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# ANNUAL FINANCIAL REPORT GILES COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2012



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

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

***DIVISION OF LOCAL GOVERNMENT 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.comptroller.tn.gov](http://www.comptroller.tn.gov)

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***Audit Highlights***  
Annual Financial Report  
Giles County, Tennessee  
For the Year Ended June 30, 2012

***Scope***

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

***Results***

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

Our audit resulted in 12 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**

- ◆ Some general ledger payroll liability accounts were not accounted for properly.
- ◆ Competitive bids were not solicited for tires purchased for the ambulance service.

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**OFFICES OF FINANCE DIRECTOR AND COUNTY EXECUTIVE**

- ◆ Time records were not maintained to document payroll expenditures reimbursed by a federal grant.

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**OFFICE OF HIGHWAY SUPERINTENDENT**

- ◆ A backhoe was reported stolen from the Highway Department.
-

## **OFFICES OF FINANCE DIRECTOR AND DIRECTOR OF SCHOOLS**

- ◆ The office had deficiencies in budget operations.
  - ◆ The office had deficiencies in payroll procedures.
  - ◆ Authorizations were not on file to support gross salary amounts for some employees.
  - ◆ The salary of some School Department employees was not adjusted for leave taken in excess of accumulated leave balances.
  - ◆ The School Department had questioned costs in the use of federal Special Education Cluster funds.
  - ◆ Inventory records were not maintained for some assets purchased with federal funds.
  - ◆ Some purchases were not made by the county purchasing agent through the General Purpose School Fund.
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## **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, 2012

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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  
Beth Moore, Interim 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**

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

**Audit Committee**

Bill Cary, Chairman  
Berenetta Houston  
Bill Holt  
Tommy Pope  
David Adams  
Tommy Campbell  
Roger Reedy

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## **FINANCIAL SECTION**

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

INDEPENDENT AUDITOR'S REPORT

August 30, 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, 2012, 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements of the Giles County Emergency Communications District, a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units financial statements referred to above do not include amounts for the Giles County Emergency Communications District, which should be included to conform

with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 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.

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 58 through 66 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.

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, 2012

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Giles County School Department</u>
<u>ASSETS</u>		
Cash	\$ 128,010	\$ 0
Equity in Pooled Cash and Investments	21,805,515	3,341,028
Inventories	0	56,130
Accounts Receivable	543,191	36,737
Allowance for Uncollectibles	(76,345)	0
Due from Other Governments	756,902	973,938
Property Taxes Receivable	7,805,510	6,615,351
Allowance for Uncollectible Property Taxes	(186,772)	(158,293)
Capital Assets:		
Assets Not Depreciated:		
Land	367,929	621,198
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	5,240,274	15,241,761
Other Capital Assets	1,066,114	2,759,463
Infrastructure	10,542,611	0
Total Assets	<u>\$ 47,992,939</u>	<u>\$ 29,487,313</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 239,853	\$ 48,091
Accrued Payroll	0	1,167
Payroll Deductions Payable	14,514	820,063
Accrued Interest Payable	196,654	0
Other Withholding Taxes	0	5,770
Contracts Payable	3,481	0
Retainage Payable	6,522	0
Due to State of Tennessee	58	0
Deferred Revenue - Current Property Taxes	7,252,058	6,146,287
Noncurrent Liabilities:		
Due Within One Year	1,711,678	25,212
Due in More Than One Year	13,328,258	4,306,326
Total Liabilities	<u>\$ 22,753,076</u>	<u>\$ 11,352,916</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 14,837,894	\$ 18,487,942
Restricted for:		
General Government	700,630	0
Administration of Justice	108,155	0
Public Safety	243,457	0
Highway/Public Works	779,312	0
Education	0	43,237
Central Cafeteria	0	921,864
Unrestricted	8,570,415	(1,318,646)
Total Net Assets	<u>\$ 25,239,863</u>	<u>\$ 18,134,397</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, 2012

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Component Unit Giles County School Department
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	in Net Assets		
					Primary Governmental Activities	Giles County School Department	
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
General Government	\$ 1,111,159	\$ 242,416	\$ 127,735	\$ 16,900	\$ (724,108)	\$ 0	0
Finance	1,294,181	735,924	0	0	(558,257)	0	0
Administration of Justice	1,054,302	698,758	9,135	0	(346,409)	0	0
Public Safety	4,534,572	542,401	355,399	0	(3,636,772)	0	0
Public Health and Welfare	4,500,971	1,556,841	809,396	0	(2,134,734)	0	0
Social, Cultural, and Recreational Services	202,613	0	0	0	(202,613)	0	0
Agriculture and Natural Resources	280,226	0	26,416	0	(253,810)	0	0
Other Operations	778,437	0	0	0	(778,437)	0	0
Highways/Public Works	4,130,404	0	1,943,510	1,577	(2,185,317)	0	0
Interest on Long-term Debt	585,614	0	0	0	(585,614)	0	0
Other Debt Service	191,732	0	0	0	(191,732)	0	0
<b>Total Governmental Activities</b>	<b>\$ 18,664,211</b>	<b>\$ 3,776,340</b>	<b>\$ 3,271,591</b>	<b>\$ 18,477</b>	<b>\$ (11,597,803)</b>	<b>\$ 0</b>	<b>0</b>
<b>Total Primary Government</b>	<b>\$ 18,664,211</b>	<b>\$ 3,776,340</b>	<b>\$ 3,271,591</b>	<b>\$ 18,477</b>	<b>\$ (11,597,803)</b>	<b>\$ 0</b>	<b>0</b>
<b>Component Unit:</b>							
Giles County School Department	\$ 36,950,777	\$ 567,645	\$ 4,426,664	\$ 0	\$ 0	\$ (31,956,468)	0
<b>Total Component Unit</b>	<b>\$ 36,950,777</b>	<b>\$ 567,645</b>	<b>\$ 4,426,664</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (31,956,468)</b>	<b>0</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	Primary	Component Unit
				Governmental Activities	School Department
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$ 7,008,741	\$ 6,756,970
Property Taxes Levied for Debt Service				983,357	0
Local Option Sales Taxes				852,501	3,307,456
Hotel/Motel Tax				82,863	0
Litigation Tax - General				159,803	0
Litigation Tax - Jail, Workhouse, or Courthouse				224,718	0
Business Tax				247,754	0
Wholesale Beer Tax				199,580	0
Mineral Severance Tax				28,257	0
Other Local Taxes				1,056	1,639
Grants and Contributions Not Restricted to Specific Purposes				557,714	20,013,992
Unrestricted Investment Earnings				28,094	1,511
Miscellaneous				62,009	51,293
Insurance Recovery				170,991	11,990
Total General Revenues				<u>\$ 10,607,438</u>	<u>\$ 30,144,851</u>
Change in Net Assets				\$ (990,365)	\$ (1,811,617)
Net Assets, July 1, 2011				<u>26,230,228</u>	<u>19,946,014</u>
Net Assets, June 30, 2012				<u>\$ 25,239,863</u>	<u>\$ 18,134,397</u>

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

Giles County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2012

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other Governmental Funds	
\$	0	0	0	0	128,010	\$ 128,010
Equity in Pooled Cash and Investments	15,924,889	49,471	521,006	3,044,273	2,265,876	21,805,515
Accounts Receivable	113,258	332,658	6,640	1,215	89,420	543,191
Allowance for Uncollectibles	0	(76,345)	0	0	0	(76,345)
Due from Other Governments	268,503	0	348,549	139,850	0	756,902
Property Taxes Receivable	4,216,818	580,248	1,929,130	973,672	105,642	7,805,510
Allowance for Uncollectible Property Taxes	(100,901)	(13,884)	(46,161)	(23,298)	(2,528)	(186,772)
Total Assets	\$ 20,422,567	\$ 872,148	\$ 2,759,164	\$ 4,135,712	\$ 2,586,420	\$ 30,776,011

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

\$	80,503	\$ 34,697	\$ 115,290	\$ 0	\$ 9,363	\$ 239,853
Accounts Payable	7,590	1,626	5,294	0	4	14,514
Payroll Deductions Payable	0	0	0	0	3,481	3,481
Contracts Payable	0	0	0	0	6,522	6,522
Retainage Payable	58	0	0	0	0	58
Due to State of Tennessee	3,917,822	539,106	1,792,345	904,634	98,151	7,252,058
Deferred Revenue - Current Property Taxes	176,404	22,826	79,462	38,122	4,326	321,140
Deferred Revenue - Delinquent Property Taxes	131,777	167,016	163,652	69,925	0	532,370
Other Deferred Revenues	\$ 4,314,154	\$ 765,271	\$ 2,156,043	\$ 1,012,681	\$ 121,847	\$ 8,369,996
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

\$	700,630	\$ 0	\$ 0	\$ 0	\$ 0	\$ 700,630
108,155	0	0	0	0	0	108,155
33,539	0	0	0	0	209,918	243,457
0	0	0	0	0	1,718,880	1,718,880
0	0	603,121	0	0	0	603,121
0	0	0	0	0	230,086	230,086

(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	0	19,451	\$ 19,451
	0	0	0	0	0	95,011	95,011
	0	0	0	0	0	102,836	102,836
	0	106,877	0	0	0	88,391	195,268
	0	0	0	3,123,031	0	0	3,123,031
	35,501	0	0	0	0	0	35,501
	15,230,588	0	0	0	0	0	15,230,588
	\$ 16,108,413	\$ 106,877	\$ 603,121	\$ 3,123,031	\$ 2,464,573	\$ 2,464,573	\$ 22,406,015
	\$ 20,422,567	\$ 872,148	\$ 2,759,164	\$ 4,135,712	\$ 2,586,420	\$ 2,586,420	\$ 30,776,011

LIABILITIES AND FUND BALANCES (CONT.)

Fund Balances (Cont.)

Committed:
Committed for General Government
Committed for Finance
Committed for Administration of Justice
Committed for Public Health and Welfare
Committed for Debt Service
Assigned:
Assigned for General Government
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, 2012

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	22,406,015
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	367,929	
Add: buildings and improvements net of accumulated depreciation		5,240,274	
Add: other capital assets net of accumulated depreciation		1,066,114	
Add: infrastructure net of accumulated depreciation		<u>10,542,611</u>	17,216,928
(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	\$	(2,778,000)	
Less: bonds payable		(10,705,000)	
Less: compensated absences payable		(211,678)	
Less: other postemployment benefits liability		(316,107)	
Less: accrued interest on notes and bonds		(196,654)	
Less: other long-term liabilities		<u>(1,029,151)</u>	(15,236,590)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>853,510</u>
Net assets of governmental activities (Exhibit A)		\$	<u>25,239,863</u>

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

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Ambulance Service	Highway / Public Works	General Debt Service	Other		
					Governmental Funds	Funds	
<u>Revenues</u>							
Local Taxes	\$ 5,627,068	\$ 596,028	\$ 2,008,880	\$ 1,852,088	\$ 108,312	\$ 0	\$ 10,192,376
Licenses and Permits	27,923	0	0	0	0	0	27,923
Fines, Forfeitures, and Penalties	116,334	0	0	0	74,864	0	191,198
Charges for Current Services	164,609	1,463,981	0	0	814,872	0	2,443,462
Other Local Revenues	187,986	0	19,346	0	469,281	0	676,613
Fees Received from County Officials	574,920	0	0	0	0	0	574,920
State of Tennessee	853,104	0	1,968,244	0	22,087	0	2,843,435
Federal Government	374,933	0	54,533	0	0	0	429,466
Other Governments and Citizens Groups	76,350	13,800	18,361	0	4,818	0	113,329
Total Revenues	\$ 8,003,227	\$ 2,073,809	\$ 4,069,364	\$ 1,852,088	\$ 1,494,234	\$ 0	\$ 17,492,722
<u>Expenditures</u>							
Current:							
General Government	\$ 772,446	0	0	0	140,298	0	912,744
Finance	721,368	0	0	0	352,763	0	1,074,131
Administration of Justice	522,776	0	0	0	336,030	0	858,806
Public Safety	3,393,904	0	0	0	75,098	0	3,469,002
Public Health and Welfare	507,637	2,253,241	0	0	61,852	0	2,822,730
Social, Cultural, and Recreational Services	186,784	0	0	0	0	0	186,784
Agriculture and Natural Resources	228,592	0	0	0	0	0	228,592
Other Operations	2,502,619	0	0	0	2,168	0	2,504,787
Highways	0	0	3,909,169	0	0	0	3,909,169
Debt Service:							
Principal on Debt	0	0	0	1,437,000	0	0	1,437,000
Interest on Debt	0	0	0	603,279	0	0	603,279
Other Debt Service	0	0	0	191,732	0	0	191,732
Capital Projects	0	0	0	0	1,141,638	0	1,141,638
Total Expenditures	\$ 8,836,126	\$ 2,253,241	\$ 3,909,169	\$ 2,232,011	\$ 2,109,847	\$ 0	\$ 19,340,394
Excess (Deficiency) of Revenues Over Expenditures	\$ (832,899)	\$ (179,432)	\$ 160,195	\$ (379,923)	\$ (615,613)	\$ 0	\$ (1,847,672)

(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	\$ 1,000,000	\$ 1,000,000	
Insurance Recovery	134,796	952	35,243	0	0	170,991	
Transfers In	10,000	0	0	0	0	10,000	
Transfers Out	0	0	0	0	(10,000)	(10,000)	
Total Other Financing Sources (Uses)	\$ 144,796	\$ 952	\$ 35,243	\$ 0	\$ 990,000	\$ 1,170,991	
Net Change in Fund Balances	\$ (688,103)	\$ (178,480)	\$ 195,438	\$ (379,923)	\$ 374,387	\$ (676,681)	
Fund Balance, July 1, 2011	16,796,516	285,357	407,683	3,502,954	2,090,186	23,082,696	
Fund Balance, June 30, 2012	\$ 16,108,413	\$ 106,877	\$ 603,121	\$ 3,123,031	\$ 2,464,573	\$ 22,406,015	

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, 2012

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ (676,681)
(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	\$ 2,207,086	
Less: current-year depreciation expense	<u>(1,908,792)</u>	298,294
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		(10,741)
(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, 2011	\$ (843,377)	
Add: deferred delinquent property taxes and other deferred June 30, 2012	<u>853,510</u>	10,133
(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	\$ (1,000,000)	
Add: principal payments on bonds	1,215,000	
Add: principal payments on notes	<u>222,000</u>	437,000
(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	\$ 17,665	
Change in compensated absences payable	17,485	
Change in other long-term liabilities	(1,029,151)	
Change in other postemployment benefits liability	<u>(54,369)</u>	(1,048,370)
Change in net assets of governmental activities (Exhibit B)		<u>\$ (990,365)</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, 2012

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,288,308
Due from Other Governments	<u>421,822</u>
Total Assets	<u>\$ 1,710,130</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 421,822
Due to Litigants, Heirs, and Others	<u>1,288,308</u>
Total Liabilities	<u>\$ 1,710,130</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, 2012**

**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 financial statements of the Giles County Emergency Communications District were not available from other auditors in time for inclusion in this report.

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. Although required by GAAP, the financial statements of the Giles County Emergency Communications District were not available in time for

inclusion, as previously mentioned. 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. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2012.

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, local sales taxes received by the state to be forwarded to the various cities in Giles County, and loan proceeds received and expended on behalf of the Minor Hill Utility District. 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 fund:

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

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

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

**Capital Projects Fund** – The Education Capital Projects Fund is used to account for 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 one 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 primary government's nonmajor governmental funds 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 nonmajor governmental funds.

**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, 2012, Giles County had \$9,155,000 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, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The county'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.

## 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, County Mayor/Executive, County Attorney, Election Commission, 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. The Actual Fund Balance Exceeded the Estimated Beginning Fund Balance by a Material Amount**

The General Purpose School Fund's actual fund balance at July 1, 2011, was \$3,678,925; however, the estimated fund balance reflected in the county's budget was \$1,755,708. Therefore, the actual fund balance exceeded the estimated fund balance presented to the County Commission during the budget approval process by \$1,923,217.

**C. Theft of Equipment**

On February 23, 2012, the Highway Department reported to the state Comptroller's Office the theft from a job site of a 2005 New Holland backhoe valued at \$31,666. On March 22, 2012, Giles County received a check from its insurance carrier for \$30,666, the appraised value less a \$1,000 deductible. A police report has been filed with the Giles County Sheriff's Department, and the matter is still under investigation.

**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, 2012, 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.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	\$ 18,099,160

**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, 2012, 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, 2012, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 351,029	\$ 16,900	\$ 0	\$ 367,929
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 351,029</b>	<b>\$ 16,900</b>	<b>\$ 0</b>	<b>\$ 367,929</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 8,587,943	\$ 0	\$ 0	\$ 8,587,943
Other Capital Assets	4,949,179	275,898	(35,800)	5,189,277
Infrastructure	27,508,618	1,914,288	0	29,422,906
<b>Total Capital Assets Depreciated</b>	<b>\$ 41,045,740</b>	<b>\$ 2,190,186</b>	<b>\$ (35,800)</b>	<b>\$ 43,200,126</b>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,107,355	\$ 240,314	\$ 0	\$ 3,347,669
Other Capital Assets	3,724,327	423,895	(25,059)	4,123,163
Infrastructure	17,635,712	1,244,583	0	18,880,295
<b>Total Accumulated Depreciation</b>	<b>\$ 24,467,394</b>	<b>\$ 1,908,792</b>	<b>\$ (25,059)</b>	<b>\$ 26,351,127</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 16,578,346</b>	<b>\$ 281,394</b>	<b>\$ (10,741)</b>	<b>\$ 16,848,999</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 16,929,375</b>	<b>\$ 298,294</b>	<b>\$ (10,741)</b>	<b>\$ 17,216,928</b>

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

**Governmental Activities:**

General Government	\$	26,167
Finance		15,881
Administration of Justice		2,107
Public Safety		270,358
Public Health and Welfare		172,412
Social, Cultural, and Recreational Services		6,361
Agriculture and Natural Resources		11,250
Highways/Public Works		<u>1,404,256</u>
Total Depreciation Expense - Governmental Activities	<u>\$</u>	<u>1,908,792</u>

**Discretely Presented Giles County School Department**

**Governmental Activities:**

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 621,198	\$ 0	\$ 0	\$ 621,198
Total Capital Assets Not Depreciated	<u>\$ 621,198</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 621,198</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 29,499,359	\$ 163,602	\$ 0	\$ 29,662,961
Other Capital Assets	6,222,511	852,348	(328,880)	6,745,979
Total Capital Assets Depreciated	<u>\$ 35,721,870</u>	<u>\$ 1,015,950</u>	<u>\$ (328,880)</u>	<u>\$ 36,408,940</u>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 13,709,217	\$ 711,983	\$ 0	\$ 14,421,200
Other Capital Assets	3,923,150	392,246	(328,880)	3,986,516
Total Accumulated Depreciation	<u>\$ 17,632,367</u>	<u>\$ 1,104,229</u>	<u>\$ (328,880)</u>	<u>\$ 18,407,716</u>
Total Capital Assets Depreciated, Net	<u>\$ 18,089,503</u>	<u>\$ (88,279)</u>	<u>\$ 0</u>	<u>\$ 18,001,224</u>
Governmental Activities Capital Assets, Net	<u>\$ 18,710,701</u>	<u>\$ (88,279)</u>	<u>\$ 0</u>	<u>\$ 18,622,422</u>

Depreciation expense of \$1,104,229 was charged to the Support Services function of the School Department.

**C. Construction Commitments**

At June 30, 2012, the county had uncompleted construction contracts of approximately \$133,125 for sewer and water line extension projects. Funding has been received for these future expenditures.

**D. Interfund Transfers**

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

**Primary Government**

Transfer Out	Transfer In General Fund
Nonmajor governmental funds	\$ 10,000

**Discretely Presented Giles County School Department**

Transfers Out	Transfer In Nonmajor Governmental Fund
General Purpose School Fund	\$ 33,227

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.

**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, 2012, will be retired from the General Debt Service Fund.

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

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
General Obligation Bonds	2.25 to 3.8 %	4-1-17	\$ 3,100,000	\$ 1,550,000
General Obligation Bonds - Refunding	1.75 to 5.25	2-1-20	11,625,000	9,155,000
Capital Outlay Notes	2.65 to 3.19	5-1-23	3,000,000	2,778,000

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2018-2020	3,840,000	400,911	4,240,911
Total	\$ 10,705,000	\$ 2,235,082	\$ 12,940,082

Year Ending June 30	Notes		
	Principal	Interest	Total
2013	\$ 235,000	\$ 83,672	\$ 318,672
2014	243,000	76,666	319,666
2015	249,000	69,423	318,423
2016	257,000	61,998	318,998
2017	265,000	54,334	319,334
2018-2022	1,332,000	148,265	1,480,265
2023	197,000	6,284	203,284
Total	\$ 2,778,000	\$ 500,642	\$ 3,278,642

There is \$3,123,031 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$363, based on the 2010 federal census. Debt per capita, including bonds and notes totaled \$457, based on the 2010 federal census.

Other Long-term Liabilities

Giles County entered into an interlocal agreement with Minor Hill Utility District during 2010, whereby Minor Hill agreed to apply for funding through the State Revolving Fund Loan Program on behalf of the county for the construction of water line extensions in its service and adjacent areas. The agreement stipulates that the county will be responsible for all aspects of the program. Minor Hill Utility District will coordinate with the county's engineer and contractors during the design and construction phase and accept ownership after construction and installation approval. The district will be responsible for the ongoing operation and maintenance costs including depreciation.

Giles County will make payments to the district to cover all debt service requirements of the SRF loan. The total loan commitment is \$3,000,000, which includes principal forgiveness of \$600,000. The loan is for a term of 20 years and is secured by the revenues of the district as well as pledges by Giles County of ad valorem and unobligated state-shared taxes. The county has committed to fund debt service requirements on this loan pursuant to an interlocal agreement. The amount due to the district pursuant to the agreement to cover the amounts advanced as of June 30, 2012, is reflected as a long-term payable on the balance sheet. The amounts paid by the county to or on behalf of Minor Hill Utility District pursuant to this agreement will be reflected as contribution expenditures in the General Debt Service Fund.

Changes in Long-term Liabilities

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

Governmental Activities:

	<u>Bonds</u>	<u>Notes</u>
Balance, July 1, 2011	\$ 11,920,000	\$ 2,000,000
Additions	0	1,000,000
Deductions	(1,215,000)	(222,000)
Balance, June 30, 2012	<u>\$ 10,705,000</u>	<u>\$ 2,778,000</u>
Balance Due Within One Year	<u>\$ 1,265,000</u>	<u>\$ 235,000</u>

	Other Long-term Liabilities	Compensated Absences
Balance, July 1, 2011	\$ 0	\$ 229,163
Additions	1,029,151	290,180
Deductions	0	(307,665)
	<hr/>	<hr/>
Balance, June 30, 2012	\$ 1,029,151	\$ 211,678
	<hr/> <hr/>	<hr/> <hr/>
Balance Due Within One Year	\$ 0	\$ 211,678
	<hr/> <hr/>	<hr/> <hr/>

	Other Postemployment Benefits
Balance, July 1, 2011	\$ 261,738
Additions	68,357
Deductions	(13,988)
	<hr/>
Balance, June 30, 2012	\$ 316,107
	<hr/> <hr/>
Balance Due Within One Year	\$ 0
	<hr/> <hr/>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 15,039,936
Less: Balance Due Within One Year	(1,711,678)
	<hr/>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$ 13,328,258
	<hr/> <hr/>

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, 2012, will be retired from the General Purpose School Fund.

Capital outlay notes outstanding as of June 30, 2012, for governmental activities are as follows:

Type	Interest Rate		Final Maturity	Original Amount of Issue	Balance 6-30-12
Capital Outlay Notes	0	%	10-1-17	\$ 176,500	\$ 134,480

The annual requirements to amortize the capital outlay note outstanding as of June 30, 2012, are presented in the following table:

Year Ending June 30	Notes Principal
2013	\$ 25,212
2014	25,212
2015	25,212
2016	25,212
2017	25,212
2018	8,420
Total	\$ 134,480

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, 2012, was as follows:

Governmental Activities:

	Notes	Other Postemployment Benefits
Balance, July 1, 2011	\$ 159,692	\$ 3,781,980
Additions	0	868,699
Deductions	(25,212)	(453,621)
Balance, June 30, 2012	\$ 134,480	\$ 4,197,058
Balance Due Within One Year	\$ 25,212	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 4,331,538
Less: Balance Due Within One Year	<u>(25,212)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 4,306,326</u>

**F. On-Behalf Payments**

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, 2012, were \$148,394 and \$47,082, 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 in advance of property tax collections and deposited the proceeds in the Ambulance Service and Highway/Public Works funds. 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, 2012, was as follows:

	Balance 7-1-11	Issued	Paid	Balance 6-30-12
Tax Anticipation Notes	\$ 0	\$ 360,000	\$ (360,000)	\$ 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. Subsequent Events**

On July 12, 2012, the county's General Debt Service Fund issued a \$250,000 tax anticipation note to the Ambulance Service Fund for temporary operating funds.

On August 20, 2012, Beth Moore was appointed as the county's finance director.

**C. Contingent Liabilities**

The county is involved in several pending lawsuits. The county attorney has not responded to requests to provide estimates of the potential claims not covered by insurance. However, management believes that any claims resulting from such litigation would not materially affect the county's financial statements.

**D. Change in Administration**

Finance Director Loretta Garner, resigned May 23, 2012, and was succeeded by Beth Moore on an interim basis.

**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 \$78,483 to the operations of the Economic Development Commission during the year ended June 30, 2012.

The Interlocal Solid Waste Authority was formed by joint resolution of the counties of Giles, Franklin, and Lincoln, and by 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

contributed \$6,620 to the Interlocal Solid Waste Authority for the year ended June 30, 2012.

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 contributed \$45,070 to the Industrial Development Board for the year ended June 30, 2012.

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, 2012.

**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 \$39,400 to airport operations during the year ended June 30, 2012.

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, 2012, 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 \$86,263 to the City of Pulaski to pay its portion of these obligations during the year ended June 30, 2012, from the General Debt Service Fund.

**H. Retirement Commitments**

Information for this footnote for the year ended June 30, 2012, was not available from the state Treasurer’s Office in time for inclusion in this report; therefore, the information presented below is for the fiscal year ended June 30, 2011.

**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. Prior to reaching the age of 65, all members 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 \$13,988 and \$453,621, respectively, for postemployment healthcare during the year ended June 30, 2012.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	\$ 878,000	\$ 69,000
Interest on the NPO	151,279	10,470
Adjustment to the ARC	(160,580)	(11,113)
Annual OPEB cost	\$ 868,699	\$ 68,357
Amount of contribution	(453,621)	(13,988)
Increase/decrease in NPO	\$ 415,078	\$ 54,369
Net OPEB obligation, 7-1-11	3,781,980	261,738
Net OPEB obligation, 6-30-12	\$ 4,197,058	\$ 316,107

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
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Primary Government

6-30-10	Local Government Group	\$ 117,186	24 %	\$ 168,002
6-30-11	"	122,399	23	261,738
6-30-12	"	68,357	20	316,107

Discretely Presented School Department

6-30-10	Local Education Group	1,326,064	38 %	2,951,632
6-30-11	"	1,338,013	38	3,781,980
6-30-12	"	868,699	52	4,197,058

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

(dollars in thousands)

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-11	7-1-11
Actuarial accrued liability (AAL)	\$ 7,596	\$ 489

### Funded Status and Funding Progress (Cont.)

The funded status of the plan as of July 1, 2011, was as follows:

(dollars in thousands)

	Local Education Group Plan	Local Government Group Plan
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 7,596	\$ 489
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 20,606	\$ 6,846
UAAL as a % of covered payroll	37%	7%

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, 2011, actuarial valuation for the Local Education Plan and the Local Government Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9.25 percent for fiscal year 2012. The trend rate will decrease to 8.75 percent in fiscal year 2013 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The rate includes a 2.5 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.

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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 (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<b>Revenues</b>						
Local Taxes	\$ 5,627,068	\$ 0	\$ 5,627,068	\$ 5,458,923	\$ 5,458,923	\$ 168,145
Licenses and Permits	27,923	0	27,923	17,000	17,000	10,923
Fines, Forfeitures, and Penalties	116,334	0	116,334	147,920	147,920	(31,586)
Charges for Current Services	164,609	0	164,609	65,525	100,738	63,871
Other Local Revenues	187,986	0	187,986	491,000	493,535	(305,549)
Fees Received from County Officials	574,920	0	574,920	555,000	555,000	19,920
State of Tennessee	853,104	0	853,104	914,480	836,673	16,431
Federal Government	374,933	0	374,933	316,918	421,673	(46,740)
Other Governments and Citizens Groups	76,350	0	76,350	135,000	133,000	(56,650)
<b>Total Revenues</b>	<b>\$ 8,003,227</b>	<b>\$ 0</b>	<b>\$ 8,003,227</b>	<b>\$ 8,101,766</b>	<b>\$ 8,164,462</b>	<b>\$ (161,235)</b>
<b>Expenditures</b>						
<b>General Government</b>						
County Commission	\$ 45,055	\$ 0	\$ 45,055	\$ 52,395	\$ 52,395	\$ 7,340
County Mayor/Executive	130,641	0	130,641	139,123	139,123	8,482
County Attorney	48,376	0	48,376	42,000	49,800	1,424
Election Commission	159,174	3,000	162,174	203,909	203,909	41,735
Register of Deeds	12,791	0	12,791	27,639	27,639	14,848
County Buildings	376,409	75	376,484	360,707	464,557	88,073
<b>Finance</b>						
Accounting and Budgeting	343,220	0	343,220	353,543	356,078	12,858
Property Assessor's Office	306,828	1,550	308,378	325,370	325,370	16,992
Reappraisal Program	27,461	0	27,461	36,600	43,600	16,139
County Trustee's Office	14,250	437	14,687	14,825	15,175	488
County Clerk's Office	29,609	0	29,609	29,387	33,387	3,778

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<b>Expenditures (Cont.)</b>						
<u>Administration of Justice</u>						
Circuit Court	\$ 95,667	\$ 0	\$ 95,667	\$ 87,785	\$ 113,198	\$ 17,531
General Sessions Court	122,735	0	122,735	128,028	128,028	5,293
Chancery Court	140,731	0	140,731	148,448	148,448	7,717
Judicial Commissioners	28,198	0	28,198	28,860	28,860	662
Courtroom Security	135,445	0	135,445	142,077	142,077	6,632
<u>Public Safety</u>						
Sheriff's Department	1,320,612	4,850	1,325,462	1,299,132	1,337,325	11,863
Traffic Control	3,196	0	3,196	4,550	4,550	1,354
Drug Enforcement	0	0	0	12,000	0	0
Administration of the Sexual Offender Registry	1,490	0	1,490	2,000	2,000	510
Jail	1,388,751	352	1,389,103	1,175,802	1,429,742	40,639
Juvenile Services	42,463	0	42,463	49,460	49,460	6,997
Fire Prevention and Control	2,000	0	2,000	2,000	2,000	0
Rescue Squad	205,000	0	205,000	205,000	205,000	0
Other Emergency Management	380,506	25,037	405,543	388,343	436,483	30,940
County Coroner/Medical Examiner	49,425	0	49,425	44,000	54,000	4,575
Other Public Safety	461	0	461	91,330	2,055	1,594
<u>Public Health and Welfare</u>						
Local Health Center	60,586	0	60,586	69,650	69,650	9,064
Rabies and Animal Control	51,278	0	51,278	58,067	63,067	11,789
Regional Mental Health Center	20,700	0	20,700	20,700	20,700	0
Aid to Dependent Children	6,731	0	6,731	7,000	7,000	269
Other Local Welfare Services	25,794	0	25,794	37,816	38,616	12,822
Sanitation Management	67,025	0	67,025	67,025	67,025	0

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<b>Expenditures (Cont.)</b>						
<u>Public Health and Welfare (Cont.)</u>						
Other Public Health and Welfare	\$ 275,523	0	\$ 275,523	\$ 399,700	\$ 399,700	\$ 124,177
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	19,930	0	19,930	20,660	20,660	730
Libraries	100,849	0	100,849	103,704	103,704	2,855
Parks and Fair Boards	39,643	0	39,643	55,875	55,875	16,232
Other Social, Cultural, and Recreational	26,362	0	26,362	31,433	31,433	5,071
<u>Agriculture and Natural Resources</u>						
Agriculture Extension Service	130,451	200	130,651	142,715	142,715	12,064
Forest Service	425	0	425	500	500	75
Soil Conservation	97,716	0	97,716	100,206	100,206	2,490
<u>Other Operations</u>						
Industrial Development	78,483	0	78,483	138,545	138,545	60,062
Other Economic and Community Development	25,783	0	25,783	27,606	27,606	1,823
Public Transportation	0	0	0	62,000	62,000	62,000
Airport	39,400	0	39,400	39,400	39,400	0
Veterans' Services	14,595	0	14,595	14,753	14,753	158
Other Charges	591,600	0	591,600	542,597	617,597	25,997
Contributions to Other Agencies	100,000	0	100,000	0	106,475	6,475
Employee Benefits	1,604,959	0	1,604,959	1,619,832	1,622,852	17,893
Miscellaneous	47,799	0	47,799	1,000	51,000	3,201
<b>Total Expenditures</b>	<b>\$ 8,836,126</b>	<b>\$ 35,501</b>	<b>\$ 8,871,627</b>	<b>\$ 8,955,097</b>	<b>\$ 9,595,338</b>	<b>\$ 723,711</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (832,899)</b>	<b>\$ (35,501)</b>	<b>\$ (868,400)</b>	<b>\$ (853,331)</b>	<b>\$ (1,430,876)</b>	<b>\$ 562,476</b>

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 134,796 \$	0 \$	134,796 \$	200,000 \$	306,100 \$	(171,304)
Transfers In	10,000	0	10,000	0	10,000	0
Total Other Financing Sources (Uses)	\$ 144,796 \$	0 \$	144,796 \$	200,000 \$	316,100 \$	(171,304)
Net Change in Fund Balance	\$ (688,103) \$	(35,501) \$	(723,604) \$	(653,331) \$	(1,114,776) \$	391,172
Fund Balance, July 1, 2011	16,796,516	0	16,796,516	16,196,680	16,196,680	599,836
Fund Balance, June 30, 2012	\$ 16,108,413 \$	(35,501) \$	16,072,912 \$	15,543,349 \$	15,081,904 \$	991,008

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 596,028	\$ 601,215	\$ 601,215	\$ (5,187)
Charges for Current Services	1,463,981	1,500,000	1,500,000	(36,019)
Other Local Revenues	0	900	900	(900)
Other Governments and Citizens Groups	13,800	0	13,000	800
Total Revenues	<u>\$ 2,073,809</u>	<u>\$ 2,102,115</u>	<u>\$ 2,115,115</u>	<u>\$ (41,306)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Ambulance/Emergency Medical Services	\$ 2,253,241	\$ 2,174,747	\$ 2,307,747	\$ 54,506
Total Expenditures	<u>\$ 2,253,241</u>	<u>\$ 2,174,747</u>	<u>\$ 2,307,747</u>	<u>\$ 54,506</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (179,432)</u>	<u>\$ (72,632)</u>	<u>\$ (192,632)</u>	<u>\$ 13,200</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 952	\$ 25,000	\$ 25,000	\$ (24,048)
Total Other Financing Sources (Uses)	<u>\$ 952</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ (24,048)</u>
Net Change in Fund Balance	\$ (178,480)	\$ (47,632)	\$ (167,632)	\$ (10,848)
Fund Balance, July 1, 2011	<u>285,357</u>	<u>172,201</u>	<u>172,201</u>	<u>113,156</u>
Fund Balance, June 30, 2012	<u>\$ 106,877</u>	<u>\$ 124,569</u>	<u>\$ 4,569</u>	<u>\$ 102,308</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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,008,880	\$ 1,929,651	\$ 1,969,651	\$ 39,229
Other Local Revenues	19,346	10,000	11,140	8,206
State of Tennessee	1,968,244	2,258,700	2,377,155	(408,911)
Federal Government	54,533	100,000	150,000	(95,467)
Other Governments and Citizens Groups	18,361	15,000	16,000	2,361
Total Revenues	<u>\$ 4,069,364</u>	<u>\$ 4,313,351</u>	<u>\$ 4,523,946</u>	<u>\$ (454,582)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 146,147	\$ 154,677	\$ 156,177	\$ 10,030
Highway and Bridge Maintenance	2,272,545	2,361,000	2,350,000	77,455
Operation and Maintenance of Equipment	603,709	570,000	624,383	20,674
Litter and Trash Collection	52,119	35,000	53,455	1,336
Other Charges	170,271	192,000	193,000	22,729
Employee Benefits	613,908	635,469	636,969	23,061
Capital Outlay	50,470	365,000	545,000	494,530
Total Expenditures	<u>\$ 3,909,169</u>	<u>\$ 4,313,146</u>	<u>\$ 4,558,984</u>	<u>\$ 649,815</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 160,195</u>	<u>\$ 205</u>	<u>\$ (35,038)</u>	<u>\$ 195,233</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 35,243	\$ 0	\$ 35,243	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 35,243</u>	<u>\$ 0</u>	<u>\$ 35,243</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 195,438	\$ 205	\$ 205	\$ 195,233
Fund Balance, July 1, 2011	407,683	0	0	407,683
Fund Balance, June 30, 2012	<u>\$ 603,121</u>	<u>\$ 205</u>	<u>\$ 205</u>	<u>\$ 602,916</u>

Exhibit E-4

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

(Dollar amounts in thousands)

Actuarial Valuation Date*	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
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

\* - Information for June 30, 2011, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, only two years are presented.

Exhibit E-5

Giles County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Giles County School Department  
June 30, 2012

(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	7-1-09	\$ 0	901 \$	901	0 %	\$ 6,815	13 %
"	7-1-10	0	966	966	0	6,691	14
"	7-1-11	0	489	489	0	6,846	7
<u>DISCRETELY PRESENTED GILES COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-09	0	10,901	10,901	0	20,375	54
"	7-1-10	0	10,993	10,993	0	20,807	53
"	7-1-11	0	7,596	7,596	0	20,606	37

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

**A. BUDGETARY INFORMATION**

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the 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, County Mayor/Executive, County Attorney, Election Commission, 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.

**B. THEFT OF EQUIPMENT**

On February 23, 2012, the Highway Department reported to the state Comptroller's Office the theft from a job site of a 2005 New Holland backhoe valued at \$31,666. On March 22, 2012, Giles County received a check from its insurance carrier for \$30,666, the appraised value less a \$1,000 deductible. A police report has been filed with the Giles County Sheriff's Department, and the matter is still under investigation.

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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.

Highway Capital Projects Fund – The Highway Capital Projects Fund is used to account for capital expenditures of the Highway Department.

Exhibit F-1

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

	Special Revenue Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
	Solid Waste/ Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	General Capital Projects	Highway Capital Projects	
Cash	0	0	128,010	128,010	0	0	128,010
Equity in Pooled Cash and Investments	89,927	210,162	0	300,089	1,735,701	230,086	2,265,876
Accounts Receivable	132	0	89,288	89,420	0	0	89,420
Property Taxes Receivable	105,642	0	0	105,642	0	0	105,642
Allowance for Uncollectible Property Taxes	(2,528)	0	0	(2,528)	0	0	(2,528)
<b>Total Assets</b>	<b>\$ 193,173</b>	<b>\$ 210,162</b>	<b>\$ 217,298</b>	<b>\$ 620,633</b>	<b>\$ 1,735,701</b>	<b>\$ 230,086</b>	<b>\$ 2,586,420</b>

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable  
 Payroll Deductions Payable  
 Contracts Payable  
 Retainage Payable  
 Deferred Revenue - Current Property Taxes  
 Deferred Revenue - Delinquent Property Taxes  
 Total Liabilities

Fund Balances

Restricted:  
 Restricted for Public Safety  
 Restricted for Public Health and Welfare  
 Restricted for Capital Outlay  
 Committed:  
 Committed for General Government  
 Committed for Finance  
 Committed for Administration of Justice  
 Committed for Public Health and Welfare  
 Total Fund Balances

Total Liabilities and Fund Balances

\$ 2,301	\$ 244	\$ 0	\$ 2,545	\$ 6,818	\$ 0	\$ 6,818	\$ 9,363
4	0	0	4	0	0	0	4
0	0	0	0	3,481	0	3,481	3,481
0	0	0	0	6,522	0	6,522	6,522
98,151	0	0	98,151	0	0	0	98,151
4,326	0	0	4,326	0	0	0	4,326
<b>\$ 104,782</b>	<b>\$ 244</b>	<b>\$ 0</b>	<b>\$ 105,026</b>	<b>\$ 16,821</b>	<b>\$ 0</b>	<b>\$ 16,821</b>	<b>\$ 121,847</b>
\$ 0	\$ 209,918	\$ 0	\$ 209,918	\$ 0	\$ 0	\$ 0	\$ 209,918
0	0	0	0	1,718,880	0	1,718,880	1,718,880
0	0	0	0	0	230,086	230,086	230,086
0	0	19,451	19,451	0	0	0	19,451
0	0	95,011	95,011	0	0	0	95,011
0	0	102,836	102,836	0	0	0	102,836
88,391	0	0	88,391	0	0	0	88,391
<b>\$ 88,391</b>	<b>\$ 209,918</b>	<b>\$ 217,298</b>	<b>\$ 515,607</b>	<b>\$ 1,718,880</b>	<b>\$ 230,086</b>	<b>\$ 1,948,966</b>	<b>\$ 2,464,573</b>
\$ 193,173	\$ 210,162	\$ 217,298	\$ 620,633	\$ 1,735,701	\$ 230,086	\$ 1,965,787	\$ 2,586,420

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, 2012

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	Solid Waste/ Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	General Capital Projects	Highway Capital Projects	Total	
<u>Revenues</u>								
Local Taxes	\$ 108,312	\$ 0	\$ 0	\$ 108,312	\$ 0	\$ 0	\$ 0	\$ 108,312
Fines, Forfeitures, and Penalties	0	74,864	0	74,864	0	0	0	74,864
Charges for Current Services	0	0	814,872	814,872	0	0	0	814,872
Other Local Revenues	5,948	38	0	5,986	463,295	0	463,295	469,281
State of Tennessee	16,963	5,124	0	22,087	0	0	0	22,087
Other Governments and Citizens Groups	0	4,818	0	4,818	0	0	0	4,818
Total Revenues	\$ 131,223	\$ 84,844	\$ 814,872	\$ 1,030,939	\$ 463,295	\$ 0	\$ 463,295	\$ 1,494,234
<u>Expenditures</u>								
Current:								
General Government	\$ 42,283	\$ 0	\$ 98,015	\$ 140,298	\$ 0	\$ 0	\$ 0	\$ 140,298
Finance	0	0	352,763	352,763	0	0	0	352,763
Administration of Justice	0	0	336,030	336,030	0	0	0	336,030
Public Safety	0	75,098	0	75,098	0	0	0	75,098
Public Health and Welfare	61,852	0	0	61,852	0	0	0	61,852
Other Operations	2,168	0	0	2,168	0	0	0	2,168
Capital Projects	0	0	0	0	371,724	769,914	1,141,638	1,141,638
Total Expenditures	\$ 106,303	\$ 75,098	\$ 786,808	\$ 968,209	\$ 371,724	\$ 769,914	\$ 1,141,638	\$ 2,109,847
Excess (Deficiency) of Revenues Over Expenditures	\$ 24,920	\$ 9,746	\$ 28,064	\$ 62,730	\$ 91,571	\$ (769,914)	\$ (678,343)	\$ (615,613)
<u>Other Financing Sources (Uses)</u>								
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Transfers Out	0	(10,000)	0	(10,000)	0	0	0	(10,000)
Total Other Financing Sources (Uses)	\$ 0	\$ (10,000)	\$ 0	\$ (10,000)	\$ 0	\$ 1,000,000	\$ 1,000,000	\$ 990,000
Net Change in Fund Balances	\$ 24,920	\$ (254)	\$ 28,064	\$ 52,730	\$ 91,571	\$ 230,086	\$ 321,657	\$ 374,387
Fund Balance, July 1, 2011	63,471	210,172	189,234	462,877	1,627,309	0	1,627,309	2,090,186
Fund Balance, June 30, 2012	\$ 88,391	\$ 209,918	\$ 217,298	\$ 515,607	\$ 1,718,880	\$ 230,086	\$ 1,948,966	\$ 2,464,573

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive - (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 108,312	\$ 105,373	\$ 105,373	\$ 2,939
Other Local Revenues	5,948	3,000	3,000	2,948
State of Tennessee	16,963	10,000	10,000	6,963
Total Revenues	<u>\$ 131,223</u>	<u>\$ 118,373</u>	<u>\$ 118,373</u>	<u>\$ 12,850</u>
<u>Expenditures</u>				
<u>General Government</u>				
Other General Administration	\$ 42,283	\$ 43,568	\$ 43,568	\$ 1,285
<u>Public Health and Welfare</u>				
Waste Pickup	28,252	38,790	38,790	10,538
Recycling Center	33,600	33,600	33,600	0
<u>Other Operations</u>				
Other Charges	2,168	3,000	3,000	832
Total Expenditures	<u>\$ 106,303</u>	<u>\$ 118,958</u>	<u>\$ 118,958</u>	<u>\$ 12,655</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 24,920</u>	<u>\$ (585)</u>	<u>\$ (585)</u>	<u>\$ 25,505</u>
Net Change in Fund Balance	\$ 24,920	\$ (585)	\$ (585)	\$ 25,505
Fund Balance, July 1, 2011	<u>63,471</u>	<u>37,174</u>	<u>37,174</u>	<u>26,297</u>
Fund Balance, June 30, 2012	<u>\$ 88,391</u>	<u>\$ 36,589</u>	<u>\$ 36,589</u>	<u>\$ 51,802</u>

Exhibit F-4

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 74,864	0	\$ 74,864	\$ 50,000	\$ 50,000	\$ 24,864
Other Local Revenues	38	0	38	0	0	38
State of Tennessee	5,124	0	5,124	0	5,124	0
Other Governments and Citizens Groups	4,818	0	4,818	1,000	1,000	3,818
Total Revenues	\$ 84,844	0	\$ 84,844	\$ 51,000	\$ 56,124	\$ 28,720
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 75,098	5,416	\$ 80,514	\$ 87,000	\$ 92,124	\$ 11,610
Total Expenditures	\$ 75,098	5,416	\$ 80,514	\$ 87,000	\$ 92,124	\$ 11,610
Excess (Deficiency) of Revenues Over Expenditures	\$ 9,746	(5,416)	\$ 4,330	\$ (36,000)	\$ (36,000)	\$ 40,330
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (10,000)	0	\$ (10,000)	0	\$ (10,000)	0
Total Other Financing Sources (Uses)	\$ (10,000)	0	\$ (10,000)	0	\$ (10,000)	0
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ (254)	(5,416)	\$ (5,670)	\$ (36,000)	\$ (46,000)	\$ 40,330
	210,172	0	210,172	139,322	139,322	70,850
Fund Balance, June 30, 2012	\$ 209,918	(5,416)	\$ 204,502	\$ 103,322	\$ 93,322	\$ 111,180

# **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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,852,088	\$ 1,679,592	\$ 1,679,592	\$ 172,496
Total Revenues	\$ 1,852,088	\$ 1,679,592	\$ 1,679,592	\$ 172,496
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 418,000	\$ 584,667	\$ 500,667	\$ 82,667
Highways and Streets	84,000	0	84,000	0
Education	935,000	935,000	935,000	0
<u>Interest on Debt</u>				
General Government	128,441	208,073	172,124	43,683
Highways and Streets	24,954	0	24,954	0
Education	449,884	449,884	449,884	0
<u>Other Debt Service</u>				
General Government	191,732	247,947	258,942	67,210
Education	0	1,000	1,000	1,000
Total Expenditures	\$ 2,232,011	\$ 2,426,571	\$ 2,426,571	\$ 194,560
Excess (Deficiency) of Revenues Over Expenditures	\$ (379,923)	\$ (746,979)	\$ (746,979)	\$ 367,056
Net Change in Fund Balance	\$ (379,923)	\$ (746,979)	\$ (746,979)	\$ 367,056
Fund Balance, July 1, 2011	3,502,954	3,296,087	3,296,087	206,867
Fund Balance, June 30, 2012	\$ 3,123,031	\$ 2,549,108	\$ 2,549,108	\$ 573,923

# 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.

Community Development - Agency Fund – The Community Development - Agency Fund is used to account for loan proceeds received and disbursed by the county on behalf of the Minor Hill Utility District for the purpose of constructing water line extensions.

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, 2012

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,288,308	\$ 1,288,308
Due from Other Governments	421,822	0	421,822
Total Assets	<u>\$ 421,822</u>	<u>\$ 1,288,308</u>	<u>\$ 1,710,130</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 421,822	\$ 0	\$ 421,822
Due to Litigants, Heirs, and Others	0	1,288,308	1,288,308
Total Liabilities	<u>\$ 421,822</u>	<u>\$ 1,288,308</u>	<u>\$ 1,710,130</u>

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,449,335	\$ 2,449,335	\$ 0
Due from Other Governments	410,358	421,822	410,358	421,822
Total Assets	\$ 410,358	\$ 2,871,157	\$ 2,859,693	\$ 421,822
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 410,358	\$ 2,871,157	\$ 2,859,693	\$ 421,822
Total Liabilities	\$ 410,358	\$ 2,871,157	\$ 2,859,693	\$ 421,822
<u>Community Development - Agency Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,165,856	\$ 1,165,856	\$ 0
Total Assets	\$ 0	\$ 1,165,856	\$ 1,165,856	\$ 0
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 0	\$ 1,165,856	\$ 1,165,856	\$ 0
Total Liabilities	\$ 0	\$ 1,165,856	\$ 1,165,856	\$ 0
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,650,085	\$ 5,683,418	\$ 6,045,195	\$ 1,288,308
Total Assets	\$ 1,650,085	\$ 5,683,418	\$ 6,045,195	\$ 1,288,308
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,650,085	\$ 5,683,418	\$ 6,045,195	\$ 1,288,308
Total Liabilities	\$ 1,650,085	\$ 5,683,418	\$ 6,045,195	\$ 1,288,308
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,650,085	\$ 5,683,418	\$ 6,045,195	\$ 1,288,308
Equity in Pooled Cash and Investments	0	3,615,191	3,615,191	0
Due from Other Governments	410,358	421,822	410,358	421,822
Total Assets	\$ 2,060,443	\$ 9,720,431	\$ 10,070,744	\$ 1,710,130
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,650,085	\$ 6,849,274	\$ 7,211,051	\$ 1,288,308
Due to Other Taxing Units	410,358	2,871,157	2,859,693	421,822
Total Liabilities	\$ 2,060,443	\$ 9,720,431	\$ 10,070,744	\$ 1,710,130

# 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, 2012

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 22,044,150	\$ 0	\$ 1,970,799	\$ (20,073,351)
Support Services	12,178,092	107,448	386,002	(11,684,642)
Operation of Non-Instructional Services	2,728,535	460,197	2,069,863	(198,475)
Total Governmental Activities	\$ 36,950,777	\$ 567,645	\$ 4,426,664	\$ (31,956,468)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 6,756,970
Local Option Sales Taxes				3,307,456
Other Local Taxes				1,639
Grants and Contributions Not Restricted to Specific Programs				20,013,992
Unrestricted Investment Earnings				1,511
Miscellaneous				51,293
Insurance Recovery				11,990
Total General Revenues				\$ 30,144,851
Change in Net Assets				\$ (1,811,617)
Net Assets, July 1, 2011				19,946,014
Net Assets, June 30, 2012				\$ 18,134,397

Exhibit I-2

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

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 2,337,478	\$ 1,003,550	\$ 3,341,028
Inventories	0	56,130	56,130
Accounts Receivable	31,512	5,225	36,737
Due from Other Governments	972,426	1,512	973,938
Property Taxes Receivable	6,615,351	0	6,615,351
Allowance for Uncollectible Property Taxes	(158,293)	0	(158,293)
<b>Total Assets</b>	<b>\$ 9,798,474</b>	<b>\$ 1,066,417</b>	<b>\$ 10,864,891</b>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 30,579	\$ 17,512	\$ 48,091
Accrued Payroll	1,167	0	1,167
Payroll Deductions Payable	732,226	87,837	820,063
Other Withholding Taxes	5,462	308	5,770
Deferred Revenue - Current Property Taxes	6,146,287	0	6,146,287
Deferred Revenue - Delinquent Property Taxes	271,270	0	271,270
Other Deferred Revenues	278,000	0	278,000
<b>Total Liabilities</b>	<b>\$ 7,464,991</b>	<b>\$ 105,657</b>	<b>\$ 7,570,648</b>
<u>Fund Balances</u>			
Nonspendable:			
Inventory	\$ 0	\$ 56,130	\$ 56,130
Restricted:			
Restricted for Education	4,375	904,596	908,971
Committed:			
Committed for Education	210,049	0	210,049
Committed for Capital Outlay	0	34	34
Assigned:			
Assigned for Education	106,433	0	106,433
Unassigned	2,012,626	0	2,012,626
<b>Total Fund Balances</b>	<b>\$ 2,333,483</b>	<b>\$ 960,760</b>	<b>\$ 3,294,243</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 9,798,474</b>	<b>\$ 1,066,417</b>	<b>\$ 10,864,891</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, 2012

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$	3,294,243
(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		15,241,761	
Add: other capital assets net of accumulated depreciation		<u>2,759,463</u>	18,622,422
(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	\$	(134,480)	
Less: other postemployment benefits liability		<u>(4,197,058)</u>	(4,331,538)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>549,270</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>18,134,397</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, 2012

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>Revenues</u>			
Local Taxes	\$ 10,077,093	\$ 0	\$ 10,077,093
Licenses and Permits	2,166	0	2,166
Charges for Current Services	109,920	457,725	567,645
Other Local Revenues	55,698	3,205	58,903
State of Tennessee	20,003,829	23,845	20,027,674
Federal Government	204,372	4,268,334	4,472,706
Total Revenues	<u>\$ 30,453,078</u>	<u>\$ 4,753,109</u>	<u>\$ 35,206,187</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 19,157,928	\$ 2,319,662	\$ 21,477,590
Support Services	11,893,824	351,862	12,245,686
Operation of Non-Instructional Services	700,319	2,023,825	2,724,144
Debt Service:			
Principal on Debt	25,212	0	25,212
Total Expenditures	<u>\$ 31,777,283</u>	<u>\$ 4,695,349</u>	<u>\$ 36,472,632</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,324,205)</u>	<u>\$ 57,760</u>	<u>\$ (1,266,445)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 11,990	\$ 0	\$ 11,990
Transfers In	0	33,227	33,227
Transfers Out	(33,227)	0	(33,227)
Total Other Financing Sources (Uses)	<u>\$ (21,237)</u>	<u>\$ 33,227</u>	<u>\$ 11,990</u>
Net Change in Fund Balances	\$ (1,345,442)	\$ 90,987	\$ (1,254,455)
Fund Balance, July 1, 2011	<u>3,678,925</u>	<u>869,773</u>	<u>4,548,698</u>
Fund Balance, June 30, 2012	<u>\$ 2,333,483</u>	<u>\$ 960,760</u>	<u>\$ 3,294,243</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, 2012

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ (1,254,455)
(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	\$ 1,015,950	
Less: current-year depreciation expense	<u>(1,104,229)</u>	(88,279)
(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, 2011	\$ (628,287)	
Add: deferred delinquent property taxes and other deferred June 30, 2012	<u>549,270</u>	(79,017)
(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.		
Add: principal payments on notes		25,212
(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>(415,078)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (1,811,617)</u>

Exhibit I-6

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

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects</u>	
	<u>Federal</u>	<u>Cafeteria</u>		<u>Education</u>	<u>Nonmajor</u>
	<u>Projects</u>			<u>Capital</u>	<u>Governmental</u>
				<u>Projects</u>	<u>Funds</u>
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 101,081	\$ 902,435	\$ 1,003,516	\$ 34	\$ 1,003,550
Inventories	0	56,130	56,130	0	56,130
Accounts Receivable	5,225	0	5,225	0	5,225
Due from Other Governments	1,512	0	1,512	0	1,512
Total Assets	\$ 107,818	\$ 958,565	\$ 1,066,383	\$ 34	\$ 1,066,417
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 2,011	\$ 15,501	\$ 17,512	\$ 0	\$ 17,512
Payroll Deductions Payable	66,637	21,200	87,837	0	87,837
Other Withholding Taxes	308	0	308	0	308
Total Liabilities	\$ 68,956	\$ 36,701	\$ 105,657	\$ 0	\$ 105,657
<u>Fund Balances</u>					
Nonspendable:					
Inventory	\$ 0	\$ 56,130	\$ 56,130	\$ 0	\$ 56,130
Restricted:					
Restricted for Education	38,862	865,734	904,596	0	904,596
Committed:					
Committed for Capital Outlay	0	0	0	34	34
Total Fund Balances	\$ 38,862	\$ 921,864	\$ 960,726	\$ 34	\$ 960,760
Total Liabilities and Fund Balances	\$ 107,818	\$ 958,565	\$ 1,066,383	\$ 34	\$ 1,066,417

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, 2012

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects</u>	
	<u>Federal</u>	<u>Cafeteria</u>		<u>Education</u>	<u>Nonmajor</u>
	<u>Projects</u>			<u>Capital</u>	<u>Governmental</u>
				<u>Projects</u>	<u>Funds</u>
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 457,725	\$ 457,725	\$ 0	\$ 457,725
Other Local Revenues	0	3,205	3,205	0	3,205
State of Tennessee	0	23,845	23,845	0	23,845
Federal Government	2,686,435	1,581,899	4,268,334	0	4,268,334
<b>Total Revenues</b>	<b>\$ 2,686,435</b>	<b>\$ 2,066,674</b>	<b>\$ 4,753,109</b>	<b>\$ 0</b>	<b>\$ 4,753,109</b>
<u>Expenditures</u>					
Current:					
Instruction	\$ 2,319,662	\$ 0	\$ 2,319,662	\$ 0	\$ 2,319,662
Support Services	351,831	31	351,862	0	351,862
Operation of Non-Instructional Services	0	2,023,825	2,023,825	0	2,023,825
<b>Total Expenditures</b>	<b>\$ 2,671,493</b>	<b>\$ 2,023,856</b>	<b>\$ 4,695,349</b>	<b>\$ 0</b>	<b>\$ 4,695,349</b>
Excess (Deficiency) of Revenues					
Over Expenditures	\$ 14,942	\$ 42,818	\$ 57,760	\$ 0	\$ 57,760
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 33,227	\$ 33,227	\$ 0	\$ 33,227
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 0</b>	<b>\$ 33,227</b>	<b>\$ 33,227</b>	<b>\$ 0</b>	<b>\$ 33,227</b>
Net Change in Fund Balances	\$ 14,942	\$ 76,045	\$ 90,987	\$ 0	\$ 90,987
Fund Balance, July 1, 2011	23,920	845,819	869,739	34	869,773
<b>Fund Balance, June 30, 2012</b>	<b>\$ 38,862</b>	<b>\$ 921,864</b>	<b>\$ 960,726</b>	<b>\$ 34</b>	<b>\$ 960,760</b>

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 10,077,093	\$ 0	\$ 0	\$ 10,077,093	\$ 9,700,854	\$ 9,700,854	\$ 376,239
Licenses and Permits	2,166	0	0	2,166	2,300	2,300	(134)
Charges for Current Services	109,920	0	0	109,920	147,649	137,611	(27,691)
Other Local Revenues	55,698	0	0	55,698	105,538	105,538	(49,840)
State of Tennessee	20,003,829	0	0	20,003,829	20,101,069	20,306,545	(302,716)
Federal Government	204,372	0	0	204,372	181,481	204,422	(50)
<b>Total Revenues</b>	<b>\$ 30,453,078</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 30,453,078</b>	<b>\$ 30,238,891</b>	<b>\$ 30,457,270</b>	<b>\$ (4,192)</b>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 14,948,076	\$ (7,384)	\$ 57,738	\$ 14,998,430	\$ 15,423,268	\$ 15,180,505	\$ 182,075
Alternative Instruction Program	121,528	0	0	121,528	120,770	121,770	242
Special Education Program	3,110,200	0	0	3,110,200	2,549,683	3,161,853	51,653
Vocational Education Program	905,800	0	3,657	909,457	933,942	935,632	26,175
Adult Education Program	72,324	0	0	72,324	67,236	83,811	11,487
<u>Support Services</u>							
Attendance	12,631	0	0	12,631	85,995	12,960	329
Health Services	531,788	0	3,564	535,352	548,179	539,708	4,356
Other Student Support	863,219	0	0	863,219	828,279	887,674	24,455
Regular Instruction Program	1,445,860	0	966	1,446,826	1,351,309	1,480,534	33,708
Alternative Instruction Program	67,712	0	0	67,712	69,470	68,470	758
Special Education Program	318,987	0	0	318,987	338,998	328,998	10,011
Vocational Education Program	194,907	0	0	194,907	161,336	198,052	3,145
Adult Programs	73,495	0	0	73,495	75,798	75,506	2,011

(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 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Other Programs	\$ 195,476	\$ 0	\$ 0	\$ 195,476	\$ 0	\$ 195,476	\$ 0
Board of Education	624,570	0	225	624,795	674,487	650,912	26,117
Director of Schools	248,740	0	50	248,790	232,748	253,957	5,167
Office of the Principal	1,790,620	0	0	1,790,620	1,774,462	1,807,192	16,572
Operation of Plant	2,163,438	(500)	12,727	2,175,665	2,507,133	2,193,717	18,052
Maintenance of Plant	1,008,725	(63,481)	2,171	947,415	759,416	984,266	36,851
Transportation	2,353,656	(1,353)	6,950	2,359,253	2,343,615	2,440,898	81,645
<u>Operation of Non-Instructional Services</u>							
Food Service	5,627	0	0	5,627	5,677	5,677	50
Community Services	165,348	0	8,620	173,968	202,459	202,459	28,491
Early Childhood Education	529,344	0	9,765	539,109	544,970	544,970	5,861
<u>Principal on Debt</u>							
Education	25,212	0	0	25,212	0	25,212	0
<u>Total Expenditures</u>	<u>\$ 31,777,283</u>	<u>\$ (72,718)</u>	<u>\$ 106,433</u>	<u>\$ 31,810,998</u>	<u>\$ 31,599,230</u>	<u>\$ 32,380,209</u>	<u>\$ 569,211</u>
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	<u>\$ (1,324,205)</u>	<u>\$ 72,718</u>	<u>\$ (106,433)</u>	<u>\$ (1,357,920)</u>	<u>\$ (1,360,339)</u>	<u>\$ (1,922,939)</u>	<u>\$ 565,019</u>
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 11,990	\$ 0	\$ 0	\$ 11,990	\$ 4,824	\$ 4,824	\$ 7,166
Transfers Out	(33,227)	0	0	(33,227)	815,925	(34,000)	773
<u>Total Other Financing Sources (Uses)</u>	<u>\$ (21,237)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (21,237)</u>	<u>\$ 820,749</u>	<u>\$ (29,176)</u>	<u>\$ 7,939</u>
<u>Net Change in Fund Balance</u> <u>Fund Balance, July 1, 2011</u>	<u>\$ (1,345,442)</u>	<u>\$ 72,718</u>	<u>\$ (106,433)</u>	<u>\$ (1,379,157)</u>	<u>\$ (539,590)</u>	<u>\$ (1,952,115)</u>	<u>\$ 572,958</u>
	<u>3,678,925</u>	<u>(72,718)</u>	<u>0</u>	<u>3,606,207</u>	<u>1,755,708</u>	<u>3,678,925</u>	<u>(72,718)</u>
<u>Fund Balance, June 30, 2012</u>	<u>\$ 2,333,483</u>	<u>\$ 0</u>	<u>\$ (106,433)</u>	<u>\$ 2,227,050</u>	<u>\$ 1,216,118</u>	<u>\$ 1,726,810</u>	<u>\$ 500,240</u>

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 2,686,435	\$ 0	\$ 2,686,435	\$ 3,390,220	\$ 3,388,877	\$ (702,442)
Total Revenues	\$ 2,686,435	\$ 0	\$ 2,686,435	\$ 3,390,220	\$ 3,388,877	\$ (702,442)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 1,195,604	\$ (1,721)	\$ 1,193,883	\$ 1,330,622	\$ 1,330,621	\$ 136,738
Special Education Program	1,060,547	0	1,060,547	1,289,884	1,288,031	227,484
Vocational Education Program	63,511	0	63,511	63,752	63,511	0
<u>Support Services</u>						
Other Student Support	11,853	0	11,853	10,775	11,997	144
Regular Instruction Program	255,051	(966)	254,085	535,592	534,592	280,507
Special Education Program	39,577	0	39,577	60,753	61,263	21,686
Vocational Education Program	1,000	0	1,000	1,000	1,000	0
Transportation	44,350	0	44,350	97,862	97,862	53,512
Total Expenditures	\$ 2,671,493	\$ (2,687)	\$ 2,668,806	\$ 3,390,220	\$ 3,388,877	\$ 720,071
<u>Excess (Deficiency) of Revenues</u>						
Over Expenditures	\$ 14,942	\$ 2,687	\$ 17,629	\$ 0	\$ 0	\$ 17,629
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 125,000	\$ 0	\$ 0
Transfers Out	0	0	0	(125,000)	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Net Change in Fund Balance</u>						
Fund Balance, July 1, 2011	\$ 14,942	\$ 2,687	\$ 17,629	\$ 0	\$ 0	\$ 17,629
	23,920	(2,687)	21,233	0	0	21,233
Fund Balance, June 30, 2012	\$ 38,862	\$ 0	\$ 38,862	\$ 0	\$ 0	\$ 38,862

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 457,725	\$ 579,675	\$ 705,905	\$ (248,180)
Other Local Revenues	3,205	39,754	68,404	(65,199)
State of Tennessee	23,845	24,531	25,217	(1,372)
Federal Government	1,581,899	1,420,627	1,520,177	61,722
Total Revenues	<u>\$ 2,066,674</u>	<u>\$ 2,064,587</u>	<u>\$ 2,319,703</u>	<u>\$ (253,029)</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 31	\$ 250	\$ 250	\$ 219
<u>Operation of Non-Instructional Services</u>				
Food Service	2,023,825	2,063,227	2,063,227	39,402
Total Expenditures	<u>\$ 2,023,856</u>	<u>\$ 2,063,477</u>	<u>\$ 2,063,477</u>	<u>\$ 39,621</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 42,818</u>	<u>\$ 1,110</u>	<u>\$ 256,226</u>	<u>\$ (213,408)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 33,227	\$ 0	\$ 0	\$ 33,227
Total Other Financing Sources (Uses)	<u>\$ 33,227</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 33,227</u>
Net Change in Fund Balance	\$ 76,045	\$ 1,110	\$ 256,226	\$ (180,181)
Fund Balance, July 1, 2011	<u>845,819</u>	<u>632,400</u>	<u>632,400</u>	<u>213,419</u>
Fund Balance, June 30, 2012	<u>\$ 921,864</u>	<u>\$ 633,510</u>	<u>\$ 888,626</u>	<u>\$ 33,238</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, 2012

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-12
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Sewer Project, Series 2011	\$ 2,000,000	3.19 %	5-6-11	5-1-23	\$ 2,000,000	0 \$	138,000 \$	1,862,000
Highway Capital Outlay Notes, Series 2011	1,000,000	2.65	7-22-11	6-30-21	0	1,000,000	84,000	916,000
Total Notes Payable					<u>\$ 2,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 222,000</u>	<u>\$ 2,778,000</u>
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School Refunding	11,625,000	1.75 to 5.25	8-1-02	2-1-20	\$ 10,090,000	0 \$	935,000 \$	9,155,000
General Obligation	3,100,000	2.25 to 3.8	8-1-04	4-1-17	1,830,000	0	280,000	1,550,000
Total Bonds Payable					<u>\$ 11,920,000</u>	<u>\$ 0</u>	<u>\$ 1,215,000</u>	<u>\$ 10,705,000</u>
<u>DISCRETELY PRESENTED GILES COUNTY SCHOOL DEPARTMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Purpose School Fund</u>								
Energy Efficient Schools Initiative	176,500	0	7-13-10	10-1-17	\$ 159,692	0 \$	25,212 \$	134,480
Total Notes Payable					<u>\$ 159,692</u>	<u>\$ 0</u>	<u>\$ 25,212</u>	<u>\$ 134,480</u>

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		Total
	Principal	Interest	
2013	\$ 235,000	\$ 83,672	\$ 318,672
2014	243,000	76,666	319,666
2015	249,000	69,423	318,423
2016	257,000	61,998	318,998
2017	265,000	54,334	319,334
2018	273,000	46,432	319,432
2019	281,000	38,284	319,284
2020	289,000	29,899	318,899
2021	298,000	21,273	319,273
2022	191,000	12,377	203,377
2023	197,000	6,284	203,284
Total	\$ 2,778,000	\$ 500,642	\$ 3,278,642

Year Ending June 30	Bonds		Total
	Principal	Interest	
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	\$ 10,705,000	\$ 2,235,082	\$ 12,940,082

(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	
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	\$ 134,480	\$ 0	\$ 134,480

Exhibit J-3

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

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Drug Control	General	Operations	\$ 10,000
Total Transfers Primary Government			\$ 10,000
<u>DISCRETELY PRESENTED GILES COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	Central Cafeteria	Operations	\$ 33,227
Total Transfers Discretely Presented Giles County School Department			\$ 33,227

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, 2012

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	99,954 (1)	150,000	Local Government Property and Casualty Fund
Finance Director:				
Loretta Garner (7-1-11 through 5-23-12)	County Commission	66,769	50,000	Auto-Owners Mutual Insurance Company
Beth Moore (5-24-12 through 6-30-12)	County Commission	3,754	150,000	Local Government Property and Casualty Fund
Trustee	Section 8-24-102, TCA	61,751	1,000,000	Auto-Owners Mutual Insurance Company
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 \$1,547.

(2) Does not include special commissioner fees of \$2,725.

(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, 2012

	Special Revenue Funds										Total
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Capital Projects Fund	Capital Projects Fund		
									General	Capital Projects	
<u>Local Taxes</u>											
<u>County Property Taxes</u>											
Current Property Tax	\$ 4,027,831	\$ 101,006	\$ 555,695	\$ 0	\$ 0	\$ 1,843,922	\$ 932,642	\$ 0	\$ 0	\$ 7,461,096	
Trustee's Collections - Prior Year	191,290	4,698	24,853	0	0	97,417	41,520	0	0	359,778	
Trustee's Collections - Bankruptcy	7,806	228	1,571	0	0	3,997	2,698	0	0	16,300	
Circuit/Clerk & Master Collections - Prior Years	67,374	1,688	9,271	0	0	19,660	15,557	0	0	113,550	
Interest and Penalty	24,314	692	4,638	0	0	12,233	7,950	0	0	49,827	
Payments in-Lieu-of Taxes - Local Utilities	297,497	0	0	0	0	0	0	0	0	297,497	
<u>County Local Option Taxes</u>											
Local Option Sales Tax	0	0	0	0	0	0	851,721	0	0	851,721	
Hotel/Motel Tax	82,863	0	0	0	0	0	0	0	0	82,863	
Litigation Tax - General	159,803	0	0	0	0	0	0	0	0	159,803	
Litigation Tax - Jail, Workhouse, or Courthouse	224,718	0	0	0	0	0	0	0	0	224,718	
Business Tax	247,754	0	0	0	0	0	0	0	0	247,754	
Mineral Severance Tax	0	0	0	0	0	31,651	0	0	0	31,651	
<u>Statutory Local Taxes</u>											
Bank Excise Tax	95,182	0	0	0	0	0	0	0	0	95,182	
Wholesale Beer Tax	199,580	0	0	0	0	0	0	0	0	199,580	
Interstate Telecommunications Tax	1,056	0	0	0	0	0	0	0	0	1,056	
Total Local Taxes	\$ 5,627,068	\$ 108,312	\$ 596,028	\$ 0	\$ 0	\$ 2,008,880	\$ 1,852,088	\$ 0	\$ 0	\$ 10,192,376	
<u>Licenses and Permits</u>											
<u>Licenses</u>											
Animal Vaccination	\$ 12,034	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,034	
Cable TV Franchise	12,319	0	0	0	0	0	0	0	0	12,319	
<u>Permits</u>											
Beer Permits	2,850	0	0	0	0	0	0	0	0	2,850	
Other Permits	720	0	0	0	0	0	0	0	0	720	
Total Licenses and Permits	\$ 27,923	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 27,923	

(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	
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines for Littering	\$ 603	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	603
Officers Costs	27,938	0	0	0	0	0	0	27,938
Drug Control Fines	0	0	0	27,195	0	0	0	27,195
Drug Court Fees	4,577	0	0	0	0	0	0	4,577
Jail Fees	2,690	0	0	0	0	0	0	2,690
DUI Treatment Fines	4,417	0	0	0	0	0	0	4,417
Data Entry Fee - Circuit Court	616	0	0	0	0	0	0	616
Courtroom Security Fee	337	0	0	0	0	0	0	337
<u>General Sessions Court</u>								
Fines	9,606	0	0	0	0	0	0	9,606
Fines for Littering	1,305	0	0	0	0	0	0	1,305
Officers Costs	27,433	0	0	0	0	0	0	27,433
Game and Fish Fines	1,867	0	0	0	0	0	0	1,867
Drug Control Fines	48	0	0	9,394	0	0	0	9,442
Drug Court Fees	4,667	0	0	0	0	0	0	4,667
Jail Fees	10,468	0	0	0	0	0	0	10,468
DUI Treatment Fines	4,258	0	0	0	0	0	0	4,258
Data Entry Fee - General Sessions Court	10,760	0	0	0	0	0	0	10,760
Courtroom Security Fee	1,641	0	0	0	0	0	0	1,641
<u>Chancery Court</u>								
Officers Costs	1,809	0	0	0	0	0	0	1,809
Data Entry Fee - Chancery Court	1,294	0	0	0	0	0	0	1,294
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	0	0	0	38,275	0	0	0	38,275
Total Fines, Forfeitures, and Penalties	\$ 116,334	\$ 0	\$ 0	\$ 74,864	\$ 0	\$ 0	\$ 0	\$ 191,198
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Patient Charges	\$ 0	\$ 0	\$ 1,463,981	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,463,981
Service Charges	84,876	0	0	0	0	0	0	84,876

(Continued)

Exhibit J-5

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

	Special Revenue Funds							Total
	General			Constitutional Officers - Fees		Highway / Public Works		
	General	Ambulance Service	Drug Control	General	Debt Service	General	Capital Projects	
	Waste / Sanitation	Solid Waste / Sanitation						
<u>Charges for Current Services (Cont.)</u>								
<u>Fees</u>								
Copy Fees	616	0	0	0	0	0	0	616
Greenbelt Late Application Fee	650	0	0	0	0	0	0	650
Telephone Commissions	29,040	0	0	0	0	0	0	29,040
Constitutional Officers' Fees and Commissions	0	0	0	814,872	0	0	0	814,872
Data Processing Fee - Register	8,752	0	0	0	0	0	0	8,752
Data Processing Fee - Sheriff	3,995	0	0	0	0	0	0	3,995
Sexual Offender Registration Fees - Sheriff	3,300	0	0	0	0	0	0	3,300
Data Processing Fee - County Clerk	2,296	0	0	0	0	0	0	2,296
<u>Other Charges for Services</u>								
Other Charges for Services	31,084	0	0	0	0	0	0	31,084
<b>Total Charges for Current Services</b>	<b>\$ 164,609</b>	<b>\$ 0</b>	<b>\$ 1,463,981</b>	<b>\$ 0</b>	<b>\$ 814,872</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,443,462</b>
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	28,094	0	0	0	0	0	0	28,094
Lease/Rentals	118,904	0	0	0	0	0	0	118,904
Sale of Recycled Materials	0	0	0	0	3,005	0	0	3,005
Commodity Rebates	0	5,948	0	0	0	0	0	5,948
Miscellaneous Refunds	32,004	0	0	38	16,341	0	0	48,383
<u>Nonrecurring Items</u>								
Damages Recovered from Individuals	7,678	0	0	0	0	0	0	7,678
Performance Bond Forfeitures	1,306	0	0	0	0	0	0	1,306
<u>Other Local Revenues</u>								
Other Local Revenues	0	0	0	0	0	0	0	463,295
<b>Total Other Local Revenues</b>	<b>\$ 187,986</b>	<b>\$ 5,948</b>	<b>\$ 0</b>	<b>\$ 38</b>	<b>\$ 19,346</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 463,295</b>
<u>Fees Received from County Officials</u>								
<u>Excess Fees</u>								
County Clerk	46,165	0	0	0	0	0	0	46,165
Circuit Court Clerk	53,000	0	0	0	0	0	0	53,000

(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	Capital Projects	Capital Projects Fund		
									General	Projects	
<u>Fees Received from County Officials (Cont.)</u>											
Excess Fees (Cont.)											
Trustee	\$ 338,257	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 338,257
Fees in-Lieu-of Salary	123,468	0	0	0	0	0	0	0	0	0	123,468
Clerk and Master	14,030	0	0	0	0	0	0	0	0	0	14,030
Sheriff											
<u>Total Fees Received from County Officials</u>	<u>\$ 574,920</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 574,920</u>
<u>State of Tennessee</u>											
<u>General Government Grants</u>											
Juvenile Services Program	\$ 9,135	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,135
<u>Public Safety Grants</u>											
Law Enforcement Training Programs	16,200	0	0	0	0	0	0	0	0	0	16,200
Health and Welfare Grants											
Health Department Programs	217,583	0	0	0	0	0	0	0	0	0	217,583
<u>Public Works Grants</u>											
State Aid Program	0	0	0	0	0	16,250	0	0	0	0	16,250
Litter Program	0	0	0	0	0	66,149	0	0	0	0	66,149
<u>Other State Revenues</u>											
Income Tax	58,614	0	0	0	0	0	0	0	0	0	58,614
Beer Tax	18,421	0	0	0	0	0	0	0	0	0	18,421
Alcoholic Beverage Tax	60,801	0	0	0	0	0	0	0	0	0	60,801
Mixed Drink Tax	2,384	0	0	0	0	0	0	0	0	0	2,384
Emergency Hospital - Prisoners	34,829	0	0	0	0	0	0	0	0	0	34,829
Contracted Prisoner Boarding	354,270	0	0	0	0	0	0	0	0	0	354,270
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,864,570	0	0	0	0	1,864,570
Petroleum Special Tax	0	0	0	0	0	21,275	0	0	0	0	21,275
Registrar's Salary Supplement	15,164	0	0	0	0	0	0	0	0	0	15,164
Other State Grants	29,757	16,963	0	0	0	0	0	0	0	0	46,720
Other State Revenues	35,946	0	0	5,124	0	0	0	0	0	0	41,070
<u>Total State of Tennessee</u>	<u>\$ 853,104</u>	<u>\$ 16,963</u>	<u>\$ 0</u>	<u>\$ 5,124</u>	<u>\$ 0</u>	<u>\$ 1,968,244</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,843,435</u>

(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	
<u>Federal Government</u>								
<u>Federal Through State</u>								
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 54,533	\$ 0	\$ 54,533
Homeland Security Grants	197,073	0	0	0	0	0	0	197,073
Other Federal through State	133,443	0	0	0	0	0	0	133,443
<u>Direct Federal Revenue</u>								
Public Safety Partnership and Community Policing - COPS	9,801	0	0	0	0	0	0	9,801
Other Direct Federal Revenue	34,616	0	0	0	0	0	0	34,616
<u>Total Federal Government</u>	\$ 374,933	\$ 0	\$ 0	\$ 0	\$ 0	\$ 54,533	\$ 0	\$ 429,466
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,361	\$ 0	\$ 18,361
Contributions	76,350	0	13,800	0	0	0	0	90,150
<u>Citizens Groups</u>								
Donations	0	0	0	4,818	0	0	0	4,818
<u>Total Other Governments and Citizens Groups</u>	\$ 76,350	\$ 0	\$ 13,800	\$ 4,818	\$ 0	\$ 18,361	\$ 0	\$ 113,329
<u>Total</u>	\$ 8,003,227	\$ 131,223	\$ 2,073,809	\$ 84,844	\$ 814,872	\$ 4,069,364	\$ 1,852,088	\$ 17,492,722

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, 2012

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 6,314,362	\$ 0	\$ 0	\$ 6,314,362
Trustee's Collections - Prior Year	304,541	0	0	304,541
Trustee's Collections - Bankruptcy	14,124	0	0	14,124
Circuit/Clerk & Master Collections - Prior Years	95,523	0	0	95,523
Interest and Penalty	43,038	0	0	43,038
<u>County Local Option Taxes</u>				
Local Option Sales Tax	3,303,866	0	0	3,303,866
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	1,639	0	0	1,639
Total Local Taxes	\$ 10,077,093	\$ 0	\$ 0	\$ 10,077,093
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 2,166	\$ 0	\$ 0	\$ 2,166
Total Licenses and Permits	\$ 2,166	\$ 0	\$ 0	\$ 2,166
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 295,966	\$ 295,966
Lunch Payments - Adults	0	0	51,222	51,222
Income from Breakfast	0	0	48,098	48,098
A la carte Sales	0	0	62,439	62,439
Contract for Instructional Services with Other LEAs	16,106	0	0	16,106
Receipts from Individual Schools	91,342	0	0	91,342
Community Service Fees - Children	2,439	0	0	2,439
<u>Other Charges for Services</u>				
Other Charges for Services	33	0	0	33
Total Charges for Current Services	\$ 109,920	\$ 0	\$ 457,725	\$ 567,645
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 1,511	\$ 1,511
Sale of Materials and Supplies	1,547	0	0	1,547
Miscellaneous Refunds	16,870	0	0	16,870
<u>Nonrecurring Items</u>				
Sale of Equipment	30,648	0	1,694	32,342
Damages Recovered from Individuals	317	0	0	317
Contributions and Gifts	6,099	0	0	6,099
<u>Other Local Revenues</u>				
Other Local Revenues	217	0	0	217
Total Other Local Revenues	\$ 55,698	\$ 0	\$ 3,205	\$ 58,903

(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</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 195,476	\$ 0	\$ 0	\$ 195,476
<u>State Education Funds</u>				
Basic Education Program	17,869,000	0	0	17,869,000
Early Childhood Education	464,119	0	0	464,119
School Food Service	0	0	23,845	23,845
Driver Education	15,610	0	0	15,610
Other State Education Funds	271,839	0	0	271,839
Career Ladder Program	200,103	0	0	200,103
Career Ladder - Extended Contract	68,000	0	0	68,000
<u>Other State Revenues</u>				
Mixed Drink Tax	82,918	0	0	82,918
State Revenue Sharing - T.V.A.	807,970	0	0	807,970
Other State Grants	19,141	0	0	19,141
Other State Revenues	9,653	0	0	9,653
Total State of Tennessee	\$ 20,003,829	\$ 0	\$ 23,845	\$ 20,027,674
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,034,527	\$ 1,034,527
USDA - Commodities	0	0	127,558	127,558
Breakfast	0	0	415,957	415,957
USDA - Other	0	0	3,857	3,857
Adult Education State Grant Program	57,423	0	0	57,423
Vocational Education - Basic Grants to States	0	75,507	0	75,507
Title I Grants to Local Education Agencies	0	1,050,363	0	1,050,363
Special Education - Grants to States	56,110	1,107,541	0	1,163,651
Special Education Preschool Grants	0	24,441	0	24,441
Rural Education	0	76,244	0	76,244
Eisenhower Professional Development State Grants	0	189,791	0	189,791
Race-to-the-Top - ARRA	0	139,224	0	139,224
Other Federal through State	90,839	23,324	0	114,163
Total Federal Government	\$ 204,372	\$ 2,686,435	\$ 1,581,899	\$ 4,472,706
Total	\$ 30,453,078	\$ 2,686,435	\$ 2,066,674	\$ 35,206,187

Exhibit J-7

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

General Fund

General Government

County Commission

Board and Committee Members Fees	\$ 29,940	
Data Processing Services	1,015	
Dues and Memberships	1,750	
Travel	12,335	
Other Supplies and Materials	15	
Total County Commission		\$ 45,055

County Mayor/Executive

County Official/Administrative Officer	\$ 71,322	
Secretary(ies)	29,454	
Other Salaries and Wages	17,446	
Advertising	1,396	
Communication	834	
Dues and Memberships	1,550	
Postal Charges	850	
Other Supplies and Materials	4,725	
Other Charges	3,064	
Total County Mayor/Executive		130,641

County Attorney

Legal Services	\$ 46,876	
Liability Claims	1,500	
Total County Attorney		48,376

Election Commission

County Official/Administrative Officer	\$ 55,576	
Deputy(ies)	29,502	
Clerical Personnel	11,828	
Election Commission	3,080	
Election Workers	16,600	
Communication	740	
Data Processing Services	2,900	
Legal Notices, Recording, and Court Costs	1,616	
Postal Charges	492	
Other Supplies and Materials	2,102	
Other Charges	8,544	
Office Equipment	757	
Voting Machines	25,437	
Total Election Commission		159,174

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds

Communication	\$	667	
Postal Charges		392	
Rentals		1,073	
Other Supplies and Materials		3,441	
Other Charges		1,032	
Data Processing Equipment		6,186	
Total Register of Deeds			\$ 12,791

County Buildings

Custodial Personnel	\$	118,197	
Communication		19,609	
Maintenance and Repair Services - Buildings		39,590	
Maintenance and Repair Services - Equipment		10,762	
Pest Control		1,657	
Custodial Supplies		12,649	
Utilities		64,331	
Building Improvements		109,614	
Total County Buildings			376,409

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	70,523	
Accountants/Bookkeepers		213,254	
In-Service Training		1,546	
Advertising		3,232	
Audit Services		8,846	
Communication		835	
Data Processing Services		21,273	
Maintenance and Repair Services - Equipment		1,990	
Postal Charges		4,324	
Rentals		1,900	
Travel		1,630	
Other Contracted Services		650	
Other Supplies and Materials		12,292	
Other Charges		925	
Total Accounting and Budgeting			343,220

Property Assessor's Office

County Official/Administrative Officer	\$	61,751
Deputy(ies)		218,110

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Bonus Payments	\$	1,000	
Board and Committee Members Fees		2,250	
Communication		1,033	
Dues and Memberships		1,920	
Maintenance and Repair Services - Equipment		4,176	
Maintenance and Repair Services - Vehicles		1,662	
Postal Charges		3,521	
Rentals		4,168	
Gasoline		1,870	
Other Supplies and Materials		3,469	
Vehicle and Equipment Insurance		1,170	
Other Charges		728	
Total Property Assessor's Office			\$ 306,828

Reappraisal Program

Contracts with Government Agencies	\$	13,685	
Data Processing Services		13,776	
Total Reappraisal Program			27,461

County Trustee's Office

Communication	\$	483	
Data Processing Services		5,356	
Postal Charges		5,000	
Other Supplies and Materials		3,097	
Office Equipment		314	
Total County Trustee's Office			14,250

County Clerk's Office

Communication	\$	1,140	
Legal Notices, Recording, and Court Costs		425	
Maintenance Agreements		11,322	
Postal Charges		7,000	
Travel		1,706	
Other Supplies and Materials		2,865	
Other Charges		387	
Office Equipment		4,764	
Total County Clerk's Office			29,609

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice

Circuit Court

Jury and Witness Expense	\$ 26,573	
In-Service Training	1,955	
Communication	3,418	
Operating Lease Payments	3,681	
Postal Charges	3,768	
Rentals	24,000	
Travel	2,921	
Other Supplies and Materials	13,056	
Other Charges	14,845	
Communication Equipment	1,450	
Total Circuit Court		\$ 95,667

General Sessions Court

Judge(s)	\$ 100,342	
Other Salaries and Wages	19,044	
Communication	442	
Travel	1,323	
Other Supplies and Materials	234	
Other Charges	1,350	
Total General Sessions Court		122,735

Chancery Court

County Official/Administrative Officer	\$ 61,751	
Deputy(ies)	59,000	
Other Salaries and Wages	6,370	
Communication	712	
Data Processing Services	5,544	
Postal Charges	2,000	
Travel	466	
Other Supplies and Materials	4,798	
Other Charges	90	
Total Chancery Court		140,731

Judicial Commissioners

Other Salaries and Wages	\$ 27,133	
In-Service Training	270	
Travel	690	
Other Charges	105	
Total Judicial Commissioners		28,198

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Courtroom Security

Deputy(ies)	\$ 95,355	
Sergeant(s)	39,182	
In-Service Training	120	
Uniforms	788	
Total Courtroom Security		\$ 135,445

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 67,927	
Deputy(ies)	436,139	
Investigator(s)	182,638	
Captain(s)	47,840	
Lieutenant(s)	82,098	
Sergeant(s)	71,681	
Accountants/Bookkeepers	54,722	
School Resource Officer	34,647	
Overtime Pay	68,168	
In-Service Training	7,603	
Communication	18,492	
Contributions	5,648	
Dues and Memberships	3,565	
Maintenance and Repair Services - Equipment	3,158	
Maintenance and Repair Services - Vehicles	30,959	
Postal Charges	1,431	
Travel	6,588	
Data Processing Supplies	4,649	
Gasoline	130,033	
Tires and Tubes	5,118	
Uniforms	6,070	
Other Supplies and Materials	9,599	
Vehicle and Equipment Insurance	27,814	
Other Charges	3,822	
Law Enforcement Equipment	10,203	
Total Sheriff's Department		1,320,612

Traffic Control

Maintenance and Repair Services - Equipment	\$ 1,013	
Utilities	2,183	
Total Traffic Control		3,196

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Administration of the Sexual Offender Registry

Postal Charges	\$	440	
Other Charges		<u>1,050</u>	

Total Administration of the Sexual Offender Registry \$ 1,490

Jail

Supervisor/Director	\$	32,911	
Sergeant(s)		83,451	
Foremen		24,927	
Guards		468,813	
Cafeteria Personnel		25,094	
Maintenance Personnel		24,203	
Overtime Pay		42,111	
Other Salaries and Wages		23,500	
Maintenance and Repair Services - Buildings		28,538	
Medical and Dental Services		319,240	
Pest Control		1,296	
Travel		908	
Drugs and Medical Supplies		48,327	
Food Supplies		139,826	
Prisoners Clothing		2,949	
Uniforms		2,970	
Utilities		93,452	
Other Charges		<u>26,235</u>	
Total Jail			1,388,751

Juvenile Services

Supervisor/Director	\$	35,000	
Communication		243	
Travel		504	
Other Contracted Services		6,526	
Other Charges		<u>190</u>	
Total Juvenile Services			42,463

Fire Prevention and Control

Contracts with Government Agencies	\$	<u>2,000</u>	
Total Fire Prevention and Control			2,000

Rescue Squad

Contributions	\$	<u>205,000</u>	
Total Rescue Squad			205,000

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management

County Official/Administrative Officer	\$	42,000	
Salary Supplements		57,200	
Overtime Pay		18,163	
Other Salaries and Wages		29,960	
Communication		4,774	
Maintenance and Repair Services - Vehicles		4,762	
Matching Share		13,148	
Travel		1,530	
Gasoline		8,009	
Instructional Supplies and Materials		2,600	
Other Supplies and Materials		1,417	
Vehicle and Equipment Insurance		1,972	
Other Charges		20,678	
Communication Equipment		11,515	
Land		162,778	
Total Other Emergency Management			\$ 380,506

County Coroner/Medical Examiner

Medical Personnel	\$	49,425	
Total County Coroner/Medical Examiner			49,425

Other Public Safety

Communication	\$	212	
Other Supplies and Materials		249	
Total Other Public Safety			461

Public Health and Welfare

Local Health Center

Communication	\$	2,371	
Janitorial Services		12,495	
Maintenance and Repair Services - Buildings		6,007	
Pest Control		420	
Other Contracted Services		22,000	
Utilities		15,476	
Other Supplies and Materials		1,817	
Total Local Health Center			60,586

Rabies and Animal Control

Supervisor/Director	\$	28,260	
Part-time Personnel		2,030	

(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 (Cont.)

Communication	\$ 1,364	
Maintenance and Repair Services - Buildings	402	
Maintenance and Repair Services - Vehicles	651	
Veterinary Services	2,590	
Animal Food and Supplies	1,619	
Gasoline	5,588	
Tires and Tubes	818	
Uniforms	534	
Utilities	2,160	
Other Supplies and Materials	110	
Vehicle and Equipment Insurance	653	
Other Charges	4,499	
Total Rabies and Animal Control		\$ 51,278

Regional Mental Health Center

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

Aid to Dependent Children

Contributions	\$ 6,731	
Total Aid to Dependent Children		6,731

Other Local Welfare Services

Contributions	\$ 22,394	
Pauper Burials	3,400	
Total Other Local Welfare Services		25,794

Sanitation Management

Contracts with Private Agencies	\$ 67,025	
Total Sanitation Management		67,025

Other Public Health and Welfare

Other Salaries and Wages	\$ 192,734	
Social Security	15,427	
Employee and Dependent Insurance	42,892	
Life Insurance	131	
Unemployment Compensation	622	
Local Retirement	17,598	
Travel	6,119	
Total Other Public Health and Welfare		275,523

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$ 19,930	
Total Senior Citizens Assistance		\$ 19,930

Libraries

Contributions	\$ 100,849	
Total Libraries		100,849

Parks and Fair Boards

Contributions	\$ 19,500	
Maintenance and Repair Services - Buildings	320	
Other Contracted Services	10,495	
Custodial Supplies	226	
Utilities	9,062	
Other Charges	40	
Total Parks and Fair Boards		39,643

Other Social, Cultural, and Recreational

Part-time Personnel	\$ 11,415	
Other Salaries and Wages	12,649	
Communication	212	
Maintenance and Repair Services - Office Equipment	1,087	
Postal Charges	100	
Duplicating Supplies	300	
Other Supplies and Materials	502	
Furniture and Fixtures	97	
Total Other Social, Cultural, and Recreational		26,362

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 52,974	
Secretary(ies)	180	
Other Salaries and Wages	24,000	
Board and Committee Members Fees	420	
Other Fringe Benefits	25,616	
Communication	1,908	
Maintenance and Repair Services - Buildings	2,065	
Maintenance and Repair Services - Equipment	800	
Maintenance and Repair Services - Vehicles	69	
Postal Charges	690	
Travel	841	

(Continued)

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Other Contracted Services	\$ 3,660	
Food Preparation Supplies	5,545	
Gasoline	1,131	
Instructional Supplies and Materials	1,158	
Utilities	6,668	
Other Supplies and Materials	1,644	
Vehicle and Equipment Insurance	690	
Other Charges	392	
Total Agriculture Extension Service		\$ 130,451

Forest Service

Communication	\$ 425	
Total Forest Service		425

Soil Conservation

Clerical Personnel	\$ 33,661	
Other Salaries and Wages	62,155	
Other Charges	1,900	
Total Soil Conservation		97,716

Other Operations

Industrial Development

Other Charges	\$ 68,483	
Other Construction	10,000	
Total Industrial Development		78,483

Other Economic and Community Development

Contributions	\$ 19,710	
Dues and Memberships	6,073	
Total Other Economic and Community Development		25,783

Airport

Contributions	\$ 39,400	
Total Airport		39,400

Veterans' Services

Supervisor/Director	\$ 13,650	
Travel	337	
Other Charges	608	
Total Veterans' Services		14,595

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges

Building and Contents Insurance	\$ 45,917	
Liability Insurance	173,013	
Premiums on Corporate Surety Bonds	234	
Trustee's Commission	102,787	
Workers' Compensation Insurance	<u>269,649</u>	
Total Other Charges		\$ 591,600

Contributions to Other Agencies

Contracts with Government Agencies	\$ <u>100,000</u>	
Total Contributions to Other Agencies		100,000

Employee Benefits

Educational Incentive - Official/Admin Officer	\$ 16,614	
Educational Incentive - Other County Employees	13,386	
Bonus Payments	111,975	
Social Security	308,051	
Employee and Dependent Insurance	798,539	
Life Insurance	2,426	
Unemployment Compensation	8,290	
Local Retirement	337,406	
Other Fringe Benefits	<u>8,272</u>	
Total Employee Benefits		1,604,959

Miscellaneous

Refunds	\$ <u>47,799</u>	
Total Miscellaneous		<u>47,799</u>

Total General Fund \$ 8,836,126

Solid Waste/Sanitation Fund

General Government

Other General Administration

Supervisor/Director	\$ 33,118	
Bonus Payments	1,274	
Communication	218	
Travel	850	
Other Contracted Services	6,620	
Other Supplies and Materials	<u>203</u>	
Total Other General Administration		\$ 42,283

(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	\$ 28,252	
Total Waste Pickup		\$ 28,252

Recycling Center

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

Other Operations

Other Charges

Trustee's Commission	\$ 2,168	
Total Other Charges		<u>2,168</u>

Total Solid Waste/Sanitation Fund		\$ 106,303
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Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Supervisor/Director	\$ 57,000
Medical Personnel	847,766
Secretary(ies)	23,384
Part-time Personnel	140,746
Overtime Pay	142,783
Bonus Payments	44,993
In-Service Training	4,392
Social Security	95,529
State Retirement	99,696
Life Insurance	677
Medical Insurance	188,769
Unemployment Compensation	3,257
Communication	16,128
Data Processing Services	102,715
Debt Collection Services	503
Maintenance and Repair Services - Buildings	10,661
Maintenance and Repair Services - Equipment	997
Maintenance and Repair Services - Vehicles	31,982
Postal Charges	215
Travel	294
Drugs and Medical Supplies	74,236
Gasoline	84,787
Lubricants	10,377

(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.)

Tires and Tubes	\$ 12,087	
Uniforms	18,581	
Utilities	15,066	
Other Supplies and Materials	5,130	
Building and Contents Insurance	281	
Liability Insurance	22,018	
Premiums on Corporate Surety Bonds	234	
Refunds	8,491	
Trustee's Commission	27,094	
Vehicle and Equipment Insurance	8,590	
Workers' Compensation Insurance	45,018	
Other Charges	21,162	
Building Improvements	9,800	
Motor Vehicles	74,884	
Other Equipment	2,918	
Total Ambulance/Emergency Medical Services		\$ <u>2,253,241</u>

Total Ambulance Service Fund \$ 2,253,241

Drug Control Fund

Public Safety

Drug Enforcement

Communication	\$ 3,036	
Confidential Drug Enforcement Payments	11,500	
Dues and Memberships	830	
Travel	3,013	
Veterinary Services	134	
Animal Food and Supplies	559	
Other Charges	11,855	
Law Enforcement Equipment	15,720	
Motor Vehicles	28,451	
Total Drug Enforcement		\$ <u>75,098</u>

Total Drug Control Fund 75,098

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$ <u>98,015</u>	
Total Register of Deeds		\$ 98,015

(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	\$ 130,040	
Total County Trustee's Office		\$ 130,040

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 222,723	
Total County Clerk's Office		222,723

Administration of Justice

Circuit Court

Constitutional Officers' Operating Expenses	\$ 333,216	
Total Circuit Court		333,216

General Sessions Court

Constitutional Officers' Operating Expenses	\$ 89	
Total General Sessions Court		89

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 2,725	
Total Chancery Court		<u>2,725</u>

Total Constitutional Officers - Fees Fund		\$ 786,808
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 67,927
Assistant(s)	38,971
Custodial Personnel	1,200
Educational Incentive - Other County Employees	1,500
In-Service Training	495
Communication	9,021
Dues and Memberships	3,265
Evaluation and Testing	2,625
Legal Notices, Recording, and Court Costs	119
Maintenance and Repair Services - Buildings	1,804
Maintenance and Repair Services - Office Equipment	29
Postal Charges	440
Travel	1,918
Custodial Supplies	294
Drugs and Medical Supplies	166

(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	\$ 13,505	
Office Supplies	2,056	
Other Supplies and Materials	500	
Office Equipment	312	
Total Administration		\$ 146,147

Highway and Bridge Maintenance

Supervisor/Director	\$ 166,895	
Foremen	140,001	
Equipment Operators - Heavy	189,607	
Equipment Operators - Light	242,479	
Truck Drivers	256,822	
Laborers	137,727	
Asphalt - Hot Mix	84,185	
Asphalt - Liquid	668,556	
Concrete	1,990	
Crushed Stone	346,316	
Fertilizer, Lime, and Seed	228	
General Construction Materials	4,157	
Other Road Supplies	1,661	
Pipe	19,944	
Road Signs	9,982	
Structural Steel	1,995	
Total Highway and Bridge Maintenance		2,272,545

Operation and Maintenance of Equipment

Mechanic(s)	\$ 174,805	
Equipment and Machinery Parts	119,921	
Fuel Oil	267,723	
Garage Supplies	6,314	
Tires and Tubes	34,946	
Total Operation and Maintenance of Equipment		603,709

Litter and Trash Collection

Assistant(s)	\$ 2,371	
Truck Drivers	19,625	
Travel	563	
Instructional Supplies and Materials	17,940	
Other Supplies and Materials	11,620	
Total Litter and Trash Collection		52,119

(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	29,300	
Trustee's Commission	59,068	
Vehicle and Equipment Insurance	22,140	
Workers' Compensation Insurance	55,694	
Liability Claims	<u>1,811</u>	
Total Other Charges		\$ 170,271

Employee Benefits

Bonus Payments	\$ 52,431	
Social Security	113,490	
State Retirement	131,334	
Employee and Dependent Insurance	302,377	
Unemployment Compensation	8,459	
Laundry Service	<u>5,817</u>	
Total Employee Benefits		613,908

Capital Outlay

Engineering Services	\$ 10,470	
Highway Equipment	<u>40,000</u>	
Total Capital Outlay		<u>50,470</u>

Total Highway/Public Works Fund \$ 3,909,169

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 280,000	
Principal on Notes	<u>138,000</u>	
Total General Government		\$ 418,000

Highways and Streets

Principal on Notes	\$ <u>84,000</u>	
Total Highways and Streets		84,000

Education

Principal on Bonds	\$ <u>935,000</u>	
Total Education		935,000

(Continued)

Exhibit J-7

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

Interest on Bonds	\$ 65,527	
Interest on Notes	62,914	
Total General Government		\$ 128,441

Highways and Streets

Interest on Notes	\$ 24,954	
Total Highways and Streets		24,954

Education

Interest on Bonds	\$ 449,884	
Total Education		449,884

Other Debt Service

General Government

Contributions	\$ 142,869	
Trustee's Commission	48,662	
Other Debt Service	201	
Total General Government		191,732

Total General Debt Service Fund \$ 2,232,011

General Capital Projects Fund

Capital Projects

Public Utility Projects

Other Contracted Services	\$ 371,724	
Total Public Utility Projects		\$ 371,724

Total General Capital Projects Fund 371,724

Highway Capital Projects Fund

Capital Projects

Highway and Street Capital Projects

Highway Construction	\$ 769,914	
Total Highway and Street Capital Projects		\$ 769,914

Total Highway Capital Projects Fund 769,914

Total Governmental Funds - Primary Government \$ 19,340,394

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, 2012

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 10,061,421	
Career Ladder Program	109,486	
Career Ladder Extended Contracts	50,780	
Homebound Teachers	11,085	
Educational Assistants	271,091	
Custodial Personnel	160	
Certified Substitute Teachers	87,329	
Non-certified Substitute Teachers	188,928	
Social Security	634,479	
State Retirement	936,615	
Life Insurance	1,042	
Medical Insurance	1,890,550	
Employer Medicare	149,407	
Other Contracted Services	91,991	
Instructional Supplies and Materials	231,063	
Library Books/Media	1,481	
Textbooks	37,841	
Other Supplies and Materials	36,883	
Fee Waivers	14,544	
Regular Instruction Equipment	141,900	
Total Regular Instruction Program		\$ 14,948,076

Alternative Instruction Program

Teachers	\$ 73,510	
Educational Assistants	15,294	
Social Security	5,353	
State Retirement	8,014	
Medical Insurance	17,263	
Employer Medicare	1,252	
Other Contracted Services	842	
Total Alternative Instruction Program		121,528

Special Education Program

Teachers	\$ 1,276,194
Career Ladder Program	10,583
Homebound Teachers	3,740
Educational Assistants	408,147
Attendants	33,443
Speech Pathologist	96,828

(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.)

Certified Substitute Teachers	\$	22,956	
Non-certified Substitute Teachers		22,981	
Social Security		109,226	
State Retirement		160,795	
Medical Insurance		350,079	
Employer Medicare		26,403	
Consultants		210,067	
Contracts with Private Agencies		365,693	
Other Contracted Services		4,240	
Instructional Supplies and Materials		6,695	
Other Supplies and Materials		1,518	
Special Education Equipment		612	
Total Special Education Program			\$ 3,110,200

Vocational Education Program

Teachers	\$	632,640	
Career Ladder Program		2,917	
Certified Substitute Teachers		3,245	
Non-certified Substitute Teachers		7,741	
Social Security		37,831	
State Retirement		54,810	
Medical Insurance		109,973	
Employer Medicare		8,852	
Maintenance and Repair Services - Equipment		1,197	
Other Contracted Services		12,436	
Instructional Supplies and Materials		4,952	
Textbooks		1,161	
Other Supplies and Materials		11,395	
Vocational Instruction Equipment		16,650	
Total Vocational Education Program			905,800

Adult Education Program

Teachers	\$	44,043	
Social Security		2,731	
State Retirement		3,986	
Medical Insurance		7,346	
Employer Medicare		639	
Instructional Supplies and Materials		4,999	
Other Equipment		8,580	
Total Adult Education Program			72,324

(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

Attendance

Career Ladder Program	\$	667	
Other Salaries and Wages		9,354	
Social Security		41	
State Retirement		60	
Medical Insurance		65	
Employer Medicare		145	
Travel		2,299	
Total Attendance			\$ 12,631

Health Services

Supervisor/Director	\$	33,750	
Medical Personnel		284,279	
Clerical Personnel		23,136	
Other Salaries and Wages		1,645	
Social Security		19,701	
State Retirement		30,139	
Medical Insurance		78,304	
Employer Medicare		4,608	
Communication		1,416	
Travel		4,506	
Drugs and Medical Supplies		2,089	
Other Supplies and Materials		48,215	
Total Health Services			531,788

Other Student Support

Career Ladder Program	\$	6,000	
Guidance Personnel		418,606	
Career Ladder Extended Contracts		10,500	
Assessment Personnel		68,125	
Clerical Personnel		61,572	
Social Security		33,323	
State Retirement		51,174	
Medical Insurance		101,159	
Employer Medicare		7,793	
Contracts with Government Agencies		81,727	
Evaluation and Testing		23,240	
Total Other Student Support			863,219

(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.)

Regular Instruction Program

Supervisor/Director	\$	143,192	
Career Ladder Program		17,000	
Career Ladder Extended Contracts		19,600	
Librarians		424,108	
Instructional Computer Personnel		146,102	
Clerical Personnel		60,528	
Other Salaries and Wages		173,928	
Social Security		58,016	
State Retirement		86,239	
Medical Insurance		155,687	
Employer Medicare		13,743	
Travel		16,621	
Other Contracted Services		28,476	
Library Books/Media		10,140	
Periodicals		3,025	
Other Supplies and Materials		16,983	
In Service/Staff Development		65,972	
Other Charges		6,500	
Total Regular Instruction Program			\$ 1,445,860

Alternative Instruction Program

Supervisor/Director	\$	52,064	
Career Ladder Program		917	
Social Security		3,199	
State Retirement		5,157	
Medical Insurance		5,627	
Employer Medicare		748	
Total Alternative Instruction Program			67,712

Special Education Program

Supervisor/Director	\$	67,970
Career Ladder Program		4,000
Psychological Personnel		14,592
Career Ladder Extended Contracts		5,600
Assessment Personnel		100,596
Secretary(ies)		38,604
Social Security		13,304
State Retirement		19,560
Medical Insurance		20,082

(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.)

Special Education Program (Cont.)

Employer Medicare	\$	3,323	
Communication		6,100	
Travel		13,312	
Other Contracted Services		3,332	
Other Supplies and Materials		3,022	
In Service/Staff Development		5,590	
Total Special Education Program			\$ 318,987

Vocational Education Program

Supervisor/Director	\$	36,540	
Secretary(ies)		17,190	
Clerical Personnel		37,409	
Other Salaries and Wages		51,247	
Social Security		6,556	
State Retirement		9,497	
Medical Insurance		17,000	
Employer Medicare		2,063	
Travel		15,443	
Other Supplies and Materials		1,710	
Other Equipment		252	
Total Vocational Education Program			194,907

Adult Programs

Supervisor/Director	\$	51,285	
Career Ladder Program		1,000	
Social Security		2,885	
State Retirement		4,732	
Medical Insurance		9,751	
Employer Medicare		675	
Travel		1,590	
Other Supplies and Materials		100	
In Service/Staff Development		1,477	
Total Adult Programs			73,495

Other Programs

On-Behalf Payments to OPEB	\$	195,476	
Total Other Programs			195,476

(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.)

Board of Education

Secretary to Board	\$	1,500	
Board and Committee Members Fees		4,458	
In-Service Training		3,835	
Social Security		328	
State Retirement		134	
Life Insurance		14,039	
Medical Insurance		350	
Unemployment Compensation		41,152	
Employer Medicare		86	
Audit Services		5,200	
Dues and Memberships		6,025	
Legal Services		5,073	
Travel		6,275	
Liability Insurance		87,577	
Trustee's Commission		219,496	
Workers' Compensation Insurance		219,539	
Criminal Investigation of Applicants - TBI		3,420	
Other Charges		6,083	
Total Board of Education			\$ 624,570

Director of Schools

County Official/Administrative Officer	\$	99,954	
Secretary(ies)		77,423	
Social Security		10,966	
State Retirement		15,937	
Medical Insurance		14,017	
Employer Medicare		2,564	
Advertising		767	
Communication		10,588	
Dues and Memberships		3,164	
Postal Charges		3,028	
Travel		7,173	
Office Supplies		1,523	
Other Supplies and Materials		1,068	
Premiums on Corporate Surety Bonds		350	
Other Charges		218	
Total Director of Schools			248,740

(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.)

Office of the Principal

Principals	\$	560,764	
Career Ladder Program		14,250	
Career Ladder Extended Contracts		14,000	
Assistant Principals		413,764	
Secretary(ies)		299,866	
Clerical Personnel		30,871	
Other Salaries and Wages		14,772	
Social Security		80,524	
State Retirement		117,800	
Medical Insurance		177,331	
Employer Medicare		19,100	
Communication		36,361	
Other Contracted Services		11,217	
Total Office of the Principal			\$ 1,790,620

Operation of Plant

Custodial Personnel	\$	415,521	
Other Salaries and Wages		17,802	
Social Security		25,812	
State Retirement		35,881	
Medical Insurance		98,830	
Employer Medicare		6,201	
Laundry Service		8,116	
Pest Control		6,710	
Other Contracted Services		93,468	
Custodial Supplies		38,091	
Electricity		1,054,681	
Natural Gas		106,974	
Propane Gas		46,716	
Water and Sewer		116,761	
Other Supplies and Materials		285	
Building and Contents Insurance		83,022	
Plant Operation Equipment		8,567	
Total Operation of Plant			2,163,438

Maintenance of Plant

Supervisor/Director	\$	47,787
Maintenance Personnel		228,292
Social Security		16,865

(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.)

Maintenance of Plant (Cont.)

State Retirement	\$	24,571	
Medical Insurance		53,551	
Employer Medicare		3,944	
Laundry Service		2,847	
Maintenance and Repair Services - Buildings		275,534	
Maintenance and Repair Services - Equipment		45,651	
Travel		923	
Other Contracted Services		41,431	
Diesel Fuel		77	
Equipment and Machinery Parts		47,881	
Gasoline		21,398	
Other Supplies and Materials		101,754	
Other Charges		96,219	
Total Maintenance of Plant			\$ 1,008,725

Transportation

Supervisor/Director	\$	62,413	
Mechanic(s)		146,254	
Bus Drivers		694,515	
Clerical Personnel		26,976	
Other Salaries and Wages		9,029	
Social Security		58,601	
State Retirement		82,792	
Medical Insurance		345,644	
Employer Medicare		13,832	
Laundry Service		2,622	
Maintenance and Repair Services - Vehicles		1,983	
Medical and Dental Services		3,560	
Travel		1,657	
Other Contracted Services		10,584	
Diesel Fuel		352,313	
Equipment and Machinery Parts		57	
Gasoline		16,581	
Lubricants		6,371	
Tires and Tubes		20,330	
Vehicle Parts		70,658	
Other Supplies and Materials		8,070	
Vehicle and Equipment Insurance		49,860	
Transportation Equipment		368,954	
Total Transportation			2,353,656

(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

Food Service

Medical Insurance	\$ 5,627	
Total Food Service		\$ 5,627

Community Services

Supervisor/Director	\$ 62,688	
Teachers	16,073	
Bus Drivers	195	
Educational Assistants	19,963	
Part-time Personnel	24,037	
Social Security	7,478	
State Retirement	7,855	
Medical Insurance	5,971	
Employer Medicare	1,777	
Communication	1,696	
Maintenance and Repair Services - Equipment	673	
Travel	6,890	
Other Contracted Services	241	
Food Supplies	2,097	
Instructional Supplies and Materials	3,145	
Other Supplies and Materials	3,999	
In Service/Staff Development	570	
Total Community Services		165,348

Early Childhood Education

Supervisor/Director	\$ 53,433
Teachers	178,617
Educational Assistants	74,343
Custodial Personnel	31
Non-certified Substitute Teachers	51
Social Security	18,260
State Retirement	27,549
Medical Insurance	64,943
Employer Medicare	4,270
Travel	9,822
Food Supplies	6,224
Instructional Supplies and Materials	11,603
Other Supplies and Materials	28,584
In Service/Staff Development	8,159
Other Charges	5,290

(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.)

Early Childhood Education (Cont.)

Other Equipment	\$ 38,165	
Total Early Childhood Education		\$ 529,344

Principal on Debt

Education

Principal on Other Loans	\$ 25,212	
Total Education		<u>25,212</u>

Total General Purpose School Fund \$ 31,777,283

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 775,433	
Certified Substitute Teachers	1,570	
Non-certified Substitute Teachers	3,065	
Social Security	46,152	
State Retirement	70,166	
Medical Insurance	126,831	
Employer Medicare	10,800	
Other Contracted Services	13,235	
Instructional Supplies and Materials	2,403	
Other Supplies and Materials	37,212	
Other Charges	9,684	
Regular Instruction Equipment	<u>99,053</u>	
Total Regular Instruction Program		\$ 1,195,604

Special Education Program

Teachers	\$ 44,427	
Educational Assistants	470,889	
Social Security	30,777	
State Retirement	45,905	
Life Insurance	1,250	
Medical Insurance	166,408	
Employer Medicare	7,174	
Contracts with Private Agencies	275,450	
Instructional Supplies and Materials	11,202	
Other Supplies and Materials	888	
Special Education Equipment	<u>6,177</u>	
Total Special Education Program		1,060,547

(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.)

Vocational Education Program

Other Salaries and Wages	\$	15,016	
Social Security		931	
State Retirement		455	
Employer Medicare		218	
Other Supplies and Materials		9,275	
Vocational Instruction Equipment		37,616	
Total Vocational Education Program			\$ 63,511

Support Services

Other Student Support

Travel	\$	10,053	
Other Contracted Services		1,800	
Total Other Student Support			11,853

Regular Instruction Program

Supervisor/Director	\$	64,414	
Instructional Computer Personnel		35,572	
Clerical Personnel		27,152	
In-Service Training		102	
Social Security		5,651	
State Retirement		8,246	
Medical Insurance		5,747	
Employer Medicare		1,837	
Communication		2,506	
Travel		4,272	
Other Contracted Services		26,970	
Other Supplies and Materials		4,872	
In Service/Staff Development		49,192	
Other Equipment		18,518	
Total Regular Instruction Program			255,051

Special Education Program

Other Salaries and Wages	\$	4,400	
Social Security		273	
State Retirement		392	
Employer Medicare		64	
Travel		20,840	
Other Supplies and Materials		6,260	
In Service/Staff Development		7,348	
Total Special Education Program			39,577

(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	\$ 1,000	
Total Vocational Education Program		\$ 1,000

Transportation

Bus Drivers	\$ 27,524	
Social Security	1,706	
State Retirement	2,450	
Medical Insurance	12,271	
Employer Medicare	399	
Total Transportation		<u>44,350</u>

Total School Federal Projects Fund \$ 2,671,493

Central Cafeteria Fund

Support Services

Board of Education

Trustee's Commission	\$ 31	
Total Board of Education		\$ 31

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 64,044	
Cafeteria Personnel	594,019	
Social Security	40,322	
State Retirement	44,152	
Medical Insurance	138,045	
Employer Medicare	9,430	
Communication	3,522	
Maintenance and Repair Services - Equipment	14,148	
Transportation - Other than Students	13,854	
Travel	4,103	
Other Contracted Services	8,948	
Food Supplies	843,503	
USDA - Commodities	127,558	
Other Supplies and Materials	78,082	
Food Service Equipment	40,095	
Total Food Service		<u>2,023,825</u>

Total Central Cafeteria Fund 2,023,856

Total Governmental Funds - Giles County School Department \$ 36,472,632

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, 2012

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 2,449,335
Total Cash Receipts	<u>\$ 2,449,335</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 2,444,553
Trustee's Commission	4,782
Total Cash Disbursements	<u>\$ 2,449,335</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2011	<u>0</u>
 Cash Balance, June 30, 2012	 <u><u>\$ 0</u></u>

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## **SINGLE AUDIT SECTION**

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

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

August 30, 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, 2012, which collectively comprise Giles County's basic financial statements and have issued our report thereon dated August 30, 2012. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Giles County Emergency Communications District, which were not available from other auditors as of the date of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of Giles County is responsible for establishing and maintaining effective 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the following deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 12.05.

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. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 12.01, 12.06 (C,D), 12.07, 12.08, and 12.12.

### 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: 12.02, 12.03, 12.04, 12.06 (A,B), 12.09, 12.10, and 12.11.

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 written in a cursive style with a prominent vertical stroke on the left side.

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu



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

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

Independent Auditor's Report

August 30, 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 Giles County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. 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, 2012. 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 12.03 and 12.13, 12.09 and 12.14, and 12.10 and 12.15.

### 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 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, 2012, and have issued our report thereon dated August 30, 2012. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial

statements of the Giles County Emergency Communications District, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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,



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, 2012

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Environmental Quality Incentives Program	10.912	N/A	\$ 26,416
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	415,957
National School Lunch Program	10.555	N/A	1,038,384 (7)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	127,558 (7)
Total U.S. Department of Agriculture			<u>\$ 1,608,315</u>
U.S. Department of Labor:			
Passed-through South Central Tennessee Workforce Alliance:			
WIA Youth Activities	17.259	(2)	\$ 22,850
Total U.S. Department of Labor			<u>\$ 22,850</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	\$ 57,423
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	1,023,626
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	30,841
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,131,635
Special Education - Preschool Grants	84.173	N/A	24,597
Career and Technical Education - Basic Grants to States	84.048	N/A	75,507
Safe and Drug-free Schools and Communities - National Program	84.184	(2)	2,011
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	5,908
Education Technology State Grants, Recovery Act	84.386	(2)	1,153
Rural Education	84.358	N/A	76,229
Improving Teacher Quality State Grants	84.367	N/A	202,465
State Fiscal Stabilization Fund (SFSF) -			
Race-to-the-Top Incentive Grants, Recovery Act	84.395	(2)	139,224
Education Jobs Fund	84.410	(2)	14,407
Total U.S. Department of Education			<u>\$ 2,785,026</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	30510-00112-10	\$ 10,126
Total U.S. Election Assistance Commission			<u>\$ 10,126</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Grants to States for Operation of Offices of Rural Health	93.913	(3)	\$ 97,755
Total U.S. Department of Health and Human Services			<u>\$ 97,755</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)	\$ 54,533
Hazard Mitigation Grant	97.039	(4)	175,357
Emergency Management Performance Grants	97.042	(2)	20,000
Homeland Security Grant Program	97.067	34101-33011	1,716
Total U.S. Department of Homeland Security			\$ 251,606
Total Expenditures of Federal Awards			\$ 4,775,678

State Grants

		Contract Number	
Health Department Programs - State Department of Health	N/A	(5)	\$ 217,583
Adult Education - State Department of Labor and Workforce Development	N/A	(2)	19,141
Early Childhood Education - State Department of Education	N/A	(2)	464,119
Statewide Student Management System - State Department of Education	N/A	(2)	10,516
Coordinated School Health - State Department of Education	N/A	(2)	99,999
Safe Schools Act 2003 - State Department of Education	N/A	(2)	20,100
Lottery for Education Afterschool Program - State Department of Education	N/A	(2)	141,224
Litter Program - State Department of Transportation	N/A	(2)	66,149
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	16,963
Hazard Mitigation Grant Program - State Department of Military	N/A	(6)	29,224
Help America Vote Act - Tennessee Secretary of State	N/A	30510-00112-10	533
Juvenile Justice and Delinquency Prevention - State Commission on Children and Youth	N/A	GG-10-29735-00	9,135
Total State Grants			\$ 1,094,686

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) GG-11-32480-00: \$8,331; Z-12-43975-00: \$89,424.
- (4) 34101-63011: \$47,991; 34101-44611: \$127,366.
- (5) GG-11-32480-00: \$18,543; Z-12-43975-00: \$199,040.
- (6) 34101-63011: \$7,998; 34101-44611: \$21,226.
- (7) Total for CFDA No. 10.555 is \$1,165,942.

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

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. Presented below is the finding from the Annual Financial Report for Giles County, Tennessee, for the year ended June 30, 2011, which has not been corrected.

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

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.06	152	Duties were not segregated adequately

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**GILES COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2012**

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

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Giles County disclosed significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were 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 three findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555); the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173); and State Fiscal Stabilization Funds – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. 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 county executive, director of schools, finance director, and register are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

### **OFFICE OF FINANCE DIRECTOR**

**FINDING 12.01      **SOME GENERAL LEDGER PAYROLL LIABILITY ACCOUNTS WERE NOT ACCOUNTED FOR PROPERLY****  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

General ledger payroll liability accounts for voluntary employee insurance deductions, tax deferred savings accounts, and Alabama state income tax were not reconciled monthly with invoices and payments in the General, Ambulance Service, Highway/Public Works, General Purpose School, School Federal Projects, and Central Cafeteria funds. In addition, some payroll liability accounts were overpaid, several payments were posted to the wrong accounts, and several payroll deductions either were not paid at all or not paid for extended periods of time. Sound business practices dictate that payroll liability accounts are reconciled monthly, payments are accurately recorded, and deductions are remitted currently. We brought these matters to management's attention, and the deficiencies were corrected at year-end. The failure to regularly reconcile payroll deduction liability accounts with payments and invoices and the failure to currently remit and accurately post transaction activity allows errors to remain undiscovered and uncorrected.

### **RECOMMENDATION**

All general ledger payroll liability accounts should be accurately reported and paid on a timely basis. General ledger payroll liability accounts should be reconciled monthly with invoices and payments, and any errors discovered should be corrected promptly.

### **MANAGEMENT'S RESPONSE – FINANCE DIRECTOR**

We concur. This finding resulted from employee turnover in the Finance Office. Payroll liability accounts are all now current and will be reconciled on a monthly basis.

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**FINDING 12.02      **COMPETITIVE BIDS WERE NOT SOLICITED FOR TIRES PURCHASED FOR THE AMBULANCE SERVICE****  
(Noncompliance Under *Government Auditing Standards*)

Competitive bids were not solicited for tires purchased for the Ambulance Service totaling \$11,918. Section 5-21-120, *Tennessee Code Annotated*, requires public advertisement and

solicitation of competitive bids on purchases exceeding \$10,000. The failure to solicit competitive bids could result in the county paying more than the most competitive price.

### RECOMMENDATION

Purchases exceeding \$10,000 should be competitively bid as required by state statute.

### MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

We concur. Although tires were bid separately for the Highway Department and Sheriff's Department, we failed to bid the tires for the Ambulance Service. We will attempt to bid products on a global basis in the future.

---

### OFFICES OF FINANCE DIRECTOR AND COUNTY EXECUTIVE

**FINDING 12.03      TIME RECORDS WERE NOT MAINTAINED TO DOCUMENT PAYROLL EXPENDITURES REIMBURSED BY A FEDERAL GRANT**  
(Noncompliance Under *Government Auditing Standards* and OMB Circular A-133)

On April 25, 2011, Giles County entered into a contract related to a Hazard Mitigation Grant (CFDA No. 97.039) from the Federal Emergency Management Agency, passed through the Tennessee Emergency Management Agency (TEMA). The grant period runs from March 28, 2011, through March 27, 2014. The grant provides \$89,880 federal funds, \$14,980 state funds, and requires a local match of \$14,980 for a total project cost of \$119,840. The grant budget provides for labor costs of \$46,800 for the Emergency Management Agency (EMA) director and \$39,000 for the assistant director, to be earned at a rate of \$30 and \$25 per hour, respectively. The county executive and the EMA director agreed that the hours reimbursed by the grant would be worked in addition to hours worked on normally assigned duties.

Both the EMA director and assistant director prepared biweekly timesheets documenting hours spent on their regular duties. However, these timesheets did not account for hours spent working on the grant. Each employee received a payroll check for the time recorded on their timesheets and an additional payroll check for 40 hours biweekly, at the above hourly pay rates, for work on the hazard mitigation project. Beginning July 2011, a monthly activity log was prepared for each employee consistently reflecting four hours per day for each week as documentation to support requests for reimbursement of labor expenses from the Hazard Mitigation Grant. However, the EMA director advised us that the activity logs did not accurately reflect either the days or hours actually worked on the Hazard Mitigation Grant since the project work is actually performed after normal work hours and on weekends as time permits. The director did estimate that time spent on the project averages 20 hours per week. Because the hours reflected on the timesheets and activity logs did not document the actual hours worked, we have questioned the amounts paid to the EMA director (\$31,200) and assistant director (\$26,000) during the 2011-12 year.

Section C.3. of the grant contract states “the grantee shall be reimbursed for actual, reasonable, and necessary costs based upon the grant budget...” Furthermore, OMB Circular A-87, which provides guidance on allowable costs for reimbursement from federal grants, requires that compensation for personal services must be documented. The failure to maintain adequate documentation of time weakens internal controls over the payroll process, increases the risks of improper payments, and makes the reimbursement of any such expenses from federal funds questionable.

#### RECOMMENDATION

Payroll records submitted for the Hazard Mitigation Grant should accurately reflect actual hours worked. Giles County should contact TEMA to determine what corrective action may be required.

#### MANAGEMENT’S RESPONSE – COUNTY EXECUTIVE AND FINANCE DIRECTOR

We concur. All employees reimbursed by this grant have received training in the proper way to report their hours worked. Time sheets have been revised to show the actual hours worked on the grant.

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#### OFFICE OF HIGHWAY SUPERINTENDENT

##### FINDING 12.04      **A BACKHOE WAS REPORTED STOLEN FROM THE HIGHWAY DEPARTMENT** (Noncompliance Under *Government Auditing Standards*)

On February 23, 2012, the Highway Department reported to the state Comptroller’s Office the theft from a job site of a 2005 New Holland backhoe valued at \$31,666. On March 22, 2012, Giles County received a check from its insurance carrier for \$30,666, the appraised value less a \$1,000 deductible. A police report has been filed with the Giles County Sheriff’s Department, and the matter is still under investigation.

---

#### OFFICES OF FINANCE DIRECTOR AND DIRECTOR OF SCHOOLS

##### FINDING 12.05      **THE OFFICES HAD DEFICIENCIES IN BUDGET OPERATIONS** (Internal Control – Material Weakness Under *Government Auditing Standards*)

We noted the following deficiencies in the budget operations of the offices:

- A. The General Purpose School Fund’s actual beginning fund balance (\$3,678,925) at July 1, 2011, exceeded the estimated fund balance (\$1,755,708) presented to the County Commission by \$1,923,217. Sound business practices dictate that realistic estimates of beginning fund balances

should be presented to the County Commission during the budget process. This deficiency is due to management's failure to properly estimate the actual ending fund balance for June 30, 2011, and resulted in a materially inaccurate estimate of beginning fund balance.

- B. The General Purpose School Fund's original budget document erroneously reflected a negative number in the Operating Transfers Out expenditure account. This entry was not representative of management's intent to make an operating transfer from the General Purpose School Fund and in effect created a \$1,631,850 error in the original budget, which resulted in materially inaccurate estimates of beginning fund balances. This error went undetected due to a lack of management oversight.

### RECOMMENDATION

Estimates of the beginning fund balance should be made on a more realistic basis to provide county officials with accurate information upon which to base funding decisions. Management should review budgeted revenues and expenditures, which should reflect actual plans for operations.

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### FINDING 12.06      **THE OFFICES HAD DEFICIENCIES IN PAYROLL PROCEDURES**

(A. and B. – Noncompliance Under *Government Auditing Standards*;  
C. and D. – Internal Control – Significant Deficiency Under  
*Government Auditing Standards*)

We noted the following deficiencies in payroll procedures:

- A. During our examination, we noted four individuals who were paid as other contracted service providers rather than as employees of the School Department. These individuals worked as speech pathologists and school psychologists. Two of the individuals were treated as employees in the prior year. Officials advised us that the individuals had preferred to be treated as contracted services providers so their salary would not be restricted by the department's employee salary schedule. Disbursements to the individuals were made on a regular basis consistent with employee payroll disbursements. iPads equipped with telephone service were purchased with Special Education funds and distributed to three of the individuals, and the General Purpose School Fund paid the monthly cell phone charges. Additionally, the School Department sent these individuals to a Special Education seminar in Nashville, paying for mileage reimbursements, meals, lodging, and wages for a normal eight-hour work day for days spent at the seminar. Based on all the information presented to us, it appears that these individuals should have been paid as employees through the payroll system with deductions for federal withholdings since the department had the right to control their work, the right of termination, the right to determine the method of payment,

and since the individuals appeared to work full-time for the School Department.

- B. If each of the individuals described above were employees, then each employee should have been enrolled in the Tennessee Consolidated Retirement System (TCRS). Title 8, Chapters 34-37 of *Tennessee Code Annotated (TCA)*, establish and govern the TCRS. These statutes require mandatory participation in the TCRS for all employees of participating employers after a probationary period. As noted above, School Department officials advised that employees were paid as contract services providers and were not enrolled in TCRS.
- C. Time sheets for the above-noted employees consistently reflected eight-hour work schedules with no provision for lunch. It appears that these employees were paid regular wages during their lunch hour each day.
- D. The supervisor's signature on the above time sheets authorizing payment appears to have been made by a rubber signature stamp. Additionally, several weekly time sheets submitted were copies of prior weeks' time sheets with the dates marked through and changed. Since these time sheets also bear a facsimile signature of the director authorizing payment, we were unable to determine the validity of the time sheets in question. The use of rubber signature stamps and photocopies of previous time sheets weakens existing internal controls and increases the likelihood that fraud may occur.

#### RECOMMENDATION

Management should determine whether these individuals qualify as employees or contract services providers in accordance with federal payroll guidelines. If these individuals are determined to be classified as employees, the School Department should comply with provisions of Title 8, Chapters 34-37, *TCA*, regarding employee participation in the TCRS. County officials should contact TCRS to determine a corrective action plan. Time sheets for all employees should accurately reflect hours worked. Supervisors should sign each time sheet authorizing payment for the reported wages. The use of rubber signature stamps and photocopies of previous time sheets should be discontinued.

#### MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS AND FINANCE DIRECTOR

All personnel who meet the IRS and state labor and workforce requirements will be treated as employees with appropriate withholdings and TCRS enrollment.

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FINDING 12.07      **AUTHORIZATIONS WERE NOT ON FILE TO SUPPORT GROSS SALARY AMOUNTS FOR SOME EMPLOYEES**  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

During our examination of payroll transactions, management was unable to provide

supporting documentation for the gross salary of several employees from either the employees' personnel file or an approved salary schedule. Sound business practices dictate that documentation should be on file to support the determination of employees' salaries. This deficiency is the result of the lack of management oversight.

#### RECOMMENDATION

Documentation should be on file to support gross salaries for all employees.

#### MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS AND FINANCE DIRECTOR

We concur. All employee files will be maintained by the payroll clerk in the Finance Office. Appropriate documentation, including salary authorizations, will be contained in these files.

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**FINDING 12.08      THE SALARY OF SOME SCHOOL DEPARTMENT EMPLOYEES WAS NOT ADJUSTED FOR LEAVE TAKEN IN EXCESS OF ACCUMULATED LEAVE BALANCES**  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

During the year, some School Department employees who had no accumulated leave balances were paid their regular salaries each month without regard for any time absent from work. The payroll clerk stated that she intended to adjust each employee's year-end paycheck for leave taken in excess of accumulated balances. This resulted in 53 employees having their year-end monthly paycheck reduced by a total of \$20,101. Additionally, five employees owed more money back than the School Department could recover, resulting in accounts receivable totaling \$8,772 being reflected on the financial statements of the General Purpose School Fund at June 30, 2012, for these excess payments. The failure to currently reduce salary payments for leave taken in excess of accumulated balances amounted to a pay advance. The School Department has no policy allowing employees to be paid in advance of work performed. This deficiency is the result of the lack of management oversight.

#### RECOMMENDATION

Employees who have no accumulated leave balances should have their pay adjusted on a current basis for leave taken in excess of accumulated leave balances. Employees should not be paid in advance of work performed.

#### MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS AND FINANCE DIRECTOR

We concur. We will discontinue the practice of granting employees leave prior to it being earned.

FINDING 12.09

**THE SCHOOL DEPARTMENT HAD QUESTIONED COSTS IN THE USE OF FEDERAL SPECIAL EDUCATION CLUSTER FUNDS**

(Noncompliance Under *Government Auditing Standards* and OMB Circular A-133)

From February 14 through 17, 2012, the director of Special Education (CFDA No. 84.027), two special education employees, and two contracted services providers attended a Special Education Seminar hosted by the Tennessee Department of Education at the Opryland Hotel in Nashville, Tennessee. The travel expenses of all participants including mileage, meals, and lodging were reimbursed from federal Special Education Cluster funds. Circular A-87 describes allowable costs as those which are both reasonable and necessary in nature and amount. We noted the following questionable costs:

- A. As noted in Finding 12.03, the School Department reimbursed the travel expenses for two purported contracted services providers, paying mileage (\$99), meals (\$305), lodging (\$682), and wages (\$2,698). Independent contractors are typically professional people who are expected to pay their own expenses for travel and seminars.
- B. Five rooms were obtained for lodging at the seminar using a School Department credit card. Four of these rooms were billed a daily room rate of \$137. However, the Special Education director's room was billed at a rate of \$202 per night. The total additional nightly cost of the director's room (\$195) is questionable.
- C. Meals charged to the credit card included a single breakfast for \$25 and dinner for the five participants on February 15, 2012, at \$381 plus a \$65 tip. We question whether these costs are both "reasonable and necessary in nature and amount" as defined in OMB Circular A-87.
- D. The Special Education director submitted a request for reimbursement for mileage totaling \$48 for travel to a conference in Nashville. The Finance Office inadvertently processed this claim twice, resulting in two checks reimbursing the same expense. Another Special Education employee submitted a request for reimbursement for meals while in travel status, which exceeded the attached receipts by \$80. Both employees subsequently reimbursed the School Department for these overpayments after auditors made management aware of the matters. Also, we noted numerous instances where the Special Education director and employees claimed mileage reimbursements for travel to and from home. The reimbursement for commuting miles is questionable.

The questioned costs noted above occurred primarily because of the vaguely worded travel reimbursement policy of the School Department, which allows reimbursement at state per diem rates without any receipts, but allows unlimited reimbursement for expenses incurred for which receipts are presented. Also, during the year, we noted mileage reimbursed at 46 cents, 47 cents, and 52 cents. The failure to adopt a more defined policy is a serious deficiency in internal controls that could lead to abusive spending practices.

## RECOMMENDATION

Management should develop a more defined travel policy or adopt the comprehensive state travel regulations. Personnel charged with approving and paying travel claims should ensure that the claims are accurate. Officials should consult with the state Department of Education to determine the validity of the questioned expenditures and develop any necessary corrective action plans.

## MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS AND FINANCE DIRECTOR

We concur. Giles County has discontinued the use of credit cards. Additionally, the School Department will review the travel policy and make appropriate changes.

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### FINDING 12.10      **INVENTORY RECORDS WERE NOT MAINTAINED FOR SOME ASSETS PURCHASED WITH FEDERAL FUNDS** (Noncompliance Under *Government Auditing Standards* and OMB Circular A-133)

School officials did not maintain inventory records for some assets owned by the School Department, which were purchased with federal Special Education (CFDA No. 84.027) and Race-to-the-Top Incentive (CFDA No. 84.395) funds. OMB Circular A-133 requires an inventory to be maintained of all assets purchased with federal grant funds. These assets must be clearly marked as federal grant assets, and the inventory records must include the following: description (including serial number or other identification number), source, who holds title, acquisition date and cost, percentage of federal participation in the cost, location, condition, and any ultimate disposition data, including the date of disposal and sales price or method used to determine current fair market value. The failure to maintain inventory records results in a loss of control over assets. This deficiency is the result of the lack of management oversight.

It should be noted that the School Department did maintain invoices and receiving documentation of all purchases of equipment made with federal Special Education and Race-to-the-Top Incentive funds; therefore, we have not questioned the cost of these assets.

## RECOMMENDATION

Management should maintain inventory records for all assets purchased with federal funds as required by OMB Circular A-133.

## MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS AND FINANCE DIRECTOR

We concur. Program directors have been instructed in the maintenance of inventory records for all assets purchased with federal funds.

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**FINDING 12.11      SOME PURCHASES WERE NOT MADE BY THE COUNTY PURCHASING AGENT THROUGH THE GENERAL PURPOSE SCHOOL FUND**

(Noncompliance Under *Government Auditing Standards*)

During the year, some expenditures for equipment and various other items were made through individual school activity fund accounts. The activity accounts were then reimbursed by the General Purpose School Fund. These purchases violate provisions of the County Financial Management System of 1981 and Section 49-2-110, *Tennessee Code Annotated (TCA)*. The county finance director serves as the purchasing agent for Giles County. The 1981 Act requires the county purchasing agent to make all purchases for the various county departments. Section 49-2-110, *TCA*, provides that school activity funds should be used to account for funds received from student activities and events. Activity funds should not be used to account for county school funds, which are tax dollars generated from state and local sources. These deficiencies exist because of a lack of management oversight.

**RECOMMENDATION**

The School Department should not disburse funds to individual school activity funds for the purchase of equipment and various other items that should be purchased through the General Purpose School Fund. All purchases should be made by the purchasing agent in compliance with the County Financial Management System of 1981. School activity funds should be used to account for student activities and events.

**MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS AND FINANCE DIRECTOR**

We concur. We will discontinue the practice of allowing the individual schools to make purchases. All future purchases will be made through the Finance Office.

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

**FINDING 12.12      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 Homeland Security: Passed-through State Department of Military: Hazard Mitigation Grant	12.13	97.039	Circular A-133, Section 500(d)(1)	Noncompliance - See Finding 12.03 Giles County officials did not maintain time sheets to document hours worked on the Hazard Mitigation Grant.	\$57,200
U.S. Department of Education: Passed-through State Department of Education: Special Education - Grants to States	12.14	84.027	Circular A-133, Section 500(d)(1)	Noncompliance - See Finding 12.09 A. The School Department reimbursed the travel expenses for two purported contracted services providers, paying mileage (\$99), meals (\$305), lodging (\$682); and wages (\$2,698). Independent contractors are typically professional people who are expected to pay their own expenses for travel and seminars.	3,784
		84.027	Circular A-133, Section 500(d)(1)	B. Five rooms were obtained for lodging at the seminar using a School Department credit card. Four of these rooms were billed a daily room rate of \$137. However, the Special Education director's room was billed at a rate of \$202 per night. The total additional nightly cost of the director's room (\$195) is questionable.	195
		84.027	Circular A-133, Section 500(d)(1)	C. Meals charged to the credit card included a single breakfast for \$25 dollars and dinner for the five participants on February 15, 2012, at \$381 plus a \$65 tip. We question whether these costs are both "reasonable and necessary in nature and amount" as defined in OMB Circular 87.	471

(Continued)

**PART III, FINDINGS AND QUESTIONED  
COSTS FOR FEDERAL AWARDS (Cont.)**

Federal Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Education: Passed-through State Department of Education: Special Education - Grants to States (Cont.)					
	12.15	84.027	Circular A-133, Section 500(d)(1)	D. The Special Education director submitted a request for reimbursement for mileage totaling \$48 for travel to a conference in Nashville. The Finance Office inadvertently processed this claim twice, resulting in two checks reimbursing the same expense. Another Special Education employee submitted a request for reimbursement for meals while in travel status, which exceeded the attached receipts by \$80. Both employees subsequently reimbursed the School Department for these overpayments after auditors made management aware of the matters. Also, we noted numerous instances where the Special Education director and employees claimed mileage reimbursements for travel to and from home. The reimbursement for commuting miles is questionable.	\$128
U.S. Department of Education: Passed-through State Department of Education: Special Education - Grants to States					
	12.15	84.027	Circular A-133, Section 500(d)(1)	Noncompliance - See Finding 12.10 School officials did not maintain inventory records for assets owned by the School Department, which were purchased with federal Special Education and Race-to-the-Top Incentive funds. OMB Circular A-133 requires an inventory to be maintained of all assets purchased with federal grant funds.	0
<b>Total Questioned Costs</b>					<b>\$61,778</b>

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

There were audit findings relative to federal awards presented in the prior- and current-years' Schedules of Findings and Questioned Costs.

**County Executive – Corrective Action Plan for Current-Year's Findings**

**FINDINGS 12.03 and 12.13**

Contact person: Janet Vanzant

Corrective action plan: All employees reimbursed by this grant have received training in the proper way to report their hours worked. Time sheets have been revised to show the actual hours worked on the grant.

Anticipated completion date: 2012-13

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

**FINDINGS 12.09 and 12.14**

Contact person: Terrell Jackson

Corrective action plan: Giles County has discontinued the use of credit cards. Additionally, the School Department will review the travel policy and make appropriate changes.

Anticipated completion date: 2012-13

**FINDINGS 12.10 and 12.15**

Contact person: Terrell Jackson

Corrective action plan: Program directors have been instructed in the maintenance of inventory records for all assets purchased with federal funds.

Anticipated completion date: 2012-13

**Director of Schools – Summary Schedule of Prior-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