   |
| Other Contracted Services                            | 1,500                           | 2,000                        | 2,000              | -   |
| Liability Insurance                                  | 22,172                          | 26,397                       | 26,397             | -   |
| Premium on Corporate Surety Bonds                    | 1,500                           | 1,330                        | 1,328              | 2   |
| Trustee Commissions                                  | 60,000                          | 52,500                       | 47,738             | 4,762   |
| Workers' Compensation                                | 84,500                          | 90,500                       | 90,223             | 277   |
| In-Service/Staff Development                         | 7,750                           | 7,950                        | 7,872              | 78  |
| Other Charges  | 2,000                           | 2,000                        | 1,774              | 226   |
| Total General Admin. Serv. Board of Education        | <u>238,824</u>                  | <u>243,224</u>               | <u>233,785</u>     | <u>9,439</u>  |
| <br>General Administrative Services -                |                                 |                              |                    |   |
| Office of the Superintendent                         |                                 |                              |                    |   |
| County Official/Administrative Officer               | 85,905                          | 90,489                       | 90,489             | -   |
| Career Ladder Program                                | 1,000                           | 1,000                        | 800                | 200   |

(Continued)

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
GENERAL PURPOSE SCHOOL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2009

|  | Original<br>Budgeted<br>Amounts | Final<br>Budgeted<br>Amounts | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|---------------------------------|------------------------------|-------------------|---|
| EXPENDITURES (CONTINUED)                                 |                                 |                              |                   |   |
| General Administrative (Continued)                       |                                 |                              |                   |   |
| General Administrative Services -                        |                                 |                              |                   |   |
| Office of the Superintendent (Continued)                 |                                 |                              |                   |   |
| Secretaries  | 38,293                          | 38,293                       | 38,293            | -   |
| Clerical Personnel                                       | 28,454                          | 28,454                       | 28,454            | -   |
| Social Security  | 9,526                           | 9,986                        | 9,969             | 17  |
| State Retirement   | 11,767                          | 12,327                       | 16,025            | (3,698)   |
| Life Insurance   | 180                             | 180                          | 180               | -   |
| Medical Insurance  | 18,836                          | 18,286                       | 18,243            | 43  |
| Dental Insurance   | 907                             | 907                          | 885               | 22  |
| Medicare   | 2,229                           | 2,339                        | 2,331             | 8   |
| Advertising  | 2,000                           | 2,750                        | 2,714             | 36  |
| Communication  | 25,000                          | 30,000                       | 25,927            | 4,073   |
| Dues and Memberships                                     | 1,500                           | 1,235                        | 1,235             | -   |
| Postal Charges   | 4,500                           | 6,000                        | 5,692             | 308   |
| Printing, Stationery and Forms                           | 500                             | 500                          | 499               | 1   |
| Travel   | 450                             | 450                          | 278               | 172   |
| Other Contracted Services                                | 6,000                           | 6,000                        | 5,683             | 317   |
| Office Supplies  | 5,000                           | 5,750                        | 5,693             | 57  |
| In-Service/Staff Development                             | 3,400                           | 3,400                        | 3,356             | 44  |
| Other Charges  | 6,475                           | 6,475                        | 4,366             | 2,109   |
| Other Salaries and Wages                                 | -                               | 4,000                        | 4,000             | -   |
| Total General Admin. Serv. Office of the Superintendent  | <u>251,922</u>                  | <u>268,821</u>               | <u>265,112</u>    | <u>3,709</u>  |
| Total General Administrative Support Services            | <u>490,746</u>                  | <u>512,045</u>               | <u>498,897</u>    | <u>13,148</u>   |
| School Administrative                                    |                                 |                              |                   |   |
| School Administrative Services - Office of the Principal |                                 |                              |                   |   |
| Principals   | 309,261                         | 308,261                      | 308,254           | 7   |
| Career Ladder Program                                    | 11,000                          | 12,000                       | 12,000            | -   |
| Assistant Principals                                     | 221,163                         | 224,013                      | 223,991           | 22  |
| Secretaries  | 106,196                         | 106,196                      | 104,654           | 1,542   |
| Other Salaries and Wages                                 | 10,397                          | 10,397                       | 7,283             | 3,114   |
| Social Security  | 40,482                          | 40,544                       | 38,982            | 1,562   |
| State Retirement   | 45,080                          | 45,144                       | 51,680            | (6,536)   |
| Life Insurance   | 1,091                           | 1,091                        | 1,091             | -   |
| Medical Insurance  | 92,955                          | 89,955                       | 89,487            | 468   |
| Dental Insurance   | 4,643                           | 4,643                        | 4,474             | 169   |
| Medicare   | 9,510                           | 9,524                        | 9,117             | 407   |
| Communication  | 25,691                          | 25,691                       | 25,612            | 79  |
| Travel   | 2,000                           | 2,100                        | 1,258             | 842   |
| Office Supplies  | 17,225                          | 17,225                       | 17,196            | 29  |
| In-Service/Staff Development                             | 2,000                           | 3,350                        | 3,263             | 87  |
| Total School Admin. Serv. Office of the Principal        | <u>898,694</u>                  | <u>900,134</u>               | <u>898,342</u>    | <u>1,792</u>  |
| Total School Administrative Support Services             | <u>898,694</u>                  | <u>900,134</u>               | <u>898,342</u>    | <u>1,792</u>  |

(Continued)

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
GENERAL PURPOSE SCHOOL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2009

|   | Original<br>Budgeted<br>Amounts | Final<br>Budgeted<br>Amounts | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|---------------------------------|------------------------------|-------------------|---|
| <b>EXPENDITURES (CONTINUED)</b>                           |                                 |                              |                   |   |
| <b>Business Administrative Services - Fiscal Services</b> |                                 |                              |                   |   |
| Supervisor/Director                                       | 64,519                          | 64,519                       | 64,519            | -   |
| Accountants/Bookkeepers                                   | 68,745                          | 68,745                       | 68,744            | 1   |
| Secretaries   | 32,032                          | 32,032                       | 32,032            | -   |
| Social Security   | 10,248                          | 10,248                       | 10,124            | 124   |
| State Retirement  | 13,611                          | 13,611                       | 15,193            | (1,582)   |
| Life Insurance  | 225                             | 225                          | 225               | -   |
| Medical Insurance   | 21,395                          | 20,725                       | 20,722            | 3   |
| Dental Insurance  | 1,209                           | 1,209                        | 1,180             | 29  |
| Medicare  | 2,396                           | 2,396                        | 2,368             | 28  |
| Data Processing Services                                  | 5,034                           | 5,154                        | 5,150             | 4   |
| Dues and Subscriptions                                    | 75                              | 75                           | 75                | -   |
| Travel  | 150                             | 150                          | -                 | 150   |
| Data Processing Supplies                                  | 500                             | 500                          | 461               | 39  |
| Office Supplies   | 2,700                           | 4,025                        | 4,012             | 13  |
| In-Service/Staff Development                              | 3,500                           | 3,000                        | 2,428             | 572   |
| Other Charges   | 1,000                           | 2,300                        | 2,293             | 7   |
| <b>Total Bus. Admin. Serv. - Fiscal Services</b>          | <b>227,339</b>                  | <b>228,914</b>               | <b>229,526</b>    | <b>(612)</b>  |
| <b>Operation and Maintenance - Operation of Plant</b>     |                                 |                              |                   |   |
| <b>Operation and Maintenance</b>                          |                                 |                              |                   |   |
| Supervisor/Director                                       | 26,790                          | 26,940                       | 26,926            | 14  |
| Custodial Personnel                                       | 240,184                         | 240,184                      | 237,339           | 2,845   |
| Social Security   | 16,500                          | 16,500                       | 16,308            | 192   |
| State Retirement  | 24,700                          | 24,700                       | 36,651            | (11,951)  |
| Life Insurance  | 799                             | 799                          | 781               | 18  |
| Medical Insurance   | 96,682                          | 88,542                       | 88,538            | 4   |
| Dental Insurance  | 5,405                           | 5,290                        | 5,039             | 251   |
| Medicare  | 3,861                           | 3,861                        | 3,814             | 47  |
| Other Contracted Services                                 | 40,000                          | 52,500                       | 48,704            | 3,796   |
| Custodial Supplies  | 30,000                          | 30,900                       | 30,704            | 196   |
| Electricity   | 365,000                         | 416,000                      | 415,834           | 166   |
| Natural Gas   | 185,000                         | 157,470                      | 152,930           | 4,540   |
| Water and Sewer   | 23,625                          | 31,125                       | 28,751            | 2,374   |
| Boiler Insurance  | 3,835                           | 4,040                        | 4,038             | 2   |
| Building and Contents Insurance                           | 68,877                          | 73,577                       | 73,574            | 3   |
| Other Charges   | 4,000                           | 6,500                        | 6,405             | 95  |
| <b>Total Oper. &amp; Maint. - Operation of Plant</b>      | <b>1,135,258</b>                | <b>1,178,928</b>             | <b>1,176,336</b>  | <b>2,592</b>  |

(Continued)



ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
GENERAL PURPOSE SCHOOL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2009

|   | Original<br>Budgeted<br>Amounts | Final<br>Budgeted<br>Amounts | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|---------------------------------|------------------------------|-------------------|---|
| <b>EXPENDITURES (CONTINUED)</b>                         |                                 |                              |                   |   |
| <b>Operation and Maintenance (Continued)</b>            |                                 |                              |                   |   |
| <b>Operation and Maintenance - Maintenance of Plant</b> |                                 |                              |                   |   |
| Supervisor/Director                                     | 37,960                          | 34,310                       | 34,010            | 300   |
| Maintenance Personnel                                   | 124,520                         | 141,830                      | 139,627           | 2,203   |
| Social Security   | 10,074                          | 10,524                       | 10,294            | 230   |
| State Retirement  | 15,062                          | 16,347                       | 16,085            | 262   |
| Life Insurance  | 225                             | 225                          | 225               | -   |
| Medical Insurance                                       | 30,564                          | 29,614                       | 29,602            | 12  |
| Dental Insurance  | 1,512                           | 1,512                        | 1,475             | 37  |
| Medicare  | 2,356                           | 2,456                        | 2,407             | 49  |
| Laundry Service   | 2,000                           | 2,750                        | 2,507             | 243   |
| Maintenance and Repair - Buildings                      | 97,500                          | 172,500                      | 168,811           | 3,689   |
| Maintenance and Repair - Equipment                      | 1,800                           | 1,800                        | 949               | 851   |
| Maintenance and Repair - Vehicles                       | 1,000                           | 2,000                        | 1,749             | 251   |
| Other Contracted Services                               | 40,000                          | 51,720                       | 47,607            | 4,113   |
| Inservice/Staff Development                             | 250                             | 250                          | 151               | 99  |
| Other Equipment   | 700                             | 780                          | 780               | -   |
| <b>Total Oper. &amp; Maint. - Maintenance of Plant</b>  | <b>365,523</b>                  | <b>468,618</b>               | <b>456,279</b>    | <b>12,339</b>   |
| <b>Total Operation and Maintenance Support Services</b> | <b>1,500,781</b>                | <b>1,647,546</b>             | <b>1,632,615</b>  | <b>14,931</b>   |
| <b>Student Transportation</b>                           |                                 |                              |                   |   |
| Supervisor/Director                                     | 2,500                           | 2,500                        | 2,500             | -   |
| Mechanics   | 7,500                           | 8,275                        | 4,735             | 3,540   |
| Bus Drivers   | 65,709                          | 60,109                       | 59,477            | 632   |
| Other Salaries and Wages                                | 2,500                           | 3,775                        | 3,754             | 21  |
| Social Security   | 4,769                           | 4,769                        | 3,870             | 899   |
| State Retirement  | 6,965                           | 6,965                        | 8,239             | (1,274)   |
| Life Insurance  | 270                             | 290                          | 288               | 2   |
| Medical Insurance                                       | 41,932                          | 35,132                       | 35,087            | 45  |
| Dental Insurance  | 2,129                           | 1,904                        | 1,893             | 11  |
| Medicare  | 1,114                           | 1,114                        | 922               | 192   |
| Maintenance and Repair - Vehicles                       | 5,000                           | 5,000                        | 3,426             | 1,574   |
| Medical and Dental Services                             | 1,500                           | 2,000                        | 1,651             | 349   |
| Diesel Fuel   | 30,000                          | 26,000                       | 25,422            | 578   |
| Gasoline  | 9,000                           | 9,000                        | 8,064             | 936   |
| Tires and Tubes   | 4,000                           | 4,000                        | 2,148             | 1,852   |
| Vehicle Parts   | 6,000                           | 13,000                       | 12,867            | 133   |
| Vehicle Insurance                                       | 20,575                          | 22,720                       | 22,717            | 3   |
| Inservice/Staff Development                             | 250                             | 650                          | 650               | -   |
| Other Charges   | 1,500                           | 1,500                        | 687               | 813   |
| Transportation Equipment                                | -                               | 19,490                       | 19,489            | 1   |
| <b>Total Student Transportation Support Services</b>    | <b>213,213</b>                  | <b>228,193</b>               | <b>217,886</b>    | <b>10,307</b>   |

(Continued)

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
GENERAL PURPOSE SCHOOL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2009

|   | Original<br>Budgeted<br>Amounts | Final<br>Budgeted<br>Amounts | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|---------------------------------|------------------------------|-------------------|---|
| <b>EXPENDITURES (CONTINUED)</b>         |                                 |                              |                   |   |
| Central Services                        |                                 |                              |                   |   |
| Supervisor/Director                     | 52,457                          | 52,457                       | 52,457            | -   |
| Data Processing Personnel               | 67,600                          | 68,890                       | 68,889            | 1   |
| Social Security                         | 7,443                           | 7,528                        | 7,523             | 5   |
| State Retirement                        | 9,635                           | 9,755                        | 11,887            | (2,132)   |
| Life Insurance                          | 180                             | 180                          | 180               | -   |
| Medical Insurance                       | 17,757                          | 17,632                       | 17,616            | 16  |
| Dental Insurance                        | 907                             | 887                          | 885               | 2   |
| Medicare                                | 1,741                           | 1,761                        | 1,760             | 1   |
| Maintenance and Repair - Equipment      | 24,000                          | 24,600                       | 24,563            | 37  |
| Travel                                  | 725                             | 1,900                        | 1,901             | (1)   |
| Other Contracted Services               | 19,500                          | 48,350                       | 42,493            | 5,857   |
| Data Processing Supplies                | 4,000                           | 3,250                        | 3,217             | 33  |
| Other Supplies and Materials            | 2,500                           | 15,500                       | 14,536            | 964   |
| In-Service/Staff Development            | 2,000                           | 1,150                        | 1,122             | 28  |
| Data Processing Equipment               | 12,500                          | 37,539                       | 37,508            | 31  |
| Total Support Services Central Services | <u>222,945</u>                  | <u>291,379</u>               | <u>286,537</u>    | <u>4,842</u>  |
| Total Support Services                  | <u>4,958,783</u>                | <u>5,251,717</u>             | <u>5,203,076</u>  | <u>48,641</u>   |
| Food Service                            |                                 |                              |                   |   |
| Clerical Personnel                      | 32,032                          | 32,032                       | 32,032            | -   |
| Social Security                         | 1,970                           | 1,970                        | 1,962             | 8   |
| State Retirement                        | 2,969                           | 2,969                        | 2,969             | -   |
| Medicare                                | 460                             | 460                          | 459               | 1   |
| Total Food Service                      | <u>37,431</u>                   | <u>37,431</u>                | <u>37,422</u>     | <u>9</u>  |
| Community Services                      |                                 |                              |                   |   |
| Supervisor/Director                     | 32,400                          | 34,240                       | 34,122            | 118   |
| Other Salaries and Wages                | 87,000                          | 110,315                      | 109,897           | 418   |
| Social Security                         | 7,409                           | 8,919                        | 8,916             | 3   |
| State Retirement                        | 3,819                           | 3,969                        | 3,786             | 183   |
| Life Insurance                          | 45                              | 81                           | 81                | -   |
| Medical Insurance                       | 5,265                           | 5,065                        | 5,065             | -   |
| Dental Insurance                        | 302                             | 302                          | 295               | 7   |
| Medicare                                | 1,733                           | 2,092                        | 2,085             | 7   |
| Travel                                  | 800                             | 750                          | 475               | 275   |
| Food Supplies                           | 5,500                           | 5,410                        | 5,404             | 6   |

(Continued)

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
GENERAL PURPOSE SCHOOL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2009

|  | Original<br>Budgeted<br>Amounts | Final<br>Budgeted<br>Amounts | Actual<br>Amounts  | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|---------------------------------|------------------------------|--------------------|---|
| <b>EXPENDITURES (CONTINUED)</b>                              |                                 |                              |                    |   |
| Community Services (Continued)                               |                                 |                              |                    |   |
| Other Supplies and Materials                                 | 8,075                           | 13,225                       | 12,752             | 473   |
| Other Charges  | 4,525                           | 5,250                        | 5,239              | 11  |
| Other Equipment  | 2,000                           | 2,625                        | 2,618              | 7   |
| Total Community Services                                     | <u>158,873</u>                  | <u>192,243</u>               | <u>190,735</u>     | <u>1,508</u>  |
| Early Childhood Education                                    |                                 |                              |                    |   |
| Supervisor/Director  | 49,607                          | 53,289                       | 53,265             | 24  |
| Teachers   | 83,931                          | 85,305                       | 85,301             | 4   |
| Secretary(s)   | 8,592                           | 14,436                       | 14,436             | -   |
| Bus Drivers  | 14,105                          | 13,751                       | 13,692             | 59  |
| Educational Assistants                                       | 50,005                          | 52,771                       | 52,763             | 8   |
| Custodian  | 11,438                          | 11,840                       | 11,518             | 322   |
| Social Security  | 13,497                          | 14,162                       | 14,122             | 40  |
| State Retirement   | 16,374                          | 17,109                       | 17,107             | 2   |
| Life Insurance   | 643                             | 585                          | 585                | -   |
| Medical Insurance  | 58,784                          | 52,370                       | 54,205             | (1,835)   |
| Dental Insurance   | 3,266                           | 3,008                        | 2,987              | 21  |
| Employer Medicare  | 3,033                           | 3,314                        | 3,302              | 12  |
| Communication  | 2,000                           | 4,400                        | 4,394              | 6   |
| Other Contracted Services                                    | 48,505                          | 46,016                       | 44,486             | 1,530   |
| Instructional Supplies                                       | 4,000                           | 10,000                       | 10,193             | (193)   |
| Total Early Childhood Education                              | <u>367,780</u>                  | <u>382,356</u>               | <u>382,356</u>     | <u>-</u>  |
| Capital Outlay - Regular                                     |                                 |                              |                    |   |
| Architects   | 25,000                          | 205,000                      | 200,797            | 4,203   |
| Building Improvements  | 394,019                         | 280,107                      | 279,251            | 856   |
| Total Capital Outlay   | <u>419,019</u>                  | <u>485,107</u>               | <u>480,048</u>     | <u>5,059</u>  |
| Total Expenditures   | <u>15,769,447</u>               | <u>16,418,455</u>            | <u>16,363,388</u>  | <u>55,067</u>   |
| Excess (Deficiency) of Revenues Over<br>(Under) Expenditures | <u>(2,979,096)</u>              | <u>(3,190,571)</u>           | <u>(3,004,932)</u> | <u>185,639</u>  |

(Continued)

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
GENERAL PURPOSE SCHOOL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2009

|                                     | Original<br>Budgeted<br>Amounts | Final<br>Budgeted<br>Amounts | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|-------------------------------------|---------------------------------|------------------------------|-------------------|---|
| OTHER FINANCING SOURCES             |                                 |                              |                   |   |
| Bond Proceeds                       | 575,741                         | 675,069                      | 669,946           | (5,123)   |
| Operating Grant/Contribution        | 2,332,000                       | 2,332,000                    | 2,332,000         | -   |
| Transfer from Primary Government    | 21,609                          | 21,609                       | 21,609            | -   |
| Total Other Financing Sources       | <u>2,929,350</u>                | <u>3,028,678</u>             | <u>3,023,555</u>  | <u>(5,123)</u>  |
| NET CHANGE IN FUND BALANCE          | <u>(49,746)</u>                 | <u>(161,893)</u>             | <u>18,623</u>     | <u>180,516</u>  |
| FUND BALANCE, JULY 1, 2008          | 1,002,016                       | 1,002,016                    | 1,002,016         | -   |
| PRIOR PERIOD ADJUSTMENT             | <u>-</u>                        | <u>-</u>                     | <u>93,920</u>     | <u>93,920</u>   |
| FUND BALANCE, JULY 1, 2008 RESTATED | <u>1,002,016</u>                | <u>1,002,016</u>             | <u>1,095,936</u>  | <u>93,920</u>   |
| FUND BALANCE, JUNE 30, 2009         | <u>\$ 952,270</u>               | <u>840,123</u>               | <u>1,114,559</u>  | <u>274,436</u>  |

See accompanying notes to the financial statements.

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
SCHOOL FEDERAL PROJECTS FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2009

|  | Budgeted Amounts |                  | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|------------------|------------------|-------------------|---|
|  | Original         | Final            |                   |   |
| <b>REVENUES</b>                                |                  |                  |                   |   |
| Intergovernmental Revenues                     |                  |                  |                   |   |
| Title I  | \$ 760,837       | 803,328          | 711,902           | (91,426)  |
| Title II                                       | 125,948          | 134,550          | 124,978           | (9,572)   |
| Title X  | -                | 25,000           | 25,000            | -   |
| Special Education (IDEA)                       | 415,631          | 415,631          | 360,000           | (55,631)  |
| Special Education (Preschool)                  | 11,961           | 12,219           | 12,219            | -   |
| Vocational Education                           | 43,442           | 45,526           | 45,526            | -   |
| Safe and Drug-Free Schools                     | -                | 18,755           | 16,365            | (2,390)   |
| Other Federal Through State                    | 51,013           | 27,078           | 20,521            | (6,557)   |
| <b>TOTAL REVENUES</b>                          | <b>1,408,832</b> | <b>1,482,087</b> | <b>1,316,511</b>  | <b>(165,576)</b>  |
| <b>EXPENDITURES</b>                            |                  |                  |                   |   |
| Instruction                                    |                  |                  |                   |   |
| Instruction - Regular Instruction              |                  |                  |                   |   |
| Teachers                                       | 123,673          | 123,673          | 122,086           | 1,587   |
| Educational Assistants                         | 202,580          | 204,730          | 204,673           | 57  |
| Other Salaries and Wages                       | 14,630           | 19,685           | 19,685            | -   |
| Social Security                                | 21,138           | 21,425           | 20,087            | 1,338   |
| State Retirement                               | 27,020           | 27,346           | 27,114            | 232   |
| Life Insurance                                 | 990              | 990              | 986               | 4   |
| Medical Insurance                              | 103,371          | 101,221          | 92,975            | 8,246   |
| Dental Insurance                               | 5,486            | 5,486            | 5,260             | 226   |
| Medicare                                       | 4,943            | 5,011            | 4,761             | 250   |
| Other Contracted Services                      | 7,020            | 16,752           | 14,370            | 2,382   |
| Instructional Supplies and Materials           | 30,000           | 40,000           | 35,889            | 4,111   |
| Other Charges                                  | 30,000           | 30,000           | 18,749            | 11,251  |
| Regular Instruction Equipment                  | 42,000           | 52,646           | 41,557            | 11,089  |
| <b>Total Instruction - Regular Instruction</b> | <b>612,851</b>   | <b>648,965</b>   | <b>608,192</b>    | <b>40,773</b>   |
| Instruction - Special Education                |                  |                  |                   |   |
| Educational Assistants                         | 249,254          | 252,708          | 231,206           | 21,502  |
| Social Security                                | 15,454           | 15,671           | 13,635            | 2,036   |
| State Retirement                               | 23,108           | 23,433           | 20,243            | 3,190   |
| Life Insurance                                 | 900              | 918              | 810               | 108   |
| Medical Insurance                              | 109,322          | 105,698          | 83,754            | 21,944  |
| Dental Insurance                               | 6,096            | 5,913            | 4,965             | 948   |
| Medicare                                       | 3,617            | 3,668            | 3,246             | 422   |
| <b>Total Instruction - Special Education</b>   | <b>407,751</b>   | <b>408,009</b>   | <b>357,859</b>    | <b>50,150</b>   |

(Continued)

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
SCHOOL FEDERAL PROJECTS FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2009

|  | Budgeted Amounts |                  | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|------------------|------------------|-------------------|---|
|  | Original         | Final            |                   |   |
| <b>EXPENDITURES (CONTINUED)</b>                      |                  |                  |                   |   |
| Instruction (Continued)                              |                  |                  |                   |   |
| Instruction - Vocational Education                   |                  |                  |                   |   |
| Other Supplies and Materials                         | 5,000            | 5,750            | 5,478             | 272   |
| Vocational Instruction Equipment                     | 24,572           | 24,848           | 25,112            | (264)   |
| Total Instruction - Vocational Education             | <u>29,572</u>    | <u>30,598</u>    | <u>30,590</u>     | <u>8</u>  |
| <br>   |                  |                  |                   |   |
| Total Instructional Expenditures                     | <u>1,050,174</u> | <u>1,087,572</u> | <u>996,641</u>    | <u>90,931</u>   |
| <br>   |                  |                  |                   |   |
| Support Services                                     |                  |                  |                   |   |
| Instructional Staff Services - Regular Instruction   |                  |                  |                   |   |
| Supervisor   | 67,434           | 66,144           | 66,142            | 2   |
| Secretary  | 16,016           | 16,016           | 16,016            | -   |
| Other Salaries and Wages                             | 12,106           | 12,106           | 12,060            | 46  |
| Social Security                                      | 5,925            | 5,290            | 5,286             | 4   |
| State Retirement                                     | 5,814            | 5,734            | 5,731             | 3   |
| Life Insurance                                       | 113              | 113              | 113               | -   |
| Medical Insurance                                    | 9,059            | 8,534            | 8,531             | 3   |
| Dental Insurance                                     | 456              | 446              | 443               | 3   |
| Employer Medicare                                    | 1,385            | 1,240            | 1,236             | 4   |
| Travel   | 3,000            | 3,000            | 1,389             | 1,611   |
| Other Contracted Services                            | 6,324            | 6,574            | 6,571             | 3   |
| Other Supplies and Materials                         | 15,000           | 17,990           | 5,485             | 12,505  |
| In-Service/Staff Development                         | 75,895           | 95,050           | 75,428            | 19,622  |
| Other Charges  | 32,062           | 41,557           | 12,267            | 29,290  |
| Furniture and Fixtures                               | 2,000            | 2,000            | -                 | 2,000   |
| Other Equipment                                      | 7,754            | 7,754            | 4,485             | 3,269   |
| Total Instructional Staff Services - Reg Instruction | <u>260,343</u>   | <u>289,548</u>   | <u>221,183</u>    | <u>68,365</u>   |
| <br>   |                  |                  |                   |   |
| Support Services - Student Transportation            |                  |                  |                   |   |
| Bus Drivers  | 8,509            | 8,509            | 8,414             | 95  |
| Other Salaries and Wages                             | 1,720            | 1,470            | 840               | 630   |
| Social Security                                      | 635              | 635              | 532               | 103   |
| State Retirement                                     | 949              | 949              | 858               | 91  |
| Life Insurance                                       | 45               | 45               | 45                | -   |
| Medical Insurance                                    | 5,335            | 5,335            | -                 | 5,335   |
| Dental Insurance                                     | 305              | 305              | 295               | 10  |
| Medicare   | 148              | 148              | 124               | 24  |
| Total Support Services Student Transportation        | <u>17,646</u>    | <u>17,396</u>    | <u>11,108</u>     | <u>6,288</u>  |

(Continued)

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
SCHOOL FEDERAL PROJECTS FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2009

|  | Budgeted Amounts |                  | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|------------------|------------------|-------------------|---|
|  | Original         | Final            |                   |   |
| EXPENDITURES (CONTINUED)                                     |                  |                  |                   |   |
| Support Services (Continued)                                 |                  |                  |                   |   |
| Other Services   |                  |                  |                   |   |
| Health Services  | 36,901           | 36,901           | 36,901            | -   |
| Other Student Support  | 15,282           | 22,854           | 22,861            | (7)   |
| Special Education Support                                    | 4,207            | 4,207            | 4,207             | -   |
| Vocational Support   | 2,670            | 2,000            | 2,001             | (1)   |
| Total Other Services   | <u>59,060</u>    | <u>65,962</u>    | <u>65,970</u>     | <u>(8)</u>  |
| Total Support Services                                       | <u>337,049</u>   | <u>372,906</u>   | <u>298,261</u>    | <u>74,645</u>   |
| TOTAL EXPENDITURES   | <u>1,387,223</u> | <u>1,460,478</u> | <u>1,294,902</u>  | <u>165,576</u>  |
| Excess (Deficiency) of Revenues Over<br>(Under) Expenditures | <u>21,609</u>    | <u>21,609</u>    | <u>21,609</u>     | <u>0</u>  |
| Other Financing Sources (Uses)                               |                  |                  |                   |   |
| Transfers In   | 165,428          | 166,678          | 166,678           | -   |
| Transfers Out  | <u>(187,037)</u> | <u>(188,287)</u> | <u>(188,287)</u>  | <u>-</u>  |
| TOTAL OTHER FINANCING SOURCES (USES)                         | <u>(21,609)</u>  | <u>(21,609)</u>  | <u>(21,609)</u>   | <u>0</u>  |
| NET CHANGE IN FUND BALANCE                                   | 0                | 0                | 0                 | 0   |
| FUND BALANCE, JULY 1, 2008                                   | <u>-</u>         | <u>-</u>         | <u>-</u>          | <u>-</u>  |
| FUND BALANCE, JUNE 30, 2009                                  | <u>\$ 0</u>      | <u>0</u>         | <u>0</u>          | <u>0</u>  |

See accompanying notes to the financial statements.

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
 (COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
 SCHOOL NUTRITION FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2009

|   | Original Budgeted<br>Amounts | Final Budgeted<br>Amounts | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|------------------------------|---------------------------|-------------------|---|
| <b>REVENUES</b>                         |                              |                           |                   |   |
| Intergovernmental Revenues              |                              |                           |                   |   |
| USDA Lunch Claims                       | \$ 298,300                   | 327,250                   | 327,248           | (2)   |
| USDA Breakfast Claims                   | 88,800                       | 105,350                   | 105,356           | 6   |
| Snack Reimbursement                     | 10,800                       | 8,825                     | 8,815             | (10)  |
| Commodities                             | -                            | -                         | 49,121            | 49,121  |
| Other State Funds                       | -                            | -                         | 16,988            | 16,988  |
| State Matching                          | 9,550                        | 9,550                     | 9,071             | (479)   |
| <b>Total Intergovernmental Revenues</b> | <b>407,450</b>               | <b>450,975</b>            | <b>516,599</b>    | <b>65,624</b>   |
| Charges for Services                    |                              |                           |                   |   |
| Meal Payment - Children                 | 294,918                      | 281,668                   | 281,660           | (8)   |
| Meal Payment - Adults                   | 27,550                       | 24,500                    | 24,496            | (4)   |
| Income from Breakfast                   | 1,920                        | 3,120                     | 3,149             | 29  |
| A La Carte Sales                        | 85,000                       | 66,025                    | 66,019            | (6)   |
| Other Charges for Services              | 10,000                       | 10,720                    | 10,720            | -   |
| <b>Total Charges for Services</b>       | <b>419,388</b>               | <b>386,033</b>            | <b>386,044</b>    | <b>11</b>   |
| Investment Earnings                     | 4,300                        | 1,800                     | 1,796             | (4)   |
| Miscellaneous Refunds                   | -                            | 6,328                     | 6,327             | (1)   |
| <b>TOTAL REVENUES</b>                   | <b>831,138</b>               | <b>845,136</b>            | <b>910,766</b>    | <b>65,630</b>   |
| <b>EXPENDITURES</b>                     |                              |                           |                   |   |
| Food Services                           |                              |                           |                   |   |
| Supervisor/Director                     | 37,170                       | 37,170                    | 36,442            | 728   |
| Cafeteria Personnel                     | 256,328                      | 256,328                   | 245,269           | 11,059  |
| Other Salaries and Wages                | 3,500                        | 7,000                     | 4,970             | 2,030   |
| Social Security                         | 18,412                       | 18,412                    | 16,951            | 1,461   |
| State Retirement                        | 24,337                       | 24,337                    | 40,801            | (16,464)  |
| Life Insurance                          | 900                          | 900                       | 886               | 14  |
| Medical Insurance                       | 121,631                      | 121,631                   | 121,466           | 165   |
| Dental Insurance                        | 20,123                       | 20,123                    | 6,563             | 13,560  |
| Medicare                                | 4,307                        | 4,307                     | 3,974             | 333   |
| Communication                           | 525                          | 728                       | 647               | 81  |
| Maintenance/Repair - Equipment          | 5,250                        | 5,250                     | 3,779             | 1,471   |
| Transportation                          | 1,700                        | 5,200                     | 4,312             | 888   |
| Travel                                  | 50                           | 50                        | -                 | 50  |
| Food Supplies                           | 306,500                      | 306,500                   | 325,505           | (19,005)  |
| Office Supplies                         | 1,250                        | 1,600                     | 1,395             | 205   |
| Other Supplies and Materials            | 22,150                       | 23,650                    | 22,971            | 679   |
| In-Service/Staff Development            | 955                          | 1,050                     | 975               | 75  |
| Other Charges                           | 4,550                        | 5,900                     | 4,868             | 1,032   |
| Equipment                               | 1,500                        | 5,000                     | 3,032             | 1,968   |
| <b>TOTAL EXPENDITURES</b>               | <b>831,138</b>               | <b>845,136</b>            | <b>844,806</b>    | <b>330</b>  |

(Continued)



ELIZABETHTON, TENNESSEE CITY SCHOOLS  
 (COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
 SCHOOL NUTRITION FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2009

|  | Original Budgeted<br>Amounts | Final Budgeted<br>Amounts | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|------------------------------|---------------------------|-------------------|---|
| Excess (Deficiency) of Revenues Over<br>(Under) Expenditures | -                            | -                         | 65,960            | 65,960  |
| FUND BALANCE, JULY 1, 2008                                   | 135,652                      | 135,652                   | 135,652           | -   |
| FUND BALANCE, JUNE 30, 2009                                  | \$ 135,652                   | 135,652                   | 201,612           | 65,960  |

See accompanying notes to the financial statements.

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2009

---

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Elizabethton, Tennessee City Schools (the Schools) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The governmental accounting standards board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the School's accounting policies are described below.

Reporting Entity

The General Purpose School Fund, School Federal Projects Fund, and School Nutrition Fund are three funds of the Elizabethton, Tennessee City Schools. The Schools are included as a discretely presented component unit in the financial report of the City of Elizabethton, Tennessee (the City). The Board receives funding from local, county, state and federal government sources and must comply with the requirements of these funding source entities. The members of the Board of Education are elected by the voters of the City.

Related Organizations

School Activity Funds of the Schools are the internal school funds used for student body activities within each school. Administration of the school activity funds is the responsibility of the Schools, the Director of Schools and the principals. The internal school funds are restricted for use by the individual schools; therefore, these funds are not included in the reporting entity of the Board of Education.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 are 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 Schools considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Grant revenue has a period of availability of one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and debt service are recorded only when payment is due.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Board of Education.

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2009

---

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

The School System reports the following governmental funds:

General Purpose School Fund - The General Purpose School Fund is the operations fund and accounts for all revenues and expenditures not encompassed within other funds. All general revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Purpose School Fund.

School Federal Projects Fund and School Nutrition Fund – Proceeds of specific revenue sources that are restricted to expenditures for specified purposes are in separate funds.

Assets, Liabilities, and Net Assets or Equity

Deposits and Investments

The Finance Director is the treasurer for the Schools and in this capacity is responsible for receiving, disbursing, depositing and investing most of the School's funds. Certain disclosures regarding deposits and investments are required by accounting principles generally accepted in the United States of America for those amounts included on the balance sheet as cash and cash equivalents. The Board of Education does not have any deposits or investments other than cash on deposit with banks.

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2009

---

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Assets or Equity (Continued)

Receivables and Payables

Property taxes receivable are recognized as of the date when an enforceable legal claim to the taxable property arises. This is January 1 in Tennessee and is referred to as the "lien date." Revenues from property taxes are recognized in the period for which the taxes are levied which becomes payable October 1, even though the receivable is recognized in the prior period when the enforceable legal claim arises. Property taxes recognized as receivable before the period of revenue recognition have been reported as deferred revenues.

Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Governmental funds record inventories as expenditures at the time of purchase. All such inventories on hand at year end are reported as assets and are fully reserved in the equity section of the funds' balance sheet at the fund level.

Capital Assets

Capital assets are defined as assets with an initial, individual cost of more than \$5,000 for vehicles and equipment and \$50,000 for buildings and improvements. Such assets are recorded at historical cost. 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.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u>              | <u>Years</u> |
|----------------------------|--------------|
| Buildings and Improvements | 40           |
| Vehicles and Equipment     | 3-20         |

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2009

---

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Employees are granted vacation leave and sick leave based upon the system's policy. These benefit costs are accrued when earned in the government-wide financial statements. A liability is reported in the governmental funds only if the benefit had been earned at June 30 as a result of a retirement, resignation, or termination, and the benefit is expected to be paid immediately after the start of the new fiscal year. Any remaining vacation days in excess of ten will be converted into sick leave days at the rate of one-half sick leave day for one vacation leave day. The policy was amended in 2005 to allow at termination of employment, the payment of earned vacation days at the rate of pay applicable when the days were granted. A liability is not recorded for sick leave because the Board policy is silent on payment to employees upon termination.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative Board plans that are subject to change.

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.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The Schools' financial operations are subject to the comprehensive appropriated budget. Budget amendments are authorized during the year. The Statements of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual include original and final amended budget amounts. The budgets were legally adopted on a basis consistent with accounting principles generally accepted in the United States of America.

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2009

---

NOTE 3 - DETAILED NOTES ON ALL FUNDS

Deposits and Investments

Cash and cash equivalents on the balance sheet include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes impose various restrictions on deposits and investments, including repurchase agreements. These restrictions are summarized as follows:

DEPOSITS - All deposits with financial institutions must be collateralized in an amount equal to 105% of the market value of uninsured deposits.

INVESTMENTS - State statutes authorize the system to invest in treasury bonds, notes or bills of the United States of America; nonconvertible debt securities of the Federal Home Loan Bank, The Federal National Mortgage Association, The Federal Farm Credit Bank and the State Loan Marketing Association; other obligations not listed above which are guaranteed as to principal and interest by the United States of America or any of its agencies; Certificates of Deposit and other evidences of deposit at State and Federal chartered banks and Savings and Loan Associations; obligations of the United States of America or its agencies under a repurchase agreement and money market funds whose portfolios consist of any of the foregoing investments if approved by the State Director of Local Finance and made in accordance with procedures established by the State Funding Board; The State of Tennessee Local Government Investment Pool (LGIP); obligations of the Public Housing Authority and bonds of the Tennessee Valley Authority.

The Schools do not have a policy for interest rate risk or for other credit risk other than pledging securities for amounts in excess of FDIC coverage and placing deposits in banks that are approved members of the State of Tennessee Collateral Pool.

Deposits

All deposits of the Schools are held by a bank which is an approved member of the Bank Collateral Pool of the Treasury Department of the State of Tennessee. The Collateral Pool is a multiple financial institution collateral pool and state statutes require collateral pledged by each financial institution must equal a certain percentage of the uninsured public deposits it holds. Members of the pool can be assessed if the collateral is inadequate to cover a loss. This is similar to depository insurance. At year end, the School's carrying amount of deposits was \$702,262 and the bank balance was \$1,126,856.

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2009

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED)

Receivables

Receivables as of year end for the School's individual funds are as follows:

|                               | <u>General Purpose<br/>School Fund</u> | <u>School Federal<br/>Projects Fund</u> | <u>School Nutrition<br/>Fund</u> | <u>Total</u>     |
|-------------------------------|--|---|----------------------------------|------------------|
| Other Receivables             | \$ 20,352                              | -                                       | -                                | 20,352           |
| Due from Other Governments    |  |   |                                  |                  |
| Federal and State             | 955,519                                | 105,173                                 | 3,870                            | 1,064,562        |
| Carter County, Tax Allocation | <u>2,009,037</u>                       | <u>-</u>                                | <u>-</u>                         | <u>2,009,037</u> |
| Total Receivables             | <u>\$ 2,984,908</u>                    | <u>105,173</u>                          | <u>3,870</u>                     | <u>3,093,951</u> |

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

At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

|  | <u>Unavailable</u> | <u>Unearned</u>  |
|--|--------------------|------------------|
| Receivables not received within period of availability:            |                    |                  |
| Property tax levied for ensuing fiscal year:                       |                    |                  |
| General Fund   | \$ -               | 1,832,037        |
| Property tax levied but not collected<br>in period of availability | <u>138,877</u>     | <u>-</u>         |
|  | <u>\$ 138,877</u>  | <u>1,832,037</u> |

On the fund financial statement level, deferred revenue is \$1,970,914 for the current year.

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2009

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED)

Capital Assets

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

|  | Beginning<br>Balance | Increases        | Decreases       | Ending<br>Balance  |
|--|----------------------|------------------|-----------------|--------------------|
| Capital Assets, Not Being Depreciated:       |                      |                  |                 |                    |
| Land   | \$ 216,170           | -                | -               | 216,170            |
| Construction in Progress                     | 756                  | 254,950          | -               | 255,706            |
| Total Capital Assets, Not Being Depreciated  | <u>216,926</u>       | <u>254,950</u>   | <u>0</u>        | <u>471,876</u>     |
| Capital Assets, Being Depreciated            |                      |                  |                 |                    |
| Buildings                                    | 15,265,969           | 179,985          | -               | 15,445,954         |
| Equipment                                    | 955,481              | 45,113           | (30,539)        | 970,055            |
| Total Capital Assets, Being Depreciated      | <u>16,221,450</u>    | <u>225,098</u>   | <u>(30,539)</u> | <u>16,416,009</u>  |
| Less Accumulated Depreciation For:           |                      |                  |                 |                    |
| Buildings                                    | (7,624,481)          | (323,629)        | -               | (7,948,110)        |
| Equipment                                    | (582,143)            | (45,669)         | 29,012          | (598,800)          |
| Total Accumulated Depreciation               | <u>(8,206,624)</u>   | <u>(369,298)</u> | <u>29,012</u>   | <u>(8,546,910)</u> |
| Total Capital Assets, Being Depreciated, Net | <u>8,014,826</u>     | <u>(144,200)</u> | <u>(1,527)</u>  | <u>7,869,099</u>   |
| Total Capital Assets, Net                    | <u>\$ 8,231,752</u>  | <u>110,750</u>   | <u>(1,527)</u>  | <u>8,340,975</u>   |

Depreciation expense is charged to Plant Operation and Maintenance in the Statement of Activities.



ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2009

---

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED)

Long-term Debt

The following is a summary of debt transactions of the school system for the year ended June 30, 2009:

|  | Balance<br>Beginning<br>of Year | Additions | Reductions | Balance<br>End of<br>Year | Due<br>Within<br>One Year |
|--|---------------------------------|-----------|------------|---------------------------|---------------------------|
| Governmental Activities:<br>Compensated Absences | \$ 32,642                       | 5,592     | 1,723      | 36,511                    | 1,342                     |
| Governmental Activities<br>Long Term Liabilities | \$ 32,642                       | 5,592     | 1,723      | 36,511                    | 1,342                     |

NOTE 4 - OTHER INFORMATION

Risk Management

The School system purchases commercial insurance for the risks of losses for general liability, employee, administration, and board member dishonesty. Settled claims have not exceeded this commercial coverage in the past three fiscal years.

Also, the School system is a member of the Tennessee Municipal League Risk Management Pool (TML Pool). Coverage for the system includes workers' compensation, general liability, and property and casualty. The TML Pool is a non-profit, risk sharing organization of Tennessee municipalities and local public agencies. Tennessee Statute governing the formation of the pooling and risk sharing arrangement dictates that the pool has the ability to assess members. Contributions (premiums) from members are used in part to purchase reinsurance to cover losses that exceed the Pool's loss fund.

Contingent Liabilities

The Board of Education is a defendant in litigation concerning the termination of the former Director of Schools. The outcome is not presently determinable. It is the opinion of the attorneys that the resolution of this matter will not have a material adverse effect on the financial condition of the Board of Education.

The Board of Education has several contracts on-going for renovations and construction/repairs at two schools. This includes a contract for \$2,000,400 for school renovations and another contract for \$1,421,370 for re-roofing at two schools. As of June 30, 2009, \$54,207 had been spent for the re-roofing and \$0 on the contract for the renovations.

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2009

---

NOTE 4 - OTHER INFORMATION (CONTINUED)

Defined Benefit Plan

Plan Description

The employees of Elizabethton, Tennessee City Schools are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement system (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after five years of service and members joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Elizabethton, Tennessee City Schools 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 in writing to Tennessee Treasury Department, Consolidated Retirement System, 10<sup>th</sup> Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.tn.gov/treaasury/tcrs/PS/](http://www.tn.gov/treaasury/tcrs/PS/).

Funding Policy

Elizabethton, Tennessee City Schools requires employees to contribute 5.00% of earnable compensation.

Elizabethton, Tennessee City Schools is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2009 was 9.27% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Elizabethton, Tennessee City Schools is established and may be amended by the TCRS Board of Trustees.

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2009

---

NOTE 4 - OTHER INFORMATION (CONTINUED)

Defined Benefit Plan (Continued)

Annual Pension Cost

For the year ending June 30, 2009, Elizabethton, Tennessee City School's annual pension cost of \$214,097 to TCRS was equal to Elizabethton, Tennessee City School's required and actual contributions. The required contribution was determined as part of the July 1, 2007 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 7.50 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0 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 five-year period. Elizabethton, Tennessee City School's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007 was 8 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

**Trend Information**

| Fiscal<br>Year<br>Ending | Annual<br>Pension<br>Cost (APC) | Percentage<br>Of APC<br>Contributed | Net<br>Pension<br>Obligation |
|--------------------------|---------------------------------|-------------------------------------|------------------------------|
| June 30, 2009            | \$214,097                       | 100.00%                             | \$0.00                       |
| June 30, 2008            | \$208,890                       | 100.00%                             | \$0.00                       |
| June 30, 2007            | \$189,875                       | 100.00%                             | \$0.00                       |

As of July 1, 2007, the most recent actuarial valuation date, the plan was 87.71% percent funded. The actuarial accrued liability for benefits was \$6.14 million, and the actuarial value of assets was \$5.38 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.76 million. The covered payroll (annual payroll of active employees covered by the plan) was \$2 million, and the ratio of the UAAL to the covered payroll was 37.14% percent.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2009

NOTE 4 - OTHER INFORMATION (CONTINUED)

Defined Benefit Plan (Continued)  
Annual Pension Cost (Continued)

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

(Dollar amounts in thousands)

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Plan Assets<br>(a) | Actuarial<br>Liability<br>(AAL) -<br>Entry Age<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b) - (a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((b-a)/c) |
|--------------------------------|---|---|--|--------------------------|---------------------------|---|
| July 1, 2007                   | \$5,388                                     | \$6,143   | \$755                                  | 87.71%                   | \$2,033                   | 37.14%  |

The Government Accounting Standards Board (GASB) requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the Entry Age actuarial cost method was a change made during the year and therefore only the most current year is presented.

Plan Description

The Elizabethton City Schools contribute 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 the 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 the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2009

---

NOTE 4 - OTHER INFORMATION (CONTINUED)

Defined Benefit Plan (Continued)

Plan Description (Continued)

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, 10<sup>th</sup> Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.tn.gov/treasury/tcrs](http://www.tn.gov/treasury/tcrs).

Funding Policy

Most teachers are required by state statute to contribute 5.00% of salary of the plan. The employer contribution rate for Elizabethton City Schools is established at an actuarially determined rate. The employer rate for the fiscal year ending June 30, 2009 was 6.42% of annual covered payroll. The employer contribution requirement for Elizabethton City Schools is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ending June 30, 2009, 2008, and 2007 were \$545,446, \$502,459 and \$469,320, respectively, equal to the required contributions for each year.

Post-Employment Healthcare Plan

Plan Description

The Elizabethton, Tennessee City Schools participates in the state-administered Teacher Group Insurance Plan and Local Government Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Tennessee Annotated Code (TCA) 8-27-302 (teachers) or TCA 8-27-207 (local governments). Prior to reaching age 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered medicare supplement plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue.

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2009

---

NOTE 4 - OTHER INFORMATION (CONTINUED)

Funding Policy (Continued)

The school system pays 100% of the monthly premium for individual coverage. Monthly premiums vary based upon the plan selected and for 2009 are as follows:

Monthly Premiums – Retiree:

|     |                                  |
|-----|----------------------------------|
| PPO | \$253 to \$345 (single coverage) |
| POS | \$232 to \$317 (single coverage) |
| HMO | \$246 to \$336 (single coverage) |

Monthly Premiums – Active:

|     |                         |
|-----|-------------------------|
| PPO | \$461 (single coverage) |
| POS | \$422 (single coverage) |
| HMO | \$448 (single coverage) |

The system will pay 100% of eligible retirees’ coverage upon retirement for the shorter of 5 years or age 65.

|   | 07/01/2008 -<br>06/30/2009 |
|---|----------------------------|
| Annual OPEB Cost and Net OPEB Obligation              |                            |
| 1. Annual Required Contribution (ARC)                 | \$ 224,940                 |
| 2. Interest on net OPEB Obligation                    | -                          |
| 3. Adjustment to ARC                                  | -                          |
| 4. Annual OPEB Cost (Expense) (1+2+3)                 | 224,940                    |
| 5. Contribution made (assumed end of year)*           | 121,999                    |
| 6. Increase (Decrease) in net OPEB Obligation (4 - 5) | 102,941                    |
| 7. Net OPEB Obligation - beginning of year            | -                          |
| 8. Net OPEB Obligation - end of year (6 + 7)          | \$ 102,941                 |

*\*Contribution made was assumed to equal Expected Benefit Payments*

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2009

NOTE 4 - OTHER INFORMATION (CONTINUED)

Funding Policy (Continued)

| <u>Year End</u> | <u>Plan</u>                | <u>Annual OPEB<br/>Cost</u> | <u>Percentage of<br/>Annual OPEB Cost<br/>Contributed</u> | <u>Net OPEB<br/>Obligation at<br/>Year End</u> |
|-----------------|----------------------------|-----------------------------|---|--|
| 6/30/2009       | Teacher & Local Government | \$ 224,940                  | 58.3%   | \$ 102,941                                     |

*Data not available for two preceding years.*

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, was as follows:

|   |                  |
|---|------------------|
| Actuarial Valuation Date                    | July 1, 2007     |
| Actuarial Accrued Liability (AAL)           | \$ 1,194,285     |
| Actuarial Value of Plan Assets              | -                |
| Unfunded Actuarial Accrued Liability (UAAL) | <u>1,194,285</u> |
| Actuarial Value of Assets as a % of the AAL | 0%               |
| Covered Payroll                             | 11,225,541       |
| UAAL as a Percentage of Covered Payroll     | 11%              |

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 RSI following the notes to the financial statements, presents multiyear 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.

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2009

---

NOTE 4 - OTHER INFORMATION (CONTINUED)

Actuarial Methods and Assumptions (Continued)

In the actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of 6.0 percent after ten years. Both rates include a 3 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30 year period beginning with June 30, 2008. Fiscal year 2009 was the year of implementation of GASB Statement No. 45 and the system elected to implement prospectively, therefore prior year comparative data is not available.

Total On-behalf payments were \$130,679.

NOTE 5 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$93,920 relating to sales tax and reserves is reflected on the Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances.



**REQUIRED SUPPLEMENTARY INFORMATION**

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
SCHEDULE OF FUNDING PROGRESS (UNAUDITED)  
For the Fiscal Year Ended June 30, 2009

---

(Dollar amounts in thousands)

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br><br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>(b) | Unfunded<br>AAL<br>(UAA)<br>(b) – (a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((b-a)/c) |
|--------------------------------|--|---|---------------------------------------|--------------------------|---------------------------|---|
| July 1, 2007                   | \$5,388                                    | \$6,143   | \$755                                 | 87.71%                   | \$2,033                   | 37.14%  |

The Government Accounting Standards Board (GASB) requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the Entry Age actuarial cost method was a change made during the year and therefore only the most current year is presented.

See Independent Auditors' Report.

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
SCHEDULE OF FUNDING PROGRESS OF POST - RETIREMENT BENEFITS OTHER THAN  
PENSION (UNAUDITED)  
For the Fiscal Year Ended June 30, 2009

---

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Plan Assets<br><u>(a)</u> | Actuarial<br>Accrued<br>Liability<br>(AAL)<br><u>(b)</u> | Unfunded<br>AAL<br>(UAAL)<br><u>(b) - (a)</u> | Funded<br>Ratio<br><u>(a/b)</u> | Covered<br>Payroll<br><u>(c)</u> | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br><u>((b-a)/c)</u> |
|--------------------------------|--|--|---|---------------------------------|----------------------------------|--|
| July 1, 2007                   | \$0  | \$1,194,285  | \$1,194,285                                   | 0.00%                           | 11,225,541                       | 11.00%   |

Note: Information was not available for prior years .

---

See Independent Auditors' Report.

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Fiscal Year Ended June 30, 2009

| CFDA<br>Number                       | Program Name/Grant Number                         | Grantor Agency               | Balance<br>July 1, 2008 | Cash<br>Receipts | Expenditures   | Balance<br>June 30, 2009 |
|--------------------------------------|---|------------------------------|-------------------------|------------------|----------------|--------------------------|
| <u>General Purpose School Fund:</u>  |   |                              |                         |                  |                |                          |
| Pass Through Other Entities:         |   |                              |                         |                  |                |                          |
| 84.000                               | Education Edge                                    | U.S. Department of Education | \$ 69                   | -                | -              | 69 **                    |
| Pass Through State of Tennessee:     |   |                              |                         |                  |                |                          |
| 84.027                               | High Excess Cost Student                          | U.S. Department of Education | <u>10,909</u>           | <u>26,545</u>    | <u>37,454</u>  | <u>-</u>                 |
| Total General Purpose School Fund    |   |                              | <u>10,978</u>           | <u>26,545</u>    | <u>37,454</u>  | <u>69</u>                |
| <u>School Federal Projects Fund:</u> |   |                              |                         |                  |                |                          |
| Pass Through State of Tennessee:     |   |                              |                         |                  |                |                          |
| 84.048                               | Carl Perkins (Vocational Program<br>Improvements) | U.S. Department of Education | <u>(11,150)</u>         | <u>42,614</u>    | <u>45,526</u>  | <u>(14,062) *</u>        |
| 84.186                               | Drug Free Schools                                 | U.S. Department of Education | <u>(5,736)</u>          | <u>19,006</u>    | <u>16,365</u>  | <u>(3,095) *</u>         |
| 84.027                               | IDEA, Project                                     | U.S. Department of Education | <u>0</u>                | <u>372,219</u>   | <u>372,219</u> | <u>0</u>                 |

\* Receivable

\*\* Unused Revenue

(Continued)

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Fiscal Year Ended June 30, 2009

| CFDA<br>Number                                   | Program Name/Grant Number         | Grantor Agency                 | Balance<br>July 1, 2008 | Cash<br>Receipts | Expenditures | Balance<br>June 30, 2009 |
|--|-----------------------------------|--------------------------------|-------------------------|------------------|--------------|--------------------------|
| <u>School Federal Projects Fund (Continued):</u> |                                   |                                |                         |                  |              |                          |
| Pass Through State of Tennessee (Continued):     |                                   |                                |                         |                  |              |                          |
| 84.196   | Title X Education for Homeless    | U.S. Department of Education   | (11,463)                | 16,380           | 25,000       | (20,083) *               |
| 84.010   | Title I, Project                  | U.S. Department of Education   | (37,749)                | 706,294          | 711,902      | (43,357) *               |
| 84.048   | Title II, Part A                  | U.S. Department of Education   | (4,538)                 | 108,998          | 124,978      | (20,518) *               |
| 84.048   | Title II, Part D                  | U.S. Department of Education   | (5,273)                 | 5,273            | -            | 0                        |
|  | Total Title II                    |                                | (9,811)                 | 114,271          | 124,978      | (20,518)                 |
| 84.126   | Vocational Rehabilitation         | U.S. Department of Education   | (11,215)                | 27,727           | 20,570       | (4,058) *                |
| Total School Federal Projects Fund               |                                   |                                | (87,124)                | 1,298,511        | 1,316,560    | (105,173)                |
| <u>School Nutrition Fund:</u>                    |                                   |                                |                         |                  |              |                          |
| Pass Through State of Tennessee:                 |                                   |                                |                         |                  |              |                          |
| 10.533   | National School Breakfast Program | U.S. Department of Agriculture | (10,244)                | 114,626          | 105,356      | (974) *                  |
| 10.555   | National School Lunch Program     | U.S. Department of Agriculture | (27,550)                | 352,904          | 327,446      | (2,092) *                |
| 10.555   | National Snack Reimbursement      | U.S. Department of Agriculture | (1,035)                 | 9,046            | 8,815        | (804) *                  |

\* Receivable      \*\* Unused Revenue

(Continued)

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Fiscal Year Ended June 30, 2009

| CFDA<br>Number                            | Program Name/Grant Number  | Grantor Agency                      | Balance<br>July 1, 2008 | Cash<br>Receipts | Expenditures | Balance<br>June 30, 2009 |
|---|--|-------------------------------------|-------------------------|------------------|--------------|--------------------------|
| <u>School Nutrition Fund (Continued):</u> |  |                                     |                         |                  |              |                          |
| Pass Through TN Department of Agriculture |  |                                     |                         |                  |              |                          |
| 10.550                                    | USDA: Commodity Supplemental Feeding-<br>Commodities Distributed | Tennessee Department of Agriculture | -                       | 49,121           | 49,121       | -                        |
| Total School Nutrition Fund               |  |                                     | (38,829)                | 525,697          | 490,738      | (3,870)                  |
| TOTAL FEDERAL GRANTS                      |  |                                     | \$ (114,975)            | 1,850,753        | 1,844,752    | (108,974)                |

NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Elizabethton, Tennessee City Schools and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B: FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule of expenditures of federal awards at the fair market value of commodities received and used.

\* Receivable                      \*\* Unused Revenue

See Independent Auditors' Report.

ELIZABETHTON, TENNESSEE CITY SCHOOLS  
(A COMPONENT UNIT OF THE CITY OF ELIZABETHTON, TENNESSEE)  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
For the Fiscal Year Ended June 30, 2009

| CFDA<br>Number                      | Program Name/Grant Number       | Grantor Agency                      | Balance<br>July 1, 2008 | Cash<br>Receipts | Expenditures   | Balance<br>June 30, 2009 |
|-------------------------------------|---------------------------------|-------------------------------------|-------------------------|------------------|----------------|--------------------------|
| <u>General Purpose School Fund:</u> |                                 |                                     |                         |                  |                |                          |
| N/A                                 | Early Childhood Grant - Pilot   | Tennessee Department of Education   | \$ (90,445)             | 283,033          | 286,767        | (94,179) *               |
| N/A                                 | Coordinated School Health       | Tennessee Department of Education   | (46,977)                | 89,975           | 90,000         | (47,002) *               |
| N/A                                 | Early Childhood Grant - Lottery | Tennessee Department of Education   | (40,023)                | 93,551           | 95,589         | (42,061) *               |
| N/A                                 | Safe Schools Act                | Tennessee Department of Education   | <u>(1,180)</u>          | <u>3,695</u>     | <u>7,607</u>   | <u>(5,092) *</u>         |
| Total General Purpose School Fund   |                                 |                                     | <u>(178,625)</u>        | <u>470,254</u>   | <u>479,963</u> | <u>(188,334)</u>         |
| <u>School Nutrition Fund:</u>       |                                 |                                     |                         |                  |                |                          |
| N/A                                 | State Matching Funds            | Tennessee Department of Agriculture | <u>-</u>                | <u>9,071</u>     | <u>9,071</u>   | <u>-</u>                 |
| Total School Nutrition Fund         |                                 |                                     | <u>0</u>                | <u>9,071</u>     | <u>9,071</u>   | <u>0</u>                 |
| TOTAL STATE GRANTS                  |                                 |                                     | <u>\$ (178,625)</u>     | <u>479,325</u>   | <u>489,034</u> | <u>(188,334)</u>         |

See Independent Auditors' Report.

## SECTION II

### INTERNAL CONTROL AND COMPLIANCE SECTION











