
ANNUAL FINANCIAL REPORT GRAINGER COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2012



**ANNUAL FINANCIAL REPORT
GRAINGER 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***

***BRYAN W. BURKLIN, CPA, CGFM
Audit Manager***

***LESTER TACKETT, CPA, CGFM
Auditor 4***

***VERNA DAVIS
PHILIP TOBY, CGFM
GREG BRUSH
State Auditors***

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

GRAINGER COUNTY, TENNESSEE

TABLE OF CONTENTS

	Exhibit	Page(s)
Audit Highlights		6-7
<u>INTRODUCTORY SECTION</u>		8
Grainger County Officials		9
<u>FINANCIAL SECTION</u>		10
Independent Auditor's Report		11-13
BASIC FINANCIAL STATEMENTS:		14
Government-wide Financial Statements:		
Statement of Net Assets	A	15-16
Statement of Activities	B	17-18
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	19-20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	21
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	22-23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	24
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	D	25
Notes to the Financial Statements		26-55
REQUIRED SUPPLEMENTARY INFORMATION:		56
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	E-1	57-59
Solid Waste/Sanitation Fund	E-2	60
Highway/Public Works Fund	E-3	61
Schedule of Funding Progress – Pension Plan – Primary Government and Discretely Presented Grainger County School Department	E-4	62
Schedule of Funding Progress – Other Postemployment Benefits Plan – Discretely Presented Grainger County School Department	E-5	63
Notes to the Required Supplementary Information		64

	Exhibit	Page(s)
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		65
Nonmajor Governmental Funds:		66-67
Combining Balance Sheet	F-1	68
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	69
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Courthouse and Jail Maintenance Fund	F-3	70
Law Library Fund	F-4	71
Drug Control Fund	F-5	72
Sports and Recreation Fund	F-6	73
Major Governmental Fund:		74
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	G	75
Fiduciary Funds:		76
Combining Statement of Fiduciary Assets and Liabilities	H-1	77
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	H-2	78
Component Unit:		
Discretely Presented Grainger County School Department:		79
Statement of Activities	I-1	80
Balance Sheet – Governmental Funds	I-2	81
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	I-3	82
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	I-4	83
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	I-5	84
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	I-6	85-87
School Federal Projects Fund	I-7	88
Central Cafeteria Fund	I-8	89

	Exhibit	Page(s)
Miscellaneous Schedules:		90
Schedule of Changes in Long-term Notes, Capital Leases, Other Loans, and Bonds – Primary Government and Discretely Presented Grainger County School Department	J-1	91-92
Schedule of Long-term Debt Requirements by Year – Primary Government and Discretely Presented Grainger County School Department	J-2	93-94
Schedule of Transfers – Primary Government and Discretely Presented Grainger County School Department	J-3	95
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Grainger County School Department	J-4	96
Schedule of Detailed Revenues – All Governmental Fund Types	J-5	97-106
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Grainger County School Department	J-6	107-108
Schedule of Detailed Expenditures – All Governmental Fund Types	J-7	109-128
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Grainger County School Department	J-8	129-141
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	J-9	142
 <u>SINGLE AUDIT SECTION</u>		 143
Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		144-145
Auditor's 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		146-148
Schedule of Expenditures of Federal Awards and State Grants		149-150
Schedule of Audit Findings Not Corrected		151
Schedule of Findings and Questioned Costs		152-156
Auditee Reporting Responsibilities		157

Audit Highlights

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

Scope

We have audited the basic financial statements of Grainger 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 the report. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.

Our audit resulted in four findings and recommendations, which we have reviewed with Grainger County management. The detailed findings and recommendations are included in the Single Audit section of this report.

Findings and Best Practices

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

OFFICE OF COUNTY MAYOR

- ◆ Expenditures exceeded appropriations.
-

OFFICE OF ROAD SUPERINTENDENT

- ◆ Deficiencies were noted in the purchase order system.
 - ◆ Expenditures exceeded appropriations.
-

OFFICES OF COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER, SHERIFF, AND THE AMBULANCE SERVICE DEPARTMENT

- ◆ Duties were not segregated adequately.
-

BEST PRACTICES

The Division of Local Government Audit believes that the items noted below are best practices that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Grainger County.

- Grainger County should adopt a central system of accounting, budgeting, and purchasing.
- Grainger County should establish an Audit Committee.

INTRODUCTORY SECTION

Grainger County Officials

June 30, 2012

Officials

Mark Hipsher, County Mayor
Jim Renfro, Road Superintendent
Edwin Jarnagin, Director of Schools
Donald Nance, Trustee
Johnny Morgan, Assessor of Property
Angie Lamb, County Clerk
Sherry Clifton, Circuit and General Sessions Courts Clerk
Vickie Hodge, Clerk and Master
Dorothy Reagan, Register
Scott Layel, Sheriff

Board of County Commissioners

Bill Howerton, Chairman
James Acuff
Johnny Baker
Andy Cameron
David Collins
Gary Wayne Dalton
Mike Holt
Larry Johnson

Wendy Noe
Rodney Overbay
George Shockley
Darrell Stratton
Elizabeth White
Darrell Williams
Doyle Wynn

Board of Education

Darrell Livesay, Chairman
Dwight Bull
Anthony Davidson
Harold Frazier
Steve Hodge

Joyce Lane
Coy McDaniel
Karen McNish
Norma Tate
Larry Turley

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

December 19, 2012

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grainger County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Grainger County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Grainger 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 Grainger 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 Grainger 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 Grainger 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 Grainger County, Tennessee, as of June 30, 2012, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Grainger 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 December 19, 2012, on our consideration of Grainger 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.

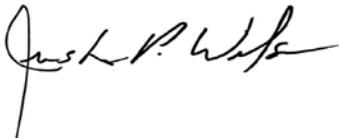
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 57 through 64 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 Grainger 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 Grainger 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 Grainger County School Department (a discretely presented component unit), and the miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Grainger County School Department
<u>ASSETS</u>		
Cash	\$ 77,005	\$ 11,638
Equity in Pooled Cash and Investments	5,142,401	8,369,841
Accounts Receivable	633,914	23,929
Allowance for Uncollectible Accounts Receivable	(352,361)	0
Due from Other Governments	506,318	621,945
Property Taxes Receivable	6,394,927	2,637,456
Allowance for Uncollectible Property Taxes	(181,712)	(74,943)
Deferred Charges - Debt Issuance Cost	602,860	0
Capital Assets:		
Assets Not Depreciated:		
Land	1,829,753	841,582
Construction in Progress	1,098,977	99,819
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	8,511,467	32,647,316
Other Capital Assets	901,915	1,965,251
Infrastructure	644,074	0
Total Assets	<u>\$ 25,809,538</u>	<u>\$ 47,143,834</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 215,507	\$ 241,991
Accrued Payroll	0	37,215
Payroll Deductions Payable	4,938	533,161
Contracts Payable	28,356	136,316
Retainage Payable	0	20,403
Due to State of Tennessee	30,650	0
Accrued Interest Payable	218,758	0
Other Current Liabilities	5,911	10,220
Deferred Revenue - Property Taxes	5,981,694	2,467,026
Noncurrent Liabilities:		
Due Within One Year	1,401,293	22,500
Due in More than One Year (net of unamortized premium on debt)	25,501,088	3,052,794
Total Liabilities	<u>\$ 33,388,195</u>	<u>\$ 6,521,626</u>

(Continued)

Exhibit A

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

	Primary Government <u>Governmental Activities</u>	Component Unit <u>Grainger County School Department</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 8,344,201	\$ 0
Invested in Capital Assets Restricted for:	0	35,553,968
General Government	35,248	0
Finance	88,384	0
Administration of Justice	58,115	0
Public Safety	73,743	0
Public Health and Welfare	59,731	0
Social, Cultural, and Recreational Services	105,656	0
Highways/Public Works	758,548	0
Education	0	491,553
Debt Service	1,499,957	0
Capital Projects	0	16,351
Other Purposes	41,099	0
Unrestricted	<u>(18,643,339)</u>	<u>4,560,336</u>
Total Net Assets (Deficit)	<u>\$ (7,578,657)</u>	<u>\$ 40,622,208</u>

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

Exhibit B

Granger County, Tennessee
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets							Component Unit
	Program Revenues			Primary Governmental Activities		Granger County School Department		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions				
Primary Government:								
Governmental Activities:								
General Government	\$ 1,006,099	\$ 165,533	\$ 84,405	\$ 0	\$ 0	(756,161)	\$ 0	0
Finance	607,720	454,340	0	0	0	(153,380)	0	0
Administration of Justice	639,112	258,518	9,000	0	0	(371,594)	0	0
Public Safety	2,773,704	653,141	57,000	0	0	(2,063,563)	0	0
Public Health and Welfare	2,522,925	809,801	72,910	155,264	0	(1,484,950)	0	0
Social, Cultural, and Recreational Services	290,979	22,553	2,847	0	0	(265,579)	0	0
Agriculture and Natural Resources	128,078	0	0	0	0	(128,078)	0	0
Other Operations	410,189	0	0	0	0	(410,189)	0	0
Highways	2,369,271	10,560	1,461,907	1,131,179	0	234,375	0	0
Debt Service:								
Interest	1,117,150	0	0	0	0	(1,117,150)	0	0
Other Debt Service	71,743	0	0	0	0	(71,743)	0	0
Total Primary Government	\$ 11,936,970	\$ 2,374,446	\$ 1,688,069	\$ 1,286,443	\$ 0	(6,588,012)	\$ 0	0
Component Unit:								
Granger County School Department	\$ 29,383,974	\$ 638,625	\$ 4,738,416	\$ 0	\$ 0	0	\$ (24,006,933)	0
Total Component Unit	\$ 29,383,974	\$ 638,625	\$ 4,738,416	\$ 0	\$ 0	0	\$ (24,006,933)	0

(Continued)

Exhibit B

Granger County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Component Unit
	Expenses	Charges for Services	Operating		Primary Governmental Activities	Granger County School Department	
			Grants and Contributions	Capital Grants and Contributions			
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					\$ 3,694,529	\$	2,532,164
Property Taxes Levied for Solid Waste/Sanitation					662,341		0
Property Taxes Levied for Sports and Recreation					98,922		0
Property Taxes Levied for Highway					591,365		0
Property Taxes Levied for Debt Service					1,119,205		0
Sales Taxes					359,407		1,020,418
Litigation Tax					43,265		0
Business Tax					61,252		25,011
Mineral Severance Tax					31,464		0
Wholesale Beer Tax					74,261		0
Interstate Telecommunication Tax					999		1,310
Grants and Contributions Not Restricted to Specific Programs					1,638,354		19,823,112
Unrestricted Investment Income					216,585		2,345
Miscellaneous					71,724		28,350
Total General Revenues					\$ 8,663,673	\$	23,432,710
Change in Net Assets					\$ 2,075,661	\$	(574,223)
Net Assets (Deficit), July 1, 2011					(9,654,318)		41,196,431
Net Assets (Deficit), June 30, 2012					\$ (7,578,657)	\$	40,622,208

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

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds		
Cash	\$ 400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 76,605	\$ 77,005
Equity in Pooled Cash and Investments	937,591	85,012	823,093	3,062,232	234,473	5,142,401	5,142,401
Accounts Receivable	552,313	2,732	8,293	58,415	12,161	633,914	633,914
Allowance for Uncollectibles	(352,361)	0	0	0	0	(352,361)	(352,361)
Due from Other Governments	186,525	3,062	253,727	63,004	0	506,318	506,318
Due from Other Funds	29,434	0	0	0	0	29,434	29,434
Property Taxes Receivable	3,829,730	686,461	614,202	1,156,145	108,389	6,394,927	6,394,927
Allowance for Uncollectible Property Taxes	(108,821)	(19,506)	(17,453)	(32,852)	(3,080)	(181,712)	(181,712)
Total Assets	\$ 5,074,811	\$ 757,761	\$ 1,681,862	\$ 4,306,944	\$ 428,548	\$ 12,249,926	\$ 12,249,926

ASSETS

LIABILITIES AND FUND BALANCES

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds		
Accounts Payable	\$ 11,938	\$ 31	\$ 203,238	\$ 0	\$ 300	\$ 215,507	\$ 215,507
Payroll Deductions Payable	0	0	4,938	0	0	4,938	4,938
Contracts Payable	28,356	0	0	0	0	28,356	28,356
Due to Other Funds	0	348	0	28,356	730	29,434	29,434
Due to State of Tennessee	28,569	327	1,733	0	21	30,650	30,650
Other Current Liabilities	0	0	0	0	5,911	5,911	5,911
Deferred Revenue - Current Property Taxes	3,582,257	642,103	574,513	1,081,436	101,385	5,981,694	5,981,694
Deferred Revenue - Delinquent Property Taxes	123,673	22,167	19,834	37,335	3,500	206,509	206,509
Other Deferred Revenues	114,712	0	126,863	31,502	0	273,077	273,077
Total Liabilities	\$ 3,889,505	\$ 664,976	\$ 931,119	\$ 1,178,629	\$ 111,847	\$ 6,776,076	\$ 6,776,076
Fund Balances							
Restricted:							
Restricted for General Government	\$ 35,248	\$ 0	\$ 0	\$ 0	\$ 0	\$ 35,248	\$ 35,248
Restricted for Finance	0	0	0	0	88,384	88,384	88,384
Restricted for Administration of Justice	44,994	0	0	0	13,121	58,115	58,115
Restricted for Public Safety	10,852	0	0	0	62,891	73,743	73,743

(Continued)

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other		
					Governmental Funds	Governmental Funds	
\$	37,564	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	37,564
	5,434	0	0	0	96,722	0	102,156
	0	0	611,851	0	0	0	611,851
	0	0	0	1,649,878	0	0	1,649,878
	41,099	0	0	0	0	0	41,099
	0	92,785	0	0	0	0	92,785
	1,004	0	0	0	55,583	0	56,587
	0	0	138,892	0	0	0	138,892
	0	0	0	1,478,437	0	0	1,478,437
Assigned:							
Assigned for Other Purposes	767,121	0	0	0	0	0	767,121
Unassigned	241,990	0	0	0	0	0	241,990
Total Fund Balances	\$ 1,185,306	\$ 92,785	\$ 750,743	\$ 3,128,315	\$ 316,701	\$ 0	\$ 5,473,850
Total Liabilities and Fund Balances	\$ 5,074,811	\$ 757,761	\$ 1,681,862	\$ 4,306,944	\$ 428,548	\$ 0	\$ 12,249,926

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

Grainger 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)		\$	5,473,850
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,829,753	
Add: construction in progress		1,098,977	
Add: infrastructure net of accumulated depreciation		644,074	
Add: buildings and improvements net of accumulated depreciation		8,511,467	
Add: other capital assets net of accumulated depreciation		901,915	12,986,186
(2) Long-term liabilities are not due in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(133,750)	
Less: other loans payable		(203,000)	
Less: capital leases payable		(5,235)	
Less: bonds payable		(25,095,000)	
Add: deferred charges - debt issuance costs		602,860	
Less: compensated absences payable		(96,611)	
Less: landfill closure/postclosure care costs		(1,180,723)	
Less: accrued interest on bonds and notes		(218,758)	
Less: other deferred revenue - premium on debt		(188,062)	(26,518,279)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>479,586</u>
Net assets (deficit) of governmental activities (Exhibit A)		\$	<u><u>(7,578,657)</u></u>

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

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds	Governmental Funds	
<u>Revenues</u>							
Local Taxes	\$ 3,941,097	\$ 685,930	\$ 641,304	\$ 1,529,299	\$ 110,545	\$ 6,908,175	
Licenses and Permits	60,600	0	0	0	0	60,600	
Fines, Forfeitures, and Penalties	49,866	2,702	2,432	4,705	23,525	83,230	
Charges for Current Services	813,379	0	48,625	0	352,869	1,214,873	
Other Local Revenues	198,315	16,173	13,991	216,585	3,326	448,390	
Fees Received from County Officials	374,647	0	0	0	0	374,647	
State of Tennessee	1,255,910	82,189	2,590,560	125,930	49,189	4,103,778	
Federal Government	162,881	0	69,426	0	0	232,307	
Other Governments and Citizens Groups	0	0	0	700,000	0	700,000	
Total Revenues	\$ 6,856,695	\$ 786,994	\$ 3,366,338	\$ 2,576,519	\$ 539,454	\$ 14,126,000	
<u>Expenditures</u>							
Current:							
General Government	\$ 982,433	\$ 0	\$ 0	\$ 0	\$ 2,987	\$ 985,420	
Finance	280,600	0	0	0	328,756	609,356	
Administration of Justice	536,068	0	0	0	0	536,068	
Public Safety	2,643,073	0	0	0	34,445	2,677,518	
Public Health and Welfare	1,534,345	806,778	0	0	0	2,341,123	
Social, Cultural, and Recreational Services	132,993	0	0	0	140,253	273,246	
Agriculture and Natural Resources	128,078	0	0	0	0	128,078	
Other Operations	395,567	0	0	0	0	395,567	
Highways	32,927	0	3,164,903	0	0	3,197,830	
Debt Service:							
Principal on Debt	0	0	0	1,427,695	0	1,427,695	
Interest on Debt	0	0	0	1,117,674	0	1,117,674	
Other Debt Service	0	0	0	34,500	0	34,500	
Capital Projects	131,997	0	0	0	0	131,997	
Total Expenditures	\$ 6,798,081	\$ 806,778	\$ 3,164,903	\$ 2,579,869	\$ 506,441	\$ 13,856,072	
Excess (Deficiency) of Revenues Over Expenditures	\$ 58,614	\$ (19,784)	\$ 201,435	\$ (3,350)	\$ 33,013	\$ 269,928	

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other	Governmental Funds	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 0	\$ 0	0	\$ 0	\$ 0	\$ 5,945	\$ 5,945
Transfers In	0	0	0	140,637	0	11,227	151,864
Transfers Out	(11,227)	0	(138,807)	0	0	(1,830)	(151,864)
Total Other Financing Sources (Uses)	\$ (11,227)	\$ 0	\$ (138,807)	\$ 140,637	\$ 0	\$ 15,342	\$ 5,945
Net Change in Fund Balances	\$ 47,387	\$ (19,784)	\$ 62,628	\$ 137,287	\$ 0	\$ 48,355	\$ 275,873
Fund Balance, July 1, 2011	1,137,919	112,569	688,115	2,991,028	0	268,346	5,197,977
Fund Balance, June 30, 2012	\$ 1,185,306	\$ 92,785	\$ 750,743	\$ 3,128,315	\$ 0	\$ 316,701	\$ 5,473,850

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

Exhibit C-4

Grainger 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)		\$ 275,873
(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	\$ 1,191,177	
Less: current-year depreciation expense	<u>(669,301)</u>	521,876
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: book value of assets disposed		(45,000)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2012	\$ 479,586	
Less: deferred delinquent property taxes and other deferred June 30, 2011	<u>(547,955)</u>	(68,369)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:		
Less: change in deferred debt issuance costs	\$ (37,243)	
Add: change in premium on debt	10,565	
Add: principal payments on bonds	1,095,000	
Add: principal payments on notes	236,695	
Add: principal payments on other loans	96,000	
Add: principal payments on capital leases	<u>9,909</u>	1,410,926
(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	\$ (10,041)	
Change in compensated absences payable	9,326	
Change in landfill closure/postclosure care costs	<u>(18,930)</u>	(19,645)
Change in net assets of governmental activities (Exhibit B)		<u>\$ 2,075,661</u>

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

Exhibit D

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 466,614
Due from Other Governments	<u>107,324</u>
Total Assets	<u>\$ 573,938</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 107,324
Due to Litigants, Heirs, and Others	<u>466,614</u>
Total Liabilities	<u>\$ 573,938</u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Grainger 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 Grainger County:

A. Reporting Entity

Grainger County is a public municipal corporation governed by an elected 15-member board. As required by GAAP, these financial statements present Grainger 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 Grainger County School Department operates the public school system in the county, and the voters of Grainger 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 Grainger County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Grainger County, and the Grainger 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 Grainger County Emergency Communications District were not available from other auditors in time for inclusion in this report.

The Grainger 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

Grainger County Emergency Communications District were not available in time for inclusion, as previously mentioned. Complete financial statements of the Grainger County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Grainger County Emergency
Communications District
P.O. Box 560
Rutledge, TN 37861

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 Grainger 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 Grainger 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.

Grainger County issues all debt for the discretely presented Grainger 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 for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Grainger 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. Grainger 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. Grainger 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.

Grainger County reports the following major governmental funds:

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

Solid Waste/Sanitation Fund – This special revenue fund is used to account for the operation of the county’s convenience centers and the material recovery facility. Local taxes 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 taxes and state gasoline 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, Grainger County reports the following fund types:

Capital Projects Fund – The General Capital Projects Fund is used to account for the financial resources to be used for the acquisition or construction of capital assets.

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

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

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

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

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.

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 loans 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 Grainger 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 Debt Service Fund. Grainger 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

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

All ambulance and property taxes receivables are shown with an allowance for uncollectibles. The allowance for uncollectible ambulance receivables is management's estimate based on prior collections and aging reports. The allowance for uncollectible property taxes is equal to 1.5 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 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.

3. 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 \$5,000 or more and an estimated useful life of five or more 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	50
Other Capital Assets	5 - 25
Infrastructure:	
Roads	20
Bridges	40

4. Compensated Absences

It is the primary government's policy to permit employees to accumulate earned but unused vacation, compensatory time, and sick pay benefits. The discretely presented School Department's policy allows employees to accumulate sick pay benefits but neither vacation benefits nor compensatory time. There is no liability for unpaid accumulated sick leave in the county or the discretely presented School Department since there is no 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 and compensatory pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

5. 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 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, landfill closure/postclosure care costs, retirement incentive, and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

6. 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 their 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, Grainger County had \$20,795,000 in outstanding debt for capital purposes for the discretely presented School Department. This debt is a liability of Grainger County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Grainger County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

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

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

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

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

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

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

Board of Education are authorized bodies to make assignments. Assigned fund balance in the General Fund consists of amounts appropriated for use in the 2012-13 budget (\$767,121). Assigned fund balance in the School Department's General Purpose School Fund consists of amounts assigned for use in the 2012-13 budget (\$524,883) and future capital outlays (\$1,528,922) including encumbrances (\$56,922).

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 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 Grainger 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 Grainger 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 General Capital Projects Fund, which adopts project length budgets. All annual appropriations lapse at fiscal year end.

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor/Executive, 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. Any difference between the budgetary basis and GAAP basis is presented on the face of each budgetary schedule.

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

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Major Fund:		
General Purpose School	School Renovations	\$ 56,922

B. Expenditures Exceeded Appropriations

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

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
Ambulance/Emergency Medical Service	\$ 21,876 [▼]
Soil Conservation	531
Litter and Trash Collection	776

Additionally, expenditures exceeded total appropriations in the Highway/Public Works Fund by \$222,063, primarily due to the Capital Outlay major category exceeding appropriations by \$296,512. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by greater than anticipated revenues.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured

amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

Investments

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

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

B. Capital Assets

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

Governmental Activities

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 1,819,753	\$ 55,000	\$ (45,000)	\$ 1,829,753
Construction in Progress	0	1,098,977	0	1,098,977
Total Capital Assets Not Depreciated	\$ 1,819,753	\$ 1,153,977	\$ (45,000)	\$ 2,928,730
Capital Assets Depreciated:				
Buildings and Improvements	\$ 10,920,022	\$ 13,900	\$ 0	\$ 10,933,922
Roads and Bridges	10,846,848	0	0	10,846,848
Other Capital Assets	3,664,779	23,300	0	3,688,079
Total Capital Assets Depreciated	\$ 25,431,649	\$ 37,200	\$ 0	\$ 25,468,849

(Continued)

Governmental Activities (Cont.)

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,187,355	\$ 235,100	\$ 0	\$ 2,422,455
Roads and Bridges	9,974,247	228,527	0	10,202,774
Other Capital Assets	2,580,490	205,674	0	2,786,164
Total Accumulated Depreciation	<u>\$ 14,742,092</u>	<u>\$ 669,301</u>	<u>\$ 0</u>	<u>\$ 15,411,393</u>
Total Capital Assets Depreciated, Net	<u>\$ 10,689,557</u>	<u>\$ (632,101)</u>	<u>\$ 0</u>	<u>\$ 10,057,456</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,509,310</u>	<u>\$ 521,876</u>	<u>\$ (45,000)</u>	<u>\$ 12,986,186</u>

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

Governmental Activities:

General Government	\$ 19,107
Administration of Justice	102,264
Public Safety	138,635
Public Health and Welfare	93,718
Social, Cultural, and Recreational Services	30,537
Other Operations	14,622
Highway/Public Works	<u>270,418</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 669,301</u>

Discretely Presented Grainger County School Department

Governmental Activities:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 812,384	\$ 29,198	\$ 0	\$ 841,582
Construction in Progress	313,976	236,259	(450,416)	99,819
Total Capital Assets Not Depreciated	<u>\$ 1,126,360</u>	<u>\$ 265,457</u>	<u>\$ (450,416)</u>	<u>\$ 941,401</u>

(Continued)

Governmental Activities (Cont.):

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Depreciated:				
Buildings and Improvements	\$ 40,963,572	\$ 918,040	\$ 0	\$ 41,881,612
Other Capital Assets	2,963,091	513,111	0	3,476,202
Total Capital Assets Depreciated	\$ 43,926,663	\$ 1,431,151	\$ 0	\$ 45,357,814
Less Accumulated Depreciation:				
Buildings and Improvements	\$ 8,355,803	\$ 878,493	\$ 0	\$ 9,234,296
Other Capital Assets	1,199,719	311,232	0	1,510,951
Total Accumulated Depreciation	\$ 9,555,522	\$ 1,189,725	\$ 0	\$ 10,745,247
Total Capital Assets Depreciated, Net	\$ 34,371,141	\$ 241,426	\$ 0	\$ 34,612,567
Governmental Activities Capital Assets, Net	\$ 35,497,501	\$ 506,883	\$ (450,416)	\$ 35,553,968

Depreciation expense was charged to functions of the School Department as follows:

Governmental Activities:

Instruction	\$ 878,493
Support Services	311,232
Total Depreciation Expense - Governmental Activities	\$ 1,189,725

C. Construction Commitments

At June 30, 2012, the School Department's General Purpose School Fund had uncompleted construction contracts of \$56,922 for school renovations. Funding has been provided for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	General Debt Service	\$ 28,356
"	Solid Waste/Sanitation	348
"	Nonmajor governmental	348
"	"	382
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	15,000

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

Interfund Transfers:

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

Primary Government

Transfers Out	Transfers In	
	General Debt Service Fund	Nonmajor Governmental Fund
General Fund	\$ 0	\$ 11,227
Highway/Public Works Fund	138,807	0
Nonmajor governmental fund	1,830	0
Total	\$ 140,637	\$ 11,227

Discretely Presented Grainger County School Department

Transfer Out	Transfer In
	General Purpose School Fund
Central Cafeteria Fund	\$ 15,000

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

E. Capital Leases

On July 28, 2009, Grainger County entered into a three-year lease-purchase agreement for a Bobcat bucket loader for the Solid Waste Department. The terms of the agreement require total lease payments of \$20,145 plus interest of six percent. Title to the equipment transfers to Grainger County at the end of the lease period. The Solid Waste/Sanitation Fund is making the lease payments.

The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Machinery and Equipment	\$ 20,145
Less: Accumulated Depreciation	<u>(3,926)</u>
Total Book Value	<u><u>\$ 16,219</u></u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2012, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2013	\$ 5,461
Less: Amount Representing Interest	<u>(226)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 5,235</u></u>

F. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. Capital outlay notes are also issued to fund capital facilities, other capital purchases such as equipment, and closure costs of the county-owned landfill.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 25 years for bonds, up to nine years for notes, and up to 11 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2012, will be retired from the General Debt Service Fund.

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

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
General Obligation Bonds:				
Primary Government				
Purposes	3.87 %	3-1-23	\$ 6,500,000	\$ 4,300,000
School Purposes	4.21 to 4.32	5-1-30	24,500,000	20,795,000
Capital Outlay Notes	4.07 to 4.97	12-16-14	435,000	133,750
Other Loans	variable	5-24-14	1,000,000	203,000
Capital Leases	6	7-28-12	20,145	5,235

During the 2002-03 year, Grainger County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$1 million to Grainger County for paving and improving roads. The loan is repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with this loan. At June 30, 2012, the variable interest rate was .34 percent, and other fees totaled approximately .15 percent of the outstanding loan principal.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2012, including interest payments and other loan fees, are presented in the following tables. Estimated interest and other loan fees included in the table for the variable rate debt are computed based on the rates in effect at June 30, 2012.

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 1,140,000	\$ 1,059,222	\$ 2,199,222
2014	1,180,000	1,015,028	2,195,028
2015	1,220,000	969,306	2,189,306
2016	1,270,000	921,686	2,191,686
2017	1,315,000	871,694	2,186,694
2018-2022	7,420,000	3,516,514	10,936,514
2023-2027	6,960,000	1,932,426	8,892,426
2028-2030	4,590,000	417,424	5,007,424
Total	\$ 25,095,000	\$ 10,703,300	\$ 35,798,300

Year Ending June 30	Notes		
	Principal	Interest	Total
2013	\$ 83,750	\$ 6,130	\$ 89,880
2014	25,000	2,485	27,485
2015	25,000	1,243	26,243
Total	\$ 133,750	\$ 9,858	\$ 143,608

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2013	\$ 100,000	\$ 605	\$ 267	\$ 100,872
2014	103,000	263	116	103,379
Total	\$ 203,000	\$ 868	\$ 383	\$ 204,251

There is \$3,128,315 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,108, based on the 2010 federal census. Debt per capita, including bonds, notes, other loans, and capital leases totaled \$1,122, based on the 2010 federal census.

Changes in Long-term Liabilities

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

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2011	\$ 26,190,000	\$ 370,445	\$ 299,000
Reductions	(1,095,000)	(236,695)	(96,000)
Balance, June 30, 2012	<u>\$ 25,095,000</u>	<u>\$ 133,750</u>	<u>\$ 203,000</u>
Balance Due Within One Year	<u>\$ 1,140,000</u>	<u>\$ 83,750</u>	<u>\$ 100,000</u>

	Capital Leases	Compensated Absences	Landfill Postclosure Care Costs
Balance, July 1, 2011	\$ 15,144	\$ 105,937	\$ 1,161,793
Additions	0	32,818	27,673
Reductions	(9,909)	(42,144)	(8,743)
Balance, June 30, 2012	<u>\$ 5,235</u>	<u>\$ 96,611</u>	<u>\$ 1,180,723</u>
Balance Due Within One Year	<u>\$ 5,235</u>	<u>\$ 19,322</u>	<u>\$ 52,986</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 26,714,319
Less: Balance Due Within One Year	(1,401,293)
Add: Unamortized Premium on Debt	<u>188,062</u>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 25,501,088</u>
---	----------------------

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

Discretely Presented Grainger County School Department

Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities for the discretely presented School Department for the year ended June 30, 2012:

	Notes	Retirement Incentive	Other Postemployment Benefits
Balance, July 1, 2011	\$ 12,688	\$ 17,500	\$ 2,385,999
Additions	0	25,000	994,132
Reductions	(12,688)	(20,000)	(327,337)
Balance, June 30, 2012	<u>\$ 0</u>	<u>\$ 22,500</u>	<u>\$ 3,052,794</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 22,500</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 3,075,294
Less: Balance Due within One Year	<u>(22,500)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 3,052,794</u>

Notes and retirement incentives will be paid from the General Purpose School Fund. Other postemployment benefits will be paid from the employing funds (General Purpose School, School Federal Projects, and Central Cafeteria funds).

During the year, the discretely presented School Department contributed \$700,000 to the primary government to apply toward the retirement of school-related debt.

G. On-Behalf Payments – Discretely Presented Grainger County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Grainger 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 \$142,459 and \$15,482, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

H. Short-term Debt

Grainger County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the following funds. These notes

were necessary because funds were not available to meet obligations coming due before revenues were available. Short-term debt activity for the year ended June 30, 2012, was as follows:

Fund	Balance 7-1-11	Issued	Paid	Balance 6-30-12
General	\$ 0	\$ 1,000,000	\$ (1,000,000)	\$ 0
Solid Waste/Sanitation	0	300,000	(300,000)	0

V. OTHER INFORMATION

A. Risk Management

Primary Government

The county is exposed to various risks related to general liability, property, casualty, and workers' compensation. The county participates in the Local Government Property and Casualty Fund and the Local Government Workers' Compensation Fund, public entity risk pools. The county pays monthly or annual premiums for its insurance coverage. These pools are to be self-sustaining through member premiums.

The county provides commercial health insurance coverage for its active employees. Pre-65 age retirees are not eligible to participate in the county's health plan. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Discretely Presented Grainger County School Department

The discretely presented Grainger County School Department is exposed to various risks related to general liability, property, casualty, and workers' compensation. The School Department purchased commercial insurance for risks related to general liability, property, casualty, and workers' compensation. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

For certified employees, 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, *Tennessee Code Annotated (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.

The School Department provides commercial health insurance coverage for its active noncertified personnel. Pre-65 age retirees are not eligible to participate in the commercial health plan. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

B. Subsequent Events

Grainger County utilized idle funds of the General Debt Service Fund to issue tax anticipation notes in advance of property tax collections for the General and Solid Waste/Sanitation funds totaling \$386,177 and \$155,995, respectively.

Subsequent to June 30, 2012, the County Commission authorized the sale of \$24,850,000 in General Obligation Refunding Bonds. As of the date of this report, Grainger County has issued \$9,975,000 of these refunding bonds.

C. Contingent Liabilities

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

D. Landfill Postclosure Care Costs

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

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Grainger County closed its sanitary landfill in 2002. The \$1,180,723 reported as postclosure care liability at June 30, 2012, represents amounts based on what it would cost to perform all postclosure care in 2012. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

E. Joint Venture

The Fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Fourth Judicial District; Sevier, Cocke, Grainger, and Jefferson counties; and

various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Grainger County made no contributions to the DTF for the year ended June 30, 2012, and does not have any equity interest in this joint venture.

Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

District Attorney General
Fourth Judicial District
125 Court Avenue, Suite 301
Sevierville, TN 37862

F. Jointly Governed Organization

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

G. Retirement Commitments

Plan Description

Employees of Grainger 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 Grainger 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

Grainger County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, was 10.42 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2012, Grainger County's annual pension cost of \$776,053 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) 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 seven years. An

actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	\$776,053	100%	\$0
6-30-11	727,507	100	0
6-30-10	739,039	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 92.99 percent funded. The actuarial accrued liability for benefits was \$16.45 million, and the actuarial value of assets was \$15.29 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.15 million. The covered payroll (annual payroll of active employees covered by the plan) was \$6.77 million, and the ratio of the UAAL to the covered payroll was 17.04 percent.

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

SCHOOL TEACHERS

Plan Description

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

Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2012, was 9.05 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2012, 2011, and 2010, were \$1,047,711, \$1,040,682, and \$723,665 respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

Discretely Presented Grainger County School Department

Plan Description

The School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)* for teachers. 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://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in the 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 provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2012, the discretely presented School Department contributed \$327,337 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 1,000,000
Interest on the NPO	95,440
Adjustment to the ARC	(101,308)
Annual OPEB cost	<hr/> \$ 994,132
Amount of contribution	(327,337)
Increase/decrease in NPO	<hr/> \$ 666,795
Net OPEB obligation, 7-1-11	<hr/> 2,385,999
	<hr/>
Net OPEB obligation, 6-30-12	<hr/> <hr/> \$ 3,052,794

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
<hr/>				
6-30-10	Local Education Group	\$ 810,340	20%	\$ 1,973,750
6-30-11	"	835,690	51	2,385,999
6-30-12	"	994,132	33	3,052,794

Funded Status and Funding Progress

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

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-11
Actuarial accrued liability (AAL)	\$ 9,300,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 9,300,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 12,545,938
UAAL as a % of covered payroll	74%

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 Group 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 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. Both rates include 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.

I. Retirement Incentive

The discretely presented School Department has entered into a retirement incentive bonus payment plan in accordance with contract provisions. This plan is available to all certified teachers who retire from the School Department with at least ten years of service in Grainger County and are between the ages of 55 and 60, or have a minimum of 30 years of credited service in the Tennessee Consolidated Retirement System. The plan provides teachers who have met the noted requirements, a bonus of \$5,000 paid in two equal installments. During the year, expenditures of \$20,000 were recognized for retirement incentive bonus payments. At June 30, 2012, five individuals were participating in the program and were owed \$22,500, with the entire amount being due within one year.

J. Purchasing Laws

Office of County Mayor

Purchasing procedures for the County Mayor's Office are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-207, *Tennessee Code Annotated (TCA)*. This act provides for purchases exceeding \$10,000 (excluding emergency purchases) to be made after public advertisement and solicitation of competitive bids.

Office of Road Superintendent

Chapter 232, Private Acts of 1980, and provisions of the Uniform Road Law, Section 54-7-113, *TCA*, govern purchasing procedures for this office. These statutes provide for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Director of Schools

Purchasing procedures for the discretely presented School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, *TCA*, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$10,000.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 3,941,097	\$ 0	\$ 3,941,097	\$ 3,830,200	\$ 3,830,200	\$ 110,897
Licenses and Permits	60,600	0	60,600	55,950	55,950	4,650
Fines, Forfeitures, and Penalties	49,866	0	49,866	41,400	41,400	8,466
Charges for Current Services	813,379	0	813,379	912,500	914,966	(101,587)
Other Local Revenues	198,315	0	198,315	79,500	122,849	75,466
Fees Received from County Officials	374,647	0	374,647	372,500	372,500	2,147
State of Tennessee	1,255,910	0	1,255,910	961,000	986,000	269,910
Federal Government	162,881	0	162,881	244,800	212,681	(49,800)
Total Revenues	\$ 6,856,695	\$ 0	\$ 6,856,695	\$ 6,497,850	\$ 6,536,546	\$ 320,149
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 51,586	\$ 0	\$ 51,586	\$ 64,210	\$ 64,210	\$ 12,624
Board of Equalization	375	0	375	1,200	1,200	825
Beer Board	1,038	0	1,038	2,000	2,000	962
Budget and Finance Committee	3,500	0	3,500	4,000	4,000	500
County Mayor/Executive	172,550	0	172,550	181,613	181,613	9,063
Election Commission	171,763	0	171,763	182,698	182,698	10,935
Register of Deeds	158,848	0	158,848	180,001	180,001	21,153
Planning	16,146	0	16,146	20,750	20,750	4,604
County Buildings	66,202	0	66,202	94,850	89,850	23,648
Other Facilities	318,341	0	318,341	321,978	326,978	8,637
Preservation of Records	22,084	0	22,084	22,354	28,034	5,950
Finance						
Property Assessor's Office	143,836	0	143,836	158,576	158,576	14,740

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Finance (Cont.)</u>						
County Trustee's Office	\$ 82,659	\$ (8,537)	\$ 74,122	\$ 77,000	\$ 77,000	\$ 2,878
County Clerk's Office	54,105	0	54,105	58,393	58,393	4,288
<u>Administration of Justice</u>						
Circuit Court	170,655	(360)	170,295	183,660	183,660	13,365
General Sessions Court	151,433	0	151,433	160,140	160,140	8,707
Chancery Court	121,524	0	121,524	125,582	125,582	4,058
Juvenile Court	92,456	0	92,456	110,738	110,738	18,282
<u>Public Safety</u>						
Sheriff's Department	1,251,965	0	1,251,965	1,150,494	1,264,968	13,003
Jail	1,095,072	0	1,095,072	1,107,258	1,142,824	47,752
Fire Prevention and Control	1,500	0	1,500	1,500	1,500	0
Civil Defense	91,266	0	91,266	140,353	144,953	53,687
Other Emergency Management	200,000	0	200,000	200,000	200,000	0
Inspection and Regulation	3,270	0	3,270	3,370	3,370	100
<u>Public Health and Welfare</u>						
Local Health Center	65,120	0	65,120	88,879	88,879	23,759
Ambulance/Emergency Medical Services	1,437,027	(195)	1,436,832	1,409,956	1,414,956	(21,876)
Crippled Children Services	0	0	0	1,257	0	0
Other Local Health Services	661	0	661	1,950	1,950	1,289
Appropriation to State	16,837	0	16,837	15,580	16,837	0
General Welfare Assistance	6,000	0	6,000	10,000	10,000	4,000
Aid to Dependent Children	4,700	0	4,700	4,700	4,700	0
Other Local Welfare Services	4,000	0	4,000	4,000	4,000	0

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	\$ 4,000 \$	0 \$	4,000 \$	12,000 \$	12,000 \$	8,000
Libraries	128,993	(5,759)	123,234	144,985	145,235	22,001
<u>Agriculture and Natural Resources</u>						
Agriculture Extension Service	59,373	0	59,373	60,105	60,105	732
Soil Conservation	68,705	0	68,705	68,174	68,174	(531)
<u>Other Operations</u>						
Tourism	1,200	0	1,200	1,350	1,350	150
Industrial Development	58,520	0	58,520	66,157	66,157	7,637
Veterans' Services	11,737	0	11,737	12,936	12,936	1,199
Other Charges	265,676	0	265,676	335,100	329,100	63,424
Contributions to Other Agencies	3,391	0	3,391	3,791	3,791	400
Miscellaneous	55,043	(946)	54,097	67,500	79,000	24,903
<u>Highways</u>						
Litter and Trash Collection	32,927	0	32,927	32,151	32,151	(776)
Capital Projects	131,997	(46,664)	85,333	100,000	157,400	72,067
Public Health and Welfare Projects	\$ 6,798,081 \$	(62,461) \$	6,735,620 \$	6,993,289 \$	7,221,759 \$	486,139
<u>Total Expenditures</u>						
	\$ 58,614 \$	62,461 \$	121,075 \$	(495,439) \$	(685,213) \$	806,288
<u>Excess (Deficiency) of Revenues</u> Over Expenditures						
	\$ 0 \$	0 \$	0 \$	50,000 \$	50,000 \$	(50,000)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	(11,227)	0	(11,227)	0	(11,227)	0
Transfers Out	(11,227)	0	(11,227)	50,000	38,773	(50,000)
<u>Total Other Financing Sources (Uses)</u>						
	\$ 47,387 \$	62,461 \$	109,848 \$	(445,439) \$	(646,440) \$	756,288
<u>Net Change in Fund Balance</u> Fund Balance, July 1, 2011	1,137,919	(62,461)	1,075,458	897,378	897,378	178,080
<u>Fund Balance, June 30, 2012</u>	\$ 1,185,306 \$	0 \$	1,185,306 \$	451,939 \$	250,938 \$	934,368

Exhibit E-2

Granger County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation 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>						
Local Taxes	\$ 685,930	\$ 0	\$ 685,930	\$ 675,000	\$ 675,000	\$ 10,930
Fines, Forfeitures, and Penalties	2,702	0	2,702	3,590	3,590	(888)
Other Local Revenues	16,173	0	16,173	15,000	15,000	1,173
State of Tennessee	82,189	0	82,189	74,000	74,000	8,189
Total Revenues	\$ 786,994	\$ 0	\$ 786,994	\$ 767,590	\$ 767,590	\$ 19,404
<u>Expenditures</u>						
Public Health and Welfare						
Sanitation Management	\$ 788,435	(74)	\$ 788,361	\$ 793,210	\$ 793,210	\$ 4,849
Recycling Center	9,600	0	9,600	9,600	9,600	0
Postclosure Care Costs	8,743	0	8,743	22,000	22,000	13,257
Total Expenditures	\$ 806,778	(74)	\$ 806,704	\$ 824,810	\$ 824,810	\$ 18,106
Excess (Deficiency) of Revenues Over Expenditures	\$ (19,784)	74	\$ (19,710)	\$ (57,220)	\$ (57,220)	\$ 37,510
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ (19,784)	74	\$ (19,710)	\$ (57,220)	\$ (57,220)	\$ 37,510
	112,569	(74)	112,495	112,495	112,495	0
Fund Balance, June 30, 2012	\$ 92,785	0	\$ 92,785	\$ 55,275	\$ 55,275	\$ 37,510

Exhibit E-3

Grainger 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	\$ 641,304	\$ 584,100	\$ 584,100	\$ 57,204
Fines, Forfeitures, and Penalties	2,432	2,620	2,620	(188)
Charges for Current Services	48,625	68,000	68,125	(19,500)
Other Local Revenues	13,991	0	11,315	2,676
State of Tennessee	2,590,560	2,265,572	2,265,572	324,988
Federal Government	69,426	31,000	36,500	32,926
Total Revenues	<u>\$ 3,366,338</u>	<u>\$ 2,951,292</u>	<u>\$ 2,968,232</u>	<u>\$ 398,106</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 143,538	\$ 173,304	\$ 170,583	\$ 27,045
Highway and Bridge Maintenance	1,377,202	1,411,782	1,411,894	34,692
Operation and Maintenance of Equipment	262,960	238,115	270,532	7,572
Other Charges	169,960	175,100	175,100	5,140
Capital Outlay	1,211,243	927,931	914,731	(296,512)
Total Expenditures	<u>\$ 3,164,903</u>	<u>\$ 2,926,232</u>	<u>\$ 2,942,840</u>	<u>\$ (222,063)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 201,435</u>	<u>\$ 25,060</u>	<u>\$ 25,392</u>	<u>\$ 176,043</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	<u>\$ (138,807)</u>	<u>\$ (150,000)</u>	<u>\$ (150,000)</u>	<u>\$ 11,193</u>
Total Other Financing Sources (Uses)	<u>\$ (138,807)</u>	<u>\$ (150,000)</u>	<u>\$ (150,000)</u>	<u>\$ 11,193</u>
Net Change in Fund Balance	\$ 62,628	\$ (124,940)	\$ (124,608)	\$ 187,236
Fund Balance, July 1, 2011	688,115	401,979	401,647	286,468
Fund Balance, June 30, 2012	<u>\$ 750,743</u>	<u>\$ 277,039</u>	<u>\$ 277,039</u>	<u>\$ 473,704</u>

Exhibit E-4

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

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-11	\$ 15,292	\$ 16,445	\$ 1,153	92.99 %	\$ 6,768	17.04 %
7-1-09	11,535	12,412	876	92.94	6,467	13.55
7-1-07	9,812	10,868	1,056	90.28	6,032	17.51

Exhibit E-5

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

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Group	7-1-09	\$ 0	\$ 8,014	\$ 8,014	0 %	\$ 13,927	58 %
"	7-1-10	0	8,095	8,095	0	14,358	56
"	7-1-11	0	9,300	9,300	0	12,546	74

GRAINGER 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 Grainger County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

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

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in several major appropriations categories (the legal level of control) of the General Fund:

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
Ambulance/Emergency Medical Service	\$ 21,876
Soil Conservation	531
Litter and Trash Collection	776

In addition, expenditures exceeded total appropriations in the Highway/Public Works fund by \$222,063 primarily due to the Capital Outlay major category exceeding appropriations by \$296,512.

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Courthouse and Jail Maintenance Fund – The Courthouse and Jail Maintenance Fund is used to account for a special tax levied by private act on litigation and the recording of certain instruments. The proceeds of the tax must be used to pay for improvements or maintenance on the courthouse and jail.

Law Library Fund – The Law Library Fund is used to account for a special tax levied by private act on litigation. Proceeds of the tax must be expended for the benefit of the county's law library.

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

Sports and Recreation Fund – The Sports and Recreation Fund is used to account for transactions of the Parks and Recreation Department.

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 Fund

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

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

Exhibit F-1

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

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Law Library	Drug Control	Sports and Recreation	Constitu- tional Officers - Fees		
\$	0	0	0	0	0	76,605	\$ 76,605
Equity in Pooled Cash and Investments	11,489	1,632	62,891	158,461	0	0	234,473
Accounts Receivable	0	0	0	0	12,161	0	12,161
Property Taxes Receivable	0	0	0	108,389	0	0	108,389
Allowance for Uncollectible Property Taxes	0	0	0	(3,080)	0	0	(3,080)
Total Assets	\$ 11,489	\$ 1,632	\$ 62,891	\$ 263,770	\$ 88,766	\$ 0	\$ 428,548

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Law Library	Drug Control	Sports and Recreation	Constitu- tional Officers - Fees		
\$	0	0	0	0	0	0	\$ 300
Accounts Payable	0	0	0	348	382	0	730
Due to State of Tennessee	0	0	0	21	0	0	21
Other Current Liabilities	0	0	0	5,911	0	0	5,911
Deferred Revenue - Current Property Taxes	0	0	0	101,385	0	0	101,385
Deferred Revenue - Delinquent Property Taxes	0	0	0	3,500	0	0	3,500
Total Liabilities	\$ 0	\$ 0	\$ 0	\$ 111,465	\$ 382	\$ 0	\$ 111,847
<u>Fund Balances</u>							
Restricted:							
Restricted for Finance	0	0	0	0	88,384	0	88,384
Restricted for Administration of Justice	11,489	1,632	0	0	0	0	13,121
Restricted for Public Safety	0	0	62,891	0	0	0	62,891
Restricted for Social, Cultural, and Recreational Services	0	0	0	96,722	0	0	96,722
Committed:							
Committed for Social, Cultural, and Recreational Services	0	0	0	55,583	0	0	55,583
Total Fund Balances	\$ 11,489	\$ 1,632	\$ 62,891	\$ 152,305	\$ 88,384	\$ 0	\$ 316,701
Total Liabilities and Fund Balances	\$ 11,489	\$ 1,632	\$ 62,891	\$ 263,770	\$ 88,766	\$ 0	\$ 428,548

Liabilities

Accounts Payable
Due to Other Funds
Due to State of Tennessee
Other Current Liabilities
Deferred Revenue - Current Property Taxes
Deferred Revenue - Delinquent Property Taxes

Total Liabilities

Fund Balances

Restricted:
 Restricted for Finance
 Restricted for Administration of Justice
 Restricted for Public Safety
 Restricted for Social, Cultural, and Recreational Services
Committed:
 Committed for Social, Cultural, and Recreational Services

Total Fund Balances

Total Liabilities and Fund Balances

Exhibit F-2

Grainger 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						Total	Capital Projects Fund	Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Law Library	Drug Control	Sports and Recreation	Constitu- tional Officers - Fees	General Capital Projects			
<u>Revenues</u>									
Local Taxes	\$ 925	\$ 1,309	\$ 0	\$ 108,311	\$ 0	\$ 110,545	\$ 0	\$ 110,545	
Fines, Forfeitures, and Penalties	0	0	23,097	428	0	23,525	0	23,525	
Charges for Current Services	0	0	0	18,546	334,323	352,869	0	352,869	
Other Local Revenues	0	0	479	2,847	0	3,326	0	3,326	
State of Tennessee	0	0	0	49,189	0	49,189	0	49,189	
Total Revenues	\$ 925	\$ 1,309	\$ 23,576	\$ 179,321	\$ 334,323	\$ 539,454	\$ 0	\$ 539,454	
<u>Expenditures</u>									
Current:									
General Government	\$ 2,987	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,987	\$ 0	\$ 2,987	
Finance	0	0	0	0	328,756	328,756	0	328,756	
Public Safety	0	0	34,445	0	0	34,445	0	34,445	
Social, Cultural, and Recreational Services	0	2,012	0	138,241	0	140,253	0	140,253	
Total Expenditures	\$ 2,987	\$ 2,012	\$ 34,445	\$ 138,241	\$ 328,756	\$ 506,441	\$ 0	\$ 506,441	
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,062)	\$ (703)	\$ (10,869)	\$ 41,080	\$ 5,567	\$ 33,013	\$ 0	\$ 33,013	
<u>Other Financing Sources (Uses)</u>									
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 5,945	\$ 0	\$ 5,945	\$ 0	\$ 5,945	
Transfers In	0	0	0	0	0	0	11,227	11,227	
Transfers Out	0	0	0	0	0	0	(1,830)	(1,830)	
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 5,945	\$ 0	\$ 5,945	\$ 9,397	\$ 15,342	
Net Change in Fund Balances	\$ (2,062)	\$ (703)	\$ (10,869)	\$ 47,025	\$ 5,567	\$ 38,958	\$ 9,397	\$ 48,355	
Fund Balance, July 1, 2011	13,551	2,335	73,760	105,280	82,817	277,743	(9,397)	268,346	
Fund Balance, June 30, 2012	\$ 11,489	\$ 1,632	\$ 62,891	\$ 152,305	\$ 88,384	\$ 316,701	\$ 0	\$ 316,701	

Exhibit F-3

Grainger County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Courthouse and Jail Maintenance Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 925	\$ 2,000	\$ 2,000	\$ (1,075)
Total Revenues	\$ 925	\$ 2,000	\$ 2,000	\$ (1,075)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 2,987	\$ 12,030	\$ 12,030	\$ 9,043
Total Expenditures	\$ 2,987	\$ 12,030	\$ 12,030	\$ 9,043
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,062)	\$ (10,030)	\$ (10,030)	\$ 7,968
Net Change in Fund Balance	\$ (2,062)	\$ (10,030)	\$ (10,030)	\$ 7,968
Fund Balance, July 1, 2011	13,551	10,030	10,030	3,521
Fund Balance, June 30, 2012	\$ 11,489	\$ 0	\$ 0	\$ 11,489

Exhibit F-4

Grainger County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Law Library Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,309	\$ 700	\$ 700	\$ 609
Total Revenues	<u>\$ 1,309</u>	<u>\$ 700</u>	<u>\$ 700</u>	<u>\$ 609</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 2,012	\$ 2,020	\$ 2,020	\$ 8
Total Expenditures	<u>\$ 2,012</u>	<u>\$ 2,020</u>	<u>\$ 2,020</u>	<u>\$ 8</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (703)</u>	<u>\$ (1,320)</u>	<u>\$ (1,320)</u>	<u>\$ 617</u>
Net Change in Fund Balance	\$ (703)	\$ (1,320)	\$ (1,320)	\$ 617
Fund Balance, July 1, 2011	2,335	1,320	1,320	1,015
Fund Balance, June 30, 2012	<u>\$ 1,632</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,632</u>

Exhibit F-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 23,097	\$ 15,000	\$ 15,000	\$ 8,097
Other Local Revenues	479	0	0	479
Total Revenues	<u>\$ 23,576</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 8,576</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 34,445	\$ 43,350	\$ 43,350	\$ 8,905
Total Expenditures	<u>\$ 34,445</u>	<u>\$ 43,350</u>	<u>\$ 43,350</u>	<u>\$ 8,905</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (10,869)</u>	<u>\$ (28,350)</u>	<u>\$ (28,350)</u>	<u>\$ 17,481</u>
Net Change in Fund Balance	\$ (10,869)	\$ (28,350)	\$ (28,350)	\$ 17,481
Fund Balance, July 1, 2011	73,760	73,760	73,760	0
Fund Balance, June 30, 2012	<u>\$ 62,891</u>	<u>\$ 45,410</u>	<u>\$ 45,410</u>	<u>\$ 17,481</u>

Exhibit F-6

Grainger County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Sports and Recreation Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 108,311	\$ 102,450	\$ 102,450	\$ 5,861
Fines, Forfeitures, and Penalties	428	490	490	(62)
Charges for Current Services	18,546	10,000	13,102	5,444
Other Local Revenues	2,847	5,400	8,032	(5,185)
State of Tennessee	49,189	46,000	46,000	3,189
Total Revenues	<u>\$ 179,321</u>	<u>\$ 164,340</u>	<u>\$ 170,074</u>	<u>\$ 9,247</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Parks and Fair Boards	\$ 138,241	\$ 138,600	\$ 144,867	\$ 6,626
Total Expenditures	<u>\$ 138,241</u>	<u>\$ 138,600</u>	<u>\$ 144,867</u>	<u>\$ 6,626</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 41,080</u>	<u>\$ 25,740</u>	<u>\$ 25,207</u>	<u>\$ 15,873</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 5,945	\$ 0	\$ 0	\$ 5,945
Transfers In	0	0	533	(533)
Total Other Financing Sources (Uses)	<u>\$ 5,945</u>	<u>\$ 0</u>	<u>\$ 533</u>	<u>\$ 5,412</u>
Net Change in Fund Balance	\$ 47,025	\$ 25,740	\$ 25,740	\$ 21,285
Fund Balance, July 1, 2011	<u>105,280</u>	<u>22,817</u>	<u>22,817</u>	<u>82,463</u>
Fund Balance, June 30, 2012	<u>\$ 152,305</u>	<u>\$ 48,557</u>	<u>\$ 48,557</u>	<u>\$ 103,748</u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

Grainger 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	\$ 1,529,299	\$ 1,456,000	\$ 1,456,000	\$ 73,299
Fines, Forfeitures, and Penalties	4,705	6,300	6,300	(1,595)
Other Local Revenues	216,585	240,000	240,000	(23,415)
State of Tennessee	125,930	105,000	105,000	20,930
Other Governments and Citizens Groups	700,000	0	700,000	0
Total Revenues	<u>\$ 2,576,519</u>	<u>\$ 1,807,300</u>	<u>\$ 2,507,300</u>	<u>\$ 69,219</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 455,760	\$ 519,323	\$ 496,243	\$ 40,483
Highways and Streets	133,500	130,500	133,500	0
Education	838,435	835,968	860,935	22,500
<u>Interest on Debt</u>				
General Government	191,491	214,840	234,220	42,729
Highways and Streets	2,579	4,594	4,594	2,015
Education	923,604	960,951	935,107	11,503
<u>Other Debt Service</u>				
General Government	30,195	38,000	38,000	7,805
Highways and Streets	2,728	3,300	3,300	572
Education	1,577	0	1,577	0
Total Expenditures	<u>\$ 2,579,869</u>	<u>\$ 2,707,476</u>	<u>\$ 2,707,476</u>	<u>\$ 127,607</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (3,350)</u>	<u>\$ (900,176)</u>	<u>\$ (200,176)</u>	<u>\$ 196,826</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	<u>\$ 140,637</u>	<u>\$ 850,000</u>	<u>\$ 150,000</u>	<u>\$ (9,363)</u>
Total Other Financing Sources (Uses)	<u>\$ 140,637</u>	<u>\$ 850,000</u>	<u>\$ 150,000</u>	<u>\$ (9,363)</u>
Net Change in Fund Balance	\$ 137,287	\$ (50,176)	\$ (50,176)	\$ 187,463
Fund Balance, July 1, 2011	<u>2,991,028</u>	<u>50,176</u>	<u>50,176</u>	<u>2,940,852</u>
Fund Balance, June 30, 2012	<u>\$ 3,128,315</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,128,315</u>

Fiduciary Funds

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

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

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

Exhibit H-1

Grainger 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	\$ 466,614	\$ 466,614
Due from Other Governments	107,324	0	107,324
Total Assets	<u>\$ 107,324</u>	<u>\$ 466,614</u>	<u>\$ 573,938</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 107,324	\$ 0	\$ 107,324
Due to Litigants, Heirs, and Others	0	466,614	466,614
Total Liabilities	<u>\$ 107,324</u>	<u>\$ 466,614</u>	<u>\$ 573,938</u>

Exhibit H-2

Grainger 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	\$ 655,564	\$ 655,564	\$ 0
Due from Other Governments	110,785	107,324	110,785	107,324
Total Assets	\$ 110,785	\$ 762,888	\$ 766,349	\$ 107,324
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 110,785	\$ 762,888	\$ 766,349	\$ 107,324
Total Liabilities	\$ 110,785	\$ 762,888	\$ 766,349	\$ 107,324
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 456,994	\$ 2,514,976	\$ 2,505,356	\$ 466,614
Restricted Assets	86,169	0	86,169	0
Total Assets	\$ 543,163	\$ 2,514,976	\$ 2,591,525	\$ 466,614
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 543,163	\$ 2,514,976	\$ 2,591,525	\$ 466,614
Total Liabilities	\$ 543,163	\$ 2,514,976	\$ 2,591,525	\$ 466,614
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 456,994	\$ 2,514,976	\$ 2,505,356	\$ 466,614
Equity in Pooled Cash and Investments	0	655,564	655,564	0
Due from Other Governments	110,785	107,324	110,785	107,324
Restricted Assets	86,169	0	86,169	0
Total Assets	\$ 653,948	\$ 3,277,864	\$ 3,357,874	\$ 573,938
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 110,785	\$ 762,888	\$ 766,349	\$ 107,324
Due to Litigants, Heirs, and Others	543,163	2,514,976	2,591,525	466,614
Total Liabilities	\$ 653,948	\$ 3,277,864	\$ 3,357,874	\$ 573,938

Grainger County School Department

This section presents combining and individual fund financial statements for the Grainger County School Department, a discretely presented component unit. The Grainger County School Department uses a General Fund and two Special Revenue Funds.

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.

Exhibit I-1

Grainger County, Tennessee
Statement of Activities
Discretely Presented Grainger 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	\$ 18,386,716	\$ 0	\$ 2,244,821	\$ (16,141,895)
Support Services	7,941,676	7,480	585,782	(7,348,414)
Operation of Non-Instructional Services	2,355,582	631,145	1,907,813	183,376
Debt Service	700,000	0	0	(700,000)
Total Governmental Activities	\$ 29,383,974	\$ 638,625	\$ 4,738,416	\$ (24,006,933)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes			\$	2,532,164
Local Option Sales Taxes				1,020,418
Business Tax				25,011
Interstate Telecommunications Tax				1,310
Grants and Contributions Not Restricted for Specific Programs				19,823,112
Unrestricted Investment Earnings				2,345
Miscellaneous				28,350
Total General Revenues			\$	\$ 23,432,710
Change in Net Assets			\$	(574,223)
Net Assets, July 1, 2011				41,196,431
Net Assets, June 30, 2012			\$	40,622,208

Exhibit I-2

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

	Major Funds		Nonmajor	Total
	General Purpose School	School Federal Projects	Fund Central Cafeteria Fund	
<u>ASSETS</u>				
Cash	\$ 10,220	\$ 0	\$ 1,418	\$ 11,638
Equity in Pooled Cash and Investments	7,810,484	166,598	392,759	8,369,841
Accounts Receivable	18,163	0	5,766	23,929
Due from Other Governments	435,158	81,603	105,184	621,945
Due from Other Funds	15,000	0	0	15,000
Property Taxes Receivable	2,637,456	0	0	2,637,456
Allowance for Uncollectible Property Taxes	(74,943)	0	0	(74,943)
Total Assets	\$ 10,851,538	\$ 248,201	\$ 505,127	\$ 11,604,866
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 88,221	\$ 142,010	\$ 11,760	\$ 241,991
Accrued Payroll	34,740	2,475	0	37,215
Payroll Deductions Payable	533,161	0	0	533,161
Contracts Payable	136,316	0	0	136,316
Retainage Payable	20,403	0	0	20,403
Due to Other Funds	0	0	15,000	15,000
Other Current Liabilities	10,220	0	0	10,220
Deferred Revenue - Current Property Taxes	2,467,026	0	0	2,467,026
Deferred Revenue - Delinquent Property Taxes	85,171	0	0	85,171
Other Deferred Revenues	85,164	0	0	85,164
Total Liabilities	\$ 3,460,422	\$ 144,485	\$ 26,760	\$ 3,631,667
<u>Fund Balances</u>				
Restricted:				
Restricted for Education	\$ 9,470	\$ 3,716	\$ 478,367	\$ 491,553
Restricted for Capital Projects	16,351	0	0	16,351
Committed:				
Committed for Education	502,425	100,000	0	602,425
Assigned:				
Assigned for Education	524,883	0	0	524,883
Assigned for Capital Projects	1,528,922	0	0	1,528,922
Unassigned	4,809,065	0	0	4,809,065
Total Fund Balances	\$ 7,391,116	\$ 103,716	\$ 478,367	\$ 7,973,199
Total Liabilities and Fund Balances	\$ 10,851,538	\$ 248,201	\$ 505,127	\$ 11,604,866

Exhibit I-3

Grainger County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
Discretely Presented Grainger 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)		\$	7,973,199
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	841,582	
Add: construction in progress		99,819	
Add: buildings and improvements net of accumulated depreciation		32,647,316	
Add: other capital assets net of accumulated depreciation		<u>1,965,251</u>	35,553,968
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			170,335
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: retirement incentive payable	\$	(22,500)	
Less: other postemployment benefits liability		<u>(3,052,794)</u>	<u>(3,075,294)</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 40,622,208</u>

Exhibit I-4

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

	Major Funds		Nonmajor	Total
	General Purpose School	School Federal Projects	Fund Central Cafeteria Fund	
<u>Revenues</u>				
Local Taxes	\$ 3,646,696	\$ 0	\$ 0	\$ 3,646,696
Licenses and Permits	679	0	0	679
Fines, Forfeitures, and Penalties	10,179	0	0	10,179
Charges for Current Services	7,525	0	631,100	638,625
Other Local Revenues	75,541	0	3,460	79,001
State of Tennessee	19,705,643	0	19,819	19,725,462
Federal Government	157,743	3,022,858	1,460,016	4,640,617
Other Governments and Citizens Groups	76,323	0	0	76,323
Total Revenues	<u>\$ 23,680,329</u>	<u>\$ 3,022,858</u>	<u>\$ 2,114,395</u>	<u>\$ 28,817,582</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 14,642,682	\$ 2,116,260	\$ 0	\$ 16,758,942
Support Services	6,708,048	922,396	0	7,630,444
Operation of Non-Instructional Services	425,310	0	2,055,793	2,481,103
Capital Outlay	1,208,507	0	0	1,208,507
Debt Service:				
Principal on Debt	12,688	0	0	12,688
Other Debt Service	700,000	0	0	700,000
Total Expenditures	<u>\$ 23,697,235</u>	<u>\$ 3,038,656</u>	<u>\$ 2,055,793</u>	<u>\$ 28,791,684</u>
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (16,906)	\$ (15,798)	\$ 58,602	\$ 25,898
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 10,350	\$ 0	\$ 0	\$ 10,350
Transfers In	15,000	0	0	15,000
Transfers Out	0	0	(15,000)	(15,000)
Total Other Financing Sources (Uses)	<u>\$ 25,350</u>	<u>\$ 0</u>	<u>\$ (15,000)</u>	<u>\$ 10,350</u>
Net Change in Fund Balances	\$ 8,444	\$ (15,798)	\$ 43,602	\$ 36,248
Fund Balance, July 1, 2011	7,382,672	119,514	434,765	7,936,951
Fund Balance, June 30, 2012	<u>\$ 7,391,116</u>	<u>\$ 103,716</u>	<u>\$ 478,367</u>	<u>\$ 7,973,199</u>

Exhibit I-5

Grainger County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Grainger 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 changes in fund balances - total governmental funds (Exhibit I-4)		\$	36,248
(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	\$	1,246,192	
Less: current-year depreciation expense		<u>(1,189,725)</u>	56,467
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2012	\$	170,335	
Less: deferred delinquent property taxes and other deferred June 30, 2011		<u>(178,166)</u>	(7,831)
(3) The issuance of long-term debt (e.g., notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.			
Add: principal payments on notes			12,688
(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	\$	(666,795)	
Change in retirement incentive payable		<u>(5,000)</u>	<u>(671,795)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ (574,223)</u>

Exhibit I-6

Grainger County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Grainger 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	
Revenues							
Local Taxes	\$ 3,646,696	\$ 0	\$ 0	\$ 3,646,696	\$ 3,161,510	\$ 3,161,510	\$ 485,186
Licenses and Permits	679	0	0	679	0	0	679
Fines, Forfeitures, and Penalties	10,179	0	0	10,179	17,000	17,000	(6,821)
Charges for Current Services	7,525	0	0	7,525	7,000	10,900	(3,375)
Other Local Revenues	75,541	0	0	75,541	35,000	91,423	(15,882)
State of Tennessee	19,705,643	0	0	19,705,643	18,739,022	19,540,565	165,078
Federal Government	157,743	0	0	157,743	75,000	163,905	(6,162)
Other Governments and Citizens Groups	76,323	0	0	76,323	0	97,755	(21,432)
Total Revenues	\$ 23,680,329	\$ 0	\$ 0	\$ 23,680,329	\$ 22,034,532	\$ 23,083,058	\$ 597,271
Expenditures							
<u>Instruction</u>							
Regular Instruction Program	\$ 11,553,013	\$ 0	\$ 0	\$ 11,553,013	\$ 11,605,256	\$ 12,099,731	\$ 546,718
Alternative Instruction Program	71,384	0	0	71,384	72,090	72,090	706
Special Education Program	1,787,656	0	0	1,787,656	1,743,748	1,808,748	21,092
Vocational Education Program	934,359	0	0	934,359	965,688	965,688	31,329
Student Body Education Program	54,329	0	0	54,329	38,000	72,775	18,446
Adult Education Program	241,941	0	0	241,941	107,814	277,016	35,075
<u>Support Services</u>							
Attendance	7,938	0	0	7,938	8,613	8,613	675
Health Services	392,851	0	0	392,851	298,177	408,177	15,326
Other Student Support	357,303	0	0	357,303	363,105	387,905	30,602
Regular Instruction Program	653,735	0	0	653,735	738,670	763,093	109,358
Special Education Program	132,792	0	0	132,792	148,383	148,383	15,591

(Continued)

Exhibit I-6

Grainger County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Grainger 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>							
Vocational Education Program	\$ 51,641	\$ 0	\$ 0	\$ 51,641	\$ 57,417	\$ 57,417	\$ 5,776
Adult Programs	27,093	0	0	27,093	0	31,720	4,627
Other Programs	157,941	0	0	157,941	0	157,941	0
Board of Education	309,681	0	0	309,681	348,327	349,127	39,446
Director of Schools	200,052	0	0	200,052	216,761	221,761	21,709
Office of the Principal	1,157,321	0	0	1,157,321	1,180,562	1,180,762	23,441
Operation of Plant	1,536,103	0	0	1,536,103	1,773,448	1,733,448	197,345
Maintenance of Plant	447,813	0	0	447,813	414,845	454,845	7,032
Transportation	1,275,784	0	0	1,275,784	1,309,884	1,309,884	34,100
<u>Operation of Non-Instructional Services</u>							
Community Services	29,612	0	0	29,612	33,300	29,612	0
Early Childhood Education	395,698	0	0	395,698	0	421,473	25,775
<u>Capital Outlay</u>							
Regular Capital Outlay	1,208,507	(64,475)	56,922	1,200,954	113,500	1,389,962	189,008
Principal on Debt	12,688	0	0	12,688	12,944	12,944	256
<u>Other Debt Service</u>							
Education	700,000	0	0	700,000	700,000	700,000	0
Total Expenditures	\$ 23,697,235	\$ (64,475)	\$ 56,922	\$ 23,689,682	\$ 22,250,532	\$ 25,063,115	\$ 1,373,433
Excess (Deficiency) of Revenues Over Expenditures	\$ (16,906)	\$ 64,475	\$ (56,922)	\$ (9,353)	\$ (216,000)	\$ (1,980,057)	\$ 1,970,704

(Continued)

Exhibit I-6

Grainger County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Grainger 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>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 10,350	\$ 0	\$ 0	\$ 10,350	\$ 216,000	\$ 216,000	\$ (205,650)
Transfers In	15,000	0	0	15,000	0	0	15,000
Total Other Financing Sources (Uses)	\$ 25,350	\$ 0	\$ 0	\$ 25,350	\$ 216,000	\$ 216,000	\$ (190,650)
Net Change in Fund Balance	\$ 8,444	\$ 64,475	\$ (56,922)	\$ 15,997	\$ 0	\$ (1,764,057)	\$ 1,780,054
Fund Balance, July 1, 2011	7,382,672	(64,475)	0	7,318,197	0	1,764,057	5,554,140
Fund Balance, June 30, 2012	\$ 7,391,116	\$ 0	\$ (56,922)	\$ 7,334,194	\$ 0	\$ 0	\$ 7,334,194

Exhibit I-7

Grainger County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Grainger County School Department
School Federal Projects Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 3,022,858	\$ 2,823,276	\$ 3,776,135	\$ (753,277)
Total Revenues	\$ 3,022,858	\$ 2,823,276	\$ 3,776,135	\$ (753,277)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,489,217	\$ 1,407,767	\$ 1,813,861	\$ 324,644
Special Education Program	582,428	605,328	682,940	100,512
Vocational Education Program	44,615	44,615	44,615	0
<u>Support Services</u>				
Health Services	39,343	51,603	51,603	12,260
Other Student Support	62,393	95,830	95,830	33,437
Regular Instruction Program	518,728	457,522	793,678	274,950
Special Education Program	236,628	94,291	246,802	10,174
Vocational Education Program	1,763	2,000	2,000	237
Transportation	63,541	64,320	64,320	779
Total Expenditures	\$ 3,038,656	\$ 2,823,276	\$ 3,795,649	\$ 756,993
Excess (Deficiency) of Revenues Over Expenditures	\$ (15,798)	\$ 0	\$ (19,514)	\$ 3,716
Net Change in Fund Balance	\$ (15,798)	\$ 0	\$ (19,514)	\$ 3,716
Fund Balance, July 1, 2011	119,514	0	19,514	100,000
Fund Balance, June 30, 2012	\$ 103,716	\$ 0	\$ 0	\$ 103,716

Exhibit I-8

Grainger County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Grainger 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	\$ 631,100	\$ 667,300	\$ 667,300	\$ (36,200)
Other Local Revenues	3,460	4,000	4,000	(540)
State of Tennessee	19,819	19,000	19,000	819
Federal Government	1,460,016	1,278,300	1,409,571	50,445
Total Revenues	<u>\$ 2,114,395</u>	<u>\$ 1,968,600</u>	<u>\$ 2,099,871</u>	<u>\$ 14,524</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,055,793	\$ 1,953,600	\$ 2,084,871	\$ 29,078
Total Expenditures	<u>\$ 2,055,793</u>	<u>\$ 1,953,600</u>	<u>\$ 2,084,871</u>	<u>\$ 29,078</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 58,602</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 43,602</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (15,000)	\$ (15,000)	\$ (15,000)	\$ 0
Total Other Financing Sources (Uses)	<u>\$ (15,000)</u>	<u>\$ (15,000)</u>	<u>\$ (15,000)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 43,602	\$ 0	\$ 0	\$ 43,602
Fund Balance, July 1, 2011	<u>434,765</u>	<u>0</u>	<u>0</u>	<u>434,765</u>
Fund Balance, June 30, 2012	<u>\$ 478,367</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 478,367</u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Granger County, Tennessee
 Schedule of Changes in Long-term Notes, Capital Leases, Other Loans, and Bonds
Primary Government and Discretely Presented Granger 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	Paid and/or Matured During Period	Outstanding 6-30-12
<u>PRIMARY GOVERNMENT</u>							
<u>BONDS PAYABLE</u>							
Payable through General Debt Service Fund							
Justice Center	\$ 6,500,000	3.87 %	12-23-03	3-1-23	\$ 4,605,000	\$ 305,000	\$ 4,300,000
General Obligation School Bonds - Series 2005	20,500,000	4.21	7-14-05	5-1-30	18,015,000	670,000	17,345,000
General Obligation School Bonds - Series 2006	4,000,000	4.32	8-10-06	5-1-30	3,570,000	120,000	3,450,000
Total Bonds Payable					\$ 26,190,000	\$ 1,095,000	\$ 25,095,000
<u>NOTES PAYABLE</u>							
Payable through General Debt Service Fund							
Justice Center Equipment	225,000	4.97	12-16-05	12-16-14	\$ 100,000	\$ 25,000	\$ 75,000
School Building - Phase III	500,000	4.15	8-23-1999	8-23-11	19,300	19,300	0
School Building - Phase IV	350,000	4.25	5-19-00	5-19-12	29,135	29,135	0
Landfill Closure	550,000	4.25	5-30-00	5-30-12	45,760	45,760	0
Ambulance	85,000	4.78	12-7-07	12-7-11	21,250	21,250	0
Black Fox Bridge	150,000	4.17	2-11-08	2-28-12	37,500	37,500	0
Ambulance and Sheriff Vehicles	135,000	4.07	6-19-09	6-19-13	67,500	33,750	33,750
Ambulance	75,000	4.07	2-1-10	2-1-13	50,000	25,000	25,000
Total Notes Payable					\$ 370,445	\$ 236,695	\$ 133,750

(Continued)

Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Paid and/or Matured During Period	Outstanding 6-30-12
<u>PRIMARY GOVERNMENT (CONT.)</u>							
<u>CAPITAL LEASES PAYABLE</u>							
Payable through General Fund							
Real Property - Ambulance Authority	\$ 55,000	0 %	8-31-01	6-30-12	\$ 5,000	\$ 5,000	\$ 0
Total Payable through General Fund					\$ 5,000	\$ 5,000	\$ 0
<u>Payable through Solid Waste/Sanitation Fund</u>							
Bobcat	20,145	6	7-28-09	7-28-12	\$ 10,144	\$ 4,909	\$ 5,235
Total Payable through Solid Waste/Sanitation Fund					\$ 10,144	\$ 4,909	\$ 5,235
Total Capital Leases Payable					\$ 15,144	\$ 9,909	\$ 5,235
<u>OTHER LOANS PAYABLE</u>							
Payable through General Debt Service Fund							
Montgomery County Public Building Authority	1,000,000	Variable	3-5-03	5-24-14	\$ 299,000	\$ 96,000	\$ 203,000
Total Other Loans Payable					\$ 299,000	\$ 96,000	\$ 203,000
<u>DISCRETELY PRESENTED GRAINGER COUNTY SCHOOL DEPARTMENT</u>							
<u>NOTES PAYABLE</u>							
Payable through General Purpose School Fund							
EPA Asbestos Abatement	232,968	0	11-30-1994	5-30-12	\$ 12,688	\$ 12,688	\$ 0
Total Notes Payable					\$ 12,688	\$ 12,688	\$ 0

Exhibit J-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	\$ 1,140,000	\$ 1,059,222	\$ 2,199,222
2014	1,180,000	1,015,028	2,195,028
2015	1,220,000	969,306	2,189,306
2016	1,270,000	921,686	2,191,686
2017	1,315,000	871,694	2,186,694
2018	1,370,000	819,569	2,189,569
2019	1,425,000	764,866	2,189,866
2020	1,480,000	707,371	2,187,371
2021	1,540,000	645,014	2,185,014
2022	1,605,000	579,694	2,184,694
2023	1,675,000	511,156	2,186,156
2024	1,240,000	439,149	1,679,149
2025	1,295,000	385,056	1,680,056
2026	1,345,000	328,565	1,673,565
2027	1,405,000	268,500	1,673,500
2028	1,460,000	205,575	1,665,575
2029	1,530,000	140,187	1,670,187
2030	1,600,000	71,662	1,671,662
Total	\$ 25,095,000	\$ 10,703,300	\$ 35,798,300

Year Ending June 30	Notes		
	Principal	Interest	Total
2013	\$ 83,750	\$ 6,130	\$ 89,880
2014	25,000	2,485	27,485
2015	25,000	1,243	26,243
Total	\$ 133,750	\$ 9,858	\$ 143,608

(Continued)

Exhibit J-2

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

PRIMARY GOVERNMENT (CONT.)

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2013	\$ 5,235	\$ 226	\$ 5,461
Total	\$ 5,235	\$ 226	\$ 5,461

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2013	\$ 100,000	\$ 605	\$ 267	\$ 100,872
2014	103,000	263	116	103,379
Total	\$ 203,000	\$ 868	\$ 383	\$ 204,251

Exhibit J-3

Grainger County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Grainger 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>			
General	General Capital Projects	Capital expenditures	\$ 11,227
Highway/Public Works	General Debt Service	Debt retirement	138,807
General Capital Projects	"	"	<u>1,830</u>
Total Transfers Primary Government			<u>\$ 151,864</u>
<u>DISCRETELY PRESENTED GRAINGER COUNTY SCHOOL DEPARTMENT</u>			
Central Cafeteria	General Purpose School	Utilities reimbursement	\$ <u>15,000</u>
Total Transfers Discretely Presented Grainger County School Department			<u>\$ 15,000</u>

Grainger County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Grainger County School Department
For the Year Ended June 30, 2012

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 70,038	\$ 50,000	RLI Insurance Company
Road Superintendent	Section 8-24-102, TCA	65,156 (1)	100,000	"
Director of Schools	State Board of Education and County Board of Education	85,492 (2)	(3)	
Trustee	Section 8-24-102, TCA	57,751	885,700	Ohio Casualty Insurance Company
Assessor of Property	Section 8-24-102, TCA	57,751	10,000	Western Surety Company
County Clerk	Section 8-24-102, TCA	57,751	50,000	RLI Insurance Company
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	57,751	50,000	"
Clerk and Master	Section 8-24-102, TCA	57,751	50,000	"
Register	Section 8-24-102, TCA	57,751	25,000	"
Sheriff	Section 8-24-102, TCA, and County Commission	67,303 (4)	25,000	"
Employee Blanket Bonds:				
County Employees			25,000	"
School Department Employees			100,000	Montgomery Insurance Company

(1) Includes \$1,630 to correct prior-year underpayment.

(2) Includes a chief executive officer training supplement of \$1,000.

(3) Covered by employee blanket bond.

(4) Includes \$3,176 for serving as workhouse superintendent and \$600 for a law enforcement training supplement.

Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Solid		
				Waste / Sanitation	Drug Control	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 3,440,005	\$ 0	\$ 0	\$ 612,234	\$ 0	0
Trustee's Collections - Prior Year	151,963	0	0	31,873	0	0
Circuit/Clerk & Master Collections - Prior Years	79,488	0	0	14,282	0	0
Interest and Penalty	31,214	0	0	5,637	0	0
Payments in-Lieu-of-Taxes - T.V.A.	2,387	0	0	428	0	0
Payments in-Lieu-of-Taxes - Local Utilities	0	0	0	0	0	0
Payments in-Lieu-of-Taxes - Other	49,642	0	0	8,899	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	0
Litigation Tax - General	6,529	168	0	0	0	0
Litigation Tax - Special Purpose	23,537	757	1,309	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	10,965	0	0	0	0	0
Business Tax	36,516	0	0	6,556	0	0
Mineral Severance Tax	0	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	33,591	0	0	6,021	0	0
Wholesale Beer Tax	74,261	0	0	0	0	0
Interstate Telecommunications Tax	999	0	0	0	0	0
Total Local Taxes	\$ 3,941,097	\$ 925	\$ 1,309	\$ 685,930	\$ 0	0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 660	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	59,340	0	0	0	0	0
<u>Permits</u>						
Beer Permits	600	0	0	0	0	0
Total Licenses and Permits	\$ 60,600	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

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

	General	Special Revenue Funds				
		Courthouse and Jail Maintenance	Law Library	Solid		Drug Control
				Waste / Sanitation	Sanitation	
	\$	\$	\$	\$	\$	\$
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	3,910	0	0	702	0	0
Officers Costs	1,047	0	0	188	0	0
Game and Fish Fines	0	0	0	0	0	0
Drug Control Fines	7	0	0	0	9,452	0
Jail Fees	2,053	0	0	0	0	0
DUI Treatment Fines	380	0	0	0	0	0
Data Entry Fee - Circuit Court	372	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	4,872	0	0	866	0	0
Fines for Littering	40	0	0	7	0	0
Officers Costs	5,024	0	0	902	0	0
Game and Fish Fines	64	0	0	12	0	0
Drug Control Fines	4,485	0	0	0	6,681	0
Jail Fees	7,965	0	0	0	0	0
DUI Treatment Fines	3,711	0	0	0	0	0
Data Entry Fee - General Sessions Court	2,211	0	0	0	0	0
Courtroom Security Fee	76	0	0	0	0	0
Victims Assistance Assessments	1,261	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	137	0	0	25	0	0
Officers Costs	614	0	0	0	0	0
Data Entry Fee - Juvenile Court	116	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	2,124	0	0	0	0	0
Data Entry Fee - Chancery Court	859	0	0	0	0	0
<u>Other Courts - In-county</u>						
Jail Fees	1,574	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	6,964	0	0	0	0	6,964
Total Fines, Forfeitures, and Penalties	\$ 49,866	\$ 0	\$ 0	\$ 2,702	\$ 23,097	\$ 0

(Continued)

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Law Library	Waste / Sanitation	Drug Control
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Other Employee Benefit Charges/Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Patient Charges	763,395	0	0	0	0
Other General Service Charges	0	0	0	0	0
Service Charges	15,736	0	0	0	0
<u>Fees</u>					
Recreation Fees	0	0	0	0	0
Copy Fees	5,315	0	0	0	0
Library Fees	4,007	0	0	0	0
Archives and Records Management Fee - County Clerk	1,671	0	0	0	0
Telephone Commissions	12,276	0	0	0	0
Vending Machine Collections	171	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0
Data Processing Fee - Register	6,530	0	0	0	0
Data Processing Fee - Sheriff	1,328	0	0	0	0
Sexual Offender Registration Fees - Sheriff	2,950	0	0	0	0
Total Charges for Current Services	\$ 813,379	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	30,043	0	0	100	0
Sale of Materials and Supplies	190	0	0	0	0
Commissary Sales	13,831	0	0	0	0
Sale of Maps	5	0	0	0	0
Sale of Recycled Materials	1,519	0	0	16,073	0
Miscellaneous Refunds	46,704	0	0	0	479
<u>Nonrecurring Items</u>					
Sale of Equipment	13,895	0	0	0	0
Sale of Property	47,565	0	0	0	0
Contributions and Gifts	43,941	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds					
	General	Courthouse and Jail Maintenance	Law Library	Solid Waste / Sanitation	Drug Control	
<u>Other Local Revenues (Cont.)</u>						
<u>Other Local Revenues</u>	\$ 622	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Local Revenues	\$ 198,315	\$ 0	\$ 0	\$ 16,173	\$ 479	
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 3,346	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Trustee	115,000	0	0	0	0	0
<u>Fees in-Lieu-of Salary</u>						
Circuit Court Clerk	40,145	0	0	0	0	0
General Sessions Court Clerk	71,516	0	0	0	0	0
Clerk and Master	53,852	0	0	0	0	0
Juvenile Court Clerk	9,775	0	0	0	0	0
Register	75,657	0	0	0	0	0
Sheriff	5,356	0	0	0	0	0
Total Fees Received from County Officials	\$ 374,647	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Grants	0	0	0	7,418	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	12,000	0	0	0	0	0
Health and Welfare Grants	31,071	0	0	0	0	0
<u>Public Health Nurses</u>						
Public Works Grants	0	0	0	0	0	0
State Aid Program	34,421	0	0	0	0	0
Litter Program	0	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	37,745	0	0	0	0	0
Beer Tax	18,421	0	0	0	0	0

(Continued)

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

	Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Law Library	Waste / Sanitation	Drug Control
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Alcoholic Beverage Tax	\$ 37,002	\$ 0	\$ 0	\$ 0	\$ 0
State Revenue Sharing - T.V.A.	417,143	0	0	74,771	0
Contracted Prisoner Boarding	617,400	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0
Other State Grants	0	0	0	0	0
Other State Revenues	26,543	0	0	0	0
Total State of Tennessee	\$ 1,255,910	\$ 0	\$ 0	\$ 82,189	\$ 0
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 117,881	\$ 0	\$ 0	\$ 0	\$ 0
Disaster Relief	0	0	0	0	0
Homeland Security Grants	45,000	0	0	0	0
Total Federal Government	\$ 162,881	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 6,856,695	\$ 925	\$ 1,309	\$ 786,994	\$ 23,576

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Fund	Total
	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works	General Debt Service		
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 91,011	\$ 0	\$ 551,691	\$ 1,038,486	\$ 5,733,427	
Trustee's Collections - Prior Year	5,032	0	21,709	54,996	265,573	
Circuit/Clerk & Master Collections - Prior Years	2,255	0	12,394	25,209	133,628	
Interest and Penalty	890	0	4,567	10,883	53,191	
Payments in-Lieu-of-Taxes - T.V.A.	68	0	383	720	3,986	
Payments in-Lieu-of-Taxes - Local Utilities	7,059	0	0	0	7,059	
Payments in-Lieu-of-Taxes - Other	10	0	7,962	14,987	81,500	
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	362,479	362,479	
Litigation Tax - General	0	0	0	0	6,697	
Litigation Tax - Special Purpose	0	0	0	0	25,603	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	10,965	
Business Tax	1,035	0	5,747	11,398	61,252	
Mineral Severance Tax	0	0	31,464	0	31,464	
<u>Statutory Local Taxes</u>						
Bank Excise Tax	951	0	5,387	10,141	56,091	
Wholesale Beer Tax	0	0	0	0	74,261	
Interstate Telecommunications Tax	0	0	0	0	999	
Total Local Taxes	\$ 108,311	\$ 0	\$ 641,304	\$ 1,529,299	\$ 6,908,175	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 660	
Cable TV Franchise	0	0	0	0	59,340	
<u>Permits</u>						
Beer Permits	0	0	0	0	600	
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 60,600	

(Continued)

Exhibit J-5

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

	Special Revenue Funds					Total		
	Constituent				Debt Service Fund			
	Sports and Recreation	Officers - Fees	Highway / Public Works	General Debt Service				
	\$	111	\$	0	\$	1,216	\$	6,595
<u>Circuit Court</u>								
Fines		30		0	179	329		1,773
Officers Costs		10		0	0	0		10
Game and Fish Fines		0		0	0	0		9,459
Drug Control Fines		0		0	0	0		2,053
Jail Fees		0		0	0	0		380
DUI Treatment Fines		0		0	0	0		372
Data Entry Fee - Circuit Court		0		0	0	0		
<u>General Sessions Court</u>								
Fines		127		0	811	1,501		8,177
Fines for Littering		1		0	6	12		66
Officers Costs		143		0	749	1,581		8,399
Game and Fish Fines		2		0	10	24		112
Drug Control Fines		0		0	0	0		11,166
Jail Fees		0		0	0	0		7,965
DUI Treatment Fines		0		0	0	0		3,711
Data Entry Fee - General Sessions Court		0		0	0	0		2,211
Courtroom Security Fee		0		0	0	0		76
Victims Assistance Assessments		0		0	0	0		1,261
<u>Juvenile Court</u>								
Fines		4		0	21	42		229
Officers Costs		0		0	0	0		614
Data Entry Fee - Juvenile Court		0		0	0	0		116
<u>Chancery Court</u>								
Officers Costs		0		0	0	0		2,124
Data Entry Fee - Chancery Court		0		0	0	0		859
<u>Other Courts - In-county</u>								
Jail Fees		0		0	0	0		1,574
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property		0		0	0	0		13,928
Total Fines, Forfeitures, and Penalties	\$	428	\$	0	\$	2,432	\$	4,705
								83,230

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Fund	Total
	Sports and Recreation	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service		
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Other Employee Benefit Charges/Contributions	\$ 0	\$ 0	\$ 48,625	\$ 0	\$ 48,625	
Patient Charges	0	0	0	0	763,395	
Other General Service Charges	40	0	0	0	40	
Service Charges	0	0	0	0	15,736	
<u>Fees</u>						
Recreation Fees	18,506	0	0	0	18,506	
Copy Fees	0	0	0	0	5,315	
Library Fees	0	0	0	0	4,007	
Archives and Records Management Fee - County Clerk	0	0	0	0	1,671	
Telephone Commissions	0	0	0	0	12,276	
Vending Machine Collections	0	0	0	0	171	
Constitutional Officers' Fees and Commissions	0	334,323	0	0	334,323	
Data Processing Fee - Register	0	0	0	0	6,530	
Data Processing Fee - Sheriff	0	0	0	0	1,328	
Sexual Offender Registration Fees - Sheriff	0	0	0	0	2,950	
Total Charges for Current Services	\$ 18,546	\$ 334,323	\$ 48,625	\$ 0	\$ 1,214,873	
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 216,585	\$ 216,585	
Lease/Rentals	0	0	0	0	30,143	
Sale of Materials and Supplies	0	0	0	0	190	
Commissary Sales	0	0	0	0	13,831	
Sale of Maps	0	0	0	0	5	
Sale of Recycled Materials	0	0	6,532	0	24,124	
Miscellaneous Refunds	0	0	7,459	0	54,642	
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	13,895	
Sale of Property	0	0	0	0	47,565	
Contributions and Gifts	2,847	0	0	0	46,788	

(Continued)

Exhibit J-5

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

	Special Revenue Funds			Highway / Public Works	General Debt Service	Total
	Sports and Recreation	Constitu- tional Officers - Fees	Debt Service Fund			
	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 622
	\$ 2,847	\$ 0	\$ 0	\$ 13,991	\$ 216,585	\$ 448,390
<u>Other Local Revenues (Cont.)</u>						
Other Local Revenues						
Total Other Local Revenues						
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,346
Trustee	0	0	0	0	0	115,000
<u>Fees in-Lieu-of Salary</u>						
Circuit Court Clerk	0	0	0	0	0	40,145
General Sessions Court Clerk	0	0	0	0	0	71,516
Clerk and Master	0	0	0	0	0	53,852
Juvenile Court Clerk	0	0	0	0	0	9,775
Register	0	0	0	0	0	75,657
Sheriff	0	0	0	0	0	5,356
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 374,647
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Solid Waste Grants	0	0	0	0	0	7,418
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	12,000
Health and Welfare Grants	0	0	0	0	0	31,071
Public Health Nurses	0	0	0	0	0	1,061,753
Public Works Grants	0	0	0	0	0	34,421
State Aid Program	0	0	0	1,061,753	0	1,061,753
Litter Program	0	0	0	0	0	34,421
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	37,745
Beer Tax	0	0	0	0	0	18,421

(Continued)

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

	Special Revenue Funds			Debt Service Fund	Total
	Sports and Recreation	Constitu- tional Officers - Fees	Highway / Public Works		
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Alcoholic Beverage Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 37,002
State Revenue Sharing - T.V.A.	11,806	0	66,900	125,930	696,550
Contracted Prisoner Boarding	0	0	0	0	617,400
Gasoline and Motor Fuel Tax	0	0	1,444,197	0	1,444,197
Petroleum Special Tax	0	0	17,710	0	17,710
Registrar's Salary Supplement	0	0	0	0	15,164
Other State Grants	37,383	0	0	0	37,383
Other State Revenues	0	0	0	0	26,543
Total State of Tennessee	\$ 49,189	\$ 0	\$ 2,590,560	\$ 125,930	\$ 4,103,778
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 117,881
Disaster Relief	0	0	69,426	0	69,426
Homeland Security Grants	0	0	0	0	45,000
Total Federal Government	\$ 0	\$ 0	\$ 69,426	\$ 0	\$ 232,307
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 700,000	\$ 700,000
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 700,000	\$ 700,000
<u>Total</u>	\$ 179,321	\$ 334,323	\$ 3,366,338	\$ 2,576,519	\$ 14,126,000

Exhibit J-6

Grainger County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Grainger 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	\$ 2,368,073	\$ 0	\$ 0	\$ 2,368,073
Trustee's Collections - Prior Year	91,536	0	0	91,536
Circuit/Clerk & Master Collections - Prior Years	54,296	0	0	54,296
Interest and Penalty	20,964	0	0	20,964
Payments in-Lieu-of Taxes - T.V.A.	2,641	0	0	2,641
Payments in-Lieu-of Taxes - Other	34,188	0	0	34,188
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,025,544	0	0	1,025,544
Business Tax	25,011	0	0	25,011
<u>Statutory Local Taxes</u>				
Bank Excise Tax	23,133	0	0	23,133
Interstate Telecommunications Tax	1,310	0	0	1,310
Total Local Taxes	\$ 3,646,696	\$ 0	\$ 0	\$ 3,646,696
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 679	\$ 0	\$ 0	\$ 679
Total Licenses and Permits	\$ 679	\$ 0	\$ 0	\$ 679
<u>Fines, Forfeitures, and Penalties</u>				
<u>Circuit Court</u>				
Fines	\$ 2,691	\$ 0	\$ 0	\$ 2,691
Officers Costs	727	0	0	727
<u>General Sessions Court</u>				
Fines	3,305	0	0	3,305
Fines for Littering	28	0	0	28
Officers Costs	3,294	0	0	3,294
Game and Fish Fines	45	0	0	45
<u>Juvenile Court</u>				
Fines	89	0	0	89
Total Fines, Forfeitures, and Penalties	\$ 10,179	\$ 0	\$ 0	\$ 10,179
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 327,995	\$ 327,995
Lunch Payments - Adults	0	0	84,357	84,357
Income from Breakfast	0	0	60,472	60,472
A la carte Sales	0	0	128,532	128,532
Receipts from Individual Schools	0	0	2,576	2,576
Community Service Fees - Adults	45	0	0	45
TBI Criminal Background Fees	3,580	0	0	3,580
<u>Other Charges for Services</u>				
Other Charges for Services	3,900	0	27,168	31,068
Total Charges for Current Services	\$ 7,525	\$ 0	\$ 631,100	\$ 638,625
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 2,345	\$ 2,345

(Continued)

Exhibit J-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Other Local Revenues (Cont.)</u>				
<u>Recurring Items (Cont.)</u>				
Cobra Insurance Payments	\$ 80	\$ 0	\$ 0	\$ 80
Miscellaneous Refunds	16,976	0	1,115	18,091
<u>Nonrecurring Items</u>				
Contributions and Gifts	2,000	0	0	2,000
<u>Other Local Revenues</u>				
Other Local Revenues	56,485	0	0	56,485
Total Other Local Revenues	\$ 75,541	\$ 0	\$ 3,460	\$ 79,001
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 157,941	\$ 0	\$ 0	\$ 157,941
<u>State Education Funds</u>				
Basic Education Program	18,464,000	0	0	18,464,000
Early Childhood Education	395,698	0	0	395,698
School Food Service	0	0	19,819	19,819
Driver Education	14,814	0	0	14,814
Other State Education Funds	204,889	0	0	204,889
Career Ladder Program	134,523	0	0	134,523
Career Ladder - Extended Contract	38,500	0	0	38,500
Other Vocational	8,000	0	0	8,000
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	287,278	0	0	287,278
Total State of Tennessee	\$ 19,705,643	\$ 0	\$ 19,819	\$ 19,725,462
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 987,949	\$ 987,949
USDA - Commodities	0	0	78,721	78,721
Breakfast	0	0	389,936	389,936
USDA - Other	0	0	3,410	3,410
Adult Education State Grant Program	83,648	0	0	83,648
Vocational Education - Basic Grants to States	0	54,690	0	54,690
Title I Grants to Local Education Agencies	0	952,708	0	952,708
Special Education - Grants to States	0	874,280	0	874,280
Special Education Preschool Grants	0	40,905	0	40,905
English Language Acquisition Grants	0	32,139	0	32,139
Rural Education	0	82,378	0	82,378
Eisenhower Professional Development State Grants	0	173,178	0	173,178
Race-to-the-Top - ARRA	0	266,864	0	266,864
Other Federal through State	0	545,716	0	545,716
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	74,095	0	0	74,095
Total Federal Government	\$ 157,743	\$ 3,022,858	\$ 1,460,016	\$ 4,640,617
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contracted Services	\$ 76,323	\$ 0	\$ 0	\$ 76,323
Total Other Governments and Citizens Groups	\$ 76,323	\$ 0	\$ 0	\$ 76,323
Total	\$ 23,680,329	\$ 3,022,858	\$ 2,114,395	\$ 28,817,582

Exhibit J-7

Grainger 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	\$	43,500	
Social Security		3,328	
State Retirement		3,308	
Dues and Memberships		1,450	
Total County Commission			\$ 51,586

Board of Equalization

Board and Committee Members Fees	\$	375	
Total Board of Equalization			375

Beer Board

Board and Committee Members Fees	\$	1,038	
Total Beer Board			1,038

Budget and Finance Committee

Board and Committee Members Fees	\$	3,500	
Total Budget and Finance Committee			3,500

County Mayor/Executive

County Official/Administrative Officer	\$	70,038	
Salary Supplements		1,500	
Longevity Pay		1,850	
Other Salaries and Wages		51,958	
Social Security		8,842	
State Retirement		9,730	
Medical Insurance		8,100	
Unemployment Compensation		349	
Communication		3,999	
Data Processing Services		7,224	
Dues and Memberships		1,335	
Maintenance Agreements		1,210	
Postal Charges		1,555	
Printing, Stationery, and Forms		219	
Travel		2,174	
Office Supplies		1,958	
Other Supplies and Materials		370	
Office Equipment		139	
Total County Mayor/Executive			172,550

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$	51,976	
Assistant(s)		23,365	
Salary Supplements		500	
Longevity Pay		150	
Election Commission		24,250	
Election Workers		11,146	
In-Service Training		2,340	
Social Security		5,813	
State Retirement		7,866	
Unemployment Compensation		224	
Communication		2,930	
Dues and Memberships		225	
Legal Notices, Recording, and Court Costs		2,500	
Maintenance Agreements		9,020	
Maintenance and Repair Services - Equipment		1,397	
Maintenance and Repair Services - Office Equipmen		1,845	
Postal Charges		4,840	
Printing, Stationery, and Forms		3,177	
Rentals		9,600	
Travel		4,327	
Electricity		1,326	
Office Supplies		974	
Propane Gas		1,497	
Water and Sewer		475	
Total Election Commission			\$ 171,763

Register of Deeds

County Official/Administrative Officer	\$	57,751
Salary Supplements		1,250
Clerical Personnel		44,070
Part-time Personnel		3,454
Longevity Pay		1,250
Other Salaries and Wages		806
Social Security		7,403
State Retirement		10,760
Medical Insurance		10,416
Unemployment Compensation		300
Communication		3,880
Data Processing Services		5,772
Dues and Memberships		125

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Maintenance Agreements	\$	6,856	
Maintenance and Repair Services - Office Equipmen		1,026	
Postal Charges		382	
Travel		835	
Office Supplies		<u>2,512</u>	
Total Register of Deeds	\$		158,848

Planning

Board and Committee Members Fees	\$	6,125	
Other Contracted Services		<u>10,021</u>	
Total Planning			16,146

County Buildings

Salary Supplements	\$	500	
Custodial Personnel		19,405	
Social Security		1,520	
State Retirement		2,022	
Medical Insurance		72	
Unemployment Compensation		189	
Maintenance and Repair Services - Buildings		13,067	
Coal		3,660	
Custodial Supplies		4,182	
Electricity		18,947	
Water and Sewer		2,055	
Building Improvements		<u>583</u>	
Total County Buildings			66,202

Other Facilities

Salary Supplements	\$	500	
Maintenance Personnel		32,255	
Longevity Pay		100	
Social Security		2,447	
State Retirement		3,014	
Medical Insurance		2,628	
Unemployment Compensation		117	
Communication		1,883	
Maintenance and Repair Services - Buildings		67,627	
Other Contracted Services		1,928	
Custodial Supplies		5,531	
Electricity		106,109	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Other Facilities (Cont.)

Propane Gas	\$	64,681	
Water and Sewer		29,521	
Total Other Facilities			\$ 318,341

Preservation of Records

Salary Supplements	\$	250	
Part-time Personnel		10,715	
Social Security		839	
Unemployment Compensation		112	
Communication		1,269	
Postal Charges		89	
Electricity		414	
Office Supplies		228	
Other Supplies and Materials		1,147	
Other Charges		847	
Other Equipment		6,174	
Total Preservation of Records			22,084

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	57,751	
Assistant(s)		20,250	
Deputy(ies)		24,928	
Salary Supplements		750	
Part-time Personnel		2,500	
Longevity Pay		800	
Social Security		7,583	
State Retirement		8,856	
Medical Insurance		3,875	
Unemployment Compensation		229	
Communication		1,374	
Contracts with Private Agencies		1,200	
Data Processing Services		9,565	
Maintenance Agreements		732	
Maintenance and Repair Services - Vehicles		404	
Postal Charges		355	
Gasoline		1,513	
Office Supplies		239	
Other Supplies and Materials		932	
Total Property Assessor's Office			143,836

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office

Social Security	\$	11,612	
State Retirement		15,291	
Unemployment Compensation		598	
Communication		2,184	
Data Processing Services		22,142	
Dues and Memberships		507	
Legal Notices, Recording, and Court Costs		263	
Maintenance Agreements		1,216	
Maintenance and Repair Services - Office Equipmen		500	
Postal Charges		7,359	
Printing, Stationery, and Forms		995	
Travel		1,036	
Office Supplies		5,285	
Data Processing Equipment		12,671	
Office Equipment		<u>1,000</u>	
Total County Trustee's Office	\$		82,659

County Clerk's Office

Social Security	\$	13,018	
State Retirement		12,199	
Unemployment Compensation		779	
Communication		4,214	
Data Processing Services		4,920	
Dues and Memberships		910	
Maintenance Agreements		1,573	
Postal Charges		6,565	
Printing, Stationery, and Forms		1,486	
Travel		2,897	
Office Supplies		5,025	
Data Processing Equipment		280	
Office Equipment		<u>239</u>	
Total County Clerk's Office			54,105

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	57,751
Deputy(ies)		25,834
Salary Supplements		1,500
Secretary(ies)		24,859
Longevity Pay		300

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Jury and Witness Expense	\$	9,434	
Social Security		8,600	
State Retirement		11,800	
Medical Insurance		5,400	
Unemployment Compensation		336	
Communication		3,643	
Dues and Memberships		457	
Legal Notices, Recording, and Court Costs		36	
Maintenance Agreements		12,383	
Postal Charges		1,729	
Printing, Stationery, and Forms		1,291	
Travel		1,657	
Office Supplies		3,645	
Total Circuit Court			\$ 170,655

General Sessions Court

Judge(s)	\$	88,593	
Salary Supplements		250	
Secretary(ies)		34,188	
Longevity Pay		350	
Social Security		8,025	
State Retirement		13,662	
Medical Insurance		2,700	
Unemployment Compensation		122	
Postal Charges		1,431	
Printing, Stationery, and Forms		601	
Library Books/Media		603	
Office Supplies		908	
Total General Sessions Court			151,433

Chancery Court

County Official/Administrative Officer	\$	57,751
Deputy(ies)		25,485
Salary Supplements		500
Longevity Pay		600
Social Security		5,482
State Retirement		8,736
Medical Insurance		9,319
Unemployment Compensation		112
Communication		2,037

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Dues and Memberships	\$	517	
Maintenance Agreements		134	
Postal Charges		1,973	
Printing, Stationery, and Forms		1,215	
Library Books/Media		1,789	
Office Supplies		2,332	
Premiums on Corporate Surety Bonds		730	
Office Equipment		2,812	
Total Chancery Court			\$ 121,524

Juvenile Court

Assistant(s)	\$	16,615	
Supervisor/Director		32,647	
Probation Officer(s)		6,595	
Salary Supplements		1,250	
Longevity Pay		150	
Social Security		4,342	
State Retirement		5,164	
Medical Insurance		675	
Unemployment Compensation		330	
Communication		4,032	
Contracts with Other Public Agencies		12,425	
Legal Services		300	
Maintenance and Repair Services - Office Equipmen		200	
Medical and Dental Services		36	
Postal Charges		98	
Printing, Stationery, and Forms		500	
Travel		1,996	
Food Preparation Supplies		17	
Office Supplies		765	
Uniforms		261	
Other Supplies and Materials		6	
Other Charges		2,119	
Office Equipment		1,933	
Total Juvenile Court			92,456

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,303	
Deputy(ies)		451,082	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Investigator(s)	\$	36,550	
Sergeant(s)		122,312	
Medical Personnel		26,483	
Salary Supplements		16,150	
Secretary(ies)		56,340	
Longevity Pay		1,500	
In-Service Training		5,211	
Social Security		55,923	
State Retirement		67,659	
Medical Insurance		23,145	
Unemployment Compensation		3,423	
Communication		18,356	
Data Processing Services		1,339	
Dues and Memberships		1,500	
Operating Lease Payments		1,968	
Maintenance Agreements		3,329	
Maintenance and Repair Services - Vehicles		43,666	
Postal Charges		940	
Printing, Stationery, and Forms		1,750	
Travel		2,251	
Gasoline		145,405	
Law Enforcement Supplies		17,530	
Office Supplies		4,890	
Tires and Tubes		3,288	
Uniforms		3,103	
Other Supplies and Materials		9,394	
Other Charges		2,867	
Communication Equipment		7,324	
Motor Vehicles		49,984	
Total Sheriff's Department			\$ 1,251,965

Jail

Medical Personnel	\$	44,052
Salary Supplements		11,600
Guards		503,568
Cafeteria Personnel		49,764
Longevity Pay		850
Other Salaries and Wages		2,383
Social Security		44,658
State Retirement		54,580

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Medical Insurance	\$	32,798	
Unemployment Compensation		4,183	
Medical and Dental Services		155,254	
Drugs and Medical Supplies		22,654	
Food Preparation Supplies		135,837	
Other Supplies and Materials		30,805	
Other Charges		2,086	
Total Jail			\$ 1,095,072

Fire Prevention and Control

Contracts with Government Agencies	\$	1,500	
Total Fire Prevention and Control			1,500

Civil Defense

Supervisor/Director	\$	8,609	
Salary Supplements		250	
In-Service Training		2,760	
Social Security		678	
Unemployment Compensation		112	
Communication		2,834	
Maintenance Agreements		502	
Maintenance and Repair Services - Equipment		2,908	
Maintenance and Repair Services - Office Equipmen		967	
Maintenance and Repair Services - Vehicles		3,759	
Printing, Stationery, and Forms		111	
Rentals		88	
Travel		350	
Diesel Fuel		54	
Gasoline		2,054	
Office Supplies		575	
Uniforms		679	
Communication Equipment		2,236	
Data Processing Equipment		947	
Surplus Equipment		5,300	
Other Equipment		55,493	
Total Civil Defense			91,266

Other Emergency Management

Contributions	\$	200,000	
Total Other Emergency Management			200,000

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Inspection and Regulation

Supervisor/Director	\$	3,030	
Social Security		232	
Unemployment Compensation		8	
Total Inspection and Regulation			\$ 3,270

Public Health and Welfare

Local Health Center

Salary Supplements	\$	1,000	
Custodial Personnel		12,692	
Other Salaries and Wages		25,863	
Social Security		2,988	
Unemployment Compensation		357	
Communication		3,320	
Dues and Memberships		200	
Maintenance Agreements		1,316	
Maintenance and Repair Services - Buildings		1,260	
Postal Charges		44	
Travel		1,806	
Other Contracted Services		160	
Custodial Supplies		300	
Drugs and Medical Supplies		1,231	
Office Supplies		1,287	
Utilities		11,296	
Total Local Health Center			65,120

Ambulance/Emergency Medical Services

Supervisor/Director	\$	37,000
Medical Personnel		830,403
Paraprofessionals		1,000
Salary Supplements		13,750
Longevity Pay		3,400
Other Salaries and Wages		25,672
Board and Committee Members Fees		600
In-Service Training		673
Social Security		67,984
State Retirement		84,499
Medical Insurance		38,532
Unemployment Compensation		4,233
Communication		13,574
Debt Collection Services		57,189

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Licenses	\$	2,150	
Maintenance Agreements		1,771	
Maintenance and Repair Services - Vehicles		27,145	
Postal Charges		360	
Rentals		10,500	
Travel		2,057	
Diesel Fuel		64,920	
Drugs and Medical Supplies		88,444	
Electricity		7,871	
Office Supplies		1,493	
Tires and Tubes		7,260	
Uniforms		2,589	
Water and Sewer		3,856	
Other Supplies and Materials		9,071	
Principal on Capital Leases		5,000	
Building Improvements		16,579	
Communication Equipment		1,690	
Motor Vehicles		<u>5,762</u>	
Total Ambulance/Emergency Medical Services	\$		1,437,027

Other Local Health Services

Contracts with Other Public Agencies	\$	<u>661</u>	
Total Other Local Health Services			661

Appropriation to State

Contracts with Government Agencies	\$	<u>16,837</u>	
Total Appropriation to State			16,837

General Welfare Assistance

Contributions	\$	<u>6,000</u>	
Total General Welfare Assistance			6,000

Aid to Dependent Children

Contracts with Other Public Agencies	\$	<u>4,700</u>	
Total Aid to Dependent Children			4,700

Other Local Welfare Services

Contributions	\$	<u>4,000</u>	
Total Other Local Welfare Services			4,000

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contracts with Other Public Agencies	\$	1,000	
Contributions		3,000	
Total Senior Citizens Assistance			\$ 4,000

Libraries

Assistant(s)	\$	1,840	
Librarians		56,711	
Salary Supplements		2,000	
Part-time Personnel		5,007	
Longevity Pay		650	
Social Security		4,696	
State Retirement		4,715	
Medical Insurance		8,100	
Unemployment Compensation		569	
Communication		6,448	
Data Processing Services		8,428	
Maintenance and Repair Services - Buildings		342	
Maintenance and Repair Services - Office Equipmen		1,645	
Postal Charges		362	
Other Contracted Services		1,080	
Electricity		6,773	
Library Books/Media		14,557	
Office Supplies		788	
Periodicals		649	
Water and Sewer		222	
Other Supplies and Materials		94	
Other Charges		3,317	
Total Libraries			128,993

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	44,225	
Communication		1,983	
Contributions		7,465	
Travel		5,700	
Total Agriculture Extension Service			59,373

Soil Conservation

Salary Supplements	\$	1,000	
Secretary(ies)		24,130	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation (Cont.)

Longevity Pay	\$	650	
Other Salaries and Wages		19,830	
Social Security		3,303	
State Retirement		4,648	
Medical Insurance		2,700	
Unemployment Compensation		224	
Communication		2,259	
Contributions		4,000	
Rentals		4,200	
Other Supplies and Materials		970	
Office Equipment		791	
Total Soil Conservation			\$ 68,705

Other Operations

Tourism

Contributions	\$	1,200	
Total Tourism			1,200

Industrial Development

Salary Supplements	\$	1,000	
Longevity Pay		950	
Other Salaries and Wages		36,450	
Social Security		2,916	
State Retirement		1,998	
Unemployment Compensation		224	
Maintenance Agreements		149	
Maintenance and Repair Services - Equipment		1,103	
Other Contracted Services		768	
Electricity		8,018	
Water and Sewer		857	
Other Supplies and Materials		1,625	
Other Charges		1,562	
Other Construction		900	
Total Industrial Development			58,520

Veterans' Services

Supervisor/Director	\$	8,585	
Salary Supplements		250	
Social Security		676	
Unemployment Compensation		112	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Communication	\$	1,486	
Travel		578	
Other Supplies and Materials		50	
Total Veterans' Services			\$ 11,737

Other Charges

Medical Insurance	\$	44,149	
Building and Contents Insurance		29,281	
Liability Insurance		23,460	
Trustee's Commission		86,239	
Vehicle and Equipment Insurance		21,961	
Workers' Compensation Insurance		60,586	
Total Other Charges			265,676

Contributions to Other Agencies

Contributions	\$	3,391	
Total Contributions to Other Agencies			3,391

Miscellaneous

Audit Services	\$	7,227	
Contributions		23,500	
Legal Services		4,682	
Maintenance Agreements		3,300	
Pauper Burials		500	
Other Charges		15,834	
Total Miscellaneous			55,043

Highways

Litter and Trash Collection

Guards	\$	20,268	
Social Security		1,590	
State Retirement		1,731	
Unemployment Compensation		150	
Instructional Supplies and Materials		8,200	
Other Supplies and Materials		988	
Total Litter and Trash Collection			32,927

Capital Projects

Public Health and Welfare Projects

Other Construction	\$	131,997	
Total Public Health and Welfare Projects			131,997

Total General Fund \$ 6,798,081

(Continued)

Exhibit J-7

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

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$	2,979	
Trustee's Commission		8	
Total County Buildings		<u> </u>	\$ <u>2,987</u>

Total Courthouse and Jail Maintenance Fund \$ 2,987

Law Library Fund

Social, Cultural, and Recreational Services

Libraries

Library Books/Media	\$	2,000	
Trustee's Commission		12	
Total Libraries		<u> </u>	\$ <u>2,012</u>

Total Law Library Fund 2,012

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Accountants/Bookkeepers	\$	11,017
Salary Supplements		5,250
Attendants		216,193
Longevity Pay		3,200
Social Security		17,911
State Retirement		18,953
Medical Insurance		4,416
Unemployment Compensation		1,295
Communication		804
Maintenance and Repair Services - Vehicles		5,469
Disposal Fees		423,743
Other Contracted Services		491
Asphalt - Hot Mix		679
Diesel Fuel		11,794
Tires and Tubes		70
Utilities		12,475
Other Supplies and Materials		6,648
Liability Insurance		11,175
Trustee's Commission		14,428
Vehicle and Equipment Insurance		4,575
Workers' Compensation Insurance		12,063
Principal on Capital Leases		4,909

(Continued)

Exhibit J-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management (Cont.)

Interest on Capital Leases	\$	551	
Solid Waste Equipment		326	
Total Sanitation Management			\$ 788,435

Recycling Center

Other Contracted Services	\$	9,600	
Total Recycling Center			9,600

Postclosure Care Costs

Other Contracted Services	\$	1,750	
Testing		5,993	
Other Supplies and Materials		1,000	
Total Postclosure Care Costs			8,743

Total Solid Waste/Sanitation Fund \$ 806,778

Drug Control Fund

Public Safety

Drug Enforcement

Data Processing Services	\$	3,758	
Food Supplies		784	
Instructional Supplies and Materials		409	
Law Enforcement Supplies		18,739	
Other Supplies and Materials		4,607	
Trustee's Commission		148	
Motor Vehicles		6,000	
Total Drug Enforcement			\$ 34,445

Total Drug Control Fund 34,445

Sports and Recreation Fund

Social, Cultural, and Recreational Services

Parks and Fair Boards

Supervisor/Director	\$	32,711	
Salary Supplements		1,000	
Clerical Personnel		15,871	
Custodial Personnel		1,867	
Social Security		3,878	
State Retirement		5,102	
Medical Insurance		2,154	

(Continued)

Exhibit J-7

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

Sports and Recreation Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards (Cont.)

Unemployment Compensation	\$	253	
Communication		1,826	
Contributions		4,039	
Postal Charges		251	
Printing, Stationery, and Forms		350	
Travel		217	
Other Contracted Services		7,253	
Electricity		3,574	
Gasoline		3,066	
Office Supplies		781	
Other Supplies and Materials		2,959	
Trustee's Commission		2,276	
Vehicle and Equipment Insurance		10,050	
Other Charges		17,118	
Maintenance Equipment		7,706	
Office Equipment		390	
Other Equipment		3,648	
Other Construction		9,901	
Total Parks and Fair Boards			\$ 138,241
Total Sports and Recreation Fund			\$ 138,241

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	153,672	
Total County Trustee's Office			\$ 153,672

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	175,084	
Total County Clerk's Office			175,084

Total Constitutional Officers - Fees Fund 328,756

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	65,156	
Accountants/Bookkeepers		31,154	
Salary Supplements		14,750	

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Social Security	\$	8,306	
State Retirement		10,036	
Medical Insurance		2,700	
Unemployment Compensation		285	
Data Processing Services		4,139	
Legal Notices, Recording, and Court Costs		100	
Maintenance and Repair Services - Office Equipmen		480	
Postal Charges		206	
Office Supplies		2,186	
Other Charges		4,040	
Total Administration			\$ 143,538

Highway and Bridge Maintenance

Salary Supplements	\$	15,675	
Foremen		93,461	
Equipment Operators		142,447	
Truck Drivers		140,316	
Laborers		342,260	
Social Security		51,013	
State Retirement		73,396	
Medical Insurance		57,286	
Unemployment Compensation		7,232	
Rentals		3,597	
Other Contracted Services		350	
Asphalt - Cold Mix		9,220	
Asphalt - Hot Mix		396,973	
Crushed Stone		28,762	
Pipe - Metal		9,192	
Road Signs		3,071	
Small Tools		93	
Wood Products		754	
Other Supplies and Materials		2,104	
Total Highway and Bridge Maintenance			1,377,202

Operation and Maintenance of Equipment

Mechanic(s)	\$	30,965
Nightwatchmen		29,475
Social Security		3,948
State Retirement		4,986
Medical Insurance		6,575

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Unemployment Compensation	\$	841	
Maintenance and Repair Services - Equipment		11,117	
Diesel Fuel		75,625	
Electricity		2,348	
Equipment and Machinery Parts		36,723	
Gasoline		44,662	
Lubricants		6,925	
Small Tools		788	
Tires and Tubes		7,054	
Other Supplies and Materials		928	
Total Operation and Maintenance of Equipment			\$ 262,960

Other Charges

Communication	\$	5,417	
Custodial Supplies		475	
Electricity		1,459	
Water and Sewer		475	
Trustee's Commission		27,724	
Vehicle and Equipment Insurance		61,002	
Workers' Compensation Insurance		72,381	
Other Self-Insured Claims		1,027	
Total Other Charges			169,960

Capital Outlay

Bridge Construction	\$	99,240	
Building Improvements		1,199	
Highway Equipment		2,268	
State Aid Projects		1,108,536	
Total Capital Outlay			<u>1,211,243</u>

Total Highway/Public Works Fund \$ 3,164,903

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	305,000	
Principal on Notes		150,760	
Total General Government			\$ 455,760

(Continued)

Exhibit J-7

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

General Debt Service Fund (Cont.)

Principal on Debt (Cont.)

Highways and Streets

Principal on Notes	\$ 37,500	
Principal on Other Loans	<u>96,000</u>	
Total Highways and Streets		\$ 133,500

Education

Principal on Bonds	\$ 790,000	
Principal on Notes	<u>48,435</u>	
Total Education		838,435

Interest on Debt

General Government

Interest on Bonds	\$ 179,300	
Interest on Notes	<u>12,191</u>	
Total General Government		191,491

Highways and Streets

Interest on Notes	\$ 1,568	
Interest on Other Loans	<u>1,011</u>	
Total Highways and Streets		2,579

Education

Interest on Bonds	\$ 922,344	
Interest on Notes	<u>1,260</u>	
Total Education		923,604

Other Debt Service

General Government

Trustee's Commission	\$ <u>30,195</u>	
Total General Government		30,195

Highways and Streets

Other Debt Service	\$ <u>2,728</u>	
Total Highways and Streets		2,728

Education

Other Debt Service	\$ <u>1,577</u>	
Total Education		<u>1,577</u>

Total General Debt Service Fund \$ 2,579,869

Total Governmental Funds - Primary Government \$ 13,856,072

Exhibit J-8

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 7,067,626	
Career Ladder Program	78,522	
Career Ladder Extended Contracts	33,214	
Homebound Teachers	95,986	
Educational Assistants	293,103	
Other Salaries and Wages	171,303	
Certified Substitute Teachers	34,658	
Non-certified Substitute Teachers	163,110	
Social Security	461,838	
State Retirement	690,308	
Life Insurance	4,849	
Medical Insurance	1,442,942	
Unemployment Compensation	4,069	
Employer Medicare	109,438	
Maintenance and Repair Services - Equipment	11,610	
Instructional Supplies and Materials	75,696	
Textbooks	244,575	
Other Charges	125,099	
Regular Instruction Equipment	445,067	
Total Regular Instruction Program		\$ 11,553,013

Alternative Instruction Program

Teachers	\$ 38,798	
Educational Assistants	19,450	
Social Security	3,576	
State Retirement	5,538	
Life Insurance	29	
Medical Insurance	3,060	
Unemployment Compensation	70	
Employer Medicare	836	
Other Supplies and Materials	27	
Total Alternative Instruction Program		71,384

Special Education Program

Teachers	\$ 648,335
Career Ladder Program	10,648
Homebound Teachers	11,778
Educational Assistants	206,508
Speech Pathologist	165,264

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Other Salaries and Wages	\$	107,152	
Certified Substitute Teachers		8,730	
Non-certified Substitute Teachers		42,265	
Social Security		70,978	
State Retirement		96,499	
Life Insurance		494	
Medical Insurance		134,823	
Unemployment Compensation		1,217	
Employer Medicare		16,611	
Other Contracted Services		259,190	
Instructional Supplies and Materials		298	
Other Supplies and Materials		1,866	
Other Charges		3,000	
Special Education Equipment		2,000	
Total Special Education Program			\$ 1,787,656

Vocational Education Program

Teachers	\$	654,979	
Career Ladder Program		7,000	
Other Salaries and Wages		12,064	
Certified Substitute Teachers		7,830	
Non-certified Substitute Teachers		8,718	
Social Security		40,341	
State Retirement		61,001	
Life Insurance		461	
Medical Insurance		121,101	
Unemployment Compensation		560	
Employer Medicare		9,480	
Instructional Supplies and Materials		8,824	
T&I Construction Materials		2,000	
Total Vocational Education Program			934,359

Student Body Education Program

Other Salaries and Wages	\$	1,044	
Social Security		65	
Employer Medicare		15	
Other Fringe Benefits		15,160	
Instructional Supplies and Materials		35,166	
Other Charges		2,879	
Total Student Body Education Program			54,329

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program

Teachers	\$	135,500	
Clerical Personnel		4,500	
Educational Assistants		34,480	
Other Salaries and Wages		17,210	
Social Security		10,093	
State Retirement		15,371	
Life Insurance		58	
Medical Insurance		21,322	
Unemployment Compensation		140	
Employer Medicare		2,626	
Instructional Supplies and Materials		114	
Other Supplies and Materials		527	
Total Adult Education Program			\$ 241,941

Support Services

Attendance

Supervisor/Director	\$	6,751	
Social Security		418	
State Retirement		611	
Unemployment Compensation		17	
Employer Medicare		98	
Travel		43	
Total Attendance			7,938

Health Services

Medical Personnel	\$	254,539	
Other Salaries and Wages		17,194	
Social Security		15,095	
State Retirement		28,065	
Life Insurance		228	
Medical Insurance		52,888	
Unemployment Compensation		210	
Employer Medicare		3,530	
Communication		400	
Postal Charges		100	
Travel		4,043	
Drugs and Medical Supplies		2,418	
Instructional Supplies and Materials		13,139	
Other Charges		1,002	
Total Health Services			392,851

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support

Career Ladder Program	\$	3,000	
Guidance Personnel		211,975	
School Resource Officer		20,900	
Other Salaries and Wages		26,426	
Social Security		13,954	
State Retirement		22,215	
Life Insurance		118	
Medical Insurance		37,145	
Unemployment Compensation		210	
Employer Medicare		3,267	
Evaluation and Testing		17,255	
Travel		457	
Other Supplies and Materials		381	
Total Other Student Support			\$ 357,303

Regular Instruction Program

Supervisor/Director	\$	76,765	
Career Ladder Program		6,000	
Librarians		276,173	
Instructional Computer Personnel		64,887	
Other Salaries and Wages		51,814	
In-Service Training		1,848	
Social Security		28,536	
State Retirement		43,602	
Life Insurance		230	
Medical Insurance		46,605	
Unemployment Compensation		338	
Employer Medicare		6,674	
Travel		21,677	
Other Contracted Services		16,524	
In Service/Staff Development		5,644	
Other Charges		6,418	
Total Regular Instruction Program			653,735

Special Education Program

Supervisor/Director	\$	61,386
Career Ladder Program		1,000
Clerical Personnel		16,694
Other Salaries and Wages		1,623

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Social Security	\$	4,888	
State Retirement		7,546	
Life Insurance		29	
Medical Insurance		6,641	
Unemployment Compensation		52	
Employer Medicare		1,143	
Consultants		2,000	
Travel		4,676	
Other Contracted Services		23,071	
In Service/Staff Development		774	
Other Charges		1,269	
Total Special Education Program			\$ 132,792

Vocational Education Program

Supervisor/Director	\$	22,624	
Career Ladder Program		1,000	
Clerical Personnel		16,694	
Social Security		2,430	
State Retirement		3,877	
Life Insurance		10	
Medical Insurance		1,975	
Unemployment Compensation		52	
Employer Medicare		568	
Travel		544	
Other Supplies and Materials		792	
In Service/Staff Development		75	
Other Charges		1,000	
Total Vocational Education Program			51,641

Adult Programs

Supervisor/Director	\$	3,600	
Social Security		447	
State Retirement		697	
Employer Medicare		105	
Travel		1,393	
Other Supplies and Materials		4,000	
In Service/Staff Development		9,513	
Other Charges		7,338	
Total Adult Programs			27,093

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Programs

On-Behalf Payments to OPEB	\$ 157,941	
Total Other Programs		\$ 157,941

Board of Education

Other Salaries and Wages	\$ 16,066	
Board and Committee Members Fees	27,250	
Social Security	2,654	
State Retirement	3,966	
Employer Medicare	621	
Audit Services	8,100	
Dues and Memberships	17,159	
Legal Services	2,231	
Travel	11,364	
Liability Insurance	38,716	
Premiums on Corporate Surety Bonds	1,500	
Trustee's Commission	95,593	
Workers' Compensation Insurance	79,465	
Criminal Investigation of Applicants - TBI	3,580	
Other Charges	1,416	
Total Board of Education		309,681

Director of Schools

County Official/Administrative Officer	\$ 84,492	
Career Ladder Program	1,000	
Secretary(ies)	16,066	
Other Salaries and Wages	33,387	
Social Security	7,794	
State Retirement	12,519	
Life Insurance	29	
Medical Insurance	5,892	
Unemployment Compensation	70	
Employer Medicare	1,822	
Communication	10,644	
Dues and Memberships	195	
Postal Charges	4,001	
Travel	7,139	
Other Contracted Services	6,100	
Office Supplies	7,531	
Other Charges	1,371	
Total Director of Schools		200,052

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal

Principals	\$	420,228	
Career Ladder Program		6,000	
Assistant Principals		305,017	
Secretary(ies)		167,661	
Social Security		52,671	
State Retirement		83,451	
Life Insurance		376	
Medical Insurance		96,306	
Unemployment Compensation		280	
Employer Medicare		12,318	
Communication		12,813	
Other Charges		200	
Total Office of the Principal			\$ 1,157,321

Operation of Plant

Custodial Personnel	\$	443,430	
Other Salaries and Wages		24,989	
Social Security		27,767	
State Retirement		44,782	
Unemployment Compensation		700	
Employer Medicare		6,494	
Other Contracted Services		2,315	
Custodial Supplies		53,176	
Electricity		727,052	
Natural Gas		25,797	
Water and Sewer		65,714	
Other Supplies and Materials		31,155	
Building and Contents Insurance		82,732	
Total Operation of Plant			1,536,103

Maintenance of Plant

Supervisor/Director	\$	61,386
Other Salaries and Wages		196,744
Social Security		14,915
State Retirement		24,645
Life Insurance		29
Medical Insurance		9,751
Unemployment Compensation		280
Employer Medicare		3,570

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Maintenance and Repair Services - Buildings	\$	58,185	
Travel		3,014	
Other Supplies and Materials		6,708	
Other Charges		68,586	
Total Maintenance of Plant			\$ 447,813

Transportation

Bus Drivers	\$	81,952	
Other Salaries and Wages		8,962	
Social Security		7,822	
State Retirement		4,001	
Unemployment Compensation		175	
Employer Medicare		1,859	
Contracts with Parents		35,186	
Contracts with Vehicle Owners		854,053	
Maintenance and Repair Services - Vehicles		28,756	
Medical and Dental Services		3,170	
Travel		27,301	
Other Contracted Services		36,082	
Diesel Fuel		97,551	
Gasoline		31,988	
Lubricants		661	
Tires and Tubes		10,265	
Vehicle and Equipment Insurance		46,000	
Total Transportation			1,275,784

Operation of Non-Instructional Services

Community Services

Other Salaries and Wages	\$	24,487	
Social Security		1,493	
State Retirement		2,543	
Unemployment Compensation		35	
Employer Medicare		346	
Travel		15	
Other Supplies and Materials		693	
Total Community Services			29,612

Early Childhood Education

Teachers	\$	170,762	
----------	----	---------	--

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Educational Assistants	\$	68,770	
Other Salaries and Wages		23,160	
Certified Substitute Teachers		270	
Non-certified Substitute Teachers		10,120	
Social Security		16,454	
State Retirement		22,638	
Life Insurance		86	
Medical Insurance		22,235	
Employer Medicare		3,848	
Travel		3,019	
Instructional Supplies and Materials		16,260	
Other Supplies and Materials		12,825	
In Service/Staff Development		2,522	
Other Charges		<u>22,729</u>	
Total Early Childhood Education			\$ 395,698

Capital Outlay

Regular Capital Outlay

Architects	\$	17,501	
Other Charges		9,887	
Building Improvements		218,415	
Land		29,149	
Other Capital Outlay		<u>933,555</u>	
Total Regular Capital Outlay			1,208,507

Principal on Debt

Education

Principal on Notes	\$	<u>12,688</u>	
Total Education			12,688

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	<u>700,000</u>	
Total Education			<u>700,000</u>

Total General Purpose School Fund \$ 23,697,235

(Continued)

Exhibit J-8

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	712,125	
Educational Assistants		248,955	
Other Salaries and Wages		3,630	
Non-certified Substitute Teachers		2,805	
Social Security		57,475	
State Retirement		89,885	
Life Insurance		571	
Medical Insurance		114,984	
Unemployment Compensation		1,100	
Employer Medicare		13,494	
Contracts with Other School Systems		22,953	
Maintenance and Repair Services - Equipment		11,305	
Instructional Supplies and Materials		192,333	
Regular Instruction Equipment		17,602	
Total Regular Instruction Program			\$ 1,489,217

Special Education Program

Teachers	\$	15,557	
Homebound Teachers		11,713	
Educational Assistants		300,091	
Speech Pathologist		48,056	
Other Salaries and Wages		35,212	
Non-certified Substitute Teachers		19,305	
Social Security		26,049	
State Retirement		38,692	
Life Insurance		29	
Medical Insurance		5,421	
Unemployment Compensation		599	
Employer Medicare		6,093	
Other Contracted Services		42,844	
Instructional Supplies and Materials		19,631	
Other Supplies and Materials		6,050	
Special Education Equipment		7,086	
Total Special Education Program			582,428

Vocational Education Program

Instructional Supplies and Materials	\$	9,540	
T&I Construction Materials		6,888	
Vocational Instruction Equipment		28,187	
Total Vocational Education Program			44,615

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services

Health Services

Medical Personnel	\$	30,855	
Other Salaries and Wages		3,442	
Social Security		1,635	
State Retirement		2,959	
Unemployment Compensation		70	
Employer Medicare		382	
Total Health Services			\$ 39,343

Other Student Support

Social Workers	\$	17,787	
Social Security		1,049	
State Retirement		1,853	
Employer Medicare		245	
Evaluation and Testing		20,758	
Travel		8,312	
Other Charges		12,389	
Total Other Student Support			62,393

Regular Instruction Program

Supervisor/Director	\$	101,135
Clerical Personnel		19,058
Educational Assistants		11,925
Other Salaries and Wages		39,794
Certified Substitute Teachers		3,132
In-Service Training		32,044
Non-certified Substitute Teachers		25,158
Social Security		13,544
State Retirement		13,713
Life Insurance		58
Medical Insurance		15,451
Unemployment Compensation		65
Employer Medicare		3,306
Maintenance and Repair Services - Equipment		1,502
Postal Charges		1,000
Travel		23,841
Library Books/Media		6,983
Other Supplies and Materials		72,701
In Service/Staff Development		111,084
Other Charges		18,884

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Other Equipment	\$ 4,350	
Total Regular Instruction Program		\$ 518,728

Special Education Program

Clerical Personnel	\$ 12,136	
In-Service Training	25,152	
Social Security	2,323	
State Retirement	179	
Employer Medicare	543	
Consultants	4,750	
Postal Charges	924	
Travel	12,926	
Other Contracted Services	87,041	
Other Supplies and Materials	15,916	
In Service/Staff Development	45,915	
Other Equipment	28,823	
Total Special Education Program		236,628

Vocational Education Program

Travel	\$ 1,763	
Total Vocational Education Program		1,763

Transportation

Bus Drivers	\$ 37,485	
Other Salaries and Wages	17,553	
Social Security	3,041	
State Retirement	4,751	
Employer Medicare	711	
Total Transportation		63,541

Total School Federal Projects Fund		\$ 3,038,656
------------------------------------	--	--------------

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 42,015
Clerical Personnel	30,521
Cafeteria Personnel	501,945
Other Salaries and Wages	57,506

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Social Security	\$	36,467	
State Retirement		56,661	
Life Insurance		19	
Medical Insurance		3,629	
Unemployment Compensation		1,400	
Employer Medicare		8,622	
Communication		4,097	
Maintenance and Repair Services - Equipment		20,189	
Travel		3,030	
Other Contracted Services		14,321	
Food Preparation Supplies		101,932	
Food Supplies		1,002,208	
USDA - Commodities		78,721	
Workers' Compensation Insurance		17,059	
In Service/Staff Development		502	
Other Charges		44,843	
Food Service Equipment		30,106	
Total Food Service			\$ 2,055,793

Total Central Cafeteria Fund \$ 2,055,793

Total Governmental Funds - Grainger County School Department \$ 28,791,684

Exhibit J-9

Grainger 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	\$ 655,564
Total Cash Receipts	<u>\$ 655,564</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 649,017
Trustee's Commission	6,547
Total Cash Disbursements	<u>\$ 655,564</u>
 Excess of Cash Receipts Over (Under) Cash Disbursements	 \$ 0
Cash Balance, July 1, 2011	<u>0</u>
 Cash Balance, June 30, 2012	 <u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



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

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

December 19, 2012

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grainger County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Grainger County's basic financial statements and have issued our report thereon dated December 19, 2012. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Grainger 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 Grainger County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Grainger 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 Grainger County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Grainger County's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting: 12.02 and 12.04. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

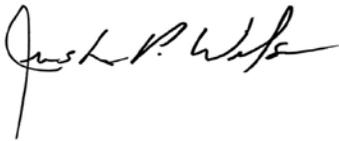
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grainger County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 12.01 and 12.03.

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

This report is intended solely for the information and use of management, the county mayor, road superintendent, director of schools, County Commission, Board of Education, others within Grainger 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



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

December 19, 2012

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited Grainger 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. Grainger 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 Grainger County's management. Our responsibility is to express an opinion on Grainger 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 Grainger 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 Grainger County's compliance with those requirements.

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

Internal Control Over Compliance

The management of Grainger 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 Grainger 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 Grainger 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.

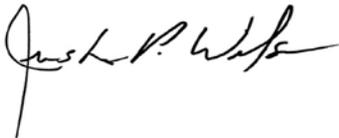
Schedule of Expenditures of Federal Awards

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 Grainger County as of and for the year ended June 30, 2012, and have issued our report thereon dated December 19, 2012. Our report on the aggregate discretely presented component units financial statements was qualified due to not including the financial statements of the Grainger County Emergency Communications District, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial

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

This report is intended solely for the information and use of management, the county mayor, road superintendent, director of schools, County Commission, Board of Education, others within Grainger 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 at the beginning.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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

Federal/Pass-through Agency/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 389,936
National School Lunch Program	10.555	N/A	991,359 (3)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	78,721 (3)
Total U.S. Department of Agriculture			<u>\$ 1,460,016</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	GG-10-314004-00	\$ 117,881
Total U.S. Department of Housing and Urban Development			<u>\$ 117,881</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 945,225
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	15,458
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	788,560
Special Education - Grants to States, Recovery Act	84.391	N/A	92,474
Special Education - Preschool Grants	84.173	N/A	40,905
Career and Technical Education - Basic Grants to States	84.048	N/A	54,690
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	6,636
Education Technology State Grants, Recovery Act	84.386	(2)	5,549
Rural Education	84.358	N/A	82,550
English Language Acquisition Grants	84.365	N/A	32,139
Improving Teacher Quality State Grants	84.367	N/A	173,923
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	266,864
Education Jobs Fund	84.410	N/A	533,684
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	83,648
Total U.S. Department of Education			<u>\$ 3,122,305</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance	97.036	(2)	\$ 69,426
Homeland Security Grant Program	97.067	(2)	45,000
Total U.S. Department of Homeland Security			<u>\$ 114,426</u>
Total Expenditures of Federal Awards			<u>\$ 4,814,628</u>

(Continued)

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

Federal/Pass-through Agency/Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Public Health Nurses - State Department of Health	N/A	(2)	\$ 31,071
Juvenile Services Program - State Children's Services Commission	N/A	(2)	9,000
Litter Grant Program - State Department of Transportation	N/A	(2)	34,421
State Aid Program - State Department of Transportation	N/A	(2)	1,061,753
High Schools That Work - State Department of Education	N/A	(2)	8,000
Adult Education - State Grant Program - State Department of Education	N/A	(2)	26,538
Driver Education - State Department of Education	N/A	(2)	14,814
Coordinated School Health - State Department of Education	N/A	(2)	97,328
Family Resource Center - State Department of Education	N/A	(2)	32,280
Connect TN - State Department of Education	N/A	(2)	12,650
Early Childhood Education Pilot Project - State Department of Education	N/A	(2)	395,698
Safe Schools Act of 1998 - State Department of Education	N/A	(2)	20,900
Local Park and Recreation Grant - Sate Department of Environment and Conservation	N/A	Z-07-031376-00	37,383
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	7,418
Total State Grants			\$ 1,789,254

CFDA - Catalog of Federal Domestic Assistance
 N/A - Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$1,070,080.

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

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

OFFICE OF ROAD SUPERINTENDENT

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.02	157	Deficiencies were noted in the purchase order system

**OFFICES OF COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS
CLERK, CLERK AND MASTER, REGISTER, SHERIFF AND THE AMBULANCE
SERVICE DEPARTMENT**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.07	160	Duties were not segregated adequately

GRAINGER COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Grainger County disclosed significant deficiencies in internal control. None of those deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Grainger County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553, and 10.555); the Title I Part A Cluster: Title I Grants to Local Education Agencies and Title I Grants to Local Education Agencies Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Grants to States, Recovery Act, and Special Education – Preschool Grants (CFDA Nos. 84.027, 84.391, and 84.173); and Education Jobs Fund (CFDA No.84.410) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Grainger County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF COUNTY MAYOR

FINDING 12.01 **EXPENDITURES EXCEEDED APPROPRIATIONS** (Noncompliance Under *Government Auditing Standards*)

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

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
Ambulance/ Emergency Medical Service	\$ 21,876
Soil Conservation	531
Litter and Trash Collection	776

Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.” These deficiencies exist because management failed to stay within the spending limits authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

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

OFFICE OF ROAD SUPERINTENDENT

FINDING 12.02 **DEFICIENCIES WERE NOTED IN THE PURCHASE ORDER SYSTEM** (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Our examination of the purchase order system revealed the following deficiencies. These deficiencies can be attributed to a lack of management oversight and management’s failure to correct the finding noted in the prior-year audit report.

- A. Purchase orders were not issued in some instances. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments.
- B. In some instances, purchase orders were issued after purchases were made. This practice defeats the purpose of the purchase order and makes it an approval of payment rather than an approval of the purchase.

RECOMMENDATION

To strengthen internal controls over the purchasing process and to document purchasing commitments, the office should issue purchase orders for all applicable purchases before purchases are made.

FINDING 12.03 **EXPENDITURES EXCEEDED APPROPRIATIONS**
(Noncompliance Under *Government Auditing Standards*)

Expenditures exceeded total appropriations in the Highway/Public Works Fund by \$222,063 primarily due to expenditures in the Capital Outlay major category exceeding appropriations by \$296,512. These expenditures were funded from state revenues, which were in excess of anticipated amounts. Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.” These deficiencies exist because management failed to properly monitor the budget and request the County Commission consider budget amendments during the year.

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission. Management should monitor the budget during the year and submit requests for budget amendments to the County Commission when appropriate.

OFFICES OF COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER, SHERIFF, AND THE AMBULANCE SERVICE DEPARTMENT

FINDING 12.04 **DUTIES WERE NOT SEGREGATED ADEQUATELY**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Duties were not segregated adequately among the officials and employees in the Offices of County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, Sheriff, and the Ambulance Service Department. Officials and employees responsible for

maintaining accounting records of these offices were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, the deficiency exists because management failed to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

BEST PRACTICES

The Division of Local Government Audit strongly believes that the items noted below are best practices that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Grainger County.

ITEM 1. **GRAINGER COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING**

Grainger County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

ITEM 2. **GRAINGER COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE**

Grainger County does not have an Audit Committee. An Audit Committee can assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks. County officials should establish an Audit Committee as a best practice.

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

There were no findings and questioned costs for federal awards.

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

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