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# ANNUAL FINANCIAL REPORT GILES COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2011



**ANNUAL FINANCIAL REPORT  
GILES COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2011**

***COMPTROLLER OF THE TREASURY  
JUSTIN P. WILSON***

***DIVISION OF COUNTY AUDIT  
JAMES R. ARNETTE  
Director***

***JEFF BAILEY, CPA, CGFM, CFE  
Audit Manager***

***KENT WHITE, CPA, CGFM, CFE  
Auditor 4***

***RHONDA DAVIS, CFE  
MARK HARVILL  
JACOB KENNEDY  
State Auditors***

This financial report is available at [www.tn.gov/comptroller](http://www.tn.gov/comptroller)

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# GILES COUNTY, TENNESSEE

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***Audit Highlights***  
Annual Financial Report  
Giles County, Tennessee  
For the Year Ended June 30, 2011

***Scope***

We have audited the basic financial statements of Giles County as of and for the year ended June 30, 2011.

***Results***

Our report on Giles County's financial statements is unqualified.

Our audit resulted in six findings and recommendations, which we have reviewed with Giles County management. The detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

***Findings***

The following are summaries of the audit findings:

**OFFICE OF FINANCE DIRECTOR**

- ◆ A revenue anticipation note was not issued in compliance with state statute.
- 

**OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ Expenditures exceeded appropriations.
  - ◆ The School Department had deficiencies in the use of federal Special Education Cluster funds.
- 

**OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK**

- ◆ The office did not deposit some funds within three days of collection.
  - ◆ The court software did not have adequate application controls.
- 

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

- ◆ Duties were not segregated adequately.

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# INTRODUCTORY SECTION

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Giles County Officials  
June 30, 2011

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**Officials**

Janet Vanzant, County Executive  
Barry Hyatt, Highway Commissioner  
Terrell Jackson, Director of Schools  
JoAnn Townsend, Trustee  
Steve McGill, Assessor of Property  
Carol Wade, County Clerk  
Crystal Greene, Circuit and General Sessions Courts Clerk  
Merry Sigmon, Clerk and Master  
Kaye Gibbons, Register  
Kyle Helton, Sheriff  
Loretta Garner, Finance Director

**Board of County Commissioners**

Janet Vanzant, County Executive, Chairman  
Bill Cary  
Janice Reece  
Tommy Pope  
Tommy Beech  
Rick Carpenter  
James Woodard  
Bill Holt  
Rose Brown  
Tommy Campbell  
Louise Faulkner

Ramona Flacy  
Berenetta Houston  
Stoney Jackson  
David Adams  
Tim Risner  
Roger Reedy  
Connie Howell  
Tommy Pollard  
Vicki Coleman  
Terry Harwell  
Tracy Wilburn

**Board of Education**

Mike Young, Chairman  
Fred Story  
Jerry Bryant  
Christie Glover

James Greene  
Rhonda Turner  
Doug Ead

**Financial Management Committee**

Ramona Flacy, Chairman  
Janet Vanzant, County Executive  
Terrell Jackson, Director of Schools  
Barry Hyatt, Highway Commissioner  
Tommy Pollard  
Tommy Campbell  
Tommy Pope

**Audit Committee**

Bill Holt, Chairman  
Berenetta Houston  
Bill Cary  
Tommy Pope  
David Adams  
Tommy Beech  
Vicki Coleman

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## **FINANCIAL SECTION**

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

**INDEPENDENT AUDITOR'S REPORT**

January 11, 2012

Giles County Executive and  
Board of County Commissioners  
Giles County, Tennessee

To the County Executive and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Giles County, Tennessee, as of and for the year ended June 30, 2011, which collectively comprise Giles County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Giles County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Giles County Emergency Communications District, which represent four percent and two percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Giles County Emergency Communications District, is based on the report of other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Giles County, Tennessee, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2012, on our consideration of Giles County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As described in Note V.B., Giles County has adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 63 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Giles County's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary

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

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu

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# **BASIC FINANCIAL STATEMENTS**

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Exhibit A

Giles County, Tennessee  
Statement of Net Assets  
June 30, 2011

	Primary Governmental Activities	Component Units	
		Giles County School Department	Emergency Communica- tions District
<u>ASSETS</u>			
Cash	\$ 127,490	\$ 0	\$ 904,912
Equity in Pooled Cash and Investments	23,199,786	4,757,403	0
Inventories	0	44,336	0
Accounts Receivable	571,277	19,454	25,458
Allowance for Uncollectibles	(111,291)	0	0
Due from Other Governments	740,950	1,434,763	0
Property Taxes Receivable	7,831,485	6,647,086	0
Allowance for Uncollectible Property Taxes	(223,516)	(191,703)	0
Prepaid Expense	0	0	11,937
Accrued Interest Receivable	0	0	61
Utility Deposits	0	0	85
Capital Assets:			
Assets Not Depreciated:			
Land	351,029	621,198	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	5,480,588	15,790,142	0
Other Capital Assets	1,224,852	2,299,361	227,811
Infrastructure	9,872,906	0	0
Total Assets	<u>\$ 49,065,556</u>	<u>\$ 31,422,040</u>	<u>\$ 1,170,264</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 948,554	\$ 508,230	\$ 0
Accrued Payroll	0	7,446	6,761
Payroll Deductions Payable	28,718	749,295	0
Accrued Interest Payable	214,319	0	0
Contracts Payable	0	90,055	0
Retainage Payable	0	49,334	0
Deferred Revenue - Current Property Taxes	7,232,836	6,129,994	0
Noncurrent Liabilities:			
Due Within One Year	1,582,163	25,212	13,868
Due in More Than One Year	12,828,738	3,916,460	0
Total Liabilities	<u>\$ 22,835,328</u>	<u>\$ 11,476,026</u>	<u>\$ 20,629</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 14,722,423	\$ 18,710,701	\$ 0
Invested in Capital Assets	0	0	227,811
Restricted for:			
General Government	526,247	0	0
Administration of Justice	103,172	0	0
Public Safety	232,555	0	0
Capital Outlay	4,261	0	0
Highway/Public Works	662,326	0	0
Education	0	35,511	0
Central Cafeteria	0	845,819	0
Unrestricted	9,979,244	353,983	921,824
Total Net Assets	<u>\$ 26,230,228</u>	<u>\$ 19,946,014</u>	<u>\$ 1,149,635</u>

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

Exhibit B

Giles County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Units		
					Primary Governmental Activities	Giles County School Department	Emergency Communications District
<b>Primary Government:</b>							
Governmental Activities:							
General Government	\$ 1,110,813	\$ 240,454	\$ 553,630	\$ 0	\$ (316,729)	\$ 0	\$ 0
Finance	1,271,113	744,292	0	0	(526,821)	0	0
Administration of Justice	1,051,655	655,726	10,755	0	(385,174)	0	0
Public Safety	4,095,861	516,679	57,033	0	(3,522,149)	0	0
Public Health and Welfare	3,769,041	998,227	389,237	205,000	(2,176,577)	0	0
Social, Cultural, and Recreational Services	212,509	0	0	0	(212,509)	0	0
Agriculture and Natural Resources	265,067	0	27,624	0	(237,443)	0	0
Other Operations	1,443,030	0	0	0	(1,443,030)	0	0
Highways/Public Works	4,429,172	0	2,271,989	312,997	(1,844,186)	0	0
Interest on Long-term Debt	551,904	0	0	0	(551,904)	0	0
Other Debt Service	213,093	0	0	0	(213,093)	0	0
<b>Total Governmental Activities</b>	<b>\$ 18,413,258</b>	<b>\$ 3,155,378</b>	<b>\$ 3,310,268</b>	<b>\$ 517,997</b>	<b>\$ (11,429,615)</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Total Primary Government</b>	<b>\$ 18,413,258</b>	<b>\$ 3,155,378</b>	<b>\$ 3,310,268</b>	<b>\$ 517,997</b>	<b>\$ (11,429,615)</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Component Units:</b>							
Giles County School Department	\$ 38,646,150	\$ 649,214	\$ 6,316,091	\$ 12,000	\$ 0	\$ (31,668,845)	\$ 0
Emergency Communications District	605,615	513,808	0	0	0	0	(91,807)
<b>Total Component Units</b>	<b>\$ 39,251,765</b>	<b>\$ 1,163,022</b>	<b>\$ 6,316,091</b>	<b>\$ 12,000</b>	<b>\$ 0</b>	<b>\$ (31,668,845)</b>	<b>\$ (91,807)</b>

(Continued)

Exhibit B

Giles County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Units		
				Primary Governmental Activities	Giles County School Department	Emergency Communications District
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 6,814,732	\$	0
Property Taxes Levied for Debt Service				0		0
Local Option Sales Tax				3,281,855		0
Hotel/Motel Tax				88,491		0
Litigation Tax - General				104,594		0
Litigation Tax - Jail, Workhouse, or Courthouse				172,659		0
Business Tax				207,075		0
Wholesale Beer Tax				171,751		0
Mineral Severance Tax				52,418		0
Other Local Taxes				1,527	2,375	0
Grants and Contributions Not Restricted to Specific Purposes				468,234	20,709,198	249,800
Unrestricted Investment Earnings				58,672	5,802	9,028
Miscellaneous				172,395	42,579	2,059
Insurance Recovery				55,281	92,755	0
Total General Revenues				\$ 10,240,138	\$ 30,949,296	\$ 260,887
Change in Net Assets				\$ (1,189,477)	\$ (719,549)	\$ 169,080
Net Assets, July 1, 2010				27,419,705	20,665,563	980,555
Net Assets, June 30, 2011				\$ 26,230,228	\$ 19,946,014	\$ 1,149,635

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

Giles County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2011

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other		
					Governmental Funds	Governmental Funds	
\$	0	0	0	0	127,490	\$	127,490
	16,720,387	341,621	478,665	3,426,190	2,232,923		23,199,786
	143,513	364,482	428	0	62,854		571,277
	0	(111,291)	0	0	0		(111,291)
	168,637	0	434,023	138,290	0		740,950
	4,199,563	593,423	1,934,564	997,719	106,216		7,831,485
	(113,458)	(19,237)	(55,012)	(32,732)	(3,077)		(223,516)
\$	21,118,642	1,168,998	2,792,668	4,529,467	2,526,406	\$	32,136,181

ASSETS

Cash  
Equity in Pooled Cash and Investments  
Accounts Receivable  
Allowance for Uncollectibles  
Due from Other Governments  
Property Taxes Receivable  
Allowance for Uncollectible Property Taxes

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable  
Payroll Deductions Payable  
Deferred Revenue - Current Property Taxes  
Deferred Revenue - Delinquent Property Taxes  
Other Deferred Revenues  
Total Liabilities

Fund Balances

Restricted:  
Restricted for General Government  
Restricted for Administration of Justice  
Restricted for Public Safety  
Restricted for Public Health and Welfare  
Restricted for Highways/Public Works  
Restricted for Capital Outlay  
Committed:  
Committed for General Government  
Committed for Finance

(Continued)

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Governmental Funds	
\$	0	0	0	0	70,805	70,805
	0	285,357	0	0	63,471	348,828
	0	0	0	3,502,954	0	3,502,954
	0	0	0	0	10,000	10,000
	16,134,714	0	0	0	0	16,134,714
\$	16,796,516	285,357	407,683	3,502,954	2,090,186	23,082,696
\$	21,118,642	1,168,998	2,792,668	4,529,467	2,526,406	32,136,181

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)	
Committed (Cont.):	
Committed for Administration of Justice	
Committed for Public Health and Welfare	
Committed for Debt Service	
Assigned:	
Assigned for Public Safety	
Unassigned	
Total Fund Balances	
Total Liabilities and Fund Balances	

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

Exhibit C-2

Giles County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Assets  
June 30, 2011

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 23,082,696
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 351,029	
Add: buildings and improvements net of accumulated depreciation	5,480,588	
Add: other capital assets net of accumulated depreciation	1,224,852	
Add: infrastructure net of accumulated depreciation	<u>9,872,906</u>	16,929,375
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (2,000,000)	
Less: bonds payable	(11,920,000)	
Less: compensated absences payable	(229,163)	
Less: other postemployment benefits liability	(261,738)	
Less: accrued interest on notes and bonds	<u>(214,319)</u>	(14,625,220)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>843,377</u>
Net assets of governmental activities (Exhibit A)		<u><u>\$ 26,230,228</u></u>

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

Giles County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2011

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General		Governmental Funds	Other	
				Debt	Service			
<b>Revenues</b>								
Local Taxes	\$ 4,856,039	\$ 767,118	\$ 1,992,386	\$ 2,130,957	\$ 109,244	\$ 0	\$ 9,855,744	
Licenses and Permits	19,035	0	0	0	0	0	19,035	
Fines, Forfeitures, and Penalties	129,840	0	0	0	67,860	0	197,700	
Charges for Current Services	107,717	1,480,481	0	0	759,757	0	2,347,955	
Other Local Revenues	315,481	892	37,658	0	4,274	0	358,305	
Fees Received from County Officials	560,150	0	0	0	0	0	560,150	
State of Tennessee	865,162	0	2,426,616	0	11,261	0	3,303,039	
Federal Government	175,669	0	267,630	0	499,134	0	942,433	
Other Governments and Citizens Groups	64,842	0	10,240	0	1,940	0	77,022	
<b>Total Revenues</b>	<b>\$ 7,093,935</b>	<b>\$ 2,248,491</b>	<b>\$ 4,734,530</b>	<b>\$ 2,130,957</b>	<b>\$ 1,453,470</b>	<b>\$ 0</b>	<b>\$ 17,661,383</b>	
<b>Expenditures</b>								
Current:								
General Government	\$ 733,431	\$ 0	\$ 0	\$ 0	\$ 637,056	\$ 0	\$ 1,370,487	
Finance	726,413	0	0	0	359,598	0	1,086,011	
Administration of Justice	564,380	0	0	0	324,081	0	888,461	
Public Safety	3,103,805	0	0	0	74,450	0	3,178,255	
Public Health and Welfare	584,116	2,478,453	0	0	57,980	0	3,120,549	
Social, Cultural, and Recreational Services	196,515	0	0	0	0	0	196,515	
Agriculture and Natural Resources	216,084	0	0	0	0	0	216,084	
Other Operations	2,506,407	0	0	0	2,171	0	2,508,578	
Highways	0	0	4,515,965	0	0	0	4,515,965	
Debt Service:								
Principal on Debt	0	0	0	1,170,000	0	0	1,170,000	
Interest on Debt	0	0	0	557,487	0	0	557,487	
Other Debt Service	0	0	0	213,093	0	0	213,093	
Capital Projects	0	0	0	0	376,952	0	376,952	
<b>Total Expenditures</b>	<b>\$ 8,631,151</b>	<b>\$ 2,478,453</b>	<b>\$ 4,515,965</b>	<b>\$ 1,940,580</b>	<b>\$ 1,832,288</b>	<b>\$ 0</b>	<b>\$ 19,398,437</b>	
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (1,537,216)</b>	<b>\$ (229,962)</b>	<b>\$ 218,565</b>	<b>\$ 190,377</b>	<b>\$ (378,818)</b>	<b>\$ 0</b>	<b>\$ (1,737,054)</b>	

(Continued)

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Governmental Funds		
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Insurance Recovery	31,705	23,576	0	0	0	55,281	55,281
Total Other Financing Sources (Uses)	\$ 31,705	\$ 23,576	\$ 0	\$ 0	\$ 2,000,000	\$ 2,055,281	\$ 2,055,281
Net Change in Fund Balances	\$ (1,505,511)	\$ (206,386)	\$ 218,565	\$ 190,377	\$ 1,621,182	\$ 318,227	\$ 318,227
Fund Balance, July 1, 2010	18,302,027	491,743	189,118	3,312,577	469,004	22,764,469	22,764,469
Fund Balance, June 30, 2011	\$ 16,796,516	\$ 285,357	\$ 407,683	\$ 3,502,954	\$ 2,090,186	\$ 23,082,696	\$ 23,082,696

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

Exhibit C-4

Giles County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
For the Year Ended June 30, 2011

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$	318,227
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	1,643,682	
Less: current-year depreciation expense		<u>(1,722,078)</u>	(78,396)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.			
Add: capital assets donated and capitalized	\$	205,000	
Less: loss on disposal of capital assets		<u>(5,000)</u>	200,000
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Less: deferred delinquent property taxes and other deferred June 30, 2010	\$	(1,541,260)	
Add: deferred delinquent property taxes and other deferred June 30, 2011		<u>843,377</u>	(697,883)
(4) The issuance of long-term debt (e.g., notes, bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.			
Less: note proceeds	\$	(2,000,000)	
Add: principal payments on bonds		<u>1,170,000</u>	(830,000)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	5,583	
Change in compensated absences payable		(13,272)	
Change in other postemployment benefits liability		<u>(93,736)</u>	(101,425)
Change in net assets of governmental activities (Exhibit B)			<u>\$ (1,189,477)</u>

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

Exhibit D

Giles County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2011

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,650,085
Due from Other Governments	<u>410,358</u>
Total Assets	<u>\$ 2,060,443</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 410,358
Due to Litigants, Heirs, and Others	<u>1,650,085</u>
Total Liabilities	<u>\$ 2,060,443</u>

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

**GILES COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2011**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

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

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

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

The Giles County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Giles County, and the Giles County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

The Giles County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Giles County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Giles County Emergency Communications District  
P.O. Box 307  
Pulaski, TN 38478

**B. Government-wide and Fund Financial Statements**

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

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

Giles County issues most debt for the discretely presented Giles County School Department. No debt issues were contributed by the county to the School Department during the year ended June 30, 2011.

Separate financial statements are provided for governmental funds and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the

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

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

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

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

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

Fiduciary fund financial statements are reported using the economic resources measurement focus, except for agency funds, which have no measurement focus, and the accrual basis of accounting. Revenues are

recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Giles County reports the following major governmental funds:

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

**Ambulance Service Fund** – This special revenue fund accounts for transactions of the county’s ambulance service. Local taxes and patient charges are the foundational revenues of this fund.

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

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

Additionally, Giles County reports the following fund types:

**Capital Projects Funds** – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

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

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

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

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

Additionally, the Giles County School Department reports the following fund type:

**Capital Projects Fund** – The Education Capital Projects Fund is used to account for financial resources to be used for building construction and renovations.

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

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

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

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Deposits and Investments**

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Giles County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. Giles County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and

Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

## **2. Receivables and Payables**

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to two percent of total taxes levied.

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

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

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

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the

following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

Retainage payable in the School Department's General Purpose School Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the General Purpose School Fund.

**3. Inventories**

Inventories of the Giles County School Department are recorded at cost, determined on the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories are offset in the nonspendable fund balance account in governmental funds.

**4. Capital Assets**

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of more than three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	5 - 40
Other Capital Assets	3 - 20
Infrastructure:	
Roads	10 - 25
Bridges	40

**5. Compensated Absences**

**Primary Government**

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

**Discretely Presented Giles County School Department**

The School Department does not have a policy to permit employees to accumulate earned but unused vacation benefits. The general policy of the School Department permits all professional personnel (teachers) to accumulate an unlimited number of unused sick leave days. There is no liability for unpaid accumulated sick leave since the School Department does not have a policy to pay any amounts when employees separate from service with the government.

**6. Long-term Obligations**

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

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

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

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

## **7. Net Assets and Fund Equity**

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

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

As of June 30, 2011, Giles County had \$10,090,000 in outstanding debt for capital purposes for the discretely presented Giles County School Department. This debt is a liability of Giles County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Giles County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

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

These classifications may consist of the following:

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The county's Budget Committee and the Board of Education are authorized bodies to make assignments.

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

## **8. Stabilization Arrangement**

Giles County sold its hospital in 1984. The County Commission adopted a resolution to retain the principal intact and appropriate the interest income earned on the investment of these funds annually through the budgetary process. The principal balance in this stabilization arrangement totaled \$15 million at June 30, 2011. However, this balance is included in the General Fund's unassigned fund balance account since this arrangement does not meet the criteria for restricted or committed fund balance as defined by GASB Statement No. 54.

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

**Primary Government**

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

**Discretely Presented Giles County School Department**

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

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

**Primary Government**

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

**Discretely Presented Giles County School Department**

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

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

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

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances

may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

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

**B. Cash Shortage – Prior Year**

The audit of Giles County for the 2009-10 year reported a cash shortage of \$1,500 in the Giles County Emergency Management Office. The theft of a laptop computer and tires was reported to the state Comptroller's Office on January 12, 2010. A police report was filed with the Giles County Sheriff's Department. The person they suspect committed the theft has moved out of state, and the county's deductible is higher than the loss; therefore, no recovery from this loss is anticipated.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

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

**Deposits**

**Legal Provisions.** All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount

of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

### **Investments**

**Legal Provisions.** Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

**Investment Balances.** As of June 30, 2011, Giles County had the following investments carried at cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Giles County and the discretely presented Giles County School Department since both pool their deposits and investments through the county trustee.

Investment	Maturities	Cost
State Treasurer's Investment Pool	Daily	\$ 19,075,394

**Interest Rate Risk.** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Giles County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments, as previously explained. Giles County has no investment policy that would further limit its investment choices. As of June 30, 2011, Giles County's investment in the State Treasurer's Investment Pool was unrated.

## B. Capital Assets

Capital assets activity for the year ended June 30, 2011, was as follows:

### Primary Government

#### **Governmental Activities:**

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 351,029	\$ 0	\$ 0	\$ 351,029
Construction in Progress	687,413	2,604	(690,017)	0
Total Capital Assets Not Depreciated	\$ 1,038,442	\$ 2,604	\$ (690,017)	\$ 351,029
Capital Assets Depreciated:				
Buildings and Improvements	\$ 7,692,926	\$ 895,017	\$ 0	\$ 8,587,943
Other Capital Assets	4,691,883	269,296	(12,000)	4,949,179
Infrastructure	26,136,836	1,371,782	0	27,508,618
Total Capital Assets Depreciated	\$ 38,521,645	\$ 2,536,095	\$ (12,000)	\$ 41,045,740

**Governmental Activities (Cont.):**

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,886,854	\$ 220,501	\$ 0	\$ 3,107,355
Other Capital Assets	3,357,644	373,683	(7,000)	3,724,327
Infrastructure	16,507,818	1,127,894	0	17,635,712
Total Accumulated Depreciation	<u>\$ 22,752,316</u>	<u>\$ 1,722,078</u>	<u>\$ (7,000)</u>	<u>\$ 24,467,394</u>
Total Capital Assets Depreciated, Net	<u>\$ 15,769,329</u>	<u>\$ 814,017</u>	<u>\$ (5,000)</u>	<u>\$ 16,578,346</u>
Governmental Activities Capital Assets, Net	<u>\$ 16,807,771</u>	<u>\$ 816,621</u>	<u>\$ (695,017)</u>	<u>\$ 16,929,375</u>

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

**Governmental Activities:**

General Government	\$ 26,167
Finance	14,856
Administration of Justice	2,107
Public Safety	258,500
Public Health and Welfare	105,630
Social, Cultural, and Recreational Services	6,361
Agriculture and Natural Resources	11,250
Highways/Public Works	<u>1,297,207</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,722,078</u></u>

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

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	<u>\$ 621,198</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 621,198</u>
Total Capital Assets Not Depreciated	<u>\$ 621,198</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 621,198</u>

**Governmental Activities (Cont.):**

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Depreciated:				
Buildings and Improvements	\$ 29,413,146	\$ 86,213	\$ 0	\$ 29,499,359
Other Capital Assets	6,054,103	597,538	(429,130)	6,222,511
<b>Total Capital Assets Depreciated</b>	<b>\$ 35,467,249</b>	<b>\$ 683,751</b>	<b>\$ (429,130)</b>	<b>\$ 35,721,870</b>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 12,999,168	\$ 710,049	\$ 0	\$ 13,709,217
Other Capital Assets	3,973,487	378,793	(429,130)	3,923,150
<b>Total Accumulated Depreciation</b>	<b>\$ 16,972,655</b>	<b>\$ 1,088,842</b>	<b>\$ (429,130)</b>	<b>\$ 17,632,367</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 18,494,594</b>	<b>\$ (405,091)</b>	<b>\$ 0</b>	<b>\$ 18,089,503</b>
Governmental Activities Capital Assets, Net	\$ 19,115,792	\$ (405,091)	\$ 0	\$ 18,710,701

Depreciation expense of \$1,088,842 was charged to the Support Services function of the School Department.

**C. Construction Commitments**

At June 30, 2011, the county had uncompleted construction contracts of approximately \$1,532,923 for sewer and waterline extension projects. Funding has been received for these future expenditures.

At June 30, 2011, the School Department had uncompleted construction contracts of approximately \$163,546 for roofing projects. Funding has been received for these future expenditures.

**D. Interfund Transfers**

Interfund transfers for the year ended June 30, 2011, consisted of the following amounts:

**Discretely Presented Giles County School Department**

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
General Purpose School Fund	\$ 0	\$ 33,032
Nonmajor governmental funds	128,166	0
Total	<u>\$ 128,166</u>	<u>\$ 33,032</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Purpose School Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The county made a one-time transfer of \$128,166 from the Education Capital Projects Fund to the General Purpose School Fund to provide funds for operations.

**E. Long-term Debt**

**Primary Government**

**General Obligation Bonds and Notes**

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 18 years for bonds and 12 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2011, will be retired from the General Debt Service Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2011, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
General Obligation Bonds	2.25 to 3.8 %	\$ 3,100,000	\$ 1,830,000
General Obligation Bonds - Refunding	1.75 to 5.25	11,625,000	10,090,000
Capital Outlay Notes	3.19	2,000,000	2,000,000

On March 16, 2011, Giles County entered into loan agreements with the Tennessee Revolving Loan Pool to make \$3,000,000 and \$1,250,000 available for loan to Giles County on an as-needed basis for waterline extension projects. At June 30, 2011, Giles County had not yet borrowed any of these available funds.

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2011, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 1,215,000	\$ 515,411	\$ 1,730,411
2013	1,265,000	470,782	1,735,782
2014	1,315,000	422,605	1,737,605
2015	1,370,000	370,492	1,740,492
2016	1,430,000	314,734	1,744,734
2017-2020	5,325,000	656,469	5,981,469
Total	\$ 11,920,000	\$ 2,750,493	\$ 14,670,493

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 138,000	\$ 62,914	\$ 200,914
2013	144,000	59,398	203,398
2014	149,000	54,804	203,804
2015	153,000	50,051	203,051
2016	158,000	45,170	203,170
2017-2021	870,000	146,868	1,016,868
2022-2023	388,000	18,661	406,661
Total	\$ 2,000,000	\$ 437,866	\$ 2,437,866

There is \$3,502,954 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$404, based on the 2010 federal census. Debt per capita, including bonds and notes totaled \$472, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2011, was as follows:

Governmental Activities:

	Bonds	Notes
Balance, July 1, 2010	\$ 13,090,000	\$ 0
Additions	0	2,000,000
Deductions	(1,170,000)	0
Balance, June 30, 2011	\$ 11,920,000	\$ 2,000,000
Balance Due Within One Year	\$ 1,215,000	\$ 138,000

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2010	\$ 215,891	\$ 168,002
Additions	332,993	122,399
Deductions	(319,721)	(28,663)
Balance, June 30, 2011	\$ 229,163	\$ 261,738
Balance Due Within One Year	\$ 229,163	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 14,410,901
Less: Balance Due Within One Year	<u>(1,582,163)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 12,828,738</u>

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General and Highway/Public Works funds.

**Discretely Presented Giles County School Department**

**Capital Outlay Notes**

Giles County issues capital outlay notes for the School Department to provide funds for the acquisition of energy efficient equipment.

Capital outlay notes are direct obligations and pledge the full faith and credit of the government. A capital outlay note was issued for an original term of seven years. The note included in long-term debt as of June 30, 2011, will be retired from the General Purpose School Fund.

Capital outlay notes outstanding as of June 30, 2011, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
Capital Outlay Notes	0 %	\$ 176,500	\$ 159,692

The annual requirements to amortize the capital outlay note outstanding as of June 30, 2011, are presented in the following table:

Year Ending June 30	Notes Principal
2012	\$ 25,212
2013	25,212
2014	25,212
2015	25,212
2016	25,212
2017-2018	33,632
Total	\$ 159,692

Debt per capita totaled \$5, based on the 2010 federal census.

**Changes in Long-term Liabilities**

Long-term liability activity for the discretely presented Giles County School Department for the year ended June 30, 2011, was as follows:

Governmental Activities:	Notes	Other Postemployment Benefits
Balance, July 1, 2010	\$ 0	\$ 2,951,632
Additions	176,500	1,338,013
Deductions	(16,808)	(507,665)
Balance, June 30, 2011	<u>\$ 159,692</u>	<u>\$ 3,781,980</u>
Balance Due Within One Year	<u>\$ 25,212</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 3,941,672
Less: Balance Due Within One Year	<u>(25,212)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 3,916,460</u>

**F. On-Behalf Payments**

**Primary Government**

The State of Tennessee pays health insurance premiums for retired employees on-behalf of Giles County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2011, were \$3,735. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

**Discretely Presented Giles County School Department**

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Giles County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2011, were \$179,059 and \$42,358, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**G. Short-term Debt**

Giles County issued tax anticipation notes from the General Fund to the Highway/Public Works Fund in advance of property tax collections. These notes were necessary because funds were not available to meet payroll and other operating expenditures coming due before current tax collections. Short-term debt activity for the year ended June 30, 2011, was as follows:

	Balance 7-1-10	Issued	Paid	Balance 6-30-11
Tax Anticipation Notes	\$ 0	\$ 450,000	\$ (450,000)	\$ 0

**V. OTHER INFORMATION**

**A. Risk Management**

**Primary Government**

The county is exposed to various risks related to general liability, property, and casualty losses. The county decided it was more economically feasible to join a public entity risk pool instead of purchasing commercial insurance for general liability, property, and casualty coverage. The county joined the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums.

Giles County does not have a workers' compensation plan, but carries an occupational injury insurance policy. This policy covers workers' injuries, but does not limit the county's liability should occupational-related lawsuits be filed.

Giles County participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated (TCA)*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

## **Discretely Presented Giles County School Department**

The discretely presented Giles County School Department is exposed to various risks related to liability, property, and casualty losses. The School Department decided it was more economically feasible to join a public entity risk pool instead of purchasing commercial insurance for general liability, property, and casualty coverage. The School Department joined the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The School Department pays an annual premium to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums.

The School Department continues to carry commercial insurance for other risks of loss, including property. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

The School Department participates in the Local Government Workers' Compensation Fund (LGWCF), a public entity risk pool established by the Tennessee County Services Association, an association of member counties, to provide for liabilities arising under the workers' compensation law. In accordance with Sections 12-9-101 through 12-9-109, *TCA*, inclusive, local governments are eligible to participate. The creation of the LGWCF provides for it to be self-sustaining through member premiums.

The School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *TCA*, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

### **B. Accounting Change**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* became effective for the year ended June 30, 2011.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications include nonspendable, restricted, committed, assigned, and unassigned and are based on the relative strength of the constraints that control how specific amounts can be spent. Also, Statement No. 54 clarified the definitions of the General Fund and the special revenue, capital projects, debt service, and permanent fund

types. Giles County and the Giles County School Department have implemented provisions of this statement in the financial statements of this report for their governmental funds.

**C. Subsequent Events**

On July 22, 2011, Giles County issued capital outlay notes totaling \$1 million to finance certain highway public works projects.

On September 28, 2011, the county's General Fund issued tax anticipation notes totaling \$250,000 to the Highway/Public Works Fund and \$110,000 to the Ambulance Service Fund for temporary operating funds.

Between July 28, 2011, and January 11, 2012, Giles County borrowed a total of \$826,876 from the Tennessee Revolving Loan Fund to finance an ongoing waterline extension project.

**D. Contingent Liabilities**

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

**E. Joint Ventures**

The Economic Development Commission for Pulaski-Giles County, Tennessee, Inc., is a joint venture between Giles County and the City of Pulaski and is governed by a 14-member board. The purpose of the board is to promote and facilitate the economic development of the City of Pulaski and Giles County, Tennessee. Giles County and the City of Pulaski provide the majority of funding for the board. Each of these entities is required to fund 40 percent of the board's annual operating budget. Giles County contributed \$84,897 to the operations of the Economic Development Commission during the year ended June 30, 2011.

The Interlocal Solid Waste Authority was formed by joint resolution of the counties of Giles, Franklin, and Lincoln, and the municipalities of Tullahoma and Fayetteville for the purpose of developing a solid waste regional plan. Each participating County Commission or City Council appointed the authority's board for varying terms of office. Giles County made no contributions to the Interlocal Solid Waste Authority for the year ended June 30, 2011.

Giles County does not retain an equity interest in either of the above-noted joint ventures. Complete financial statements for the Economic Development Commission and the Interlocal Solid Waste Authority can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

Economic Development Commission  
203 South First Street  
P.O. Box 633  
Pulaski, TN 38478

Interlocal Solid Waste Authority of Giles,  
Franklin and Lincoln Counties, Tennessee  
P.O. Box 807  
Tullahoma, TN 37388

**F. Jointly Governed Organizations**

Industrial Development Board

The Industrial Development Board of Giles County and the City of Pulaski was created by Giles County and the City of Pulaski. The Industrial Development Board comprises eight members. The county and the city each appoint four members. However, the county does not have any ongoing financial interest or responsibility for the entity. Giles County made no appropriations to the Industrial Development Board for the year ended June 30, 2011.

Tennessee Southern Railroad Authority

The Tennessee Southern Railroad Authority (TSRA) was created by the county in conjunction with Lawrence and Maury counties, and its board comprises the county mayors/executives and a representative appointed by the respective County Commissions from each of the three counties and a representative from the cities of Mt. Pleasant and Lawrenceburg. However, Giles County does not have any ongoing financial interest or responsibility for the entity. The majority of TSRA's funding is received from various grants from the Tennessee Department of Transportation. Giles County made no appropriations to the Tennessee Southern Railroad Authority for the year ended June 30, 2011.

**G. Commitments**

Airport

Giles County and the City of Pulaski jointly own the Abernathy Field Airport; however, the day-to-day operation of the airport is administered by the City of Pulaski. The financial activity of the airport is reported in the General Fund financial statements of the City of Pulaski. Giles County is committed to contributing one-half of the operating expenses of the Abernathy Field Airport. Giles County contributed \$39,368 to airport operations during the year ended June 30, 2011.

## Industrial Park

On October 20, 1997, the County Commission adopted a resolution “to participate and fund the county’s share or one-half of the costs and expenses associated with the development of the new industrial park ....” Based on this resolution, the county will participate with the City of Pulaski to develop an industrial park. A written contract that documents this arrangement has been approved by a County Commission resolution. As of June 30, 2011, the City of Pulaski had borrowed certain funds and also funded part of this project from its local funds. Giles County made a contribution of \$159,028 to the City of Pulaski to pay its portion of these obligations during the year ended June 30, 2011, from the General Debt Service Fund.

## **H. Retirement Commitments**

### **1. Tennessee Consolidated Retirement System (TCRS)**

#### Plan Description

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

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

## Funding Policy

Giles County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 8.9 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

## Annual Pension Cost

For the year ended June 30, 2011, the county's annual pension cost of \$973,128 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected 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 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was six years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

### Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-11	\$973,128	100%	\$0
6-30-10	897,119	100	0
6-30-09	874,263	100	0

## Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 88.34 percent funded. The actuarial accrued liability for benefits was \$29 million, and the actuarial value of assets was \$25 million, resulting in an unfunded actuarial accrued liability (UAAL) of

\$3 million. The covered payroll (annual payroll of active employees covered by the plan) was \$10 million, and the ratio of the UAAL to the covered payroll was 32.5 percent.

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

The annual required contribution 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.

## SCHOOL TEACHERS

### Plan Description

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

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

## Funding Policy

Most teachers are required by state statute to contribute five percent of their salary to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2011, was 9.05 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2011, 2010, and 2009, were \$1,429,192, \$1,033,183, and \$1,007,425, respectively, equal to the required contributions for each year.

## 2. Deferred Compensation

Giles County offers its employees a deferred compensation plan established pursuant to IRC Section 457 and the Giles County School Department offers its employees a deferred compensation plan established pursuant to IRC Section 403(b). All costs of administering and funding these programs are the responsibility of plan participants. The Section 403(b) and Section 457 plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Sections 403(b) and 457 establish participation, contribution, and withdrawal provisions for the plans.

### I. Other Postemployment Benefits (OPEB)

#### Plan Description

Giles County and the School Department participate in the state-administered Local Education Group Insurance Plan and the 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 Section 8-27-302, *Tennessee Code Annotated (TCA)*, for local education employees, and Section 8-27-207, *TCA*, for local governments. In previous fiscal years, prior to reaching the age of 65, all members had the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. However, as of January 1, 2010, the insurance plan structure was changed, and as a result all members now have the option of choosing between the

standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is 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. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 members in the Medicare Supplement Plan. Retirees' contributions vary depending on the insurance options they select, ranging from zero to \$977 per month. Giles County and the School Department recognized expenditures of \$28,663 and \$507,665, respectively, for postemployment health care during the year ended June 30, 2011.

Annual OPEB Cost and Net OPEB Obligation

Primary Government

	Local Government Group Plan
	<hr/>
ARC	\$ 122,000
Interest on the NPO	7,560
Adjustment to the ARC	(7,161)
Annual OPEB cost	<hr/> \$ 122,399
Amount of contribution	(28,663)
Increase/decrease in NPO	<hr/> \$ 93,736
Net OPEB obligation, 7-1-10	<hr/> 168,002
 Net OPEB obligation, 6-30-11	 <hr/> <hr/> \$ 261,738

Annual OPEB Cost and Net OPEB Obligation

Discretely Presented School Department	Local Education Group Plan
	<hr/>
ARC	\$ 1,331,000
Interest on the NPO	132,823
Adjustment to the ARC	(125,810)
Annual OPEB cost	<hr/> \$ 1,338,013
Amount of contribution	(507,665)
Increase/decrease in NPO	<hr/> \$ 830,348
Net OPEB obligation, 7-1-10	<hr/> 2,951,632
Net OPEB obligation, 6-30-11	<hr/> <hr/> \$ 3,781,980

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
<hr/>				

Primary Government

6-30-09	Local Government Group	\$ 117,000	33 %	\$ 78,428
6-30-10	"	117,186	24	168,002
6-30-11	"	122,399	23	261,738

Discretely Presented School Department

6-30-09	Local Education Group	1,469,248	26 %	2,131,422
6-30-10	"	1,326,064	38	2,951,632
6-30-11	"	1,338,013	38	3,781,980

### Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010, was as follows:  
(dollars in thousands):

<u>Primary Government</u>		<u>Local Government Group Plan</u>
Actuarial valuation date		7-1-10
Actuarial accrued liability (AAL)	\$	966
Actuarial value of plan assets	\$	0
Unfunded actuarial accrued liability (UAAL)	\$	966
Actuarial value of assets as a % of the AAL		0%
Covered payroll (active plan members)	\$	6,691
UAAL as a % of covered payroll		14%

### Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010, was as follows:  
(dollars in thousands):

<u>Discretely Presented School Department</u>		<u>Local Education Group Plan</u>
Actuarial valuation date		7-1-10
Actuarial accrued liability (AAL)	\$	10,993
Actuarial value of plan assets	\$	0
Unfunded actuarial accrued liability (UAAL)	\$	10,993
Actuarial value of assets as a % of the AAL		0%
Covered payroll (active plan members)	\$	20,807
UAAL as a % of covered payroll		53%

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

## Actuarial Methods and Assumptions

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

In the July 1, 2010, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare cost trend rate for the Local Government Plan was ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a three 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.

### **J. Office of Central Accounting and Budgeting**

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

### **K. Purchasing Laws**

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

VI. **OTHER NOTES – DISCRETELY PRESENTED EMERGENCY COMMUNICATIONS DISTRICT**

A. **Summary of Significant Accounting Policies**

The accounting policies and the reporting requirements of the Giles County Emergency Communications District conform to generally accepted accounting principles as applicable to governmental entities. The district applies all Governmental Accounting Standards Board (GASB) pronouncements as well as private-sector standards by the Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The district has the option of following subsequent private-sector guidance after this date. The district has elected not to follow subsequent private-sector guidance.

**Reporting Entity**

The Giles County Emergency Communications District was authorized by state statute subject to the Emergency Communications District Law, *Tennessee Code Annotated*, Chapter 86, for the purpose of establishing a uniform emergency number to shorten the time required for a citizen to request and receive emergency aid in Giles County, Tennessee. The legislative body of Giles County, by resolution, created the Emergency Communications District to operate within the boundaries of Giles County. The district represents a legal entity separate and apart from Giles County, Tennessee. The district is a component unit of Giles County, and its financial statements are reported as a discretely presented component unit of the primary government. The governing body is comprised of nine directors initially appointed by the Giles County Board of Commissioners. Vacancies on the board are appointed by a majority vote of the Board of Directors. The Board of Directors appoints a chairman and hires employees and consultants as necessary. The board also has the power to set user fee rates up to the maximum charges allowed by the Emergency Communications District Law, and do all things necessary to conduct other business of the district. The district is restricted as to the type of debt it can incur without the approval of Giles County, Tennessee.

**Revenue Recognition**

The accompanying statements are prepared on the accrual basis of accounting using the economic resources measurement focus utilizing generally accepted accounting principles applicable to Tennessee emergency communications districts. Revenues are recognized when earned (operating revenues as described in Note VI.D. are recognized when collected by the service providers) and expenses when incurred. Operating revenues and expenses generally result from charges collected by service providers under the Emergency Communications District Law and related fees for services.

Operating expenses include the cost of personnel and contractual services, supplies, repairs, and depreciation on all capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

#### Use of Estimates

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

#### Risk Management

The district is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and natural disasters. The district maintains and pays the premiums for commercial insurance coverage for each of these risks of losses. Settled claims in the past three years have not exceeded the insurance coverage. There were no reductions in insurance coverage compared to the prior year.

#### Property and Equipment

Property and equipment are stated at cost. Depreciation expense is calculated on the straight-line method. It is the policy of the district to depreciate assets for \$1,000 or more. The depreciation method and rates are designed to amortize the cost of the assets over their estimated useful lives. The useful life for the building is 40 years and equipment is five to ten years. Maintenance and repairs are charged to expense as incurred.

Net interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. No interest was capitalized for the current year.

#### Statement of Cash Flows – Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the district considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

State statutes authorize the district to invest in: (1) U.S. government securities and obligations guaranteed by the U.S. government, (2) deposit accounts at state and federal chartered banks and savings and loan

associations, (3) the Local Government Investment Pool of the State of Tennessee, and (4) obligations of the United States or its agencies under repurchase agreements with certain restrictions.

Deposits in financial institutions are required by state statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and must have a total minimum market value of 105 percent of the value of the deposits placed in the institutions less the amount protected by federal depository insurance. Collateral requirements are not applicable for financial institutions that participate in the State of Tennessee's collateral pool.

The district has not adopted formal deposit or investment policies for exposure to various forms of risks associated with its deposit and investment practices, other than to follow state statutes as described above.

#### Accounts Receivable

Accounts receivable at June 30, 2011, represents fees collected by service providers that are due to the district as of year-end. Uncollected fees/revenues are accounted for as a reduction of revenues based upon a periodic review of accounts receivable. As of June 30, 2011, in the opinion of management, there were no uncollectible accounts receivables.

#### Income Taxes

The district is exempt from federal and state income taxes.

#### Accumulated Compensated Absences

The costs of vacation leave benefits granted to employees are recorded as expenditures when earned.

### **B. Cash**

All of the district's deposits were covered by federal depository insurance or by the bank collateral pool administered by the treasurer of the State of Tennessee, as of June 30, 2011.

### **C. Property and Equipment**

Capital asset activity for the year ended June 30, 2011, was as follows:

	Balance 7-1-10	Increases	Balance 6-30-11
Capital Assets Depreciated:			
Building	\$ 119,643	\$ 0	\$ 119,643
Equipment	515,414	5,898	521,312
Furniture and Fixtures	6,071	0	6,071
Total Capital Assets Depreciated	<u>\$ 641,128</u>	<u>\$ 5,898</u>	<u>\$ 647,026</u>
Less Accumulated Depreciation For:			
Building	\$ 43,624	\$ 3,698	\$ 47,322
Equipment	330,909	36,294	367,203
Furniture and Fixtures	3,822	868	4,690
Total Accumulated Depreciation	<u>\$ 378,355</u>	<u>\$ 40,860</u>	<u>\$ 419,215</u>
Total Capital Assets Depreciated, Net	<u>\$ 262,773</u>	<u>\$ (34,962)</u>	<u>\$ 227,811</u>

The district had no decreases during the year.

Depreciation for the year ended June 30, 2011, totaled \$40,860.

#### **D. Operations**

The district receives operating revenues from AT&T and Ardmore Telephone Company customers by charging a monthly fee of \$1.50 to residential and \$3.00 to business customers. These are the maximum charges allowed by the Emergency Communications District Law, and there are no plans to decrease these rates in the near future. The district pays AT&T approximately \$1,600 per month to lease and maintain lines and equipment. The actual monthly cost varies depending on the number of users on the system.

The district also receives operating revenues from the Tennessee Emergency Communications Board. The ECB receives 25 percent of the wireless E-911 charge collected from the state's wireless/cellular telephone subscribers, and in turn remits to each E-911 district its portion of the funds collected based on that district's population.

#### **E. Retirement Benefits**

The district provides a defined contribution plan covering all full-time employees. Provisions of the plan provide for both employee and employer contributions. Under the plan, the district matches employee contributions up to three percent of the employee's base pay. Employer contributions to the plan totaled \$7,158 for the year ended June 30, 2011, while employee contributions totaled \$9,039.

**F. Budgets**

The district prepares an annual budget in accordance with the requirements of Section 7-86-120, *Tennessee Code Annotated*. The budget reflects all expected revenues and expenditures of the district for the ensuing fiscal year. Expenses are budgeted at the legal level of control, which is at the line item level. The approved budget is integrated into the accounting system and employed as a management control device during the year. The budget is adopted on a basis consistent with generally accepted accounting principles.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit E-1

Giles County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Fund  
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,856,039	\$ 4,910,333	\$ 4,910,333	\$ (54,294)
Licenses and Permits	19,035	17,000	17,000	2,035
Fines, Forfeitures, and Penalties	129,840	147,920	147,920	(18,080)
Charges for Current Services	107,717	65,525	65,525	42,192
Other Local Revenues	315,481	491,000	491,000	(175,519)
Fees Received from County Officials	560,150	555,000	555,000	5,150
State of Tennessee	865,162	839,780	709,235	155,927
Federal Government	175,669	80,000	242,080	(66,411)
Other Governments and Citizens Groups	64,842	135,000	135,000	(70,158)
<b>Total Revenues</b>	<b>\$ 7,093,935</b>	<b>\$ 7,241,558</b>	<b>\$ 7,273,093</b>	<b>\$ (179,158)</b>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 46,645	\$ 52,395	\$ 56,895	\$ 10,250
Other Boards and Committees	3,304	0	10,000	6,696
County Mayor/Executive	138,854	140,723	140,723	1,869
County Attorney	50,954	43,000	60,638	9,684
Election Commission	176,090	230,980	230,980	54,890
Register of Deeds	15,258	29,610	30,710	15,452
County Buildings	302,326	359,707	359,707	57,381
<u>Finance</u>				
Accounting and Budgeting	348,382	349,943	349,943	1,561
Property Assessor's Office	300,515	330,173	330,173	29,658
Reappraisal Program	36,451	57,721	57,721	21,270
County Trustee's Office	13,869	14,825	14,825	956
County Clerk's Office	27,196	30,387	30,387	3,191
<u>Administration of Justice</u>				
Circuit Court	149,712	124,285	179,459	29,747
General Sessions Court	125,972	122,848	126,448	476
Chancery Court	143,284	147,904	148,730	5,446
Judicial Commissioners	27,710	29,610	29,610	1,900
Courtroom Security	117,702	142,983	129,983	12,281
<u>Public Safety</u>				
Sheriff's Department	1,377,543	1,388,378	1,414,663	37,120
Traffic Control	6,930	10,000	8,000	1,070
Administration of the Sexual Offender Registry	850	1,440	1,440	590
Jail	1,249,018	1,185,728	1,299,843	50,825
Juvenile Services	43,453	51,560	48,560	5,107
Fire Prevention and Control	2,000	2,000	2,000	0
Rescue Squad	205,000	205,000	205,000	0
Other Emergency Management	174,955	161,972	187,197	12,242
County Coroner/Medical Examiner	37,715	44,000	44,000	6,285
Other Public Safety	6,341	9,855	7,955	1,614

(Continued)

Exhibit E-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare</u>				
Local Health Center	\$ 62,602	\$ 69,650	\$ 69,650	\$ 7,048
Rabies and Animal Control	52,854	67,230	67,230	14,376
Regional Mental Health Center	20,700	20,700	20,700	0
Aid to Dependent Children	6,466	7,780	7,780	1,314
Other Local Welfare Services	37,210	40,187	40,187	2,977
Sanitation Management	65,180	38,000	65,180	0
Other Waste Disposal	0	5,400	0	0
Other Public Health and Welfare	339,104	394,868	394,868	55,764
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	22,959	22,959	22,959	0
Libraries	102,246	107,179	103,704	1,458
Parks and Fair Boards	47,353	67,250	67,250	19,897
Other Social, Cultural, and Recreational	23,957	40,108	40,108	16,151
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	123,802	151,377	151,377	27,575
Forest Service	424	1,200	1,200	776
Soil Conservation	91,858	98,606	98,606	6,748
<u>Other Operations</u>				
Industrial Development	84,897	138,545	138,545	53,648
Other Economic and Community Development	29,316	32,609	32,609	3,293
Public Transportation	600	62,000	2,000	1,400
Airport	39,368	41,000	39,400	32
Veterans' Services	14,642	14,753	14,753	111
Other Charges	544,096	499,127	561,597	17,501
Contributions to Other Agencies	299,172	250,000	350,000	50,828
Employee Benefits	1,494,316	1,483,506	1,523,531	29,215
Miscellaneous	0	5,000	1,000	1,000
Total Expenditures	<u>\$ 8,631,151</u>	<u>\$ 8,926,061</u>	<u>\$ 9,319,824</u>	<u>\$ 688,673</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,537,216)	\$ (1,684,503)	\$ (2,046,731)	\$ 509,515
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 31,705	\$ 200,000	\$ 231,450	\$ (199,745)
Total Other Financing Sources (Uses)	<u>\$ 31,705</u>	<u>\$ 200,000</u>	<u>\$ 231,450</u>	<u>\$ (199,745)</u>
Net Change in Fund Balance	\$ (1,505,511)	\$ (1,484,503)	\$ (1,815,281)	\$ 309,770
Fund Balance, July 1, 2010	18,302,027	2,857,062	2,857,062	15,444,965
Fund Balance, June 30, 2011	<u>\$ 16,796,516</u>	<u>\$ 1,372,559</u>	<u>\$ 1,041,781</u>	<u>\$ 15,754,735</u>

Exhibit E-2

Giles County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Ambulance Service Fund  
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 767,118	\$ 749,740	\$ 749,740	\$ 17,378
Charges for Current Services	1,480,481	1,326,650	1,441,650	38,831
Other Local Revenues	892	0	500	392
Total Revenues	<u>\$ 2,248,491</u>	<u>\$ 2,076,390</u>	<u>\$ 2,191,890</u>	<u>\$ 56,601</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 2,478,453	\$ 2,068,513	\$ 2,637,194	\$ 158,741
Total Expenditures	<u>\$ 2,478,453</u>	<u>\$ 2,068,513</u>	<u>\$ 2,637,194</u>	<u>\$ 158,741</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (229,962)</u>	<u>\$ 7,877</u>	<u>\$ (445,304)</u>	<u>\$ 215,342</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 23,576	\$ 93,762	\$ 93,762	\$ (70,186)
Total Other Financing Sources (Uses)	<u>\$ 23,576</u>	<u>\$ 93,762</u>	<u>\$ 93,762</u>	<u>\$ (70,186)</u>
Net Change in Fund Balance	\$ (206,386)	\$ 101,639	\$ (351,542)	\$ 145,156
Fund Balance, July 1, 2010	<u>491,743</u>	<u>369,877</u>	<u>369,877</u>	<u>121,866</u>
Fund Balance, June 30, 2011	<u>\$ 285,357</u>	<u>\$ 471,516</u>	<u>\$ 18,335</u>	<u>\$ 267,022</u>

## Exhibit E-3

Giles County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,992,386	\$ 1,861,696	\$ 1,926,696	\$ 65,690
Other Local Revenues	37,658	10,000	31,500	6,158
State of Tennessee	2,426,616	2,258,700	2,508,700	(82,084)
Federal Government	267,630	100,000	259,500	8,130
Other Governments and Citizens Groups	10,240	15,000	15,000	(4,760)
Total Revenues	<u>\$ 4,734,530</u>	<u>\$ 4,245,396</u>	<u>\$ 4,741,396</u>	<u>\$ (6,866)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 168,381	\$ 169,087	\$ 172,587	\$ 4,206
Highway and Bridge Maintenance	2,507,208	2,446,000	2,622,500	115,292
Operation and Maintenance of Equipment	650,976	650,000	663,000	12,024
Litter and Trash Collection	32,306	35,000	35,350	3,044
Other Charges	167,539	185,000	195,750	28,211
Employee Benefits	571,185	580,000	580,000	8,815
Capital Outlay	418,370	415,000	706,900	288,530
Total Expenditures	<u>\$ 4,515,965</u>	<u>\$ 4,480,087</u>	<u>\$ 4,976,087</u>	<u>\$ 460,122</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 218,565</u>	<u>\$ (234,691)</u>	<u>\$ (234,691)</u>	<u>\$ 453,256</u>
Net Change in Fund Balance	\$ 218,565	\$ (234,691)	\$ (234,691)	\$ 453,256
Fund Balance, July 1, 2010	189,118	341,160	341,160	(152,042)
Fund Balance, June 30, 2011	<u>\$ 407,683</u>	<u>\$ 106,469</u>	<u>\$ 106,469</u>	<u>\$ 301,214</u>

Exhibit E-4

Giles County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Giles County School Department  
June 30, 2011

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-09	\$ 25,207	\$ 28,533	\$ 3,326	88.34 %	\$ 10,234	32.50 %
6-30-07	23,997	26,425	2,428	90.81	9,348	25.97

The Governmental Accounting Standards Board 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 went into effect during the 2007 year; therefore, only the two most recent valuations are presented.

Exhibit E-5

Giles County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefit Plans  
Primary Government and Discretely Presented Giles County School Department  
June 30, 2011

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-07	\$ 0	305 \$	305	0 %	\$ 5,954	5 %
"	7-1-09	0	901	901	0	6,815	13
"	7-1-10	0	966	966	0	6,691	14
<u>DISCRETELY PRESENTED GILES COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-07	0	12,315	12,315	0	19,262	64
"	7-1-09	0	10,901	10,901	0	20,375	54
"	7-1-10	0	10,993	10,993	0	20,807	53

**GILES COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2011**

**BUDGETARY INFORMATION**

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

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

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

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for Giles County’s recycling program.

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

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

## Capital Projects Funds

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

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

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for revenues provided for community development and industrial park projects.

Exhibit F-1

Giles County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2011

	Special Revenue Funds				Capital Projects Fund		Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Total	General Capital Projects		
\$	0 \$	0 \$	127,490 \$	127,490 \$	0 \$	0 \$	127,490
	63,423	209,378	0	272,801	1,960,122		2,232,923
	17	1,093	61,744	62,854	0		62,854
	106,216	0	0	106,216	0		106,216
	(3,077)	0	0	(3,077)	0		(3,077)
\$	166,579 \$	210,471 \$	189,234 \$	566,284 \$	1,960,122 \$		2,526,406

ASSETS

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

LIABILITIES AND FUND BALANCES

	Accounts Payable	Deferred Revenue - Current Property Taxes	Deferred Revenue - Delinquent Property Taxes	Total Liabilities	Fund Balances	Restricted:	Committed:	Assigned:	Total Fund Balances	Total Liabilities and Fund Balances
\$	606 \$	299 \$	0 \$	905 \$	332,813 \$	0 \$	0 \$	0 \$	332,813 \$	333,718
	97,891	0	0	97,891	0				97,891	97,891
	4,611	0	0	4,611	0				4,611	4,611
\$	103,108 \$	299 \$	0 \$	103,407 \$	332,813 \$				332,813 \$	436,220
\$	0 \$	200,172 \$	0 \$	200,172 \$	0 \$	200,172 \$	0 \$	0 \$	200,172 \$	200,172
	0	0	0	0	1,623,048				1,623,048	1,623,048
	0	0	0	0	4,261				4,261	4,261
	0	0	19,211	19,211	0				19,211	19,211
	0	0	99,218	99,218	0				99,218	99,218
	0	0	70,805	70,805	0				70,805	70,805
	63,471	0	0	63,471	0				63,471	63,471
\$	0	10,000	0	10,000	0	10,000	0	0	10,000	10,000
	63,471	210,172	189,234	462,877	1,627,309				1,627,309	2,090,186
\$	166,579 \$	210,471 \$	189,234 \$	566,284 \$	1,960,122 \$				1,960,122 \$	2,526,406

Exhibit F-2

Giles County, Tennessee  
 Combining Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2011

	Special Revenue Funds			Capital Projects Funds				Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constituti- onal Officers - Fees	Total	General Capital Projects	Community Development/ Industrial Park	Total	
<b>Revenues</b>								
Local Taxes	\$ 109,244	\$ 0	\$ 0	\$ 109,244	\$ 0	\$ 0	\$ 0	\$ 109,244
Fines, Forfeitures, and Penalties	0	67,860	0	67,860	0	0	0	67,860
Charges for Current Services	0	0	759,757	759,757	0	0	0	759,757
Other Local Revenues	4,274	0	0	4,274	0	0	0	4,274
State of Tennessee	11,261	0	0	11,261	0	0	0	11,261
Federal Government	0	0	0	0	0	499,134	499,134	499,134
Other Governments and Citizens Groups	0	1,940	0	1,940	0	0	0	1,940
<b>Total Revenues</b>	\$ 124,779	\$ 69,800	\$ 759,757	\$ 954,336	\$ 0	\$ 499,134	\$ 499,134	\$ 1,453,470
<b>Expenditures</b>								
Current:								
General Government	\$ 40,714	\$ 0	\$ 97,208	\$ 137,922	\$ 0	\$ 499,134	\$ 499,134	\$ 637,056
Finance	0	0	359,598	359,598	0	0	0	359,598
Administration of Justice	0	0	324,081	324,081	0	0	0	324,081
Public Safety	0	74,450	0	74,450	0	0	0	74,450
Public Health and Welfare	57,980	0	0	57,980	0	0	0	57,980
Other Operations	2,171	0	0	2,171	0	0	0	2,171
Capital Projects	0	0	0	0	376,952	0	376,952	376,952
<b>Total Expenditures</b>	\$ 100,865	\$ 74,450	\$ 780,887	\$ 956,202	\$ 376,952	\$ 499,134	\$ 876,086	\$ 1,832,288
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	\$ 23,914	\$ (4,650)	\$ (21,130)	\$ (1,866)	\$ (376,952)	\$ 0	\$ (376,952)	\$ (378,818)
<b>Other Financing Sources (Uses)</b>								
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,000,000	\$ 0	\$ 2,000,000	\$ 2,000,000
<b>Total Other Financing Sources (Uses)</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,000,000	\$ 0	\$ 2,000,000	\$ 2,000,000
<b>Net Change in Fund Balances</b>	\$ 23,914	\$ (4,650)	\$ (21,130)	\$ (1,866)	\$ 1,623,048	\$ 0	\$ 1,623,048	\$ 1,621,182
<b>Fund Balance, July 1, 2010</b>	39,557	214,822	210,364	464,743	4,261	0	4,261	469,004
<b>Fund Balance, June 30, 2011</b>	\$ 63,471	\$ 210,172	\$ 189,234	\$ 462,877	\$ 1,627,309	\$ 0	\$ 1,627,309	\$ 2,090,186

Exhibit F-3

Giles County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 109,244	\$ 100,401	\$ 100,401	\$ 8,843
Other Local Revenues	4,274	1,000	1,000	3,274
State of Tennessee	11,261	14,600	14,600	(3,339)
Total Revenues	<u>\$ 124,779</u>	<u>\$ 116,001</u>	<u>\$ 116,001</u>	<u>\$ 8,778</u>
<u>Expenditures</u>				
<u>General Government</u>				
Other General Administration	\$ 40,714	\$ 42,994	\$ 42,994	\$ 2,280
<u>Public Health and Welfare</u>				
Waste Pickup	24,380	38,790	35,790	11,410
Recycling Center	33,600	33,600	33,600	0
<u>Other Operations</u>				
Other Charges	2,171	0	3,000	829
Total Expenditures	<u>\$ 100,865</u>	<u>\$ 115,384</u>	<u>\$ 115,384</u>	<u>\$ 14,519</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 23,914</u>	<u>\$ 617</u>	<u>\$ 617</u>	<u>\$ 23,297</u>
Net Change in Fund Balance	\$ 23,914	\$ 617	\$ 617	\$ 23,297
Fund Balance, July 1, 2010	<u>39,557</u>	<u>20,106</u>	<u>20,106</u>	<u>19,451</u>
Fund Balance, June 30, 2011	<u>\$ 63,471</u>	<u>\$ 20,723</u>	<u>\$ 20,723</u>	<u>\$ 42,748</u>

Exhibit F-4

Giles County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 67,860	\$ 17,500	\$ 17,500	\$ 50,360
State of Tennessee	0	3,000	3,000	(3,000)
Other Governments and Citizens Groups	1,940	0	0	1,940
Total Revenues	<u>\$ 69,800</u>	<u>\$ 20,500</u>	<u>\$ 20,500</u>	<u>\$ 49,300</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 74,450	\$ 96,000	\$ 96,000	\$ 21,550
Total Expenditures	<u>\$ 74,450</u>	<u>\$ 96,000</u>	<u>\$ 96,000</u>	<u>\$ 21,550</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (4,650)</u>	<u>\$ (75,500)</u>	<u>\$ (75,500)</u>	<u>\$ 70,850</u>
Net Change in Fund Balance	\$ (4,650)	\$ (75,500)	\$ (75,500)	\$ 70,850
Fund Balance, July 1, 2010	<u>214,822</u>	<u>119,641</u>	<u>119,641</u>	<u>95,181</u>
Fund Balance, June 30, 2011	<u><u>\$ 210,172</u></u>	<u><u>\$ 44,141</u></u>	<u><u>\$ 44,141</u></u>	<u><u>\$ 166,031</u></u>

# **Major Governmental Fund**

## **General Debt Service Fund**

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

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Exhibit G

Giles County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,130,957	\$ 1,932,944	\$ 1,932,944	\$ 198,013
Total Revenues	\$ 2,130,957	\$ 1,932,944	\$ 1,932,944	\$ 198,013
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 270,000	\$ 270,000	\$ 270,000	\$ 0
Education	900,000	900,000	900,000	0
<u>Interest on Debt</u>				
General Government	74,303	74,303	74,303	0
Education	483,184	483,184	483,184	0
<u>Other Debt Service</u>				
General Government	213,093	220,947	239,228	26,135
Education	0	1,000	1,000	1,000
Total Expenditures	\$ 1,940,580	\$ 1,949,434	\$ 1,967,715	\$ 27,135
Excess (Deficiency) of Revenues Over Expenditures	\$ 190,377	\$ (16,490)	\$ (34,771)	\$ 225,148
Net Change in Fund Balance	\$ 190,377	\$ (16,490)	\$ (34,771)	\$ 225,148
Fund Balance, July 1, 2010	3,312,577	3,147,590	3,147,590	164,987
Fund Balance, June 30, 2011	\$ 3,502,954	\$ 3,131,100	\$ 3,112,819	\$ 390,135

# Fiduciary Funds

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

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

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

Exhibit H-1

Giles County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2011

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,650,085	\$ 1,650,085
Due from Other Governments	410,358	0	410,358
Total Assets	<u>\$ 410,358</u>	<u>\$ 1,650,085</u>	<u>\$ 2,060,443</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 410,358	\$ 0	\$ 410,358
Due to Litigants, Heirs, and Others	0	1,650,085	1,650,085
Total Liabilities	<u>\$ 410,358</u>	<u>\$ 1,650,085</u>	<u>\$ 2,060,443</u>

Exhibit H-2

Giles County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2011

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,462,356	\$ 2,462,356	\$ 0
Due from Other Governments	412,722	410,358	412,722	410,358
Total Assets	\$ 412,722	\$ 2,872,714	\$ 2,875,078	\$ 410,358
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 412,722	\$ 2,872,714	\$ 2,875,078	\$ 410,358
Total Liabilities	\$ 412,722	\$ 2,872,714	\$ 2,875,078	\$ 410,358
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,491,259	\$ 5,885,322	\$ 5,726,496	\$ 1,650,085
Total Assets	\$ 1,491,259	\$ 5,885,322	\$ 5,726,496	\$ 1,650,085
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,491,259	\$ 5,885,322	\$ 5,726,496	\$ 1,650,085
Total Liabilities	\$ 1,491,259	\$ 5,885,322	\$ 5,726,496	\$ 1,650,085
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,491,259	\$ 5,885,322	\$ 5,726,496	\$ 1,650,085
Equity in Pooled Cash and Investments	0	2,462,356	2,462,356	0
Due from Other Governments	412,722	410,358	412,722	410,358
Total Assets	\$ 1,903,981	\$ 8,758,036	\$ 8,601,574	\$ 2,060,443
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,491,259	\$ 5,885,322	\$ 5,726,496	\$ 1,650,085
Due to Other Taxing Units	412,722	2,872,714	2,875,078	410,358
Total Liabilities	\$ 1,903,981	\$ 8,758,036	\$ 8,601,574	\$ 2,060,443

# Giles County School Department

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

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

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

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

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

Exhibit I-1

Giles County, Tennessee  
Statement of Activities  
Discretely Presented Giles County School Department  
For the Year Ended June 30, 2011

Functions/Programs	Program Revenues			Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Total Governmental Activities		
Governmental Activities:							
Instruction	\$ 22,320,030	\$ 48,920	\$ 2,803,506	\$ 0	\$ 0	\$ (19,467,604)	
Support Services	13,540,995	60,704	1,439,149	0	0	(12,041,142)	
Operation of Non-Instructional Services	2,785,125	539,590	2,073,436	12,000		(160,099)	
Total Governmental Activities	\$ 38,646,150	\$ 649,214	\$ 6,316,091	\$ 12,000	\$ (31,668,845)		
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$ 6,814,732		
Local Option Sales Tax					3,281,855		
Other Local Taxes					2,375		
Grants and Contributions Not Restricted to Specific Programs					20,709,198		
Unrestricted Investment Earnings					5,802		
Miscellaneous					42,579		
Insurance Recovery					92,755		
Total General Revenues					\$ 30,949,296		
Change in Net Assets					\$ (719,549)		
Net Assets, July 1, 2010					20,665,563		
Net Assets, June 30, 2011					\$ 19,946,014		

Exhibit I-2

Giles County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Giles County School Department  
June 30, 2011

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Other</u>	
	<u>School</u>	<u>Projects</u>	<u>Governmental</u>	<u>Governmental</u>
			<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 3,831,364	\$ 87,530	\$ 838,509	\$ 4,757,403
Inventories	0	0	44,336	44,336
Accounts Receivable	17,680	1,774	0	19,454
Due from Other Governments	1,373,283	47,246	14,234	1,434,763
Property Taxes Receivable	6,647,086	0	0	6,647,086
Allowance for Uncollectible Property Taxes	(191,703)	0	0	(191,703)
<b>Total Assets</b>	<b>\$ 11,677,710</b>	<b>\$ 136,550</b>	<b>\$ 897,079</b>	<b>\$ 12,711,339</b>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 436,091	\$ 44,305	\$ 27,834	\$ 508,230
Accrued Payroll	7,446	0	0	7,446
Payroll Deductions Payable	657,578	68,325	23,392	749,295
Contracts Payable	90,055	0	0	90,055
Retainage Payable	49,334	0	0	49,334
Deferred Revenue - Current Property Taxes	6,129,994	0	0	6,129,994
Deferred Revenue - Delinquent Property Taxes	285,888	0	0	285,888
Other Deferred Revenues	342,399	0	0	342,399
<b>Total Liabilities</b>	<b>\$ 7,998,785</b>	<b>\$ 112,630</b>	<b>\$ 51,226</b>	<b>\$ 8,162,641</b>
<u>Fund Balances</u>				
Nonspendable:				
Inventory	\$ 0	\$ 0	\$ 44,336	\$ 44,336
Restricted:				
Restricted for Education	11,591	23,920	801,483	836,994
Committed:				
Committed for Capital Outlay	0	0	34	34
Assigned:				
Assigned for Education	72,718	0	0	72,718
Unassigned	3,594,616	0	0	3,594,616
<b>Total Fund Balances</b>	<b>\$ 3,678,925</b>	<b>\$ 23,920</b>	<b>\$ 845,853</b>	<b>\$ 4,548,698</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 11,677,710</b>	<b>\$ 136,550</b>	<b>\$ 897,079</b>	<b>\$ 12,711,339</b>

Exhibit I-3

Giles County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
Discretely Presented Giles County School Department  
June 30, 2011

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	4,548,698
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	621,198	
Add: buildings and improvements net of accumulated depreciation		15,790,142	
Add: other capital assets net of accumulated depreciation		<u>2,299,361</u>	18,710,701
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(159,692)	
Less: other postemployment benefits liability		<u>(3,781,980)</u>	(3,941,672)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>628,287</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>19,946,014</u></u>

Exhibit I-4

Giles County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Giles County School Department  
For the Year Ended June 30, 2011

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	School Federal Projects	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 10,111,728	\$ 0	\$ 0	\$ 10,111,728
Licenses and Permits	2,650	0	0	2,650
Charges for Current Services	110,198	0	539,016	649,214
Other Local Revenues	104,648	0	6,912	111,560
State of Tennessee	20,797,985	0	24,531	20,822,516
Federal Government	162,367	4,530,923	1,601,466	6,294,756
Other Governments and Citizens Groups	38,300	0	0	38,300
Total Revenues	<u>\$ 31,327,876</u>	<u>\$ 4,530,923</u>	<u>\$ 2,171,925</u>	<u>\$ 38,030,724</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 18,238,015	\$ 3,078,144	\$ 0	\$ 21,316,159
Support Services	11,844,537	1,446,198	70	13,290,805
Operation of Non-Instructional Services	729,737	0	2,050,358	2,780,095
Capital Outlay	0	0	23,652	23,652
Debt Service:				
Principal on Debt	16,808	0	0	16,808
Total Expenditures	<u>\$ 30,829,097</u>	<u>\$ 4,524,342</u>	<u>\$ 2,074,080</u>	<u>\$ 37,427,519</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 498,779</u>	<u>\$ 6,581</u>	<u>\$ 97,845</u>	<u>\$ 603,205</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 176,500	\$ 0	\$ 0	\$ 176,500
Insurance Recovery	92,755	0	0	92,755
Transfers In	128,166	0	33,032	161,198
Transfers Out	(33,032)	0	(128,166)	(161,198)
Total Other Financing Sources (Uses)	<u>\$ 364,389</u>	<u>\$ 0</u>	<u>\$ (95,134)</u>	<u>\$ 269,255</u>
Net Change in Fund Balances	\$ 863,168	\$ 6,581	\$ 2,711	\$ 872,460
Fund Balance, July 1, 2010	<u>2,815,757</u>	<u>17,339</u>	<u>843,142</u>	<u>3,676,238</u>
Fund Balance, June 30, 2011	<u>\$ 3,678,925</u>	<u>\$ 23,920</u>	<u>\$ 845,853</u>	<u>\$ 4,548,698</u>

Exhibit I-5

Giles County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Giles County School Department  
For the Year Ended June 30, 2011

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$	872,460
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	683,751	
Less: current-year depreciation expense		<u>(1,088,842)</u>	(405,091)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Less: deferred delinquent property taxes and other deferred June 30, 2010	\$	(825,165)	
Add: deferred delinquent property taxes and other deferred June 30, 2011		<u>628,287</u>	(196,878)
(3) The issuance of long-term debt (e.g., notes, bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.			
Less: note proceeds	\$	(176,500)	
Add: principal payments on notes		<u>16,808</u>	(159,692)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in other postemployment benefits liability			<u>(830,348)</u>
Change in net assets of governmental activities (Exhibit B)		\$	<u><u>(719,549)</u></u>

Exhibit I-6

Giles County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Giles County School Department  
June 30, 2011

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Central Cafeteria	Education Capital Projects	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 838,475	\$ 34	\$ 838,509
Inventories	44,336	0	44,336
Due from Other Governments	14,234	0	14,234
Total Assets	<u>\$ 897,045</u>	<u>\$ 34</u>	<u>\$ 897,079</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 27,834	\$ 0	\$ 27,834
Payroll Deductions Payable	23,392	0	23,392
Total Liabilities	<u>\$ 51,226</u>	<u>\$ 0</u>	<u>\$ 51,226</u>
<u>Fund Balances</u>			
Nonspendable:			
Inventory	\$ 44,336	\$ 0	\$ 44,336
Restricted:			
Restricted for Education	801,483	0	801,483
Committed:			
Committed for Capital Outlay	0	34	34
Total Fund Balances	<u>\$ 845,819</u>	<u>\$ 34</u>	<u>\$ 845,853</u>
Total Liabilities and Fund Balances	<u>\$ 897,045</u>	<u>\$ 34</u>	<u>\$ 897,079</u>

Exhibit I-7

Giles County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Discretely Presented Giles County School Department  
For the Year Ended June 30, 2011

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Central Cafeteria	Education Capital Projects	
<u>Revenues</u>			
Charges for Current Services	\$ 539,016	\$ 0	\$ 539,016
Other Local Revenues	6,912	0	6,912
State of Tennessee	24,531	0	24,531
Federal Government	1,601,466	0	1,601,466
Total Revenues	<u>\$ 2,171,925</u>	<u>\$ 0</u>	<u>\$ 2,171,925</u>
<u>Expenditures</u>			
Current:			
Support Services	\$ 70	\$ 0	\$ 70
Operation of Non-Instructional Services	2,050,358	0	2,050,358
Capital Outlay	0	23,652	23,652
Total Expenditures	<u>\$ 2,050,428</u>	<u>\$ 23,652</u>	<u>\$ 2,074,080</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 121,497</u>	<u>\$ (23,652)</u>	<u>\$ 97,845</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 33,032	\$ 0	\$ 33,032
Transfers Out	0	(128,166)	(128,166)
Total Other Financing Sources (Uses)	<u>\$ 33,032</u>	<u>\$ (128,166)</u>	<u>\$ (95,134)</u>
Net Change in Fund Balances	\$ 154,529	\$ (151,818)	\$ 2,711
Fund Balance, July 1, 2010	691,290	151,852	843,142
Fund Balance, June 30, 2011	<u>\$ 845,819</u>	<u>\$ 34</u>	<u>\$ 845,853</u>

Exhibit I-8

Giles County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Giles County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 10,111,728	\$ 0	\$ 0	\$ 10,111,728	\$ 9,700,492	\$ 9,700,492	\$ 411,236
Licenses and Permits	2,650	0	0	2,650	2,300	2,300	350
Charges for Current Services	110,198	0	0	110,198	133,692	151,149	(40,951)
Other Local Revenues	104,648	0	0	104,648	64,842	144,381	(39,733)
State of Tennessee	20,797,985	0	0	20,797,985	19,893,444	20,473,289	324,696
Federal Government	162,367	0	0	162,367	126,000	143,418	18,949
Other Governments and Citizens Groups	38,300	0	0	38,300	0	38,300	0
Total Revenues	\$ 31,327,876	\$ 0	\$ 0	\$ 31,327,876	\$ 29,920,770	\$ 30,653,329	\$ 674,547
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 14,678,962	\$ (20,707)	\$ 7,384	\$ 14,665,639	\$ 14,302,765	\$ 14,868,172	\$ 202,533
Alternative Instruction Program	117,214	0	0	117,214	110,076	118,076	862
Special Education Program	2,434,495	0	0	2,434,495	2,304,035	2,456,206	21,711
Vocational Education Program	937,962	(2,647)	0	935,315	953,755	959,656	24,341
Adult Education Program	69,382	0	0	69,382	49,386	75,236	5,854
<u>Support Services</u>							
Attendance	83,857	0	0	83,857	87,707	85,382	1,525
Health Services	549,960	0	0	549,960	500,370	583,670	33,710
Other Student Support	808,608	0	0	808,608	834,498	814,698	6,090
Regular Instruction Program	1,295,281	0	0	1,295,281	1,290,813	1,316,738	21,457
Alternative Instruction Program	67,217	0	0	67,217	66,409	67,649	432
Special Education Program	364,654	0	0	364,654	401,604	366,154	1,500
Vocational Education Program	141,400	0	0	141,400	168,222	141,403	3

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Adult Programs	\$ 71,216	\$ 0	\$ 0	\$ 71,216	\$ 68,001	\$ 73,462	\$ 2,246
Other Programs	221,417	0	0	221,417	0	221,417	0
Board of Education	677,745	0	0	677,745	636,076	688,414	10,669
Director of Schools	241,204	0	0	241,204	244,685	245,565	4,361
Office of the Principal	1,761,373	0	0	1,761,373	1,693,407	1,763,157	1,784
Operation of Plant	2,301,617	(5,259)	500	2,296,858	2,496,843	2,463,952	167,094
Maintenance of Plant	1,699,247	(90,233)	63,481	1,672,495	771,198	2,092,131	419,636
Transportation	1,559,741	(5,922)	1,353	1,555,172	2,392,707	1,884,219	329,047
<u>Operation of Non-Instructional Services</u>							
Food Service	5,695	0	0	5,695	5,512	5,695	0
Community Services	196,873	0	0	196,873	192,041	239,400	42,527
Early Childhood Education	527,169	(2,800)	0	524,369	532,606	532,606	8,237
Principal on Debt							
Education	16,808	0	0	16,808	0	16,808	0
Total Expenditures	\$ 30,829,097	\$ (127,568)	\$ 72,718	\$ 30,774,247	\$ 30,102,716	\$ 32,079,866	\$ 1,305,619
Excess (Deficiency) of Revenues Over Expenditures	\$ 498,779	\$ 127,568	\$ (72,718)	\$ 553,629	\$ (181,946)	\$ (1,426,537)	\$ 1,980,166
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 176,500	\$ 0	\$ 0	\$ 176,500	\$ 0	\$ 176,500	\$ 0
Insurance Recovery	92,755	0	0	92,755	0	62,558	30,197
Transfers In	128,166	0	0	128,166	0	0	128,166

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Other Financing Sources (Uses) (Cont.)							
Transfers Out	\$ (33,032)	\$ 0	\$ 0	\$ (33,032)	\$ (71,000)	\$ (71,000)	\$ 37,968
Total Other Financing Sources (Uses)	\$ 364,389	\$ 0	\$ 0	\$ 364,389	\$ (71,000)	\$ 168,058	\$ 196,331
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 863,168	\$ 127,568	\$ (72,718)	\$ 918,018	\$ (252,946)	\$ (1,258,479)	\$ 2,176,497
	2,815,757	(127,568)	0	2,688,189	1,431,426	1,431,426	1,256,763
Fund Balance, June 30, 2011	\$ 3,678,925	\$ 0	\$ (72,718)	\$ 3,606,207	\$ 1,178,480	\$ 172,947	\$ 3,433,260

Exhibit I-9

Giles County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Giles County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 4,530,923	\$ 0	\$ 0	\$ 4,530,923	\$ 5,799,132	\$ 5,827,182	\$ (1,296,259)
Total Revenues	\$ 4,530,923	\$ 0	\$ 0	\$ 4,530,923	\$ 5,799,132	\$ 5,827,182	\$ (1,296,259)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,491,538	\$ 0	\$ 1,721	\$ 1,493,259	\$ 2,137,066	\$ 2,112,207	\$ 618,948
Special Education Program	1,524,247	0	0	1,524,247	1,705,530	1,873,967	349,720
Vocational Education Program	62,359	(1,892)	0	60,467	59,709	60,467	0
<u>Support Services</u>							
Other Student Support	91,186	0	0	91,186	90,000	91,186	0
Regular Instruction Program	263,778	0	966	264,744	542,019	540,834	276,090
Special Education Program	113,029	0	0	113,029	226,144	170,312	57,283
Vocational Education Program	491	0	0	491	500	491	0
Maintenance of Plant	77,400	0	0	77,400	77,400	77,400	0
Transportation	900,314	0	0	900,314	901,407	900,314	0
Total Expenditures	\$ 4,524,342	\$ (1,892)	\$ 2,687	\$ 4,525,137	\$ 5,739,775	\$ 5,827,178	\$ 1,302,041
Excess (Deficiency) of Revenues Over Expenditures	\$ 6,581	\$ 1,892	\$ (2,687)	\$ 5,786	\$ 59,357	\$ 4	\$ 5,782
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 134,322	\$ 0	\$ 0
Transfers Out	0	0	0	0	(193,673)	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (59,351)	\$ 0	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 6,581	\$ 1,892	\$ (2,687)	\$ 5,786	\$ 6	\$ 4	\$ 5,782
Fund Balance, July 1, 2010	17,339	(1,892)	0	15,447	17,339	17,339	(1,892)
Fund Balance, June 30, 2011	\$ 23,920	\$ 0	\$ (2,687)	\$ 21,233	\$ 17,345	\$ 17,343	\$ 3,890

Exhibit I-10

Giles County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Giles County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 539,016	\$ 605,675	\$ 605,675	\$ (66,659)
Other Local Revenues	6,912	41,100	8,068	(1,156)
State of Tennessee	24,531	24,875	24,875	(344)
Federal Government	1,601,466	1,387,000	1,557,519	43,947
Total Revenues	<u>\$ 2,171,925</u>	<u>\$ 2,058,650</u>	<u>\$ 2,196,137</u>	<u>\$ (24,212)</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 70	\$ 250	\$ 250	\$ 180
<u>Operation of Non-Instructional Services</u>				
Food Service	2,050,358	2,058,400	2,228,919	178,561
Total Expenditures	<u>\$ 2,050,428</u>	<u>\$ 2,058,650</u>	<u>\$ 2,229,169</u>	<u>\$ 178,741</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 121,497</u>	<u>\$ 0</u>	<u>\$ (33,032)</u>	<u>\$ 154,529</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 33,032	\$ 0	\$ 33,032	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 33,032</u>	<u>\$ 0</u>	<u>\$ 33,032</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 154,529	\$ 0	\$ 0	\$ 154,529
Fund Balance, July 1, 2010	<u>691,290</u>	<u>691,290</u>	<u>691,290</u>	<u>0</u>
Fund Balance, June 30, 2011	<u>\$ 845,819</u>	<u>\$ 691,290</u>	<u>\$ 691,290</u>	<u>\$ 154,529</u>

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## MISCELLANEOUS SCHEDULES

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Exhibit J-1

Giles County, Tennessee  
Schedule of Changes in Long-term Notes and Bonds  
Primary Government and Discretely Presented Giles County School Department  
For the Year Ended June 30, 2011

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-11
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
Payable through General Debt Service Fund Sewer Project, Series 2011	\$ 2,000,000	3.19 %	5-6-11	5-1-23	\$ 0	\$ 2,000,000	\$ 0	\$ 2,000,000
Total Notes Payable					\$ 0	\$ 2,000,000	\$ 0	\$ 2,000,000
<u>BONDS PAYABLE</u>								
Payable through General Debt Service Fund School Refunding General Obligation	11,625,000 3,100,000	1.75 to 5.25 2.25 to 3.8	8-1-02 8-1-04	2-1-20 4-1-17	\$ 10,990,000 2,100,000	\$ 0 0	\$ 900,000 270,000	\$ 10,090,000 1,830,000
Total Bonds Payable					\$ 13,090,000	\$ 0	\$ 1,170,000	\$ 11,920,000
<u>DISCRETELY PRESENTED GILES COUNTY SCHOOL DEPARTMENT</u>								
<u>NOTES PAYABLE</u>								
Payable through General Purpose School Fund Energy Efficient Schools Initiative	176,500	0	7-13-10	10-1-17	\$ 0	\$ 176,500	\$ 16,808	\$ 159,692
Total Notes Payable					\$ 0	\$ 176,500	\$ 16,808	\$ 159,692

Exhibit J-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 138,000	\$ 62,914	\$ 200,914
2013	144,000	59,398	203,398
2014	149,000	54,804	203,804
2015	153,000	50,051	203,051
2016	158,000	45,170	203,170
2017	163,000	40,130	203,130
2018	169,000	34,931	203,931
2019	174,000	29,539	203,539
2020	179,000	23,989	202,989
2021	185,000	18,279	203,279
2022	191,000	12,377	203,377
2023	197,000	6,284	203,284
Total	<u>\$ 2,000,000</u>	<u>\$ 437,866</u>	<u>\$ 2,437,866</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 1,215,000	\$ 515,411	\$ 1,730,411
2013	1,265,000	470,782	1,735,782
2014	1,315,000	422,605	1,737,605
2015	1,370,000	370,492	1,740,492
2016	1,430,000	314,734	1,744,734
2017	1,485,000	255,558	1,740,558
2018	1,215,000	192,487	1,407,487
2019	1,280,000	137,812	1,417,812
2020	1,345,000	70,612	1,415,612
Total	<u>\$ 11,920,000</u>	<u>\$ 2,750,493</u>	<u>\$ 14,670,493</u>

(Continued)

Exhibit J-2

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

DISCRETELY PRESENTED GILES  
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Notes		Total
	Principal	Interest	
2012	\$ 25,212	\$ 0	\$ 25,212
2013	25,212	0	25,212
2014	25,212	0	25,212
2015	25,212	0	25,212
2016	25,212	0	25,212
2017	25,212	0	25,212
2018	8,420	0	8,420
Total	\$ 159,692	\$ 0	\$ 159,692

Exhibit J-3

Giles County, Tennessee  
Schedule of Transfers  
Discretely Presented Giles County School Department  
For the Year Ended June 30, 2011

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Education Capital Projects	General Purpose School	Operations	\$ 128,166
General Purpose School	Central Cafeteria	"	33,032
Total Transfers			<u>\$ 161,198</u>

Exhibit J-4

Giles County, Tennessee  
 Schedule of Salaries and Official Bonds of Principal Officials  
 Primary Government and Discretely Presented Giles County School Department  
 For the Year Ended June 30, 2011

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Executive	Section 8-24-102, TCA	\$ 71,322	\$ 50,000	Auto-Owners Mutual Insurance Company
Highway Commissioner	Section 8-24-102, TCA	67,927	100,000	State Automobile Mutual Insurance Company
Director of Schools	State Board of Education and County Board of Education	100,006 (1)	100,000	"
Finance Director	County Commission	70,000	50,000	Auto-Owners Mutual Insurance Company
Trustee	Section 8-24-102, TCA	61,751	1,000,000	"
Assessor of Property	Section 8-24-102, TCA	61,751	10,000	State Automobile Mutual Insurance Company
County Clerk	Section 8-24-102, TCA	61,751	50,000	Auto-Owners Mutual Insurance Company
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	61,751	50,000	"
Clerk and Master	Section 8-24-102, TCA	61,751 (2)	60,000	State Automobile Mutual Insurance Company
Register	Section 8-24-102, TCA	61,751	25,000	Auto-Owners Mutual Insurance Company
Sheriff	Section 8-24-102, TCA	67,927 (3)	25,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments			150,000	Local Government Property and Casualty Fund
Public Employee Dishonesty - School Departments			150,000	"

(1) Includes a chief executive officer training supplement of \$1,000 and accrued vacation leave of \$4,642.

(2) Does not include special commissioner fees of \$6,780.

(3) Does not include a law enforcement training supplement of \$600.

Exhibit J-5

Giles County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2011

	Special Revenue Funds										Total	
	Constituti -					Community/						
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Development/ Industrial Park	Debt Service Fund	Capital Projects Fund		
<u>Local Taxes</u>												
<u>County Property Taxes</u>												
Current Property Tax	\$ 3,456,927	\$ 101,903	\$ 706,134	\$ 0	\$ 0	\$ 1,779,410	\$ 1,211,333	\$ 0	\$ 0	\$ 7,255,707		
Trustee's Collections - Prior Year	218,664	5,226	45,530	0	0	111,945	79,555	0	0	460,920		
Trustee's Collections - Bankruptcy	1,546	31	326	0	0	788	542	0	0	3,233		
Circuit/Clerk & Master Collections - Prior Years	64,252	1,402	9,753	0	0	29,722	21,870	0	0	126,999		
Interest and Penalty	26,040	682	5,375	0	0	13,361	9,143	0	0	54,601		
Payments in-Lieu-of Taxes - Local Utilities	271,011	0	0	0	0	0	0	0	0	271,011		
<u>County Local Option Taxes</u>												
Local Option Sales Tax	0	0	0	0	0	0	808,514	0	0	808,514		
Hotel/Motel Tax	88,491	0	0	0	0	0	0	0	0	88,491		
Litigation Tax - General	104,594	0	0	0	0	0	0	0	0	104,594		
Litigation Tax - Jail, Workhouse, or Courthouse	172,659	0	0	0	0	0	0	0	0	172,659		
Business Tax	207,075	0	0	0	0	0	0	0	0	207,075		
Mineral Severance Tax	0	0	0	0	0	57,160	0	0	0	57,160		
<u>Statutory Local Taxes</u>												
Bank Excise Tax	71,502	0	0	0	0	0	0	0	0	71,502		
Wholesale Beer Tax	171,751	0	0	0	0	0	0	0	0	171,751		
Interstate Telecommunications Tax	1,527	0	0	0	0	0	0	0	0	1,527		
Total Local Taxes	\$ 4,856,039	\$ 109,244	\$ 767,118	\$ 0	\$ 0	\$ 1,992,386	\$ 2,130,957	\$ 0	\$ 0	\$ 9,855,744		
<u>Licenses and Permits</u>												
<u>Licenses</u>												
Animal Vaccination	\$ 3,893	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,893		
Cable TV Franchise	13,233	0	0	0	0	0	0	0	0	13,233		
<u>Permits</u>												
Beer Permits	712	0	0	0	0	0	0	0	0	712		
Other Permits	1,197	0	0	0	0	0	0	0	0	1,197		
Total Licenses and Permits	\$ 19,035	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 19,035		

(Continued)

Exhibit J-5

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

	Special Revenue Funds										Total	
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Debt Service Fund	Capital Projects Fund	Community Development/Industrial Park		
<u>Circuit Court</u>												
Fines for Littering	918	0	0	0	0	0	0	0	0	0	0	918
Officers Costs	25,930	0	0	0	0	0	0	0	0	0	0	25,930
Drug Control Fines	0	0	0	36,350	0	0	0	0	0	0	0	36,350
Drug Court Fees	5,765	0	0	0	0	0	0	0	0	0	0	5,765
Jail Fees	3,618	0	0	0	0	0	0	0	0	0	0	3,618
DUI Treatment Fines	4,105	0	0	0	0	0	0	0	0	0	0	4,105
Data Entry Fee - Circuit Court	695	0	0	0	0	0	0	0	0	0	0	695
Courtroom Security Fee	335	0	0	0	0	0	0	0	0	0	0	335
<u>General Sessions Court</u>												
Fines	9,646	0	0	0	0	0	0	0	0	0	0	9,646
Fines for Littering	1,556	0	0	0	0	0	0	0	0	0	0	1,556
Officers Costs	33,574	0	0	0	0	0	0	0	0	0	0	33,574
Game and Fish Fines	2,023	0	0	0	0	0	0	0	0	0	0	2,023
Drug Control Fines	0	0	0	13,218	0	0	0	0	0	0	0	13,218
Drug Court Fees	5,545	0	0	0	0	0	0	0	0	0	0	5,545
Jail Fees	18,697	0	0	0	0	0	0	0	0	0	0	18,697
DUI Treatment Fines	4,010	0	0	0	0	0	0	0	0	0	0	4,010
Data Entry Fee - General Sessions Court	8,959	0	0	0	0	0	0	0	0	0	0	8,959
Courtroom Security Fee	406	0	0	0	0	0	0	0	0	0	0	406
<u>Chancery Court</u>												
Officers Costs	2,728	0	0	0	0	0	0	0	0	0	0	2,728
Data Entry Fee - Chancery Court	1,330	0	0	0	0	0	0	0	0	0	0	1,330
<u>Other Fines, Forfeitures, and Penalties</u>												
Proceeds from Confiscated Property	0	0	0	18,292	0	0	0	0	0	0	0	18,292
Total Fines, Forfeitures, and Penalties	\$ 129,840	\$ 0	\$ 0	\$ 67,860	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 197,700
<u>Charges for Current Services</u>												
General Service Charges	0	0	1,480,481	0	0	0	0	0	0	0	0	1,480,481
Patient Charges	56,544	0	0	0	0	0	0	0	0	0	0	56,544
Service Charges												

(Continued)

Exhibit J-5

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

	Special Revenue Funds										Total
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Debt Service Fund	Capital Projects Fund	
<u>Charges for Current Services (Cont.)</u>											
<u>Fees</u>											
Copy Fees	\$ 692	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 692
Greenbelt Late Application Fee	50	0	0	0	0	0	0	0	0	0	50
Telephone Commissions	27,308	0	0	0	0	0	0	0	0	0	27,308
Constitutional Officers' Fees and Commissions	0	0	0	0	759,757	0	0	0	0	0	759,757
Data Processing Fee - Register	8,618	0	0	0	0	0	0	0	0	0	8,618
Data Processing Fee - Sheriff	4,641	0	0	0	0	0	0	0	0	0	4,641
Sexual Offender Registration Fees - Sheriff	2,850	0	0	0	0	0	0	0	0	0	2,850
Data Processing Fee - County Clerk	7,014	0	0	0	0	0	0	0	0	0	7,014
<b>Total Charges for Current Services</b>	<b>\$ 107,717</b>	<b>\$ 0</b>	<b>\$ 1,480,481</b>	<b>\$ 0</b>	<b>\$ 759,757</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,347,955</b>
<u>Other Local Revenues</u>											
<u>Recurring Items</u>											
Investment Income	\$ 58,672	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 58,672
Lease/Rentals	118,794	0	0	0	0	0	0	0	0	0	118,794
Sale of Recycled Materials	0	0	0	0	0	4,929	0	0	0	0	4,929
Commodity Rebates	0	4,274	0	0	0	0	0	0	0	0	4,274
Miscellaneous Refunds	122,672	0	892	0	0	11,604	0	0	0	0	135,168
<u>Nonrecurring Items</u>											
Sale of Equipment	1,216	0	0	0	0	21,125	0	0	0	0	22,341
Damages Recovered from Individuals	10,612	0	0	0	0	0	0	0	0	0	10,612
Performance Bond Forfeitures	3,515	0	0	0	0	0	0	0	0	0	3,515
<b>Total Other Local Revenues</b>	<b>\$ 315,481</b>	<b>\$ 4,274</b>	<b>\$ 892</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 37,658</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 358,305</b>
<u>Fees Received from County Officials</u>											
<u>Excess Fees</u>											
County Clerk	\$ 45,937	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 45,937
Circuit Court Clerk	34,000	0	0	0	0	0	0	0	0	0	34,000
Trustee	331,693	0	0	0	0	0	0	0	0	0	331,693
<u>Fees in-Lieu-of Salary</u>											
Clerk and Master	135,852	0	0	0	0	0	0	0	0	0	135,852

(Continued)

Exhibit J-5

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

	Special Revenue Funds										Total
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Debt Service Fund	Capital Projects Fund	Community Development/Industrial Park	
<u>Fees Received from County Officials (Cont.)</u>											
<u>Fees in-Lieu-of Salary (Cont.)</u>											
Sheriff	\$ 12,668	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,668
Total Fees Received from County Officials	\$ 560,150	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 560,150
<u>State of Tennessee</u>											
<u>General Government Grants</u>											
Juvenile Services Program	\$ 10,755	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,755
On-Behalf Contributions for OPEB	3,735	0	0	0	0	0	0	0	0	0	3,735
<u>Public Safety Grants</u>											
Law Enforcement Training Programs	16,200	0	0	0	0	0	0	0	0	0	16,200
<u>Health and Welfare Grants</u>											
Health Department Programs	268,920	0	0	0	0	0	0	0	0	0	268,920
<u>Public Works Grants</u>											
Bridge Program	0	0	0	0	0	12,800	0	0	0	0	12,800
State Aid Program	0	0	0	0	0	453,993	0	0	0	0	453,993
Litter Program	0	0	0	0	0	27,778	0	0	0	0	27,778
<u>Other State Revenues</u>											
Income Tax	51,664	0	0	0	0	0	0	0	0	0	51,664
Beer Tax	18,724	0	0	0	0	0	0	0	0	0	18,724
Alcoholic Beverage Tax	60,046	0	0	0	0	0	0	0	0	0	60,046
Mixed Drink Tax	2,940	0	0	0	0	0	0	0	0	0	2,940
Contracted Prisoner Boarding	415,170	0	0	0	0	0	0	0	0	0	415,170
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,908,396	0	0	0	0	1,908,396
Petroleum Special Tax	0	0	0	0	0	23,649	0	0	0	0	23,649
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	0	0	0	15,164
Other State Grants	0	11,261	0	0	0	0	0	0	0	0	11,261
Other State Revenues	1,844	0	0	0	0	0	0	0	0	0	1,844
Total State of Tennessee	\$ 865,162	\$ 11,261	\$ 0	\$ 0	\$ 0	\$ 2,426,616	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,303,039

(Continued)

Exhibit J-5

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

	Special Revenue Funds							Debt Service Fund	Capital Projects Fund	Total
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service			
<u>Federal Government</u>										
<u>Federal Through State</u>										
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 499,134	\$ 499,134	\$ 499,134
Disaster Relief	0	0	0	0	0	74,916	0	0	74,916	74,916
Homeland Security Grants	38,989	0	0	0	0	0	0	0	38,989	38,989
Other Federal through State	109,056	0	0	0	0	0	0	0	109,056	109,056
<u>Direct Federal Revenue</u>										
Other Direct Federal Revenue	27,624	0	0	0	0	192,714	0	0	220,338	220,338
Total Federal Government	\$ 175,669	\$ 0	\$ 0	\$ 0	\$ 0	\$ 267,630	\$ 0	\$ 499,134	\$ 942,433	\$ 942,433
<u>Other Governments and Citizens Groups</u>										
<u>Other Governments</u>										
Prisoner Board	\$ 25,510	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 25,510	\$ 25,510
Paving and Maintenance	0	0	0	0	0	10,240	0	0	10,240	10,240
Contributions	39,332	0	0	0	0	0	0	0	39,332	39,332
<u>Citizens Groups</u>										
Donations	0	0	0	1,940	0	0	0	0	1,940	1,940
Total Other Governments and Citizens Groups	\$ 64,842	\$ 0	\$ 0	\$ 1,940	\$ 0	\$ 10,240	\$ 0	\$ 0	\$ 77,022	\$ 77,022
Total	\$ 7,093,935	\$ 124,779	\$ 2,248,491	\$ 69,800	\$ 759,757	\$ 4,734,530	\$ 2,130,957	\$ 499,134	\$ 17,661,383	\$ 17,661,383

Exhibit J-6

Giles County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Giles County School Department  
For the Year Ended June 30, 2011

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 6,296,471	\$ 0	\$ 0	\$ 6,296,471
Trustee's Collections - Prior Year	374,336	0	0	374,336
Trustee's Collections - Bankruptcy	2,787	0	0	2,787
Circuit/Clerk & Master Collections - Prior Years	118,877	0	0	118,877
Interest and Penalty	47,258	0	0	47,258
<u>County Local Option Taxes</u>				
Local Option Sales Tax	3,269,624	0	0	3,269,624
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	2,375	0	0	2,375
<b>Total Local Taxes</b>	<b>\$ 10,111,728</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 10,111,728</b>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 2,650	\$ 0	\$ 0	\$ 2,650
<b>Total Licenses and Permits</b>	<b>\$ 2,650</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,650</b>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Out-of-State Systems	\$ 48,920	\$ 0	\$ 0	\$ 48,920
Lunch Payments - Children	0	0	376,272	376,272
Lunch Payments - Adults	0	0	51,895	51,895
Income from Breakfast	0	0	52,048	52,048
A la carte Sales	0	0	58,801	58,801
Receipts from Individual Schools	60,704	0	0	60,704
<u>Other Charges for Services</u>				
Other Charges for Services	574	0	0	574
<b>Total Charges for Current Services</b>	<b>\$ 110,198</b>	<b>\$ 0</b>	<b>\$ 539,016</b>	<b>\$ 649,214</b>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 5,802	\$ 5,802
Sale of Materials and Supplies	10,300	0	0	10,300
Miscellaneous Refunds	29,342	0	0	29,342
<u>Nonrecurring Items</u>				
Sale of Equipment	0	0	1,110	1,110
Damages Recovered from Individuals	1,362	0	0	1,362
Contributions and Gifts	63,179	0	0	63,179
<u>Other Local Revenues</u>				
Other Local Revenues	465	0	0	465
<b>Total Other Local Revenues</b>	<b>\$ 104,648</b>	<b>\$ 0</b>	<b>\$ 6,912</b>	<b>\$ 111,560</b>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 221,417	\$ 0	\$ 0	\$ 221,417
<u>State Education Funds</u>				
Basic Education Program	16,564,993	0	0	16,564,993
Basic Education Program - ARRA	1,859,268	0	0	1,859,268
Early Childhood Education	459,439	0	0	459,439

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
School Food Service	\$ 0	\$ 0	24,531	\$ 24,531
Energy Efficient School Initiative	57,059	0	0	57,059
Driver Education	19,774	0	0	19,774
Other State Education Funds	331,645	0	0	331,645
Coordinated School Health - ARRA	98,987	0	0	98,987
Statewide Student Management System (SSMS) - ARRA	10,510	0	0	10,510
Career Ladder Program	223,563	0	0	223,563
Career Ladder - Extended Contract - ARRA	128,352	0	0	128,352
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	773,003	0	0	773,003
Other State Grants	25,428	0	0	25,428
Safe Schools - ARRA	22,900	0	0	22,900
Other State Revenues	1,647	0	0	1,647
Total State of Tennessee	\$ 20,797,985	\$ 0	\$ 24,531	\$ 20,822,516
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	1,029,168	\$ 1,029,168
USDA - Commodities	0	0	170,519	170,519
Breakfast	0	0	386,318	386,318
USDA - Other	0	0	3,461	3,461
USDA Food Service Equipment Grant - ARRA	0	0	12,000	12,000
Adult Education State Grant Program	76,282	0	0	76,282
Vocational Education - Basic Grants to States	0	75,959	0	75,959
Title I Grants to Local Education Agencies	0	1,186,388	0	1,186,388
Special Education - Grants to States	16,550	1,593,384	0	1,609,934
Special Education Preschool Grants	0	42,317	0	42,317
Safe and Drug-free Schools - State Grants	0	3,278	0	3,278
Rural Education	0	42,485	0	42,485
Eisenhower Professional Development State Grants	0	252,427	0	252,427
Race to the Top - ARRA	0	347,222	0	347,222
Other Federal through State	69,535	987,463	0	1,056,998
Total Federal Government	\$ 162,367	\$ 4,530,923	\$ 1,601,466	\$ 6,294,756
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 38,300	\$ 0	\$ 0	\$ 38,300
Total Other Governments and Citizens Groups	\$ 38,300	\$ 0	\$ 0	\$ 38,300
Total	\$ 31,327,876	\$ 4,530,923	\$ 2,171,925	\$ 38,030,724

Exhibit J-7

Giles County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2011

General Fund

General Government

County Commission

Board and Committee Members Fees	\$ 29,610	
Data Processing Services	550	
Dues and Memberships	1,950	
Travel	13,551	
Other Supplies and Materials	984	
Total County Commission		\$ 46,645

Other Boards and Committees

Other Supplies and Materials	\$ 3,304	
Total Other Boards and Committees		3,304

County Mayor/Executive

County Official/Administrative Officer	\$ 71,322	
Secretary(ies)	28,000	
Other Salaries and Wages	24,000	
Advertising	943	
Communication	1,652	
Dues and Memberships	1,550	
Postal Charges	1,485	
Other Supplies and Materials	5,052	
Other Charges	4,850	
Total County Mayor/Executive		138,854

County Attorney

Legal Services	\$ 49,954	
Liability Claims	1,000	
Total County Attorney		50,954

Election Commission

County Official/Administrative Officer	\$ 55,576	
Deputy(ies)	29,477	
Clerical Personnel	12,858	
Election Commission	5,995	
Election Workers	31,945	
Communication	887	
Data Processing Services	2,900	
Legal Notices, Recording, and Court Costs	2,660	
Postal Charges	2,872	
Other Supplies and Materials	9,595	
Other Charges	3,708	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Office Equipment	\$ 8,167	
Voting Machines	9,450	
Total Election Commission		\$ 176,090

Register of Deeds

Communication	\$ 836	
Maintenance and Repair Services - Office Equipment	50	
Postal Charges	531	
Rentals	805	
Other Supplies and Materials	4,036	
Other Charges	2,321	
Data Processing Equipment	6,679	
Total Register of Deeds		15,258

County Buildings

Custodial Personnel	\$ 119,821	
Communication	18,467	
Maintenance and Repair Services - Buildings	36,102	
Maintenance and Repair Services - Equipment	14,321	
Pest Control	1,589	
Custodial Supplies	12,310	
Utilities	70,823	
Building Improvements	10,981	
Furniture and Fixtures	1,412	
Motor Vehicles	16,500	
Total County Buildings		302,326

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$ 70,000
Accountants/Bookkeepers	223,737
In-Service Training	2,056
Advertising	4,394
Audit Services	8,834
Communication	1,157
Data Processing Services	13,601
Maintenance and Repair Services - Equipment	2,003
Postal Charges	6,300
Rentals	1,900
Travel	3,554

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Other Supplies and Materials	\$	9,619	
Other Charges		<u>1,227</u>	
Total Accounting and Budgeting	\$		348,382

Property Assessor's Office

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		209,444	
Bonus Payments		1,000	
Board and Committee Members Fees		2,250	
Communication		1,120	
Dues and Memberships		1,615	
Maintenance and Repair Services - Equipment		3,000	
Maintenance and Repair Services - Vehicles		4,140	
Postal Charges		4,000	
Rentals		4,168	
Travel		65	
Gasoline		1,393	
Other Supplies and Materials		5,171	
Vehicle and Equipment Insurance		1,170	
Other Charges		<u>228</u>	
Total Property Assessor's Office			300,515

Reappraisal Program

Contracts with Government Agencies	\$	17,930	
Data Processing Services		13,740	
Postal Charges		<u>4,781</u>	
Total Reappraisal Program			36,451

County Trustee's Office

Communication	\$	462	
Data Processing Services		5,437	
Postal Charges		4,936	
Other Supplies and Materials		<u>3,034</u>	
Total County Trustee's Office			13,869

County Clerk's Office

Communication	\$	1,126	
Legal Notices, Recording, and Court Costs		203	
Maintenance Agreements		11,415	
Postal Charges		7,000	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Travel	\$	1,727	
Other Supplies and Materials		4,288	
Other Charges		1,092	
Office Equipment		345	
Total County Clerk's Office			\$ 27,196

Administration of Justice

Circuit Court

Jury and Witness Expense	\$	24,237	
In-Service Training		2,743	
Communication		1,214	
Data Processing Services		557	
Operating Lease Payments		4,319	
Postal Charges		5,507	
Rentals		24,000	
Travel		3,804	
Other Supplies and Materials		14,879	
Other Charges		55,174	
Office Equipment		13,278	
Total Circuit Court			149,712

General Sessions Court

Judge(s)	\$	98,752	
Other Salaries and Wages		24,400	
Communication		441	
Travel		1,582	
Other Supplies and Materials		256	
Other Charges		541	
Total General Sessions Court			125,972

Chancery Court

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		59,000	
Other Salaries and Wages		8,330	
Communication		731	
Data Processing Services		6,162	
Postal Charges		2,000	
Travel		494	
Other Supplies and Materials		3,659	
Other Charges		1,157	
Total Chancery Court			143,284

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Judicial Commissioners

Other Salaries and Wages	\$ 27,133	
Travel	577	
Total Judicial Commissioners		\$ 27,710

Courtroom Security

Deputy(ies)	\$ 77,480	
Sergeant(s)	39,182	
In-Service Training	500	
Uniforms	277	
Law Enforcement Equipment	263	
Total Courtroom Security		117,702

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 67,927
Deputy(ies)	464,145
Investigator(s)	151,734
Captain(s)	47,840
Lieutenant(s)	82,098
Sergeant(s)	72,587
Accountants/Bookkeepers	50,221
School Resource Officer	36,033
Overtime Pay	60,512
In-Service Training	9,064
Communication	26,994
Dues and Memberships	2,450
Maintenance and Repair Services - Buildings	222
Maintenance and Repair Services - Equipment	2,634
Maintenance and Repair Services - Vehicles	26,385
Medical and Dental Services	213
Postal Charges	1,353
Travel	5,641
Data Processing Supplies	1,444
Gasoline	113,179
Tires and Tubes	6,991
Uniforms	7,542
Other Supplies and Materials	11,134
Vehicle and Equipment Insurance	27,814
Other Charges	5,868
Law Enforcement Equipment	26,164

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Motor Vehicles	\$ 69,354	
Total Sheriff's Department		\$ 1,377,543

Traffic Control

Maintenance and Repair Services - Equipment	\$ 4,462	
Utilities	2,030	
Traffic Control Equipment	438	
Total Traffic Control		6,930

Administration of the Sexual Offender Registry

Other Charges	\$ 850	
Total Administration of the Sexual Offender Registry		850

Jail

Supervisor/Director	\$ 32,911	
Sergeant(s)	94,694	
Foremen	24,715	
Guards	458,846	
Cafeteria Personnel	42,853	
Maintenance Personnel	25,306	
Overtime Pay	36,545	
Maintenance and Repair Services - Buildings	52,615	
Medical and Dental Services	163,882	
Pest Control	1,296	
Drugs and Medical Supplies	45,156	
Food Supplies	134,219	
Prisoners Clothing	1,500	
Utilities	99,204	
Other Charges	25,063	
Building Improvements	10,213	
Total Jail		1,249,018

Juvenile Services

Supervisor/Director	\$ 35,000	
Communication	302	
Travel	660	
Other Contracted Services	7,254	
Other Charges	237	
Total Juvenile Services		43,453

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control

Contracts with Government Agencies	\$ 2,000	
Total Fire Prevention and Control		\$ 2,000

Rescue Squad

Contributions	\$ 205,000	
Total Rescue Squad		205,000

Other Emergency Management

County Official/Administrative Officer	\$ 42,000	
Other Salaries and Wages	29,960	
Communication	2,703	
Maintenance and Repair Services - Vehicles	434	
Travel	1,245	
Gasoline	4,478	
Other Supplies and Materials	2,647	
Other Charges	72,716	
Communication Equipment	18,772	
Total Other Emergency Management		174,955

County Coroner/Medical Examiner

Other Contracted Services	\$ 37,715	
Total County Coroner/Medical Examiner		37,715

Other Public Safety

Communication	\$ 371	
Rentals	5,860	
Other Supplies and Materials	110	
Total Other Public Safety		6,341

Public Health and Welfare

Local Health Center

Communication	\$ 2,399	
Janitorial Services	14,306	
Maintenance and Repair Services - Buildings	4,753	
Pest Control	420	
Other Contracted Services	22,000	
Utilities	16,670	
Other Supplies and Materials	1,663	
Other Charges	72	
Furniture and Fixtures	319	
Total Local Health Center		62,602

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control

Supervisor/Director	\$	28,260	
Communication		1,339	
Maintenance and Repair Services - Buildings		1,341	
Maintenance and Repair Services - Vehicles		829	
Veterinary Services		2,364	
Animal Food and Supplies		4,450	
Gasoline		4,312	
Tires and Tubes		470	
Uniforms		600	
Utilities		2,813	
Other Supplies and Materials		17	
Vehicle and Equipment Insurance		653	
Other Charges		5,406	
Total Rabies and Animal Control			\$ 52,854

Regional Mental Health Center

Contributions	\$	20,700	
Total Regional Mental Health Center			20,700

Aid to Dependent Children

Contributions	\$	6,466	
Total Aid to Dependent Children			6,466

Other Local Welfare Services

Contributions	\$	33,410	
Pauper Burials		3,800	
Total Other Local Welfare Services			37,210

Sanitation Management

Contracts with Private Agencies	\$	65,180	
Total Sanitation Management			65,180

Other Public Health and Welfare

Other Salaries and Wages	\$	238,428	
Social Security		17,264	
Employee and Dependent Insurance		52,977	
Life Insurance		185	
Unemployment Compensation		1,345	
Local Retirement		20,445	
Travel		8,112	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Public Health and Welfare (Cont.)

Other Supplies and Materials	\$ 348	
Total Other Public Health and Welfare		\$ 339,104

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$ 22,959	
Total Senior Citizens Assistance		22,959

Libraries

Contributions	\$ 102,246	
Total Libraries		102,246

Parks and Fair Boards

Contributions	\$ 22,000	
Maintenance and Repair Services - Buildings	3,115	
Other Contracted Services	10,800	
Custodial Supplies	711	
Utilities	10,687	
Other Charges	40	
Total Parks and Fair Boards		47,353

Other Social, Cultural, and Recreational

Part-time Personnel	\$ 11,048	
Other Salaries and Wages	11,739	
Communication	217	
Duplicating Supplies	300	
Other Supplies and Materials	311	
Furniture and Fixtures	342	
Total Other Social, Cultural, and Recreational		23,957

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 57,847	
Other Salaries and Wages	19,659	
Board and Committee Members Fees	420	
Other Fringe Benefits	17,910	
Communication	1,950	
Maintenance and Repair Services - Buildings	1,018	
Maintenance and Repair Services - Equipment	597	
Maintenance and Repair Services - Vehicles	53	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Postal Charges	\$	285	
Travel		381	
Other Contracted Services		3,660	
Food Preparation Supplies		4,110	
Gasoline		1,093	
Instructional Supplies and Materials		1,408	
Utilities		7,061	
Other Supplies and Materials		100	
Vehicle and Equipment Insurance		690	
Building Improvements		5,560	
Total Agriculture Extension Service			\$ 123,802

Forest Service

Communication	\$	424	
Total Forest Service			424

Soil Conservation

Clerical Personnel	\$	32,000	
Other Salaries and Wages		57,958	
Other Charges		1,900	
Total Soil Conservation			91,858

Other Operations

Industrial Development

Other Charges	\$	74,897	
Other Construction		10,000	
Total Industrial Development			84,897

Other Economic and Community Development

Contributions	\$	22,420	
Dues and Memberships		6,896	
Total Other Economic and Community Development			29,316

Public Transportation

Other Charges	\$	600	
Total Public Transportation			600

Airport

Contributions	\$	39,368	
Total Airport			39,368

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services

Supervisor/Director	\$	13,650	
Travel		278	
Other Charges		714	
Total Veterans' Services	\$		14,642

Other Charges

Building and Contents Insurance	\$	45,917	
Liability Insurance		177,563	
Premiums on Corporate Surety Bonds		10,812	
Trustee's Commission		91,723	
Workers' Compensation Insurance		218,081	
Total Other Charges			544,096

Contributions to Other Agencies

Contracts with Government Agencies	\$	100,000	
Contributions		199,172	
Total Contributions to Other Agencies			299,172

Employee Benefits

Educational Incentive - Official/Admin Officer	\$	843	
Educational Incentive - Other County Employees		12,000	
Social Security		248,091	
Employee and Dependent Insurance		845,012	
Life Insurance		2,756	
Unemployment Compensation		21,036	
Local Retirement		352,887	
On-Behalf Payments to OPEB		3,735	
Other Fringe Benefits		7,956	
Total Employee Benefits			1,494,316

Total General Fund \$ 8,631,151

Solid Waste/Sanitation Fund

General Government

Other General Administration

Supervisor/Director	\$	33,118	
Communication		213	
Travel		749	
Other Contracted Services		6,620	
Other Supplies and Materials		14	
Total Other General Administration	\$		40,714

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare

Waste Pickup

Other Contracted Services	\$ 24,380	
Total Waste Pickup		\$ 24,380

Recycling Center

Other Charges	\$ 33,600	
Total Recycling Center		33,600

Other Operations

Other Charges

Trustee's Commission	\$ 2,171	
Total Other Charges		<u>2,171</u>

Total Solid Waste/Sanitation Fund \$ 100,865

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Supervisor/Director	\$ 55,976
Medical Personnel	832,337
Secretary(ies)	21,344
Part-time Personnel	165,459
Overtime Pay	109,849
Social Security	96,766
State Retirement	86,640
Life Insurance	702
Medical Insurance	189,073
Unemployment Compensation	3,538
Communication	14,003
Data Processing Services	98,992
Debt Collection Services	3,777
Maintenance and Repair Services - Buildings	16,341
Maintenance and Repair Services - Equipment	2,208
Maintenance and Repair Services - Vehicles	52,004
Postal Charges	74
Travel	908
Drugs and Medical Supplies	66,796
Gasoline	74,097
Lubricants	10,044
Tires and Tubes	9,540
Uniforms	8,936

(Continued)

Exhibit J-7

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

Ambulance Service Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Utilities	\$	16,209	
Other Supplies and Materials		3,494	
Building and Contents Insurance		281	
Liability Insurance		22,018	
Premiums on Corporate Surety Bonds		185	
Refunds		2,237	
Trustee's Commission		31,999	
Vehicle and Equipment Insurance		8,590	
Workers' Compensation Insurance		55,776	
In Service/Staff Development		2,179	
Other Charges		22,581	
Building Improvements		54,541	
Motor Vehicles		208,493	
Other Equipment		130,466	
Total Ambulance/Emergency Medical Services			\$ 2,478,453

Total Ambulance Service Fund \$ 2,478,453

Drug Control Fund

Public Safety

Drug Enforcement

Communication	\$	2,528	
Confidential Drug Enforcement Payments		9,500	
Dues and Memberships		795	
Travel		2,811	
Veterinary Services		100	
Animal Food and Supplies		757	
Other Supplies and Materials		518	
Other Charges		6,890	
Law Enforcement Equipment		20,531	
Motor Vehicles		30,020	
Total Drug Enforcement			\$ 74,450

Total Drug Control Fund 74,450

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	97,208	
Total Register of Deeds			\$ 97,208

(Continued)

Exhibit J-7

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

Constitutional Officers - Fees Fund (Cont.)

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	<u>\$ 130,788</u>	
Total County Trustee's Office		\$ 130,788

County Clerk's Office

Constitutional Officers' Operating Expenses	<u>\$ 228,810</u>	
Total County Clerk's Office		228,810

Administration of Justice

Circuit Court

Constitutional Officers' Operating Expenses	<u>\$ 317,249</u>	
Total Circuit Court		317,249

General Sessions Court

Constitutional Officers' Operating Expenses	<u>\$ 52</u>	
Total General Sessions Court		52

Chancery Court

Special Commissioner Fees/Special Master Fees	<u>\$ 6,780</u>	
Total Chancery Court		<u>6,780</u>

Total Constitutional Officers - Fees Fund		\$ 780,887
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 67,927
Assistant(s)	38,971
Custodial Personnel	4,160
Educational Incentive - Other County Employees	1,500
In-Service Training	500
Communication	9,110
Dues and Memberships	3,255
Evaluation and Testing	2,490
Legal Notices, Recording, and Court Costs	315
Maintenance and Repair Services - Buildings	10,014
Maintenance and Repair Services - Office Equipment	187
Postal Charges	480
Travel	2,666
Custodial Supplies	1,687
Drugs and Medical Supplies	502

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Electricity	\$	19,780	
Office Supplies		2,917	
Other Supplies and Materials		500	
Office Equipment		1,420	
Total Administration			\$ 168,381

Highway and Bridge Maintenance

Supervisor/Director	\$	179,325	
Foremen		141,121	
Equipment Operators - Heavy		194,710	
Equipment Operators - Light		244,833	
Truck Drivers		245,808	
Laborers		149,328	
Rentals		2,625	
Asphalt - Hot Mix		118,260	
Asphalt - Liquid		781,208	
Concrete		2,692	
Crushed Stone		366,084	
Fertilizer, Lime, and Seed		342	
General Construction Materials		3,407	
Other Road Supplies		39,664	
Pipe		15,942	
Road Signs		19,977	
Structural Steel		1,882	
Total Highway and Bridge Maintenance			2,507,208

Operation and Maintenance of Equipment

Mechanic(s)	\$	189,785	
Equipment and Machinery Parts		128,998	
Fuel Oil		284,606	
Garage Supplies		4,668	
Tires and Tubes		42,919	
Total Operation and Maintenance of Equipment			650,976

Litter and Trash Collection

Assistant(s)	\$	2,851	
Truck Drivers		5,025	
Travel		307	
Instructional Supplies and Materials		14,937	
Other Supplies and Materials		9,186	
Total Litter and Trash Collection			32,306

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges

Building and Contents Insurance	\$ 2,258	
Liability Insurance	32,586	
Trustee's Commission	60,306	
Vehicle and Equipment Insurance	22,140	
Workers' Compensation Insurance	47,461	
Liability Claims	<u>2,788</u>	
Total Other Charges		\$ 167,539

Employee Benefits

Social Security	\$ 110,670	
State Retirement	128,497	
Employee and Dependent Insurance	317,979	
Unemployment Compensation	8,261	
Laundry Service	<u>5,778</u>	
Total Employee Benefits		571,185

Capital Outlay

Engineering Services	\$ 6,955	
Matching Share	191,445	
Highway Equipment	720	
Motor Vehicles	19,250	
State Aid Projects	<u>200,000</u>	
Total Capital Outlay		<u>418,370</u>

Total Highway/Public Works Fund \$ 4,515,965

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ <u>270,000</u>	
Total General Government		\$ 270,000

Education

Principal on Bonds	\$ <u>900,000</u>	
Total Education		900,000

Interest on Debt

General Government

Interest on Bonds	\$ <u>74,303</u>	
Total General Government		74,303

(Continued)

Exhibit J-7

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

General Debt Service Fund (Cont.)

Interest on Debt (Cont.)

Education

Interest on Bonds	\$ 483,184	
Total Education		\$ 483,184

Other Debt Service

General Government

Contributions	\$ 159,028	
Trustee's Commission	53,865	
Other Debt Service	200	
Total General Government		<u>213,093</u>

Total General Debt Service Fund \$ 1,940,580

General Capital Projects Fund

Capital Projects

Public Utility Projects

Other Contracted Services	\$ 376,952	
Total Public Utility Projects		<u>\$ 376,952</u>

Total General Capital Projects Fund 376,952

Community Development/Industrial Park Fund

General Government

Other General Administration

Other Charges	\$ 499,134	
Total Other General Administration		<u>\$ 499,134</u>

Total Community Development/Industrial Park Fund 499,134

Total Governmental Funds - Primary Government \$ 19,398,437

Exhibit J-8

Giles County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Giles County School Department  
For the Year Ended June 30, 2011

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 9,582,906	
Career Ladder Program	114,584	
Career Ladder Extended Contracts	43,450	
Homebound Teachers	21,880	
Educational Assistants	267,738	
Custodial Personnel	100	
Other Salaries and Wages	3,582	
Certified Substitute Teachers	99,610	
Non-certified Substitute Teachers	219,810	
Social Security	610,773	
State Retirement	894,988	
Life Insurance	833	
Medical Insurance	1,810,917	
Employer Medicare	144,554	
Tuition	48,920	
Other Contracted Services	53,358	
Instructional Supplies and Materials	208,949	
Library Books/Media	9,000	
Textbooks	290,744	
Other Supplies and Materials	11,182	
Fee Waivers	14,074	
Other Charges	54,499	
Regular Instruction Equipment	172,511	
Total Regular Instruction Program		\$ 14,678,962

Alternative Instruction Program

Teachers	\$ 71,616	
Educational Assistants	15,084	
Social Security	5,237	
State Retirement	7,824	
Medical Insurance	15,180	
Employer Medicare	1,225	
Other Contracted Services	887	
Instructional Supplies and Materials	161	
Total Alternative Instruction Program		117,214

Special Education Program

Teachers	\$ 1,137,763
Career Ladder Program	11,421

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Career Ladder Extended Contracts	\$	700	
Homebound Teachers		1,320	
Educational Assistants		377,538	
Attendants		36,256	
Certified Substitute Teachers		4,342	
Non-certified Substitute Teachers		6,674	
Social Security		96,229	
State Retirement		139,871	
Medical Insurance		306,414	
Employer Medicare		22,506	
Consultants		161,740	
Contracts with Private Agencies		124,014	
Other Contracted Services		1,028	
Instructional Supplies and Materials		1,809	
Other Supplies and Materials		1,219	
Special Education Equipment		3,651	
Total Special Education Program			\$ 2,434,495

Vocational Education Program

Teachers	\$	636,490	
Career Ladder Program		3,000	
Career Ladder Extended Contracts		700	
Certified Substitute Teachers		910	
Non-certified Substitute Teachers		1,608	
Social Security		37,930	
State Retirement		55,333	
Medical Insurance		115,690	
Employer Medicare		8,706	
Maintenance and Repair Services - Equipment		1,040	
Other Contracted Services		18,882	
Instructional Supplies and Materials		5,855	
Textbooks		5,002	
Other Supplies and Materials		41,473	
Vocational Instruction Equipment		5,343	
Total Vocational Education Program			937,962

Adult Education Program

Teachers	\$	43,350
Social Security		2,688

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program (Cont.)

State Retirement	\$	3,923	
Medical Insurance		6,500	
Employer Medicare		629	
Instructional Supplies and Materials		2,830	
Other Equipment		9,462	
Total Adult Education Program			\$ 69,382

Support Services

Attendance

Supervisor/Director	\$	56,992	
Career Ladder Program		1,000	
Other Salaries and Wages		6,379	
Social Security		3,487	
State Retirement		5,248	
Medical Insurance		6,434	
Employer Medicare		908	
Travel		3,388	
Other Supplies and Materials		21	
Total Attendance			83,857

Health Services

Supervisor/Director	\$	35,222	
Career Ladder Program		667	
Medical Personnel		274,850	
Clerical Personnel		21,961	
Social Security		18,648	
State Retirement		29,647	
Medical Insurance		70,449	
Employer Medicare		4,361	
Communication		656	
Travel		2,715	
Drugs and Medical Supplies		3,311	
Other Supplies and Materials		37,483	
Health Equipment		49,990	
Total Health Services			549,960

Other Student Support

Career Ladder Program	\$	7,000	
Guidance Personnel		408,593	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Assessment Personnel	\$	48,282	
Clerical Personnel		60,202	
Attendants		1,162	
Social Security		31,439	
State Retirement		48,265	
Medical Insurance		86,348	
Employer Medicare		7,353	
Contracts with Government Agencies		70,265	
Evaluation and Testing		30,237	
Other Contracted Services		9,462	
Total Other Student Support			\$ 808,608

Regular Instruction Program

Supervisor/Director	\$	134,854	
Career Ladder Program		22,966	
Career Ladder Extended Contracts		25,890	
Librarians		436,768	
Instructional Computer Personnel		144,262	
Clerical Personnel		58,687	
Other Salaries and Wages		104,579	
Social Security		52,321	
State Retirement		78,826	
Medical Insurance		143,249	
Employer Medicare		12,451	
Travel		14,501	
Other Contracted Services		30,792	
Library Books/Media		3,190	
Periodicals		2,661	
Other Supplies and Materials		8,446	
In Service/Staff Development		15,106	
Other Charges		5,732	
Total Regular Instruction Program			1,295,281

Alternative Instruction Program

Supervisor/Director	\$	51,260
Career Ladder Program		1,000
Social Security		3,402
State Retirement		5,092
Medical Insurance		5,667

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Alternative Instruction Program (Cont.)

Employer Medicare	\$ 796	
Total Alternative Instruction Program		\$ 67,217

Special Education Program

Supervisor/Director	\$ 66,916	
Career Ladder Program	4,000	
Psychological Personnel	46,923	
Career Ladder Extended Contracts	5,600	
Assessment Personnel	98,791	
Secretary(ies)	43,546	
Social Security	13,103	
State Retirement	19,252	
Medical Insurance	19,804	
Employer Medicare	3,438	
Communication	3,888	
Travel	14,608	
Other Contracted Services	13,725	
Other Supplies and Materials	2,493	
In Service/Staff Development	8,567	
Total Special Education Program		364,654

Vocational Education Program

Secretary(ies)	\$ 15,970	
Clerical Personnel	36,820	
Other Salaries and Wages	50,970	
Social Security	6,471	
State Retirement	9,373	
Medical Insurance	16,883	
Employer Medicare	1,513	
Travel	500	
Other Supplies and Materials	2,225	
Other Equipment	675	
Total Vocational Education Program		141,400

Adult Programs

Supervisor/Director	\$ 49,296
Career Ladder Program	1,000
Social Security	2,770
State Retirement	4,552

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs (Cont.)

Medical Insurance	\$	9,695	
Employer Medicare		648	
Travel		2,276	
In Service/Staff Development		979	
Total Adult Programs			\$ 71,216

Other Programs

On-Behalf Payments to OPEB	\$	221,417	
Total Other Programs			221,417

Board of Education

Secretary to Board	\$	1,500	
Board and Committee Members Fees		2,472	
In-Service Training		2,399	
Social Security		219	
State Retirement		134	
Life Insurance		10,040	
Medical Insurance		153	
Unemployment Compensation		47,148	
Employer Medicare		57	
Audit Services		5,200	
Dues and Memberships		5,925	
Legal Services		14,188	
Travel		2,651	
Other Contracted Services		5,000	
Other Supplies and Materials		4,373	
Liability Insurance		90,484	
Premiums on Corporate Surety Bonds		34	
Trustee's Commission		221,259	
Workers' Compensation Insurance		251,483	
Criminal Investigation of Applicants - TBI		4,380	
Other Charges		8,646	
Total Board of Education			677,745

Director of Schools

County Official/Administrative Officer	\$	100,006	
Secretary(ies)		70,179	
Social Security		10,835	
State Retirement		15,786	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Medical Insurance	\$	13,715	
Employer Medicare		2,534	
Advertising		624	
Communication		9,549	
Dues and Memberships		2,845	
Postal Charges		4,122	
Travel		6,507	
Other Contracted Services		350	
Office Supplies		2,416	
Other Supplies and Materials		643	
Other Charges		1,060	
Administration Equipment		33	
Total Director of Schools			\$ 241,204

Office of the Principal

Principals	\$	549,857	
Career Ladder Program		19,000	
Career Ladder Extended Contracts		14,000	
Assistant Principals		403,096	
Secretary(ies)		295,215	
Clerical Personnel		31,792	
Other Salaries and Wages		14,544	
Social Security		79,928	
State Retirement		118,193	
Medical Insurance		174,853	
Employer Medicare		18,693	
Communication		30,913	
Other Contracted Services		11,289	
Total Office of the Principal			1,761,373

Operation of Plant

Custodial Personnel	\$	401,065
Other Salaries and Wages		10,900
Social Security		24,622
State Retirement		34,674
Medical Insurance		98,008
Employer Medicare		5,916
Laundry Service		7,404
Pest Control		6,960

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Other Contracted Services	\$	102,151	
Custodial Supplies		42,609	
Electricity		1,133,196	
Natural Gas		156,903	
Propane Gas		46,094	
Water and Sewer		120,487	
Other Supplies and Materials		349	
Building and Contents Insurance		78,608	
Plant Operation Equipment		31,671	
Total Operation of Plant			\$ 2,301,617

Maintenance of Plant

Supervisor/Director	\$	46,214	
Maintenance Personnel		138,443	
Social Security		6,844	
State Retirement		21,374	
Medical Insurance		35,288	
Laundry Service		2,482	
Maintenance and Repair Services - Buildings		1,027,340	
Maintenance and Repair Services - Equipment		30,781	
Travel		2,834	
Other Contracted Services		17,829	
Diesel Fuel		70	
Equipment and Machinery Parts		53,192	
Gasoline		16,784	
Other Supplies and Materials		162,086	
In Service/Staff Development		107	
Other Charges		93,861	
Maintenance Equipment		43,718	
Total Maintenance of Plant			1,699,247

Transportation

Supervisor/Director	\$	61,448
Mechanic(s)		136,216
Bus Drivers		128,980
Clerical Personnel		26,604
Other Salaries and Wages		8,195
Social Security		15,678
State Retirement		25,080

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Medical Insurance	\$	184,866	
Employer Medicare		4,180	
Laundry Service		2,432	
Maintenance and Repair Services - Vehicles		6,611	
Medical and Dental Services		3,440	
Travel		1,991	
Other Contracted Services		6,430	
Diesel Fuel		294,226	
Equipment and Machinery Parts		500	
Gasoline		14,600	
Lubricants		5,956	
Tires and Tubes		21,633	
Vehicle Parts		54,955	
Other Supplies and Materials		5,592	
Vehicle and Equipment Insurance		48,053	
Transportation Equipment		502,075	
Total Transportation			\$ 1,559,741

Operation of Non-Instructional Services

Food Service

Medical Insurance	\$	5,695	
Total Food Service			5,695

Community Services

Supervisor/Director	\$	61,156	
Teachers		30,036	
Bus Drivers		805	
Educational Assistants		9,957	
Part-time Personnel		30,296	
Social Security		7,996	
State Retirement		8,743	
Medical Insurance		5,658	
Employer Medicare		1,903	
Communication		2,158	
Travel		24,516	
Other Contracted Services		245	
Food Supplies		2,497	
Instructional Supplies and Materials		952	
Other Supplies and Materials		4,344	

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

In Service/Staff Development	\$ 5,611	
Total Community Services		\$ 196,873

Early Childhood Education

Supervisor/Director	\$ 52,655	
Teachers	161,688	
Career Ladder Extended Contracts	2,800	
Educational Assistants	81,634	
Custodial Personnel	30	
Non-certified Substitute Teachers	102	
Social Security	17,684	
State Retirement	26,920	
Medical Insurance	73,075	
Employer Medicare	4,136	
Dues and Memberships	445	
Travel	8,518	
Food Supplies	7,632	
Instructional Supplies and Materials	44,059	
Other Supplies and Materials	13,108	
In Service/Staff Development	3,149	
Other Charges	683	
Other Equipment	28,851	
Total Early Childhood Education		527,169

Principal on Debt

Education

Principal on Other Loans	\$ 16,808	
Total Education		16,808

Total General Purpose School Fund \$ 30,829,097

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 844,359
Certified Substitute Teachers	3,888
In-Service Training	51
Non-certified Substitute Teachers	3,024
Social Security	50,381

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

State Retirement	\$	76,405	
Medical Insurance		138,228	
Employer Medicare		11,783	
Other Contracted Services		24,328	
Instructional Supplies and Materials		38,374	
Other Supplies and Materials		2,757	
Other Charges		7,358	
Regular Instruction Equipment		290,602	
Total Regular Instruction Program			\$ 1,491,538

Special Education Program

Teachers	\$	152,747	
Educational Assistants		491,470	
Speech Pathologist		11,093	
Non-certified Substitute Teachers		306	
Social Security		39,422	
State Retirement		58,542	
Life Insurance		104	
Medical Insurance		188,037	
Employer Medicare		9,220	
Contracts with Private Agencies		305,587	
Other Contracted Services		117,176	
Instructional Supplies and Materials		35,952	
Other Supplies and Materials		30,021	
Special Education Equipment		84,570	
Total Special Education Program			1,524,247

Vocational Education Program

Educational Assistants	\$	11,913	
Social Security		748	
State Retirement		140	
Employer Medicare		175	
Other Supplies and Materials		16,650	
Vocational Instruction Equipment		32,733	
Total Vocational Education Program			62,359

Support Services

Other Student Support

Assessment Personnel	\$	42,525	
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(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Social Security	\$	2,221	
State Retirement		3,849	
Medical Insurance		9,072	
Employer Medicare		519	
Travel		15,000	
Other Contracted Services		18,000	
Total Other Student Support			\$ 91,186

Regular Instruction Program

Supervisor/Director	\$	63,418	
Instructional Computer Personnel		33,878	
Clerical Personnel		26,540	
In-Service Training		986	
Social Security		5,757	
State Retirement		8,001	
Medical Insurance		5,547	
Employer Medicare		1,797	
Communication		2,667	
Travel		3,214	
Other Supplies and Materials		5,280	
In Service/Staff Development		102,290	
Other Charges		374	
Other Equipment		4,029	
Total Regular Instruction Program			263,778

Special Education Program

Psychological Personnel	\$	44,462	
Other Salaries and Wages		2,200	
Social Security		2,887	
State Retirement		4,220	
Medical Insurance		5,646	
Employer Medicare		675	
Travel		22,911	
Other Contracted Services		3,292	
Other Supplies and Materials		16,709	
In Service/Staff Development		3,908	
Other Equipment		6,119	
Total Special Education Program			113,029

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Vocational Education Program

Travel	\$ 491	
Total Vocational Education Program		\$ 491

Maintenance of Plant

Maintenance Personnel	\$ 55,500	
Social Security	3,400	
Medical Insurance	10,500	
Employer Medicare	8,000	
Total Maintenance of Plant		77,400

Transportation

Bus Drivers	\$ 626,158	
Social Security	39,300	
State Retirement	57,000	
Medical Insurance	165,949	
Employer Medicare	9,300	
Gasoline	1,089	
Vehicle Parts	711	
Vehicle and Equipment Insurance	807	
Total Transportation		900,314

Total School Federal Projects Fund \$ 4,524,342

Central Cafeteria Fund

Support Services

Board of Education

Trustee's Commission	\$ 70	
Total Board of Education		\$ 70

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 62,210
Cafeteria Personnel	586,995
Social Security	39,752
State Retirement	45,432
Medical Insurance	135,014
Employer Medicare	9,297
Communication	2,797
Maintenance and Repair Services - Equipment	5,072

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Transportation - Other than Students	\$	17,701	
Travel		2,999	
Other Contracted Services		1,913	
Food Supplies		820,274	
USDA - Commodities		170,519	
Other Supplies and Materials		78,709	
Food Service Equipment		<u>71,674</u>	
Total Food Service			<u>\$ 2,050,358</u>

Total Central Cafeteria Fund \$ 2,050,428

Education Capital Projects Fund

Capital Outlay

Regular Capital Outlay

Consultants	\$	532	
Building Improvements		<u>23,120</u>	
Total Regular Capital Outlay			<u>\$ 23,652</u>

Total Education Capital Projects Fund 23,652

Total Governmental Funds - Giles County School Department \$ 37,427,519

Exhibit J-9

Giles County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2011

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 2,462,356
Total Cash Receipts	<u>\$ 2,462,356</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 2,457,063
Trustee's Commission	5,293
Total Cash Disbursements	<u>\$ 2,462,356</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2010	<u>0</u>
 Cash Balance, June 30, 2011	 <u><u>\$ 0</u></u>

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## **SINGLE AUDIT SECTION**

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

REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

January 11, 2012

Giles County Executive and  
Board of County Commissioners  
Giles County, Tennessee

To the County Executive and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Giles County, Tennessee, as of and for the year ended June 30, 2011, which collectively comprise Giles County's basic financial statements and have issued our report thereon dated January 11, 2012. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the discretely presented Emergency Communications District of Giles County as described in our report on Giles County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Giles County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Giles County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Giles County's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting: 11.05 and 11.06. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Giles County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 11.01, 11.02, 11.03, and 11.04.

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

Giles County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Giles County's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the county executive, director of schools, highway commissioner, finance director, County Commission, Board of Education, others within Giles County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu



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

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

January 11, 2012

Giles County Executive and  
Board of County Commissioners  
Giles County, Tennessee

To the County Executive and Board of County Commissioners:

Compliance

We have audited the compliance of Giles County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Giles County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Giles County's management. Our responsibility is to express an opinion on Giles County's compliance based on our audit.

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

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

In our opinion, Giles County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and are described in the accompanying Schedule of Findings and Questioned Costs as items 11.03 and 11.07.

#### Internal Control Over Compliance

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

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

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

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Giles County as of and for the year ended June 30, 2011, and have issued our report thereon dated January 11, 2012. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the

underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Giles County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Giles County's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the county executive, director of schools, highway commissioner, finance director, County Commission, Board of Education, others within the entity, and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu

Giles County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2011

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Programs:			
Environmental Quality Incentives Program	10.912	N/A	\$ 27,624
Emergency Watershed Protection Program	10.923	N/A	192,714
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	386,318
National School Lunch Program	10.555	N/A	1,032,629 (4)
ARRA - Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	12,000
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	170,519 (4)
Total U.S. Department of Agriculture			<u>\$ 1,821,804</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	GG-10-31608-00	\$ 499,134
Total U.S. Department of Housing and Urban Development			<u>\$ 499,134</u>
U.S. Department of Labor:			
Passed-through South Central Tennessee Workforce Alliance:			
WIA Youth Activities	17.259	(2)	\$ 33,500
Total U.S. Department of Labor			<u>\$ 33,500</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	\$ 76,282
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	928,805
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	253,518
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	967,779
Special Education - Preschool Grants	84.173	N/A	25,601
Special Education - Grants to States, Recovery Act	84.391	N/A	646,022
Special Education - Preschool Grants, Recovery Act	84.392	N/A	17,033
Career and Technical Education - Basic Grants to States	84.048	N/A	77,851
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	18,100
Education Technology State Grants	84.318	(2)	13,202
Rural Education	84.358	N/A	42,463
Improving Teacher Quality State Grants	84.367	N/A	228,189
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	(2)	1,859,268
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	(2)	268,267
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	(2)	347,222
Education Jobs Fund	84.410	(2)	975,107
Total U.S. Department of Education			<u>\$ 6,744,709</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Education:			
ARRA - Temporary Assistance for Needy Families	93.558	(2)	\$ 36,035
Passed-through State Department of Health:			
Grants to States for Operation of Offices of Rural Health	93.913	GG-11-32480-00	109,056
Total U.S. Department of Health and Human Services			<u>\$ 145,091</u>

(Continued)

Giles County, Tennessee

Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(2)	\$ 74,916
Emergency Management Performance Grants	97.042	(2)	15,990
Homeland Security Grant Program	97.067	(2)	<u>22,999</u>
Total U.S. Department of Homeland Security			<u>\$ 113,905</u>
Total Expenditures of Federal Awards			<u>\$ 9,358,143</u>
<u>State Grants</u>			
		<u>Contract Number</u>	
Health Department Programs - State Department of Health	N/A	(3)	\$ 268,920
Adult Education - State Department of Labor and Workforce Development	N/A	(2)	25,428
Early Childhood Education - State Department of Education	N/A	(2)	459,439
Energy Efficient Schools Initiative - State Department of Education	N/A	(2)	57,059
Lottery for Education Afterschool Program - State Department of Education	N/A	(2)	331,645
Litter Program - State Department of Transportation	N/A	(2)	27,778
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	11,261
Juvenile Justice and Delinquency Prevention - State Commission on Children and Youth	N/A	GG-10-29735-00	<u>10,755</u>
Total State Grants			<u>\$ 1,192,285</u>

CFDA - Catalog of Federal Domestic Assistance

N/A - Not Applicable

(1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.

(2) Information not available.

(3) Z-10-219841-00: \$57,223; GG-11-32480-00: \$211,697.

(4) Total for CFDA No. 10.555 is \$1,203,148.

Giles County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2011

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. Presented below is the finding from the Annual Financial Report for Giles County, Tennessee, for the year ended June 30, 2010, which has not been corrected.

**OTHER FINDING**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.04	145	Duties were not segregated adequately in the Offices of Clerk and Master and Register

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**GILES COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2011**

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**PART I, SUMMARY OF AUDITOR'S RESULTS**

1. Our report on the financial statements of Giles County is unqualified.
2. The audit of the financial statements of Giles County disclosed significant deficiencies in internal control. None of these deficiencies were considered to be material weaknesses.
3. The audit disclosed one instance of noncompliance that was material to the financial statements of Giles County.
4. Our audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed one finding that is required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555); the Community Development Block Grants/States Program (CFDA No. 14.228); the Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Grants to States Recovery Act, Special Education – Preschool Grants, and Special Education – Preschool Grants Recovery Act (CFDA Nos. 84.027, 84.391, 84.173, and 84.392); the State Fiscal Stabilization Funds Cluster: State Fiscal Stabilization Funds – Education State Grants, Recovery Act and State Fiscal Stabilization Funds – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397); State Fiscal Stabilization Funds – Race to the Top Incentive Grants, Recovery Act (CFDA No. 84.395); and the Education Jobs Fund (CFDA No. 84.410) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Giles County did not qualify as a low-risk auditee.

## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the circuit, general sessions, and juvenile courts clerk and register are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

### **OFFICE OF FINANCE DIRECTOR**

**FINDING 11.01**      **A REVENUE ANTICIPATION NOTE WAS NOT ISSUED IN COMPLIANCE WITH STATE STATUTE**  
(Material Noncompliance Under *Government Auditing Standards*)

During the year, the Highway/Public Works Fund borrowed \$450,000 from the General Fund to provide cash for operations in anticipation of revenue collections. This loan was not approved by the state Comptroller's Office. Section 9-21-801, *Tennessee Code Annotated*, allows the County Commission to issue revenue anticipation notes with the approval of the state Comptroller's Office. This deficiency resulted from a lack of oversight by management.

### **RECOMMENDATION**

Revenue anticipation notes should be approved by the state Comptroller's Office as required by state statute.

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### **OFFICE OF DIRECTOR OF SCHOOLS**

**FINDING 11.02**      **EXPENDITURES EXCEEDED APPROPRIATIONS**  
(Noncompliance Under *Government Auditing Standards*)

Salaries exceeded appropriations in 32 payroll line-item accounts in the General Purpose School and School Federal Projects funds by amounts ranging from \$2 to \$119,534. Section 5-9-401, *Tennessee Code Annotated*, states that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies." Also, the budget resolution approved by the County Commission states that the salary, wages, or enumeration of each official, employee, or agent of the county will not exceed expenditures that accompany this resolution. Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the County Commission. These deficiencies exist because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

## RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission.

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FINDING 11.03      **THE SCHOOL DEPARTMENT HAD DEFICIENCIES IN THE USE OF FEDERAL SPECIAL EDUCATION CLUSTER FUNDS**  
(Noncompliance Under *Government Auditing Standards* and OMB Circular A-133)

On September 29, 2010, the State of Tennessee, Department of Education, Division of Special Education released a monitoring report on the Special Education Cluster programs in Giles County for the fiscal year ending June 30, 2010. The results of that monitoring disclosed the following deficiencies:

- A. The School Department allowed an Odyssey software program paid for and tagged as equipment purchased with IDEA Recovery Act funds to be used by all students, rather than exclusively by special education students. The School Department has subsequently repaid the \$50,000 in unallowable costs to the Tennessee Department of Education from the General Purpose School Fund.
- B. The School Department allowed an IDEA funded teacher to work with higher level kindergarten students from December 2009 through May 2010. The School Department calculated the time spent on unallowable activities at 76.5 hours, for a total salary and benefits cost of \$2,910. The School Department has subsequently repaid the unallowable costs to the Tennessee Department of Education from the General Purpose School Fund.

This monitoring report along with management's responses and corrective action plans may be obtained from the state Department of Education, Division of Special Education, 6<sup>th</sup> Floor, Andrew Johnson Tower, 710 James Robertson Parkway, Nashville, TN 37243-3080.

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## OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

FINDING 11.04      **THE OFFICE DID NOT DEPOSIT SOME FUNDS WITHIN THREE DAYS OF COLLECTION**  
(Noncompliance Under *Government Auditing Standards*)

In some instances, the clerk did not deposit funds within three days of collection. Section 5-8-207, *Tennessee Code Annotated (TCA)*, requires county officials to deposit public funds to the office bank account within three days of collection. This deficiency is the result of management oversight. The delay in depositing the funds increases the risks of fraud and misappropriation.

## RECOMMENDATION

The clerk should ensure that all funds are deposited to the office bank account within three days of collection as required by state statute.

## MANAGEMENT'S RESPONSE – CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK

I would like to add that there was no fraud or misappropriation of funds found. Our auditor sat down with us and showed us the problem, and we have taken steps to correct it. Deposits will be taken to the bank in a manner to comply with *TCA* Section 5-8-207.

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## FINDING 11.05      **THE COURT SOFTWARE DID NOT HAVE ADEQUATE APPLICATION CONTROLS**

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

The following deficiencies relating to the office's software application were identified:

- A.      Although the application was designed to generate a consecutive number for each receipt, the auditor observed instances of skipped receipt numbers on daily collection reports. These skips could not be explained by the vendor. On other occasions, one receipt number was assigned to multiple receipts.
- B.      Users could receipt collections to a previous date. This created a skip in the receipt numbers listed on the current day's collection report. However, because of the irregularities noted in Item A., it would be difficult to determine what caused the skip.
- C.      On a least one occasion, the software application generated a check to the wrong payee.

These deficiencies could call into question the reliability and integrity of information maintained in the system. Controls addressing these deficiencies have been implemented by the vendor; therefore, these deficiencies have been corrected.

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## OFFICES OF CLERK AND MASTER, REGISTER, AND SHERIFF

### FINDING 11.06      **DUTIES WERE NOT SEGREGATED ADEQUATELY**

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

Duties were not segregated adequately among the officials and employees in the Offices of Clerk and Master, Register, and Sheriff. The officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or

disbursing funds. Accounting standards provide that internal controls be designed to provide reasonable assurance of the reliability in financial reporting and of the effectiveness and efficiency in operations. This lack of segregation of duties is the result of management decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

#### RECOMMENDATION

The clerk and master, register, and sheriff should segregate duties to the extent possible using available resources.

#### MANAGEMENT'S RESPONSE – REGISTER

The cost of hiring enough employees to segregate each step involved is not feasible for the Register's Office. We now have only two employees in the office. The budget will not allow us to increase our staff to comply with this recommendation.

#### AUDITOR'S COMMENT

We have not recommended hiring additional employees. We realize that due to limited resources and personnel, management may not be able to fully segregate duties among employees. However, duties should be segregated to the extent possible.

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

Federal Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Education Passed-through State Department of Education: Special Education - Preschool Grants, Recovery Act	11.07	84.391	Circular A-133, Section 500(d)(1)	Noncompliance - See Finding 11.03 A. The School Department allowed an Odyssey software program paid for and tagged as equipment purchased with IDEA Recovery Act funds to be used by all students, rather than exclusively by special education students. The School Department has subsequently repaid the \$50,000 in unallowable costs to the Tennessee Department of Education from the General Purpose School Fund.	\$ 50,000
		84.392	Circular A-133, Section 500(d)(1)	B. The School Department allowed an IDEA funded teacher to work with higher level kindergarten students from December 2009 through May 2010. The School Department calculated the time spent on unallowable activities at 76.5 hours, for a total salary and benefits cost of \$2,910. The School Department has subsequently repaid the unallowable costs to the Tennessee Department of Education from the General Purpose School Fund.	2,910
<b>Total Unallowed Cost</b>					<b>\$ 52,910</b>

**GILES COUNTY, TENNESSEE  
AUDITEE REPORTING RESPONSIBILITIES  
For the Year Ended June 30, 2011**

There were no audit findings relative to federal awards presented in the prior-year's Schedule of Findings and Questioned Costs.

There were audit findings relative to federal awards presented in the current-year's Schedule of Findings and Questioned Costs.

**Director of Schools – Corrective Action Plan for Current-Year's Findings**

**FINDINGS 11.03 and 11.07**

Contact person: Terrell Jackson

Corrective action plan: On September 29, 2010, the State of Tennessee, Department of Education, Division of Special Education released a monitoring report on the Special Education Cluster programs in Giles County for the fiscal year ending June 30, 2010. The results of that report disclosed several deficiencies. This report, along with management's responses and corrective action plans, may be obtained from the state Department of Education, 7th Floor, Andrew Johnson Tower, 710 James Robertson Parkway, Nashville, TN 37243-0380.

Anticipated completion date: 2010-11